

Quarterly Financial Report

3rd QUARTER

Nine months ended
November 30, 2013



**Manitoba
Public Insurance**

Management Discussion and Analysis

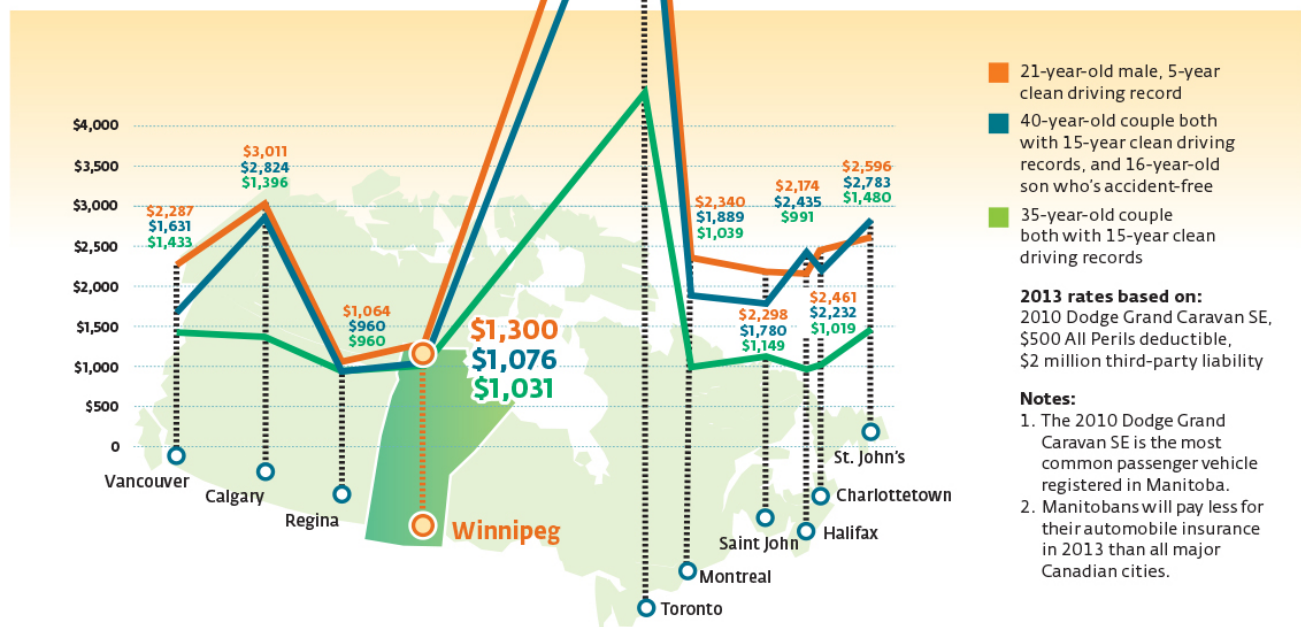
Management’s discussion and analysis provides a review of the financial results and future outlook of Manitoba Public Insurance. It should be read in conjunction with the unaudited condensed interim financial statements and supporting notes for the third quarter ended November 30, 2013 included herein, the 2012 annual audited financial statements and supporting notes found at www.mpi.mb.ca and the Corporation’s 2012 Annual Report. Certain information in this report may consist of forward-looking statements. These statements are based on various techniques and assumptions including predictions about future events which may not occur. Actual results could deviate significantly from the forward-looking statements.

Goal 1

Universally available mandatory protection against the cost of automobile accidents. Rates, on average, will be lower than those charged by private insurance companies for comparable coverage and service.

Why? One reason for our creation was to deliver the best insurance value to Manitobans. This is the essence of our continuing success.

Among the lowest vehicle rates in Canada

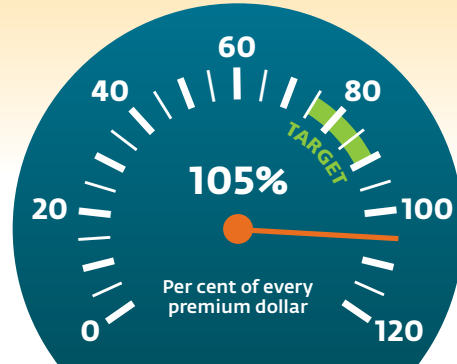


Goal 2

The Basic plan will return at least 85 per cent of premium revenue to Manitobans in the form of claims benefits.

Why? Over the long-term, returns within this range strike the right balance. We pay back to Manitobans substantially more of their premiums than would private insurers, while keeping a sound financial footing.

Premium returned for each dollar earned



Past results for the 12 months ending

98%	100%	96%	95%	104%	111%	103%	105%
Q4 · 11/12	Q1 · 12/13	Q2 · 12/13	Q3 · 12/13	Q4 · 12/13	Q1 · 13/14	Q2 · 13/14	Q3 · 13/14

Goal 3

Manitoba Public Insurance will be a leader in automobile insurance and vehicle and driver licensing, providing Manitobans with superior products, coverage and service.

Why? By measuring key performance indicators, we can track the public's view of our performance.

Corporate Performance Index



Past Results

3.6	3.6	3.6	3.7	3.6	3.6	3.5	3.7
Q4 · 11/12	Q1 · 12/13	Q2 · 12/13	Q3 · 12/13	Q4 · 12/13	Q1 · 13/14	Q2 · 13/14	Q3 · 13/14

Goal 4

Manitoba Public Insurance will provide service that is responsive, fair, courteous and convenient. Manitoba Public Insurance will meet customer service standards that are based on customer expectations.

Overall, How Often We Meet/Exceed Standards



Why? We value our customers and put their interests first. Also, Manitobans expect more from us than from private insurers, because Manitoba Public Insurance is their company. We believe their higher expectations are justified.

Past Results (in per cent)

96%	97%	97%	97%	95%	95%	95%	95%
Q4 - 11/12	Q1 - 12/13	Q2 - 12/13	Q3 - 12/13	Q4 - 12/13	Q1 - 13/14	Q2 - 13/14	Q3 - 13/14

Customer satisfaction in major operational areas

Physical Damage Claims



Past Results (in per cent)

87%	90%	89%	89%
Q4 - 11/12	Q1 - 12/13	Q2 - 12/13	Q3 - 12/13
90%	84%	86%	86%
Q4 - 12/13	Q1 - 13/14	Q2 - 13/14	Q3 - 13/14

Bodily Injury Claims



Past Results (in per cent)

83%	79%
Q1 - 12/13	Q3 - 12/13
81%	81%
Q1 - 13/14	Q3 - 13/14

Driver and Vehicle Licensing



Past Results (in per cent)

93%	93%	94%	93%
Q4 - 11/12	Q1 - 12/13	Q2 - 12/13	Q3 - 12/13
93%	94%	92%	91%
Q4 - 12/13	Q1 - 13/14	Q2 - 13/14	Q3 - 13/14

Insurance Operations Policyholder Transactions



Past Results (in per cent)

91%	90%	93%	93%
Q4 - 11/12	Q1 - 12/13	Q2 - 12/13	Q3 - 12/13
92%	93%	90%	89%
Q4 - 12/13	Q1 - 13/14	Q2 - 13/14	Q3 - 13/14

Goal 5

Retained earnings and Rate Stabilization Reserve will be maintained within established target levels.

Basic Rate Stabilization Reserve



Why? Our long-term objective is to break even financially and to be financially self-sufficient. Maintaining the RSR within its target range helps us control rates when claim costs rise substantially. Manitobans deserve stable, affordable premiums over the long term.

Past Results

155.7M Q4 - 11/12	155.7M Q1 - 12/13	155.7M Q2 - 12/13	155.7M Q3 - 12/13	141.5M Q4 - 12/13	100.0M Q1 - 13/14	162.7M Q2 - 13/14	172.0M Q3 - 13/14
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Extension Retained Earnings



Past Results

93.3M Q4 - 11/12	104.3M Q1 - 12/13	110.4M Q2 - 12/13	115.0M Q3 - 12/13
122.3M Q4 - 12/13	131.8M Q1 - 13/14	142.3M Q2 - 13/14	150.0M Q3 - 13/14

SRE Retained Earnings



Past Results

45.8M Q4 - 11/12	50.3M Q1 - 12/13	52.6M Q2 - 12/13	51.7M Q3 - 12/13
55.0M Q4 - 12/13	52.3M Q1 - 13/14	58.4M Q2 - 13/14	60.5M Q3 - 13/14

Goal 6

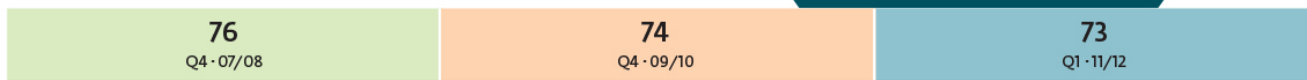
Manitoba Public Insurance will offer an environment and career opportunities that will encourage employees to strive for excellence. Our people will be treated with respect and fairness and their contributions will be recognized.

Why? We value our employees.

Level of Employee Satisfaction



Past Results



Goal 7

Manitoba Public Insurance will lead driver and vehicle safety initiatives that reduce risk and protect Manitobans, their streets and their neighbourhoods. Manitobans will recognize the Corporation is living its mission.

Why? Pursuing traffic safety and loss-prevention programs reflects our long standing commitment to the well-being of Manitobans and to affordable auto insurance. Manitobans have told us they support these efforts.

Public Support for Road Safety



Past Results (in per cent)



Results of Operations

Manitoba Public Insurance reported net income of \$ 64.5 million for the nine months ended November 30, 2013 compared to net income of \$15.1 million for the same period last year. This includes net income of \$35.2 million (2012 – net loss of \$3.3 million) from the Basic insurance line of business. Net income increased from the previous year by \$49.4 million due to:

- i) a \$56.2 million rise in investment income primarily attributed to the onetime gain on the sale of equities (\$108.4 million better than previous year), offset by realized and unrealized losses on bonds due to the decline in value; and
- ii) a \$6.8 million decline in underwriting results due mainly to an increase in claims costs (claims incurred and claims expenses). Corporate operating expenses are in line with prior year expenditures.

Effective March 1, 2012, Manitoba Public Insurance changed its cost allocation basis from premiums written to claims incurred. The results for prior quarters in these interim financial statements have been restated to reflect this change.

Current Year and Last Year

Total earned revenues for the nine months ended November 30, 2013 increased from the previous year by \$4.1 million. This increase is primarily attributed to increases in driver's premiums earned of \$5.6 million or 26.3% and special risk extension net premiums earned of \$2.4 million or 5.8%. These increases are offset by motor vehicle net premiums earned which decreased by \$4.2 million or 0.6% as a result of the 8% premium rate reduction of 2012/13. Part of the premiums earned in the current year is generated from the previous policy year.

Claims incurred for the nine months ended November 30, 2013 increased by \$11.0 million compared to last year due primarily to an increase of \$19.7 million or 5.2% in physical damage claims incurred, mostly due to an increase in the volume of claims incurred as a result of the bad weather experienced in March and April of 2013. This was offset by a decrease of \$8.7 million or 4.9% in bodily injury claims incurred.

Total corporate expenses remained at the same level compared to last year.

Retained Earnings

Retained earnings of \$389.9 million (2012 - \$388.6 million) are comprised of \$176.6 million for Basic insurance (2012 - \$210.3 million) and \$213.3 million for non-Basic lines (2012 - \$178.3 million). Basic insurance retained earnings are comprised of \$172.0 million Rate Stabilization Reserve and \$4.6 million retained earnings. The non-Basic lines retained earnings are allocated to retained earnings \$210.1 million and the Extension Development Fund (EDF) \$3.2 million.

From its inception in 2007 to current, \$91.7 million has been appropriated from Extension retained earnings (\$33.3 million) and Special Risk Extension (\$58.4 million) to fund the EDF projects undertaken to maximize the opportunities presented by the 2004 merger of Manitoba Public Insurance and the Division of Driver and Vehicle Licensing. Activity for the nine months ended November 30, 2013 has reduced the EDF by \$3.6 million to \$3.2 million.

Outlook

Traditionally, a greater number of claims are received in the final quarter of the fiscal year when winter driving conditions exist. Already in the first month of the 4th quarter, higher physical damage and bodily injury claims have been incurred in comparison to historical levels. Collision and injury claims are both more than 17% higher than last December's claims.

The Corporation remains committed to achieving its seven Corporate goals. However, given that claims costs account for more than 80% of Corporate total expenditures, a year end deficit may be inevitable. Actual results will be monitored. The Corporation will continue to hold Corporate operating expenses to last year levels and corrective action will be taken where possible to mitigate the impact of higher claim costs.

On December 16, 2013 the PUB issued order number 151/13 in which it stated there will be a 0.9% rate increase in compulsory motor vehicle premiums for the 2014/15 insurance year effective March 1, 2014 for all major classes combined. In addition there will be no change in the permit and certificate rates, vehicle premium discounts and driver license premiums, service and transaction fees, fleet rebates or surcharges or the discount on approved after-market and manufacturer/dealer installed anti-theft devices.

This increase is required due to higher physical damage claims and lower investment income. A total of 516,614 vehicles owners will receive a premium increase. Of the vehicles that will receive premium increases, most will be less than \$50. A total of 532,795 vehicle owners will receive a premium decrease or stay the same in 2014. The average passenger vehicle premium will be \$889.

Overall:

- 49 per cent of premiums will increase (516,614 vehicles). 466,838 vehicles will increase by \$50 or less
- 43 per cent of premiums will go down (449,878 vehicles). Of those decreasing, 95 per cent – 425,669 vehicles – will decrease by \$50 or less
- Eight per cent of premiums will remain unchanged (82,917 vehicles)
- Average rates for motorcycles (*excluding mopeds and small-engine displacement motor scooters*) will decrease by 7.7% or \$83 per vehicle

This increase for the 2014/15 insurance year is the first time in 10 years the Corporation has asked the PUB for an overall increase to Basic Autopac rates. For 14 of the last 15 years, the Corporation has either held the line or reduced rates without lowering service or reducing coverage.

Condensed Interim Financial Statements

Condensed Interim Statement of Financial Position

(Unaudited - in thousands of Canadian dollars)	<i>Notes</i>	November 30, 2013	February 28, 2013
Assets			
Cash and investments	5	1,648,008	1,551,879
Equity investments	5	482,870	562,228
Investment property	5	223,509	209,087
Due from other insurance companies		1,637	1,002
Accounts receivable		332,555	321,293
Prepaid expenses		146	1,035
Deferred policy acquisition costs		27,998	26,312
Reinsurers' share of unearned premiums		4,425	69
Reinsurers' share of unpaid claims		35,388	33,732
Property and equipment		127,633	126,883
Deferred development costs		66,316	47,613
		2,950,485	2,881,133
Liabilities			
Due to other insurance companies		1,965	1,788
Accounts payable and accrued liabilities		48,621	58,227
Financing lease obligation		4,440	4,482
Unearned premiums		476,399	474,977
Provision for employee current benefits		21,526	21,501
Provision for employee future benefits		344,437	332,155
Provision for unpaid claims	4	1,594,670	1,558,024
		2,492,058	2,451,154
Equity			
Retained Earnings			
Basic Insurance Retained Earnings			
Rate Stabilization Reserve		172,000	141,470
Retained Earnings		4,641	-
		176,641	141,470
Non-Basic Retained Earnings			
Retained Earnings		210,134	177,231
Extension Development Fund		3,148	6,723
		213,282	183,954
		389,923	325,424
Accumulated Other Comprehensive Income		68,504	104,555
Total Equity		458,427	429,979
		2,950,485	2,881,133

The accompanying notes are an integral part of these financial statements.

Condensed Interim Statement of Operations

(Unaudited - in thousands of Canadian dollars)	Notes	Three months ended		Nine months ended	
		November 30, 2013	November 30, 2012	November 30, 2013	November 30, 2012
Earned Revenues					
Gross premiums written		246,267	236,662	755,389	725,354
Premiums ceded to reinsurers		(88)	(93)	(17,558)	(12,527)
Net premiums written		246,179	236,569	737,831	712,827
(Increase) decrease in gross earned premiums		(3,007)	1,878	(23,923)	1,504
Increase (decrease) in reinsurers' share of unearned premiums		(4,282)	(4,020)	4,355	171
Net premiums earned		238,890	234,427	718,263	714,502
Service fees & other revenue		6,560	6,171	19,721	19,371
<i>The Drivers and Vehicles Act operations recovery</i>		6,975	6,975	20,925	20,925
Total Earned Revenues		252,425	247,573	758,909	754,798
Claims Costs					
Direct claims incurred		199,114	185,018	558,267	549,649
Claims incurred ceded to reinsurers		(1,109)	(2,523)	(2,317)	(4,699)
Net claims Incurred		198,005	182,495	555,950	544,950
Claims Expense		31,236	31,705	96,176	91,340
Loss prevention/Road safety		3,532	3,969	10,992	11,714
Total Claims Costs		232,773	218,169	663,118	648,004
Expenses					
Operating		28,599	32,095	85,422	90,229
Commissions		17,912	17,624	53,726	53,725
Premium taxes		7,298	7,156	21,944	21,806
Regulatory/Appeal		1,178	817	2,867	2,402
Total Expenses		54,987	57,692	163,959	168,162
Underwriting loss		(35,335)	(28,288)	(68,168)	(61,368)
Investment income	6	57,895	22,218	132,667	76,484
Net income (Loss)		22,560	(6,070)	64,499	15,116

Condensed Interim Statement of Comprehensive Income (Loss)

(Unaudited - in thousands of Canadian dollars)	Three months ended		Nine months ended	
	November 30, 2013	November 30, 2012	November 30, 2013	November 30, 2012
Net income (loss) after surplus distribution	22,560	(6,070)	64,499	15,114
Other Comprehensive Income (Loss)				
Unrealized gains (losses) on Available for Sale assets	24,766	15,176	75,852	4,060
Reclassification of net realized (gains) losses related to Available for Sale assets	(19,659)	(741)	(111,903)	(5,462)
Other Comprehensive Income (Loss) for the period	5,107	14,435	(36,051)	(1,402)
Total Comprehensive Income (Loss)	27,667	8,365	28,448	13,712

The accompanying notes are an integral part of these financial statements.

Condensed Interim Statement of Changes in Equity

(Unaudited - in thousands of Canadian dollars)	Basic		Non-Basic		Corporate		
	Rate Stabilization Reserve (RSR)	Retained Earnings (B-RE)	Retained Earnings (NB-RE)	Extension Development Fund (EDF)	Retained Earnings	Accumulated Other Comprehensive Income	Equity
Balance as at March 1, 2012	155,700	57,983	139,060	20,769	373,512	58,115	431,627
Net income (loss) for the period	-	(3,386)	18,480	-	15,114	-	15,114
Other comprehensive income (loss) for the period	-	-	-	-	-	(1,402)	(1,402)
Transfer between NB-RE & EDF	-	-	9,116	(9,116)	-	-	-
Balance as at November 30, 2012	155,700	54,617	166,656	11,653	388,626	56,713	445,339
Balance as at March 1, 2013	141,470	-	177,231	6,723	325,424	104,555	429,979
Net income (loss) for the period	-	35,171	29,328	-	64,499	-	64,499
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-
Transfer between RSR & B-RE	30,530	(30,530)	-	-	-	(36,051)	(36,051)
Transfer between NB-RE & EDF	-	-	3,575	(3,575)	-	-	-
Balance as at November 30, 2013	172,000	4,641	210,134	3,148	389,923	68,504	458,427

The accompanying notes are an integral part of these financial statements.

Condensed Interim Statement of Cash Flows

(Unaudited - in thousands of Canadian dollars)	<i>Notes</i>	Nine months ended	
		November 30, 2013	November 30, 2012
Cash Flows from (to) Operating Activities:			
Net income after surplus distribution		64,499	15,114
Non-cash items:			
Depreciation of property and equipment		4,899	5,062
Amortization of deferred development costs		6,635	6,622
Amortization of bond discount and premium		2,115	4,249
(Gain) loss on sale of investments		(102,267)	(22,979)
Unrealized (gain) loss on Fair Value Through Profit or Loss bonds		33,045	6,160
Unrealized (gain) loss on investment in real estate		(15,036)	(16,088)
Unrealized (gain) loss on investment in infrastructure		(143)	-
Write-down of investments		-	45
		(6,253)	(1,815)
Net change in non-cash balances:			
Due from other insurance companies		(635)	1,208
Accounts receivable and prepaid expenses		(10,373)	(11,555)
Deferred policy acquisition costs		(1,686)	(44)
Reinsurers' share of unearned premiums and unpaid claims		(6,011)	(4,463)
Due to other insurance companies		177	(3,845)
Accounts payable and accrued liabilities		(9,607)	(8,752)
Unearned premiums		1,422	(18,967)
Provision for employee current benefits		26	40
Provision for employee future benefits		12,282	13,066
Provision for unpaid claims		36,647	54,090
		22,242	20,778
		15,989	18,963
Cash Flows from (to) Investing Activities:			
Purchase of investments		(1,423,391)	(701,316)
Proceeds from sale of investments		1,424,826	654,967
Acquisition of property and equipment net of proceeds from disposals		(5,650)	(6,602)
Financing lease obligation		(43)	(40)
Deferred development costs incurred		(25,338)	(11,720)
		(29,596)	(64,711)
Increase (decrease) in Cash and Short-Term Investments			
Cash and short-term investments beginning of year		170,882	135,888
Cash and Short-Term Investments end of period	5	157,275	90,140

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

1) Status of the Corporation

The Manitoba Public Insurance Corporation (the “Corporation”) was incorporated as a Crown Corporation under *The Automobile Insurance Act* in 1970. In 1974, *The Automobile Insurance Act* was revised and became *The Manitoba Public Insurance Corporation Act* (Chapter A180 of the continuing consolidation of the Statutes of Manitoba). In 1988, the Act was re-enacted in both official languages as Chapter P215 of the Statutes of Manitoba. The address of the Corporation’s registered office is 234 Donald Street, Winnipeg, Manitoba.

Under the provisions of its Act and regulations, the Corporation operates an automobile insurance division and a discontinued general insurance division. The lines of business for the automobile insurance division provide for basic universal compulsory automobile insurance, extension and special risk coverages. For financial accounting purposes, the lines of business for the automobile insurance division and the discontinued general insurance division are regarded as separate operations and their revenues and expenses are allocated on a basis described in the summary of significant accounting policies. For financial reporting purposes, due to the immateriality of the financial results of the discontinued general insurance operations, the operations are reported as part of the Special Risk Extension line of business. The basic universal compulsory automobile insurance line of business rates are approved by the Public Utilities Board of Manitoba.

Under *The Drivers and Vehicles Act*, the Corporation is responsible for operations pertaining to driver safety, vehicle registration and driver licensing, including all related financial, administrative and data processing services.

2) Basis of Reporting

Statement of Compliance

The financial statements of the Corporation are in such form as prescribed by Section 43(1) of *The Manitoba Public Insurance Corporation Act* and are presented in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of Presentation

The Corporation presents its Statement of Financial Position broadly in order of liquidity.

These statements are presented in thousands of Canadian dollars except as otherwise specified.

Seasonality

The automobile insurance business, that reflects the primary business of the Corporation, is seasonal in nature. While net premiums earned are generally stable from quarter to quarter, underwriting income is typically highest in the first and second quarter of each year and lowest in the fourth quarter of each year. This is driven mainly by weather conditions which may vary significantly between quarters.

Basis of Measurement

The Corporation prepares its financial statements as a going concern, using the historical cost basis, except for financial instruments. Measurement of the financial instruments is detailed in Note 4 of the 2011 Annual Report.

Estimates and Judgments

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3) Summary of Significant Accounting Policies

Refer to the 2012 Annual Audited Financial Statements for a summary outlining those accounting policies followed by the Corporation that have a significant effect on the condensed interim financial statements.

4) Provision for Unpaid Claims

The provision for unpaid claims, including adjustment expenses, represents an estimate for the full amount of all costs and the projected final settlement of claims incurred.

The provision for unpaid claims, including adjustment expenses, is subject to variability. This variability is related to future events that arise from the date the loss was reported to the ultimate settlement of the claims. Accordingly, short-tail claims such as physical damage claims tend to be more reasonably predictable than long-tail claims such as Personal Injury Protection Plan (PIPP) and public liability claims. Factors such as the receipt of additional claims information during the claims settlement process, changes in severity and frequencies of claims from historical trends, and effects of inflationary trends contribute to this variability.

The determination of the provision for unpaid claims, including adjustment expenses, relies on judgment, analysis of historical claim trends, investment rates of return and expectation on the future development of claims. The process of establishing this provision necessarily involves risks which could cause the actual results to deviate, perhaps substantially, from the best determinable estimate.

5) Cash and Investments

Cash consists of cash net of cheques issued in excess of amounts on deposit. There is no amount held in trust on behalf of other insurance companies included in cash and short-term investments (2012 – nil).

Short-term investments have a total principal amount of \$173.4 million (2012 - \$95.0 million) comprised of provincial short-term deposits with effective interest rates of 0.90% (2012 – 0.91%), with interest receivable at varying dates.

The Corporation has an unsecured operating line of credit with its principal banker in the amount of \$5.0 million. There were no drawdowns against this line of credit at November 30, 2013.

Cash and Investments

(Unaudited – in thousands of Canadian dollars)

	Financial Instruments			Non-Financial Instruments	Total Carrying Value
	Classified as Available for Sale	Classified as Held to Maturity	Classified as Fair Value Through Profit or Loss		
As at November 30, 2013					
Cash and short-term investments	157,275	-	-	-	157,275
Bonds					
Federal	-	-	45,849	-	45,849
Manitoba:					
Provincial	-	-	256,465	-	256,465
Municipal	-	-	29,602	-	29,602
Hospitals	-	14,087	11,672	-	25,759
Schools	-	574,362	-	-	574,362
Other provinces:					
Provincial	-	-	373,342	-	373,342
Municipal	-	-	81,852	-	81,852
Corporations	-	-	52,880	-	52,880
	-	588,449	851,662	-	1,440,111
Other investments	4,022	-	-	-	4,022
Infrastructure	-	-	46,600	-	46,600
Cash and investments	161,297	588,449	898,262	-	1,648,008
Equity investments	482,870	-	-	-	482,870
Pooled Real Estate Fund	-	-	188,037	-	188,037
Investment property	-	-	-	35,472	35,472
	644,167	588,449	1,086,299	35,472	2,354,387

(Unaudited – in thousands of Canadian dollars)

	Financial Instruments			Non-Financial Instruments	Total Carrying Value
	Classified as Available for Sale	Classified as Held to Maturity	Classified as Fair Value Through Profit or Loss		
As at November 30, 2012					
Cash and short-term investments	90,140	-	-	-	90,140
Bonds					
Federal	-	-	53,501	-	53,501
Manitoba:					
Provincial	-	-	259,807	-	259,807
Municipal	-	16,611	46,319	-	62,930
Hospitals	-	-	12,196	-	12,196
Schools	-	540,521	-	-	540,521
Other provinces:					
Provincial	-	-	407,332	-	407,332
Municipal	-	-	58,789	-	58,789
Corporations	-	-	44,611	-	44,611
	-	557,132	882,555	-	1,439,687
Other investments	4,252	-	-	-	4,252
Infrastructure	-	-	18,082	-	18,082
Cash and investments	94,392	557,132	900,637	-	1,552,161
Equity investments	513,458	-	-	-	513,458
Pooled Real Estate Fund	-	-	170,174	-	170,174
Investment property	-	-	-	36,290	36,290
	607,850	557,132	1,070,811	36,290	2,272,083

Fair Value Measurement

Financial instruments that are measured at fair value are classified by their level within the fair value hierarchy. The fair value hierarchy consists of three levels that are defined on the basis of the type of inputs used to measure fair value. The classification cannot be higher than the lowest level of input that is significant to the measurement:

Level 1 – Fair value is determined based on unadjusted quoted prices of identical assets in active markets. Inputs include prices from exchanges where equity and debt securities are actively traded.

Level 2 – Level 2 valuations utilize inputs are other than quoted market prices included in Level 1 that are observable, directly or indirectly, for the asset. These inputs include quoted prices for similar assets in active markets and observable inputs other than quoted prices, such as interest rates and yield curves. The fair values for some Level 2 securities were obtained from a pricing service. Pricing service inputs may include benchmark yields, reported trades, broker/dealer quotes and bid/ask spreads.

Level 3 – Fair value measurements using significant inputs that are not based on observable market data are Level 3. This mainly consists of derivatives and private equity investments. In these cases prices may be determined by internal pricing models utilizing all available financial information, including direct comparison and industry sector data. For some investments, valuations are obtained annually. For periods between valuations, management assesses the validity of the valuation for current reporting purposes.

The following table presents financial instruments measured at fair value in the Statement of Financial Position, classified by level within the fair value hierarchy.

As at November 30, 2013 (in thousands of Canadian dollars)	Level 1	Level 2	Level 3
FVTPL financial assets			
Bonds	17,739	817,638	16,285
Infrastructure	-	-	46,600
Investment property	-	188,037	-
Total FVTPL financial assets	17,739	1,005,675	62,885
AFS financial assets			
Cash and short term investments	157,275	-	-
Other investments	-	-	4,022
Equity investments	482,870	-	-
Total AFS financial assets	640,145	-	4,022
Total assets measured at fair value	657,884	1,005,675	66,907

Fair value measurement of instruments included in Level 3 (in thousands of Canadian dollars)	FVTPL	AFS
Balance at March 1	38,716	4,099
Total gains/(losses)		
Included in net income	134	-
Included in other comprehensive income	-	-
Purchases	24,035	-
Sales	-	(77)
Balance at November 30, 2013	62,885	4,022

The fair value of HTM bonds, which include schools and certain municipalities, is based on their carrying value, which approximates market value.

6) Investment Income

(in thousands of Canadian dollars)	November 30, 2013	November 30, 2012
Interest income	35,845	37,200
Gain (loss) on sale of Fair Value Through Profit or Loss bonds	(9,635)	17,472
Unrealized gain (loss) on Fair Value Through Profit or Loss bonds	(33,045)	(6,160)
Unrealized gain (loss) on investment property	15,035	16,088
Gain (loss) on infrastructure investments	786	409
Unrealized gain (loss) on infrastructure investments	143	-
Dividend income	10,304	10,371
Gain (loss) on sale of equities	111,903	3,476
Gain (loss) on foreign exchange	2,439	-
Income from investment property	1,894	1,200
Write-down of investments	-	(45)
Investment management fees	(3,002)	(3,527)
Total	132,667	76,484

7) Employee Future Benefits Expense

The total benefits costs included in expenses are as follows:

(Unaudited – in thousands of Canadian dollars)	November 30, 2013	November 30, 2012
Pension benefits	17,390	17,648
Other post-employment benefits	1,699	1,070
Total	19,089	1,629

8) Depreciation and Amortization

The total depreciation and amortization included in expenses are as follows:

(Unaudited – in thousands of Canadian dollars)	November 30, 2013	November 30, 2012
Amortization – Deferred Development	6,635	6,622
Depreciation – Property and equipment	4,899	5,062
Total	11,534	11,684

Manitoba Public Insurance Locations

Customer Service

Winnipeg

Tel: 204-985-7000

Outside Winnipeg

Tel: 800-665-2410

Deaf Access TTY/TDD

Tel: 204-985-8832

Out-of-Province Claims

Tel: 800-661-6051

Administrative Offices

Winnipeg

234 Donald Street
Box 6300
R3C 4A4

Brandon

731-1st Street
R7A 6C3

Service Locations

Winnipeg Service Centres

15 Barnes Street
40 Lexington Park
1284 Main Street
930 St. Mary's Road
125 King Edward Street East
1103 Pacific Avenue
420 Pembina Highway

cityplace

Service Centre – Main Floor
ID Verification and Data
Integrity

Rehabilitation Management
Centre

Serious and Long-Term Case
Management Centre

Bodily Injury Centre
234 Donald Street

Physical Damage Centre
Holding Compound/Receiving
Salvage

Commercial Claims
1981 Plessis Road

Arborg

Service Centre
323 Sunset Boulevard

Beausejour

Service Centre
848 Park Avenue

Brandon

Service Centre
731-1st Street

Dauphin

Service Centre
217 Industrial Road

Flin Flon

Claim Centre
8 Timber Lane

Portage la Prairie

Claim Centre
2007 Saskatchewan Avenue
West

Driver and Vehicle Licensing Centre

25 Tupper Street North

Selkirk

Service Centre
1008 Manitoba Avenue

Steinbach

Service Centre
91 North Front Drive

Swan River

Claim Centre
125-4th Avenue North

The Pas

Claim Centre
424 Fischer Avenue

Thompson

Service Centre
53 Commercial Place

Winkler

Service Centre
355 Boundary Trail

For more information contact:

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Corporate Communications**

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Winnipeg, MB R3C 4A4



**Manitoba
Public Insurance**