



NAVIGATING THE CURVE

STEERING THROUGH
CHALLENGING ENVIRONMENTS



Manitoba Public Insurance is a provincial Crown corporation that has provided automobile insurance coverage since 1971. We assumed a broader spectrum of services in 2004, when we merged driver and vehicle licensing into our operations. The Corporation is governed by *The Manitoba Public Insurance Corporation Act* and *The Drivers and Vehicles Act*.

This annual report is available in French at mpi.mb.ca.

Le rapport annuel est disponible en français sur le site Web mpi.mb.ca.



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LETTERS OF TRANSMITTAL

May 26, 2014

The Honourable Andrew Swan
*Minister of Justice and Minister Charged
with the Administration of The Manitoba
Public Insurance Corporation Act*
Room 104, Legislative Building
450 Broadway
Winnipeg, MB R3C 0V8

Dear Minister,

In accordance with Section 43(1) of *The Manitoba Public Insurance Corporation Act*, I am pleased to submit the Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ended February 28, 2014.

Respectfully submitted,

Jake Janzen
Chairperson of the Board



**Manitoba
Public Insurance**

May 26, 2014

The Honourable Philip S. Lee
*Lieutenant Governor of
the Province of Manitoba*
Room 235, Legislative Building
450 Broadway
Winnipeg, MB R3C 0V8

May it please your Honour,

I have the privilege of presenting the Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ended February 28, 2014.

Respectfully submitted,

Andrew Swan
*Minister of Justice and Attorney General
Minister Charged with the Administration
of The Manitoba Public Insurance Corporation Act*

Manitoba 

2013/14 YEAR-END SUMMARY

DOLLARS AND CENTS

Approximate Autopac claims paid per working day	\$2.6 million
Total Autopac claims paid for injury and property damage occurring in 2013/14, respectively (before expenses)	\$145.9 million and \$495.5 million
Amounts paid by MPI to Manitoba medical practitioners on behalf of customers	\$30.7 million
Commissions paid by MPI to independent insurance brokers for product sales	\$76.2 million
Grants-in-lieu of taxes paid to Manitoba municipalities by MPI	\$1.8 million
Provincial premium taxes paid by MPI	\$29.4 million
Dollars invested in road safety programs	\$15.6 million
Potential savings to policyholders through use of recycled parts made available for use in claims repairs	\$16.6 million
Estimated direct savings to policyholders through subrogation	\$9.1 million

SIGNIFICANT NUMBERS

Average number of Autopac claims reported to MPI per working day	1,151
Total Autopac claims reported	287,741
Bodily injury claims reported	17,367
Property damage claims reported	270,374
Total theft claims reported in Winnipeg	1,697
Total theft claims reported elsewhere in province	726
Number of Autopac policies in force (average)	1,068,429

CORPORATE FIVE-YEAR STATISTICS

	2013/14	2012/13	2011/12	2010/11	2009/10
Premiums written (\$000)	977,992	936,271	959,540	929,724	906,229
Claims incurred (\$000)	861,138	746,482	701,850	418,411	614,198
Number of claims	287,741	287,105	277,201	275,763	267,611
Average cost per claim (\$)	2,993	2,600	2,532	1,517	2,295
Claim expenses (\$000)	132,564	126,848	132,325	110,857	97,448
Other expenses (\$000)	239,220	245,326	238,347	236,104	232,973
Net income (loss) (\$000)	(44,848)	(34,939)	37,423	292,516	86,944
Net income (loss) after surplus distribution (\$000)	(44,848)	(34,939)	23,303	(29,162)	86,944
Investments at year-end (\$000)	2,443,390	2,328,567	2,254,732	2,420,738	2,207,582
Total assets (\$000)	3,028,171	2,881,133	2,787,210	2,992,030	2,791,551



BOARD OF **DIRECTORS**

STANDING (left to right)

WILLIAM SAUNDERS
DEBBIE MINTZ
JEANNE MILLIS
DAN GUIMOND, *Ex-Officio*
KAREN MacKINNON
MARY JOHNSON
DALE PATERSON, *Vice-Chairperson*

SEATED (left to right)

MARTY DONKERVOORT
JAKE JANZEN, *Chairperson*
MELANIE WIGHT



MESSAGE FROM THE CHAIRPERSON

AT MANITOBA PUBLIC INSURANCE, WE ARE PROUD TO PROVIDE UNIVERSAL ACCESS TO AFFORDABLE, COMPREHENSIVE AUTOMOBILE INSURANCE TO ALL MANITOBANS.

While that mandate has remained relevant for over 40 years, as a Corporation we understand the importance of staying accountable to Manitobans and continually evolving to further enhance the value they have come to depend on.

This past winter was an arduous one with severe weather that led to a large number of collision claims. The hard winter and ensuing jump in claims, combined with the global economic realities, has contributed to an extremely challenging environment in which cost restraint is imperative. To that end, the Corporation is exercising appropriate fiscal restraint to ensure all expenditures are appropriate and necessary.

Despite these challenges, our coverage remains among the best in Canada, and we continue to maintain a long-term record of consistent value. For example, a 40-year-old Winnipeg couple, each with 15-year clean driving records, and their 16-year-old son also with a clean record, will pay among the lowest rates in Canada to insure their family's 2010 Dodge Caravan. In Winnipeg, the cost will be \$1,092. In Calgary, they will pay an additional \$1,089 per year and in Toronto, they will pay \$6,129 more than in Winnipeg. We have one of the lowest rates of year-over-year premium increases of all Canadian provinces, with Manitoba Public Insurance holding the line on rates for the 2013/14 year.

In addition, last year we returned \$1.14 of every premium dollar from Basic Autopac back to Manitobans in the form of claims benefits, significantly above the industry average. These numbers clearly show the value that Manitobans receive.

We also strive to fulfill our mission of working with Manitobans to reduce risk on the road. Raising awareness and educating Manitobans about distracted

driving, speeding, impaired driving and the proper use of occupant restraints affects positive change in driving behaviour, making our roads safer for all while helping to contain claims costs.

All of this would not be possible without the executive, management and employees of Manitoba Public Insurance. The Corporation being selected as one of Manitoba's Top Employers by a national advisory council, for the second time in as many years, is an honour we can all be proud of. This highly skilled group, led by Dan Guimond in his new position of president and chief executive officer, is constantly seeking innovative ways to drive efficiencies, navigate change and improve the value and services that Manitoba Public Insurance provides. I would also like to commend the exceptional leadership and many accomplishments of former president and chief executive officer Marilyn McLaren, who retired from Manitoba Public Insurance after 30 years.

Lastly, I would like to recognize the commitment to value and professionalism of my colleagues on the Board of Directors. Their guidance is invaluable and I cherish the opportunity to work with such a dedicated team. In particular, I want to thank Kerry Bittner, who retired from the board last year, for his many years of service and welcome our newest member, William Saunders.

JAKE JANZEN
Chairperson of the Board



EXECUTIVE TEAM

LEFT TO RIGHT

CHRISTINE MARTIN, *Vice-President, Service Operations*

MARYANN KEMPE, *Vice-President, Community & Corporate Relations*

DAN GUIMOND, *President and Chief Executive Officer*

HEATHER REICHERT, *Vice-President, Finance and Chief Financial Officer*

KATHY KALINOWSKY, *General Counsel and Corporate Secretary*



MESSAGE FROM THE **PRESIDENT AND CHIEF EXECUTIVE OFFICER**

CHANGE IS CONSTANT. EMERGING TECHNOLOGY AND THE INCREASING DIVERSITY OF OUR PROVINCE'S POPULATION ARE OPENING THE DOOR TO NEW POSSIBILITIES AND CHALLENGES. AT MANITOBA PUBLIC INSURANCE, WE ARE NAVIGATING OUR CHANGING ENVIRONMENT AND EMBRACING OPPORTUNITIES TO FULFILL OUR CUSTOMERS' NEEDS AND EXPECTATIONS, WHILE MAXIMIZING EFFICIENCY.

We do this with full awareness of the need to focus on fiscal responsibility and cost effectiveness. The past year was extremely challenging. A long, harsh winter has resulted in a large increase in claims severity and with a high projected rate of claims not yet reported, the ultimate result is higher claims costs. In the face of such unpredictable weather, rising claims costs, increasingly complex vehicle repairs and fluctuations in investment income, we continue to exercise financial restraint and ensure all expenditures are appropriate and beneficial to Manitobans.

As we steer through these challenges, we remain fundamentally committed to our Value Equation – where price, coverage, service and access combine to create value for Manitobans. In fact, we continue to provide guaranteed access to comprehensive coverage at an affordable price – without prejudice towards age, gender or other arbitrary factors – and service where and when our customers need it. Customer service is at the forefront of everything we do, and in our most recent survey customers told us they are extremely satisfied with the service they receive. In order to maintain and build upon that satisfaction, and with a recognition that customers' expectations of service delivery are evolving, we are undertaking multiple initiatives that target different areas of our operations.

These long-term projects include re-engineering our physical damage claims model. Through this initiative, we are leveraging emerging technology to address current challenges of vehicle repair, looking for cost efficiencies, working to increase customer convenience

and improving communication between repair shops, claimants and the Corporation. We are engaging our industry partners to create and foster an increased spirit of collaboration and help ensure a robust and sustainable repair industry.

We are also continuing to refine our service delivery model and find new ways to enhance the delivery of the Personal Injury Protection Plan. Under the road safety umbrella, we are continually looking for ways to reduce the frequency and severity of claims. Going forward, we will introduce a low-interest loan program to assist Manitobans in purchasing winter tires. We also plan to introduce pilot projects for leading-edge technologies, such as telematic collision avoidance systems. The results of these pilots will help us determine our next steps.

By encouraging innovation and working through change, we will navigate the curve and deliver the service and value Manitobans want and need.

We have a strong and knowledgeable team at Manitoba Public Insurance. I look forward to working with the Board of Directors and leading our employees in dedicated service to Manitobans.

DAN GUIMOND
President and Chief Executive Officer

NAVIGATING THE CURVE

At Manitoba Public Insurance, we are navigating the curve by anticipating the evolving needs and expectations of our customers and taking action to meet those needs, especially in today's challenging environment. Guided by our Value Equation – a combination of price, coverage, service and access – we strive to build and maintain customer satisfaction by consistently delivering value to Manitobans.



Throughout our annual report, you'll see examples of how we are steering through the changing landscape. Some of the highlights include:

- › *Leveraging technology and best practices to contain costs and improve our physical damage claims processes.*
- › *Continuing to refine our service delivery model to better meet customer demand at peak times, while increasing efficiency.*
- › *Enhancing the delivery of the Personal Injury Protection Plan by streamlining processes and building best practices to provide greater service to injured Manitobans.*

We recognize that the key to remaining accountable to Manitobans is listening to our customers to learn how we can better serve their needs. In a recent survey, 74 per cent of respondents said they have a favourable view of the Corporation. We will continue to build on this foundation while providing the optimal mix of price, coverage, service and access for Manitobans.



PRICE

AFFORDABLE INSURANCE

Rates that are consistently among the lowest and most stable in Canada.



COVERAGE

COMPREHENSIVE PROTECTION AGAINST THE COST OF COLLISIONS

The majority of Manitobans want complete coverage and that's what we deliver through the world-class Personal Injury Protection Plan.



SERVICE

SERVICE WHERE AND WHEN YOU NEED IT

We are available to meet the needs of Manitobans through our toll-free Contact Centre, our network of over 300 Autopac agents and our customer-centric Service Centre model.



ACCESS

EASILY ATTAINABLE COVERAGE AND SERVICES THAT DO NOT DISCRIMINATE

Drivers are not discriminated against on the basis of age, gender, marital status or other arbitrary factors, making affordable, comprehensive auto insurance within reach of all Manitoba drivers.

VALUE

FOR ALL MANITOBANS

ROAD SAFETY

AT MANITOBA PUBLIC INSURANCE, WE MAINTAIN AN UNWAVERING COMMITMENT TO OUR MISSION:
WORKING WITH MANITOBANS TO REDUCE RISK ON THE ROAD.

AWARENESS AND ENFORCEMENT

With the understanding that safe driving leads to reduced claims, we work in conjunction with like-minded road safety partners to deliver education and awareness programs that address important issues such as distracted driving, speeding, impaired driving and proper use of occupant restraints. One example is our work with the Manitoba Association of Chiefs of Police to coordinate awareness and enforcement efforts to maximize effectiveness. We also annually fund RoadWatch, an anti-drinking and driving program that combines increased law enforcement with an awareness campaign, and we provide funding for such initiatives as enhanced enforcement to encourage safety in school zones and to deter distracted driving.

As part of an overall strategy to reduce risky driving behaviour, the Corporation launched some initiatives with a focus on young drivers. Our first distracted driving campaign began in 2013 to raise awareness of the tragic consequences of distracted driving and discourage texting while driving. We also continued our Friends for Life speaker series, where teens listen to dramatic first-hand accounts of the physical and emotional devastation caused by impaired driving.





DRIVER EDUCATION AND TRAINING

We are the proud sponsor of Manitoba's High School Driver Education Program and subsidize the cost of training for students and their families. Each year, more than 12,000 new drivers participate in the program, allowing us to provide a large percentage of new drivers with a safe start to driving. With the goal of further maximizing the program's effectiveness in producing knowledgeable and safe drivers, the Corporation is undertaking a comprehensive review of the High School Driver Education Program.

To that end, we contracted the American Driver and Traffic Safety Education Association to conduct an in-depth, global analysis of driver education programs. This analysis, along with recommendations from prior evaluations of the High School Driver Education Program, will be used to pursue a multi-year program redevelopment where we will leverage current technologies, learning concepts and delivery methods to create an improved program for Manitoba teen drivers.

The Corporation is also working to improve driver training opportunities for remote residents and expanding our efforts to offer high quality, affordable driver education programs tailored to Manitoba's growing immigrant and refugee populations and First Nations people. We also support the Citizens' Bridge program, a community organization that assists individuals seeking driver training and obtaining a driver's licence.

MERITS FOR SAFE DRIVING

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- +14
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- +2
- +1
- 0 (BASE)
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DEMERITS FOR HIGHER-RISK DRIVING

DRIVER IMPROVEMENT

Other key components of our overall strategy to encourage safe driving behaviours and reduce risk on the road include the Driver Safety Rating and the Driver Improvement & Control Program.

The Driver Safety Rating recognizes and rewards good driving behaviour through cost savings, while high-risk behaviour results in higher premiums. Drivers who have driven safely for 15 years save 33 per cent on their Basic Autopac premium.

The Driver Improvement & Control Program strives to prevent unsafe driving from becoming a habit and endeavours to break established unsafe driving habits through a variety of interventions, including warning letters, driver improvement courses and hearings.



CUSTOMER SERVICE

AT MANITOBA PUBLIC INSURANCE, OUR CUSTOMERS' INTERESTS ARE AT THE HEART OF EVERYTHING WE DO. WE ARE PROGRESSIVELY EVOLVING TO MEET THEIR DIVERSE NEEDS AND EXPECTATIONS BY ADAPTING OUR PRODUCTS AND SERVICES, WHILE CONTINUING TO OFFER UNIVERSALLY-AVAILABLE INSURANCE PROTECTION, AT RATES LOWER THAN THOSE CHARGED BY PRIVATE COMPANIES.



After driver licensing and vehicle registration became inextricably linked by our 2004 merger with the Division of Driver and Vehicle Licensing, the Corporation continues to refine our service delivery model to deliver the best possible service while realizing efficiencies. Today, we offer a combination of driver licensing, vehicle registration, driver insurance and vehicle insurance services at our Service Centres throughout Manitoba to better accommodate our customers.

Last year, we completed construction of our Dauphin and Steinbach locations and began work on our Portage la Prairie Centre to better meet customer needs in those communities. Upon completion of the Portage la Prairie location, the last stand-alone Driver and Vehicle Licensing office will merge into one new Service Centre facility.

To better balance the workload and increase efficiency across all locations, we have cross-trained front line staff and implemented electronic claim files. This increased capacity and flexibility has enabled us to better meet customer demand at peak times and decrease wait times, while maintaining a high level of service standards.

We believe listening to Manitobans is essential to delivering customer service while navigating challenges. Through research, Manitobans tell us that they have a positive impression of their experience with the Corporation. Ninety per cent of Manitobans who completed an Autopac or driver's licence transaction at either an Autopac agent or Service Centre said they were satisfied with the service they received.

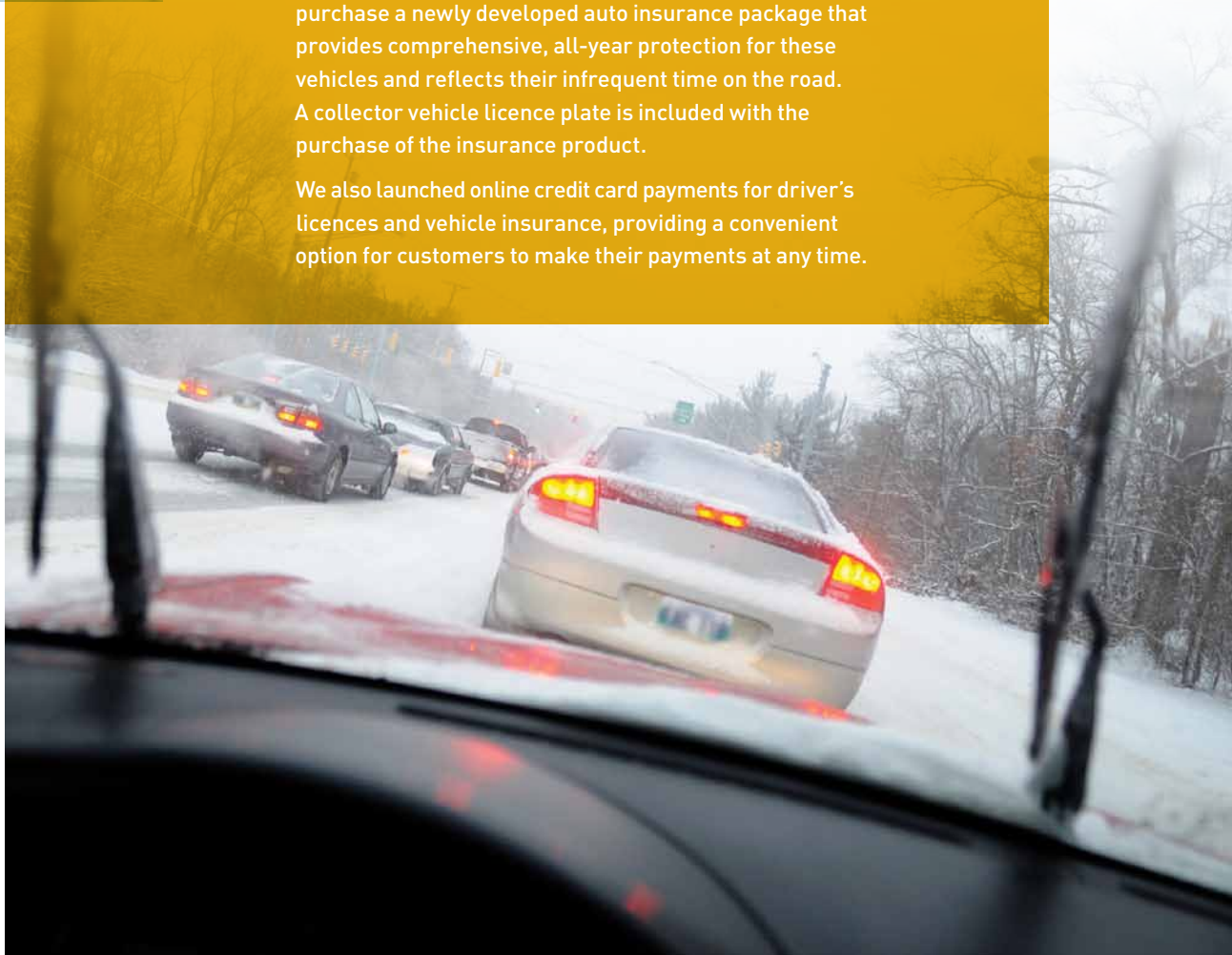


TAKING ACTION IN UNIQUE CIRCUMSTANCES

The Corporation quickly navigates situations to provide the best service possible through extraordinary circumstances. When a severe storm tracked through Winnipeg and southern Manitoba in June, resulting in nearly 1,000 hail claims, Manitoba Public Insurance responded by opening a special temporary hail Claim Centre that processed up to 300 customer appointments daily. When severe weather struck again in December, increasing collision and injury claims by 17 per cent over the previous year, we sent additional estimators into the field to process the abundant number of claims.

Another example of how we deliver service in unique situations is our launch of the Collector Vehicle Program, which addresses the specific needs of a distinct customer segment. Owners of qualifying collector vehicles can purchase a newly developed auto insurance package that provides comprehensive, all-year protection for these vehicles and reflects their infrequent time on the road. A collector vehicle licence plate is included with the purchase of the insurance product.

We also launched online credit card payments for driver's licences and vehicle insurance, providing a convenient option for customers to make their payments at any time.





PHYSICAL DAMAGE CLAIMS

WHEN MINOR VEHICLE COLLISIONS HAPPEN, OUR PHYSICAL DAMAGE CLAIMS MODEL PROVIDES COVERAGE AGAINST THE COST OF VEHICLE DAMAGE, HELPS ENSURE SAFE, HIGH-QUALITY REPAIRS AND CONTAINS COSTS WHEREVER POSSIBLE THROUGH THE LIFE CYCLE OF A CLAIM.

Emerging technologies and best practices have created opportunities to further streamline and improve our physical damage claims processes. We are capitalizing on these opportunities with a multi-year Physical Damage Re-engineering Program to ensure we can efficiently deliver on the changing needs of our customers and partners. Initial work on re-engineering our processes has begun and will ultimately result in more customized service, faster repairs, enhanced communication channels, an enhanced customer claims experience and an even more efficient use of resources.

As part of this program, we are enhancing our collaborative relationship with the repair industry and working to address the challenges of increasingly

complex vehicle design and construction. This is aided by the extension of our agreement with the Automotive Trades Association and the Manitoba Motor Dealers Association, during which a cooperative approach will allow us to develop solutions to common issues. An update to the Manitoba Collision Repair Industry Study, which will be used to determine the effectiveness of initiatives undertaken to date and set the foundation for future process improvements, will also help to enhance the relationship. We also recognize the need to continue building a cohort of skilled technical staff throughout the repair trade. Our incentives for registered apprentices and sponsorship of Skills Manitoba, a non-profit organization that promotes the skilled trades and technology sectors, contribute to a robust and sustainable repair industry.



THE PERSONAL INJURY PROTECTION PLAN

THROUGH THE PERSONAL INJURY PROTECTION PLAN (PIPP), MANITOBA PUBLIC INSURANCE, ON BEHALF OF THE PROVINCE OF MANITOBA, ADMINISTERS COMPREHENSIVE INJURY COVERAGE TO SUPPORT MANITOBANS RECOVERING FROM INJURIES SUSTAINED IN VEHICLE COLLISIONS. CLAIMANTS RECEIVE SUPERIOR CARE AND SUPPORT, ENABLING THEM TO CONTINUE TO LEAD MEANINGFUL LIVES.

PIPP ensures that Manitobans are compensated adequately, fairly and promptly. All Manitoba residents are covered in the event of a motor vehicle collision anywhere in Canada and the U.S.

As our service delivery model evolves, we continue to enhance the delivery of PIPP, build injury-recovery best practices and increase customer satisfaction levels. Case managers now work in holistic teams and a paperless environment, which has led to increased efficiency and greater service to injured Manitobans.

In our most recent survey of injury claimants, 81 per cent said they were satisfied with their experience in dealing with Manitoba Public Insurance.

The Corporation is also considering innovative ways to assist catastrophically-injured clients with their specific residency needs.



COMMUNITY INITIATIVES

MANITOBA PUBLIC INSURANCE AND ITS EMPLOYEES ARE COMMITTED TO ENHANCING THE SOCIAL AND ECONOMIC WELL-BEING OF OUR COMMUNITIES. WE SUPPORT A WIDE RANGE OF PROGRAMS AND INITIATIVES THAT PROMOTE SAFE DRIVING BEHAVIOUR AND MAKE A POSITIVE CONTRIBUTION TO THE QUALITY OF LIFE FOR MANITOBANS.

FOCUSING ON SAFETY

Every year, we sponsor SpeedWatch, the Citizens on Patrol Program and the School Safety Patrol Program, all designed to improve safety on our roads. We are also the primary sponsor of Operation Red Nose, which helps drivers and their vehicles get home safely after holiday festivities, and we partner with Brandon Transit and Winnipeg Transit to offer free transit service on New Year's Eve through Ride Free, Ride Safe.

PLATES WITH A PURPOSE

The Corporation works with the Province of Manitoba to administer specialty licence plates, which have raised over \$1.5 million as of February 28, 2014, for affiliated charitable foundations and programs, while allowing Manitobans to publicly display their support for these organizations.

Specialty plates issued for firefighters, Winnipeg Goldeyes, Winnipeg Jets, Winnipeg Blue Bombers, Fish Futures, Curl Manitoba and Brandon Wheat Kings have contributed to the Manitoba Firefighters Burn Fund and the Fallen Firefighters Fund, the Winnipeg Goldeyes' Field of Dreams Foundation, the Winnipeg Jets True North Foundation, the Winnipeg Football Club, Fish Futures Inc., the Curl Manitoba Curling For Life Endowment Fund and the Brandon Humane Society.

SUPPORTING OUR COMMUNITIES

After years of collecting the unclaimed spare change left behind in salvage vehicles, the Corporation was able to put that money to good use. Our Small Change, Big Difference initiative provided four \$10,000 grants to charitable organizations that operate programs for inner-city youth in Winnipeg.

Manitoba Public Insurance also supported numerous community organizations and initiatives, including Bike to Work Day, Winnipeg Pride Parade, Winnipeg and Manitoba Crime Stoppers, MADD, We Day, Earth Day, Downtown Winnipeg BIZ, Winnipeg Folk Festival, WindCity, Riverview Health Centre Foundation, Special Olympics MB, MB Keewatinowi Okimankanak – Resource Rangers, McDonald Youth Services, Teen Stop Jeunesse, Skills Manitoba, Sport Manitoba, Junior Achievement, Community Education Development Association and Resource Assistance for Youth.

Our employees actively participated in fundraising and volunteer efforts for a number of community endeavours throughout the year. A record 70 per cent of staff contributed to our 2013 United Way workplace campaign, raising over \$334,000. Staff also contributed to such causes as Operation Donation in support of Winnipeg Harvest, the Christmas Cheer Board, Typhoon Haiyan relief efforts and the CEO Sleepout, as well as volunteered time with a number of worthy causes, including the Manitoba Dragon Boat Festival, Habitat for Humanity, Koats for Kids and the Santa Claus Parade.



MD&A

MANAGEMENT DISCUSSION & ANALYSIS



CORPORATE PROFILE

CORPORATE VISION

Manitoba Public Insurance will be a leader in automobile insurance and driver services, providing Manitobans with guaranteed access to superior products, coverage and service. We will anticipate and meet the evolving needs of Manitobans to continually add value while remaining relevant and up-to-date. We are dedicated to offering province-wide accessibility and, in co-operation with our business partners, will perform at the highest attainable levels of economy, efficiency and effectiveness.

Manitoba Public Insurance will make our roadways and communities safer by administering standards for drivers and vehicles, raising awareness of the inherent risk of driving and investing in innovative, lasting solutions. We will embrace emerging technology and develop educational programs, including best in class high school driver education, and controls that assist and encourage Manitobans to acquire the skills to avoid collisions. We will strive to help Manitobans stay safe on the road.

Our people will deliver knowledgeable service with care, courtesy and efficiency, and will be appropriately recognized for their contributions in helping the Corporation achieve its goals. Manitoba Public Insurance will be one of the best and most inclusive places in the province to work and pursue a career, where people will deliver knowledgeable and caring services in new and innovative ways.

We will ensure Manitobans understand and support the unique contribution Manitoba Public Insurance makes to the province.

CORPORATE MISSION

Working with Manitobans to reduce risk on the road.

CORPORATE VALUES

At Manitoba Public Insurance, we value:

Our Customers

Our customers' interests are at the heart of everything we do. We balance the individual customer's needs with the needs of Manitobans as a whole. We base our relationships on respect, fairness, honesty and integrity. We safeguard the confidentiality of information and personal privacy. We are committed to the highest ethical standards and excellence in service.

Our People

Our people are given the skills, tools and encouragement they need to succeed. We provide a respectful, inclusive and safe environment where our staff is well trained, confident and committed to the Corporate Mission. We provide our people with clear and consistent direction. Our people have the authority they need to do their jobs, providing a sense of achievement from their work, and the opportunity for career growth and advancement. We encourage and support our people to make a positive contribution, both inside and outside the workplace.

Working Together

We work co-operatively with each other and with our business associates, sharing expertise, ideas and resources. Each of us, in our daily work, creates a team environment, drawing on one another to do the best job possible. Our communication with one another is respectful, appropriate and helpful.

Financial Responsibility

Manitoba Public Insurance holds the funds of its policyholders in trust to meet their needs into the future. We operate in a fiscally-responsible and cost-effective manner, using investment income to reduce rates and provide long-term benefits to Manitobans.

Excellence and Improvement

We constantly improve our products, services and procedures. As our customers' needs and the business environment continue to change, so must we. We value initiative, creativity and a strong desire for personal, team and corporate success in everything we do. We recognize and reward excellence and improvement in our work.

Our Corporate Citizenship

We lead by example, conducting our affairs responsibly and professionally. We contribute to the social and economic well-being of our communities as well as the sustainable development of Manitoba now and into the future.

SOCIAL AND ECONOMIC CONTRIBUTION

Through the Department of Finance, Manitoba Public Insurance invests in communities throughout Manitoba to the extent investment opportunities of acceptable risk and returns are available. The Corporation also contributes to community and economic development through its local purchasing power and as a major Manitoba employer.

Manitoba Public Insurance has taken a proactive role in identifying, and investing in, lasting solutions to community safety issues related to vehicles. As a major partner in our communities, the Corporation also supports local charities and non-profit organizations to enhance the quality of life for Manitobans. It is with an eye to future generations and the health of our communities and province that Manitoba Public Insurance ensures its business and purchasing practices as well as its operations are in keeping with the principles of sustainable development.

THE CORPORATION'S SERVICE DELIVERY MODEL

Manitoba Public Insurance was created in 1971 with the primary purpose of administering the Basic compulsory, universally-available auto insurance program. From the beginning, Basic insurance was charged to both vehicle owners and drivers in an integrated manner, along with vehicle registration and driver licensing.

This integration of licensing and insurance is one of the greatest advantages of our public insurance system. It significantly reduces the likelihood of uninsured drivers on the roads by ensuring that all licensed drivers are insured drivers and all registered vehicles are insured vehicles.

From 1971, until the Division of Driver and Vehicle Licensing (DDVL) merged with the Corporation in 2004, work effort and responsibility were shared in the following manner:

- Manitoba Public Insurance administered vehicle registration and insurance processing.
- DDVL administered driver licensing and insurance.

In 2004, the government merged the operations of the former DDVL (which was a division of the Ministry of Transportation) and Manitoba Public Insurance, and the Corporation became responsible for the administration of *The Drivers and Vehicles Act* (DVA).

The government's stated objectives for the 2004 merger were to:

- Improve customer service.
- Save costs and become more efficient by reducing overlap and duplication.
- Create a new model for meeting the licensing, registration and insurance needs of Manitobans.

The Corporation's chosen approach to achieving the third objective was to enhance its customer-centric service model and create a truly holistic approach to serving Manitobans. The Board of Directors took the view that not only was this an opportunity to significantly improve service, but a responsibility to enhance value to Manitobans to the maximum extent possible. A portion of excess retained earnings from non-Basic lines of business was set aside beginning in 2007 for this purpose. A total of \$91.7 million has been set aside, the majority of which has been expensed to date, and the fund has been closed.

Today, the Corporation, its staff and its business partners are available to serve Manitobans where and when they need us and we have significantly reduced unnecessary or lower value interactions. This new model would not have been possible without the merger and is clearly a leading practice in delivering customer service.

Broker Network

Independent insurance brokers are the main conduit for selling and renewing Autopac insurance as well as issuing and renewing driver's licences. Brokers have also taken on additional responsibilities, including registration for driver education and scheduling of driver testing and appointments.

Customers have responded very favourably to the broadening of the Autopac broker's role. In general, 92 per cent of Autopac and driver's licence customers were satisfied with the overall level of service they received at a broker's office. More specifically, last year 94 per cent of customers said they received prompt service while at a broker's office, 91 per cent of customers responded positively when asked if their account transactions are processed promptly and 97 per cent said brokers treated them courteously and politely.

Brokers have welcomed and supported the changes to the service delivery model. They have recognized that together, we are enhancing the value provided to Manitobans by the automobile insurance and registration system.

Service Centres

Our Service Centres conveniently offer insurance and licensing services, along with claims and driver-testing services. There are full-service Centres in communities across the province – Arborg, Beausejour, Brandon, Dauphin, Selkirk, Steinbach, Thompson and Winkler – and at several locations in Winnipeg.

This past year, the Corporation continued to advance its service model with the physical expansion of three Service Centres.

We completed our Dauphin Service Centre renovation and expansion to upgrade facilities and create a better environment for both customers and employees. In Steinbach, we consolidated two existing facilities into one expanded and renovated Service Centre to create operational efficiencies and better serve area residents.

We also began the expansion of the Portage la Prairie Centre, which will merge the last stand-alone Driver and Vehicle Licensing office into the new Service Centre facility to better meet the needs of customers in that region while containing costs. This final expansion will align all of our Service Centres with our new service model, helping to ensure a consistent level of service at all of our locations.

We also recognize that we must look to the future of our growing province and identify how programming and services must change to reflect Manitoba's changing demographics. Immigrants and First Nations people are both fast-growing demographics with unique cultural and service requirements that we will continue to focus on going forward.

Road Safety

In collaboration with our road safety stakeholders, we continue to coordinate awareness strategies coupled with enforcement to reduce risk on Manitoba roads.

One example is our joint efforts with the Manitoba Association of Chiefs of Police, which combine awareness and enforcement resources for maximum effectiveness.

Over the course of the year, these integrated efforts address distracted driving, speeding, impaired driving and occupant restraints, as well as safety issues related to school zones, cycling, pedestrians, intersections, ATVs, snowmobiles, commercial vehicles and wildlife.

Distracted driving continues to be a major safety issue, and going forward, it will be subject to increasing emphasis. Last year, the Province of Manitoba announced an even stronger stance against distracted driving. Drivers convicted of using a hand-held electronic device behind the wheel will move two levels down the Driver Safety Rating scale, administered by the Corporation, in addition to the existing approximately \$200 fine.

Impaired driving also remains a leading focus of road safety efforts. Last year, the Province of Manitoba added an additional penalty for drivers who receive suspensions for drinking and driving. Drivers who receive either a Tiered Administrative Licence Suspension or a three-month Administrative Licence Suspension move five levels down the Driver Safety Rating scale, which is administered by Manitoba Public Insurance.

A major key to road safety continues to be driver education. We are the proud sponsor of Manitoba's High School Driver Education Program and subsidize the cost of the program for students and their families. We also work closely with Safety Services Manitoba in the delivery of other road safety and driver improvement courses.

CORPORATE GOVERNANCE

RESPONSIBILITIES OF THE BOARD

Manitoba Public Insurance was created by an act of the Legislature to achieve the Corporation's founding principles. The Corporation's Board of Directors, appointed by the Government of Manitoba, ensures that corporate policies are consistent with its public policy mandate. The Board is also responsible for policy development and approval, and provides oversight and monitoring. The Board is currently at nine members. The president and chief executive officer is an ex-officio member of the Board and the Board committees. Further duties, obligations, and responsibilities of the Board of Directors are prescribed by *The Crown Corporations Public Review and Accountability Act*.

The Corporation has a comprehensive annual strategic planning process. The Board approves a five-year strategic plan.

Under the provisions of *The Manitoba Public Insurance Corporation Act*, the Board chairperson is required to provide the Minister Responsible for Manitoba Public Insurance with an annual report, which is subsequently reviewed by the Standing Committee of the Legislature. Additional oversight is provided by the Crown Corporation Council, a body given legislative authority to conduct a mandate and strategy review of provincial Crown corporations. The Public Utilities Board approves Basic Autopac insurance rates.

WHISTLEBLOWER REPORT

The Corporation established an anonymous and confidential Whistleblower Hotline system for the receipt, retention and treatment of complaints about suspected fraud or financial mismanagement from employees. It is fully compliant with the *Public Interest Disclosure (Whistleblower Protection) Act*.

As these matters are of paramount concern to the Board of Directors and senior management, the Corporation has retained the services of an independent third party to administer the Hotline, receive complaints and provide reports directly to the chair of the Audit Committee, the corporate general counsel and the manager of Internal Audit – recognizing that employees will be more likely to submit reports if they have a direct channel open to them with which they are comfortable.

Furthermore, it is the policy of the Corporation to ensure there are no reprisals against any employee for accessing the Whistleblower Hotline and making a report, should the identity of the reporting employee become known despite stringent provisions for confidentiality. The purpose of the policy is to discipline those responsible, not to discipline those who report such abuses.

One report was submitted on the Whistleblower Hotline during the fiscal period March 1, 2013 to February 28, 2014. The report was investigated. The investigation concluded the allegations of impropriety were unfounded.

FAIR PRACTICES OFFICE

Our public auto insurance system strives for continuous improvement in all aspects of its operation, particularly those aimed at ensuring fair and appropriate service to customers. With that goal in mind, the Fair Practices Office (FPO) was created in 1999. The FPO is a means for customers and other interested parties to bring issues of a systemic nature to the attention of the Corporation.

The FPO generally deals with concerns related to corporate policy, or issues involving complex or unusual situations where the correct interpretation of policy may seem unclear. The FPO may initiate its own investigations or respond to inquiries referred by others. It is free to scrutinize the Corporation's policies and procedures in an objective and constructive manner.

The FPO reports its observations directly to the president and chief executive officer. It can make recommendations about an operational decision on a specific case(s) and alert senior management of any systemic concerns or policies that should be addressed.

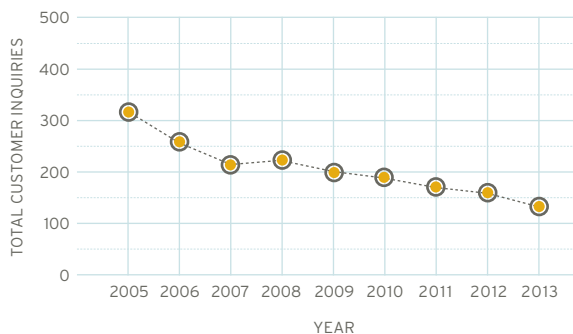
Many of these matters are referred to the FPO by the provincial ombudsman, by staff and by customers. Inquiries of a systemic or policy nature may also be referred by the Customer Relations unit, which deals primarily with individual customers.

The number of inquiries continues to decline and is indicative of a trend over the years. Last year, the FPO handled 131 inquiries, down from 166 the previous year. The Corporation continues to improve processes for handling escalating concerns and for identifying duplicate inquiries. As a result, we anticipate individual customer inquiries will continue to be successfully resolved without the involvement of the FPO.

2013 Fair Practice Results

In the 2013/14 fiscal year, the FPO received 131 documented inquiries from the following referral sources:

Customer	>	22
Formal ombudsman inquiries	>	4
Informal ombudsman inquiries	>	96
Internal referrals	>	9



The FPO recommended the Corporation revise its decision in 20 situations or about 15 per cent of the cases it reviewed.

COMPLIANCE TO LEGISLATIVE AUTHORITY: SUSTAINABLE DEVELOPMENT ACT

In accordance with Section 14 of *The Manitoba Sustainable Development Act* (1997), the Corporation did not experience any environmental incidents between March 1, 2013, and February 28, 2014.

The Corporation has a sustainable development program including policies and guidelines to reduce the environmental impact of the Corporation and its business partners. Highlights of this program are outlined as follows.

Fleet Vehicle Management

The Corporation has a fuel efficient vehicle fleet highlighted by a large percentage of hybrid and fuel efficient four cylinder engine vehicles. In addition, two models of electric vehicles are being tested to evaluate performance, cost and practicality. Average fuel efficiency for the regular fleet remained steady at 11.2 litres/100 km in the last year.

Facilities Management

The Corporation continues to apply sustainable practices in the construction and operation of its facilities including certifying building to accepted environmental standards.

- LEED (Leadership in Energy and Environmental Design) Silver Certification for New Construction: four undergoing verification.
- BOMA (Building Owners and Managers Association) BEST: nine certified and two re-certifying.
- Green Globes: three certified and one undergoing verification.

All of the Corporation's newest Service Centres meet these standards.

In older buildings, the Corporation pursues sustainable upgrades during lifecycle replacement or major renovations by adding features found in its newer buildings including:

Heating, Ventilating and Air Conditioning (HVAC)

- Digital control and integration of major HVAC components.
- High efficiency components (boilers, roof-top units, heaters).
- Geothermal heat pumps that utilize ground temperature to heat and cool the building.
- Glycol heat recovery systems to reuse exhaust heat within the building.
- Variable speed motors in HVAC components to conserve electricity.
- Air quality sensors to control the amount of fresh air brought into the building.
- Under-floor heat distribution.

Electrical Conservation

- Design elements (reflective light shelves, clerestory windows, skylights in garages) in newer facilities make better use of natural light and reduce the need for artificial lighting.
- Sensor-controlled lighting uses occupancy and natural light sensors to control light fixture output.
- Conversion of older incandescent lighting used in garages and outside buildings to more efficient compact fluorescent, T5 fluorescent and halogen lighting.
- High efficiency hot water tanks.
- Temperature-sensitive block heater plugs.
- LED exit lights, handheld estimating lights and interior office lighting.

Water Conservation

- Low-flow toilets and fixtures.
- Waterless urinals.
- Sensor-controlled bathroom fixtures.

Environmental Testing

The Corporation undertakes environmental testing to ensure that environmental risks are detected and managed.

Environmental Testing

New properties to identify environmental issues.



Well water quality at those sites where a well is used.



Runoff water and sediments for vehicle-related contaminants.



Waste audits to evaluate recycling success and opportunities.



Results (2013-2014)

No testing required this year.

Testing showed no signs of E. coli or coliform.

Testing showed very low levels of contaminants, all within acceptable levels.

Testing showed a decrease in the amount of waste generated and more of this waste being directed into the recycling stream.

Recycling and the Use of Recycled Goods

The Corporation has programs to divert waste into reusable forms and promotes the use of materials with recycled content.

Results (2013/14)	Activity
27,355	Salvage vehicles were sold to automobile recyclers and the public to be rebuilt or used for replacement parts.
18,665	Salvage vehicles had freon extracted from the vehicle air conditioning system.
1,106	Pre-1995 vehicles were sold for scrap.
Recycled materials include:	
2,311	Computers and related devices.
237.6	Tonnes of paper, cardboard, plastic and metal containers.
89,185	Recycled parts available for use in claims repairs.
277	Kilograms of batteries and electronics.

CORPORATE GOALS, STRATEGIES AND MEASURES

Manitoba Public Insurance's Goals, Strategies and Measures are as follows:

GOAL 1

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

STRATEGIES

- 1.1 Basic automobile insurance – to ensure that the Basic, compulsory program meets the needs of Manitoba motorists for affordable, accessible and comprehensive coverage.
- 1.2 To keep all controllable costs at their lowest possible level through loss prevention strategies.
- 1.3 To improve the efficiency and convenience of Manitoba Public Insurance's distribution and service network by reducing or eliminating low value transactions.
- 1.4 To the maximum extent possible, leverage synergies offered by strategic partners that are mutually beneficial, improve customer service and reduce costs.
- 1.5 To increase the percentage of revenue derived from investment income while remaining within acceptable investment risk profiles.
- 1.6 To create and maintain an information technology environment that is efficient, adaptable, expandable and current to capitalize on opportunities. We will use economies of scale, new technology and existing capabilities to improve customer service and control costs.
- 1.7 We will develop systems that leverage technologies and processes across divisions providing the greatest corporate benefit possible.
- 1.8 To maintain the Basic Insurance Rate Stabilization Reserve to protect vehicle owners from significant rate increases caused by unexpected events and losses resulting from non-recurring events or factors.

RATE COMPARISON CHART

MEASURES	21-YEAR-OLD MALE Claims and conviction free	35-YEAR-OLD COUPLE Both claims and conviction free	40-YEAR-OLD COUPLE Both claims and conviction free 16-YEAR-OLD SON Claims and conviction free
2014 rates based on: 2010 Dodge Caravan SE, \$500 All Perils deductible, \$2 million third-party liability			
WINNIPEG	\$1,322	\$1,047	\$1,092
CALGARY	\$3,002	\$1,432	\$2,181
TORONTO	\$8,069	\$3,986	\$7,221

- Notes:
1. The 2010 Dodge Caravan SE is the most common passenger vehicle registered in Manitoba.
 2. Manitobans will pay less for their automobile insurance in 2014 than most major Canadian cities.

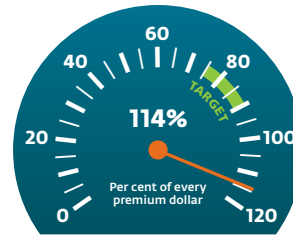
GOAL 2

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

STRATEGIES

- 2.1 To maintain claims expense per reported claim at a maximum of 50 per cent of industry average.
- 2.2 To break even over the long term on Basic automobile insurance.
- 2.3 To use investment income to reduce the average premium paid by Manitobans.

MEASURES



Premium Returned for Each Dollar Earned

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. The Corporation will utilize technology to provide products and services that will enhance the value it delivers to Manitobans.

STRATEGIES

- 3.1 To ensure Manitobans receive understandable information on Manitoba Public Insurance products, entitlements, services and service standards. The Corporation will adopt a strategy that ensures information reaches the appropriate target groups at appropriate times.
- 3.2 Autopac Extension – to be profitable by providing products and services that continue to recognize the changing needs of our customers and continue to successfully achieve high levels of customer satisfaction through strategic pricing, accessibility and convenience. To mitigate risk through appropriate product design and automated underwriting techniques.
- 3.3 Special Risk Extension – to be profitable by responding to the variable and specialized needs of our commercial customers and providing personalized auto-related insurance products that cannot be met by the universal, compulsory program or by the automobile extension program. To partner with customers in pursuing fleet safety and loss prevention initiatives. To provide Manitobans with a stable market choice that promotes long-term partnerships.
- 3.4 To leverage our service delivery model to meet customer expectations, increasing accessibility and convenience.
- 3.5 To expand the value that the Corporation provides Manitobans by capitalizing on the effectiveness of its technology and distribution channels to develop innovative solutions that benefit its customers in a cost-effective manner.
- 3.6 To improve the service relationship between drivers and vehicle owners and the Corporation by modernizing business processes and ensuring all aspects of driver risk rating are consistent, clear and fair.

MEASURES



Corporate Performance Index

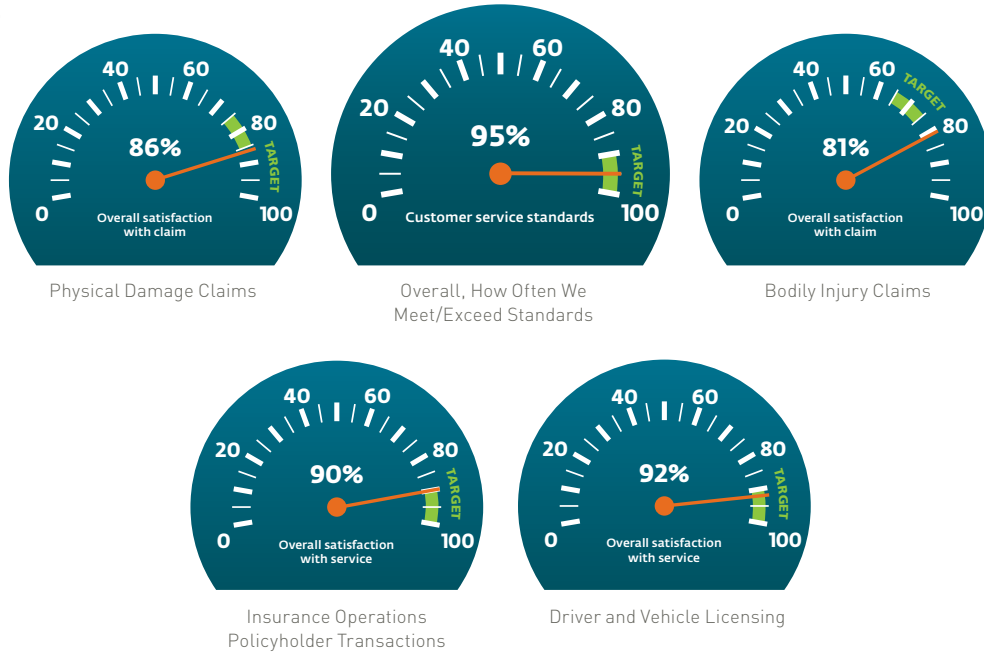
GOAL 4

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

STRATEGIES

- 4.1 To enhance a customer-centric service philosophy.
- 4.2 To create, publish and comply with comprehensive customer service standards for ourselves, brokers, business associates and service providers who are in contact with our customers.
- 4.3 To promptly address and respond to legitimate concerns expressed by our customers. To provide internal and external appeal mechanisms.

MEASURES



GOAL 5

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

STRATEGIES

- 5.1 To maintain financial stability by setting appropriate premium rates, strengthening investment income and maintaining retained earnings and Rate Stabilization Reserve within established target levels.
- 5.2 To continuously identify and assess the likelihood and magnitude of potential risks and act explicitly to avoid and mitigate such risks.
- 5.3 To develop business strategies to ensure competitive lines of business are profitable and contribute to the benefit of all Manitobans.
- 5.4 To assess corporate financial risk in keeping with industry standards and establish appropriate retained earnings and Rate Stabilization Reserve target levels for each line of business.

MEASURES



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.

STRATEGIES

- 6.1 To foster a culture that attracts and retains a diverse workforce.
- 6.2 To continue to provide clear direction and foster a management style that reflects our values and supports employee commitment to the organization.
- 6.3 To use change management strategies that ensure communication, education and employee training support and facilitate business change.
- 6.4 To ensure employees are provided with effective, informative and timely two-way communication.

MEASURES



Level of Employee Satisfaction

GOAL 7

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

STRATEGIES

- 7.1 To develop an evidence-based road safety strategy with an aim to reduce automobile collisions, using a multi-faceted approach.
- 7.2 To ensure Manitoban drivers meet and continue to maintain established standards of knowledge, skill and behaviour to gain access to Manitoba roads.
- 7.3 To ensure vehicles and vehicle repairs meet provincial mechanical standards and repairs are made according to the latest best practices.
- 7.4 To develop strategies and initiatives that support continuous vehicle and driver performance monitoring to ensure Manitoba roads remain safe for everyone.
- 7.5 To continue to provide a clear and understandable Driver Safety Rating program, which rewards safe drivers and motivates higher-risk drivers to improve their driving behaviour through insurance rates that reflect the risk they represent on the road.
- 7.6 To enhance road safety research and awareness activities, fine-tune and target advertising campaigns, and explore innovative ways to reach Manitobans with road safety messaging by leveraging the latest technologies.
- 7.7 To partner with community groups across Manitoba supporting community-based initiatives that increase road safety awareness and education opportunities.

MEASURES



Public Support for Road Safety

RESULTS OF OPERATIONS

CORPORATE

During the reporting period, for every dollar of revenue earned, the Corporation provided Manitobans with 100 cents in claims benefits. Operating, including regulatory and appeal expenses, accounted for 12 cents of every dollar of revenue earned while broker commissions and premium taxes cost 10 cents. This resulted in an underwriting loss of 22 cents, which was offset by investment income equal to 17 cents per dollar of revenue. The Corporation's net loss was 5 cents for every dollar of revenue earned during the year.

Current Year and Last Year

In 2013/14, the Corporation had a net loss of \$44.8 million, \$9.9 million worse than the previous year. The \$95.7 million decline in underwriting results, due primarily to a \$120.1 million increase in claims costs, was offset by an \$85.8 million rise in investment income compared to last year.

Revenue

In 2013/14, total earned revenues increased to \$1.0 billion, an increase of 1.9 per cent from 2012/13.

Total earned revenues include \$27.9 million received from the Province of Manitoba as part of the agreement for providing services related to *The Drivers and Vehicles Act* (DVA) operations.

Claims Cost

Beginning in 2005, a new reserving method was implemented for older open Personal Injury Protection Plan (PIPP) claims files. There are now eight years of development observations under this process of reserving for open claims with continuing periodic payments. These observations have shown relative consistency in the periodic claim development patterns since the introduction of the new process in 2005.

In 2013/14, the Corporation's overall claims costs increased by \$120.1 million to \$1.0 billion compared to 2012/13. The increase was mostly driven by claims incurred of \$861.1 million, which is \$114.6 million higher than last year. Of this amount, injury claims incurred increased by \$47.0 million while physical damage claims increased by \$67.6 million. The total number of claims filed increased by 636 from 287,105 in 2012/13 to 287,741 in 2013/14.

The \$47.0 million increase in injury claims incurred is mainly due to a \$75.5 million higher net severity and volume of injury claims, offset by a \$4.8 million favourable claims development and a \$23.7 million decrease in injury claim liabilities due to a higher interest rate assumption used in discounting these liabilities.

The \$67.6 million increase in physical damage claims was attributed partially to an increase in collision claims by 7,041 claims or 4.4 per cent from 161,483 claims last year to 168,524 claims this year. As well, total severity of physical damage claims increased \$48.5 million in 2013/14.

Where Your Premium Dollar Has Gone

Total Claims Costs	\$ 1.00	}	TOTAL EARNED REVENUES	\$ 1.00
Operating & Regulatory / Appeal Expense	\$ 0.12		- TOTAL CLAIMS AND EXPENSES	\$ 1.22
Broker Commissions	\$ 0.07		= UNDERWRITING LOSS	\$ (0.22)
Premium Taxes	\$ 0.03		+ INVESTMENT INCOME	\$ 0.17
			= NET LOSS	\$ (0.05)

Climate Change

For Manitoba, climate change has become synonymous with increasing and unpredictable levels of flooding, fires and severe weather conditions, including snowstorms and hailstorms.

For Manitoba Public Insurance, the impact of severe weather conditions has been dramatic. The many storms that occurred in the winter of 2013/14 resulted in a significant increase in the number and severity of collisions.

Additionally, for 25 years, from 1971 to 1996, the Corporation did not experience any significant claims costs related to hail damage requiring reinsurance recovery. However, since 1996, the once stable and consistent weather pattern has changed, resulting in the Corporation making four reinsurance claims following severe hailstorms.

While 2013/14 did not see any one significant hailstorm requiring reinsurance recovery, claims resulting from hailstorms contributed \$23.5 million to the Corporation's overall claims costs. In 2012/13, the Corporation incurred \$23.7 million relating to hail claims.

We will continue to carefully monitor and respond to future projections, which call for a continued trend in unpredictable and variable weather patterns.

Expenses

Total corporate expenses decreased to \$223.7 million, down \$5.8 million from last year. This decrease was due primarily to lower operating expenses for the year, relating to the Corporation's continued integration of *The Drivers and Vehicles Act* (DVA) operations and investment in customer service improvements made possible by the 2004 merger.

Investment Income

Total investment income, net of impairments and investment management fees, rose to \$175.1 million compared to \$89.3 million last year, an increase of 96.1 per cent. The \$85.8 million improvement is primarily due to increased gains on equity investments. Please refer to Note 6 of the Condensed Financial Statements for a breakdown of investment income by type of investment.

The Minister of Finance is responsible for investing the money that Manitoba Public Insurance sets aside for future claims payments and other liabilities. Investment income reduces rates that would otherwise be payable by policyholders. The total fair value of the Corporation's investment portfolio was \$2.4 billion at February 28, 2014, an increase of 5.3 per cent or \$123.7 million from the previous year. The bond portfolio, which accounts for 63.3 per cent of the investment portfolio, is primarily invested in two types of bonds:

- Marketable bonds, mainly issued by the governments of Manitoba and other provinces, including floating rate notes (39.6 per cent of the total portfolio market value).
- Non-marketable bonds issued by Manitoba municipalities, hospitals and school divisions, purchased through the Manitoba Department of Finance (23.7 per cent of the total portfolio).

The Minister of Finance, through her government department contracts with four external investment managers, administers Manitoba Public Insurance's Canadian equity portfolio, which represents 15.5 per cent of the total investment portfolio. The Corporation also has 5.7 per cent of its portfolio in United States equities which are passively managed by one external investment manager with exposure to the U.S. equity market through two exchange traded funds – iShares Russell Value 1000 and iShares Russell Value 2000. Short-term investments account for 3.8 per cent of the investment fund; investment in two infrastructure holdings accounts for 2.0 per cent of investments and pooled real estate funds account for 7.9 per cent while directly held real estate investments account for 1.6 per cent of the investment portfolio.

The total portfolio, on a market value basis, had a 8.0 per cent return during the fiscal year. Marketable bonds returned 0.4 per cent,

non-marketable bonds 5.2 per cent and floating rate notes 1.7 per cent. The total Canadian equity portfolio earned 22.7 per cent, where large cap Canadian equities returned 19.5 per cent and small cap Canadian equities returned 41.4 per cent. U.S. equities returned 32.4 per cent in Canadian dollars. Over a four-year period, the investment portfolio has achieved an annualized return of 7.4 per cent.

BASIC

Current Year and Last Year

In 2013/14, Basic insurance had a net loss from annual operations of \$69.2 million, \$6.1 million worse than last year. The \$81.4 million decline in underwriting results, primarily due to a \$91.9 million increase in claims costs, was offset by a \$75.4 million higher share of investment income compared to last year.

Revenue

The number of policies in force at year end increased to 1,045,281 from 1,026,164. Total earned revenues increased by a net \$9.9 million to \$785.1 million, compared to last year.

Claims Costs

Total claims costs increased to \$874.8 million, \$91.9 million higher compared to last year. The majority of the increase in claims costs is comprised of a \$22.0 million increase in injury claims incurred, a \$64.1 million increase in physical damage claims incurred and a \$6.0 million increase in claims expense.

Injury claims incurred increased by \$22.0 million due to higher than expected claims development costs, offset by rising interest rates which led to a decrease in injury claim liabilities. The number of injury claims rose by 1.5 per cent from 17,110 to 17,367.

Physical damage claims incurred were higher compared to last year, increasing by \$64.1 million. The rise in the number of collision claims drove collision claims incurred to \$374.1 million, a \$55.5 million increase from last year. The increased number of collisions was primarily due to the severe winter season in 2013/14. Total severity for Basic physical damage claims increased \$35.4 million in 2013/14.

Injury Claims

Years Ended February 28/29

Type of Claim*	2014	2013	2012	2011	2010
Fatal	160	130	172	126	135
Brain Injury**	178	246	276	146	66
Quadriplegic	1	2	6	2	6
Paraplegic	2	2	1	1	3
Broken bones	707	771	849	705	754
Sprains and strains***	5,669	4,821	3,980	3,198	—
Whiplash	9,018	9,249	8,646	10,735	13,885
Bruising/Lacerations	953	975	1,072	1,366	801
Other	679	914	1,593	907	1,021
Total	17,367	17,110	16,595	17,186	16,671

* In 2011, a new bodily injury claims management system became operational which classifies injury types utilizing the International Classification of Diseases – ICD10 codes.

** Under ICD10, brain injury includes concussions and losses of consciousness, which were not included in this category prior to 2011.

*** Prior to 2011, sprains and strains were included in whiplash.

Expenses

Basic expenses decreased from \$127.8 million last year to \$127.1 million. The decrease was primarily due to lower commission costs, related to the streamlined renewal process.

Investment Income

Basic's share of corporate investment income was \$147.7 million, net of impairments and investment management fees. This was an increase of \$75.4 million or 104.2 per cent compared to last year, attributable mainly to increased gains on equity investments.

Retained Earnings

At February 28, 2014, Basic retained earnings totaled \$99.9 million compared to \$169.0 million (restated) at February 28, 2013.

Retained earnings of \$169.0 million in 2012/13 was restated due to the adoption of IAS 19R, which resulted in the actuarial loss on pension valuation being removed from net income and reflected in other comprehensive income.

Years Ended February 28/29

Basic Autopac - Five Year Statistics (\$000)	2014 ⁽¹⁾	2013 ^{(1), (3)}	2012 ⁽¹⁾	2011 ⁽¹⁾	2010 ⁽²⁾
Premiums written	784,741	746,044	779,953	759,552	738,999
Claims incurred	747,435	661,288	612,037	333,071	515,788
Claims expense	114,552	108,587	109,760	97,182	84,012
Other expenses	139,964	140,794	137,669	137,976	140,221
Net income (loss)	(69,162)	(63,103)	22,278	283,855	87,773
Net income (loss) after surplus distribution	(69,162)	(63,103)	8,158	(37,823)	87,773

⁽¹⁾ International Reporting Standards

⁽²⁾ Canadian Generally Accepted Accounting Principles

⁽³⁾ Restated for the impact of IAS 19R

EXTENSION

Current Year and Last Year

Extension insurance reported net income of \$31.1 million compared to \$28.7 million the previous year. The \$2.4 million increase in net income was due to a \$1.0 million decrease in Extension's underwriting results, offset by a \$3.4 million increase in Extension's share of investment income.

Revenue

Earned revenues from the sale of Extension products increased by \$5.2 million to \$141.7 million compared to last year. All products, including the sale of coverage for third-party liability, deductible buy down and loss of vehicle use, contributed to the increase.

Claims Costs

Total claims costs – including claims benefits, claims handling, loss prevention and road safety expenses – increased \$2.4 million to \$73.2 million. Physical damage claims incurred decreased by \$1.9 million or 3.2 per cent. This decrease was offset by increased injury claims incurred of \$5.0 million, due primarily to increased severity. Claims expenses were lower than last year by \$0.7 million.

Expenses

Expenses related to the sale of Extension products was \$49.7 million, an increase of \$3.8 million from the previous year. This increase was primarily due to a decrease in operating costs of \$4.5 million offset by an increase in commission expenses of \$8.1 million and an increase in premium taxes of \$0.2 million.

Investment Income

Extension's share of corporate investment income of \$12.3 million, net of impairments and investment management fees, was \$3.4 million higher than last year.

Retained Earnings

Extension's total retained earnings are comprised of retained earnings from the sale of Extension products. As at February 28, 2014, Extension retained earnings totaled \$162.6 million compared to \$134.4 million the previous year and the previously held Extension Development Fund (EDF) was zero (\$6.7 million the previous year). The current capital target level for Extension is \$72.0 million based on the 2013 Extension MCT report.

From its inception in 2007 to 2011, \$91.7 million has been appropriated from Extension retained earnings (\$33.3 million) and Special Risk Extension retained earnings (\$58.4 million) to fund the EDF projects undertaken to maximize the opportunities presented by the 2004 merger of the Corporation and the Division of Driver and Vehicle Licensing. The EDF fund has been discontinued as of February 28, 2014. Additional information is provided in Note 3 and 20 of the 2013/14 audited financial statements located on the Corporation's website mpi.mb.ca.

Years Ended February 28/29

Extension - Five Year Statistics (\$000)	2014 ⁽¹⁾	2013 ^{(1), (3)}	2012 ⁽¹⁾	2011 ⁽¹⁾	2010 ⁽²⁾
Premiums written	134,470	133,477	126,300	121,118	118,985
Claims incurred	60,052	56,953	50,991	57,259	57,863
Claims expense	11,974	12,505	16,505	9,990	9,285
Other expenses	50,843	47,183	48,540	39,250	35,703
Net income (loss)	31,124	28,724	21,837	25,199	27,534

⁽¹⁾ International Reporting Standards

⁽²⁾ Canadian Generally Accepted Accounting Principles

⁽³⁾ Restated for the impact of IAS 19R

SPECIAL RISK EXTENSION

Current Year and Last Year

Special Risk Extension (SRE) insurance reported a net loss of \$6.9 million, a decrease of \$17.3 million from the previous year. The decline is due to a \$22.0 million drop in underwriting results, primarily due to \$25.9 million in higher claims costs, offset by a \$4.7 million higher share of investment income.

Revenue

Total earned revenues in 2013/14 were \$57.3 million compared to \$54.4 million the previous year. The sale of SRE products, which include large trucking companies' liability, cargo and physical damage coverage, showed a growth of 5.3 per cent compared to last year.

Claims Costs

Total claims costs increased from \$35.4 million in 2012/13 to \$61.3 million in 2013/14. Liability and cargo claims incurred increased by \$20.1 million due to higher volume and severity.

Physical damage claims incurred increased by 33.3 per cent compared to the previous year, a change of \$5.4 million. Claims expense and loss prevention and road safety costs increased by \$0.3 million from the previous year.

Expenses

SRE's expenses decreased to \$14.2 million from \$15.0 million, due to a decrease in operating costs of \$0.5 million and commissions of \$0.3 million.

Investment Income

SRE's share of corporate investment income, net of impairments and investment management fees, reflected a increase of \$4.7 million to \$11.3 million compared to last year.

Retained Earnings

SRE's retained earnings are derived from the annual operations of the SRE line of business. SRE's retained earnings were \$51.5 million as at February 28, 2014, compared to \$55.0 million last year. The current capital target level for SRE is \$42.0 million based on the 2013 SRE MCT report.

Years Ended February 28/29

SRE - Five Year Statistics (\$000)	2014 ⁽¹⁾	2013 ^{(1), (3)}	2012 ⁽¹⁾	2011 ⁽¹⁾	2010 ⁽²⁾
Premiums written	58,781	56,750	53,287	49,054	48,245
Claims incurred	53,650	28,241	38,822	28,080	40,547
Claims expense	6,037	5,756	6,060	3,685	4,151
Other expenses	14,199	16,558	14,489	11,519	10,799
Net income (loss)	(6,928)	10,361	(2,192)	10,416	(685)

⁽¹⁾ International Reporting Standards

⁽²⁾ Canadian Generally Accepted Accounting Principles

⁽³⁾ Restated for the impact of IAS 19R

THE DRIVERS AND VEHICLES ACT OPERATIONS

Current Year and Last Year

The *Drivers and Vehicles Act* (DVA) operations experienced a net income of \$0.1 million in 2013/14 compared to a net loss of \$10.9 million last year. Project costs associated with improvement initiatives contributed \$2.6 million to the DVA operations costs. These project costs are recovered from the Extension Development Fund that was depleted at the end of the 2013/14 fiscal year.

Revenue

The government provides funding to the Corporation that covers the cost of the DVA administrative operation. In 2013/14, the Corporation received \$27.9 million from the Province of Manitoba and reported \$0.9 million in service fees and other revenue, resulting in overall revenue being \$0.4 million higher than the previous year.

Expenses

DVA operations' expenses of \$32.5 million were down \$8.4 million from last year's expenses of \$40.9 million due to lower project costs. Operating costs net of these project costs was \$28.9 million, \$6.1 million lower than last year. Operating costs are allocated to DVA representing its share of common costs such as compensation of common departments (Human Resources, Finance, Fair Practice Office, Enterprise System Support and IT Support) that support Basic, Extension, SRE and DVA lines of business. Costs are allocated through a formal and structured allocation policy developed in 2011. The external auditors have accepted the policy and, for Basic Autopac rate-setting purposes, the Public Utilities Board has approved its use. Effectively, the Corporation's integrated service delivery model ensures that the cost of providing these services is lower than if each were operated on a stand-alone basis. Allocated costs are \$2.1 million lower than last year.

Investment Income

DVA operations' portion of corporate investment income, net of investment management fees and impairments, increased to \$3.8 million, \$2.2 million higher compared to last year.

RISK MANAGEMENT

Like any enterprise, Manitoba Public Insurance assumes risks in its operations that must be handled effectively in order to achieve its goals.

The Audit Committee of the Board of Directors ensures that enterprise-wide risk assessment processes and controls are in place to identify and mitigate these risks. The Audit Committee also monitors the Corporation's risks on an ongoing basis.

Management is responsible for developing, updating and enforcing the Corporation's Risk Management Framework, which includes:

- Risk identification and assessment of impact if there were no risk mitigation actions in place.
- Risk monitoring procedures.
- Processes and controls to manage and mitigate risks.
- The residual risk after consideration of management action.

The Framework ensures a consistent approach for addressing risks and a common understanding of risk and its mitigation throughout the Corporation. The risks are categorized based on the Corporation's seven overall strategic goals.

Much of the risk management process is focused on Goal 1: Rates, on average, will be lower than those charged by private insurance companies for comparable coverage and service.

The key risk mitigation areas are:

- Maintaining adequate unpaid claims reserve.
- Maintaining an adequate Rate Stabilization Reserve.
- Governance of investments.
- Loss prevention strategies.
- Claims control strategies.
- Information technology processes.

UNPAID CLAIMS

Manitoba Public Insurance maintains provisions for unpaid claims on a discounted basis to cover its future claims commitments. The Corporation makes provisions for future development on claims that have been made and an estimate for those that may have occurred but have not yet been reported.

In the case of major injuries, only a small portion of the total benefit is paid in the first year. As time passes and more information is available, the estimates are revised to reflect the most current forecast of claims costs.

Because the total amount paid on any single claim may be different from its initial reserve, Manitoba Public Insurance reviews the adequacy of these reserves quarterly. Adjustments, if needed, are calculated by the Corporation's actuary. An independent assessment of the reserves is also conducted twice a year by the Corporation's external appointed actuary. The external auditor also reviews the adequacy of the reserves as part of its annual audit of the Corporation's financial results. This process serves to mitigate risk of misstatement of unpaid claims reserves.

For all insurance companies, long-lasting injury claims are the largest source of year-to-year variability in the estimate of ultimate costs. This variability and volatility 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. For Manitoba Public Insurance, factors such as the effects of inflationary trends and changing interest rates contribute to this variability. Investment portfolio management techniques help to reduce this potential volatility.

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.

RATE STABILIZATION RESERVE

The Corporation establishes and maintains a Rate Stabilization Reserve (RSR) to protect motorists from rate increases made necessary by unexpected losses arising from non-recurring events or factors.

Basic Retained Earnings are comprised of the RSR and Retained Earnings in excess of RSR. The Corporation's Board of Directors current target RSR level is \$172.0 million based on the 2013 Basic Insurance Dynamic Capital Adequacy Test (DCAT) report. In his report, the Corporation's chief actuary concluded that a minimum RSR level of \$172.0 million would be required for Basic to achieve a satisfactory future financial condition. An RSR level lower than \$172.0 million would result in a "not satisfactory" opinion because there were plausible adverse scenarios identified where liabilities exceed assets.

In 2010, the Corporation began using the maximum of the Public Utilities Board RSR target in its Public Utilities Board rate application for rate-making purposes. The Public Utilities Board has established the Basic RSR target for rate-setting purposes based on 10.0 per cent to 20.0 per cent of written premiums. Twenty per cent of 2013 written premiums is \$156.9 million.

INVESTMENTS

In accordance with Section 12(1) of *The Manitoba Public Insurance Corporation Act*, the Minister of Finance is responsible for the investments of the Corporation. The Minister has charged the Department of Finance with the operational management of the fund. The Corporation, through the Investment Committee of the Board, works collaboratively with the Department of Finance and makes recommendations to the Minister regarding appropriate policies and strategies to maximize return, minimize volatility and mitigate risk. For example, because the unpaid claims liabilities of the Corporation are inflation sensitive, investments that are

inflation sensitive, such as real estate and infrastructure, are included in the portfolio. The Investment Committee has completed asset liability management studies to ensure that the asset mix chosen is compatible with the Corporation's liability profile. A complete description of these risks and risk mitigation strategies is outlined in Note 29 of the 2013/14 audited financial statements located on the Corporation's website mpi.mb.ca.

LOSS PREVENTION STRATEGIES

As part of its loss prevention strategy, the Corporation is a key player in Manitoba's fight against auto theft and claims fraud.

Auto Theft Strategies

Manitoba Public Insurance has made significant progress in reducing auto theft and remains committed to keeping this costly crime to a minimum. Since 2004 – just prior to the Corporation implementing its auto theft initiatives – auto thefts in Winnipeg have dropped 85 per cent. Across the province, the combined total and attempted thefts continue to be the lowest since 1992 and are 84 per cent lower than 2006 when this combined total peaked.

The bulk of the Corporation's success continues to be attributed to two different but complementary initiatives: the Winnipeg Auto Theft Suppression Strategy (WATSS) and the Immobilizer Incentive Program. WATSS encompasses a range of enforcement, suppression and intervention efforts while the Immobilizer Incentive Program continues to fund the installation of approved, aftermarket immobilizers in vehicles deemed most-at-risk of being stolen.

Special Investigation Unit

The Special Investigation Unit (SIU) is a key component of the corporate loss prevention strategy. The SIU investigates suspicious claims which expose the Corporation to financial risk and fraud. Investigators with specialty expertise investigate claims which may arise due to arson, fraud, auto theft, organized criminal activity and other suspicious circumstances. The department works co-operatively with other departments within Manitoba Public Insurance, police agencies and the Crown attorney.

In addition, the department works to continually refine policies and procedures to deter criminal activity and identify suspicious claims for recovery.

Special Accounts and Subrogation

The Special Accounts and Subrogation department (SAS) acts to secure, preserve and enforce the Corporation's rights of recovery through its various services, such as subrogation, litigation and collections. The goal of maximizing recovery – and thereby minimizing claims loss – requires SAS to work closely with other internal departments on claims recoveries and with police agencies and Crown prosecutors to secure court-ordered restitution on criminal recoveries.

Last year, SAS activity resulted in \$9.1 million in recoveries for the Corporation.

CLAIMS CONTROL STRATEGIES

Our cost-control measures with respect to claims management include:

- Management of an accreditation program for the collision repair industry to ensure high quality, safe repairs at a reasonable cost. This requires shops and the technicians within shops to meet standards for facilities, equipment and annual training of technicians.
- Delivery of high-quality training programs to the collision repair industry to ensure repairs are performed by highly trained technicians to high standards using current technologies.
- Use of estimating compliance software to ensure all repair estimates are prepared accurately and consistently, ensuring that only required repairs are performed.
- Use of aftermarket and recycled parts in vehicle repairs.
- Discounted pricing on glass replacement.
- Ensuring collection of claims costs from other insurers and at-fault parties (subrogation).
- A team-based approach to managing bodily injury claims intended to assist individuals in achieving as full a recovery as possible.

Each year, these initiatives create significant savings that are directly passed on to customers in the form of lower insurance premiums. For example, salvage auto sales and tenders resulted in savings of almost \$33.9 million. These savings are directly passed on to customers in the form of lower insurance premiums.

Information Technology Optimization

The Corporation depends on highly integrated, quality systems to serve customers and fulfill its legislated mandate. While keeping a focus on cost containment, it is imperative that we continue to ensure that the Corporation's systems infrastructure is operating in the most effective and efficient manner. Applications and supporting infrastructure must be current and well supported.

With respect to protecting our ongoing ability to serve customers, we are adopting processes and protocols to ensure business continuity, in place of the previous approach of

'disaster recovery' and continue working towards improving our capacity in this area. Through Data Centre Optimization, we are creating an environment of 'high availability' where backup systems continue to operate using current information from a second site in the event of a disaster or other business interruption, thus providing better customer service from more highly reliable and available systems and realizing cost savings.

Business Continuity

The objective of our Business Continuity Management Program (BCMP) is to create corporate plans and responses that ensure continued customer service in the event of a business disruption. BCMP includes emergency response, crisis management, business recovery, IT service continuity, catastrophe, contingency and pandemic responses and the processes used to ensure ongoing readiness. The program is focused on creating and implementing a Corporate Business Continuity Plan through a strong understanding of our products and services, people, delivery processes and technology.

Business continuity includes planning, prevention, preparedness and a proactive program approach to crisis responses and business delivery. The practice of business continuity recognizes the need for continuity in contrast to recovery. This approach leverages the prevention and proactive aspects of business continuity that provide continuous service during business disruptions as opposed to suspension and recovery.

OUTLOOK

The Corporation remains committed to achieving its seven corporate goals. Actual results are monitored quarterly by the Board of Directors and may deviate from forecasts prepared in the previous year for rate-setting purposes.

Basic Autopac Rates

Under *The Crown Corporations Public Review and Accountability Act*, Manitoba Public Insurance is required to submit Basic Autopac rates to the Public Utilities Board for approval. The Corporation generally files its rate application in June of each year for the fiscal year beginning the following March.

On June 14, 2013 Manitoba Public Insurance filed its 2014/15 Basic insurance rate application with the Public Utilities Board. The Corporation recommended a 1.8 per cent overall increase in Basic insurance rates compared to the previous year. On December 16, 2013, the Public Utilities Board ordered a 0.9 per cent overall increase. This reduction in the requested rate when fully implemented will negatively impact the Corporation's revenue by \$8 million. This does not include the impact of the reduction in the rate requested in 2012/13, when the Public Utilities Board ordered an additional 1.2 per cent reduction on top of the Manitoba Public Insurance requested 6.8 per cent reduction. This decision negatively impacted the Corporation's revenue by \$10 million for a total negative impact of \$18 million.

Basic Autopac Net Income

Early indications again suggest a continuation of the trends that led to the loss in 2012/13 and 2013/14. The rate that Manitobans are causing vehicle crashes seems to be returning to higher longer term trends. Continued bad weather into the spring of 2014 has resulted in high collision frequency. This combined with the increased cost of repairs will put pressure on Basic net income in 2014/15.

While the factors which negatively impacted investment income in 2012/13 seem to have improved in 2013/14, the investment fund will continue to be managed to achieve the highest return possible within reasonable risk tolerance levels.

Other Lines of Business Net Income

Extension and Special Risk Extension are expected to realize profits and on-going operations related to the administration of *The Drivers and Vehicles Act* are expected to generate some limited net income to replenish the Extension retained earnings used for start-up costs for the Manitoba Enhanced Identification Card, Manitoba Enhanced Driver's Licence and the Manitoba Identification Card.

Cost Allocation

For companies that operate a line of business that is subject to rate regulation and also operate other non-regulated lines of business, cost allocation methodologies serve as the basis for the regulators to determine how costs are allocated to the regulated line of business.

For many years, Manitoba Public Insurance has allocated its operating expenses amongst the three insurance lines of business according to a cost allocation methodology that was vetted and approved by the Public Utilities Board.

After the merger of Manitoba Public Insurance and the Division of Driver and Vehicle Licensing, both the Corporation and Public Utilities Board agreed the approved methodology required reconsideration. To that end, the Corporation hired Deloitte to conduct a new cost allocation study, the results of which were approved by the Board of Directors in June 2009.

In its order 161/09, the Public Utilities Board found both the Deloitte cost allocation methodology report and the evidence of Deloitte's representative to be valuable and credible with respect to the development of a revised cost allocation formula

for the Corporation. The Public Utilities Board directed the Corporation to further its research into the proposed methodology for consideration at the 2011 General Rate Application. This further research was completed. However, in order 145/10, the Public Utilities Board endorsed the new method but disallowed the use of the new methodology for rate-making purposes.

In its order 157/12, the Public Utilities Board approved the implementation of the new cost allocation methodology for rate-setting purposes. The general rate application for 2014, and subsequent years, will calculate the required Basic Autopac rates based on the new allocation methodology. This same methodology, which uses net claims incurred percentage to allocate claims expenses to the insurance lines of business, has been used to produce the universal Compulsory Insurance Financial statements for 2013/14 as well as the forecasts contained in the 2015 general rate application. As Basic Autopac net claims incurred increase due to the increasing frequency and severity of claims, so will claims expenses allocated to the Basic line of business. This will result in additional pressure on Basic insurance rates.

Road Safety

Manitoba Public Insurance has unique insight into road safety issues, given our experience and knowledge of drivers and their related claims and road safety behaviour.

There are many aspects of road safety. A key educational component is our High School Driver Education Program, which attracts more than 12,000 new teen drivers annually. Manitoban parents rely on Manitoba Public Insurance to teach their children about the rules of the road through this training program.

As our communities continue to grow, Manitoba Public Insurance recognizes the need to adopt new approaches, learning curriculum and technologies to meet the needs of Manitoba's diverse population.

Going forward, we are committed to developing an inclusive, world-class High School Driver Education Program as well as improving driver training opportunities for newcomers to our province and Manitobans in northern communities participating in work training programs.





CONDENSED FINANCIAL STATEMENTS

For the fiscal year ended February 28, 2014

These Financial Statements are not audited. The February 28, 2014 audited statements are available at mpi.mb.ca or upon request.

CONDENSED FINANCIAL STATEMENTS

Condensed Statement of Financial Position

As at February 28 (Unaudited - in thousands of Canadian dollars)	Notes	2014	2013 Restated
Assets			
Cash and investments	5	1,695,988	1,551,879
Equity investments and pooled real estate fund investments	5	712,625	735,231
Investment property	5	38,312	36,085
Due from other insurance companies		4,080	1,002
Accounts receivable		334,137	321,293
Prepaid expenses		1,049	1,034
Deferred policy acquisition costs		24,742	26,312
Reinsurers' share of unearned premiums		61	69
Reinsurers' share of unpaid claims		24,741	33,732
Property and equipment		123,850	126,883
Deferred development costs		68,586	47,613
		3,028,171	2,881,133
Liabilities			
Due to other insurance companies		1,934	1,788
Accounts payable and accrued liabilities		63,026	58,227
Financing lease obligation		4,425	4,482
Unearned premiums and fees		497,811	474,977
Provision for employee current benefits		21,800	21,501
Provision for employee future benefits		333,138	332,155
Provision for unpaid claims	4	1,708,714	1,558,024
		2,630,848	2,451,154
Equity			
Retained Earnings			
Basic Insurance Retained Earnings			
Rate Stabilization Reserve		99,878	149,800
Retained Earnings		-	19,240
		99,878	169,040
Non-Basic Retained Earnings			
Capital Reserves		114,000	72,000
Retained Earnings		106,594	117,557
Extension Development Fund		-	6,723
		220,594	196,280
		320,472	365,320
Accumulated Other Comprehensive Income		76,851	64,659
Total Equity		397,323	429,979
		3,028,171	2,881,133

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



Condensed Statement of Operations

For the years ended February 28

(Unaudited - in thousands of Canadian dollars)

Notes

2014

2013

Restated

Earned Revenues		
Gross premiums written	995,556	948,818
Premiums ceded to reinsurers	(17,564)	(12,547)
Net premiums written	977,992	936,271
(Increase) decrease in gross unearned premiums	(21,634)	7,910
Increase (decrease) in reinsurers' share of unearned premiums	(8)	(3,271)
Net premiums earned	956,350	940,910
Service fees & other revenue	28,701	25,577
<i>The Drivers and Vehicles Act operations recovery</i>	27,900	27,900
Total Earned Revenues	1,012,951	994,387
Claims Costs		
Direct claims incurred	866,018	754,404
Claims incurred ceded to reinsurers	(4,880)	(7,922)
Net claims incurred	861,138	746,482
Claims expense	132,564	126,848
Loss prevention/Road safety	15,558	15,881
Total Claims Costs	1,009,260	889,211
Expenses		
Operating	115,840	124,828
Commissions	74,813	72,491
Premium taxes	29,218	28,702
Regulatory/Appeal	3,791	3,424
Total Expenses	223,662	229,445
Underwriting loss	(219,971)	(124,269)
Investment income	175,123	89,330
	6	
Net loss from operations	(44,848)	(34,939)

Condensed Statements of Comprehensive Income (Loss)

For the years ended February 28

(Unaudited - in thousands of Canadian dollars)

Notes

2014

2013

Restated

Net loss from operations	(44,848)	(34,939)
Other Comprehensive Income (Loss)		
Unrealized gains on Available for Sale assets	108,970	53,814
Employee Future Benefits Gain (Loss)	16,216	(13,149)
Reclassification of net realized gains related to Available for Sale assets	(112,994)	(7,374)
Other Comprehensive Income for the period	12,192	33,291
Total Comprehensive Loss	(32,656)	(1,648)

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

Condensed Statement of Changes in Equity (Restated)

(in thousands of Canadian dollars)	BASIC		NON-BASIC			CORPORATE		
	Rate Stabilization Reserve (RSR)	Retained Earnings (B-RE)	Capital Reserve (NB-CR)	Retained Earnings (NB-RE)	Extension Development Fund (EDF)	Retained Earnings	Accumulated Other Comprehensive Income	Equity
Restated Balance as at March 1, 2012	155,700	76,443	72,000	75,347	20,769	400,259	31,368	431,627
Restated net income after surplus distribution for the year	-	(63,103)	-	28,164	-	(34,939)	-	(34,939)
Restated other comprehensive income (loss) for the year	-	-	-	-	-	-	33,291	33,291
Transfer between RSR & B-RE	(5,900)	5,900	-	-	-	-	-	-
Transfer between NB-RE & EDF	-	-	-	14,046	(14,046)	-	-	-
Restated Balance as at February 28, 2013	149,800	19,240	72,000	117,557	6,723	365,320	64,659	429,979
Net income (loss) after surplus distribution for the year	-	(69,162)	-	24,314	-	(44,848)	-	(44,848)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	12,192	12,192
Transfer between RSR & B-RE	(49,922)	49,922	-	-	-	-	-	-
Transfer between NB-CR & NB-RE	-	-	42,000	(42,000)	-	-	-	-
Transfer between NB-RE & EDF	-	-	-	6,723	(6,723)	-	-	-
Balance as at February 28, 2014	99,878	-	114,000	106,594	-	320,472	76,851	397,323

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

Condensed Statement of Cash Flows

For the years ended February 28

(Unaudited - in thousands of Canadian dollars)

	Notes	2014	2013 Restated
Cash Flows from (to) Operating Activities:			
Net loss from operations		(44,848)	(34,939)
Non-cash items:			
Depreciation of property and equipment		6,551	6,742
Amortization of deferred development costs		8,847	8,847
Amortization of bond discount and premium		2,607	5,872
Gain on sale of investments		(108,901)	(24,422)
Unrealized loss on Fair Value Through Profit or Loss bonds		15,792	9,075
Unrealized gain on investment in real estate		(19,918)	(18,915)
Unrealized gain on investment in infrastructure		(1,591)	(1,035)
Impairment of available for sale investments		1,194	3,957
		(140,267)	(44,818)
Net change in non-cash balances:			
Due from other insurance companies		(3,078)	1,542
Accounts receivable and prepaid expenses		(12,859)	(17,177)
Deferred policy acquisition costs		1,570	14,235
Reinsurers' share of unearned premiums and unpaid claims		8,999	829
Due to other insurance companies		146	(4,002)
Accounts payable and accrued liabilities		4,801	378
Unearned premiums and fees		22,834	(4,615)
Provision for employee current benefits		299	392
Provision for employee future benefits		17,199	17,744
Provision for unpaid claims		150,690	72,579
		190,601	81,905
		50,334	37,087
Cash Flows from (to) Investing Activities:			
Purchase of investments		(1,732,472)	(968,030)
Proceeds from sale of investments		1,637,860	996,010
Acquisition of property and equipment net of proceeds from disposals		(3,520)	(10,358)
Financing lease obligation		(57)	(54)
Deferred development costs incurred		(29,819)	(19,661)
		(128,008)	(2,093)
Increase (decrease) in Cash and Short-Term Investments		(77,674)	34,994
Cash and short-term investments beginning of year		170,882	135,888
Cash and Short-Term Investments end of year	5	93,208	170,882
Supplemental Cash Flow Information:			
Interest received		48,315	40,917
Dividends received		14,244	11,058

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

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. STATUS OF 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). The financial statements were authorized for issue by the Board of Directors on May 2, 2014.

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 which is the Corporation's functional and presentational currency except as otherwise specified.

Seasonality

The automobile insurance business, which 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 5.

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

For a complete listing of the significant accounting policies please refer to the February 28, 2014, audited financial statements available at mpi.mb.ca.

The following are excerpts from the summary of significant accounting policies contained in the audited financial statements and do not represent full disclosure of significant accounting policies.

Investments

Funds available for investments are managed by the Department of Finance, on behalf of the Corporation, in accordance with Section 12(1) of *The Manitoba Public Insurance Corporation Act*.

The Corporation's directly-held real estate investments are being depreciated over their estimated useful life.

The Corporation has classified or designated its financial assets and liabilities in the following categories:

- available for sale (AFS)
- held to maturity (HTM)
- financial assets and liabilities at fair value through profit or loss (FVTPL)
- cash and short-term investments, loans and receivables
- other financial liabilities

Investments that are determined to be impaired are written down to their expected recoverable amount. Equity investments, classified as AFS, would be considered impaired if there is objective evidence of a significant or prolonged decline in the fair value of the investment below its cost.

The fair value of financial instruments are obtained from external pricing services and are based on bid prices for financial assets. Short-term investments comprise investments due to mature within 12 months from the date of purchase and are carried at fair value.

Fair Value Determination

The fair values of financial instruments are obtained from external pricing services and are based on bid prices for financial assets. Short-term investments comprise investments due to mature within 12 months from the date of purchase and are carried at fair value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis which will depreciate the cost of each asset to its residual value over its estimated useful life:

- computer equipment 3 years
- vehicles 5 years
- furniture and equipment 10 years
- HVAC systems 20 years
- land improvements 25 years
- roofing systems 30 years
- elevators/escalators 30 years
- buildings 40 years

Buildings held under a long-term lease arrangement are depreciated on a straight-line basis over 40 years. Leasehold improvements are depreciated over the term of the lease plus the first renewal period. Depreciation of construction in progress will begin, in accordance with the above policy, when construction has been completed. Land is not subject to depreciation and is carried at cost.

Revenue

PREMIUMS

Written premiums comprise the premiums on contracts commencing in the fiscal year. Earned premiums represent the portion of written premiums earned through the year on a prorata basis by way of insurance coverage. Written and earned premiums are stated gross of commissions and premium taxes payable and are reported on a gross basis and net of amounts ceded to reinsurance companies.

UNEARNED PREMIUMS

The liability for unearned premiums is the portion of premiums that relate to the unexpired term of each insurance contract.

INTEREST REVENUE

Interest revenue is recognized when it is probable that the economic benefits will flow to the Corporation and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

DIVIDEND INCOME

Dividend income from investments is recognized when the Corporation's rights to receive payments is established.

REALIZED GAINS AND LOSSES

The realized gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortized cost as appropriate.

The realized gain or loss on disposal of property and equipment is the difference between the proceeds received, net of transaction costs, and its original cost or depreciated cost as appropriate.

UNREALIZED GAINS AND LOSSES

Unrealized gains or losses represent the difference between the carrying value at the year-end and the carrying value at the previous year-end or purchase value during the year, less the reversal of previously recognized unrealized gains or losses in respect of disposals during the year.

Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

PROVISION FOR EMPLOYEE CURRENT BENEFITS

The provision for employee current benefits includes accruals for vacation pay and sick pay determined in accordance with the Collective Agreement.

PROVISION FOR EMPLOYEE FUTURE BENEFITS

Included in the provision for employee future benefits are the pension benefit plan and other benefit plans.

i. Pension Benefit Plan

The employees of the Corporation are members of a defined benefit pension plan administered under *The Civil Service Superannuation Act*. Included in the accounts is a provision for the employer's future pension liability calculated on an indexed basis. The provision for pension is actuarially determined on an annual basis using the projected benefit method prorated on services. The actuarial present value of the accrued pension benefits is measured using the Corporation's best estimates based on assumptions relating to market interest rates at the measurement date based on high quality debt instruments, salary changes, withdrawals and mortality rates. Changes in experience gains and losses are recognized in the current period. Current service costs and interest costs are recognized in net income in the current period. Actuarial gains and losses are recognized in other comprehensive income in the current period.

The Corporation values its pension benefit plan annually, the most recent valuation is at December 31, 2013. Roll-forward procedures are performed to ensure that the December 31, 2013, valuation is a reliable estimate of the valuation at February 28, 2014.

ii. Other Benefit Plans

Other benefit plans consist of two post-retirement extended health plans and severance pay benefits.

The provision for post-retirement extended health benefits is actuarially determined on an annual basis using the projected benefit method prorated on services, which includes the Corporation's best estimates based on assumptions relating to retirement ages of employees and expected health costs. Changes in experience gains and losses are recognized in the current period. Current service costs and interest costs are recognized in net income in the current period. Actuarial gains and losses are recognized in other comprehensive income in the current period.

Employees of the Corporation are entitled to severance pay in accordance with the Collective Agreement and Corporate policy. The provision for severance pay is actuarially determined on an annual basis using the projected benefit method prorated on services, without salary projection, which includes the Corporation's best estimates based on assumptions relating to the proportion of employees that will ultimately retire.

PROVISION FOR UNPAID CLAIMS

IFRS 4, *Insurance Contracts* permits the continued use of insurance liability valuation methods previously used under pre-IFRS Canadian Generally Accepted Accounting Principles (GAAP). The Corporation establishes reserves for payment of claims and adjustment expenses that arise from the Corporation's insurance products. The reserve balance represents the expected ultimate cost to settle claims occurring prior to, but still outstanding as of, the reporting date. There are two categories of loss reserves: (1) reserves for reported losses and (2) reserves for incurred but not yet reported (IBNR) losses. In addition, reserves are set up for internal loss adjustment expenses, which include estimated internal costs and other expenses that are expected to be incurred to finalize the settlement of the losses. The Corporation discounts its liabilities for unpaid claims and includes a provision for adverse deviations. Liabilities for unpaid claims are estimated using the input of assessment for individual cases reported to the Corporation and statistical analyses for the claims incurred but not reported. Claims and adjustment expenses are charged to income as incurred.

All of the Corporation's insurance policies meet the definition of an insurance contract and have been accounted for in accordance with IFRS 4.

Reinsurer's share of unpaid claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant reinsurance contracts.

LIABILITY ADEQUACY TEST

At each reporting period, insurance liability adequacy tests are performed to ensure the adequacy of the contract liabilities, net of related Deferred Policy Acquisition Costs (DPAC) and Reinsurers' Share of Unpaid Claims. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. A premium deficiency exists when estimated future claims and related expenses exceed unearned premiums. Any resulting deficiency is recognized first by writing down the DPAC with any remainder recognized as a liability.

Allocation of Revenue, Claims Incurred and Expenses

Premiums written, premiums earned and claims incurred are allocated directly to the division writing the insurance risk.

Service fees and other revenue are allocated to the automobile insurance division lines of business and *The Drivers and Vehicles Act* operations on the following basis:

- i. Identifiable direct service fees and other revenue are allocated to each line of business.
- ii. Where direct allocation is not possible, service fees and other revenue are prorated to each line of business based mainly on factors such as premiums written ratios, expense allocation ratios and investment income allocation ratios. The formulas developed for the allocation of service fees and other revenue are approved by the Board of Directors.

Investment income is allocated to the automobile insurance division lines of business and the discontinued general insurance division based on a monthly averaging of the funds available within each division.

Expenses, including claims expense, are allocated to the automobile insurance division lines of business and *The Drivers and Vehicles Act* operations on the following basis:

- i. Identifiable direct expenses are charged to each line of business.
- ii. Where direct allocation is not possible, expenses are prorated to each line of business based mainly on factors such as space, number of employees, time usage, Contact Centre statistics, premiums written ratios and net claims incurred ratios. The basis for allocation of indirect shared expenses is approved by the Board of Directors.
- iii. The allocation of improvement initiative costs is based on a review of each project to determine which line of business will benefit from the project. The allocation basis for each project is approved by the Board of Directors.

Reinsurance Ceded

Premiums, claims and expenses are reported gross and net of amounts due to and recoverable from reinsurers. Estimates of amounts recoverable from reinsurers on unpaid claims are recorded separately from estimated amounts payable to policyholders.

The reinsurers' share of unearned premiums is recognized as an asset in a manner which is consistent with the method used in determining the unearned premium liability.

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.

Short-term investments have a total principal amount of \$89.7 million (2013 – \$176.3 million) comprised of provincial short-term deposits with effective interest rates of 0.87% to 0.89% (2013 – 0.91% to 0.93%), 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 (2013 – \$5.0 million). There were no drawdowns against this line of credit at February 28, 2014 (2013 – nil).

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 February 28, 2014					
Cash and short-term investments	93,208	-	-	-	93,208
Bonds					
Federal	-	-	89,512	-	89,512
Manitoba:					
Provincial	-	-	270,443	-	270,443
Municipal	-	12,599	17,615	-	30,214
Hospitals	-	-	11,482	-	11,482
Schools	-	567,853	-	-	567,853
Other provinces:					
Provincial	-	-	447,472	-	447,472
Municipal	-	-	84,519	-	84,519
Corporations	-	-	49,351	-	49,351
	-	580,452	970,394	-	1,550,846
Other investments	3,885	-	-	-	3,885
Infrastructure	-	-	48,049	-	48,049
Cash and investments	97,093	580,452	1,018,443	-	1,695,988
Equity investments	519,705	-	-	-	519,705
Pooled Real Estate Fund	-	-	192,920	-	192,920
Investment property	-	-	-	38,312	38,312
	616,798	580,452	1,211,363	38,312	2,446,925

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 February 28, 2013					
Cash and short-term investments	170,882	-	-	-	170,882
Bonds					
Federal	-	-	61,460	-	61,460
Manitoba:					
Provincial	-	-	254,190	-	254,190
Municipal	-	15,140	29,860	-	45,000
Hospitals	-	-	12,107	-	12,107
Schools	-	536,434	-	-	536,434
Other provinces:					
Provincial	-	-	338,172	-	338,172
Municipal	-	-	63,023	-	63,023
Corporations	-	-	44,081	-	44,081
	-	551,574	802,893	-	1,354,467
Other investments	4,099	-	-	-	4,099
Infrastructure	-	-	22,431	-	22,431
Cash and investments	174,981	551,574	825,324	-	1,551,879
Equity investments	562,229	-	-	-	562,229
Pooled Real Estate Fund	-	-	173,002	-	173,002
Investment property	-	-	-	36,085	36,085
	737,210	551,574	998,326	36,085	2,323,195

6. INVESTMENT INCOME

(Unaudited - in thousands of Canadian dollars)

	2014	2013 Restated
Interest income	47,704	48,765
Gain (loss) on sale of FVTPL bonds	(7,228)	17,054
Unrealized gain (loss) on FVTPL bonds	(15,792)	(9,075)
Unrealized gain (loss) on investment property	19,918	18,915
Gain (loss) on infrastructure investments	982	690
Unrealized gain (loss) on infrastructure investments	1,591	1,035
Dividend income	14,021	11,058
Gain (loss) on sale of equities	114,188	7,374
Gain (loss) on foreign exchange	2,478	-
Income from investment property	2,529	1,751
Impairment of AFS investments	(1,194)	(3,957)
Investment management fees	(4,074)	(4,280)
Total	175,123	89,330

7. EMPLOYEE FUTURE BENEFIT EXPENSE

(Unaudited - in thousands of Canadian dollars)

	2014	2013 Restated
Pension benefits	23,955	23,510
Other post-employment benefits	4,856	6,032
Total	28,811	29,542

8. DEPRECIATION AND AMORTIZATION

(Unaudited - in thousands of Canadian dollars)

	2014	2013
Amortization – deferred development	8,847	8,847
Depreciation – property and equipment	6,551	6,747



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

SERVICE CENTRE
2007 Saskatchewan Avenue West

SELKIRK

SERVICE CENTRE
1008 Manitoba Avenue

STEINBACH

SERVICE CENTRE
91 North Front Drive

SWAN RIVER

CLAIM CENTRE
125 4th Avenue North

THE PAS

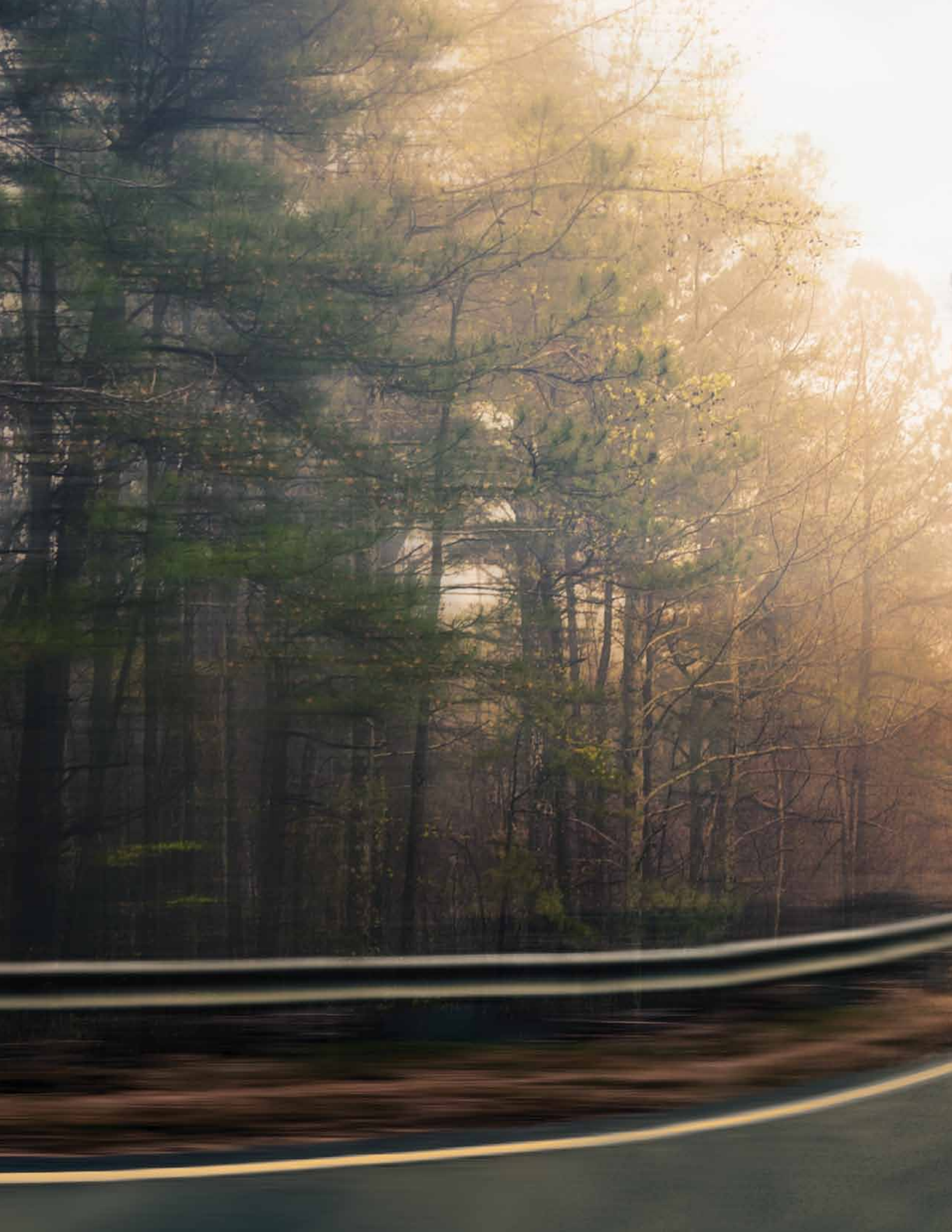
CLAIM CENTRE
424 Fischer Avenue

THOMPSON

SERVICE CENTRE
53 Commercial Place

WINKLER

SERVICE CENTRE
355 Boundary Trail







***Manitoba
Public Insurance***

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