

Quarterly Financial Report

3rd QUARTER

Nine months ended
November 30, 2015



**Manitoba
Public Insurance**

Management Discussion and Analysis

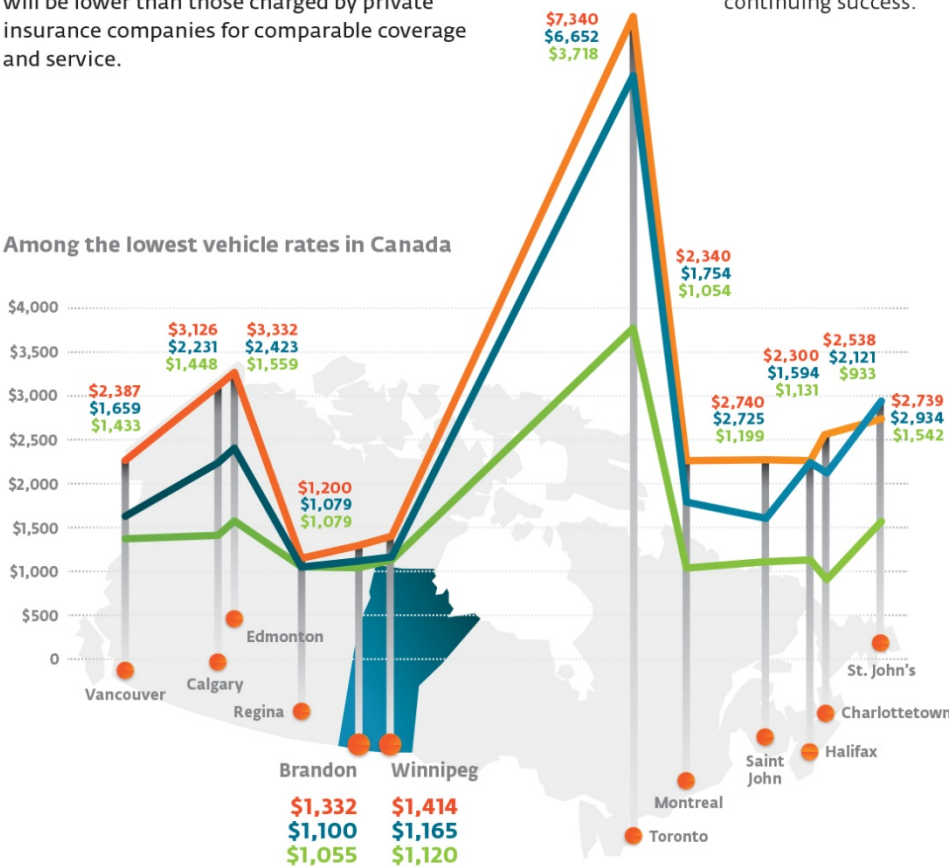
Management’s discussion and analysis provides a review of the financial results and future outlook of Manitoba Public Insurance. It should be read in conjunction with the unaudited condensed interim financial statements and supporting notes for the third quarter ended November 30, 2015 included herein and the annual audited financial statements and supporting notes found at www.mpi.mb.ca and included in the Corporation’s 2014 Annual Report. Certain information in this report may consist of forward-looking statements. These statements are based on various techniques and assumptions including predictions about future events which may not occur. Actual results could deviate significantly from the forward-looking statements.

Goal 1

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

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

Among the lowest vehicle rates in Canada



- 21-year-old male, claims and conviction free
- 40-year-old couple both claims and conviction free, and 16-year-old son, claims and conviction free
- 35-year-old couple both claims and conviction free

2015 rates based on:
 2010 Dodge Grand Caravan SE,
 \$500 All Perils deductible,
 \$2 million third-party liability

Notes:

1. The 2010 Dodge Grand Caravan SE is the most common passenger vehicle registered in Manitoba.
2. Manitobans will pay less for their automobile insurance in 2015 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.

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

Premium returned for each dollar earned



Past results

114% Q4-13/14	110% Q1-14/15	116% Q2-14/15	114% Q3-14/15	109% Q4-14/15	100% Q1-15/16	99% Q2-15/16	98% Q3-15/16
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Goal 3

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

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

Corporate Performance Index



Past results

3.6 Q4-13/14	3.5 Q1-14/15	3.4 Q2-14/15	3.5 Q3-14/15	3.6 Q4-14/15	3.5 Q1-15/16	3.5 Q2-15/16	3.6 Q3-15/16
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Goal 4

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

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

Overall, How Often We Meet/Exceed Standards



Past results

94% Q4-13/14	95% Q1-14/15	95% Q2-14/15	96% Q3-14/15	97% Q4-14/15	97% Q1-15/16	97% Q2-15/16	98% Q3-15/16
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Customer satisfaction in major operational areas

Physical Damage Claims



Past results

87% Q4-13/14	85% Q1-14/15	84% Q2-14/15	83% Q3-14/15
87% Q4-14/15	88% Q1-15/16	87% Q2-15/16	89% Q3-15/16

Bodily Injury Claims



Past results

83% Q1-14/15	81% Q3-14/15
83% Q1-15/16	81% Q3-15/16

Driver and Vehicle Licensing



Past results

89% Q4-13/14	90% Q1-14/15	93% Q2-14/15	92% Q3-14/15
91% Q4-14/15	91% Q1-15/16	91% Q2-15/16	93% Q3-15/16

Insurance Operations Policyholder Transactions



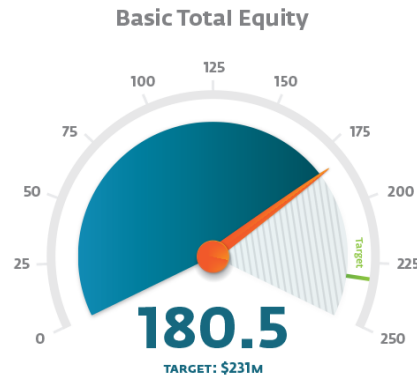
Past results

87% Q4-13/14	89% Q1-14/15	92% Q2-14/15	89% Q3-14/15
88% Q4-14/15	90% Q1-15/16	89% Q2-15/16	90% Q3-15/16

Goal 5

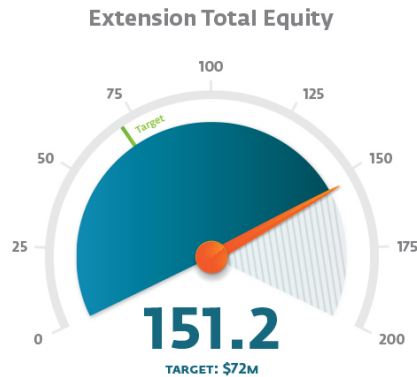
Total equity will be maintained within established target levels.

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



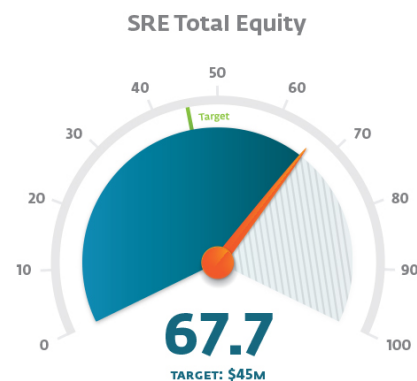
Past results

Actual Target	213.0 213.0 Year-End-Feb. 28, 2015	225.7 213.0 Q1-15/16	181.6 213.0 Q2-15/16	180.5 231.0 Q3-15/16
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Past results

Actual Target	143.1 72.0 Year-End-Feb. 28, 2015	146.7 72.0 Q1-15/16	148.9 72.0 Q2-15/16	151.2 72.0 Q3-15/16
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Past results

Actual Target	65.3 45.0 Year-End-Feb. 28, 2015	61.7 45.0 Q1-15/16	63.1 45.0 Q2-15/16	67.7 45.0 Q3-15/16
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Goal 6

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

Why? We value our employees.



Goal 7

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

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



Past results

90% Q4-11/12	88% Q4-12/13	87% Q4-13/14	87% Q4-14/15
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Results of Operations

Manitoba Public Insurance reported net income of \$10.9 million for the nine months ended November 30, 2015 compared to net income of \$55.1 million for the same period last year. This includes net loss of \$6.0 million (2014 – net income of \$17.4 million) from the Basic insurance line of business. Corporate net income decreased from the previous year by \$44.2 million due to:

- i) a decline in investment income of \$134.5 million mainly due to a \$123.2 million decrease of unrealized gains/loss on Fair Value Through Profit or Loss bonds and a \$14.7 million decrease in gains on the sale of Canadian equities, offset by a \$1.9 million higher gains in unrealized gains/loss on pooled real estate and \$2.2 million interest on bonds;
- ii) an increase in total expenses of \$5.0 million; offset by
- iii) a decrease in claims costs of \$44.2 million; and
- iv) an increase in earned revenues of \$51.1 million.

Current Year and Last Year

Total earned revenues for the nine months ended November 30, 2015 increased from the previous year by \$51.1 million. This increase is primarily attributed to motor vehicle earned revenues which increased by \$44.7 million or 6.3%. The increase in earned revenues is primarily due to the growth in the number of vehicles on the road in Manitoba, the value of these vehicles, the approved average 3.4% rate increase and movement of drivers down the Drivers Safety Rating scale resulting in higher premiums.

Claims costs for the nine months ended November 30, 2015 decreased by \$44.2 million compared to last year due primarily to a decrease of \$123.0 million or 57.8% in bodily injury claims incurred, offset by an increase of \$75.2 million or 20.1% in physical damage claims incurred. The \$123.0 million decrease in bodily injury claims was impacted by a decrease of \$131.6 million due to the interest rate adjustment on unpaid claims. An increase of \$38.3 million in hail related claims compared to last year contributed significantly to the physical damage claims incurred. Claims expense and road safety and loss prevention expenses collectively increased by \$3.7 million or 3.5% from the previous year.

Total expenses increased by \$5.0 million compared to last year due primarily to an increase of \$2.9 million or 3.3% in operating expenses, an increase of \$1.5 million or 6.3% in premium taxes, an increase of \$0.8 million or 1.5% in commission expenses, offset by a decrease of \$0.1 million or 4.0% in regulatory/appeal expenses.

Retained Earnings

Net income of \$10.9 million for the nine months ending November 30, 2015 increased retained earnings from \$378.0 million to \$388.9 million (November 30, 2014 – \$375.6 million). Retained earnings are comprised of \$171.8 million for Basic insurance (November 30, 2014 – \$117.3 million) and \$217.1 million for non-Basic lines (November 30, 2014 – \$258.3 million).

Total Equity

Total equity of \$399.4 million (November 30, 2014 – \$469.0 million) are comprised of \$388.9 million retained earnings and \$10.5 million in accumulated other comprehensive income (November 30, 2014 – \$93.4 million accumulated other comprehensive income).

The Corporation's Chief Actuary concluded that a minimum total equity level of \$231.0 million would be required for Basic to achieve satisfactory future financial condition. At the end of the third quarter, Basic insurance reported total equity of \$180.5 million (November 30, 2014 – \$194.5 million). Extension's current capital target level for total equity is \$72.0 million based on the 2014 MCT report. At the end of the third quarter, Extension insurance reported total equity of \$151.2 million (November 30, 2014 – \$207.6 million). Special Risk Extension's current capital target level for total equity is \$45.0 million based on the 2014 MCT report. At the end of the third quarter, Special Risk Extension insurance reported total equity of \$67.7 million (November 30, 2014 – \$66.9 million).

Outlook

The Corporation remains committed to achieving its seven Corporate goals. Actual results will be monitored, and corrective actions taken when necessary, to ensure that expected outcomes are realized.

On December 1, 2015, PUB released its ruling (Order 128/15) on the Corporation's rate application for 2016/17 fiscal year. Effective March 1, 2016, overall average Basic insurance rates will remain unchanged from the previous year. This marks the 12th time in the past 15 years that Manitoba Public Insurance will not be increasing rates overall for Manitobans.

The approved 0.0% overall general rate increase does not mean that rates for all motorists within each major class will remain unchanged. Based on MPI's rate design, major vehicle classes will be impacted as follows:

- Private passenger -0.1% change
- Commercial +2.5% change
- Public (taxi) +6.3% change
- Motorcycle -7.6% change
- Trailers -3.8% change
- Off-road vehicles 0.0% change
- Total overall 0.0% change

Over 615,000 vehicles (57%) will experience either no change or a reduction in rates from the previous year. Rates paid by individual policyholders within each class will be determined based on their driving record, the registered vehicle (make and model and year), the purpose for which the vehicle is driven and the territory in which the policyholder resides.

There will be no change to permit and certificate rates, vehicle premium discounts and driver licence premiums, service and transaction fees, fleet rebates or surcharges, or the \$40 discount on approved aftermarket and manufacturer/dealer installed anti-theft devices.

Condensed Interim Financial Statements

Condensed Interim Statement of Financial Position

(Unaudited - in thousands of Canadian dollars)	<i>Notes</i>	November 30, 2015	February 28, 2015
Assets			
Cash and cash equivalents	5	34,942	68,882
Investments	5	2,447,208	2,491,176
Investment property	5	41,529	42,417
Due from other insurance companies		27	443
Accounts receivable		417,137	387,909
Prepaid expenses		3,151	537
Deferred policy acquisition costs		25,491	24,014
Reinsurers' share of unearned premiums		4,237	79
Reinsurers' share of unpaid claims		6,251	8,118
Property and equipment		119,705	122,385
Deferred development costs		76,082	69,089
		3,175,760	3,215,049
Liabilities			
Due to other insurance companies		145	1
Accounts payable and accrued liabilities		62,178	62,287
Financing lease obligation		4,302	4,364
Unearned premiums		538,502	527,121
Provision for employee current benefits		22,496	22,164
Provision for employee future benefits		403,873	391,119
Provision for unpaid claims	4	1,744,831	1,786,566
		2,776,327	2,793,622
Equity			
Retained Earnings		388,918	378,050
Accumulated Other Comprehensive Income (Loss)		10,515	43,377
Total Equity		399,433	421,427
		3,175,760	3,215,049

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

Condensed Interim Statement of Operations

(Unaudited - in thousands of Canadian dollars)	Notes	Three months ended		Nine months ended	
		November 30, 2015	November 30, 2014	November 30, 2015	November 30, 2014
Earned Revenues					
Gross premiums written		277,107	259,109	851,714	792,713
Premiums ceded to reinsurers		(158)	(120)	(16,575)	(17,897)
Net premiums written		276,949	258,989	835,139	774,816
(Increase) decrease in gross unearned premiums		(3,727)	(3,043)	(36,376)	(25,753)
Increase (decrease) in reinsurers' share of unearned premiums		(3,978)	(4,354)	4,158	4,489
Net premiums earned		269,244	251,592	802,921	753,552
Service fees & other revenue		8,459	7,792	23,857	22,086
<i>The Drivers and Vehicles Act operations recovery</i>		6,975	6,975	20,925	20,925
Total Earned Revenues		284,678	266,359	847,703	796,563
Claims Costs					
Direct claims incurred		196,013	193,284	539,036	586,030
Claims incurred ceded to reinsurers		(188)	(602)	(852)	33
Net claims Incurred		195,825	192,682	538,184	586,063
Claims Expense		33,320	31,820	99,616	97,086
Loss prevention/Road safety		3,716	3,452	11,028	9,843
Total Claims Costs		232,861	227,954	648,828	692,992
Expenses					
Operating		30,036	29,363	89,516	86,633
Commissions		18,711	18,408	56,402	55,571
Premium taxes		8,201	7,682	24,460	23,009
Regulatory/Appeal		997	981	2,597	2,706
Total Expenses		57,945	56,434	172,975	167,919
Underwriting income (loss)		(6,128)	(18,029)	25,900	(64,348)
Investment income (loss)	6	483	35,570	(15,032)	119,458
Net income (loss) from operations		(5,645)	17,541	10,868	55,110

Condensed Interim Statement of Comprehensive Income (Loss)

(Unaudited - in thousands of Canadian dollars)	Three months ended		Nine months ended	
	November 30, 2015	November 30, 2014	November 30, 2015	November 30, 2014
Net income (loss) from operations	(5,645)	17,541	10,868	55,110
Other Comprehensive Income (Loss)				
Unrealized gains (loss) on Available for Sale assets	8,363	(21,195)	(32,006)	32,161
Reclassification of net realized (gains) losses related to Available for Sale assets	3,155	(4,491)	(856)	(15,547)
Other Comprehensive Income (Loss) for the period	11,518	(25,686)	(32,862)	16,614
Total Comprehensive Income (Loss)	5,873	(8,145)	(21,994)	71,724

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

Condensed Interim Statement of Changes in Equity

(in thousands of Canadian dollars)	Retained Earnings	Accumulated Other Comprehensive Income	Equity
Balance as at March 1, 2014	320,472	76,851	397,323
Net income (loss) from operations for the period	55,110	-	55,110
Other comprehensive income (loss) for the period	-	16,614	16,614
Balance as at November 30, 2014	375,582	93,465	469,047
Balance as at March 1, 2015	378,050	43,377	421,427
Net income (loss) from operations for the period	10,868	-	10,868
Other comprehensive income (loss) for the period	-	(32,862)	(32,862)
Balance as at November 30, 2015	388,918	10,515	399,433

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

Condensed Interim Statement of Cash Flows

(Unaudited - in thousands of Canadian dollars)		Nine months ended	
	<i>Notes</i>	November 30, 2015	November 30, 2014
Cash Flows from (to) Operating Activities:			
Net income (loss) from operations		10,868	55,110
Non-cash items:			
Depreciation of property and equipment		4,304	4,989
Amortization of deferred development costs		9,268	10,854
Amortization of bond discount and premium		2,747	1,324
(Gain) loss on sale of investments		(12,433)	(26,441)
Unrealized (gain) loss on Fair Value Through Profit or Loss bonds		91,455	(31,749)
Unrealized (gain) loss on investment in real estate		(10,743)	(8,835)
Unrealized (gain) loss on investment in infrastructure		(2,496)	(3,375)
Impairment of available for sale investments		-	-
		92,970	1,877
Net change in non-cash balances:			
Due from other insurance companies		416	4,046
Accounts receivable and prepaid expenses		43,658	(46,953)
Deferred policy acquisition costs		(1,477)	(70)
Reinsurers' share of unearned premiums and unpaid claims		(2,291)	10,509
Due to other insurance companies		143	(1,733)
Accounts payable and accrued liabilities		(75,607)	(8,093)
Unearned premiums		11,380	2,717
Provision for employee current benefits		332	(83)
Provision for employee future benefits		12,754	11,209
Provision for unpaid claims		(41,736)	22,520
		(52,428)	(5,931)
		40,542	(4,054)
Cash Flows from (to) Investing Activities:			
Purchase of investments		(846,993)	(579,231)
Proceeds from sale of investments		790,457	560,619
Acquisition of property and equipment net of proceeds from disposals		(1,624)	(3,754)
Financing lease obligation		(62)	(46)
Deferred development costs incurred		(16,260)	(11,414)
		(74,482)	(33,826)
Increase (decrease) in Cash and Cash Equivalents		(33,940)	(37,880)
Cash and cash equivalents beginning of period		68,882	93,208
Cash and Cash Equivalents end of period	5	34,942	55,328

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

Notes to Financial Statements

1) Status of the Corporation

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

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

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

2) Basis of Reporting

Statement of Compliance

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

Basis of Presentation

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

These statements are presented in thousands of Canadian dollars 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 and insurance contract liabilities and reinsurers' share of unpaid claims. Measurement of the financial instruments is detailed in Note 3 of the 2014 Annual Report. Insurance contract liabilities and reinsurers' share of unpaid claims are measured on a discounted basis in accordance with accepted actuarial practice (which in the absence of an active market provides a reasonable proxy for fair value).

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 materially from these estimates.

3) Summary of Significant Accounting Policies

Refer to the 2014 Annual Audited Financial Statements and supporting notes found at www.mpi.mb.ca and the Corporation's 2014 Annual Report for a summary outlining those accounting policies followed by the Corporation that have a significant effect on the condensed interim financial statements.

4) Provision for Unpaid Claims

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

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

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

5) Cash and Investments

Cash consists of cash net of cheques issued in excess of amounts on deposit.

Cash equivalent investments have a total principal amount of \$39.3 million (2014 – \$65.8 million) comprised of provincial short-term deposits with effective interest rates of 0.50% (2014 – 0.92% to 0.94%), 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 (2014 – \$5.0 million). There were no drawdowns against this line of credit at November 30, 2015 (2014 – nil).

Cash and Investments

(in thousands of Canadian dollars)	Financial Instruments			Non-Financial Instruments	Total Fair Value
	Classified as Available for Sale (AFS)	Classified as Held to Maturity	Classified as Fair Value Through Profit or Loss (FVTPL)		
As at November 30, 2015					
Cash and cash equivalents	34,942	-	-	-	34,942
Bonds					
Federal	-	-	134,626	-	134,626
Manitoba:					
Provincial	-	-	186,307	-	186,307
Municipal	-	9,376	26,603	-	35,979
Hospitals	-	-	10,338	-	10,338
Schools	-	620,615	-	-	620,615
Other provinces:					
Provincial	-	-	500,959	-	500,959
Municipal	-	-	109,195	-	109,195
Corporations	-	-	53,339	-	53,339
	-	629,991	1,021,366	-	1,651,357
Other investments	2,446	-	-	-	2,446
Infrastructure	-	-	77,606	-	77,606
Equity investments	500,210	-	-	-	500,210
Pooled Real Estate Fund	-	-	215,589	-	215,589
Investments	502,656	629,991	1,314,561	-	2,447,208
Investment property	-	-	-	41,529	41,529
	537,598	629,991	1,314,561	41,529	2,523,679

(in thousands of Canadian dollars)	Financial Instruments			Non-Financial Instruments	Total Fair Value
	Classified as Available for Sale	Classified as Held to Maturity	Classified as Fair Value Through Profit or Loss		
As at November 30, 2014					
Cash and cash equivalents	55,328	-	-	-	55,328
Bonds					
Federal	-	-	100,157	-	100,157
Manitoba:					
Provincial	-	-	255,835	-	255,835
Municipal	-	11,485	24,610	-	36,095
Hospitals	-	-	11,044	-	11,044
Schools	-	601,699	-	-	601,699
Other provinces:					
Provincial	-	-	431,245	-	431,245
Municipal	-	-	103,739	-	103,739
Corporations	-	-	57,850	-	57,850
	-	613,184	984,480	-	1,597,664
Other investments	3,835	-	-	-	3,835
Infrastructure	-	-	53,743	-	53,743
Equity investments	563,384	-	-	-	563,384
Pooled Real Estate Fund	-	-	201,755	-	201,755
Investments	567,219	613,184	1,239,978	-	2,420,381
Investment property				37,638	37,638
	622,547	613,184	1,239,978	37,638	2,513,347

Gross unrealized gains and gross unrealized losses included in accumulated other comprehensive income on available for sale equity and other investments are comprised as follows:

As at November 30, 2015

(in thousands of Canadian dollars)	Book Value	Unrealized Gains/(Losses)	Fair Value
Equity Investments			
With unrealized gains	306,516	110,004	416,520
With unrealized (losses)	120,890	(37,200)	83,690
Subtotal – Equity Investments	427,406	72,804	500,210
Other Investments			
With unrealized gains	182	1,562	1,744
With unrealized (losses)	772	(70)	702
Subtotal – Other Investments	954	1,492	2,446
Total AFS Equity and Other Investments	428,360	74,296	502,656

As at November 30, 2014

(in thousands of Canadian dollars)	Book Value	Unrealized Gains/(Losses)	Fair Value
Equity Investments			
With unrealized gains	385,533	128,208	513,741
With unrealized (losses)	62,756	(13,113)	49,643
Subtotal – Equity Investments	448,289	115,095	563,384
Other Investments			
With unrealized gains	1,242	2,128	3,370
With unrealized (losses)	542	(77)	465
Subtotal – Other Investments	1,784	2,051	3,835
Total AFS Equity and Other Investments	450,073	117,146	567,219

AFS financial assets where the investment's underlying cost is greater than the fair value, the loss has not been recognized in net income either because:

- there is not objective evidence of impairment, or
- the loss is not considered to be significant or prolonged.

Fair Value Measurement

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

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

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

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

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

As at November 30, 2015

(in thousands of Canadian dollars)

	Level 1	Level 2	Level 3
FVTPL financial assets			
Bonds	98,594	907,292	15,480
Infrastructure	-	-	77,606
Pooled Real Estate Fund	-	215,589	-
Total FVTPL financial assets	98,594	1,122,881	93,086
AFS financial assets			
Cash and cash equivalents	34,942	-	-
Other investments	-	-	2,446
Equity investments	500,210	-	-
Total AFS financial assets	535,152	-	2,446
Total assets measured at fair value	633,746	1,122,881	95,532

As at November 30, 2014

(in thousands of Canadian dollars)

	Level 1	Level 2	Level 3
FVTPL financial assets			
Bonds	51,870	917,190	15,420
Infrastructure	-	-	53,743
Pooled Real Estate Fund	-	201,755	-
Total FVTPL financial assets	51,870	1,118,945	69,163
AFS financial assets			
Cash and cash equivalents	55,328	-	-
Other investments	-	-	3,835
Equity investments	563,384	-	-
Total AFS financial assets	618,712	-	3,835
Total assets measured at fair value	670,582	1,118,945	72,998

Fair value measurement of instruments included in Level 3 (in thousands of Canadian dollars)	FVTPL		AFS	
	2015	2014	2015	2014
Balance at March 1	71,410	63,469	2,446	3,876
Total gains/(losses)				
Included in net income	2,497	3,375	-	7
Included in other comprehensive income	-	-	-	14
Purchases	19,179	2,319	-	-
Sales	-	-	-	(62)
Balance at November 30	93,086	69,163	2,446	3,835

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

6) Investment Income

(in thousands of Canadian dollars)	November 30, 2015	November 30, 2014
Interest income	39,095	38,035
Gain (loss) on sale of FVTPL bonds	11,572	10,894
Unrealized gain(loss) on FVTPL bonds	(91,455)	31,749
Unrealized gain on pooled real estate	10,743	8,835
Dividends on infrastructure investments	1,138	773
Unrealized gain on infrastructure investments	2,496	3,375
Dividend income	11,642	11,741
Gain on sale of equities and other investments	892	15,547
Gain on foreign exchange	72	26
Income from investment property	2,057	1,903
Investment management fees	(3,284)	(3,420)
Total Investment income (loss)	(15,032)	119,458

7) Employee Future Benefits Expense

The total benefits costs included in expenses are as follows:

(in thousands of Canadian dollars)	November 30, 2015	November 30, 2014
Pension benefits	19,558	18,182
Other post-employment benefits	1,335	261
Total	20,893	18,443

8) Depreciation and Amortization

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

(in thousands of Canadian dollars)	November 30, 2015	November 30, 2014
Amortization – Deferred Development	9,268	10,854
Depreciation – Property and equipment	4,304	4,989
Total	13,572	15,843

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

For more information contact:

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Corporate Communications**

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Winnipeg, MB R3C 4A4



**Manitoba
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