2023/24
Second Quarter

Condensed Interim Financial Statements
For the six months ended September 30, 2023
Including Management's Discussion and Analysis
(unaudited)

MANITOBA PUBLIC INSURANCE

Q2 | Corporate Performance Measures and Targets

For the six months ended September 30, 2023

Financial Performance

Net Income/(Loss)

In millions

ACTUAL Q2 2023/24	TARGET Q2 2023/24	ANNUAL TARGET 2023/24	PAST Q2 2022/23 RESTATED
($43.1)	$111.2	$29.8	$15.8

Revenue from Premiums

In millions

ACTUAL Q2 2023/24	TARGET Q2 2023/24	ANNUAL TARGET 2023/24	PAST Q2 2022/23 RESTATED
$781.5	$780.7	$1,560.0	$735.4

Incurred Claims before Reinsurance

In millions

ACTUAL Q2 2023/24	TARGET Q2 2023/24	ANNUAL TARGET 2023/24	PAST Q2 2022/23 RESTATED
$606.9	$501.5	$1,184.2	$541.1

Corporate Loss Ratio

(Incurred Claims before Reinsurance/Revenue from Premiums)

ACTUAL Q2 2023/24	TARGET Q2 2023/24	PAST Q2 2022/23 RESTATED	ANNUAL TARGET 2023/24
77.7%	64.2%	73.6%	75.9%

Interest Rate Impact

In millions

	ACTUAL Q2 2023/24	PAST Q2 2022/23 RESTATED
Total Marketable Gain/(Loss)	($171.4)	($145.3)
Increase/(Decrease) in Claims Incurred due to yield curve change	($116.5)	($142.1)
Interest Rate Impact - Gain/(Loss)	($54.9)	($3.2)

Total Return — Investments

ACTUAL Q2 2023/24	TARGET Q2 2023/24	ANNUAL TARGET 2022/23	PAST Q2 2022/23
(3.77%)	2.36%	4.78%	(5.45%)

Organizational Health

Capital Adequacy (Minimum Capital Test)

	ACTUAL Q2 2023/24	TARGET Q2 2023/24	PAST Q2 2022/23
Basic	152%	100%	106%
Extension	209%	200%	282%
Special Risk Extension	299%	300%	257%

Operational Excellence

Total Expense Ratio

(Corporate Expenses consisting of Maintenance, Acquisition and Operating/Revenue from Premiums)

ACTUAL Q2 2023/24	TARGET Q2 2023/24	PAST Q2 2022/23 RESTATED	ANNUAL TARGET 2023/24
20.4%	25.2%	23.2%	25.8%

Total Full-Time Equivalent (Average)

ACTUAL Q2 2023/24	TARGET Q2 2023/24	PAST Q2 2022/23	ANNUAL TARGET 2023/24
1,756	2,123	1,961	2,123

The following management discussion and analysis (MD&A) is the responsibility of management and has been reviewed by the Board of Directors (the Board) for the second quarter ended September 30, 2023. This MD&A is intended to enable the reader to assess our results of operations and financial condition for the six-month period ended September 30, 2023, compared to the corresponding periods in 2022. It should be read in conjunction with our interim condensed financial statements, as well as the MD&A and the 2022/23 annual audited financial statements and supporting notes found in the Corporation's 2022 Annual Report.

"MPI", the "Corporation", "we" and "our" are terms used throughout this document to refer to Manitoba Public Insurance Corporation. Further information about MPI may be found online at www.mpi.mb.ca.

Cautionary Note Regarding Forward-Looking Statements

Certain of the statements included in this MD&A about MPI's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements are based on estimates and assumptions made by management based on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes are appropriate in the circumstances. In addition to other estimates and assumptions which may be identified herein, estimates and assumptions have been made regarding, among other things, economic and political environments, and industry conditions. Many factors could cause the Corporation's actual results, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements.

Adoption of New Accounting Standards

MPI adopted IFRS 17 – *Insurance Contracts* (IFRS 17) in conjunction with IFRS 9 – *Financial Instruments* (IFRS 9) on April 1, 2023, replacing IFRS 4 - *Insurance Contracts* and IAS 39 - *Financial Instruments: recognition and measurement* (IAS 39), respectively.

IFRS 17 provides principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts held. IFRS 9 provides guidance in classification and measurement of financial assets, impairment of financial assets and hedge accounting.

The quarter ended June 30, 2023, was the first quarter reported under IFRS 17 and IFRS 9. IFRS 17 has been applied retrospectively, quarterly comparative figures for the fiscal year ended March 31, 2023, have been restated and presented in accordance with IFRS 17. In addition, the Statement of Financial Position presents a third statement as at April 1, 2022, restated to reflect the impacts from adoption of IFRS 17 and to provide the opening position for the fiscal year beginning April 1, 2022, under IFRS 17.

The Corporation has applied IFRS 9 retrospectively and elected to recognize measurement differences arising from adoption of this standard as adjustments to the Statement of Financial Position as at April 1, 2023, comparative information has not been restated under IFRS 9 and continues to be reported under IAS 39. The total impact to Equity arising from the transition to IFRS 9 is reported within the Statement of Equity as at April 1, 2023.

Adoption of IFRS 17 Insurance Contracts

The transition to IFRS 17 resulted in a net positive impact to Equity reported by the Corporation at April 1, 2022, of $106.3 million, arising from the following:

- Equity decreased by $64.7 million with the elimination of the deferred policy acquisition costs asset that had been reported on the Statement of Financial Position under IFRS 4. Under IFRS 17, the Corporation expenses policy acquisition costs as incurred.
- Equity increased by $171.0 million as a result of reductions to net insurance liabilities arising from the change in discount rate methodology and risk adjustment under IFRS 17as summarized below.

  The net claims liabilities are discounted using a discount rate based on a yield curve constructed using current market rates of return implicit in a fair value measurement of a reference portfolio of assets that reflects the characteristics and duration of the claims liabilities. Under IFRS 4, the Corporation applied a discount rate based on the estimated market yield of the underlying assets backing the cash flow requirements of the unpaid claims.

  Under IFRS 17, the measurement of insurance contracts includes an explicit risk adjustment for non-financial risk, which replaces the risk margin under IFRS 4. The IFRS 4 risk margin reflected the inherent uncertainty in the net discounted claim liabilities estimates, whereas the IFRS 17 risk adjustment represents the compensation the entity requires for bearing the uncertainty around amounts and timing of cash flows that arise from non-financial risk as the issuer fulfils the insurance contracts.

Changes in Financial Statement Presentation under IFRS 17

IFRS 17 introduces changes to financial statement presentations. The notable line items provided in the presentation of the Statement of Operations are summarized below:

- Total insurance revenue: Total insurance revenue is comprised of Revenue from premiums and Other insurance revenue. Revenue from premiums reports the amount of expected premium receipts, net of cancellations, allocated to the period, based on the passage of time over the service coverage period, similar to the concepts that were applied under IFRS 4.The line items 'gross premiums written' and 'net premiums written' (after premiums ceded to reinsurers) that had been reported in the Statement of Operations under IFRS 4 are no longer presented. Other insurance revenue reflects fees earned in the period related to providing insurance services to policyholders, including fees for payment arrangements.
- Total insurance service expense reports Incurred claims, Maintenance expense, Acquisition expense, Commission expense and Premium taxes incurred in the period that are directly attributable to fulfilling insurance contracts. Under IFRS 4, many of these expenses were grouped in a different manner and reported as operating; commissions; premium taxes; and regulatory/appeal; and reported as total expenses.
- Total insurance revenue and Total insurance service expenses, together provide the Insurance Service Result from insurance contracts reported under IFRS 17.
- Net income (expense) from reinsurance contracts held represents payments to and recoveries from reinsurance companies for contracts held by the Corporation, plus changes in risk adjustment (the amount of risk transferred to the reinsurer), and an allowance for non-performance risk by the reinsurer. Under IFRS 17 these are presented in the Statement of Operations as a single net amount. Under prior reporting standards reinsurance activity was presented as offsetting lines reported for direct insurance.
- Total insurance revenue, Total insurance service expense and Net income (expenses) from reinsurance contracts are presented without the impact of discount unwinding and changes in discount rates. The impacts of discount unwinding and changes in discount rates on insurance contracts and reinsurance contracts are reported separately within the Net Insurance Financial result.
- Net insurance and investment result provides the impacts from changes in interest rates and discount rates on insurance and investment activity in the period. IFRS 17 introduced increased application of discounting and risk adjustments in measuring insurance liabilities and has removed the direct link between assets and liabilities.
- Total other expense: Under IFRS 17, management classifies insurance related expenses as either insurance acquisition and maintenance within Insurance service expense, or as other expense if not directly attributable to insurance contracts. As a result, a portion of revenues and expenses that had been reported across various lines items under IFRS 4, and that are not directly attributable to insurance contracts, are now presented as "Total other revenue" or "Total other expense" under IFRS 17.

Changes in presentation in the Statement of Financial Position introduced by IFRS 17.

- Insurance contract liabilities: the most significant change to the Statement of Financial Position is the line-item Insurance contract liabilities which presents the liability for remaining coverage (the obligation to provide insurance services in future periods for premiums received) plus the liability for incurred claims which is an estimate of the fulfillment cash flows related to incurred claims, discounted for the time value of money and including a risk adjustment to account for non-financial risk. Several balances that had been reported previously, such as claims liabilities, unearned premiums, and others, are now combined in determining the line-item Insurance contract liabilities.
- Reinsurance contract assets: this new line item presents a combination of several lines that had been reported separately for reinsurance, such as "Due from other insurance companies" and "reinsurers' share of unpaid claims" line items. Under IFRS 17, impacts from risk adjustment and risk of non-performance by the reinsurer are included in determining the asset or liability arising from portfolios of reinsurance contracts.

Adoption of IFRS 9 Financial Instruments

Associated with the adoption of the IFRS 17, the Corporation adopted IFRS 9 replacing IAS 39 effective April 1, 2023. IFRS 9 provides guidance in classification and measurement of financial instruments that is based on a business model approach for managing financial assets and the contractual cash flow characteristics of the financial asset. The standard assesses impairment based on an expected loss model and provides guidance for hedge accounting that incorporates the risk management practices of an entity.

Upon transition to IFRS 9 on April 1, 2023, financial instruments held by the Corporation were classified and measured in accordance with IFRS 9. The measurements from initial application of IFRS 9 provided a negative one-time impact to Equity of $5.9 million.

Under IFRS 9, most of the financial instruments held by the Corporation are classified as Fair Value Through Profit or Loss, which could give rise to increased volatility in the value of investments reported in the Statement of Financial Position and investment gains and losses reported within the Statement of Operations.

Results of Operations

All amounts in the results of operations are restated for 2022/23 apart from investment income.

The Corporation reported a net loss from operations of $43.1 million for the six months ended September 30, 2023, as compared to a net income of $15.8 million for the same period in the prior year. This reflects the underlying performance of the Corporation's individual lines of business. More specifically,

- The Basic insurance line of business reported a net loss of $24.5 million as compared to a net income of $0.3 million for the same period in the prior year,
- The Extension line of business reported net income of $8.1 million net income as compared to a net income of $18.4 million for the same period in the prior year,
- The Special Risk Extension (SRE) line of business reported a net loss of $18.5 million as compared to a net income of $2.6 million for the same period in the prior year, and,
- *The Drivers and Vehicles Act* operations (DVA) line of business reported a net loss of $8.2 million as compared to a net loss of $5.5 million for the same period in the prior year.

Insurance Revenue

Insurance revenue increased by $50.5 million to $795.2 million for the six months ended September 30, 2023, as compared to the same period in the prior year. The increase is predominantly related to insurance premiums. Insurance premiums for the Basic insurance line of business increased $33.8 million, $3.9 million for the Extension line of business, and $8.3 million for the SRE line of business. Other insurance revenue also increased by $4.4 million compared to the same period last year.

The Basic insurance line of business is subject to regulation by the Public Utilities Board. Rates and premiums are set annually through a General Rate Application. The Extension and SRE lines of business are not subject to regulation.

Insurance Service Expense

Insurance service expense (ISE) increased by $58.8 million to $758.9 million for the six months ended September 30, 2023, as compared to the same period in the prior year. More specifically,

- Incurred claims (including IBNR, ULAE and claims expenses) increased ISE by $147.8 million,
- Inflation impacts decreased ISE by $129.1 million,
- Discount rate impacts increased ISE by $45.4 million,
- Risk adjustment impacts increased ISE by $1.8 million,
- Acquisition costs increased ISE by $1.3 million,
- Maintenance costs decreased ISE by $9.7 million,
- Commissions were similar to last year, and,
- Premium taxes increased ISE by $1.2 million.

Reinsurance Contracts

Net income from reinsurance contracts held increased by $35.3 million to $37.7 million for the six months ended September 30, 2023, as compared to the same period in the prior year. The change in reinsurance net income or expense is correlated with underling claims activity and the nature of those claims made within the period.

Investment Income (Loss)

The Corporation recorded investment losses of $137.0 million for the six months ended September 30, 2023, which is unfavourable by $52.1 million as compared to the same period in the prior year. This is reflective of changes in financial markets relative to the size and composition of our investment portfolios.

Net Insurance Finance Income (Expense)

Net insurance finance income was $69.2 million for the six months ended September 30, 2023, as compared to income of $106.8 million for the same period in the prior year. This reflects the change in discount rates on claims, along with the unwinding of discount rates (a process of recognizing the increase in the present value of a liability over time as it moves forward in time).

Service Fees and Other Income

Service fees and other revenue increase by $1.1 million to $10.0 million for the six months ended September 30, 2023, as compared to the same period in the prior year. The increase is related to underlying activity.

Operating Expense

Operating expenses, including commissions not related to insurance products, decreased by $2.7 million to $79.3 million as compared to the same period in the prior year.

Retained Earnings

The Corporation's Retained earnings as at September 30, 2023, is $827.7 million ($808.0 million, restated, as at March 31, 2023). This includes the Net loss from operations of $43.1 million for the six months ended September 30, 2023, as well as an increase of $62.8 million from IFRS 9 initial application impacts.

Equity

Equity for the Corporation is comprised of Retained Earnings and Accumulated Other Comprehensive Income (Loss). The Corporation's Equity balance as at September 30, 2023, was $881.7 million ($890.1 million, restated, as at March 31, 2023). The March 31, 2023, Accumulated Other Comprehensive Income (Loss) was impacted by a decrease of $68.7 million from IFRS 9 initial application impacts. In the first six months of 2023/24 Accumulated Other Comprehensive Income (Loss) was also increased by $40.6 million from remeasuring employee future benefits.

Capital Management

The Corporation follows the capital management framework of the Office of the Superintendent of Financial Institutions Canada which includes a Minimum Capital Test (MCT). MCT is a standardized measure of capital adequacy for an insurance company and represents the ratio of available capital to required capital as derived from a risk-based formula.

The Corporation has established minimum capital adequacy targets for each of its insurance lines of business that reflects the underlying risk and the competitive nature unique to that line of business. Higher risk equates to a higher minimum capital requirement. More specifically,

- The Basic Insurance line of business has a minimum MCT target of 100 per cent. MCT as at September 30, 2023, was 152 per cent. The target MCT is set out in *The Manitoba Public Insurance Corporation Act*.
- The Extension Insurance line of business has an established minimum MCT target of 200 per cent. MCT as at September 30, 2023, was 209 per cent. The target MCT is set out in *The Manitoba Public Insurance Corporation Act*.
- The SRE Insurance line of business has an established minimum MCT target of 300 per cent. MCT as at September 30, 2023, was 299 per cent. The target MCT is set out in *The Manitoba Public Insurance Corporation Act*.

Outlook

Labour interruption started on August 28, 2023 which will have a potential material financial impact on subsequent quarters dependent on the duration. The labour interruption ceased on November 3, 2023.

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

As approved by the Public Utilities Board, effective April 1, 2023, there was an overall 3.8 per cent rate decrease and the removal of any capital release for the 2023/24 insurance year. This 3.8 per cent decrease consist of a 2.1 per cent decrease due to the change in the Driver Safety Rating Scale, plus an additional anticipated decrease of 0.4 per cent due to movement on the Driver Safety Rating Scale, plus a 1.3 per cent decrease to the vehicle premiums.

On June 15, 2023, Manitoba Public Insurance filed its general rate application with the Public Utilities Board requesting no change in the overall rates for the 2024/25 fiscal year which aligns with the requirements put in place by the Government of Manitoba. In addition to filing for a zero per cent overall rate, the Corporation is required to file an Accepted Actuarial Practice (AAP) rate indication with the Public Utilities Board, which is MPI's own forecasted rate. The 2024/25 AAP overall indicated rate is very close to the zero per cent request, meaning that the Corporation continues to provide stabilized rates for Manitobans. If our rate application is approved, 52 per cent of private passenger class drivers – which make up two thirds of all policies – will see a decrease in 2024/25.

On December 18, 2023, the Public Utilities Board issued Order No. 145/23 for an overall 5.0 per cent rate decrease. This 5.0 per cent decrease consists of a 4.0 per cent decrease due to the change in the Driver Safety Rating Scale plus a 1.0 per cent decrease to vehicle premiums.

(in thousands of Canadian dollars, except as otherwise noted)

Condensed Interim Statement of Financial Position

	September 30, 2023	March 31, 2023 Restated	April 1, 2022 Restated
Assets			
Cash and cash equivalents	**227,209**	142,343	197,056
Accounts receivable	**148,319**	138,153	132,802
Prepaid expenses	**5,549**	3,994	4,488
Investments	**3,172,796**	3,404,926	3,367,926
Investment property	**13,223**	13,401	13,758
Reinsurance contract assets	**79,188**	27,862	24,901
Property and equipment	**165,417**	163,055	145,498
Deferred development costs	**111,457**	108,613	79,889
	3,923,158	4,002,347	3,966,318
Liabilities			
Accounts payable and accrued liabilities	**35,397**	72,221	66,564
Deferred revenue	**18,806**	25,552	19,838
Lease obligation	**6,947**	6,972	6,979
Provision for employee current benefits	**26,017**	26,674	25,772
Provision for employee future benefits	**411,266**	443,375	474,849
Insurance contract liabilities	**2,543,026**	2,537,443	2,501,628
	3,041,459	3,112,237	3,095,630
Equity			
Retained earnings	**827,741**	807,964	767,356
Accumulated other comprehensive income	**53,958**	82,146	103,332
	881,699	890,110	870,688
	3,923,158	4,002,347	3,966,318

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

(in thousands of Canadian dollars, except as otherwise noted)

Condensed Interim Statement of Operations

	For the 3 months ended September 30, 2023	For the 3 months ended September 30, 2022 Restated	For the 6 months ended September 30, 2023	For the 6 months ended September 30, 2022 Restated
Revenue from premiums	397,263	379,657	781,503	735,384
Other insurance revenue	7,383	4,797	13,699	9,285
Total insurance revenue	404,646	384,454	795,202	744,669
Incurred claims	356,917	319,105	606,911	541,082
Maintenance expense	31,532	41,050	74,588	84,329
Acquisition expense	3,856	3,576	8,268	6,988
Commission expense	22,515	23,729	46,115	46,006
Premium taxes	11,185	11,309	23,052	21,890
Total insurance service expense	426,005	398,769	758,934	700,295
Insurance service result from insurance contracts	(21,359)	(14,315)	36,268	44,374
Net income from reinsurance contracts held	34,052	8,377	37,704	2,404
Insurance service result	12,693	(5,938)	73,972	46,778
Investment income (loss)	(114,639)	21,453	(136,999)	(84,865)
Insurance finance income (expense)	71,257	(16,534)	68,887	107,140
Reinsurance finance income (expense)	380	172	310	(337)
Net insurance financial result	71,637	(16,362)	69,197	106,803
Net insurance and investment result	(30,309)	(847)	6,170	68,716
Service fees and other income	4,792	4,654	10,035	8,923
The Drivers and Vehicles Act operations recovery	10,050	10,062	20,050	20,125
Total other revenue	14,842	14,716	30,085	29,048
Commission expense - non-policy	1,443	1,438	2,932	2,761
Operating expense	33,939	38,412	76,397	79,315
Total other expense	35,382	39,850	79,329	82,076
Gain on disposal of property and equipment	-	5	6	124
Net income (loss) attributable to Owner of the Corporation	(50,849)	(25,976)	(43,068)	15,812

Condensed Interim Statement of Comprehensive Income

	For the 3 months ended September 30, 2023	For the 3 months ended September 30, 2022 Restated	For the 6 months ended September 30, 2023	For the 6 months ended September 30, 2022 Restated
Net income (loss) attributable to Owner of the Corporation	(50,849)	(25,976)	(43,068)	15,812
Other Comprehensive Income (Loss)				
Items that will not be reclassified to income				
Remeasurement of employee future benefits	46,231	(8,392)	40,548	75,324
Items that will be reclassified to income				
Net unrealized loss on available for sale assets	-	(16,693)	-	(92,782)
Reclassification of net realized gains related to available for sale assets	-	(2,959)	-	(18,665)
Net unrealized loss on Available for Sale assets	-	(19,652)	-	(111,447)
Other comprehensive income (loss) for the period	46,231	(28,044)	40,548	(36,123)
Total comprehensive loss attributable to Owner of the Corporation	(4,618)	(54,020)	(2,520)	(20,311)

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

(in thousands of Canadian dollars, except as otherwise noted)

Condensed Interim Statement of Changes in Equity

	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Equity
Balance as at March 31, 2022 (Audited)	661,096	103,332	764,428
Impact of initial application of IFRS 17	106,260	-	106,260
Restated balance as at April 1, 2022	767,356	103,332	870,688
Restated net income attributable to Owner of the Corporation for the period	15,812	-	15,812
Other comprehensive loss for the period	-	(36,123)	(36,123)
Restated balance as at September 30, 2022	783,168	67,209	850,377
Balance as at March 31, 2023 (Audited)	**665,302**	**82,146**	**747,448**
Impact of initial application of IFRS 17	**142,662**	**-**	**142,662**
Restated balance as at March 31, 2023	**807,964**	**82,146**	**890,110**
Impact of initial application of IFRS 9	**62,845**	**(68,736)**	**(5,891)**
Balance as at April 1, 2023	**870,809**	**13,410**	**884,219**
Net loss attributable to Owner of the Corporation for the period	**(43,068)**	**-**	**(43,068)**
Other comprehensive income for the period	**-**	**40,548**	**40,548**
Balance as at September 30, 2023	**827,741**	**53,958**	**881,699**

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

(in thousands of Canadian dollars, except as otherwise noted)

Condensed Interim Statement of Cash Flows

For the periods ended September 30	2023	2022 Restated
Cash Flows from (to) Operating Activities:		
Net income (loss) attributable to Owner of the Corporation for the period	**(43,068)**	15,812
Non-cash items:		
Depreciation of property and equipment, and investment property	**3,172**	2,880
Amortization of deferred development costs	**4,584**	3,983
Amortization of bond discount and premium	**(1,549)**	2,940
Loss on sale of investments	**31,816**	17,764
Unrealized loss on bonds	**137,136**	101,667
Unrealized (gain) loss on private debt	**(1,064)**	1,952
Unrealized loss on infrastructure investments	**11,119**	8,910
Unrealized loss on equities	**13,532**	-
Unrealized gain on pooled real estate fund	**(3,922)**	(8,289)
Gain on disposal of property and equipment	**(6)**	(124)
Impairment of deferred development costs	**-**	1,242
	151,750	148,737
Net change in non-cash balances:		
Accounts receivable	**(10,166)**	(9,046)
Prepaid expenses	**(1,555)**	(1,205)
Reinsurance contract assets	**(51,326)**	(14,895)
Accounts payable and accrued liabilities	**(36,824)**	(18,783)
Deferred revenue	**(6,746)**	(3,802)
Provision for employee current benefits	**(657)**	(707)
Provision for employee future benefits	**8,439**	9,402
Insurance contract liabilities	**5,583**	(13,235)
	(93,252)	(52,271)
	58,498	96,466
Cash Flows from (to) Investment Activities:		
Purchase of investments	**(665,752)**	(596,843)
Proceeds from sale of investments	**704,923**	528,028
Acquisition of property and equipment net of proceeds from disposals	**(5,350)**	(8,178)
Lease obligation	**(25)**	19
Deferred development costs	**(7,428)**	(21,996)
	26,368	(98,970)
Increase in cash and cash equivalents	**84,866**	(2,504)
Cash and cash equivalents beginning of year	**142,343**	197,056
Cash and cash equivalents end of period	**227,209**	194,552

The accompanying notes are an integral part of these 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. The Corporation is owned by the Province of Manitoba and the financial results of the Corporation are included in the consolidated financial statements of the Province of Manitoba. 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 Extension 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

These financial statements have been prepared based on principles and guidance provided under International Financial Reporting Standards (IFRS).

Basis of Presentation

These unaudited interim financial statements should be read in conjunction with the Corporation's annual financial statements for the year ended March 31, 2023. These financial statements have been prepared using the same accounting policies and methods applied in the annual audited financial statement except for changes implemented upon adoption of IFRS 17 - *Insurance Contracts* (IFRS 17) and IFRS 9 - *Financial Instruments* (IFRS 9).

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

The following balances are generally classified as current: cash and cash equivalents, investments, accounts receivable, prepaid expenses, reinsurance contract assets, accounts payable and accrued liabilities, deferred revenue, and provision for employee current benefits.

The following balances are generally classified as non-current: investment property, property, and equipment (including right-of-use assets), deferred development costs, lease obligations, provision for employee future benefits, and insurance contract liabilities.

These statements are presented in thousands of Canadian dollars which is the Corporation's functional and presentational currency.

Seasonality

The automobile insurance business, which reflects the primary business of the Corporation, is seasonal in nature. While revenue from premiums are generally stable from quarter to quarter, the insurance service result from insurance contracts 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. Measurement of the financial instruments is in accordance with IFRS 9 except for comparative amounts that are measured and presented under IAS 39. Insurance contract liabilities are measured in accordance with accepted actuarial practice and IFRS 17.

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. New and Amended Financial Standards

Adoption of New and Amended Accounting Standards

Effective April 1, 2023, the Corporation adopted IFRS 17 - *Insurance Contracts* (IFRS 17) and IFRS 9 - *Financial Instruments* (IFRS 9), replacing IFRS 4 - *Insurance Contracts* (IFRS 4) and IAS 39 - *Financial instruments: recognition and measurement* (IAS 39), respectively. IFRS 17 provides principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts held. IFRS 9 provides guidance in classification and measurement of financial assets, impairment of financial assets and hedge accounting. Although IFRS 9 was effective for annual periods beginning on or after January 1, 2018, IFRS 4 had allowed a temporary exemption to delay the implementation of IFRS 9 until the adoption of IFRS 17.

These unaudited interim financial statements, for the quarter ended September 30, 2023, are reported under IFRS 17 and IFRS 9. Except for the changes identified below, the accounting policies have been applied consistently for all periods presented.

IFRS 17 has been applied retrospectively as of April 1, 2022, the standard provides significant changes to the accounting for insurance and reinsurance contracts. As a result, the Corporation has restated certain comparative amounts and presented a third statement of financial position as at April 1, 2022.

The Corporation has applied IFRS 9 retrospectively and has elected to recognize measurement differences arising from adoption of IFRS 9 as adjustments to the Statement of Financial Position on April 1, 2023; comparative figures are not restated under IFRS 9. Changes in measurement upon transition to IFRS 9 are reported within the Statement of Equity as at April 1, 2023.

The nature and effects of the key changes in the Corporation's accounting policies resulting from its adoption of IFRS 17 and IFRS 9 are summarized below.

IFRS 17 - Insurance Contracts

IFRS 17 provides guidance for the measurement and reporting of insurance contracts. The key changes to the Corporation's accounting policies resulting from its adoption of IFRS 17 are summarized below.

Changes to classification and measurement

The Corporation applies IFRS 17 to the same scope of contracts that had been reported under IFRS 4, the adoption of IFRS 17 did not change the classification of the Corporation's insurance contracts.

IFRS 17 introduces a General Measurement Model (GMM) that measures groups of contracts based on current estimates of the present value of future cash flows expected to occur as the contracts are fulfilled. The GMM includes a risk adjustment for non-financial risk, and a contractual service margin which reflects the unearned profit to be recognized in the statement of profit or loss when services are provided in future periods.

IFRS 17 provides the option to apply a simplified measurement model, the Premium Allocation Approach (PAA), for contracts that provide coverage for one year or less, and contracts with a coverage period longer than one year if there is no material difference in the liability for remaining coverage measured under the PAA or the GMM.

The Corporation has elected to apply the PAA in measuring its insurance contracts issued (direct business) and reinsurance contracts it holds (ceded business).

Under PAA, insurance revenue is reported as the expected premium receipts allocated to each period of insurance contract services on the basis of the passage of time. In this respect, PAA provides accounting treatment similar to what the Corporation had followed under IFRS 4. The accounting principles the Corporation applies under PAA differ from IFRS 4 in the following key areas:

- Acquisition costs – Under PAA, the Corporation elects to recognize insurance acquisition cash flows as an expense immediately as incurred. Under IFRS 4, the Corporation had capitalized and amortized acquisition costs over the coverage period provided by the contract.
- Onerous contracts – IFRS 17 requires the identification of groups of onerous contracts at a more granular level than the liability adequacy test performed under IFRS 4. As onerous contracts are identified, a loss component is recognized immediately in net income, this results in earlier recognition of losses than under IFRS 4.
- Discount rate – Under IFRS 17, the net liability for incurred claims is discounted at a rate based on yield curve for a reference portfolio of assets that reflects the characteristics and duration of the claims liabilities. Under IFRS 4, the Corporation discounted unpaid claims and reinsurance recoverable with a discount rate based upon the expected yield of the underlying assets backing these claims.

- Risk adjustment – Under IFRS 4, unpaid claims and reinsurance recoverable included a risk margin to reflect the uncertainty in the discounted net claims liabilities. Under IFRS 17, the risk margins are replaced by a risk adjustment reflecting compensation that the entity requires for bearing the uncertainty from non-financial risks arising as the Corporation provides services over the contracted period.

Changes to presentation and disclosure

For presentation in the Statement of Financial Position, the Corporation reports portfolios of insurance contracts issued, and portfolios of reinsurance contracts held that are comprised of groups of contracts covering similar risks and which are managed together. The portfolios are established at initial recognition in accordance with the IFRS 17 requirements and are presented separately between:

- Portfolios of insurance contracts that are assets,
- Portfolios of insurance contracts that are liabilities,
- Portfolios of reinsurance contracts that are assets, and,
- Portfolios of reinsurance contracts that are liabilities.

IFRS 17 introduces changes to the presentation of insurance activity within the Statement of Operations, key categories, and changes from IFRS 4 are summarized below:

- Total insurance revenue: Total insurance revenue is comprised of Revenue from premiums and Other insurance revenue. Revenue from premiums reports the amount of expected premium receipts, net of cancellations, allocated to the period, based on the passage of time over the service coverage period, similar to the concepts that were applied under IFRS 4.The line items 'gross premiums written' and 'net premiums written' (after premiums ceded to reinsurers) that had been reported in the Statement of Operations under IFRS 4 are no longer presented. Other insurance revenue reflects fees earned in the period related to providing insurance services to policyholders, including fees for payment arrangements.
- Total insurance service expense reports Incurred claims, Maintenance expense, Acquisition expense, Commission expense and Premium taxes incurred in the period that are directly attributable to fulfilling insurance contracts. Under IFRS 4, many of these expenses were grouped in a different manner and reported as operating; commissions; premium taxes; and regulatory/appeal; and reported as total expenses.
- Total insurance revenue and Total insurance service expenses, together provide the Insurance Service Result from insurance contracts reported under IFRS 17.
- Net income (expense) from reinsurance contracts held represents payments to and recoveries from reinsurance companies for contracts held by the Corporation, plus changes in risk adjustment (the amount of risk transferred to the reinsurer), and an allowance for non-performance risk by the reinsurer. Under IFRS 17 these are presented in the Statement of Operations as a single net amount. Under prior reporting standards reinsurance activity was presented as offsetting lines reported for direct insurance.
- Total insurance revenue, Total insurance service expense and Net income (expenses) from reinsurance contracts are presented without the impact of discount unwinding and changes in discount rates. The impacts of discount unwinding and changes in discount rates on insurance contracts and reinsurance contracts are reported separately within the Net Insurance Financial result.
- Net Insurance Finance Result reports the impacts from changes in interest rates and discount rates on insurance results and investment activity in the period. IFRS 17 has increased application of discounting and risk adjustments in measuring insurance liabilities and has removed the direct link between the insurance-related assets and liabilities.
- Other expenses: IFRS 17 classifies insurance related expenses as either insurance acquisition and maintenance within insurance service expense or as other expenses when they are not directly attributable to insurance contracts. As a result, a portion of revenues and expenses that had been reported across various lines items under IFRS 4, are now presented as Total other revenue or Total other expenses under IFRS 17.

(in thousands of Canadian dollars, except as otherwise noted)

Transition

On transition date, April 1, 2022, the Corporation:

- Has identified, recognized, and measured each group of insurance contracts as if IFRS 17 had always applied.
- Derecognized any existing balances that would not exist had IFRS 17 always applied.
- Recognized any resulting net difference in equity.

The transition to IFRS 17 resulted in a net positive impact to Equity reported by the Corporation at April 1, 2022, of $106.3 million, arising from the following:

- Equity decreased by $64.7 million with the elimination of deferred policy acquisition costs assets. Under IFRS 17, the Corporation records policy acquisition costs as Acquisition expense in the Statement of Operations as these costs are incurred.
- Equity increased by $171.0 million as a result of reductions to net insurance liabilities arising from the change in discount rate methodology and application of the risk adjustment under IFRS 17.

The net claims liabilities are discounted with a discount rate based on a yield curve constructed using current market rate implicit in the fair value measurement of a reference portfolio of assets that reflects the characteristics and duration of the claims liabilities. Under IFRS 4, the Corporation applied a discount rate based on the estimated market yield of the underlying assets backing the cash flow requirements of the unpaid claims.

Under IFRS 17, the measurement of insurance contracts includes an explicit risk adjustment for non-financial risk, which replaces the risk margin under IFRS 4. The IFRS 4 risk margin reflected the inherent uncertainty in the net discounted claim liabilities estimates, whereas the IFRS 17 risk adjustment represents the compensation the entity requires for bearing the uncertainty around amounts and timing of cash flows that arise from non-financial risk as the insurance contracts are fulfilled.

The following tables summarize the impacts to the Corporation's Statement of Financial Position upon adoption of IFRS 17 as at April 1,2022.

Impacts to Equity on Transition to IFRS 17

As at April 1, 2022	**Equity**
Equity reported under IFRS 4 as at March 31, 2022 (Audited)	**661,096**
Adjustment for deferred policy acquisition costs	**(64,711)**
Risk adjustment and discount rate changes	**170,971**
Total impacts upon adoption of IFRS 17	**106,260**
Equity reported under IFRS 17 as at April 1, 2022	**767,356**

Reconciliation from IFRS 4 to IFRS 17

As at April 1, 2022	**IFRS 4**	**Adjustments**	**IFRS 17**
Assets	**4,385,304**	**(418,986)**	**3,966,318**
Liabilities	**(3,620,876)**	**525,246**	**(3,095,630)**
Equity	**764,428**	**106,260**	**870,688**

IFRS 9 – Financial Instruments

IFRS 9 replaced IAS 39 for annual periods beginning on or after January 1, 2018. However, the Corporation elected, under the amendments to IFRS 4, to apply the temporary exemption from IFRS 9, thereby deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

In conjunction with the adoption of IFRS 17, the Corporation adopted IFRS 9 effective April 1, 2023. The Corporation has applied IFRS 9 retrospectively and has elected to not restate comparative information; as such, IAS 39 continues to be applied in reporting the comparative figures.

Changes to classification and measurement

IFRS 9 requires all financial assets to be assessed based on a combination of the Corporation 's business model for managing the assets and the instruments' contractual cash flow characteristics.

The Corporation has previously classified or designated its financial assets and liabilities under IAS 39 as available for sale (AFS); held to maturity (HTM); financial assets and liabilities at fair value through profit or loss (FVTPL); loans and receivables (L&R), or other financial liabilities.

Upon transition to IFRS 9 on April 1, 2023, financial instruments reported by the Corporation were classified and measured in accordance with IFRS 9. Financial instruments that had been previously classified as Available for Sale (AFS) or Held to Maturity (HTM) under IAS 39 have been classified as Fair Value Through Profit or Loss (FVTPL). The unrealized gains or unrealized losses reported within Accumulated Other Comprehensive Income for these financial instruments have been reclassified to Equity at April 1, 2023, with subsequent changes in fair values reported in Net income.

Changes arising from the adoption of IFRS 9 provided a negative impact of $5.9 million that is reported within the Statement of Equity as at April 1, 2023.

Changes to impairment calculation

IFRS 9 replaces the "incurred loss" model that was provided in IAS 39 with an "expected credit loss" (ECL) model. Under IFRS 9, credit losses are recognized earlier than under IAS 39. The new impairment model applies to financial assets measured at amortized cost and debt instruments measured at FVOCI. The new impairment model does not apply to equity investments. The adoption of the ECL requirements of IFRS 9 is not expected to have a significant impact to the Corporation's financial statements.

4. Material Accounting Policies

The accounting policies applied during the six-month period ending September 30, 2023, are the same as those described and disclosed in Note 3 Significant Accounting Policies of the annual financial statements for the year ended March 31, 2023, except for the new standards adopted on April 1, 2023, as described in Note 3 New and Amended Financial Standards and further outlined below.

Classification and Measurement - Insurance Contracts and Reinsurance Contracts

Insurance contracts are contracts under which the Corporation accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Contracts held by the Corporation that transfer significant risk related to the insurance contracts issued by the Corporation are classified as reinsurance contracts.

The Corporation measures insurance contracts it issues and reinsurance contracts it holds under the simplified measurement model, the PAA, provided under IFRS 17.

Level of Aggregation

Insurance contracts and reinsurance contracts are aggregated into portfolios and groups for measurement purposes.

The Corporation determines the level of aggregation for insurance contracts issued by assigning the contracts to portfolios. Portfolios are comprised of groups of contracts with similar risks that are managed together. Management applies judgement in determining the portfolios and has defined portfolios of contracts issued based on lines of business and the legal environments under which it operates. The portfolios are divided into annual cohorts (groups of contracts issued within the same rate-setting year) that are further divided into groups based on expected profitability at inception as either onerous contracts, contracts with no significant risk of becoming onerous, or as other contracts within the annual cohort.

The Corporation has elected to group together insurance contracts where law or regulation constrains the Corporation's practical ability to set insurance rates, premiums, or levels of benefits for policyholders with different characteristics. Portfolios and groups may change prospectively if there are changes to how the Corporation operates.

Portfolios of reinsurance contracts held are determined separately from the portfolios of insurance contracts. The reinsurance contracts held are divided into the following groups: contracts on which there is a net gain at initial recognition; contracts that, at initial recognition, have no significant possibility of becoming profitable; other contracts remaining in the portfolio.

Some reinsurance contracts held by the Corporation provide cover for underlying contracts that are included in different groups. However, these contracts' legal form of a single contract reflects the substance of the Corporation's contractual rights and obligations, considering that the different remaining coverages lapse together and are not sold separately. As a result, the reinsurance contract held is not separated into multiple insurance components that relate to different underlying groups.

Recognition and Derecognition

Groups of insurance contracts issued by the Corporation are recognized at the earliest of the following:

- the beginning of the coverage period of the group of contracts,
- the date when the first payment from a policyholder in the group becomes due, or when the first payment is received if there is no contractual due date, and
- when the facts and circumstances indicate that the group of contracts is onerous.

Groups of reinsurance contracts are recognized at the beginning of the coverage period of the group of reinsurance contracts. However, if the Corporation recognizes an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract held was entered into before that earlier date, then the group of reinsurance contracts held is recognized on that earlier date.

Insurance contract liabilities are derecognized when the obligation specified in the contract expires or is discharged or cancelled. The Corporation also derecognizes a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognized.

Contract Boundary

The measurement of a group of insurance contracts and reinsurance contracts held includes all future cash flows within the boundary of each contract.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Corporation can compel the policyholder to pay the premiums, or in which the Corporation has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation to provide insurance contract services ends when the Corporation has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks.

Cash flows fall within the boundary of a reinsurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Corporation is compelled to pay premiums to the reinsurer, or in which the Corporation has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks or has a substantive right to terminate the coverage provided.

Measurement Insurance Contracts

The Corporation applies the PAA in measuring insurance contracts it issues. The coverage period provided by these insurance contracts is one year or less.

At each reporting date, the carrying amount of a group of insurance contracts issued corresponds to the sum of the following two amounts:

- Liability for remaining coverage which is the obligation to provide coverage in future periods for insured events that have not yet occurred,
- Liability for incurred claims, the obligation to investigate and pay claims for insured events that have already occurred, and insurance contract services already provided. This includes events that have occurred but for which claims have not yet been reported to the Corporation and other incurred insurance expenses.

The liability for remaining coverage for a group of insurance contracts is calculated at each reporting date as: the carrying amount of the liability for remaining coverage at the beginning of the period, plus the premiums received in the period, less the amount recognized as insurance revenue for the insurance services provided in the period, and any loss component if contracts are onerous.

The Corporation estimates the liability for incurred claims as the fulfilment cash flows for incurred claims and expenses that have not been paid yet. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. They reflect current estimates from the perspective of the Corporation including current discount rates, and a risk adjustment that provides an explicit adjustment for non-financial risk.

Under the PAA, the Corporation has elected to not apply discounting to the liability for remaining coverage and has elected to report policy acquisition costs as Acquisition expense in the Statement of Operations when those charges are incurred.

Measurement Reinsurance Contracts

The Corporation applies the PAA in measuring reinsurance contracts it holds. The coverage period for some of these contracts can extend beyond one year, however PAA is applied because the Corporation expects the results from measuring the asset for remaining coverage for these reinsurance contracts under the PAA are not materially different from the results provided under the General Measurement Model.

The reinsurance contracts held are measured as the sum of the following:

- Asset for remaining coverage: the right to receive coverage from a reinsurer in future periods for reinsured events that have not yet occurred.
- Asset for incurred claims: the right to receive compensation for reinsured events that have already occurred, including events that have occurred, but for which reinsured claims have not been reported.

The asset for remaining coverage for reinsurance contracts held, follows the same principles as those for insurance contracts issued, modified to reflect the characteristics for reinsurance contracts held. The asset for remaining coverage is determined at the reporting date as the carrying amount at the beginning of the period, plus the premiums paid, less the amount recognized as reinsurance services received in the period.

The asset for incurred claims presents the Corporation's estimate of the present value of expected cash flows for the group of reinsurance contracts held. The estimates include an allowance for non-performance risk by the reinsurer, where applicable. A risk adjustment is also applied to reflect the level of risk transferred to the issuer of the reinsurance contracts.

Risk Adjustment

The measurement of insurance and reinsurance contracts includes a risk adjustment for non-financial risk. This represents the compensation the issuer requires for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk as the issuer fulfils insurance contracts.

Discount Rate

The estimated cash flows for reporting the liability for incurred claims are discounted with a discount rate that is developed under a top-down approach. Under this approach, discount rates are determined from a yield curve constructed using current market rates of return implicit in a fair value measurement of a reference portfolio of assets that reflects the characteristics and duration of the claims liabilities.

Onerous Contracts

The Corporation assumes that no contracts in a portfolio are potentially onerous at initial recognition unless facts and circumstances indicate otherwise.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Corporation must recognize a loss in the Statement of Operations for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows.

(in thousands of Canadian dollars, except as otherwise noted)

Insurance Revenue

Total insurance revenue is comprised of Revenue from premiums and Other insurance revenue.

Revenue from premiums is the amount of expected premium receipts allocated to the period, net of cancellations. The Corporation recognizes revenue from the expected premiums based on the passage of time over the coverage period provided by the insurance contracts.

Other insurance revenue represents fees charged to policyholders for payment plans and transaction fees.

Insurance Finance Income or Expense

Insurance finance income or expenses provides the change in the carrying amount of the group of insurance contracts arising from the effect of discount unwinding and changes to discount rates.

The Corporation has elected to present changes in discount rates as Insurance finance income (expense) within the Statement of Operations.

Net Income or Expense from Reinsurance Contracts Held

Net income or expense from reinsurance contracts is comprised of an allocation of premium payments to reinsurers under reinsurance contracts held plus expected recoveries from reinsurers.

5. Insurance and Reinsurance Contracts

The net carrying amounts of insurance and reinsurance contracts are as follows:

	September 30, 2023	March 31, 2023 Restated
Liability for remaining coverage	329,375	356,003
Liability for incurred claims	2,213,651	2,181,440
Insurance contract liabilities	**2,543,026**	2,537,443
Asset for remaining coverage	6,953	378
Asset for reinsured claims	72,235	27,484
Reinsurance contract assets	**79,188**	27,862
Net insurance and reinsurance contracts	**2,463,838**	2,509,581

(in thousands of Canadian dollars, except as otherwise noted)

6. Insurance Contract Liabilities

The following tables present the change in the net liability reported for insurance contracts, showing the movement in the liability for remaining coverage and the liability for incurred claims over the period. The insurance contracts are measured under the Premium Allocation Approach, and the Corporation applies the accounting policy choice for expense acquisition cash flows as they arise.

		Liability for Incurred Claims		
For the six month period ended Septmber 30, 2023	Liability for Remaining Coverage	Present Value of Future Cash Flows	Risk Adjustment	Total
Insurance Contract liabilities, beginning of period	**356,003**	**2,081,429**	**100,011**	**2,537,443**
Changes in Comprehensive Income (Loss):				
Insurance Revenue	**(795,202)**	**-**	**-**	**(795,202)**
Insurance Service Expense:				
Incurred claims and other insurance expenses	**-**	**758,542**	**27,510**	**786,052**
Changes to liabilities for incurred claims prior-year	**-**	**(1,901)**	**(25,217)**	**(27,118)**
Insurance Service Expense	**-**	**756,641**	**2,293**	**758,934**
Insurance Service Result from insurance contracts	**(795,202)**	**756,641**	**2,293**	**(36,268)**
Insurance finance expense (income)	**-**	**(68,887)**	**-**	**(68,887)**
Total changes in Comprehensive Income (Loss)	**(795,202)**	**687,754**	**2,293**	**(105,155)**
Cash Flows				
Premiums received	**768,574**	**-**	**-**	**768,574**
Claims and other expenses paid	**-**	**(657,836)**	**-**	**(657,836)**
Total Cash Flows	**768,574**	**(657,836)**	**-**	**110,738**
Insurance contract liabilities, end of period	**329,375**	**2,111,347**	**102,304**	**2,543,026**

		Liability for Incurred Claims		
For the six month period ended Septmber 30, 2022	Liability for Remaining Coverage	Present Value of Future Cash Flows	Risk Adjustment	Total
Insurance Contract liabilities, beginning of period	331,805	2,065,900	103,923	2,501,628
Changes in Comprehensive Income (Loss):				
Insurance Revenue	(744,669)	-	-	(744,669)
Insurance Service Expense:				
Incurred claims and other insurance expenses	-	665,694	21,665	687,359
Changes to liabilities for incurred claims prior-year	-	34,154	(21,218)	12,936
Insurance Service Expense	-	699,848	447	700,295
Insurance Service Result from insurance contracts	(744,669)	699,848	447	(44,374)
Insurance finance expense (income)	-	(107,140)	-	(107,140)
Total changes in Comprehensive Income (Loss)	(744,669)	592,708	447	(151,514)
Cash Flows				
Premiums received	729,903	-	-	729,903
Claims and other expenses paid	-	(591,624)	-	(591,624)
Total Cash Flows	729,903	(591,624)	-	138,279
Insurance contract liabilities, end of period	317,039	2,066,984	104,370	2,488,393

(in thousands of Canadian dollars, except as otherwise noted)

7. Reinsurance Contract Assets

The following tables present the change in the net asset reported for reinsurance contracts, showing the movement in the assets for remaining coverage and the assets for incurred claims over the period. The reinsurance contracts are measured under the Premium Allocation Approach.

		Assets for Incurred Claims		
For the six month period ended September 30, 2023	Assets for Remaining Coverage	Present Value of Future Cash Flows	Risk Adjustment	Total
Reinsurance Contract Assets (liabilities), beginning of period	**378**	**26,093**	**1,391**	**27,862**
Changes in Comprehensive Income (Loss):				
Allocation of reinsurance premiums	**(15,248)**	**-**	**-**	**(15,248)**
Recoveries of incurred claims and other insurance service	**-**	**37,699**	**1,976**	**39,675**
Prior period development	**-**	**13,284**	**(7)**	**13,277**
Net expenses from reinsurance contracts	**-**	**50,983**	**1,969**	**52,952**
Reinsurance finance income (expense)	**-**	**310**	**-**	**310**
Total changes in Comprehensive Income (Loss)	**(15,248)**	**51,293**	**1,969**	**38,014**
Cash Flows				
Premiums Paid	**21,823**	**-**	**-**	**21,823**
Amounts Received	**-**	**(8,511)**	**-**	**(8,511)**
Total Cash Flows	**21,823**	**(8,511)**	**-**	**13,312**
Insurance contract assets, end of period	**6,953**	**68,875**	**3,360**	**79,188**

		Assets for Incurred Claims		
For the six month period ended September 30, 2022	Assets for Remaining Coverage	Present Value of Future Cash	Risk Adjustment	Total
Reinsurance Contract Assets (liabilities), beginning of period	(25)	23,636	1,290	24,901
Changes in Comprehensive Income (Loss):				
Allocation of reinsurance premiums	(11,711)	-	-	(11,711)
Recoveries of incurred claims and other insurance service	-	13,421	753	14,174
Prior period development	-	214	(273)	(59)
Net expenses from reinsurance contracts	(11,711)	13,635	480	2,404
Reinsurance finance income (expense)	-	(337)	-	(337)
Total changes in Comprehensive Income (Loss)	(11,711)	13,298	480	2,067
Cash Flows				
Premiums Paid	16,953	-	-	16,953
Amounts Received	-	(4,125)	-	(4,125)
Total Cash Flows	16,953	(4,125)	-	12,828
Insurance contract assets, end of period	5,217	32,809	1,770	39,796