

# Insurance Corporation of British Columbia

## 2025/26 – 2027/28 Service Plan

March 2025



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## Board Chair's Accountability Statement



The 2025/26 – 2027/28 Insurance Corporation of British Columbia (ICBC) Service Plan was prepared under the Board's direction in accordance with the [Budget Transparency and Accountability Act](#). This plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of this plan and is responsible for the validity and reliability of the information presented.

All significant assumptions, policy decisions, events and identified risks, as of March 2025 have been considered in preparing the plan. The performance measures presented are consistent with the [Budget Transparency and Accountability Act](#), ICBC's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of ICBC's operating environment, forecast conditions, risk assessment and past performance.

Signed on behalf of the Board by:

A handwritten signature in blue ink that reads "C Holt". The signature is stylized and fluid.

Catherine Holt  
Board Chair, ICBC  
March 4, 2025

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## Strategic Direction

In 2025/26, public sector organizations will continue to prioritize delivering the services and infrastructure needed for people to build good lives in strong communities.

To support this objective public sector organizations will support Government's focus on growing the economy, responding to the threat of tariffs, creating good paying jobs, improving affordability, strengthening health care and education, and making communities safer.

Public sector organizations will also continue to work as directed to support the implementation of the Declaration on the Rights of Indigenous Peoples Act Action Plan.

This 2025/26 Service Plan outlines how ICBC will support the government's priorities and selected action items in the [2023/24 ICBC Mandate Letter](#).

ICBC insures every British Columbian driver with its Basic insurance and many drivers with its Optional products, and also provides British Columbia with Road Safety and Driver Licensing services. ICBC is dedicated to providing affordable insurance products and services that customers value, in support of the B.C. Government's commitment to make life more affordable for British Columbians.

ICBC is meeting the government priority for affordability as outlined in the [Minister of Public Safety's 2025 Mandate Letter](#). ICBC continues to work on mandate items outlined in the [2023/24 ICBC Mandate Letter](#). British Columbia drivers continue to benefit from six successive years with no Basic rate increases, with the rate to remain the same until March 31, 2026. Optional insurance discounts for customers who drive less will continue to expand, improving affordability for those customers and giving people living in British Columbia more control over their insurance premiums.

This 2025/26 Service Plan corresponds with the beginning of ICBC's new corporate strategy. The strategy's objectives have been informed by an environment of increasing costs, growing demand for services, and evolving mobility trends. The strategy is focused on how ICBC will continue to improve product and service delivery to its customers, maintain rate affordability, and create safer and more sustainable mobility for people living in British Columbia.

## Purpose of the Organization and Alignment with Government Priorities

As a B.C. Crown corporation, ICBC reports to the Minister of Public Safety and Solicitor General, the Hon. Garry Begg. It is mandated by the [Insurance Corporation Act](#), [Insurance \(Vehicle\) Act](#) and [Motor Vehicle Act](#) to provide universal compulsory auto insurance (Basic insurance) to drivers in B.C., with rates regulated by the British Columbia Utilities Commission (BCUC). In addition, ICBC provides British Columbians with [Optional auto insurance products](#) in competition with private insurers.

Further to the [Minister's 2025 Mandate Letter](#), ICBC is committed to working with government to ensure a comprehensive and independent review of the Enhanced Care model is conducted with the twin goals of delivering affordable rates for British Columbians and high-quality services and rehabilitation for those injured in collisions.

ICBC champions a safe driving culture for all road users by working with communities, law enforcement and other stakeholders on various road safety campaigns and initiatives. Road safety is one of ICBC's key priorities and the company will continue to work with partners to reduce crashes in support of the safety of people living in British Columbia and to reduce rate pressures.

As one of Canada's largest property and casualty insurers, its insurance products and services are available through a province-wide network of approximately 900 independent brokers. Each year, ICBC processes more than one million claims through online claims reporting and a telephone claims handling service. It works with auto repairers and healthcare professionals throughout the province to support customers after a crash.

ICBC also provides several non-insurance services on the provincial government's behalf, including vehicle registration and licensing, driver licensing and fines collection, and issuing the [BC Services Card](#)<sup>1</sup> through its 126 points of service for driver licensing service.

## Operating Environment

ICBC is self-funded, carefully managing its insurance business to deliver high-quality and affordable auto insurance to British Columbians. As a large Crown corporation, ICBC must work to maintain its business agility so that it can adapt quickly to the changing environment and public expectations. Some significant risks currently being monitored are described in the following paragraphs.

ICBC's objective for its capital is to maintain financial resiliency in order to manage its ongoing business risks and protect its ability to meet obligations. While market volatility can impact ICBC's net income and capital levels in the short term, ICBC's financial reserves are robust enough to absorb adverse events.

The cost to repair and replace vehicles is rising and has also been subject to high levels of inflation, which could continue. While further unanticipated increases in the number or cost of claims are possible and could be significant, ICBC is using several strategies to bring down these costs, such as the use of new technology and streamlining claims processes.

ICBC is still settling pre-May 2021, legal-based claims from before [Enhanced Care](#), and large bodily injury claims represent an estimated \$5 billion in claims still to be settled and paid. Ongoing claim handling processes and strategies are being used to manage and settle these claims, which can be complex and expensive to resolve.

The relatively new Enhanced Care claims, from crashes that happened on or after May 1, 2021, represent uncertainty because ICBC has limited experience with them. Rates are set based on

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<sup>1</sup> Also includes BC Identification Cards.

cost estimates, and actual costs may turn out to be different as the experience of providing benefits unfolds. Indeed, overall costs over the last four years have been lower than expected. The corporation's baseline data will build over time, making cost projections more accurate.

Climate change is having real impacts on British Columbia. ICBC is able to help its customers deal with extreme weather in part by purchasing reinsurance – insurance for the insurer – to offset the financial risk of large catastrophic events. This arrangement gives peace of mind that if the province experiences a catastrophic climate event, all approved claims will be covered and the financial liability of the company, owned by everyone living in British Columbia, is reduced.

ICBC is taking a leadership role in emissions reduction by continuing to examine and reduce its own use of resources and implementing more sustainable practices. By 2030, ICBC aims to reduce its building emissions by 50 per cent, fleet emissions by 77 per cent, and paper emissions by 43 per cent (all baselines 2010). As well as reducing its own emissions, ICBC is looking at options for usage-based insurance product offering on Optional insurance, so the prospect of paying lower insurance premiums encourages its customers to drive less, and fewer cars on the roads means lower greenhouse gas emissions.

Reconciliation with Indigenous Peoples is a top-line priority as ICBC continues to implement its Reconciliation Action Plan and other strategies to support the social, cultural, and economic well-being of Indigenous Peoples in our province.

ICBC competes for top talent and works hard to attract and retain talented and diverse employees. It greatly values its team members and has a multi-year people strategy to keep employees engaged and empowered. By identifying and removing barriers, ICBC ensures a healthy, inclusive workplace where everyone can do their best work.

Overall, ICBC has performed well in recent years and expects to continue to deliver reliable, high-quality service to customers. With continued thoughtful planning and decision-making, ICBC is well positioned to build on recent successes to overcome its risks and challenges as it serves the growing population of British Columbia.

## Economic Statement

B.C.'s economy experienced moderate growth last year amid relatively high interest rates, persistent price pressures and ongoing global economic uncertainty. The labour market ended the year on a positive note, supported by high immigration and strong population growth. Inflation in B.C. continued to moderate as the price growth of goods eased, while inflation for services remained elevated. Consumer spending and home sales activity were weaker for most of 2024 in the wake of still elevated interest rates and high prices. Subdued global demand and lower prices for key commodities led to a decline in the value of the province's merchandise exports in 2024. Meanwhile, B.C. homebuilding activity remained relatively strong following record high housing starts in 2023.

The Economic Forecast Council (EFC) estimates that B.C. real GDP rose by 1.2 per cent in 2024. In the near-term, the EFC expects B.C.'s economy to grow by 1.8 per cent in 2025 and 1.9 per

cent in 2026, in line with the national average. For Canada, the EFC estimates growth of 1.4 per cent in 2024 and projects national real GDP growth of 1.8 per cent in 2025 and 1.9 per cent in 2026. These projections do not fully include the impact of the evolving U.S. tariff situation.

Restrictive global trade policies, particularly potential U.S. tariffs, pose a risk to the outlook and there is uncertainty over the degree and timing of impacts on B.C.'s economy, and among the province's trading partners. Other risks include lower population growth due to changes to federal immigration policy, as well as the potential for renewed price pressures leading to interest rates remaining elevated for longer, weaker global demand, and commodity market volatility.



## Performance Planning

Service plan goals reflect ICBC's new 2031 Corporate Strategy which includes 5 goals. New to this year's service plan is a goal devoted to Reconciliation and a focus on safer and sustainable mobility. In addition to new goals, there are changes to some of the objectives, performance measures, and targets in last year's Service Plan (2024/25-2026/27).

### Goal 1: Customer-Driven Support

ICBC is building trust by serving the evolving needs of B.C.'s growing and diverse population.

Objective 1.1: To ensure the success of Enhanced Care and give customers high quality, empathetic interactions and more digital service options.

In alignment with the principles and priorities outlined in its [2023/24 ICBC Mandate Letter](#), ICBC will develop and implement corporation-wide strategies to improve ICBC's customer experience, perceptions and interactions with the corporation while achieving cost-effective service delivery and effectively communicating the corporation's work to serve all people living in British Columbia.

#### Key Strategies

- Support Enhanced Care customers' return to pre-crash health.
- Enhancing digital capabilities and adding digital channels to provide customers convenient, timely access to all ICBC claims services.
- Advance work to modernize BC's driver licensing services<sup>2</sup> to ensure the services continue to be reliable and respond to the needs of customers in the future.

#### Discussion

Strategy 1: Support Enhanced Care customers' return to health

ICBC's Enhanced Care model improves both customer care and affordability by removing legal costs from the system, allowing more claims funds to go directly toward necessary treatments and recovery benefits.

ICBC is focused on the continuous improvement of the Enhanced Care model. ICBC continues to develop and refine a system that identifies the best recovery path for its customers and supports them throughout their recovery. This recovery process prioritizes the customer experience for all impacted by a collision, including dependents, while aligning medical treatments with evidence-based research to help those injured return to their daily lives faster. To achieve this objective, ICBC has targeted initiatives in two areas.

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<sup>2</sup> Driver licensing services is an umbrella term that it covers all services provided through ICBC's driver licensing operations. This includes BC Identification cards, BC Services cards, knowledge testing, and other related services.

First, it is working to support its employees to respond to customers in a timely fashion and provide the appropriate support to enable recovery. This is being accomplished through customer experience training, technology and process improvements as well as decreasing caseload requirements for Recovery Specialists. Second, ICBC is partnering with healthcare providers to create alignment on the recovery goal for the customer. In addition, ICBC is looking to increase the visibility of health care provider options to improve customer awareness of choice and address customers' current challenge of locating a trusted health care provider and minimizing the risk of unexpected out-of-pocket expenses.

In 2025/26, ICBC will continue to work with healthcare providers to continually improve customer recovery outcomes while supporting affordability goals.

**Strategy 2: Enhancing digital capabilities and adding digital channels to provide customers convenient, timely access to all ICBC claims services**

ICBC is committed to providing its customers a more effective experience. To do so, ICBC is implementing new digital self-service solutions that will improve convenience for customers. ICBC is also committed to ensuring its employees are trained to deliver empathetic, inclusive, responsive, quality customer interactions. In 2025/26, ICBC's focus is on implementing a centralized customer portal that will enable customers to more easily access ICBC's online services. In addition, ICBC is working to transform its contact centre capabilities to improve the effectiveness of agent-supported interactions. This involves implementing new contact centre solutions, developing systems capabilities, and creating new channels to support customers and improve satisfaction. ICBC is also continuing efforts to improve customer communications and enhance customer insights.

**Strategy 3: Advance work to modernize BC's driver licensing services to ensure the services continue to be reliable and respond to the needs of customers in the future**

ICBC has embarked on a multi-year program to modernize its driver licensing services that will both improve accessibility to customer services and meet increasing customer demand. To do so, ICBC is taking a digital-first approach to efficiently provide driver licensing services through new digital self-service solutions, while continuing to offer the in-person services available today. For example, through the driver licensing modernization project, customers will be able to take knowledge tests online. ICBC is also focused on streamlining processes, simplifying core programs and services, and creating flexible systems to be future ready.

## **Performance Measures**

### **Customer Satisfaction**

ICBC measures customer service based on the percentage of satisfied customers for each major transaction type or service that it provides: insurance services (insurance product purchase, mid-term changes and renewal); claims service; and driver licensing.

| <b>Performance Measure</b>                               | <b>2023/24<br/>Baseline</b> | <b>2024/25<br/>Forecast</b> | <b>2025/26<br/>Target</b> | <b>2026/27<br/>Target</b> | <b>2027/28<br/>Target</b> |
|--|-----------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| [1a] Customer Satisfaction for Insurance Services        | 85%                         | 85%                         | 85%                       | 85%                       | 85%                       |
| [1b] Customer Satisfaction for Claims Services           | 75%                         | 75%                         | 75%                       | 76%                       | 77%                       |
| [1c] Customer Satisfaction for Driver Licensing Services | 74%                         | 75%                         | 76%                       | 77%                       | 78%                       |

Data source: An independent firm is retained to conduct ongoing surveys of customers for the purposes of monitoring transactional satisfaction.

### **Discussion: Insurance Services Satisfaction**

Independent insurance brokers process more than four million AutoPlan policies each year. Insurance services satisfaction is measured by surveying approximately 5,000 customers over the course of a year. The customer satisfaction target is set at 85 per cent for 2025/2026, which is on par with the 2024/25 forecast. ICBC does not anticipate any significant changes to its insurance services in the coming year but is committed to uphold the strong customer satisfaction.

### **Discussion: Claims Service Satisfaction**

ICBC processes claims through the claims call centre, claims centres and specialty departments such as commercial claims and recovery services. As well as reporting claims by telephone, customers can also report and access claim details online. Customer satisfaction for claims services is measured by surveying personal claims, averaging the results of surveys conducted after the First Notice of Loss and after claims are closed. In a typical year, approximately 20,000 surveys are completed. ICBC's claims service satisfaction target for 2025/26 is set at 75 per cent, which is on par with the 2024/25 forecast. ICBC will also seek to achieve incremental improvements of 1 percentage point in subsequent years, demonstrating its commitment to long-term improvements in customer experience.

### **Discussion: Driver Licensing Satisfaction**

Each year, ICBC conducts approximately 3.5 million counter transactions. ICBC weights this measure by the number of transactions for each type of service surveyed throughout the year. ICBC's driver licensing satisfaction target for 2025/26 is set at 76 per cent, which is one percentage point higher than the 2024/25 forecast. ICBC will also seek to achieve incremental improvements of one percentage point in subsequent years, demonstrating its commitment to continue significant efforts to improve services and address the increasing demand for driver licensing services.

## Goal 2: Affordable Rates

ICBC is committed to providing affordable auto insurance that works for everyone in British Columbia. ICBC is having another strong financial year, with higher-than-expected year-to-date investment returns and lower-than-expected claims costs primarily due to the success of Enhanced Care. This enabled ICBC to issue a rebate of \$110 per eligible customer, similar to the rebate issued for fiscal 2023/24, totaling approximately \$410 million.

### Objective 2.1: Keep insurance affordable by managing claims costs

The [2023/24 ICBC Mandate Letter](#) directed ICBC to continue to support the government's priority to keep automobile insurance rates affordable for people living in British Columbia while ensuring the financial stability of the corporation, including identifying and delivering on mitigations that will help reduce pressures on automobile rates. To support this priority, ICBC continues to monitor and make improvements to the Enhanced Care model launched in May 2021. Enhanced Care has moved B.C.'s auto insurance to a system that is more affordable, sustainable, and focused on injury recovery<sup>2</sup>. ICBC also continues to focus on managing vehicle repair costs amid inflation and to accelerate the reduction of liability and risk in its legal-based claims portfolio.

#### Key Strategies

- Monitor and manage vehicle-related claims costs.
- Effectively manage the liability and risk of remaining legal-based claims.

#### Discussion

##### Strategy 1: Monitor and manage vehicle-related claims costs

Trends in B.C. indicate that vehicle repair costs continue to rise, similar to other jurisdictions in Canada and the United States. All jurisdictions are dealing with common drivers of claims costs; firstly, newer vehicles are more complex and therefore more expensive to repair, including electric vehicles (EVs). British Columbia has the highest adoption of EVs compared to the rest of Canada<sup>3</sup>, contributing to the increase in the average cost of repair. Current high inflation rates also contribute to this trend as they affect the cost of parts and materials used in repairs. Secondly, industry is still suffering from a shortage of vehicle repair technicians which is reducing overall industry capacity, resulting in longer delays for customers and higher storage and rental costs for ICBC. Although ICBC is facing the same trends affecting other jurisdictions, ICBC's average repair cost is amongst the lowest in Canada.

B.C.'s car repair industry is stabilizing due to favourable economic factors (e.g., lowering inflation) and improving parts availability. Furthermore, ICBC has made improvements to internal processes leading to reduced customer delays. ICBC's primary challenge lies in

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<sup>2</sup>ICBC is focused on improving the experience of our Enhanced Care customers; this is described in the first strategy "Support Enhanced Care customers' return to health" of goal one.

<sup>3</sup>Data source: [B.C. making it easier to buy zero-emission vehicles | BC Gov News](#).

balancing affordability with customer access to timely repair. To manage affordability, ICBC is modernizing its salvage system which will reduce the volume of vehicles that need to be repaired and help increase repair capacity. ICBC is also modernizing its workflows to leverage Artificial Intelligence to triage high-risk files for estimate reviews. To manage customer access to timely repair, ICBC needs to continue to provide industry with rate predictability and sustainability. To do this, ICBC is developing the next set of labour rate frameworks and evolving apprentice support programs.

**Strategy 2: Effectively manage the liability and risk of remaining legal-based claims**

While Enhanced Care has removed significant legal costs from the auto insurance system, ICBC continues to manage the legal-based book of claims for crashes that occurred before the implementation of Enhanced Care on May 1, 2021. The number of pending bodily injury claims from pre-May 1, 2021, continues to drop as ICBC’s legal based team has focused on expediting resolution of these claims. The legal-based files remaining are often complex and the current outlook for these claims at 2024/25 fiscal year-end is approximately \$5 billion, which is down from \$7 billion at the previous fiscal year-end. Streamlined processes, targeted settlement initiatives, and the use of predictive analytics continue to be critical elements in the management of these claims.

**Performance Measures**

**Jurisdictional comparison of year-over-year rate changes**

| Performance Measure   | 2023/24 Actuals  | 2024/25 Forecast                  | 2025/26 Target                    | 2026/27 Target                    | 2027/28 Target                    |
|---|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| [2a] Jurisdictional comparison of year-over-year rate changes | ICBC’s Rate Change is 0.8 percentage points less than the Provincial Rate Change Benchmark | ≤Provincial Rate Change Benchmark | ≤Provincial Rate Change Benchmark | ≤Provincial Rate Change Benchmark | ≤Provincial Rate Change Benchmark |

Data source: The private passenger vehicle (PPV) provincial benchmark and ICBC’s Personal rate change represent the combined Basic and Optional rate level change that PPV/Personal customers experienced in fiscal year 2023/24. The PPV provincial benchmark is from Canadian jurisdictions that have publicly available rate change information: Alberta, Saskatchewan, Manitoba, Ontario, and New Brunswick. Note that Manitoba includes some Commercial vehicles in their private passenger net written premium.

**Ratios**

| Performance Measure                | 2023/24 Actuals      | 2024/25 Forecast   | 2025/26 Target | 2026/27 Target | 2027/28 Target |
|------------------------------------|----------------------|--------------------|----------------|----------------|----------------|
| [2b] Expense ratio <sup>1,2</sup>  | 23.2% <sup>3,4</sup> | 23.9% <sup>5</sup> | 22.8%          | 22.6%          | 23.1%          |
| [2c] Loss adjustment expense ratio | 12.2% <sup>4</sup>   | 10.0% <sup>5</sup> | 9.8%           | 9.8%           | 9.8%           |

Data source: Financial performance measures are derived from actual financial information, forecasted trends and assumptions.

<sup>1</sup>ICBC's Expense Ratio includes over 3.0% for non-insurance services, which most other insurance carriers typically do not have.

<sup>2</sup>Performance metric terminology updated from 'Operating Expense Ratio' as presented in the 2023/24 ICBC Annual Service Plan Report. There is no change to how this metric is calculated.

<sup>3</sup>ICBC's 2023/24 Expense Ratio is lower than a comparable 2023/24 benchmark of 29.7% per cent from MSA Research (benchmark includes all Canadian auto writers excluding ICBC and Saskatchewan Auto Fund and is on a calendar year basis). Note MSA data is on a calendar basis.

<sup>4</sup>ICBC issued a customer rebate of \$398 million for 2023/24; this resulted in lower earned premiums. Excluding the rebate, the 2023/24 expense ratio would be 21.5% and the 2023/24 loss adjustment expense ratio would be 11.3%.

<sup>5</sup>ICBC is to issue a customer rebate to eligible customers for 2024/25 in the amount of \$410 million, which lowers earned premiums. Excluding the rebate, the 2024/25 expense ratio would be 22.3% and the 2024/25 loss adjustment expense ratio would be 9.4%.

**Discussion: Jurisdictional comparison of year-over-year rate changes**

A key measure of affordability is year-over-year changes in insurance rates. ICBC's rate affordability is evaluated each year against a Provincial Rate Change Benchmark, calculated using a weighted average of published rate changes implemented in other provinces. ICBC is lower than the benchmark for 2024/25 mainly because there was no increase to Basic rates in 2024/25. This was part of its Basic rate filing to BCUC on December 15, 2022.

**Discussion: Expense Ratio**

The Expense Ratio is a standard industry measure to assess the operational efficiency of an insurer. All other things being equal, a lower expense ratio is better. This ratio is calculated as a ratio of insurance expenses and non-insurance expenses (excluding claims and claims related costs) to premiums earned. This includes both insurance and non-insurance lines of business. ICBC is unique in providing non-insurance services (driver licensing, vehicle registration and licensing, violation ticket administration and fines collections) as other insurance carriers in Canada do not typically provide these services. Even with these added expenses, ICBC continues to be an efficient and low-cost organization, and its expense ratio continues to remain lower than the industry average.

The 2024/25 operating costs are expected to be consistent with the 2024/25 Service Plan. However, with the customer rebate which lowers premiums earned, the expense ratio is higher than the 2024/25 Service Plan target of 22.4%. The expense ratios for 2025/26 and beyond are expected to return to ratios consistent with those before the rebate.

### **Discussion: Loss Adjustment Expense Ratio**

The loss adjustment expense ratio is an indicator of the efficiency of the claims settlement process and compares the cost to settle claims to total premiums earned. The higher 2023/24 actual Loss Adjustment Expense Ratio was caused by the 2023/24 customer rebate, as well as increases in the loss adjustment expense reserve, reflecting the higher expenses required to service the more complex legal-based claims from prior loss years that remain to be settled. The 2024/25 ratio is lower compared to 2023/24, because more claims have been resolved in the year than expected, reducing the amount reserved for future loss adjustment expenses, and the frequency of new claims has also been lower. In addition, the forecast did not have the sizeable adjustment for handling expenses on legal-based claims as was required in 2023/24. The 2024/25 loss adjustment expense ratio would be even lower if not for the impact of the 2024/25 customer rebate. With the introduction of the Enhanced Care model and the elimination of most remaining legal costs from the system, ICBC expects that the loss adjustment expense ratio will remain stable with approximately 10 per cent of premiums going towards the cost of settling claims.

### **Goal 3: Safer and Sustainable Mobility**

ICBC will address the societal impact of a growing population that will place more demand on our roads<sup>4</sup> and evolving mobility trends to keep roads safe for everyone and do its part to help lower greenhouse gas emissions from transportation.

**Objective 3.1:** Reduce the frequency of crashes and encourage customers to drive less.

As B.C.'s population grows, so too does the number of vehicles on the road meaning more congestion, crashes and greenhouse gas emissions. At the same time, how people get from place to place is changing – e-bikes and e-scooters have joined a growing number of vulnerable road users like cyclists and pedestrians.

At the heart of the Safer and Sustainable Mobility goal is broadening road safety approaches to include all road users while supporting people living in British Columbia to make transportation choices that are better for the environment. This means the implementation of road safety programs to reduce crashes and programs to encourage driving less through modal shift are increasingly important. At the same time, in consultation with transportation and mobility partners, ICBC is thinking more broadly about how it can leverage its programs, products and services to develop an integrated Safer and Sustainable Mobility Strategy that will inform future investments to support safer and sustainable mobility in British Columbia.

#### **Key Strategies**

- Continue to partner on the Automated Safety Enforcement program.
- Explore expansion of distance-based insurance discounts.

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<sup>4</sup> British Columbia's population is projected to reach 7.9 million by 2046, up 44% compared to 5.5 million in 2023, BC Stats 2023.

## Discussion

Strategy 1: Continue to partner on the Automated Safety Enforcement program

In 2025/26, ICBC will continue to work with provincial partners on the Automated Safety Enforcement program, focused on increasing road safety at intersections. ICBC is committed to making B.C.'s roads safer and is both leading and supporting initiatives that contribute to reducing the severity and frequency of all crashes. ICBC's road safety programs support the globally recognized [Safe Systems Approach](#), which uses a holistic approach to prevent and minimize the impact of crashes by influencing driver behaviour through road safety campaigns, promoting safer speeds, improving the road network, and encouraging safer vehicles. ICBC places a high priority on intersection safety, given the fact that 65 per cent of crashes outside of parking lots occur at intersections<sup>5</sup>. In 2025/26, ICBC will continue to work with provincial partners on the Automated Safety Enforcement program, focused on increasing road safety at intersections.

Strategy 2: Explore options on usage-based insurance discounts

Usage-based products are insurance products that reflect vehicle usage such as distance traveled. These products encourage driving less by linking insurance premiums to the amount of driving a person does and are valued by customers who want insurance that reflects how much they are driving. In 2023, customers driving up to 10,000 kilometres per year became eligible for discounts on select Optional insurance coverages. To qualify for discounts, customers provide their odometer information when purchasing or renewing their insurance as evidence of distance driven.

ICBC will explore further options on select Optional insurance coverages to encourage safe driving and provide more potential savings for lower-risk drivers.

## Performance Measures

| Performance Measure  | 2023/24 Baseline | 2024/25 Forecast | 2025/26 Target | 2026/27 Target | 2027/28 Target |
|----------------------|------------------|------------------|----------------|----------------|----------------|
| [3a] Crash Frequency | 8.6%             | 8.6%             | 8.6%           | 8.5%           | 8.4%           |

Data source: ICBC claims and policy databases.

## Discussion

B.C. Crash Frequency is the number of crashes occurring within B.C., divided by the earned risk exposure for all policies excluding trailers and off-road vehicles. Crash frequency was rising from lower levels during the pandemic period. It is forecast to stay the same level in 2024/25 and 2025/26 before returning to the long-term downward trend.

<sup>5</sup>ICBC Claims Data (2019-2023)



## Goal 4: Meaningful Reconciliation

ICBC acknowledges its past, present, and future role as a Crown corporation and is committed to advancing the prosperity and well-being of Indigenous Peoples. Indigenous Peoples refers to First Nations, Métis and/or Inuit Peoples living in B.C. As ICBC is actively advancing reconciliation, it seeks to use a distinctions-based approach that acknowledges the specific rights, interests, priorities, and concerns of each as well as their unique cultures and histories.

**Objective 4.1:** ICBC will advance reconciliation by supporting the social, cultural, and economic well-being of Indigenous Peoples through our practices, products, and services.

In alignment with the principles and priorities outlined in the [Minister's 2025 Mandate Letter](#), ICBC will continue working towards lasting and meaningful reconciliation by supporting opportunities to advance the prosperity and well-being of Indigenous Peoples and delivering on specific commitments as outlined in the Declaration on the Rights of Indigenous Peoples Act Action Plan.

As a Crown corporation operating and serving customers throughout British Columbia, ICBC recognizes its duty to better understand the histories, perspectives and needs of Indigenous Peoples, as customers, employees, business partners, and members of First Nations, Métis, or Inuit communities. ICBC has included reconciliation with Indigenous Peoples as a top-line goal in its newest corporate strategy. [ICBC's Reconciliation Action Plan](#), aligned with the [United Nations Declaration on the Rights of Indigenous Peoples](#), [Canada's Truth and Reconciliation Commission Calls to Action](#), and [B.C.'s Declaration Act Action Plan](#), is focused on advancing its commitment to Indigenous Peoples and communities to build authentic partnerships with Indigenous Peoples based on mutual respect, trust, and transparency., [Canada's Truth and Reconciliation Commission Calls to Action](#), and [B.C.'s Declaration Act Action Plan](#), is focused on advancing its commitment to Indigenous Peoples and communities to build authentic partnerships with Indigenous Peoples based on mutual respect, trust, and transparency. ICBC recognizes the importance of this work and considers it a priority for fiscal year 2025/26, and in the years ahead.

### Key Strategies

- Continue to implement ICBC's Reconciliation Action Plan.
- Build Indigenous awareness and representation among ICBC employees.
- Improve the accessibility and quality of our driver licensing services<sup>6</sup> for Indigenous Peoples.

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<sup>6</sup> Driver Licensing services is an umbrella term that it covers all services provided through ICBC's driver licensing operations. This includes BC Identification cards, BC Services cards, knowledge testing, and other related services.

## Discussion

### Strategy 1: Continue to implement ICBC's Reconciliation Action Plan

Aligned to ICBC's mandate as a Crown corporation and its purpose, ICBC has developed its Reconciliation Action Plan. The plan, developed in response to recommendations put forward in [The Union of British Columbia Indian Chiefs \(UBCIC\) Road to Reconciliation Discussion Paper on Driver Licensing](#) and [Two Worlds Consulting Indigenous Reconciliation Framework Report](#), demonstrates ICBC's accountability and commitment to ongoing reconciliation.

By implementing the Reconciliation Action Plan, ICBC is advancing its commitments to build authentic partnerships with Indigenous Peoples based on mutual respect, trust, and transparency.

ICBC's Reconciliation Action Plan is guided by four pillars:

1. Demonstrate our accountability and commitment to ongoing reconciliation
2. Improve accessibility of our products and services
3. Develop relationships and partnerships
4. Build Indigenous awareness and representation among ICBC employees

Within each pillar, ICBC has specific commitments. In 2025/26, ICBC will focus on continuing to advance its Reconciliation Action Plan initiatives. For example, ICBC will implement a plan to ensure accessible and culturally appropriate language is used on its communications to Indigenous Peoples. ICBC will also develop a multi-year strategic action plan and engagement process both internally and externally to solicit feedback and inform priorities for the coming years.

### Strategy 2: Build Indigenous awareness and representation among ICBC employees

To help support reconciliation, ICBC is taking action to build knowledge and awareness of Indigenous culture among its employees, as well as to increase the representation of Indigenous employees working at ICBC. In 2025/26, ICBC will roll-out its Cultural Awareness and Safety training program, where employees engage with Indigenous learning as part of their professional growth. This program was designed by a member of the Indigenous community with an engagement process for gathering feedback from some ICBC employees, leadership and members of our Indigenous Advisory Council. ICBC is also enhancing its Indigenous employee recruitment and retention strategy. This includes partnering with organizations that provide education and training services to Indigenous Peoples, supporting leaders within ICBC on hiring and interviewing Indigenous candidates and implementing a career development program for Indigenous employees.

### Strategy 3: Improve the accessibility and quality of our driver licensing services for Indigenous Peoples

In March 2021, the [Union of British Columbia Indian Chiefs \(UBCIC\) Road to Reconciliation Discussion Paper on Driver Licensing](#) was published. The paper details the intersecting

historical and contemporary challenges and barriers that Indigenous Peoples in British Columbia face when trying to obtain driver licences. These barriers include arranging for child or Elder care if travel to another community is required for testing, financial barriers with associated driver licensing fees and accessing ICBC services, limited or no access to vehicles or the identification required to take a test, vehicle-related trauma and routes and locations which are reminders of residential school experiences.

In response, ICBC has made several commitments to improve accessibility of driver licensing services for remote Indigenous communities. In 2025/26, ICBC will continue to engage with Indigenous communities to identify opportunities to enhance and improve access to ICBC's mobile driver licensing services and driver road testing for remote Indigenous communities.

### **Performance Measures**

ICBC is currently working to develop a multi-year strategic action plan and engagement process that will inform priorities for the coming years. As this work is undertaken, ICBC will collaborate with First Nations, Metis, Inuit and a variety of Indigenous organizations to identify performance measures that are meaningful and can demonstrate tangible progress toward ICBC's commitment to advance the prosperity and well-being of Indigenous Peoples. These measures, when agreed upon, will be reported in future service plans.

## Goal 5: Engaged and Empowered Employees

ICBC will cultivate an environment where team members are excited to work for ICBC and feel inspired to deliver on its purpose.

**Objective 5.1:** Create a supportive employee experience that empowers employees to do their best work.

ICBC continues its ongoing support in the development of a high-performing, engaged, resilient, and customer-focused team.

### Key Strategies

- Implement the People Strategy, build a purpose-driven culture to support quality customer interactions and be future-ready.
- Implement the Diversity, Equity and Inclusion Strategic Action Plan.

Strategy 1: Implement the People Strategy and build a purpose-driven culture to support quality customer interactions

ICBC is prioritizing its employees' well-being and development of an environment where employees are engaged and empowered to deliver high-quality service. In 2025/26, the focus of the People Strategy will be in three areas. First, ICBC will continue to enhance the value proposition it offers its team members to improve the overall employee experience. This includes supporting employees to achieve career goals, well-being, and building a connection to ICBC's purpose. Second, ICBC is working towards developing a customer-focused culture where employees deliver empathetic, inclusive, responsive and quality customer interactions. This focus area includes continuing efforts to enhance leadership programs. Third, ICBC is preparing its workforce to be future-ready, meaning that it is skilled, agile, and adaptable to meet customer needs as they evolve in an increasingly dynamic and digital world.

Strategy 2: Implement the Diversity, Equity and Inclusion Strategic Action Plan

ICBC is committed to building a culture that is accessible to all, supportive, inclusive of colleagues and customers, and reflects the diversity of British Columbia. To achieve this objective, ICBC has developed and is now implementing its Diversity, Equity, and Inclusion (DEI) Strategic Action Plan. In 2025/26, ICBC will focus on delivering three areas of the plan. First, ICBC will continue building a talented, diverse, engaged and representative workforce. Second, it will advance an inclusive culture for employees and customers by building equity and inclusion into its policies, processes and products. Third, it will build on the strength of its DEI initiatives to create meaningful and sustainable change.

## Performance Measures

| Performance Measure               | 2023/24 Actuals | 2024/25 Forecast | 2025/26 Target | 2026/27 Target | 2027/28 Target |
|-----------------------------------|-----------------|------------------|----------------|----------------|----------------|
| [5a] Employee Engagement Score    | 66%             | 66%              | 66%            | 67%            | 68%            |
| [5b] Inclusion Index <sup>1</sup> | 76%             | 76%              | 76%            | 77%            | 78%            |

Data source: Employee Opinion Survey conducted by an independent firm.

<sup>1</sup> The name of this performance measure has been updated from “Diversity, Equity, Inclusion Index” to “Inclusion Index” to better reflect what is being measured. The measurement methodology has not changed, so the baseline remains applicable.

## Discussion

ICBC’s Employee Opinion Survey (EOS) seeks to listen to and understand employees’ candid perspectives about ICBC and what matters most to them. The EOS reflects ICBC’s commitment to being a diverse, equitable and inclusive employer. Feedback captured in the EOS directly informs the People Strategy as well as targeted divisional action plans that focus on specific tactics to help improve the employee experience.

As part of ICBC’s commitment to being an inclusive employer that reflects the diversity of B.C.’s people and communities, an Inclusion Index is used to measure employees’ perceptions and feelings of equity and inclusion. Inclusion considerations are foundational to ICBC’s way of doing business, enabling a culture of respect, belonging and empowerment, and helping ICBC serve its customers and communities.

2025/26 targets for the Employee Engagement Score and Inclusion Index are on par with their respective 2024/25 actual results. Each are then targeted for an annual increase of 1 percentage point in subsequent years.

## Financial Summary<sup>1</sup>

| (\$Millions)  | 2023/24<br>Actual | 2024/25<br>Forecast | 2025/26<br>Budget | 2026/27<br>Plan | 2027/28<br>Plan |
|---|-------------------|---------------------|-------------------|-----------------|-----------------|
| <b>Insurance Revenues</b>                                 |                   |                     |                   |                 |                 |
| Premiums earned <sup>2</sup>                              | 5,274             | 5,755               | 6,443             | 6,664           | 6,941           |
| Service fees and other                                    | 198               | 230                 | 187               | 179             | 178             |
| <b>Total earned revenues</b>                              | <b>5,472</b>      | <b>5,985</b>        | <b>6,630</b>      | <b>6,843</b>    | <b>7,119</b>    |
| <b>Insurance Services Expenses</b>                        |                   |                     |                   |                 |                 |
| Provision for claims occurring in the current period      | 4,101             | 4,439               | 5,042             | 5,429           | 5,621           |
| Change in estimates for losses occurring in prior periods | (708)             | (756)               | (571)             | (492)           | (428)           |
| Claims services and loss management                       | 491               | 522                 | 556               | 560             | 568             |
| <b>Claims and Claims Related Costs</b>                    | <b>3,884</b>      | <b>4,205</b>        | <b>5,027</b>      | <b>5,497</b>    | <b>5,761</b>    |
| Insurance operations expenses                             | 126               | 118                 | 130               | 131             | 132             |
| Premium taxes and commissions                             | 723               | 815                 | 847               | 886             | 938             |
| Other acquisition costs – operating expenses              | 43                | 46                  | 49                | 52              | 55              |
| <b>Total insurance services expenses</b>                  | <b>4,776</b>      | <b>5,184</b>        | <b>6,053</b>      | <b>6,566</b>    | <b>6,886</b>    |
| Net expense (recovery) from reinsurance contracts         | 10                | 19                  | 20                | 20              | 21              |
| <b>Insurance service result</b>                           | <b>686</b>        | <b>782</b>          | <b>557</b>        | <b>257</b>      | <b>212</b>      |
| Investment and other income                               | 1,427             | 1,503               | 904               | 1,078           | 1,157           |
| Net insurance finance expenses                            | 430               | 537                 | 258               | 242             | 235             |
| Net other operating expense (income), non-attributable    | 112               | 163                 | 187               | 172             | 208             |
| <b>Net income - insurance operations</b>                  | <b>1,571</b>      | <b>1,585</b>        | <b>1,016</b>      | <b>921</b>      | <b>926</b>      |
| Cost of non-insurance operations                          | (172)             | (185)               | (216)             | (221)           | (226)           |
| <b>Net income</b>   | <b>1,399</b>      | <b>1,400</b>        | <b>800</b>        | <b>700</b>      | <b>700</b>      |

## Financial Summary<sup>1</sup> — continued

| (\$Millions)  | 2023/24<br>Actual | 2024/25<br>Forecast | 2025/26<br>Budget      | 2026/27<br>Plan | 2027/28<br>Plan |
|---|-------------------|---------------------|------------------------|-----------------|-----------------|
| <b>Other comprehensive income (OCI)</b>             |                   |                     |                        |                 |                 |
| Pension and post-retirement benefit re-measurements | 58                | 54                  | -                      | -               | -               |
| <b>Total comprehensive income</b>                   | <b>1,457</b>      | <b>1,454</b>        | <b>800</b>             | <b>700</b>      | <b>700</b>      |
| Total equity – beginning of year                    | 4,052             | 5,508               | 6,962                  | 7,762           | 8,462           |
| Non-controlling interest (NCI) disposition          | (1)               | -                   | -                      | -               | -               |
| <b>Total equity – end of year</b>                   | <b>5,508</b>      | <b>6,962</b>        | <b>7,762</b>           | <b>8,462</b>    | <b>9,162</b>    |
| Represented by:                                     |                   |                     |                        |                 |                 |
| Opening retained earnings                           | 3,549             | 4,948               | 6,348                  | 7,148           | 7,848           |
| Net income excluding NCI                            | 1,399             | 1,400               | 800                    | 700             | 700             |
| Ending retained earnings                            | 4,948             | 6,348               | 7,148                  | 7,848           | 8,548           |
| Opening other components of equity (OCE)            | 497               | 555                 | 609                    | 609             | 609             |
| OCI   | 58                | 54                  | -                      | -               | -               |
| Ending other components of equity                   | 555               | 609                 | 609                    | 609             | 609             |
| Non-controlling interest                            | 5                 | 5                   | 5                      | 5               | 5               |
| <b>Total equity – end of year</b>                   | <b>5,508</b>      | <b>6,962</b>        | <b>7,762</b>           | <b>8,462</b>    | <b>9,162</b>    |
| <b>Total liabilities</b>                            | <b>13,551</b>     | <b>12,349</b>       | <b>11,803</b>          | <b>11,503</b>   | <b>11,451</b>   |
| <b>Capital Expenditures<sup>2</sup></b>             | <b>64</b>         | <b>56</b>           | <b>199<sup>3</sup></b> | <b>86</b>       | <b>55</b>       |

<sup>1</sup> The Financial Summary reflects the International Financial Reporting Standards (“IFRS”).

<sup>2</sup> Premium earned includes customer rebates of \$398 million in 2023/24 and \$410 million in 2024/25.

<sup>3</sup> Major categories of capital expenditure include: facilities (land, building, and leasehold), furniture and equipment, IT systems (computer equipment and software). Looking ahead, ICBC expects capital expenditures will change in the planning period as the company maintains or replaces aging infrastructure, including replacement or upgrade of facilities, and as critical business systems are renewed.

<sup>4</sup> Head Office Relocation is a 31-year capital lease (\$120M) commencing January 1, 2026 and the renovation of certain existing ICBC-owned buildings. Full cost of lease and leasehold improvements is \$162M with leasehold improvements spanning 2024/25 – 2027/28. Timing and amount of expenditure is subject to change.

## Operating Cost by Nature

| (\$Millions)  | 2023/24      | 2024/25      | 2025/26             | 2026/27           | 2027/28      |
|---|--------------|--------------|---------------------|-------------------|--------------|
|   | Actual       | Forecast     | Budget <sup>1</sup> | Plan <sup>4</sup> | Plan         |
| Premium taxes and commission expense                | 764          | 856          | 889                 | 929               | 982          |
| Compensation and other employee benefits            | 560          | 579          | 610                 | 1,130             | 1,183        |
| Pension and post-retirement benefits                | 47           | 56           | 66                  |                   |              |
| Professional and other services                     | 48           | 30           | 33                  |                   |              |
| Road improvements and other traffic safety programs | 34           | 37           | 38                  |                   |              |
| Building operating expenses                         | 26           | 27           | 29                  |                   |              |
| Merchant and bank fees                              | 49           | 53           | 56                  |                   |              |
| Office supplies and postage                         | 22           | 20           | 24                  |                   |              |
| Computer costs                                      | 38           | 38           | 50                  |                   |              |
| Depreciation and amortization                       | 90           | 82           | 87                  |                   |              |
| Corporate initiative project expenses <sup>2</sup>  | -            | 51           | 87                  |                   |              |
| Other <sup>3</sup>                                  | 30           | 62           | 53                  |                   |              |
| <b>Total operating costs</b>                        | <b>1,708</b> | <b>1,891</b> | <b>2,022</b>        | <b>2,059</b>      | <b>2,165</b> |

<sup>1</sup> Operating Costs targets are not planned in detail beyond the current year.

<sup>2</sup> Corporate initiative project expenses are planned expenses, which are based on corporate priorities. The actual project expenses get allocated based on the nature of the expense.

<sup>3</sup> Other include bad debt expenses, telecommunications, outside information processing, staff related expenses including training, gain on asset disposal and other one-time costs.

<sup>4</sup> 2026/27 include an estimated gain from the sale of the ICBC Head Office property located at 151 Esplanade W, North Vancouver, British Columbia. Timing and amount subject to change.

## Key Forecast Considerations

Financial forecasts take into consideration ICBC's plans to address the key strategic risks facing the organization and changes in the external environment. Typical of other property and casualty insurance companies, ICBC faces material risks in the execution of its strategy and conduct of operations. The Board, the Board Committees and the Executive Leadership Team review these material risks, including financial market risk, as part of their governance and oversight function. Actual results could vary from these projections depending on actual implementation, actual behavioural changes and associated impacts.

Based on these plans, the following assumptions were developed along with certain key considerations and incorporated into the financial forecasts on page 22-23.



- Commencing May 1, 2021, the actuals and forecasts reflect Enhanced Care. Given Enhanced Care is a new product that heavily relies on external data, there remains risk to the forecast.
- The summary financial outlook reflects the overall operations of the business, including Basic and Optional insurance and non-insurance activities. It has been prepared considering legislative, regulatory and judicial frameworks. The forecast reflects a number of financial and behavioural assumptions.
- Rate changes are assumed for both Basic and Optional insurance businesses in the forecast periods. Any changes to Basic insurance rates are subject to BCUC regulatory approval. Other assumptions that can impact financial forecasts can include the number of additional policies that are sold, vehicle sales and whether people are listing more risky drivers and/or buying more coverage.
- The forecast includes the BCUC-approved Basic insurance rate change of 0 per cent for Policy Year 2023, now extended through April 1, 2023 - March 31, 2026, that also includes a capital provision, which contributes to rebuilding ICBC's capital reserves.
- The financial information was prepared based on International Financial Reporting Standards (IFRS).
- Investment income, as shown, includes the expected interest, dividends, other income, gains and losses and net market value change of financial assets.
- Claims incurred reflect current claims trends, vehicle population growth and inflation.
- Prior years' claims reflect the re-estimation of prior years' claims and release of risk adjustments as claims are settled.
- Net insurance finance expenses reflect the unwinding of discounting and the impact of changes in the discount rate on the liability for unpaid claims.
- Assumptions were made with respect to the claims discount rate and the rate used to discount pension and post-retirement benefits. Actual discount rates may be different from these estimates as they are influenced by external market and economy factors.
- Risks are inherent in insurance forecasts since they are based on assumptions about the future. These assumptions are based on historical driving, claims and other economic patterns, as well as expert judgment. However, due to the volatile nature and the inherent risks of the insurance business, there are a range of uncertainties in these estimations. The following highlight the effect of variations in the assumptions underlying the financial forecast.

## **Premiums**

- 1 percentage point fluctuation represents approximately \$58 – \$69 million in net premiums (Basic and Optional combined).

## Claims

- 1 per cent change in current year claims costs represents approximately \$44 – \$57 million in current year claims costs.
- 1 per cent fluctuation in the unpaid claims balance represents approximately \$86 – \$108 million in claims costs.
- 1 percentage point fluctuation in the rate used to discount claims represents approximately \$300 – \$340 million in claims costs.

## Investments

- 1 percentage point change in investment return represents approximately \$180 – \$192 million in investment return.
- 1 per cent change in the investment portfolio represents approximately \$9 – \$15 million in investment return.
- 1 percentage point change in interest rate could result in a change of approximately \$371 million in the fair value in ICBC's fixed income portfolio.
- A 10-per cent change in public equity prices could result in an estimated corresponding change to unrealized investment income of approximately \$350 million.
- A 10-per cent change in Canadian dollar exchange rate could change the fair value of the non-Canadian equity fund investments and would result in a change to unrealized investment income of approximately \$446 million.

## Pension

- 1 percentage point change in discount rate represents approximately \$600 million impact to the defined benefit obligation.
- 1 percentage point change in discount rate represents approximately \$55 million impact to pension expense.

## Management's Perspective on Financial Outlook

ICBC forecasts a net income of \$1,400 million for 2024/25 compared to a budget net income of \$0. The forecasted net income for 2024/25 is higher than budget, primarily due to higher investment income and lower than expected claims costs. The strong financial position in 2024/25 has enabled ICBC to issue a rebate of \$110 to eligible customers, similar to the rebate issued for 2023/24, totaling approximately \$410 million.

The 2025/26 Budget is \$800 million, reflecting the return to the expected long-term trends for investments and continued favourable trends on claims; as well as improvements to operations to enhance customer experience, improve efficiency and maintain service levels.

ICBC earns investment income to help offset the cost of insurance and aims to balance risk and return within its investment portfolio. The economy has shown signs of recovery with the easing in inflation and resulting interest rate cuts. The main driver for 2024/25 investment income being above budget is the stronger than expected growth in equity markets. ICBC expects investment income in 2025/26 to normalize as the equity markets stabilize around the historical average. Interest rates have also fallen, resulting in higher short-term gains but lower yields for fixed income assets going forward.

The 2024/25 claims costs are favourable to budget due to lower numbers of compensable claims and lower numbers of injury and Material Damage claims than expected. Claims results under Enhanced Care continue to be favourable, in terms of lower-than-expected number of compensable injury claims and crash severity, while acknowledging that ICBC's experience with the Enhanced Care product is still quite new. As a result of the limited experience with Enhanced Care, ICBC's injury severity forecasts continue to rely on external data which leads to considerable uncertainty/risk (favourable/unfavourable) in the forecast. Enhanced Care claims cost assumptions and forecasts will continue to evolve as more experience with the new product is observed.

Material Damage claims costs have emerged favourably as compared to budget, as ICBC has observed a lower-than-expected number of compensable claims and lower severities on repairs. Moderated growth on material and labour costs, as compared to prior years' trends, as well as the emergence of fewer delayed repairs, have resulted in lower-than-expected Material Damage claims costs.

The legal-based injury book continues to experience the emergence of a higher large loss count that has not fully moderated and there is continued severity risk (risk of higher costs) for outstanding legal-based injury claims. Legal-based closures continue to be stronger than expected; however, higher closures are not enough to moderate the higher large loss emergence.

In addition, a decrease in the rate to discount claims has had an unfavourable impact on the unpaid claims liability forecast for 2024/25.

While the favourable overall claims trends observed in 2024/25 are reflected in the claims figure estimates for the 2025/26 – 2027/28 forecast period, considerable risk remains regarding the frequency of crash claims and future severity of crash claims.

The year-over-year premium revenue growth is primarily the result of policy growth and increases in average premium, as a result of older vehicles being replaced with newer, more expensive vehicles.

The operating costs forecast for 2024/25 remains unchanged from budget. The favourable impact from lower-than-budget staffing levels, primarily due to recruitment challenges, is offset by several non-recurring items. For 2025/26 and beyond, increases in costs include provisions for previously negotiated contracts, sustainment costs associated with completed projects, and general inflation. While there are additional staffing needs to manage service levels, compensation-related cost pressures are expected to be partially offset with a gradual reduction in its legal-based claims-related staffing requirements as ICBC continues to manage and progressively wind down legal-based claims and streamline claims processes. Further, in spite of increases in demand for services, ICBC has managed to keep planned staffing levels consistent year over year. Overall, operating cost increases are attributable to the execution of the new corporate strategic initiatives, business sustainment costs, general inflation, and salaries and benefits.

Similar to other insurance organizations, ICBC has a capital management framework under which it operates. This framework takes into consideration both its management operating targets and its regulatory minimums to ensure that capital reserves are adequate to protect policyholders from financial risk while keeping rates as low as possible over the long term. ICBC is guided by the capital management framework of the Office of the Superintendent of Financial Institutions (OSFI), adopting OSFI's Minimum Capital Test ("MCT"), as a means to measure and monitor ICBC's capital levels. ICBC's recent capital reserve levels, measured by the MCT, are currently adequate to absorb adverse events that may arise due to uncertainty and volatility of the financial markets.

On May 8, 2024, Government amended Special Direction IC2 to the British Columbia Utilities Commission B.C. Reg. 307/2004 ("Special Direction IC2"), extending ICBC's Policy Year 2023 by one year to end on March 31, 2026. This extension continues the suspension of the requirement to set Basic rates in a manner that allows ICBC to maintain a Basic MCT ratio of 100 per cent. In addition, the criteria for the issuance of a Customer Renewal Credit, which provides a mechanism for the release of capital to policyholders, continues to remain suspended. Given the amendments to Special Direction IC2, ICBC has delayed updating the Capital Management Plan until the next revenue requirements application.

## Capital Expenditure

| Major Capital Projects <sup>1</sup><br>(over \$50 million in total) | Targeted<br>Year of<br>Completion | Project Cost<br>to<br>December<br>31, 2024<br>(\$m) | Estimated<br>Cost to<br>Complete<br>(\$m) | Anticipated<br>Total Cost<br>(\$m) |
|---|-----------------------------------|---|---|------------------------------------|
| <b>ICBC Head Office Relocation <sup>2</sup></b>                     | 2028                              | -   | 162                                       | 162                                |

<sup>1</sup> Only projects that have been approved by ICBC's Board of Directors are included in this table. Capital costs reflect current ICBC accounting policy.

<sup>2</sup> Head Office Relocation is a 31-year lease (including fixturing period of 1 year which is rent free) (\$120M) commencing Jan 1, 2026 and the renovation of certain existing ICBC buildings. Full cost of lease and leasehold improvements is \$162M (including lease) with lease hold improvements spanning 2024/25 – 2027/28. Timing and amount of expenditure is subject to change.

## Appendix A: Mandate Letter from the Minister Responsible



July 26, 2023

Catherine Holt  
Board of Directors  
Executive Office  
Insurance Corporation of British Columbia  
517 - 151 West Esplanade  
North Vancouver BC V7M 3H9

Dear Catherine Holt:

On behalf of Premier Eby and the Executive Council, I would like to extend my thanks to you, your board members and your organization's leadership for your dedication, expertise, and service to the people of British Columbia.

Public sector organizations – including Crowns, Health Authorities and Post Secondary Institution Boards – support British Columbians by delivering vital public services and are accountable to the public through their responsible Minister. Your leadership in advancing and protecting the public interest strengthens trust in public institutions.

You are serving British Columbians at a time when people in our province continue to recover from and respond to the upheaval caused by the COVID-19 pandemic, an ongoing toxic drug crisis, climate-related natural disasters, and while global inflation is driving up costs. Now more than ever, we need to focus on building a prosperous, low-carbon, sustainable economy, and a province where everyone can find a good home – in rural areas, in cities, and in Indigenous communities.

This mandate letter, which I am sending in my capacity as Minister responsible for the Insurance Corporation of British Columbia, sets out overarching principles relevant to the entire public sector and specific direction on priorities and expectations for your organization for the remainder of Government's term.

Government and public sector organizations must continue to advance results that people can see and feel in these key areas: strengthened health care, safer communities, attainable and secure housing, and a clean and fair economy that delivers affordability and prosperity.

In doing so, you will continue working towards lasting and meaningful Reconciliation by supporting opportunities for Indigenous Peoples to be full partners in the province we are building together, and delivering on specific commitments as outlined in the *Declaration on the Rights of Indigenous Peoples Act* action plan.

As required by the *Climate Change Accountability Act*, please ensure your organization implements targets and strategies for minimizing greenhouse gas emissions and managing climate risk, including achieving carbon neutrality each year and aligning with the CleanBC target of a 50% reduction in public sector building emissions and a 40% reduction in public sector fleet emissions by 2030. Your organization is expected to work with government to report out on these plans and activities as required by legislation.

Our province's history, identity and strength are rooted in its diverse population. Yet racialized and marginalized people face historic and present-day barriers that limit their full participation in their communities, workplaces, government and their lives. The public sector has a moral and ethical responsibility to tackle systemic discrimination in all its forms – and every public sector organization has a role in this work. As part of this work, your organization is expected to adopt the Gender-Based Analysis Plus (GBA+) lens to ensure gender equity is reflected in your operations and programs.

British Columbians expect that public sector organizations operate in a responsible manner to deliver quality services equitably in all regions of the province. This requires strategic stewardship of planning, operations, and policies in the areas of financial, risk, and human resource management including information security and privacy protection.

The protection of government data and networks is a priority, especially where it concerns personal information of British Columbians. Public sector organizations must maintain up to date systems and effective cybersecurity practices, including maintaining current information management and cybersecurity policies, guidelines and standards; evaluating your organization against industry standards; and maintaining appropriate security and privacy practices. The Office of the Chief Information Officer within the Ministry of Citizens' Services is available to support and offer guidance to your organization in any of these areas.

Public sector organizations must also implement and maintain an effective fraud risk management strategy. The Office of the Comptroller General and the Risk Management Branch in the Ministry of Finance are available for consultation.

The Crown Agencies Secretariat (CAS) in the Ministry of Finance supports public sector organizations to operate effectively, in the public interest, and aligned with government's strategic direction and priorities. Within CAS, the Crown Agencies and Board Resourcing Office (CABRO) will continue to support you and your board on recruitment, appointments and professional development, as well as ensuring Board composition and governance reflects the diversity of our province. CAS can support you in public sector governance best practices, policy and planning.

In addition to continuing to make progress on your [2021 mandate letter](#), I expect you to ensure the important priorities and areas of focus listed in this letter are incorporated into the practices of your organization and develop plans to address the following new priorities within your approved budget:



- Continue to support the government's priority to keep automobile insurance rates affordable for British Columbians while ensuring the financial stability of the corporation, including identifying and delivering on mitigations that will help reduce pressures on automobile rates.
- Develop and implement corporation-wide strategies to improve ICBC's customer experience, perceptions and interactions with the corporation, while achieving cost-effective service delivery and effectively communicating the corporation's work to serve all British Columbians. Continue to improve customer experience and communications with pedestrians and cyclists who have been injured in vehicle collisions.
- Work with the Ministry of Public Safety and Solicitor General, the Ministry of Transportation and Infrastructure and other partners to reduce the frequency and severity of crashes to support the safety of British Columbians and help make insurance more affordable.
- Advance work to modernize BC's driver licensing services to ensure the services continue to be reliable and respond to the needs of customers in the future.
- Work with CAS to develop a specific vehicle insurance product for the film industry in BC, which will streamline insurance requirements and support the province continuing to be a destination of choice for the film sector.

Each board member is asked to sign this letter to acknowledge this direction from government to your organization. The signed letter is to be posted publicly on your website by summer 2023.

I look forward to continuing to work with you and your Board colleagues to meet the high standards set for us by all British Columbians.

Sincerely,



Mike Farnworth  
Minister of Public Safety and Solicitor General  
and Deputy Premier

Date: July 26, 2023

cc: Honourable David Eby, KC  
Premier

Shannon Salter  
Deputy Minister to the Premier, Cabinet Secretary and Head of the BC Public Service

Heather Wood  
Deputy Minister and Secretary to Treasury Board  
Ministry of Finance

Mary Sue Maloughney  
Associate Deputy Minister, Crown Agencies Secretariat  
Ministry of Finance

Douglas Scott  
Deputy Solicitor General  
Ministry of Public Safety and Solicitor General

Jennie Moushos  
Director  
ICBC

Paulette Flamond  
Director  
ICBC

Jill Leversage  
Director  
ICBC

Bonnie Pearson  
Director  
ICBC

Allan Seckel  
Director  
ICBC

Janet Wood  
Director  
ICBC

Salima Remtulla  
Director  
ICBC

Chris Lewis  
Director  
ICBC

Bill Tilford  
Director  
ICBC

Len Boggio  
Director  
ICBC

David Wong  
President and Chief Executive Officer  
ICBC



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Catherine Holt  
Chair, ICBC  
Date: July 27, 2023



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Jill Leversage  
Director, ICBC  
Date: July 28, 2023



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Paulette Flamond  
Director, ICBC  
Date: July 27, 2023



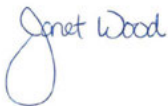
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Chris Lewis  
Director, ICBC  
Date: July 31, 2023



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Len Boggio  
Director, ICBC  
Date: July 27, 2023



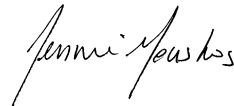
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Janet Wood  
Director, ICBC  
Date: July 27, 2023



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Bonnie Pearson  
Director, ICBC  
Date: July 27, 2023



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Jennie Moushos  
Director, ICBC  
Date: July 27, 2023



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Allan Seckel  
Director, ICBC  
Date: July 31, 2023



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Salima Remtulla  
Director, ICBC  
Date: July 27, 2023



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Bill Tilford  
Director, ICBC  
Date: July 27, 2023