

2024/25 First Quarter

Condensed Interim Financial Statements
For the three months ended June 30, 2024
Including Management's Discussion and Analysis
(unaudited)



MANITOBA
PUBLIC INSURANCE

Q1 | Corporate Performance Measures and Targets

For the three months ended June 30, 2024

Financial Performance				Organizational Health			
Net Income/(Loss) <i>In millions</i>				Capital Adequacy (Minimum Capital Test)			
			\$7.8	Basic			
			PAST Q1 2023/24	101%	100%	171%	
\$4.0	\$19.6	(\$24.1)		ACTUAL Q1 2024/25	TARGET Q1 2024/25	PAST Q1 2023/24	
ACTUAL Q1 2024/25	TARGET Q1 2024/25	ANNUAL TARGET 2024/25		Extension			
				197%	200%	194%	
				ACTUAL Q1 2024/25	TARGET Q1 2024/25	PAST Q1 2023/24	
				Special Risk Extension			
				154%	300%	328%	
				ACTUAL Q1 2024/25	TARGET Q1 2024/25	PAST Q1 2023/24	
Revenue from Premiums <i>In millions</i>				Operational Excellence			
			\$384.2	Total Expense Ratio <i>(Corporate Expenses consisting of Maintenance, Acquisition and Operating/Revenue from Premiums)</i>			
			PAST Q1 2023/24				
\$399.9	\$390.7	\$1,596.4					23.4%
ACTUAL Q1 2024/25	TARGET Q1 2024/25	ANNUAL TARGET 2024/25		ACTUAL Q1 2024/25	TARGET Q1 2024/25	ANNUAL TARGET 2024/25	25.6%
				Total Full-Time Equivalent (Average)			
							2,043
							PAST Q1 2023/24
				2,042	2,123	2,123	
				ACTUAL Q1 2024/25	TARGET Q1 2024/25	ANNUAL TARGET 2024/25	
Incurred Claims before Reinsurance <i>In millions</i>				Corporate Loss Ratio <i>(Incurred Claims before Reinsurance/Revenue from Premiums)</i>			
			\$250.0				
			PAST Q1 2023/24				65.1%
\$287.1	\$249.0	\$1,134.1					71.0%
ACTUAL Q1 2024/25	TARGET Q1 2024/25	ANNUAL TARGET 2024/25		ACTUAL Q1 2024/25	TARGET Q1 2024/25	ANNUAL TARGET 2024/25	
				Total Return – Investments			
							(0.44%)
							PAST Q1 2023/24
				0.79%	1.23%	5.02%	
				ACTUAL Q1 2024/25	TARGET Q1 2024/25	ANNUAL TARGET 2024/25	

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 first quarter ended June 30, 2024. This MD&A is intended to enable the reader to assess our results of operations and financial condition for the three-month period ended June 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 \$4.0 million for the three months ended June 30, 2024, as compared to net income of \$7.8 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 net income of \$14.0 million as compared to a net income of \$21.8 million for the same period in the prior year. The Insurance service result was \$25.4 million as compared to \$63.0 million for the prior year.
- The Extension line of business reported net income of \$2.9 million net income as compared to a net income of \$4.0 million for the same quarter in the prior year. The Insurance service result was \$4.7 million as compared to \$6.4 million for the prior year.
- The Special Risk Extension (SRE) line of business reported a net loss of \$7.6 million as compared to a net loss of \$12.9 million for the same period in the prior year. The Insurance service result was a loss of \$4.9 million as compared to a loss of \$8.4 million for the prior year.
- *The Drivers and Vehicles Act* operations (DVA) line of business reported a net loss of \$5.3 million as compared to a net loss of \$5.1 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 4.7 per cent or \$18.5 million to \$409.0 million for the quarter ended June 30, 2024 as compared to the prior year. It is comprised of three insurance lines of business, those being Basic, Extension and SRE. The revenue attributable to each of these lines of business is approximately 76 per cent, 13 per cent and 11 per cent respectively.

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.

Total insurance revenue for the Basic line of business increased by 6.0 per cent or \$17.7 million to \$310.8 million for the quarter ended June 30, 2024, as compared to the same quarter 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 general rate application (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 9.5 per cent or \$4.5 million to \$51.7 million for the quarter ended June 30, 2024 as compared to the same period last year. The increased revenue in the Extension line of business reflects a 9.0 per cent increase in rates charged as policies renew throughout the year. There was an overall increased demand for Extension products of approximately 3.0 per cent with highest increases for such products as: reducing deductible to \$200 (19.2 per cent increase over prior year), maximum insured vehicle coverage (24.5 per cent increase over prior year) and \$10 million third party liability coverage (15.6 per cent increase over prior year).

Insurance revenue for the SRE line of business decreased 7.4 per cent or \$3.7 million to \$46.6 million for the quarter ended June 30, 2024, as compared to the same period in the prior year. The decreased revenue in the SRE line of business reflects increased rate activity in the prior year coupled with a decrease policy size in the current quarter.

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 increased by 14.8 per cent or \$37.0 million to \$287.0 million for the quarter ended June 30, 2024, as compared to the same quarter 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 34.7 per cent or \$58.2 million to \$226.1 million for the quarter ended June 30, 2024, as compared to the first quarter in the prior year. The loss ratio for the quarter was 74.5 per cent as compared to 58.3 per cent for the same period in the prior year.

Physical damage incurred claims (excluding discount rate impact and risk adjustment) increased by 25.5 per cent or \$38.7 million to \$190.6 million for the quarter ended June 30, 2024, as compared to the prior year. More specifically,

- Collision increased by 6.9 per cent or \$7.1 million to \$111.4 million. For the quarter ended June 30, 2024, the estimated cost for collision claims is 36.7 per cent of the Revenue from premiums.
- Comprehensive non-hail increased by 3.2 per cent or \$0.8 million.
- Comprehensive hail increased by 340.0 per cent or \$30.4 million, mostly attributable to a \$22.8 million increase in IBNR in relation to a hail storm that occurred on May 16, 2024.
- Property damage increased 3.2 per cent or \$0.4 million.

Bodily injury claims (excluding inflation, discount rate impact and risk adjustment) increased 36.0 per cent or 19.3 million to \$72.8 million for the quarter ended June 30, 2024, as compared to the same quarter in the prior year. The impact of inflation reduced outstanding bodily injury obligations by \$16.1 million for the quarter ended June 30, 2024, as compared to a reduction of \$26.9 million in the first quarter of the prior year.

Impacts from discount rates were favourable by \$11.5 million and impacts from risk adjustments were unfavourable by \$1.0 million.

Extension Line of Business

Incurred claims for the Extension line of business increased by 13.7 per cent or \$3.6 million to \$30.3 million for the quarter ended June 30, 2024, as compared to the prior year. The loss ratio for the quarter was 60.4 per cent as compared to 57.8 per cent for the same quarter in the prior year.

Special Risk Extension Line of Business

Incurred claims for the SRE line of business decreased by 44.7 per cent or \$24.8 million to \$30.7 million for the quarter ended June 30, 2024, as compared to the prior year. More specifically,

- Public liability (excluding discount rate impact and risk adjustment) decreased by 72.1 per cent or \$28.6 million to \$11.0 million.
- Physical damage (excluding discount rate impact and risk adjustment) increased by 13.1 per cent or \$2.4 million to \$20.4 million.

The loss ratio for the quarter was 66.0 per cent compared to 110.5 per cent for the same quarter 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 \$17.0 million to a loss of \$13.3 million for the quarter ended June 30, 2024, as compared to the first quarter in the prior year. This reflects the claims incurred volume and eligibility for recovery from reinsurers. Premiums paid for the reinsurance program were \$10.1 million compared to \$7.6 million for the first quarter of the prior year.

Net Insurance Financial Income (Expense)

Net insurance financial expense was \$16.2 million for the quarter ended June 30, 2024, as compared to \$2.4 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.

For the three months ended June 30	2024	2023
Compensation	55,617	50,362
Data processing	20,072	19,043
Special services	3,652	3,799
Merchant fees and bank charges	2,738	2,554
Buildings	1,634	1,812
Other	1,546	1,714
Postage	1,460	1,321
Printing, stationery and supplies	1,061	829
Furniture and equipment	1,129	732
Driver education program	841	670
Regulatory/appeal	824	732
Grants in lieu of taxes	483	856
Telephones	353	695
Travel and vehicle	326	244
Public information/advertising	197	255
Safety/loss prevention programs	(246)	255
	91,687	85,873
Commissions-policy	22,454	23,600
Commissions-non-policy	1,659	1,489
Premium taxes	11,063	11,867
	35,176	36,956
Amortization of deferred development costs	1,762	2,560
Depreciation of operating property and equipment	1,584	1,493
	3,346	4,053
Total	130,209	126,882

Total corporate operating expenses including commissions and premium taxes, increased 2.6 per cent or \$3.3 million to \$130.2 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 June 30, 2024, was 101 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 June 30, 2024, was 197 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 June 30, 2024, was 154 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 reimbursement expected from insurance coverage.

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%. 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	June 30, 2024	March 31, 2024
Assets			
Cash and cash equivalents	5	148,374	206,669
Accounts receivable		143,171	147,716
Prepaid expenses		10,765	2,848
Investments	5	3,372,203	3,387,590
Investment property	5	12,955	13,045
Reinsurance contract assets	7	158,616	154,025
Property and equipment		170,787	171,108
Deferred development costs		114,206	112,502
		4,131,077	4,195,503
Liabilities			
Accounts payable and accrued liabilities		39,873	68,059
Deferred revenue		23,531	23,476
Lease obligation		6,907	6,921
Provision for employee current benefits		30,738	29,660
Provision for employee future benefits		460,913	451,569
Insurance contract liabilities	7	2,808,012	2,853,168
		3,369,974	3,432,853
Equity			
Retained earnings		745,335	741,307
Accumulated other comprehensive income		15,768	21,343
		761,103	762,650
		4,131,077	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

For the three months ended June 30	Notes	2024	2023
Revenue from premiums		399,944	384,240
Other insurance revenue		9,084	6,316
Insurance revenue		409,028	390,556
Incurred claims		287,060	249,994
Maintenance expense		44,607	42,839
Acquisition expense:			
Commission		22,454	23,600
Premium taxes		11,063	11,867
Other		5,302	4,797
Total insurance service expense		370,486	333,097
Insurance service result before reinsurance contracts		38,542	57,459
Net income (expense) from reinsurance contracts held		(13,344)	3,652
Insurance service result		25,198	61,111
Investment income	6	25,757	(22,360)
Insurance finance income (expense)	6	(17,501)	(2,370)
Reinsurance finance income (expense)	6	1,315	(70)
Net insurance financial result		(16,186)	(2,440)
Net insurance and investment result		34,769	36,311
Service fees and other revenue		5,992	5,243
<i>The Drivers and Vehicles Act operations recovery</i>		10,050	10,000
Total other revenues		16,042	15,243
Commission expense - non-policy		1,659	1,489
Operating expenses		45,124	42,290
Total other expenses		46,783	43,779
Gain on disposal of property and equipment		-	6
Net income attributable to Owner of the Corporation		4,028	7,781

Condensed Interim Statement of Comprehensive Income

For the three months ended June 30	2024	2023
Net income attributable to Owner of the Corporation	4,028	7,781
Other comprehensive income (loss)		
Items that will not be reclassified to income		
Remeasurement of employee future benefits	(5,575)	(5,683)
Other comprehensive income (loss) for the period	(5,575)	(5,683)
Total comprehensive income (loss) attributable to Owner of the Corporation	(1,547)	2,098

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 income attributable to Owner of the Corporation	7,781	-	7,781
Other comprehensive loss for the period	-	(5,683)	(5,683)
Balance as at June 30, 2023	878,590	7,727	886,317
Balance as at April 1, 2024	741,307	21,343	762,650
Net income attributable to Owner of the Corporation	4,028	-	4,028
Other comprehensive loss for the period	-	(5,575)	(5,575)
Balance as at June 30, 2024	745,335	15,768	761,103

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

Condensed Interim Statement of Cash Flows

For the three months ended June 30	2024	2023
Cash Flows from (to) Operating Activities:		
Net income attributable to Owner of the Corporation	4,028	7,781
Non-cash items:		
Depreciation of property and equipment, and investment property	1,679	1,587
Amortization of deferred development costs	1,762	2,560
Amortization of bond discount and premium	(1,773)	(740)
Loss (gain) on sale of investments	(2,632)	21,080
Unrealized loss on investments	2,734	26,499
Gain on disposal of property and equipment	-	(6)
	5,798	58,761
Net change in non-cash balances:		
Accounts receivable	4,545	7,241
Prepaid expenses	(7,917)	(2,647)
Reinsurance contract assets	(4,591)	(18,111)
Accounts payable and accrued liabilities	(28,186)	(24,984)
Deferred revenue	55	(4,298)
Provision for employee current benefits	1,078	1,278
Provision for employee future benefits	3,769	4,556
Insurance contract liabilities	(45,156)	(40,235)
	(76,403)	(77,200)
	(70,605)	(18,439)
Cash Flows from (to) Investment Activities:		
Purchase of investments	(373,649)	(370,233)
Proceeds from sale of investments	390,707	354,078
Acquisition of property and equipment	(1,268)	(1,909)
Proceeds from disposal of property and equipment	-	6
Lease obligation	(14)	(12)
Deferred development costs incurred	(3,466)	(4,317)
	12,310	(22,387)
Increase (decrease) in cash and cash equivalents	(58,295)	(40,826)
Cash and cash equivalents beginning of year	206,669	142,343
Cash and cash equivalents end of year	148,374	101,517

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 financial statements.

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

On April 9, 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to improve reporting on financial performance. The Accounting Standards Board in Canada (AcSB) is expected to approve the standard for inclusion in the CPA Canada Handbook in the next few weeks. 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); and required subtotals (Operating profit or loss, Profit before financing and income tax, and Profit for the year). In addition, IFRS 18 provides requirements for the aggregation and disaggregation of items presented in the financial statements and 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 \$135.0 million (March 31, 2024—\$170.6 million) comprised of provincial short-term deposits with effective interest rates of 4.35 per cent to 4.62 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 June 30, 2024 (March 31, 2024—nil).

Manitoba Public Insurance Corporation
Notes to the Condensed Interim Financial Statements (unaudited)

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

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 June 30, 2024	Financial Instruments		Non-Financial Instruments	Total Carrying Value
	Classified as FVTPL	Designated as FVTPL		
Cash and cash equivalents	148,374	-	-	148,374
Bonds				
Federal	-	105,309	-	105,309
Manitoba:				-
Provincial	13,313	106,375	-	119,688
Municipal	-	98,563	-	98,563
Schools	-	303,860	-	303,860
Other provinces:				-
Provincial	78,664	661,623	-	740,287
Municipal	3,394	50,706	-	54,100
Corporations	74,647	571,771	-	646,418
Total bonds	170,018	1,898,207	-	2,068,225
Private debt	230,075	-	-	230,075
Other investments	209	-	-	209
Infrastructure	216,383	-	-	216,383
Equity investments	400,574	-	-	400,574
Pooled commercial mortgage fund	101,363	-	-	101,363
Pooled real-estate fund	355,374	-	-	355,374
Investments	1,473,996	1,898,207	-	3,372,203
Investment property	-	-	12,955	12,955
Total	1,622,370	1,898,207	12,955	3,533,532

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 three months ended June 30	2024	2023
Investment income from interest, dividends and investment property	27,473	26,631
Net loss on investments	(102)	(47,579)
Investment management fees	(1,614)	(1,412)
Investment income	25,757	(22,360)
Insurance finance expense	(17,501)	(2,370)
Reinsurance finance income (expense)	1,315	(70)
Net insurance financial result	(16,186)	(2,440)
Net insurance financial result and investment result	9,571	(24,800)

Investment Income

For the three months ended June 30	2024	2023
Interest and similar income from securities classified as FVTPL	2,751	(1,546)
Interest and similar income from securities designated as FVTPL	20,518	23,826
Interest income	23,269	22,280
Dividend income on equities and infrastructure	3,925	4,152
Income from investment property	279	199
Investment income from interest, dividends and investment property	27,473	26,631
Net unrealized loss from financial instruments classified as FVTPL	(10,940)	(6,876)
Net unrealized gain (loss) from financial instruments designated as FVTPL	8,206	(19,622)
Net unrealized gain (loss) on investments	(2,734)	(26,498)
Net realized gain (loss) from financial instruments classified as FVTPL	3,069	(492)
Net realized loss from financial instruments designated as FVTPL	(437)	(20,589)
Net realized gain (loss) on investments	2,632	(21,081)
Net loss on investments	(102)	(47,579)
Investment management fees	(1,614)	(1,412)
Investment income (loss)	25,757	(22,360)

Manitoba Public Insurance Corporation

Notes to the Condensed Interim Financial Statements (unaudited)

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

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 three months ended June 30	2024	2023
Change in carrying amount of insurance contracts issued due to:		
Unwinding of discounting	(24,235)	(20,755)
Changes in discount rate and other financial assumptions	6,734	18,385
Insurance finance expense from insurance contracts issued	(17,501)	(2,370)
Change in carrying amount of reinsurance contracts held due to:		
Unwinding of discounting	1,131	222
Changes in discount rate and other financial assumptions	184	(292)
Reinsurance finance income (expense) from reinsurance contracts held	1,315	(70)
Net insurance financial result	(16,186)	(2,440)

7. Insurance and Reinsurance Contracts

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

	June 30, 2024	March 31, 2024
Liability for remaining coverage	340,304	344,169
Liability for incurred claims	2,467,708	2,508,999
Insurance contract liabilities	2,808,012	2,853,168
Asset for remaining coverage	10,316	1,192
Asset for reinsured claims	148,300	152,833
Reinsurance contract assets	158,616	154,025
Net insurance and reinsurance contracts	2,649,396	2,699,143

Manitoba Public Insurance Corporation
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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 three months ended June 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	(409,028)	-	-	(409,028)
Insurance service expense:				
Incurred claims and other insurance expenses	-	405,157	17,252	422,409
Changes to liabilities for incurred claims prior year	-	(32,259)	(19,665)	(51,924)
Insurance service expense	-	372,898	(2,413)	370,485
Insurance service result from insurance contracts	(409,028)	372,898	(2,413)	(38,543)
Insurance finance expense	-	17,501	-	17,501
Total changes in comprehensive income (loss)	(409,028)	390,399	(2,413)	(21,042)
Cash flows:				
Premiums received	405,163	-	-	405,163
Claims and other expenses paid	-	(429,277)	-	(429,277)
Total cash flows	405,163	(429,277)	-	(24,114)
Insurance contract liabilities, end of period	340,304	2,350,306	117,402	2,808,012

For the three months ended June 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	(390,556)	-	-	(390,556)
Insurance service expense:				
Incurred claims and other insurance expenses	-	358,588	13,932	372,520
Changes to liabilities for incurred claims prior year	-	(23,152)	(16,273)	(39,425)
Insurance service expense	-	335,436	(2,341)	333,095
Insurance service result from insurance contracts	(390,556)	335,436	(2,341)	(57,461)
Insurance finance expense	-	2,370	-	2,370
Total changes in comprehensive income (loss)	(390,556)	337,806	(2,341)	(55,091)
Cash flows:				
Premiums received	380,402	-	-	380,402
Claims and other expenses paid	-	(365,546)	-	(365,546)
Total cash flows	380,402	(365,546)	-	14,856
Insurance contract liabilities, end of period	345,849	2,053,689	97,670	2,497,208

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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.

For the three months ended June 30, 2024	Assets for Remaining Coverage	Assets for Incurred Claims		Total
		Present Value of Future Cash Flows	Risk Adjustment	
Reinsurance contract assets, beginning of period	1,192	145,174	7,659	154,025
Changes in comprehensive income (loss):				
Allocation of reinsurance premiums	(10,117)	-	-	(10,117)
Recoveries of incurred claims and other reinsurance service income	-	626	35	661
Prior period development	-	(1,794)	(2,094)	(3,888)
Net expense from reinsurance contracts	-	(1,168)	(2,059)	(3,227)
Reinsurance finance income	-	1,315	-	1,315
Total changes in comprehensive income (loss)	(10,117)	147	(2,059)	(12,029)
Cash flows:				
Premiums paid	19,241	-	-	19,241
Amounts received	-	(2,621)	-	(2,621)
Total cash flows	19,241	(2,621)	-	16,620
Reinsurance contract assets, end of period	10,316	142,700	5,600	158,616

For the three months ended June 30, 2023	Assets for Remaining Coverage	Assets for Incurred Claims		Total
		Present Value of Future Cash Flows	Risk Adjustment	
Reinsurance contract assets, beginning of period	378	26,093	1,391	27,862
Changes in comprehensive income (loss):				
Allocation of reinsurance premiums	(7,622)	-	-	(7,622)
Recoveries of incurred claims and other reinsurance service income	-	-	-	-
Prior period development	-	11,298	(25)	11,273
Net income (expense) from reinsurance contracts	-	11,298	(25)	11,273
Reinsurance finance income (expense)	-	(70)	-	(70)
Total changes in comprehensive income (loss)	(7,622)	11,228	(25)	3,581
Cash flows:				
Premiums paid	14,530	-	-	14,530
Amounts received	-	-	-	-
Total cash flows	14,530	-	-	14,530
Reinsurance contract assets, end of period	7,286	37,321	1,366	45,973

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 quarter ended, June 30, 2024, surveyors continue to assess the extent of the damage incurred at the Gateway Service Centre. 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 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.