

2024/25 Second Quarter

Condensed Interim Financial Statements
For the six-month period ended September 30, 2024
Including Management's Discussion and Analysis
(unaudited)


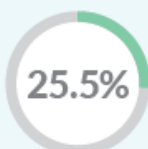



MANITOBA
PUBLIC INSURANCE

Q2

Corporate Performance Measures and Targets

For the six months ended September 30, 2024

Financial Performance				Organizational Health			
Net Income/(Loss) <i>In millions</i>				Capital Adequacy (Minimum Capital Test)			
				Basic		Extension	
				110% <small>ACTUAL Q2 2024/25</small>	100% <small>TARGET Q2 2024/25</small>	152% <small>PAST Q2 2023/24</small>	
\$98.5 <small>ACTUAL Q2 2024/25</small>	\$25.6 <small>TARGET Q2 2024/25</small>	(\$24.1) <small>ANNUAL TARGET 2024/25</small>	(\$43.1) <small>PAST Q2 2023/24</small>	257% <small>ACTUAL Q2 2024/25</small>	200% <small>TARGET Q2 2024/25</small>	209% <small>PAST Q2 2023/24</small>	
Revenue from Premiums <i>In millions</i>				Special Risk Extension			
				112% <small>ACTUAL Q2 2024/25</small>	300% <small>TARGET Q2 2024/25</small>	299% <small>PAST Q2 2023/24</small>	
\$816.6 <small>ACTUAL Q2 2024/25</small>	\$800.5 <small>TARGET Q2 2024/25</small>	\$1,596.4 <small>ANNUAL TARGET 2024/25</small>	\$781.5 <small>PAST Q2 2023/24</small>				
Incurred Claims before Reinsurance <i>In millions</i>				Operational Excellence			
				Total Expense Ratio <i>(Corporate Expenses consisting of Maintenance, Acquisition and Operating/Revenue from Premiums)</i>			
							
\$595.0 <small>ACTUAL Q2 2024/25</small>	\$531.4 <small>TARGET Q2 2024/25</small>	\$1,134.1 <small>ANNUAL TARGET 2024/25</small>	\$606.9 <small>PAST Q2 2023/24</small>	22.8% <small>ACTUAL Q2 2024/25</small>	25.5% <small>TARGET Q2 2024/25</small>	20.4% <small>PAST Q2 2023/24</small>	25.6% <small>ANNUAL TARGET 2024/25</small>
Corporate Loss Ratio <i>(Incurred Claims before Reinsurance/Revenue from Premiums)</i>				Total Full-Time Equivalent			
						420 <small>PAST Q2 2023/24</small>	
72.9% <small>ACTUAL Q2 2024/25</small>	66.4% <small>TARGET Q2 2024/25</small>	77.7% <small>PAST Q2 2023/24</small>	71.0% <small>ANNUAL TARGET 2024/25</small>	2,021 <small>ACTUAL Q2 2024/25</small>	2,123 <small>TARGET Q2 2024/25</small>	2,123 <small>ANNUAL TARGET 2024/25</small>	
Total Return – Investments							
6.39% <small>ACTUAL Q2 2024/25</small>	2.48% <small>TARGET Q2 2024/25</small>	5.02% <small>ANNUAL TARGET 2024/25</small>	(3.77%) <small>PAST Q2 2023/24</small>				

Manitoba Public Insurance Corporation

Management Discussion and Analysis

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

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 six-month period ended September 30, 2024. 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, 2024, compared to the corresponding periods in 2023. It should be read in conjunction with our interim condensed financial statements, as well as the MD&A and the 2023/24 annual audited financial statements and supporting notes found in the Corporation's 2023 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.

Results of Operations

The Corporation reported net income from operations of \$98.5 million for the six-month period ended September 30, 2024, as compared to net loss of \$43.1 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 net income of \$91.6 million as compared to a net loss of \$24.5 million for the same period in the prior year. The Insurance service result was \$48.4 million as compared to \$70.7 million for the prior year.
- The Extension line of business reported net income of \$25.0 million net income as compared to a net income of \$8.1 million for the same period in the prior year. The Insurance service result was \$22.6 million as compared to \$14.0 million for the prior year.
- The Special Risk Extension (SRE) line of business reported a net loss of \$19.8 million as compared to a net loss of \$18.5 million for the same period in the prior year. The Insurance service result was a loss of \$21.8 million as compared to a loss of \$10.4 million for the prior year.
- *The Drivers and Vehicles Act* operations (DVA) line of business reported a net income of \$1.7 million as compared to a net loss of \$8.1 million for the same period in the prior year.

Insurance Revenue

Total insurance revenue is comprised of Revenue from premiums and Other insurance revenue (fees related to policy administration). Total insurance revenue for the Corporation increased by 5.0 per cent or \$39.8 million to \$835.0 million for the six-month period ended September 30, 2024, as compared to the prior year. Total insurance revenue for the Corporation is comprised of insurance revenue from three lines of business: Basic, Extension and SRE. The revenue reported by each of these lines of business is approximately 76 per cent, 13 per cent and 11 per cent, respectively, of the Total insurance revenue for the Corporation.

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 (GRA). The Extension and SRE lines of business are not subject to regulation.

Total insurance revenue for the Basic line of business increased by 5.0 per cent or \$30.3 million to \$634.5 million for the six-month period ended September 30, 2024, as compared to the same period in the prior year. The Public Utilities Board (PUB) has sole authority over reviewing and approving premiums and service fee charges for the Basic line of business. To this end, MPI participates in an annual GRA process in June or July each year, to establish rates and fees that are effective for the subsequent fiscal year. The PUB issued an order in December 2023 that set an overall 5.0 per cent rate decrease for the fiscal year ending March 31, 2025. 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. Changes in revenue outside of a PUB order reflect underlying changes in policy volume and timing of renewals related to same in the period.

Manitoba Public Insurance Corporation

Management Discussion and Analysis

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

Insurance revenue for the Extension line of business increased by 10.7 per cent or \$10.3 million to \$107.0 million for the six-month period ended September 30, 2024 as compared to the same period last year. The increased revenue in the Extension line of business reflects an overall increased demand for Extension products with highest increases for such products as: reducing deductible to \$200 (17.1 per cent increase over prior year), maximum insured vehicle coverage (23.3 per cent increase over prior year) and \$10 million third party liability coverage (14.5 per cent increase over prior year).

Insurance revenue for the SRE line of business decreased 0.9 per cent or \$0.8 million to \$93.5 million for the six-month period ended September 30, 2024, as compared to the same period in the prior year. The decreased revenue in the SRE line of business reflects the increased rate activity in the prior year coupled with a decrease in policy size in the current period.

Incurred Claims

Incurred claims are a function of both frequency (the number of claims made) and severity (how expensive is the actual or expected injuries, repairs, or total loss), as well as the timing of when claims are settled and paid. Frequency is affected by several factors, such as driving patterns, weather, and individual decisions to advance a claim or not. Severity is impacted by several factors such as supply chain availability of parts and service, prevailing market conditions for new and used vehicle pricing, and complexity of the vehicle requiring repair. Timing related to claims settlement is impacted by several factors, such as inflation, discount rates, risk adjustments, and investment yields.

Incurred claims for the Corporation decreased by 2.0 per cent or \$11.9 million to \$595.0 million for the six-month period ended September 30, 2024, as compared to the same period in the prior year. The Basic and Extension lines of business experienced increased incurred claims over the prior year, the increase is attributable to increased claims volume in comprehensive and collision claims.

Basic Line of Business

Incurred claims for the Basic line of business increased 2.4 per cent or \$11.1 million to \$466.8 million for the six-month period ended September 30, 2024, as compared to the same period in the prior year. The loss ratio for the six-month period was 75.4 per cent as compared to 76.9 per cent for the same period in the prior year.

Physical damage incurred claims (excluding discount rate impact and risk adjustment) decreased by 11.2 per cent or \$46.4 million to \$369.1 million for the six-month period ended September 30, 2024, as compared to the prior year. More specifically,

- Collision decreased by 4.8 per cent or \$11.7 million to \$230.6 million. For the six-month period ended September 30, 2024, the estimated cost for collision claims is 37.2 per cent of the Revenue from premiums.
- Comprehensive non-hail decreased by 28.5 per cent or \$22.5 million.
- Comprehensive hail decreased by 17.9 per cent or \$12.2 million.
- Property damage incurred claims were comparable to the prior year.

Bodily injury claims (excluding inflation, discount rate impact and risk adjustment) increased 48.3 per cent or 52.8 million to \$162.0 million for the six-month period ended September 30, 2024, as compared to the same period in the prior year. The impact of inflation reduced outstanding bodily injury obligations by \$15.7 million for the six-month period ended September 30, 2024, as compared to a reduction of \$33.7 million in the same period of the prior year.

Impacts from discount rates were favourable by \$13.4 million and impacts from risk adjustments were unfavourable by \$0.1 million.

Extension Line of Business

Incurred claims for the Extension line of business decreased by 12.6 per cent or \$7.3 million to \$50.8 million for the six-month period ended September 30, 2024, as compared to the prior year. The loss ratio for the six-month period was 49.0 per cent as compared to 61.7 per cent for the same period in the prior year.

Special Risk Extension Line of Business

Incurred claims for the SRE line of business decreased by 16.9 per cent or \$15.7 million to \$77.4 million for the six-month period ended September 30, 2024, as compared to the prior year. More specifically,

- Public liability (excluding discount rate impact and risk adjustment) decreased by 42.6 per cent or \$28.2 million to \$38.0 million.
- Physical damage (excluding discount rate impact and risk adjustment) increased by 29.2 per cent or \$9.4 million to \$41.5 million.

The loss ratio for the six-month period was 82.7 per cent compared to 98.6 per cent for the same period in the prior year.

Manitoba Public Insurance Corporation

Management Discussion and Analysis

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

Net Income (Expense) from Reinsurance Contracts

The Corporation follows a practice of obtaining reinsurance coverages for both casualty and catastrophic events to limit its exposure to losses. The Net income from reinsurance contracts decreased by \$58.1 million to a loss of \$20.4 million for the six-month period ended September 30, 2024, as compared to the same period in the prior year. This reflects the claims incurred volume and eligibility for recovery from reinsurers. Premiums paid for the reinsurance program were \$20.2 million compared to \$15.2 million for the same period of the prior year.

Net Insurance Financial Income (Expense)

Net insurance financial expense was \$111.5 million for the six-month period ended September 30, 2024, as compared to net insurance financial income of \$69.2 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).

Corporate Operating Expenses

The Corporation leverages an integrated service delivery model wherein its lines of business benefit from sharing costs amongst themselves resulting in lower costs overall than if each were operated on a stand-alone basis. Corporate operating expenses are reported as a separate line item or in aggregate as Acquisition, Maintenance, and Operating on the Statement of Operations. The table, below, illustrates a traditional view of corporate operating expenses prior to being classified as Acquisition, Maintenance, and Operating. Expenses reported for the fiscal year 2022/23 reflect impacts from the labour interruption that began on August 28, 2023.

For the six months ended September 30	2024	2023
Compensation	106,458	85,114
Data processing	39,317	35,424
Special services	7,700	7,024
Merchant fees and bank charges	6,162	5,047
Buildings	3,547	3,762
Postage	2,874	2,209
Other	2,333	3,018
Regulatory/appeal	1,884	1,745
Printing, stationery and supplies	1,781	1,615
Driver education program	1,536	1,256
Furniture and equipment	1,312	1,462
Grants in lieu of taxes	966	1,346
Public information/advertising	820	846
Travel and vehicle	760	378
Telephones	739	1,086
Safety/loss prevention programs	378	352
	178,567	151,684
Commissions-policy	49,118	46,115
Commissions-non-policy	3,431	2,932
Premium taxes	23,181	23,052
	75,730	72,099
Amortization of deferred development costs	4,212	4,584
Depreciation of operating property and equipment	3,387	2,985
	7,599	7,569
Total	261,896	231,352

Total corporate operating expenses including commissions and premium taxes, increased 13.2 per cent or \$30.5 million to \$261.9 million.

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, 2024, was 110 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, 2024, was 257 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, 2024, was 112 per cent. The target MCT is set out in *The Manitoba Public Insurance Corporation Act*.

Outlook

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.

On June 17, 2024, the Corporation's Gateway Service Centre was damaged by fire. Most of the operations for this service centre have temporarily relocated to other service centres located in Winnipeg, with some garage-based operations continuing from the Gateway Service Centre's garage.

The Corporation has filed an insurance claim for reimbursement of losses which are expected to be covered under property insurance policies held by the Corporation. The Corporation is accumulating the costs associated with restoring the service centre, the additional expenses incurred in shifting operations to other locations, and determining the total reimbursement expected from insurance coverage. As at September 30, 2024, the Corporation received \$1.0 million in proceeds from the insurance claim.

On July 5, 2024, MPI filed its General Rate Application (GRA) with the Public Utilities Board (PUB), requesting a 3.0 per cent overall increase to Basic insurance premiums. In addition, MPI also filed an Accepted Actuarial Practice (AAP) rate indication of 6.15 per cent. The PUB is expected to release its decision regarding rate changes, if any, in December 2024. Rate changes take effect April 1, 2025.

Manitoba Public Insurance Corporation
Condensed Interim Financial Statements (unaudited)
(in thousands of Canadian dollars, except as otherwise noted)

Condensed Interim Statement of Financial Position

	Notes	September 30, 2024	March 31, 2024
Assets			
Cash and cash equivalents	5	181,211	206,669
Accounts receivable		152,407	147,716
Prepaid expenses		11,297	2,848
Investments	5	3,545,854	3,387,590
Investment property	5	12,866	13,045
Reinsurance contract assets	7	132,605	154,025
Property and equipment		171,050	171,108
Deferred development costs		116,443	112,502
		4,323,733	4,195,503
Liabilities			
Accounts payable and accrued liabilities		46,519	68,059
Deferred revenue		22,685	23,476
Lease obligation		6,893	6,921
Provision for employee current benefits		28,686	29,660
Provision for employee future benefits		477,249	451,569
Insurance contract liabilities	7	2,898,148	2,853,168
		3,480,180	3,432,853
Equity			
Retained earnings		839,848	741,307
Accumulated other comprehensive income		3,705	21,343
		843,553	762,650
		4,323,733	4,195,503

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

Manitoba Public Insurance Corporation
Condensed Interim Financial Statements (unaudited)
(in thousands of Canadian dollars, except as otherwise noted)

Condensed Interim Statement of Operations

	Notes	For the 3 months ended September 30, 2024	For the 3 months ended September 30, 2023	For the 6 months ended September 30, 2024	For the 6 months ended September 30, 2023
Revenue from premiums		416,704	397,263	816,648	781,503
Other insurance revenue		9,262	7,383	18,346	13,699
Insurance revenue		425,966	404,646	834,994	795,202
Incurred claims		307,927	356,917	594,987	606,911
Maintenance expense		44,223	31,749	88,830	74,588
Acquisition expense:					
Commission		26,664	22,515	49,118	46,115
Premium taxes		12,118	11,185	23,181	23,052
Other		3,910	3,471	9,212	8,268
Total insurance service expense		394,842	425,837	765,328	758,934
Insurance service result before reinsurance contracts		31,124	(21,191)	69,666	36,268
Net income (expense) from reinsurance contracts held		(7,091)	34,052	(20,435)	37,704
Insurance service result		24,033	12,861	49,231	73,972
Investment income	6	193,252	(114,639)	219,009	(136,999)
Insurance finance income (expense)	6	(97,681)	71,257	(115,182)	68,887
Reinsurance finance income (expense)	6	2,398	380	3,713	310
Net insurance financial result		(95,283)	71,637	(111,469)	69,197
Net insurance and investment result		122,002	(30,141)	156,771	6,170
Service fees and other revenue		7,226	4,792	13,218	10,035
<i>The Drivers and Vehicles Act operations recovery</i>		10,050	10,050	20,100	20,050
Total other revenues		17,276	14,842	33,318	30,085
Commission expense - non-policy		1,772	1,443	3,431	2,932
Operating expenses		43,000	34,107	88,124	76,397
Total other expenses		44,772	35,550	91,555	79,329
Gain on disposal of property and equipment		7	-	7	6
Net income (loss) attributable to Owner of the Corporation		94,513	(50,849)	98,541	(43,068)

Condensed Interim Statement of Comprehensive Income

	For the 3 months ended September 30, 2024	For the 3 months ended September 30, 2023	For the 6 months ended September 30, 2024	For the 6 months ended September 30, 2023
Net income (loss) attributable to Owner of the Corporation	94,513	(50,849)	98,541	(43,068)
Other comprehensive income (loss)				
Items that will not be reclassified to income				
Remeasurement of employee future benefits	(12,063)	46,231	(17,638)	40,548
Other comprehensive income (loss) for the period	(12,063)	46,231	(17,638)	40,548
Total comprehensive income (loss) attributable to Owner of the Corporation	82,450	(4,618)	80,903	(2,520)

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

Manitoba Public Insurance Corporation
Condensed Interim Financial Statements (unaudited)
(in thousands of Canadian dollars, except as otherwise noted)

Condensed Interim Statement of Changes in Equity

	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Equity
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	(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
Balance as at April 1, 2024	741,307	21,343	762,650
Net income attributable to Owner of the Corporation	98,541	-	98,541
Other comprehensive loss for the period	-	(17,638)	(17,638)
Balance as at September 30, 2024	839,848	3,705	843,553

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

Condensed Interim Statement of Cash Flows

	For the 6 months ended September 30, 2024	For the 6 months ended September 30, 2023
Cash Flows from (to) Operating Activities:		
Net income (loss) attributable to Owner of the Corporation	98,541	(43,068)
Non-cash items:		
Depreciation of property and equipment, and investment property	3,575	3,172
Amortization of deferred development costs	4,212	4,584
Amortization of bond discount and premium	(3,104)	(1,549)
Loss (gain) on sale of investments	(8,417)	31,816
Unrealized loss on investments	(156,799)	156,801
Gain on disposal of property and equipment	7	(6)
Impairment of deferred development costs	1,344	-
	(60,641)	151,750
Net change in non-cash balances:		
Accounts receivable	(4,691)	(10,166)
Prepaid expenses	(8,449)	(1,555)
Reinsurance contract assets	21,420	(51,326)
Accounts payable and accrued liabilities	(21,540)	(36,824)
Deferred revenue	(791)	(6,746)
Provision for employee current benefits	(974)	(657)
Provision for employee future benefits	8,042	8,439
Insurance contract liabilities	44,980	5,583
	37,997	(93,252)
	(22,644)	58,498
Cash Flows from (to) Investment Activities:		
Purchase of investments	(631,934)	(665,752)
Proceeds from sale of investments	641,990	704,923
Acquisition of property and equipment	(3,338)	(5,356)
Proceeds from disposal of property and equipment	(7)	6
Lease obligation	(28)	(25)
Deferred development costs incurred	(9,497)	(7,428)
	(2,814)	26,368
Increase (decrease) in cash and cash equivalents	(25,458)	84,866
Cash and cash equivalents beginning of year	206,669	142,343
Cash and cash equivalents end of year	181,211	227,209

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

1. Corporate Information

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 (SRE) 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 material 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 SRE 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 Presentation

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

These unaudited interim financial statements should be read in conjunction with the Corporation's annual financial statements for the fiscal year ended March 31, 2024. These financial statements have been prepared using the same accounting policies and methods applied in the annual audited financial statements, except for the new standards and amendments to existing standards adopted on April 1, 2024, as described in Note 4.

These financial statements are presented in thousands of Canadian dollars which is the Corporation's functional and presentation currency. The Corporation presents its Statement of Financial Position broadly in order of liquidity and, Statement of Financial Position line items may include both current and non-current balances, as applicable.

2.1 Seasonality

The automobile insurance business, which reflects the primary business of the Corporation, is seasonal in nature. While Revenue from premiums is 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.

2.2 Material Estimates, Assumptions and Judgments

The preparation of these financial statements in accordance with IFRS requires management to use estimates, assumptions and judgments that affect the amount reported for certain assets, liabilities, and disclosures as at the reporting date, as well as recognized amounts of revenues and expenses during the reporting period. Actual results could differ significantly from these estimates and assumptions.

3. Summary of Material Accounting Policies

A summary of the material accounting policies followed by the Corporation is provided in Note 3 to the annual financial statements for the fiscal year ended March 31, 2024, as provided in the Corporation's 2023 Annual Report. The accounting policies have been applied consistently to the periods presented, except for the new standards and amendments to existing standards adopted on April 1, 2024, as described in Note 4.

4. Changes in Accounting Policies

4.1 Adoption of New and Amended Accounting Standards

Effective April 1, 2024, the Corporation adopted the amendments to IFRS for IAS 1 – Presentation of Financial Statements; and IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments : Disclosures. The adoption of these amendments did not have a material impact on the Corporation's interim financial statements. Additional disclosures will be provided in the Corporation's annual financial statements to meet the requirements of these standards.

4.2 Future Changes in Accounting Policy and Disclosure

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for annual reporting periods beginning on or after April 1, 2025.

The standards that may be applicable to the Corporation are:

4.2.1 IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 - *Presentation and Disclosure in Financial Statements* which will replace IAS 1 - *Presentation of Financial Statements*. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.

IFRS 18 introduces a defined structure for the statement of profit or loss, with three main categories for reporting revenue and expenses (operating, investing, and financing). The standard provides requirements for the aggregation and disaggregation of items presented in the financial statements as well as requirements for the disclosure of management-defined performance measures.

The Corporation is currently assessing the impact of this new standard on the presentation and disclosure of its financial statements.

5. Cash, Cash Equivalents and Investments

Cash and cash equivalents are comprised of cash, current operating accounts, provincial short-term deposits with maturities of 90 days or less from the date of acquisition, and funds held in trust on behalf of other insurance companies.

Cash equivalent investments have a total principal amount of \$116.5 million (March 31, 2024—\$170.6 million) comprised of provincial short-term deposits with effective interest rates of 3.71 per cent to 4.06 per cent (March 31, 2024—4.59 per cent to 4.91 per cent), with interest receivable at varying dates.

The Corporation has an unsecured operating line of credit with its principal banker in the amount of \$10.0 million (March 31, 2024—\$10.0 million). The unsecured operating line of credit remained unutilized at September 30, 2024 (March 31, 2024—nil).

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Cash, Cash Equivalents and Investments

The following tables present the carrying values of cash, cash equivalents and investments held by the Corporation, according to their classification as defined by IFRS.

As at September 30, 2024	Financial Instruments		Non-Financial Instruments	Total Carrying Value
	Classified as FVTPL	Designated as FVTPL		
Cash and cash equivalents	181,211	-	-	181,211
Bonds				
Federal	-	109,541	-	109,541
Manitoba:				-
Provincial	13,900	110,998	-	124,898
Municipal	-	104,241	-	104,241
Schools	-	307,327	-	307,327
Other provinces:				-
Provincial	78,714	711,239	-	789,953
Municipal	3,563	52,853	-	56,416
Corporations	78,360	600,268	-	678,628
Total bonds	174,537	1,996,467	-	2,171,004
Private debt	258,372	-	-	258,372
Other investments	209	-	-	209
Infrastructure	215,483	-	-	215,483
Equity investments	408,122	-	-	408,122
Pooled commercial mortgage fund	104,304	-	-	104,304
Pooled real-estate fund	388,360	-	-	388,360
Investments	1,549,387	1,996,467	-	3,545,854
Investment property	-	-	12,866	12,866
Total	1,730,598	1,996,467	12,866	3,739,931

As at March 31, 2024	Financial Instruments		Non-Financial Instruments	Total Carrying Value
	Classified as FVTPL	Designated as FVTPL		
Cash and cash equivalents	206,669	-	-	206,669
Bonds				
Federal	-	108,646	-	108,646
Manitoba:				-
Provincial	13,262	92,284	-	105,546
Municipal	-	91,269	-	91,269
Schools	-	315,295	-	315,295
Other provinces:				-
Provincial	91,829	678,271	-	770,100
Municipal	3,415	53,213	-	56,628
Corporations	74,695	548,864	-	623,559
Total bonds	183,201	1,887,842	-	2,071,043
Private debt	231,877	-	-	231,877
Other investments	209	-	-	209
Infrastructure	216,296	-	-	216,296
Equity investments	401,140	-	-	401,140
Pooled commercial mortgage fund	100,374	-	-	100,374
Pooled real-estate fund	366,651	-	-	366,651
Investments	1,499,748	1,887,842	-	3,387,590
Investment property	-	-	13,045	13,045
Total	1,706,417	1,887,842	13,045	3,607,304

6. Investment Income and Net Insurance Financial Result

The tables below provide analysis of investment income recognized in the period and comparison with the same period prior year as well as the composition of the net reinsurance financial result reported in the Statement of Operations.

Investment Income and Net Insurance Financial Result

For the six months ended September 30	2024	2023
Investment income from interest, dividends and investment property	57,331	54,611
Net loss on investments	165,215	(188,616)
Investment management fees	(3,537)	(2,994)
Investment income	219,009	(136,999)
Insurance finance expense	(115,182)	68,887
Reinsurance finance income (expense)	3,713	310
Net insurance financial result	(111,469)	69,197
Net insurance financial result and investment result	107,540	(67,802)

Investment Income

For the six months ended September 30	2024	2023
Interest and similar income from securities classified as FVTPL	8,186	209
Interest and similar income from securities designated as FVTPL	41,146	47,413
Interest income	49,332	47,622
Dividend income on equities and infrastructure	7,505	6,581
Income from investment property	494	408
Investment income from interest, dividends and investment property	57,331	54,611
Net unrealized loss from financial instruments classified as FVTPL	78,524	(29,190)
Net unrealized gain (loss) from financial instruments designated as FVTPL	78,275	(127,611)
Net unrealized gain (loss) on investments	156,799	(156,801)
Net realized gain (loss) from financial instruments classified as FVTPL	8,881	1,323
Net realized loss from financial instruments designated as FVTPL	(465)	(33,138)
Net realized gain (loss) on investments	8,416	(31,815)
Net loss on investments	165,215	(188,616)
Investment management fees	(3,537)	(2,994)
Investment income (loss)	219,009	(136,999)

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Net Insurance Financial Result

Net insurance financial result is comprised of insurance finance income (expense) from insurance contracts issued and reinsurance contract held and are provided in the table below.

Changes in the carrying value of insurance contracts that arise from the unwinding of discounting and changes in financial assumptions (including discount rates) applied in measuring insurance contracts, are reported as insurance finance income (expense). Changes in the carrying value of reinsurance contracts that arise from the unwinding of discounting and changes in financial assumptions (including discount rates) applied to measuring reinsurance contracts, are reported as reinsurance finance income (expense).

For the six months ended September 30	2024	2023
Change in carrying amount of insurance contracts issued due to:		
Unwinding of discounting	(50,530)	(46,345)
Changes in discount rate and other financial assumptions	(64,652)	115,232
Insurance finance expense from insurance contracts issued	(115,182)	68,887
Change in carrying amount of reinsurance contracts held due to:		
Unwinding of discounting	2,265	928
Changes in discount rate and other financial assumptions	1,448	(618)
Reinsurance finance income (expense) from reinsurance contracts held	3,713	310
Net insurance financial result	(111,469)	69,197

7. Insurance and Reinsurance Contracts

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

	September 30, 2024	March 31, 2024
Liability for remaining coverage	334,822	344,169
Liability for incurred claims	2,563,326	2,508,999
Insurance contract liabilities	2,898,148	2,853,168
Asset for remaining coverage	9,607	1,192
Asset for reinsured claims	122,998	152,833
Reinsurance contract assets	132,605	154,025
Net insurance and reinsurance contracts	2,765,543	2,699,143

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Insurance Contract Liabilities

Insurance contracts analysis by remaining coverage and incurred claims

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 PAA, and the Corporation applies the accounting policy choice to expense acquisition cash flows as they arise.

For the six months ended September 30, 2024	Liability for Remaining Coverage	Liability for Incurred Claims		Total
		Present Value of Future Cash Flows	Risk Adjustment	
Insurance contract liabilities, beginning of period	344,169	2,389,184	119,815	2,853,168
Changes in comprehensive income (loss):				
Insurance revenue	(834,994)	-	-	(834,994)
Insurance service expense:				
Incurred claims and other insurance expenses	-	798,397	27,037	825,434
Changes to liabilities for incurred claims prior year	-	(33,310)	(26,796)	(60,106)
Insurance service expense	-	765,087	241	765,328
Insurance service result from insurance contracts	(834,994)	765,087	241	(69,666)
Insurance finance expense	-	115,182	-	115,182
Total changes in comprehensive income (loss)	(834,994)	880,269	241	45,516
Cash flows:				
Premiums received	825,647	-	-	825,647
Claims and other expenses paid	-	(826,183)	-	(826,183)
Total cash flows	825,647	(826,183)	-	(536)
Insurance contract liabilities, end of period	334,822	2,443,270	120,056	2,898,148

For the six months ended September 30, 2023	Liability for Remaining Coverage	Liability for Incurred Claims		Total
		Present Value of Future Cash Flows	Risk Adjustment	
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	-	770,125	27,510	797,635
Changes to liabilities for incurred claims prior year	-	(13,484)	(25,217)	(38,701)
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	-	(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

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Reinsurance Contract Assets

The Corporation applies PAA to measure reinsurance contracts in holds. 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.

	Assets for Remaining Coverage	Assets for Incurred Claims		Total
		Present Value of Future Cash Flows	Risk Adjustment	
For the six months ended September 30, 2024				
Reinsurance contract assets, beginning of period	1,192	145,174	7,659	154,025
Changes in comprehensive income (loss):				
Allocation of reinsurance premiums	(20,227)	-	-	(20,227)
Recoveries of incurred claims and other reinsurance service income	-	1,279	71	1,350
Prior period development	-	1,885	(3,443)	(1,558)
Net expense from reinsurance contracts	-	3,164	(3,372)	(208)
Reinsurance finance income	-	3,713	-	3,713
Total changes in comprehensive income (loss)	(20,227)	6,877	(3,372)	(16,722)
Cash flows:				
Premiums paid	28,642	-	-	28,642
Amounts received	-	(33,340)	-	(33,340)
Total cash flows	28,642	(33,340)	-	(4,698)
Reinsurance contract assets, end of period	9,607	118,711	4,287	132,605

	Assets for Remaining Coverage	Assets for Incurred Claims		Total
		Present Value of Future Cash Flows	Risk Adjustment	
For the six months ended September 30, 2023				
Reinsurance contract assets, 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 reinsurance service income	-	37,699	1,976	39,675
Prior period development	-	13,284	(7)	13,277
Net income (expense) 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
Reinsurance contract assets, end of period	6,953	68,875	3,360	79,188

8. Temporary Closure of Gateway Service Centre

On June 17, 2024, the Corporation's Gateway Service Centre was damaged by fire. Most of the operations for this service centre have temporarily relocated to other service centres located in Winnipeg, with some garage-based operations continuing from the Gateway Service Centre's garage.

As at the six-month period ended, September 30, 2024, efforts to restore the Gateway Service Centre are on-going. Anticipated return to the facility is expected in early 2025. The Corporation filed an insurance claim for reimbursement of losses and has received a \$1M payment on the claim to date. The Corporation continues to accumulate the incremental costs associated with restoring the Service Centre, the additional expenses incurred in shifting operations to other locations, and determining the reimbursement expected from insurance coverage.