Insurance Corporation of British Columbia

2025/26
Annual Service Plan Report

August 2026

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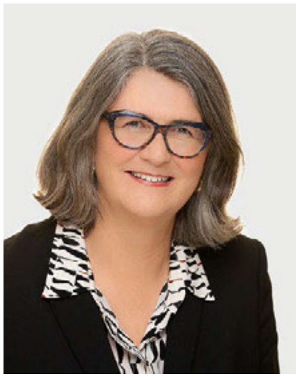
Board Chair's Accountability Statement



The ICBC 2025/26 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2025/26 – 2027/28 Service Plan published in 2025. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

Catherine Holt
Board Chair, ICBC
July 27, 2026

Table of Contents

Letter from the Board Chair & CEO

Throughout 2025/26, everyone at ICBC demonstrated strong commitment in advancing our corporate priorities, including affordability, as outlined in the 2025 Mandate Letter from the then-Minister of Public Safety and Solicitor General.

Drivers across British Columbia continue to benefit from seven consecutive years without increases to Basic insurance rates. In addition, the introduction of an expanded mileage threshold offers greater flexibility, enabling many Optional insurance customers who drive less to access new discounts and enhanced affordability — while providing more choice for people across the province.

Customer service was also a significant focus in 2025/26. The My ICBC customer portal was launched, representing a major milestone for ICBC, and bringing together more than 20 online services for our customers through a convenient, centralized login.

The year focused on building the foundations to improve how we serve customers and support employees. Foundational work was done on customer data modernization, laying the groundwork for data-driven service delivery. As well, a multi-year strategic action plan advanced foundational work to set up community engagement in the near future, focused on building authentic working partnerships.

This 2025/26 Annual Service Plan Report marks the second year of ICBC's Moving Together 2031 corporate strategy, through which we remain focused on continuous improvement to better serve all who live in British Columbia.

ICBC continues to make meaningful progress in enhancing products and services, maintaining affordable rates, supporting safer and more sustainable mobility, and advancing Reconciliation with Indigenous Peoples.

Catherine Holt	Jason McDaniel
Chair of the Board of Directors	President and CEO
July 27, 2026	July 27, 2026

Purpose of the Annual Service Plan Report

This annual service plan report has been developed to meet the requirements of the Budget Transparency and Accountability Act (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, a Minister Responsible for a government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

Strategic Direction

The strategic direction set by Government in 2024 and the Board Chair's Mandate Letter from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the ICBC 2025/26 – 2027/28 Service Plan and the actual results reported on in this annual report.

Purpose of the Organization

ICBC is a Crown Corporation that reports to the Attorney General and Deputy Premier, the Honourable Niki Sharma. The Insurance Corporation Act, Insurance (Vehicle) Act and Motor Vehicle Act mandate ICBC 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 B.C. drivers with Optional auto insurance products in competition with private insurers.

ICBC champions safer roads for all British Columbians by working with communities, law enforcement and other partners on various road safety campaigns and initiatives. Road safety is one of ICBC's key priorities and the Corporation 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, ICBC's insurance products and services are available through a province-wide network of independent brokers.

Each year, ICBC processes nearly 900,000 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 BCID card and BC Services Card through 125 points of service that offer these services.

Economic Statement

Economic activity in British Columbia advanced in 2025, after modest growth in 2024, despite facing notable headwinds. Last year, homebuilding activity in the province continued at a steady pace, and lower interest rates and easing inflation supported household spending. Meanwhile, high uncertainty around the impacts of U.S. tariffs and significantly lower population growth tempered economic activity in B.C., and across many provinces. Overall, B.C.'s real GDP rose by 2.0 per cent in 2025, up from 1.2 per cent growth in 2024. B.C. was one of only two provinces that saw an increase in the rate of real GDP growth from 2024 to 2025. On an industry basis, B.C.’s economic growth in 2025 was led by real estate, rental and leasing; health care and social assistance services; mining, quarrying, and oil and gas extraction; and construction.

B.C.’s labour market moderated in 2025, amid slower population growth and trade-related economic uncertainty. Total employment rose by 1.1 percent (+32,200 jobs), while wages and salaries rose by 3.1 percent. The unemployment rate averaged 6.2 percent in 2025, up from 5.6 percent in 2024, as labour force growth outpaced job creation. Despite rising last year, B.C.’s unemployment rate remained below the national average of 6.8 percent. B.C. housing starts totaled 44,193 units in 2025, down 3.6 percent from 2024, but remained above the 10-year historical average. Meanwhile, B.C. home sales activity declined by 5.7 percent compared to 2024, with muted demand contributing to a 2.9 percent decrease in the average home price. Inflationary pressures continued to moderate in 2025, reflecting slower price growth for services and subdued inflation for goods. Shelter inflation was the largest contributor to headline inflation last year but slowed substantially for both rented and owned accommodation compared to recent years. Lower gasoline prices, partly due to the removal of the B.C. consumer carbon tax, also helped ease headline inflation. Overall, B.C.’s consumer price inflation averaged 2.1 percent in 2025, down from 2.6 percent in 2024. Lower inflation and easing interest rates supported robust retail sales, which grew by 6.4 percent in 2025. On the trade front, B.C.’s merchandise exports remained relatively flat as markets adjusted to shifting global trade conditions. Overall, the value of B.C.’s goods exports edged down 0.1 percent compared to 2024 as increased exports to non-U.S. destinations were offset by a continued decline in goods exports to the U.S.

Report on Performance: Goals, Objectives, and Results

This report represents ICBC's new 2031 corporate strategy. This new strategy has resulted in changes to the goals, objectives, performance measures and targets reported on in the 2024/25 Annual Service Plan Report.

The following goals, objectives and performance measures have been restated from the 2025/26 – 2027/28 Service Plan. For forward-looking planning information, including current and future performance targets, please see the latest service plan.

Goal 1: Customer-Driven Support

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

Key results

- In December 2025, launched the My ICBC customer portal, which brings together more than 20 online services through a centralized login.
- In January 2026Completed foundational work to transform ICBC's contact centre capabilities by implementing new capabilities while exploring enhancements to its operating model to deliver more effective, consistent service through its, agents.
- In March 2026, Introduced Income Replacement Benefit calculator (available through My ICBC), enabling faster benefit payments with fewer delays to determine entitlements.
- Began expanding its customer experience training program to auto claims customer-facing employees, and reinforced training for Enhanced Care employees. As of March 31, 2026, approximately 30% (460) of the staff participated in the training. Training is still in progress and will be completed in 2026/27.
- Developed the technology required to launch the first digital service for online knowledge testing for driver licences Classes 5–8 internally, with the public release planned for June 2026.
- Initiated discovery work aimed to simplify business processes and build a modern, flexible technology foundation to support future driver licensing service improvements and long-term sustainability
- Legislation was introduced in the B.C. Legislature to provide the legal framework required for ICBC to deliver more digital, online, and flexible driver licencing services.

Summary of progress made in 2025/26

Strategy 1: Support Enhanced Care customers’ return to pre-crash health

ICBC rolled out customer experience reinforcement training in 2025/26 to elevate the skills and knowledge of its recovery specialists and ultimately improve the customer experience. To further elevate the level of customer experience, ICBC refined caseload volume requirements for a significant portion of specialists, ensuring they have adequate capacity to deliver on the service level customers require. In addition, ICBC continues to collaborate with healthcare providers to support adding more providers on the Locator Tool, which was launched in March 2025. This online tool improves customers’ ability to identify healthcare providers in their region, based on the treatment they require. Lastly, ICBC launched an online income replacement benefit calculator, streamlining the approval process for customers who cannot work because of an accident.

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

ICBC focused on building the foundations for a more convenient and consistent customer experience. This included launching My ICBC as a centralized customer portal that enables customers to access many of ICBC’s online services in one convenient location. ICBC advanced its contact centres by implementing new capabilities (e.g., migration to a cloud-based platform to enable enhanced functionality and future improvements) while exploring enhancements to its operating model to deliver more effective, consistent service through its agents. Expanding on the customer experience training delivered to all customer-facing employees across Enhanced Care in FY25 and FY26, ICBC is now focused on training auto claims specialists, continuing ICBC’s work to deliver empathetic, inclusive, responsive, quality customer interactions. In FY26 ICBC also revamped its customer satisfaction survey program, migrating to primarily email-based surveying to enable more timely customer insights and a convenient channel.

Strategy 3: Advance work to modernize B.C.’s driver licensing services to ensure the services continue to be reliable and respond to the needs of customers in the future

ICBC began a multi-year strategy to modernize driver licensing services to meet growing customer demand and improve accessibility. In 2025/26, this work focused on expanding online self-service options while maintaining in-person services for customers who prefer them. As part of this effort, ICBC has developed its first digital service for driver licensing – online knowledge tests for driver licence classes 5-8 – with public release planned for June 2026, alongside existing in-person testing. The modernization strategy is aimed at simplifying business processes and building a modern, flexible technology foundation to support future service improvements and long-term sustainability. Legislation was introduced to provide the legal framework needed for ICBC to deliver more digital, online, and flexible driver licensing services.

Performance measures and related discussion

Performance Measure[1]	2024/25 Actual	2025/26 Target	2025/26 Actual
[1a] Customer Satisfaction for Insurance Services[1,3,6]	85%	85%	86%
[1b] Customer Satisfaction for Claims Services[4,6]	74%	75%	78%
[1c] Customer Satisfaction for Driver Licensing Services[5,6]	76%	76%	81%

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

[1]Independent insurance brokers process more than four million Autoplan policies each year. The Insurance Services Satisfaction measure evaluates customer experience when purchasing a new policy, renewing a policy, or making a mid-term change to an existing policy.

[2]Claims are handled through ICBC's First Notice of Loss contact centre and other specialty departments such as Claims, Material Damage and Rehabilitation Services. Claims surveying, which surveys customers with personal (non-commercial) claims, occurs when a customer opens a claim with ICBC and/or after their claim closes.

[3]Targets for 2026/27 and 2027/28 were stated in the 2025/26 Service Plan as 85% and 85% respectively.

[4]Targets for 2026/27 and 2027/28 were stated in the 2025/26 Service Plan as 76% and 77% respectively.

[5]Targets for 2026/27 and 2027/28 were stated in the 2025/26 Service Plan as 77% and 78% respectively.

[6]For forward-looking planning information, including current targets for 2026/27 – 2028/29 please see the latest service plan on the ICBC website.

ICBC measures customer service based on the percentage of satisfied customers for each major transaction type or service that it provides: insurance services, claims services, and driver licensing.

Discussion: Customer satisfaction for Insurance Services

ICBC's 2025/26 Insurance Customer Satisfaction Score exceeded target at 86 per cent. This strong result reflects ICBC's ongoing commitment to maintaining the high level of service provided by Autoplan brokers, while also offering customers greater flexibility to complete renewals through multiple channels.

Discussion: Customer satisfaction for Claims Services

The Claims Customer Satisfaction Score for 2025/26 exceeded target at 78 per cent, despite an ongoing industry-wide shortage of vehicle repair technicians that is reducing capacity and affecting timeliness for completing repairs. Customer satisfaction remained strong as ICBC continued its commitment to improving the claim experience including the ongoing delivery of comprehensive customer experience training.

Discussion: Customer satisfaction for Driver Licensing Services

The Driver Licensing customer satisfaction score for 2025/26 exceeded target at 81 per cent, despite service disruptions. Customer satisfaction remained strong, reflecting the impact of ICBC's prior-year modernization efforts. These included moving knowledge test material online including creating a popular online practice test, enhancements to knowledge test practice materials, improvements to the online booking system, and a more efficient in-office experience enabled by the rollout of a new customer flow management system.

Goal 2: Affordable Rates

Objective 2.1: Keep insurance affordable by managing claims costs

Key results

- Implemented a new salvage platform in April 2025 that expands the buyer base and increases competition, improving salvage recoveries to help offset claims costs and support affordable insurance rates.
- Implemented a new three-year rate framework in 2025/26 for Collision, Commercial, Glass, and Tow industries with predictable annual increases to support a sustainable repair industry.
- In 2025/26, ICBC continued investment in industry sustainability by expanding apprenticeship grants to help grow the automotive technician workforce in British Columbia.
- Modernized internal processes applying artificial intelligence as a triage mechanism to identify high-risk claims for human review, enabling teams to focus on complex claims, strengthening overall Collision supplier governance.
- Began implementation of a comprehensive plan, developed earlier in fiscal year 2025/26, for winding down the legal-based book, of claims for crashes that occurred before the implementation of Enhanced Care on May 1, 2021.

Summary of progress made in 2025/26

Strategy 1: Monitor and manage vehicle-related claims costs

Vehicle repair costs continued to rise in 2025/26, reflecting global trends such as increasingly complex vehicle technology, including electric vehicles, higher parts and labour costs, interprovincial trade barriers, geopolitical pressures, and a shortage of qualified repair technicians. In this environment, ICBC remained focused on monitoring and managing vehicle-related claims costs while balancing affordability with timely access to repairs for customers.

In 2025/26, ICBC implemented measures to support affordability. ICBC introduced a new salvage solution that improves the sale and processing of total loss vehicles by expanding the buyer base and increasing competition. This has increased salvage returns, which offset claims costs and help keep insurance rates affordable.

ICBC also introduced a new three-year rate framework in 2025/26, that provides predictable annual rate increases for Collision, Commercial, Glass, and Tow industries, supporting industry sustainability.

To further support industry sustainability, ICBC invested in labour, education, training and safety through grants to increase apprenticeship opportunities at ICBC Repair Network facilities for automotive refinishing technicians and auto body and collision repair technicians. In 2025/26, ICBC invested $86,000 in this program.

Together, the rate framework and investments in the automotive technician workforce help maintain a stable and sustainable repair industry in British Columbia, reducing cost pressures associated with repair delays, supporting long-term rate affordability, and providing customers with timely access to repairs.

To further improve access to timely repairs for customers, ICBC also made improvements to internal processes and modernized workflows by leveraging artificial intelligence to identify high risk claims for human review, improving overall Collision supplier governance and supporting employees by better utilizing their skillsets. As a result of these combined efforts, ICBC’s average repair costs continued to be among the lowest in Canada.

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

In 2025/26, ICBC settled approximately 8,200 litigated claims under the former legal-based model, a 42-per cent reduction in the pending bodily injury claims since the beginning of the fiscal year. Open claims were down to approximately 11,270 at the end of 2025/26.

As the old legal-based claims wind down, ICBC is proportionally reducing its dedicated legal-based claims staffing and its outside defence counsel.

ICBC is continuing to wind down the old legal-based insurance book of business so that its sole focus will be on the delivery of Enhanced Care. As these claims continue to wind down, reserve requirements are reducing. This will provide more financial stability as ICBC’s financial results will be tied more closely to the delivery of Enhanced Care.

Performance measures and related discussion

Jurisdictional comparison of year-over-year rate changes

Performance Measure	2024/25 Actual	2025/26 Target	2025/26 Actual
[2a] Jurisdictional comparison of year-over-year rate changes[1,2]	ICBC's rate change is 5.7 percentage points less than the Provincial Rate Change Benchmark	≤ Provincial Rate Change Benchmark	2025/26 comparison will be available in 2027[3]

[1]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 2024/25. 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.
[2]For forward-looking planning information, including current targets for 2025/26 – 2027/28, please see the latest service plan on the ICBC website.
[3]The Provincial rate change benchmark is reported annually. Metrics for 2025/26 will be available in July 2026.

Expense Ratios

Performance Measure	2024/25 Actual	2025/26 Target	2025/26 Actual
[2b] Expense Ratio[1,2,5]	23.2%[3]	22.8%	22.1%
[2c] Loss Adjustment Expense Ratio[4,5]	11.9%[3]	9.8%	11.1%

Data source: Financial performance measures are derived from actual financial information, forecasted trends and assumptions.
[1] Targets for 2026/27 and 2027/28 were stated in the 2025/26 Service Plan as 22.6% and 23.1% respectively.
[2] The auto writers' industry benchmark for 2025 was 32.8%. Source: MSA Research Inc., MSA Benchmark Report, Property and Casualty, Canada, 2025. Benchmark name: Auto Writers (excluding ICBC and Saskatchewan Auto Fund).
[3] ICBC issued a rebate of $406 million; this resulted in lower earned premiums. Excluding the rebate, the 2024/25 actual expense ratio would be 21.7% and the 2024/25 actual loss adjustment expense ratio would be 11.2%.
[4] Targets for 2026/27 and 2027/28 were stated in the 2025/26 Service Plan as 9.8% for both years.
[5] For forward-looking planning information, including current targets for 2026/27 – 2028/29, please see the latest service plan on the ICBC website.

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 of 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 was lower than the benchmark for 2024/25 mainly because there was no increase to Basic rates in 2024/25.

Discussion: Expense Ratio

The expense ratio is a standard industry measure to assess the operational efficiency of an insurer. A lower expense ratio is better. ICBC calculates this as a ratio of insurance expenses and non-insurance expenses (excluding incurred claims and claims-related costs) to premiums earned net of reinsurance. ICBC is unique in providing non-insurance services (driver licensing, vehicle registration and licensing, violation ticket issuance and government fine 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 is approximately 10 percentage points lower than the industry average.

In 2025/26, ICBC's expense ratio was 22.1 per cent, below the target of 22.8 per cent, reflecting lower operating expenses. The ratio was also 1.1 percentage points lower than in 2024/25, primarily due to higher premiums earned in 2025/26. Further explanations of operating expense and premium earned variances are provided in the Variance and Trend Analysis section below.

Discussion: Loss adjustment expense ratio

The loss adjustment expense ratio (LAER) compares the cost to settle claims against premiums earned, which is an indicator of the efficiency of the claims settlement process. This measure primarily considers loss adjustment expenses on an incurred basis, which means that it represents costs for losses occurring in the current fiscal year. It can also be affected when there are significant changes in estimated costs to settle outstanding claims from prior years.

The LAER for 2025/26 was 1.3 percentage points higher than the target. This reflected an adjustment for the higher expenses required to service the more complex legal-based claims from prior loss years that remain to be settled. The LAER for 2025/26 was lower than the prior year, primarily due to higher earned premiums as 2024/25 included the impact of rebates, which did not reoccur this year. With the introduction of the Enhanced Care model and the elimination of most remaining legal costs from the previous system, ICBC expects that the LAER will remain stable with approximately 10 per cent of premiums going towards the cost of settling claims.

Goal 3: Safer and Sustainable Mobility

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

Key results

- Finalized planning for the modernization of B.C.'s Automated Safety Enforcement program, in partnership with RoadSafetyBC., March, 2026
- Implemented and expanded a usage-based product: a 15,000 km per year distance-based tier for optional coverage, June 2025

Summary of progress made in 2025/26

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

As the mobility landscape continues to evolve, proactively planning and implementing road safety programs to prevent high injury severity crashes while addressing emerging safety risks for all modes of transportation is critical. In 2025/26, ICBC finalized planning for the modernization of B.C.'s current Automated Safety Enforcement program – a proactive, technology-driven initiative aimed at reducing high-risk driving behaviours, preventing crashes and saving lives. Modernization work will continue into 2027 resulting in enhanced technology that increases efficacy to prevent high injury severity crashes at intersections.

Strategy 2: Explore options on usage-based insurance discounts

Usage-based insurance products reflect vehicle usage, such as distance travelled. By linking premiums to how much a person drives, these products encourage reduced driving and appeal to customers who want insurance costs that more closely reflect their vehicle use.

ICBC has expanded its usage-based discount product in 2025/26: a 15,000 kilometer per year distance tier for select Optional coverages. Customers already have other discount tiers available, for example 5,000 kilometres per year for Basic coverage and 10,000 kilometres a year for select Optional coverages, to best reflect how much they drive. To qualify for discounts, customers provide their odometer information when purchasing or renewing their insurance as evidence of distance driven.

Personal and commercial telematics optional pilots, which started in 2025/26, will be completed in 2027. Telematics uses GPS and sensors to consensually collect data such as location, speed, and driving behavior. That data can be used in a variety of ways, including to encourage safer driving behaviour.

Those pilots will inform future ICBC telematics programs and road safety initiatives (e.g., customer adoption, technology capabilities, and safety leading indicators).

Performance Measures

Performance Measure	2024/25 Actual	2025/26 Target	2025/26 Actual
[3a] Crash Frequency1	8.6%	8.6%	8.1%

Data source: ICBC claims and policy databases
[1]Targets for 2026/27 and 2027/28 were stated in the 2025/26 Service Plan as 8.5% and 8.4% respectively

Discussion: Crash Frequency

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. Due to a mild winter in 2025/26, crash frequency plateaued at 8.1 per cent instead of increasing as projected. Frequency is expected to rise minimally and continue its long-term downward trajectory due to new technologies focused on crash prevention.

Goal 4: Meaningful Reconciliation

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

Key results

- Continued the implementation of the Reconciliation Action Plan in 2025/26, with progress shifting toward implementation and operational delivery, and advanced development of ICBC's multi-year strategic action plan to inform priorities in coming years.
- As of March 31, 2026, delivered Cultural Awareness and Safety training to 76% of employees, alongside Building Cultural Safety: Indigenous Awareness for Leaders to 56% of leaders.
- Improved access to and quality of driver licensing services for Indigenous Peoples in remote communities through expanded mobile, in-community service delivery.

Summary of progress made in 2025/26

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

The Reconciliation Action Plan demonstrates ICBC's accountability and commitment to ongoing Reconciliation. In 2025/26, ICBC continued implementation of the plan, with progress shifting from planning to implementation and operational delivery to advance commitments across all four pillars:

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

This progress was supported by transparent reporting on progress and learnings through ICBC's publicly accessible Reconciliation progress update. ICBC also advanced development of its multi-year strategic action plan to inform priorities for the coming years.

Strategy 2: Build Indigenous awareness and representation among ICBC employees

To help support Reconciliation, ICBC continued to build knowledge and awareness of Indigenous culture among its employees, while increasing representation of Indigenous employees working at ICBC. In 2025/26, ICBC delivered its Cultural Awareness and Safety training to 76 per cent of employees, and 56 per cent of leaders have attended Building Cultural Safety: Indigenous Awareness for Leaders. ICBC also advanced enhancements to its Indigenous employee recruitment and employee belonging strategy. This included partnering with organizations that provide education and training services to Indigenous Peoples, such as Aboriginal Community Career Employment Services Society (ACCESS), supporting leaders within ICBC on hiring and interviewing Indigenous candidates, and prioritizing inclusion in various career development programs, for example mentoring.

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

As part of ICBC's Reconciliation Action Plan, ICBC worked to reduce barriers that Indigenous Peoples in British Columbia can experience when obtaining a driver's licence, with a focus on improving access for people living in remote communities.

To advance this commitment, ICBC expanded mobile, in-community service delivery and relationship-based engagement through the Indigenous Community Outreach program. In 2025/26, the program delivered 47 community visits across 38 different communities, serving 742 customers and completing 1,635 transactions, helping customers avoid 197,527 km of travel and related costs associated with accessing in-person services outside their community. Through dialogue with community members, ICBC learned that improved access to driver licences, B.C. Services Card, and BC identification has supported employment, health care access, and family well-being.

In January 2026, ICBC also completed an assessment of options to expand road testing in additional remote Indigenous communities. Following this review, ICBC decided not to proceed with adding new routes beyond existing locations. The route evaluation concluded that there were not enough elements to adequately assess a driver's readiness for more complex environments. ICBC will continue to explore other ways to improve access.

Performance Measures

In 2025/26, ICBC advanced development of the multi-year strategic action plan. Performance measures for this objective will be identified as this work continues in 2026/27, informed by ongoing internal dialogue and engagement with First Nations, Métis, Inuit, and a variety of Indigenous organizations.

Goal 5: Engaged and Empowered Employees

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

Key results

- Implemented a new three-year People Strategy (2026 – 2028), established a solid foundation and got key initiatives in place to set up for expansion.
- Defined and published leadership journeys by beginning to deliver training to leaders
- Launched in Q3 2026 a values-based recognition program to support engagement and build a stronger connection to ICBC's purpose and values.
- Advanced technological capabilities and upgrades to prepare a future-ready workforce that is skilled, agile, and adaptable to meet customer needs in a dynamic digital world.

Summary of progress made in 2025/26

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

2025/26 marked the first year of the 2025/26 – 2027/28 People Strategy, focused on planning, assessing, and establishing the foundations for delivery. Delivery of this goal remains strong, with steady engagement, inclusion and empowerment.

In support of enhancing the employee experience, ICBC launched a values-based recognition program designed to strengthen how employees feel valued for their contributions and reinforce connection to ICBC's purpose. Nominations reflected engagement from across the organization.

ICBC prioritized leadership capability through the Inspirational Leaders Program. This included new Psychological Health and Safety and Inclusive Leadership training modules, which were rolled out to team and unit leaders as part of a phased delivery approach.

To further employee well-being, ICBC launched a voluntary biometric screening program to support employees in making informed lifestyle changes and feeling more in control of their overall health. Conducted by health professionals, each session included physical measurements and blood work, with personalized recommendations provided at the end of each session. Enhancements to People Portal, ICBC's human resources system, were completed to better support career development and learning access.

To prepare for a future-ready workforce that is skilled, agile, and adaptable to meet evolving customer needs in a digital environment, ICBC developed a future-ready technology roadmap in Q3 2026 to implement the tools that will support employee productivity, collaboration and communication. This included conducting a pilot of M365 Copilot to explore productivity and collaboration opportunities.

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

ICBC remained committed to building a culture that is accessible to all, supportive, inclusive of colleagues and customers, and reflective of the diversity of British Columbia. In 2025/26, ICBC implemented work across three key areas of the DEI Strategic Action Plan. The three key areas include: building a talented, diverse, engaged and representative workforce; advancing an inclusive culture by embedding equity and inclusion into policies, processes and products; and building on the strength of DEI initiatives to create meaningful and sustainable change.

To build a talented, diverse, and representative workforce, demographic data collection continued through the Count Me In! Program, reaching its 22 per cent response goal in the first year. Feedback has been strong and work continues to assess long-term impact. A three-module Diversity, Equity and Inclusion Key Concepts course was also made available to all employees. Building on this foundation, ICBC completed an organization-wide accessibility assessment to inform the accessibility workplan and partnered with Qmunity – a Vancouver-based non-profit serving B.C.'s Queer, Trans and Two Spirit community – to offer identification clinics for name and gender identity updates to ICBC-issued provincial ID. Furthermore, ICBC has partnered with Convo Communications, a Deaf-owned and Burnaby-based company, to launch a free program that offers live, virtual, on-demand American Sign Language (ASL) interpretation using a mobile device. The service, called Convo Access, has now expanded to all driver licensing offices.

Performance measures and related discussion

Performance Measure	2024/25 Actual	2025/26 Target	2025/26 Actual
[5a] Employee Engagement Score[2]	66%	66%	65%
[5b] Inclusion Index[1,3]	76%	76%	76%

Data source: Employee Opinion Survey (EOS) conducted by an independent firm.
[1]Inclusion Index is the new name for what was previously the Diversity, Equity and Inclusion Index. The measure is still calculated based on the same nine questions from the Employee Opinion Survey.
[2]Targets for 2026/27 and 2027/28 were stated in the 2025/26 Service Plan as 67% and 68% respectively. Development of employee engagement targets beyond 2025/26 were being assessed.
[3]Targets for 2026/27 and 2027/28 were stated in the 2025/26 Service Plan as 77% and 78% respectively. Development of longer-term index targets were being assessed.

Discussion: Employee Engagement Score

ICBC’s Employees Opinion Survey (EOS) seeks to understand employee opinions about the Corporation and reflects its efforts to attract and retain a talented, diverse, and engaged workforce. In 2025/26, ICBC’s overall engagement score was 65 per cent, stable and relatively flat compared to results from the prior year. Strong survey participation at 80 per cent of employees signals ongoing commitment to improving the workplace. Of the five aspects of engagement, “can be myself at work” was the most favourable. The 2025/26 – 2027/28 People Strategy initiatives – including wellbeing programs, career journeys, and expanded learning and development opportunities – are expected to support positive movement in engagement.

Discussion: Inclusion Index

ICBC’s Inclusion Index measures employees’ perceptions and feelings of equity and inclusion across the organization. In 2025/26, the Inclusion Index held steady at 76 per cent, which is consistent with the prior year’s result. In the broader Canadian context, EOS scores related to diversity and inclusion are seeing notable downward movement; ICBC’s result remaining stable at 76 per cent is indicative of the commitment made to inclusion and accessibility. Areas of focus in 2025/26 – including Inclusive Leadership and Inclusive Hiring, Psychological Health and Safety training, and progress on Accessible B.C. standards – are expected to support continued improvement.

Financial Report

For the auditor's report and audited financial statements, see Appendix C. These documents can also be found on ICBC's website.

Discussion of Results

Highlights

ICBC's net income for the 2025/26 fiscal year was $1,517 million, which was $134 million lower than the $1,651 million net income in 2024/25. Net income decreased primarily due to lower investment income and higher claims costs, largely reflecting inflationary increases in claims. These impacts were partially offset by higher earned premiums.

Net income for 2025/26 was $717 million higher than the budgeted net income of $800 million. This was mostly driven by lower claims costs, with lower-than-expected losses from both Enhanced Accident Benefit claims and material damage claims. These favourable variances were partially offset by unfavourable adjustments to bodily injury and accident benefit claims under the pre-May 1, 2021 legal-based product.

Financial Summary

The table below provides an overview of ICBC's 2025/26 financial performance relative to its 2025/26–2027/28 Service Plan.

$ millions[1,2]	2024/25 Actual	2025/26 Budget	2025/26 Actual	2025/26 Variance
Insurance revenues				
Premiums earned[3]	5,759	6,443	6,491	48
Service fees	229	187	184	(3)
Total earned revenues	**5,988**	**6,630**	**6,675**	**45**
Insurance service expenses				
Provision for claims occurring in the current year	4,037	5,042	4,120	922
Change in estimates for losses occurring in prior years	(685)	(571)	(145)	(426)
Total claims incurred	**3,352**	**4,471**	**3,975**	**496**
Claims services and loss management[4]	515	556	561	(5)
Claims and claims-related costs	**3,867**	**5,027**	**4,536**	**491**
Insurance operations expenses[4]	123	130	143	(13)
Premium taxes and commissions[4]	799	847	856	(9)
Other acquisition costs – operating expenses[4]	44	49	46	3
Total insurance service expenses	**4,833**	**6,053**	**5,581**	**472**
Net expenses from reinsurance contracts	11	20	3	17
Insurance service result	**1,144**	**557**	**1,091**	**534**
Net investment income	1,411	904	963	59
Net insurance finance expenses	576	258	183	75
Net other operating expenses (income), non-attributable[4]	145	187	156	31
Net income – insurance operations	**1,834**	**1,016**	**1,715**	**699**
Non-insurance operations expenses[4]	153	186	165	21
Non-insurance commissions[4]	41	42	43	(1)
Non-insurance - other income	11	12	10	(2)
Net income	**1,651**	**800**	**1,517**	**717**

$ millions [1,2]	2024/25 Actual	2025/26 Budget	2025/26 Actual
At year end: [5]			
Long-term debt	-	-	-
Total liabilities	**12,094**	**11,803**	**10, 514**
Equity			
Retained earnings	6,600	7,148	8,121
Other components of equity	593	609	615
Non-controlling interest	3	5	-
Total equity	**7,196**	**7,762**	**8,736**

[1] Financial information for all years is prepared based on International Financial Reporting Standards (IFRS).
[2] Rounding may affect totals.
[3] 2024/25 actual premiums earned reflect a $406 million rebate to eligible ICBC customers.
[4] See Note 16 of the consolidated financial statements for details of Operating Expenses by Nature.
[5] Balances presented at year end as of March 31, 2025 and March 31, 2026, respectively.

	2024/25 Actual	2025/26 Budget	2025/26 Actual
Capital Expenditures ($ millions)	43	199	152
Autoplan policies earned [1]	4,414,000		4,488,000
Average premium ($) [2]	1,360		1,408
Claims reported during the year	1,125,000		1,141,000

[1] Annualized values have been used for policies with a term of less than 12 months. Autoplan policies earned include Basic, storage and temporary operating permit policies. 2024/25 actual has been restated from 4,373,000, as was reported in the 2024/25 Annual Service Plan Report.
[2] Average premium is based on Autoplan premiums earned and is not denoted in the millions. 2024/25 actual has been restated from 1,358, as reported in the 2024/25 Annual Service Plan Report (due to the Autoplan policies earned restatement).

Basic and Optional Comparative Summary Table

$ millions[1]	Basic			Optional		
	2024/25 Actual	2025/26 Actual	Better/ (Worse) Variance	2024/25 Actual	2025/26 Actual	Better/ (Worse) Variance
Insurance revenues						
Premiums earned[2]	2,892	3,359	467	2,867	3,132	265
Service fees	123	98	(25)	106	86	(20)
Total earned revenues	**3,015**	**3,457**	**442**	**2,973**	**3,218**	**245**
Insurance service expenses						
Provision for claims occurring in the current year	2,226	2,254	(28)	1,811	1,866	(55)
Change in estimates for losses occurring in prior years	(422)	(251)	(171)	(263)	106	(369)
Total claims incurred	**1,804**	**2,003**	**(199)**	**1,548**	**1,972**	**(424)**
Claims service and loss management	349	377	(28)	166	184	(18)
Claims and claims-related costs	**2,153**	**2,380**	**(227)**	**1,714**	**2,156**	**(442)**
Insurance operations expenses	53	61	(8)	70	82	**(12)**
Premium taxes and commissions	210	231	(21)	589	625	**(36)**
Other acquisition costs – operating expenses	22	23	(1)	22	23	**(1)**
Total insurance service expenses	**2,438**	**2,695**	**(257)**	**2,395**	**2,886**	**(491)**
Net expenses from reinsurance contracts	1	(10)	11	10	13	**(3)**
Insurance service result	**576**	**772**	**196**	**568**	**319**	**(249)**
Net investment income	979	656	(323)	432	307	**(125)**
Net insurance finance expenses	415	123	292	161	60	**101**
Net other operating expenses (income), non-attributable	78	83	(5)	67	73	**(6)**
Net income – insurance operations	**1,062**	**1,222**	**160**	**772**	**493**	**(279)**
Non-insurance operations expenses	153	165	(12)	-	-	**-**
Non-insurance commissions	41	43	(2)	-	-	**-**
Non-insurance - other income	11	10	1	-	-	**-**
Net income	**879**	**1,024**	**145**	**772**	**493**	**(279)**

Millions[1]	Basic 2024/25 Actual	Basic 2025/26 Actual	Optional 2024/25 Actual	Optional 2025/26 Actual
At year end:[3]				
Equity[4]				
Retained earnings	4,569	5,682	2,031	2,439
Other components of equity	414	429	179	186
Non-controlling interest	1	(1)	2	1
Total equity	**4,984**	**6,110**	**2,212**	**2,626**

[1] Rounding may affect totals.
[2] Basic 2024/25 actual premiums earned reflect a $406 million rebate to eligible ICBC customers.
[3] Balances presented at year end as of March 31, 2025 and March 31, 2026, respectively.
[4] The 2025/26 actual includes a transfer from Optional to Basic. See Note 20 of the consolidated financial statements for details of Capital Management.

Variance and Trend Analysis

Premiums earned

Premiums earned totalled $6,491 million in 2025/26, an increase of $732 million from 2024/25. The increase is mainly due to the $406 million rebate issued in 2024/25, combined with continued exposure growth and higher Optional penetration in 2025/26.

Premiums earned were $48 million higher compared to budget mainly due to Optional exposure growth and an increase in the average premium per Optional policy.

Service fees

Service fees are primarily comprised of interest received from policyholders who have chosen to finance their insurance premiums over the policy period.

Service fees totalled $184 million in 2025/26, $45 million lower than last year due to reduced financing fees resulting from declining interest rates throughout the fiscal year, as the financing fees are tied to the Bank of Canada prime rate.

Claims costs

The cost of claims, also referred to as claims-incurred costs, is affected by the growth in the number of policies, the likelihood of having a claim (frequency) and the average expected costs to settle those claims (severity). Factors influencing frequency include driving and claimant behaviour, driver experience, weather, the effectiveness of road safety and loss management programs, and the increasing number of new vehicles with advanced safety features. Factors influencing severity include litigation, settlement awards, legal fees, medical cost inflation, vehicle parts and repair inflation, the effect of tariffs, and various investigative costs.

The cost of claims incurred accounts for about two-thirds of ICBC’s total costs. Claims-incurred costs are comprised of the expected costs to settle claims for all crashes that have occurred during the fiscal period, regardless of when the crash was reported to ICBC, and the change in estimates for losses that occurred in prior periods. Claims-incurred costs include payments made to settle claims, adjusters’ case reserves and actuarial estimates of the additional costs that will be paid on current claims and future claims. Under IFRS, ICBC reports claims-incurred costs on a discounted basis to reflect the time value of money and includes adjustments to account for risks associated with expected future cash flows.

Estimating how much claims will cost in the future involves predicting the future behaviour of incurred claims, taking into consideration the following: changes to the insurance product, closure rates, payment patterns and inflation, consistency of ICBC’s claims-handling procedures, and historical delays in claims reporting. Determining the present value of future claims payments further relies on prevailing interest rates at a point in time.

In general, the more time required to settle a group of claims, the less certain their estimates will be. Adjustments to the prior periods’ claims reserves are due to the re-estimation of future payments for claims incurred in prior periods that are in progress and for those that are not yet reported. As time passes, more claims are paid and more information becomes available, refining the estimate of the remaining future claims payments. Changes in the prevailing interest rates over time will also affect the present value of future claims payments.

The provision for claims occurring in the current year, or current-year claims costs, is reflective of claims under Enhanced Care. Estimated changes for losses that occurred in prior periods reflect a combination of claims under Enhanced Care from May 1, 2021 onward, claims under the minor injury cap product from April 1, 2019 to April 30, 2021, and claims under the pre-April 1, 2019 legal-based product.

Overall, claims-incurred costs in 2025/26, inclusive of discounting impact (i.e. net insurance finance expenses), totalled $4,158 million – an increase of $230 million from 2024/25, primarily due to inflationary increases in claims.

The claims-incurred costs of $4,158 million in 2025/26 were $571 million below the budget. The lower claims costs were mainly due to lower-than-expected losses from material damage claims due to lower claim frequency and slower-than-anticipated emergence of tariff impacts. These favourable factors were partially offset by unfavourable adjustments to bodily injury and accident benefit claims under the pre-May 1, 2021 legal-based product.

$ millions[1]	2022/23 Actual	2022/23 Restated Actual	2023/24 Actual	2024/25 Actual	2025/26 Budget	2025/26 Actual
Claims-Incurred Costs	**4,121**	**4,010[2]**	**3,823[2]**	**3,928[2]**	**4,729[2]**	**4,158[2]**
Injury	**1,633**	**1,514**	**1,015**	**1,580**	**1,323**	**1,460**
Current year claims	1,266	1,144	1,241	1,194	1,442	1,176
Prior years adjustments	298	307	(89)	564	(44)	474
Change in claims handling costs reserves	69	63	(137)	(178)	(75)	(190)
Material Damage and Other	**2,488**	**2,496**	**2,808**	**2,348**	**3,406**	**2,698**
Current year claims	2,361	2,374	2,749	2,726	3,474	2,839
Prior years adjustments	121	116	36	(370)	(72)	(137)
Change in claims handling costs reserves	6	6	23	(8)	4	(4)

Data Source: ICBC financial systems

[1] 2022/23 Actual is as reported in past Annual Service Plan Reports and have not been restated under the new accounting standards. 2022/23 Restated Actual and onwards are consistent with the new accounting standards, effective April 1, 2023.

[2] For 2022/23 Restated Actual and onwards, claims-incurred costs are the sum of *Total claims incurred* and *Net insurance finance expenses* as stated on the Financial Summary table on page 21. Claims-incurred costs for these fiscal year actuals exclude claims recovery from reinsurance contracts.

Injury claims

Current year injury claims, comprised of bodily injury claims and accident benefit claims, account for approximately 30 per cent of current year claims-incurred costs in 2025/26. Injury claims include amounts for medical costs and future care, past and future wage loss, and external claims handling expenses. Injury claims in the Enhanced Care system include compensation for permanent impairments. Overall, the total cost of current year injury claims was comparable to 2024/25, as inflationary increases in claims cost were offset by fewer injury claims than initially anticipated.

$ millions[1]	2022/23 Actual	2022/23 Restated Actual	2023/24 Actual	2024/25 Actual	2025/26 Budget	2025/26 Actual
Current Year Injury Claims Incurred (major categories)	**1,266**	**1,144**	**1,241**	**1,194**	**1,442**	**1,176**
Bodily Injury	116	106	177	204	259	173
Accident & Death Benefits	1,150	1,038	1,064	990	1,183	1,003

Data Source: ICBC financial systems

Material damage (non-injury claims)

Current year material damage claims accounted for approximately 70 per cent of current year claims-incurred costs in 2025/26. Material damage claims were largely categorized into Basic vehicle damage and property damage, collision, comprehensive and windshield claims. Overall, the total cost of current-year material damage claims was higher than 2024/25, driven by increasing vehicle repair costs and growth in the number of policies.

$ millions[1]	2022/23 Actual	2022/23 Restated Actual	2023/24 Actual	2024/25 Actual	2025/26 Budget	2025/26 Actual
Current Year Material Damage Claims Incurred (major categories)	**2,361**	**2,374**	**2,749**	**2,726**	**3,474**	**2,839**
Basic vehicle damage and property damage	863	869	1,007	1,012	1,314	1,090
Collision	999	1,003	1,165	1,100	1,392	1,154
Comprehensive	300	301	345	352	437	360
Windshield	155	157	177	195	251	217
Other	44	44	55	67	80	18

Data Source: ICBC financial systems

Liability for incurred claims

The liability for incurred claims, making up the majority of insurance contract liabilities, was the largest liability on the consolidated statement of financial position. It is an estimate of the fulfillment cash flows related to incurred claims that have already occurred. The adequacy of this liability is reviewed and adjusted periodically throughout the fiscal year based on revised actuarial estimates, which include a risk adjustment for non-financial risk.

The liability for incurred claims as of March 31, 2026 was $8.0 billion. However, estimates for fulfillment cash flows can change significantly due to the time frame in which certain types of claims are settled, which can be over a number of years. The liability for incurred claims related to bodily injury and accident benefits claims account for approximately 87 per cent of total liability for incurred claims. As illustrated in the tables below for claims occurring under the Enhanced Care model, only a small percentage of bodily injury and accident benefits claims costs is known and paid in the first year of the claim’s occurrence, with a greater portion of the costs being an estimate of claims costs payable in future years.

	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	End of Year 6
Breakdown of Bodily Injury Costs (%) (typical accident year)	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Paid	3%	17%	33%	47%	65%	77%
Unpaid	97%	83%	67%	53%	35%	23%

Data Source: ICBC financial systems

	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	End of Year 6
Breakdown of Enhanced Accident Benefits Costs (%) (typical accident year)	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Paid	14%	29%	36%	41%	45%	47%
Unpaid	86%	71%	64%	59%	55%	53%

Data Source: ICBC financial systems

ICBC commissions an external actuary to provide an independent assessment of the liability for incurred claims. As part of the annual audit of the financial results, the external auditor's actuary also reviews the adequacy of the liability for incurred claims in the context of providing their opinion on the consolidated financial statements.

Under IFRS 17 Insurance Contracts, ICBC reports the liability for incurred claims on a discounted basis to reflect the time value of money and financial risk associated with those future cash flows. The discounted amount takes into account the expected timing of future payments related to unpaid claims. The Corporation uses discount yield curves that reflect prevailing risk-free rates and account for the characteristics of insurance contract liabilities. An increase in the discount yield curve applied to claims costs will reduce the unpaid claims balance while a decrease in the discount yield curve will increase the unpaid claims balance.

Road safety and loss management

In 2025/26, ICBC invested $57 million into road safety initiatives and loss management programs, which include auto crime and fraud prevention, investigation, and detection to help reduce claims costs.

Using a safe systems approach, ICBC targets its road safety investments towards the major risks that impact customers and costs, including distractions, high-risk driving, impaired driving, and vulnerable road users. The safe systems approach seeks to prevent or minimize the impact of crashes by influencing safe road user behaviour, improving the road network, and encouraging safer vehicles and safer speeds. Over the past year, ICBC worked with partners throughout the province to deliver road safety programs that helped protect customers from risks on the road by reducing the frequency and impact of crashes and crime.

In support of road authorities implementing road safety improvements that show promising crash reduction or crash prevention benefits, ICBC's Road Safety Improvement Program provided cost-sharing funding for 338 road safety projects in 2025/26. Initiatives such as roundabouts, roadside rumble strips, improved signage and pedestrian safety treatments are examples of municipal and provincial road safety improvements funded by the Road Safety Improvement Program. ICBC also continued its support of enhanced enforcement initiatives through a funding agreement with the Ministry of Public Safety and Solicitor General. In 2025/26, ICBC invested approximately $27.4 million in enhanced enforcement such as CounterAttack, distracted driving, speed enforcement and seat belt checks. ICBC also invested in public education, awareness, and community initiatives to help improve driver behaviours and encourage all British Columbians to keep B.C. roads safe.

Loss management programs combat fraud through deterrence, detection, enforcement, and prevention efforts, and continued work to ensure fraudulent claims are detected in a timely manner and managed appropriately. All ICBC business areas worked collaboratively to identify and investigate fraudulent claims to reduce overall claims costs.

Operating expenses

Operating expenses include employee compensation and other expenses required to operate the insurance and non-insurance businesses (which consist of expenses for administering driver licenses, vehicle registration and licensing) with the exclusion of claims payments, commissions and premium taxes. In 2025/26, ICBC continued to focus on prudent management of administration costs and improving and streamlining business processes while ensuring adequate staffing to maintain appropriate service levels and manage claims.

In 2025/26, operating expenses increased to $1,097 million, an increase from $1,009 million in 2024/25. This increase was mainly driven by accelerated depreciation associated with transitioning certain applications from on-premise to cloud, as well as higher project and related sustainment costs supporting corporate strategies. In addition, compensation increased reflecting annual salary increases and pension expense increased due to a lower discount rate compared to the prior year. These increases were partially offset by a gradual reduction in legal-based claims staffing as ICBC continued to manage and wind down this portfolio.

Compared to budget, operating expenses in 2025/26 were lower – primarily driven by fewer Full Time Equivalents (FTEs), reflecting the continued wind-down of legal-based claims and recruitment challenges in other areas. Non-compensation expenses were also lower than budgeted primarily due to lower computer costs, lower professional services, and delays in project expenditure. These savings were partially offset by accelerated depreciation.

Included in total operating expenses are non-insurance operating expenses of $165 million, funded from Basic insurance premiums.

$ millions	2024/25 Actual	2025/26 Budget	2025/26 Actual
Operating Expenses	**1,009**	**1,133**	**1,097**
Claims services	462	500	504
Road safety and loss management services	53	56	57
Insurance operations[1]	341	391	371
Non-insurance operations	153	186	165

[1] Insurance operation includes operating expenses that are allocated to other acquisition costs and other operating expenses in Note 16 of the accompanying consolidated financial statements.

$ millions	2024/25 Actual	2025/26 Budget	2025/26 Actual
Operating Expenses by Nature	**1,009**	**1,133**	**1,097**
Employee benefit expense	640	707	675
Professional, administrative and other	251	300	273
Depreciation & amortization	82	87	110
Road improvements and other traffic safety programs	36	39	39

Premium taxes and commissions

Premium taxes (4.4 per cent of premiums) are paid to the provincial government. Commissions represent the amounts paid to brokers and driver licensing agents for the sale of ICBC’s insurance products and the administration of driver and vehicle licensing transactions.

Premium taxes and commissions (including non-insurance commissions) of $899 million were higher than the prior year and budget. This was consistent with ICBC’s higher premiums in 2025/26.

Investments

ICBC has an investment portfolio with a carrying value of $18.4 billion, which represented approximately 95 per cent of the Corporation’s total assets as of March 31, 2026. Funds available for investment purposes come primarily from the premiums collected and set aside for unpaid claims. As of March 31, 2026, 42 per cent of the carrying value of the portfolio was invested in bonds, money market and mortgages, while 58 per cent was invested in equity and alternative investments such as real estate, infrastructure and private assets.

Net investment income

In 2025/26, net investment income was $963 million, which was lower compared with the prior year. This was mostly due to lower returns from fixed income assets, primarily resulting from higher long-term bond yields and lower real estate fund returns compared to prior year. Overall, these results equated to an accounting investment return of 5.5 per cent in 2025/26 (compared to 8.4 per cent in 2024/25) based on the average investment balance during the period on a cost basis.

Compared to budget, the 2025/26 net investment income was higher mainly due to higher-than-forecasted returns from global equities and infrastructure funds. The increase was partially offset by lower-than-forecasted returns from real estate.

$ millions	2024/25 Actual	2025/26 Budget	2025/26 Actual
Net Investment Income	**1,411**	**904**	**963**
Realized gain (losses) on financial investments and other	1,550	608	1,129
Unrealized (losses) gain on financial investments and other	(139)	296	(166)

Equity

As of March 31, 2026, ICBC's total equity was $8,736 million, which is an increase from an equity of $7,196 million as of March 31, 2025. This is primarily due to the positive net income.

Equity has historically helped to absorb significant unexpected increases in claims costs and volatility in the financial markets. The adequacy of equity or capital base is an important factor in assessing the financial stability of an insurance company and is closely monitored by regulators. For federally regulated insurance companies, the common industry method used to measure financial stability is the Minimum Capital Test (MCT) ratio, an Office of the Superintendent of Financial Institutions (OSFI) risk-based capital adequacy framework, which assesses assets, policy liabilities and other potential liabilities to determine appropriate capital levels. OSFI has established an industry-wide supervisory target capital ratio of 150 per cent that provides a cushion above the minimum requirement. Although ICBC is not federally regulated, the MCT ratio is also used to provide a measure of its financial stability.

As of March 31, 2026, ICBC's corporate MCT level of 255 per cent was higher than the prior year primarily due to a substantial rise in capital available, driven by increased retained earnings from positive net income, as explained previously.

Basic and Optional insurance operations

ICBC operates as an integrated company providing Basic and Optional insurance products and services. Integrated operations provide benefits to ICBC's customers, such as ease of service and savings achieved through economies of scale.

The majority of premium revenues and claims costs are specifically identifiable as Basic or Optional; however, certain costs are not tracked separately. For those costs that are not specifically identified as Basic or Optional, a financial allocation methodology, as approved by the BCUC, is used to allocate costs between these two lines of business. Detailed financial information on Basic and Optional lines of business is included as supplemental information to the accompanying consolidated financial statements.

The Basic insurance business this fiscal year recorded a net income of $1,024 million. The Basic net income was higher than in the prior year mainly due to higher earned premiums.

The Optional insurance business this fiscal year recorded a net income of $493 million, which was lower than the prior year mainly due to higher claims costs.

Risks and Uncertainties

ICBC has adopted an enterprise risk management approach to oversee its risk exposure, reduce possible negative outcomes, and contribute to the sound execution of its mandate. The Corporation employs an Enterprise Risk Management Framework ("the Framework") to manage significant corporate risks that could potentially impact its financial health, reputation, stakeholder relationships, and to comply with legal and regulatory requirements.

The Framework includes clarification of the roles and responsibilities of all employees in managing risk, procedures for assessing risks, and effective reporting and communication across the organization. The Corporation follows the "Three Lines of Defence" model, which defines responsibilities within an organization to ensure it can achieve its objectives with strong governance and effective risk management. The first line of defence includes the Corporation's operational functions, whereby senior leaders, managers, and staff are all responsible for identifying and managing risks within their respective areas. The second line of defence includes the Enterprise Risk Management function, which supports the first line by developing risk management policies, standards and procedures, and providing recommendations to ensure significant risks are managed appropriately. The third line of defence includes the internal audit function, which provides independent assurance of management's system of internal controls to mitigate risks.

The Framework is supported by risk and control assessment processes that allow the Corporation to focus on risks where the adverse impacts may be significant, such as cyber threats or uncontrollable increases in claims costs. Risks are first identified using a standard risk taxonomy to ensure all potential risk areas are covered.

All identified key risks are then analyzed using a Risk Prioritization Matrix that determines the potential severity of each risk, considering their impacts to stakeholders: legal or regulatory obligations, as well as the Corporation's financial position, its control measures, mitigations, and escalation processes are considered for each risk, based on established risk tolerances and management's risk appetite, and reputation.

These risks are continually monitored, reviewed, and assessed by the executive leadership team and reported to the Board of Directors on a quarterly basis, and new risks are added to the risk registry as they emerge. There is also a process to review significant incidents for potential control vulnerabilities or potential new risks. A summary of these incidents is also reported to the Corporation's executive leadership team and Board of Directors on a quarterly basis.

Capital Expenditures

Major Capital Projects (over $50 million in total)	Targeted Year of Completion	Project Cost to Mar 31, 2026 ($m)	Estimated Cost to Complete ($m)	Anticipated Total Cost ($m)
ICBC Head Office Relocation	2028	115	37	152

- Only projects that have been approved by ICBC's Board of Directors are included in this table. Capital costs reflect current ICBC accounting policy.
- Head Office Relocation is a 31-year lease (including fixturing period of one year, which is rent free) ($111M) commencing March 30, 2026. Full cost of lease and leasehold improvements is $152M (including lease) with leasehold improvements spanning 2024/25 – 2027/28. Timing and amount of expenditure is subject to change.

Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2025 Mandate Letter from the Minister Responsible.

2025 Mandate Letter Priority	Status as of March 31, 2026
Provide comprehensive quarterly reports to the Ministry of Public Safety and Solicitor General, and Ministry of Finance including CAS on the status of ICBC finances and multi-year forecasts, as well as updates on the delivery of Enhanced Care. As and when appropriate, ensure that the Deputy Solicitor General and Associate Deputy Minister of CAS are apprised of emerging trends and made aware of potential issues as they occur.	• ICBC provides financial reports and notification of emerging trends and issues to Ministry of Attorney General and Ministry of Finance regularly.
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	• ICBC continues to keep Basic auto insurance rates in the province more affordable for all drivers. ICBC's Basic insurance rates have been held steady with no increases for seven years. • ICBC has built up its capital reserves to ensure financial stability. • ICBC continues to explore usage-based insurance opportunities, which enable more affordability opportunities to drivers.

2025 Mandate Letter Priority	Status as of March 31, 2026
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.	• ICBC's Moving Together 2031 corporate strategy is prioritizing improvements to how it delivers products and services to customers, including through a digital-first approach that will both improve access to services and achieve cost efficiencies. • ICBC developed a roadmap of initiatives to improve how it serves customers, including expansion of its digital channels and its contact centre capabilities. • ICBC launched the My ICBC customer portal, offering all ICBC online services with a single sign-on and introducing a new option to pay some debts online. • Building on a program established the previous year, ICBC delivered comprehensive customer experience training to more than 300 auto claims customer-facing employees in 2025/26. The training emphasized key behaviours, skills and actions essential for empathetic, quality customer experience. • ICBC revamped its customer satisfaction survey program, migrating to primarily email-based surveying which enables more timely insights and a convenient channel. • ICBC launched an online application process for the income replacement benefit, reducing time to payment for customers. • ICBC implemented a new usage-based insurance tier, expanding discounts to customers that drive up to 15,000 kilometres per year.

2025 Mandate Letter Priority	Status as of March 31, 2026
Work with the Ministry of Public Safety and Solicitor General, the Ministry of Transportation and Transit, and other partners to reduce the frequency and severity of crashes to support the safety of British Columbians and help make insurance more affordable.	• The Road Safety Improvement Program participated in 338 municipal and Ministry safety-related projects in 2025/26. ICBC's road improvement engineers also conducted nine road safety audits for road authority partners and participated in approximately 20 traffic safety committees throughout B.C., providing technical expertise for local road safety partners. • ICBC continued to administer the Intersection Safety Camera program in partnership with the Ministry of Public Safety and Solicitor General and police, to deter speeding and red-light running at high-risk intersections. • ICBC worked collaboratively with RoadSafetyBC and other provincial partners as part of the BC Road Safety Strategy Steering Committee. • ICBC continues to provide funding for provincial enhanced traffic safety enforcement of high-risk driving behaviours such as impaired driving, speeding and distracted driving.

2025 Mandate Letter Priority	Status as of March 31, 2026

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 is modernizing its Driver Licensing services to make the experience simpler and more convenient for customers.
	• Modernization of driver licensing services and technology is required for ICBC driver licensing to continue to meet customer, government, industry and employee expectations.
	• Modernization initiatives consist of a number of individual projects to provide new or improved online services, modernize business processes, and upgrade technology.
	• Activities currently underway include:
	  ○ Online knowledge testing – ICBC is adding an online option for classes 5-8 knowledge tests, which is planned for implementation in summer 2026.
	  ○ Card Online Renewal – ICBC began work, including support for legislation, to enable eligible customers to renew or replace their BC driver's licence, BC Services Card and/or BC Identification Card (BCID) online, starting with simple renewal or replacement transactions that do not, for example, require change to names, addresses, or driver licence class.
	• On February 19, 2026, Bill 6 – Motor Vehicle Amendment Act was introduced. This provides the legislative and regulation-making authority to enable driver's licences to be renewable online.

2025 Mandate Letter Priority	Status as of March 31, 2026
Work with Road Safety BC and key partners to implement improvements to the graduated licensing programs to create a simpler, more accessible process for new drivers, while improving safety standards for motorcycle drivers.	• On October 30, 2025, Bill 12 – Motor Vehicle Amendment Act received Royal Assent. The Bill allows changes to the Graduated Licence Program and the Motorcycle Licence Program. • Work began to support PSSG (RoadSafetyBC) on development of the corresponding regulations to enable changes for new drivers and motorcycle drivers. • Changes to the Graduated Licensing Program are expected to be implemented later in 2026 with changes to Motorcycle Licensing Program to follow in spring 2027.
Support the comprehensive and independent review of the Enhanced Care model, which has the twin goals of delivering affordable rates for British Columbians and high-quality services and rehabilitation for those injured in collisions	The Special Committee to Review Provisions of the Insurance (Vehicle) Act was appointed on February 19, 2026. and must complete its work by February 18, 2027.

Appendix B: Subsidiaries and Operating Segments

Subsidiaries

The Corporation does not have any active or inactive operating subsidiary companies.

Nominee Holding Companies

All the nominee holding companies listed below hold or have held investment properties, mortgage investments, real assets, and private assets for the purpose of generating investment income. All the nominee holding companies are consolidated into ICBC's financial statements, the basis of which is explained in note 2b in the accompanying consolidated financial statements. The total income from investments held by these holding companies are included in investment income found in note 15 in the accompanying consolidated financial statements.

Nominee Holding Companies		
1141268 Alberta Ltd.	2530694 Ontario Ltd.	Bolsena IC Inc.
1685611 Alberta Ltd.	2542170 Ontario Ltd.	BCI (IC) Realty LP
1263146 Alberta Ltd.	2543053 Ontario Ltd.	BCI (IC) US Finance Inc.
1688141 Alberta Ltd.	2553178 Ontario Ltd.	IMCPE IC 2021 Inc.
1648020 Alberta Ltd.	0866691 B.C. Ltd.	IMCPE IC Investment Inc.
1930933 Alberta Ltd.	BCI (IC) Mex Realty LP	
1662170 Alberta Ltd.	BCI (IC) US Realty Inc.	
2496976 Ontario Ltd.	IMC PD IC 2021 Inc.	
2225888 Ontario Ltd.	BCI (IC) RPG Investment Corp	

Appendix C: Auditor's Report and Audited Financial Statements

INSURANCE CORPORATION OF BRITISH COLUMBIA

CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2026

Management's Responsibility for the Consolidated Financial Statements

Scope of Responsibility

Management prepares the accompanying consolidated financial statements and related information and is responsible for their integrity and objectivity. The statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Boards (IFRS Accounting Standards). These consolidated financial statements include amounts that are based on management's estimates and judgments, particularly our insurance contract liabilities. We believe that these statements present fairly ICBC's financial position, results of operations and cash flows, and that the other information contained in the annual report is consistent with the consolidated financial statements.

Internal Controls

We maintain and rely on a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized and recorded. The system includes written policies and procedures, an organizational structure that segregates duties, and a comprehensive program of periodic audits by the internal auditors, who independently review and evaluate these controls. There is a quarterly risk assessment process, the results of which influence the development of the internal audit program. We continually monitor these internal accounting controls, modifying and improving them as business conditions and operations change. Policies that require employees to maintain the highest ethical standards have also been instituted. We recognize the inherent limitations in all control systems and believe our systems provide an appropriate balance between costs and benefits desired. We believe our systems of internal accounting controls provide reasonable assurance that errors or irregularities that would be material to the consolidated financial statements are prevented or detected in the normal course of business.

Board of Directors and Audit Committee

The Audit Committee, composed of members of the Board of Directors, oversees management's discharge of its financial reporting responsibilities. The Audit Committee recommends for approval to the Board of Directors the appointment of the external auditor and the appointed actuary. The Audit Committee meets no less than quarterly with management, our internal auditors and representatives of our external auditor to discuss auditing, financial reporting and internal control matters. The Audit Committee receives regular reports on the internal audit results and evaluation of internal control systems and it reviews and approves major accounting policies including alternatives and potential key management estimates or judgments. Both internal and external auditors and the appointed actuary have access to the Audit Committee without management's presence. The Audit Committee has reviewed these consolidated financial statements prior to recommending approval by the Board of Directors. The Board of Directors has reviewed and approved the consolidated financial statements.

Independent Auditor and Actuary

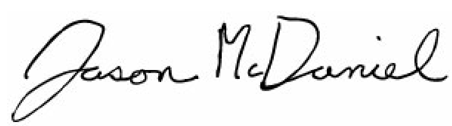
Our independent auditor, PricewaterhouseCoopers LLP, has audited the consolidated financial statements. Their audit was conducted in accordance with Canadian generally accepted auditing standards, which includes the consideration of our internal controls to the extent necessary to form an independent opinion on the consolidated financial statements prepared by management.

Nathalie Bégin of Towers Watson Canada Inc. is engaged as the appointed actuary and is responsible for carrying out an annual valuation of ICBC's policy liabilities and to provide an opinion regarding their appropriateness at the consolidated statement of financial position date. The factors and techniques used in the valuation are in accordance with accepted actuarial practice, applicable legislation, and associated regulations. The scope of the valuation encompasses the policy liabilities as well as any other matter specified in any direction that may be made by the regulator. Policy liabilities in an insurer's statement of financial position are the liabilities at the date of the statement of financial position on account of the insurer's policies, including commitments, that are in force at that date or that were in force before that date. The policy liabilities measured under IFRS 17 (i.e., insurance contract liabilities in regulated insurance entities), consist of a provision for unpaid claims and adjustment expenses on the expired portion of policies and of future obligations on the unexpired portion of policies. In performing the valuation of the liabilities for these contingent future events, which are by their very nature inherently variable, the actuary makes assumptions as to future loss ratios, trends, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Corporation and the nature of the insurance policies.

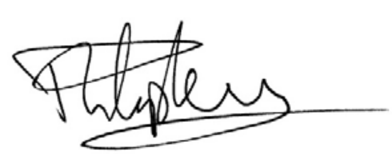
The valuation is based on projections of future claims and claim adjustment expenses. It is certain that actual future claims and claim adjustment expenses will not develop exactly as projected and may, in fact, vary significantly from the projections. Further, the projections make no provision for new classes of claims or claims categories not sufficiently recognized in the claims database.

The actuary relies on data and related information prepared by the Corporation and makes use of the work of the auditor with respect to the verification of the underlying data used in the valuation for accuracy and completeness. The actuary may use and take responsibility for any accounting policies or methods or assumptions set by others, in accordance with Canadian Actuarial Standards of Practice.

Ms. Bégin will meet every year with PricewaterhouseCoopers' valuation actuaries and ICBC's management to discuss business developments, changes in claims processing and claims trends. These discussions assist the independent parties in developing expectations around and assessing management's estimate of the claims provision.



Jason McDaniel
President and Chief Executive Officer
June 15, 2026



Phil Leong
Vice President, Finance & Chief Financial Officer
June 15, 2026

Independent auditor's report

To the Minister Responsible for Insurance Corporation of British Columbia and the Board of Directors of Insurance Corporation of British Columbia

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Insurance Corporation of British Columbia and its subsidiaries (together, the Corporation) as at March 31, 2026 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Corporation's consolidated financial statements comprise:

- the consolidated statement of financial position as at March 31, 2026;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

PricewaterhouseCoopers LLP
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Fax to mail: ca_vancouver_main_fax@pwc.com

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Corporation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants
Vancouver, British Columbia
June 15, 2026

Actuary's Report

I have valued the policy liabilities of the Insurance Corporation of British Columbia for its consolidated financial statements prepared in accordance with International Financial Reporting Standards for the year ended March 31, 2026.

In my opinion:

- The amount of policy liabilities is appropriate for this purpose.
- The valuation conforms to accepted actuarial practice in Canada and the consolidated financial statements fairly presents the results of the valuation.

Nathalie Bégin, FCIA, FCAS

Fellow, Canadian Institute of Actuaries
Towers Watson Canada Inc.

Vancouver, British Columbia
June 15, 2026

Consolidated Statement of Financial Position

($ THOUSANDS)	March 31 2026	March 31 2025
Assets		
Cash and cash equivalents (note 5)	$ 24,633	$ 17,911
Accrued interest (note 5)	4	20,511
Prepaids and other receivables (note 5)	230,512	366,991
Assets held for sale	5,280	17,676
Financial investments (note 6)	18,252,873	18,052,048
Derivative financial instruments (note 6)	189	-
Reinsurance contract assets (note 13)	42,713	39,356
Investment properties (note 6)	121,621	179,421
Property and equipment (note 7)	98,007	98,318
Intangible assets (note 8)	82,298	149,210
Lease assets (note 9)	156,171	48,961
Accrued pension benefits (note 14)	235,752	300,042
	$ 19,250,053	$ 19,290,445
Liabilities and Equity		
Liabilities		
Cheques outstanding (note 5)	$ 266,351	$ 313,154
Accounts payable and accrued charges (note 5)	173,327	157,239
Derivative financial instruments (note 6)	40,962	93,568
Investment-related and other liabilities (note 10)	199,396	302,384
Premiums and fees received in advance	84,174	77,322
Insurance contract liabilities (note 12)	9,411,283	10,891,754
Lease liabilities (note 9)	158,367	49,491
Pension and post-retirement benefits (note 14)	180,278	209,010
	10,514,138	12,093,922
Equity		
Retained earnings	8,120,669	6,600,329
Other components of equity	615,200	592,940
Equity attributable to owner of the corporation	8,735,869	7,193,269
Non-controlling interest	46	3,254
	8,735,915	7,196,523
	$ 19,250,053	$ 19,290,445

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

Approved by the Board

Catherine Holt
Chair of the Board of Directors

Nelson Chan
Director

Consolidated Statement of Comprehensive Income

($ THOUSANDS)		For the year ended March 31 2026		For the year ended March 31 2025
Insurance revenues (note 12)	$	6,675,121	$	5,987,523
Insurance service expenses (note 12)		(5,580,618)		(4,832,965)
Net expenses from reinsurance contracts (note 13)		(3,836)		(10,323)
Insurance service result		1,090,667		1,144,235
Net investment income (note 15)		962,818		1,410,807
Finance expenses from insurance contracts		(183,507)		(578,172)
Finance income from reinsurance contracts		584		1,839
Net insurance finance expenses (note 15)		(182,923)		(576,333)
Net insurance and investment result		1,870,562		1,978,709
Other operating income		26,627		29,461
Other operating expenses (note 16)		(182,281)		(174,314)
Income - insurance operations		1,714,908		1,833,856
Non-insurance operations				
Provincial licences and fines revenue (note 17)		694,103		683,017
Licences and fines transferable to the Province of B.C. (note 17)		(694,103)		(683,017)
Operating expenses (note 16)		(165,268)		(152,707)
Commissions (note 16)		(42,512)		(41,325)
Other income		9,703		11,387
Cost of non-insurance operations		(198,077)		(182,645)
Net income	$	1,516,831	$	1,651,211
Other comprehensive income				
Items that will not be reclassified to net income				
Pension and post-retirement benefits remeasurements (note 14)	$	22,260	$	37,421
Total comprehensive income	$	1,539,091	$	1,688,632
Net income attributable to:				
Non-controlling interest	$	(3,509)	$	(1,385)
Owner of the corporation		1,520,340		1,652,596
	$	1,516,831	$	1,651,211
Total comprehensive income attributable to:				
Non-controlling interest	$	(3,509)	$	(1,385)
Owner of the corporation		1,542,600		1,690,017
	$	1,539,091	$	1,688,632

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

Consolidated Statement of Changes in Equity

($ THOUSANDS)	Retained Earnings	Other Components of Equity: Pension and post-retirement benefits remeasurements	Total attributable to owner of the corporation	Non-Controlling Interest	Total Equity
	For the year ended March 31, 2026				
Balance, beginning of year	$ 6,600,329	$ 592,940	$ 7,193,269	$ 3,254	$ 7,196,523
Contributions				301	301
Comprehensive income					
Net income	1,520,340	-	1,520,340	(3,509)	1,516,831
Other comprehensive income					
Pension and post-retirement benefits remeasurements (note 14)	-	22,260	22,260	-	22,260
Total other comprehensive income	-	22,260	22,260	-	22,260
Total comprehensive income	1,520,340	22,260	1,542,600	(3,509)	1,539,091
Balance, end of year	$ 8,120,669	$ 615,200	$ 8,735,869	$ 46	$ 8,735,915

($ THOUSANDS)	Retained Earnings	Other Components of Equity: Pension and post-retirement benefits remeasurements	Total attributable to owner of the corporation	Non-Controlling Interest	Total Equity
	For the year ended March 31, 2025				
Balance, beginning of year	$ 4,947,733	$ 555,519	$ 5,503,252	$ 5,011	$ 5,508,263
Distributions				(372)	(372)
Comprehensive income					
Net income	1,652,596	-	1,652,596	(1,385)	1,651,211
Other comprehensive income					
Pension and post-retirement benefits remeasurements (note 14)	-	37,421	37,421	-	37,421
Total other comprehensive income	-	37,421	37,421	-	37,421
Total comprehensive income	1,652,596	37,421	1,690,017	(1,385)	1,688,632
Balance, end of year	$ 6,600,329	$ 592,940	$ 7,193,269	$ 3,254	$ 7,196,523

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

Consolidated Statement of Cash Flows

($ THOUSANDS)	For the year ended March 31 2026	For the year ended March 31 2025
Cash flow from (used in) operating activities		
Net income	$ 1,516,831	$ 1,651,211
Items not requiring the use of cash (note 21)	119,261	(401,433)
Changes in non-cash working capital (note 21)	(1,484,585)	(1,833,725)
Cash from (used in) operating activities	151,507	(583,947)
Cash flow from (used in) investing activities		
Purchase of financial investments and investment properties	(27,189,071)	(26,125,419)
Proceeds from sales of financial investments and investment properties	27,108,346	26,595,031
Purchase of property, equipment and intangibles, net	(22,752)	(27,878)
Cash flow (used in) from investing activities	(103,477)	441,734
Cash flow from (used in) financing activities		
Proceeds from investment liabilities	19,034	59,910
Principal payments on lease liabilities (note 21)	(13,539)	(13,369)
Cash flow from financing activities	5,495	46,541
Increase (decrease) in cash and cash equivalents during the year	53,525	(95,672)
Cash and cash equivalents, beginning of year	(295,243)	(199,571)
Cash and cash equivalents, end of year	$ (241,718)	$ (295,243)
Represented by:		
Cash and cash equivalents (note 5)	$ 24,633	$ 17,911
Cheques outstanding (note 5)	(266,351)	(313,154)
Cash and cash equivalents, net, end of year	$ (241,718)	$ (295,243)
Supplemental information		
Interest received	$ 346,848	$ 427,952
Dividends received	$ 674,360	$ 637,634

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

Notes to Consolidated Financial Statements

For the year ended March 31, 2026

1. Corporate Information

The Insurance Corporation of British Columbia (the Corporation or ICBC) is a wholly-owned Crown corporation of the Province of British Columbia (B.C.), not subject to income taxes under the *Income Tax Act (Canada)*, incorporated in 1973 and continued under the *Insurance Corporation Act* (ICA), R.S.B.C. 1996 Chapter 228. The head office of the Corporation is 151 West Esplanade, North Vancouver, British Columbia. The Corporation operates and administers plans of universal compulsory vehicle insurance (Basic) and optional vehicle insurance (Optional) as set out under the *Insurance (Vehicle) Act*, and is also responsible for non-insurance services under the *Insurance Corporation Act* and the *Motor Vehicle Act*. Non-insurance services include driver licensing, vehicle registration and licensing, violation ticket administration and government fines collection. The Corporation is subject to regulation by the British Columbia Utilities Commission (BCUC) with respect to Basic insurance rates and services (note 20).

Basic insurance includes the following coverages: access to enhanced accident benefits providing care and recovery benefits with no overall limit, up to $200,000 of basic vehicle damage coverage, $200,000 in third party liability protection (higher for some commercial vehicles), inverse liability protection, and $1,000,000 underinsured motorist protection.

The Corporation also offers Optional insurance in a competitive environment, which includes, but is not limited to, the following coverages: extended third party liability, comprehensive, collision, loss of use, hit and run, and income top-up.

The Corporation's Basic and Optional insurance products are distributed by approximately 900 independent brokers located throughout the Province of B.C. The Corporation has the power and capacity to act as an insurer and reinsurer in all classes of insurance; however, the Corporation currently only acts as a vehicle insurer.

On June 11, 2026, the Corporation's Board of Directors authorized these consolidated financial statements for issue.

2. Summary of Material Accounting Policies

The material accounting policies adopted in preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of reporting

The consolidated financial statements of the Corporation have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and required by the *Budget Transparency and*

Accountability Act. The consolidated financial statements include the accounts of the Corporation and its subsidiary companies. The Corporation's reporting currency and functional currency for all of its operations is the Canadian dollar, unless otherwise stated.

The Corporation provides a number of non-insurance services on behalf of the Province of B.C. The costs associated with these non-insurance activities are borne by the Corporation. The amounts collected and remitted as well as the related costs are accounted for and presented separately in the consolidated statement of comprehensive income under non-insurance operations for greater transparency (note 17).

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 3.

b) Basis of consolidation

Control

The Corporation consolidates the financial statements of all subsidiary companies. Control is achieved when the Corporation is exposed to, or has rights to, variable returns from the entity and has the ability to use its power to affect the amount of the returns. Entities are fully consolidated from the date on which control is transferred to the Corporation. All but one of the Corporation's investment properties (note 6c) are held individually in consolidated nominee holding companies. The Corporation also invests in financial investments (note 6a) through a number of structured entities, some of which are wholly-owned and therefore consolidated. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. The Corporation does not have any active operating subsidiary companies. All inter-company transactions and balances are eliminated.

Non-controlling interest (NCI), presented as part of equity, represents the portion of a subsidiary's profit or loss and net assets that are not attributable to the Corporation. The Corporation attributes total comprehensive income or loss of entities between the parent and the NCI based on their respective ownership interests.

When the Corporation loses control over an entity, it derecognizes the assets and liabilities of the entity, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the entity is measured at fair value when control is lost.

Significant influence

Associates are entities over which the Corporation has significant influence, which means it has the power to participate in the financial and operating decisions of the investee but does not have control or joint control over the financial or operating policies. Associates generally involve a shareholding of 20% to 50% of the voting rights.

In some cases, voting rights in themselves are not sufficient to assess power or significant influence over the relevant activities of the investee. In such cases, judgment is applied through the analysis of management agreements, the effectiveness of voting rights, the significance of the benefits to which the Corporation is exposed and the degree to which the Corporation can use its power or significant influence to affect its returns from investees.

Associates are accounted for using the equity method. The Corporation has determined that it does not have significant influence in any investments in which the Corporation has 20% or more holdings (note 3c) and accounts for these investments as fair value through profit and loss.

Joint operation

The Corporation classifies joint arrangement investments based on the Corporation’s contractual rights and obligations, rather than the legal structure of the joint arrangement. The Corporation owns one joint operation with a Limited Partner, and is an investment property in Canada.

The Corporation recognises its direct right to the assets, liabilities, revenues and expenses of the joint operations and its share of assets, liabilities, revenues and expenses.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, short-term liquid investments with original maturity term of three months or less that are subject to insignificant changes in fair value, as well as deposits with financial institutions that can be withdrawn without prior notice or penalty.

d) Insurance contracts and reinsurance contracts held

Insurance contracts held

The following summarizes the Corporation’s material accounting policies on insurance contracts held:

Level of aggregation

IFRS 17 *Insurance Contracts* requires insurance contracts to be aggregated into portfolios of contracts that are managed together and share similar risks. The Corporation includes both the Basic only and Basic and Optional contracts in one portfolio, as these contracts share similar risks and are managed together. The Basic coverage only or Basic and Optional coverage contracts cannot be further broken down due to interdependency of risk between Basic and Optional coverage as well as the fact that Optional coverage cannot be sold independently.

Contracts are then further disaggregated based on profitability, and each group does not include contracts issued more than one year apart. The Corporation groups contracts together in annual cohorts aligning with the Corporation's fiscal period and assumes that no contracts in the portfolio are potentially onerous at initial recognition.

Recognition and derecognition

The Corporation recognizes a group of insurance contracts issued from the earliest of the following:

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

Subsequently, all new contracts are added to the group when they are issued or initiated, provided that all contracts in the group are issued or initiated in the same year.

The Corporation derecognizes insurance contracts when rights and obligations relating to the contract are extinguished or when the contract is modified in a way that would have significantly changed the accounting for the contract had the new terms always existed, in which case a new contract based on the modified term is recognized.

Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Corporation can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when the Corporation has practical ability to reassess risks and can set a price or level of benefits that fully reflect those reassessed risks.

For all insurance contracts issued by the Corporation, the contract boundary aligns with the policy term of each contract and is always one year or less.

For all reinsurance contracts held by the Corporation, the contract boundary aligns with the reinsurance contracts coverage term of 12 months.

Premium allocation approach

Insurance contracts contain two liability components – liability for remaining coverage (LRC) and liability for incurred claims (LIC). IFRS 17 provides an option for entities issuing or holding insurance contracts to measure the LRC under the General Measurement Model (GMM) or the Premium Allocation Approach (PAA). LIC must be measured under GMM as cash outflow is expected to be beyond one year.

For LRC, the Corporation elected to apply the PAA to all groups of insurance and reinsurance contracts based on the coverage period being one year or less. For all insurance contracts issued by the Corporation, the contract boundary aligns with the policy term of each contract and is always one year or less.

Liability for remaining coverage

On initial recognition of a group of contracts, the carrying amount of the LRC is measured at the premium received to date and any amounts arising from the insurance acquisition cash flow. The Corporation chooses to recognize insurance acquisition cash flow as an expense when incurred.

Subsequently, the carrying amount of LRC is increased by any further premium received and decreased by the amount recognized as insurance revenue for insurance services provided.

Since the time between providing each part of the coverage and related premium due date is no more than a year, the Corporation is not adjusting the LRC to reflect the time value money and the effect of financial risk.

Under PAA, a group of contracts is considered not onerous unless, at any time during the coverage period, facts and circumstances indicate otherwise. When facts and circumstances indicate that a group of contracts may be onerous, the entity is required to assess profitability of the potentially onerous group of contracts. A group of insurance contracts is onerous if the fulfillment cash flows allocated to the group and any cash flows arising from the group in total are a net outflow. If a group of contracts is onerous, the entity will recognize a loss in profit or loss and increase LRC to the extent that the current estimates of the fulfillment cash flow that relate to remaining coverage exceed the carrying amount of the LRC.

The Corporation’s policy is to assess the profitability of its portfolios using critical elements, which includes losses in historical years, risk adjustment margin, insurance service revenues and discount rates. If the portfolio is determined to be onerous, the Corporation will increase the portfolio liability by recognizing a loss component determined based on fulfillment cashflows. If the portfolio has proven to be profitable, the Corporation will continue further monitoring on a quarterly basis.

Liability for incurred claims

Liability for incurred claims (LIC) of a group of contracts are recognized at the amount of the fulfillment cash flow related to incurred claims. The fulfillment cash flows comprise:

- probability-weighted estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks associated with those future cash flows; and
- a risk adjustment for non-financial risk.

The future cash flows within LIC are discounted since the insurance contracts issued by the Corporation typically have a settlement period of over one year.

To reflect the time value of money and financial risk associated with those future cash flows, the Corporation has established discount yield curves using a bottom-up approach to reflect the characteristics of insurance contract liabilities. The bottom-up approach adds an illiquidity premium to the risk-free rate and uses a reference portfolio to derive an illiquidity premium curve.

The effect of the discounting is recognized as finance expenses from insurance contracts through the net (loss) income on the consolidated statement of comprehensive income.

The Corporation does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income and expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenues

The Corporation recognizes insurance revenue on a straight-line basis, based on the passage of time over the term of the insurance contract issued.

Service fees on the Corporation's payment plan are recognized monthly over the term of the insurance contract. For six or twelve month term insurance contracts, the Corporation's payment plan enables customers to make monthly or quarterly payments.

Insurance service expenses

Insurance service expenses include incurred claims, changes relate to the liability for incurred claims, other attributable insurance service expenses and acquisition costs, which comprise both direct costs and an allocation of indirect costs, as well as losses and reversals on onerous contracts, if any.

Net insurance finance income and expenses

Net insurance finance income and expenses comprise the change in the carrying amount of insurance and reinsurance contract arising from the discount unwinding and changes in discount rates.

The Corporation has elected to record changes in discount rates in net income in the line net insurance finance expense.

Reinsurance contracts held

The Corporation has elected to apply PAA to all groups of reinsurance contracts held on the basis of the coverage period beginning one year or less. The contract boundary aligns with the reinsurance contract coverage term of 12 months.

The Corporation combines the two reinsurance contracts held in a single portfolio, as they contain similar risks and are managed together. Both reinsurance contracts held are considered one group since they are in a net cost position with no significant possibility of a net gain arising subsequently.

On the initial recognition, the Corporation measures the remaining coverage at the amount of ceding premium paid. The carrying amount of a group of reinsurance contracts held at the end of the reporting period, presented as reinsurance assets on the consolidated statement of financial position, is the sum of the asset for remaining coverage and the incurred claims recoverable.

At subsequent reporting dates, the asset for remaining coverage is increased for ceding premium paid in the period and decreased for the amount of ceding premiums recognized as reinsurance expense for the services received in the period.

e) Financial instruments

The following summarizes the Corporation's material accounting policies on financial instruments:

Recognition and classification

The Corporation recognizes a financial asset or a financial liability when it becomes party to the contractual provision of the instrument. Purchases and sales of financial assets are recognized on trade date, which is the date on which the Corporation commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred along with substantially all the risks and rewards of ownership.

On initial recognition, financial assets are measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issuance of the financial assets. The Corporation classifies these financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not classified subsequent to their initial recognition unless the entity changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset that is a debt instrument is measured at amortized cost if it meets both the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flow; and
- its contractual terms give rise on specified dates to cash flows that are sole payments of principal and interest (SPPI).

A financial asset that is a debt instrument is measured at FVOCI if it meets both the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

All debt instruments not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition, an entity may irrevocably designate financial assets that other wise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset that is an equity instrument is measured at FVOCI if it is not held for sale and the entity elects to apply the FVOCI option.

Except for other receivables, the Corporation elected to designate all debt instruments as FVTPL. These are debt instruments that otherwise meet the criteria to be measured as amortized cost or FVOCI based on the Corporation's business model objective of managing these debt instruments and the characteristics of their cash flows. However, the irrevocable election to designate these debt instruments as FVTPL was made to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets and insurance liabilities on different basis.

Other receivables are measured at amortized cost since it is held to collect cash flow and cash flows are SPPI.

The Corporation also classifies all other financial investments as FVTPL as they do not meet the criteria to be measured at amortized cost or FVOCI based on the characteristics of their cash flows.

All fair value changes of financial investments measured in FVTPL are recorded in investment income on the consolidated statement of comprehensive income. Transaction costs for financial assets recorded as FVTPL are expensed.

For all financial liabilities, the Corporation records them at FVTPL on initial recognition. The financial liabilities are subsequently measured at amortized cost (note 2k and 2l), except for the derivatives that are measured at FVTPL (note 2i).

Business model assessment

The Corporation assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that business is managed and information is provided to management. The information considered includes:

- how the performance of the business model and the debt instruments held within that business model is evaluated and reported to the Corporation's key management personnel;
- the risks that affect the performance of the business model and the debt instruments held within that business model and how those risks are managed; and
- how managers of the business are compensated.

In addition, the Corporation considers the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sale activity. Information about sales activity is not considered in isolation, but as part of a holistic assessment of how the entity's stated objective for managing the debt instrument is achieved and how cash flows are realized.

SPPI assessment

Debt instruments held within a business model whose objective is to hold assets to collect contractual cash flow, or to both collect the contractual cash flows and sell the financial assets, are assessed to evaluate if their contractual cash flows are comprised of SPPI.

Contractual cash flows meet the SPPI criteria if such cash flow is consistent with a basic lending arrangement in which consideration for the time value of money and credit risk are the most significant elements of interest.

Where contractual features that introduce exposure to risks or volatility in the contractual cash flow unrelated to a basic lending agreement do not meet SPPI criteria, the related debt instrument is measured at FVTPL.

Impairment of financial assets

The Corporation is required to apply the expected credit losses (ECL) impairment model to recognize a loss allowance up-front for either expected 12-month credit losses or expected lifetime credit losses for all instruments carried at amortized cost and FVOCI.

The model follows a general approach to calculate a financial instrument's impairment loss based on change in credit quality since initial recognition, delineated into three stages depending on significance of the change. Low credit risk simplification can be used if financial assets have low credit risk at the reporting date and the credit risks have not increased significantly since initial recognition. This simplification allows financial assets to recognize the 12-month ECLs only.

Financial assets measured at amortized cost and FVOCI are subject to the impairment assessment using the ECL model. None of the Corporation's financial investments, except for other receivables, is subjected to the ECL model since they are measured at FVTPL.

Other receivables comprise mostly of investment related receivables, broker receivables, and receivables collected on behalf of the Province of B.C. The Corporation applies low credit risk simplification since they are short-term in nature and probability of default of these receivables is low.

f) Assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, and the sale is considered to be highly probable, are classified as held for sale. The Corporation classifies an asset as held for sale when the following conditions are met:

- Management is committed to a plan to sell;
- The asset is available for immediate sale;
- An active programme to locate a buyer is initiated;
- The sale is highly probable, within 12 months of classification for sale;
- The asset is being actively marketed for sale at a reasonable purchase price; and
- Actions required to complete the plan indicate that it is unlikely the plan will significantly change or be withdrawn.

Immediately before classification as held for sale, the assets are remeasured at cost less accumulated depreciation and impairment losses. Thereafter, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale, and subsequent gains and losses on remeasurement, are recognized in profit or loss; these gains are not recognized in excess of any cumulative impairment loss. Once classified as held for sale, non-current assets are no longer amortized or depreciated.

g) Translation of foreign currencies

Foreign currency transactions are translated at exchange rates at the date of the sale or purchase. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at the year-end date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at year-end are recognized in investment income. Translation differences on financial investments are also recorded in investment income.

h) Fair value of financial assets

In accordance with IFRS 13 *Fair Value Measurement*, the Corporation defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is classified as Level 1, 2 or 3, based on the degree to which inputs to the fair value measurement are observable:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs to the valuation methodology include inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs to the valuation methodology are not based on observable market data.

An asset's or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. Specific valuation techniques used to determine the fair value of financial instruments are discussed in note 6.

i) Derivative financial instruments

The Corporation uses derivative financial instruments such as foreign currency forward contracts and foreign exchange swaps to manage foreign exchange risks and interest rate swaps to manage interest rate risks (note 5).

Derivative financial instruments are measured on the consolidated statement of financial position at fair value and are accounted for at FVTPL with all changes in fair value recorded in investment income on the consolidated statement of comprehensive income. The Corporation does not apply hedge accounting.

j) Investment properties

Properties held for rental income or capital appreciation that are not occupied by the Corporation are classified as investment properties.

The estimated fair value of the Corporation's investment properties is based on independent appraisals by professionally qualified external valuators made during the year or using the income approach to estimate fair value through the direct capitalization method and/or the discounted cash flow analysis as determined by an external investment manager.

The Corporation has one property that serves dual purposes: investment and own-use. If the investment and own-use portions can be sold separately, or leased out separately under a finance lease, the portions are accounted for separately. If the portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for own use in the supply of services or for administrative purposes. Where the portion held for own-use is significant, then the property is treated as property and equipment. The Corporation's dual purpose property is classified as investment property.

Investment properties are initially recognized at the fair value of the purchase consideration plus directly attributable costs. Subsequent to initial recognition, the investment properties are carried at cost, less accumulated depreciation, for the building portion, and impairment, if any.

Depreciation is provided on a straight-line basis at 2.5% to 5.0% of initial carrying value annually over the investment properties' useful life.

k) Investment-related liabilities

Investment-related liabilities include mortgage debt associated with investment properties (note 2j) and are initially recognized at fair value, net of transaction costs incurred, and subsequently measured at amortized cost.

l) Accounts payable and accrued charges

Accounts payable and accrued charges are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable and accruals are measured at amortized cost.

m) Provisions

Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. These provisions are included in the accounts payable and accrued charges and insurance contract liabilities, as presented on the consolidated statement of financial position. Future operating losses are not recognized.

Where the provision amounts are due more than 12 months after the reporting date, they are measured at the present value of the expenditures expected to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

n) Pension and post-retirement benefits

The amounts recognized in net income in respect of defined benefit pension plans and post-retirement benefits are as follows:

- The Corporation's portion of the current service costs;
- Non-investment costs;
- Interest costs;
- Past service costs; and
- Impact of any curtailment or settlements during the year.

The current service cost is equal to the present value of benefits earned by members during the reporting year.

The non-investment costs are equal to expenses paid from the plans in the reporting year relating to the administration of the plans.

The interest costs are calculated using the discount rate at the beginning of the reporting year and applied to the net liability at the beginning of the reporting year.

Past service costs arise from plan amendments that increase or decrease the obligation. Past service costs are recognized immediately in net income.

The changes in the defined benefit obligation and the changes in the fair value of plan assets that result from a curtailment or settlement of plan liabilities during the reporting year are recognized in net income.

A plan's surplus is equal to the excess, if any, of the plan's assets over its obligations. For plans in a surplus, an asset is recognized on the consolidated statement of financial position to the extent that the Corporation can realize an economic benefit, in the form of a refund or a reduction in future contributions, at some point during the life of the plan or when the plan's liabilities are settled. Any excess surplus that is not accessible is derecognized.

For plans in a deficit, the resulting net liability is recognized on the consolidated statement of financial position.

The value recognized on the consolidated statement of financial position for each defined benefit pension plan and for post-retirement benefits is calculated at the end of the reporting year as follows:

- The defined benefit obligation of the plan;
- Less the fair value of the plan's assets out of which the obligations are to be settled directly; and
- Adjusted for the net change of any surplus derecognized.

The Corporation recognizes all actuarial remeasurements (i.e., gains or losses) in the reporting year in which they arise, through OCI on the consolidated statement of comprehensive income, and will not be subsequently reclassified to net income.

Certain current and former employees of the Corporation who were formerly employed in the Motor Vehicle Branch are members of a separate plan, the BC Public Service Pension Plan. This is a multi-employer defined benefit plan for which the Corporation applies defined contribution accounting. Since the BC Public Service Pension Plan pools risks amongst the current and former members of many employers, there is no consistent or reliable basis for allocating the Corporation's portion of the obligation, assets, and costs. As a result, the Corporation expenses the contributions made. Contributions are subject to change in the future, depending on the funded status of the plan, and are split equally between all participating employers and all contributing active plan members.

o) Property and equipment

Property and equipment are initially recorded at fair value and subsequently measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of the items, including retirement costs, if any. Subsequent costs, such as betterments, are included in the asset only when it is probable that future economic benefits associated with the item will flow to the Corporation. All other subsequent expenditures are recognized as repairs and maintenance. Capitalized software that is an integral part of the equipment is accounted for as equipment. Property and equipment are depreciated when they are available for use, on a straight-line basis over the estimated useful life of each asset, taking into account the residual value, at the following annual rates:

• Buildings	2.5% to 10%
• Furniture and equipment	10% to 33%
• Leasehold improvements	Term of the lease

The assets' residual values and useful lives are reviewed annually and adjusted, if appropriate, at each reporting date. Land is not depreciated, as it is deemed to have an indefinite life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and recorded in net income.

p) Lease assets and liabilities

At inception of a contract that conveys rights to the Corporation to use an identified asset, the Corporation assesses whether the contract is or contains a lease. This assessment involves exercising judgment to determine whether the Corporation has the right to control the use of an identified asset for a period of time in exchange for considerations. If the arrangement is, or contains a lease, the Corporation recognizes a lease asset and a lease liability at the commencement of the lease. Lease assets include both tangible and intangible assets.

The lease asset is initially measured based on the present value of future lease payments plus directly attributable cost, less any lease incentive received. Directly attributable costs are incremental costs of obtaining a lease that would not have otherwise been incurred and that are directly attributable to negotiating and securing a lease. The lease asset is amortized on a straight-line basis over the lesser of the lease term or the asset's useful life. The lease asset is subject to testing for impairment if there is an indicator for impairment.

Lease liability consists of fixed payments less incentive receivable, variable lease payments that depend on an index or a rate, residual value guarantee, and purchase options price less termination costs. Lease liability is measured at the present value of the remaining lease payments using the implicit rate or the incremental borrowing rate implicit in the lease.

When the lease contains an extension or purchase option that the Corporation considers reasonably certain to be exercised, the exercise price of the option is included in the lease liability.

q) Intangible assets

Capitalized software that is not an integral part of the equipment is accounted for as an intangible asset. Software development costs, which are comprised of labour and material costs for design, construction, testing, and other costs directly attributable to bringing the asset to a condition where it can be applied in its intended use, are capitalized for projects expected to be of continuing benefit to the Corporation, or expensed where the potential future benefits are uncertain or not quantifiable. Where software in development is not available for its intended use, the software development costs are classified as an asset under construction. Once the asset is available for intended use, it will be classified as an intangible asset.

Finite life intangible assets are initially recorded at fair value and subsequently carried at cost less accumulated amortization and impairment losses. Intangible assets with finite useful lives are amortized over their estimated useful lives when they are available for use on a straight-line basis at 10% to 20%, taking into account the residual value.

The assets' residual value and useful lives are reviewed annually and adjusted, if appropriate, at each reporting date.

r) Impairment of non-financial assets

The Corporation's non-financial assets consist primarily of investment properties, property and equipment, intangible assets and lease assets. An impairment review is carried out at the end of each reporting year to determine if there are any indicators of impairment. When indicators of impairment exist, the Corporation assesses the asset for impairment. Investment properties are assessed for impairment as separate and identifiable cash-generating units, distinct from the other operations of the Corporation. All other assets are assessed as a group as their cash flows are generated from the operations of the Corporation. If an asset is impaired, the Corporation's carrying amount is written down to its estimated recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. If there is a change in estimate of the recoverable amount, an impairment loss is reversed to net income on the consolidated statement of comprehensive income only to the extent that the asset's carrying value does not exceed the carrying value that would have been determined, net of depreciation, if no impairment loss had been recognized.

s) Current and non-current classification of assets and liabilities

Assets are considered current when expected to be realized within one year of the reporting date. Liabilities are considered current when expected to be settled within one year of the reporting date. The Corporation presents the statement of financial position on basis of liquidity.

The classification of current and non-current assets and liabilities is disclosed in the notes to the consolidated financial statements.

Current assets include cash and cash equivalents, accrued interest, prepaids and other receivables, assets held for sale, financial investments, and derivative financial instruments. Non-current portion of the accrued interest, prepaids and other receivables is disclosed in note 5a.

Current liabilities include cheques outstanding, accounts payable and accrued charges, derivative financial instruments, and investment related and other liabilities. Non-current portion of the investment related and other liabilities is disclosed in note 10.

3. Critical Accounting Estimates and Judgments

In preparation of the consolidated financial statements, the Corporation makes judgments in applying the Corporation's accounting policies. The judgments that have the most significant effect on the amounts recognized in the consolidated financial statements include the measurement of insurance contract liabilities, classification of financial instruments, and the assessment of significant influence. In addition, management makes assumptions in developing estimates in preparing the consolidated financial statements. Estimates subject to uncertainty include the LIC, the valuation of Level 3 investments, and the valuation of pension and post-retirement benefit obligations. Management believes its estimates and judgments to be appropriate; however, due to estimation uncertainty the actual results may be materially different. Particular sources of estimation uncertainty include the impacts of product reform and Enhanced Care and the related costs and savings on the LIC. Other sources of economic uncertainty include the effects of market economic conditions from the impacts of multiple conflicts internationally, the current and possible future Canadian and US tariffs, inflation, and material damage supply chain and labour shortage issues. These areas of judgment and critical accounting estimates are described below.

Significant accounting estimates and judgments include:

Areas of judgment

a) Measurement of insurance contract liabilities

The Corporation applies significant judgement when selecting the actuarial assumptions and methods used to determine the best estimate of future cash flows, including cash flows over which the entity has discretion, in measuring insurance contract liabilities related to its insurance contracts issued (note 12).

The Corporation also applies significant judgment when selecting the appropriate confidence level for risk adjustment used to calculate LIC. The risk adjustment is the compensation that the Corporation requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The method used to measure the risk adjustment is disclosed in note 3d. Judgment is also involved in selecting the illiquidity premium in the discount yield curve used in discounting expected future cash flows.

b) Classification of financial instruments

Judgement is required to apply the business model criteria to investment portfolio of debt instruments. The Corporation also applied judgement to assess the relationships between its financial assets and related liabilities and to determine whether designating debt instruments at FVTPL significantly reduces an accounting mismatch.

c) Significant influence

The Corporation owns more than 20% of various investment entities. However, the Corporation does not have significant influence in any of these entities. In determining whether the Corporation has significant influence over an entity, judgment is applied considering all the facts such as whether or not it has the power or only protective rights to exert influence over investment activities.

Estimates subject to uncertainty

d) Liability for incurred claims

Estimate of undiscounted future cash flows

The Corporation establishes claims liabilities to cover estimated future cash flows associated with incurred losses as at the consolidated statement of financial position date, including claims not yet reported (IBNR) and loss adjustment expenses incurred with respect to insurance contracts underwritten and reinsurance contracts placed by the Corporation. The ultimate cost of claims liabilities is estimated by using standard actuarial methods.

The estimation of claims development involves assessing the future behaviour of incurred claims, taking into consideration changes to the insurance product, as well as the closure rates, payment patterns, consistency of the Corporation's claims handling procedures, historical delays in reporting of claims, and the historical and forecasted levels of inflation. In general, the more time required for the settlement of a group of claims, the more uncertain the estimates will be. Variability can be caused by receipt of additional information, significant changes in the average cost or complexity of claims over time, significant changes in the Corporation's claims operations, the timing of claims payments, product and legal reforms with limited experience, and future rates of investment return and inflation. The ultimate cost of claims that settle over a long period of time is particularly challenging to forecast for several reasons, which include changes in the legal environment, case law or legislative amendments, and periods of time between the occurrence date of a claim, the date it is reported to the Corporation, and the date it is fully resolved. The Corporation is subject to litigation arising in the normal course of conducting its insurance business, which is taken into account in establishing the LIC. Such liabilities are established by examining the facts of tendered claims and are adjusted in the aggregate to reflect ultimate loss expectations based upon historical experience patterns and current socio-economic trends.

The Corporation has considered the impacts of tort reform and the new Enhanced Care insurance model in the estimation of the LIC. The impact of these changes creates additional source of estimation uncertainty, as there is limited historical experience under the tort reform and the Enhanced Care insurance model.

The Corporation has considered the impacts of current tariffs between Canada and US in the estimation of the LIC. These tariffs will impact the cost of parts and vehicle prices as well as future inflation rate affecting the costs to settle both injury and material damage claims. The potential changes to the tariffs and broader economic impacts create uncertainties in the estimates.

Discount rate

The liability for incurred claims is calculated by discounting expected future cash flows using a discount yield curve. The Corporation uses the bottom-up approach to derive the discount rate for future cash flows. Under this approach, the discount rate is determined as the risk-free yield curve plus an illiquidity premium. The risk-free yield curve is based on bond yields from Government of Canada bonds (risk-free rates). The illiquidity premium is determined by reference to observable market rates of investment grade bonds adjusted with a liquidity constant reflecting the liquidity characteristic of insurance contracts.

Risk adjustment for non-financial risk

The risk adjustment is the compensation that the Corporation requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. It reflects an amount the Corporation would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Corporation has estimated the risk adjustment for LIC based on a quantile approach which determines the risk adjustment for non-financial risks by analyzing the distribution of the losses and selecting a quantile that reflects the Corporation's risk appetite. The risk adjustment for non-financial risk is calculated as the excess of the value at risk at the 90^{th} percentile (2025 – 90^{th} percentile) over the expected present value of the future cash flows.

e) Valuation of pension and post-retirement benefits

The cost of pension and post-retirement benefits earned by employees is actuarially determined using the Projected Unit Credit Method and management's best estimate of future compensation levels and healthcare costs.

The key assumptions used in calculating the cost of pension and post-retirement benefits are the discount rate, rate of compensation increase, inflation rate, life expectancies and extended healthcare cost trends. Together with plan member data, these and other assumptions are used to estimate future benefit eligibility, amount and duration of payments. The rate determined for each of the key assumptions is disclosed in note 14.

The discount rate is used to calculate the present value of the expected future benefit payments and to calculate interest on the net liability. The discount rate is based on high-grade corporate bond yields at the measurement date.

The rate of compensation increase reflects individual job progression, general price level increases, productivity, seniority, promotion, and other factors.

The inflation rate assumption is based on an assessment of historical data, the Bank of Canada target inflation range and the inflation expectations implied by the Government of Canada nominal and real return long-term bond yields.

Life expectancies are based on Canadian mortality tables and contain a provision for future longevity improvements.

The extended healthcare trend rate is based on an analysis of plan experience, assumptions about the trend in total healthcare costs, and the proportion that will be covered by private plans.

With the exception of the discount rate, which is based on market conditions at the financial statement date, all other assumptions are management's best estimate (note 14).

f) Geopolitical risk

The current economic environment remains a source of uncertainty, notably due to heightened geopolitical tensions, ongoing tariff negotiations, unpredictability of financial markets and interest rates that continue to disrupt global economic activity. Management will continue to monitor the impact of geopolitical risk on its use of judgements, estimates and assumptions.

g) 2019 Legal-based product reform

Legislation was enacted on May 17, 2018 to reform the Basic insurance product to limit pain and suffering payouts for minor injuries and create an independent dispute resolution process for injury claims effective April 1, 2019 (note 19). The product reform significantly decreased claims costs associated with accidents occurring on or after April 1, 2019. Key factors that contributed to the overall reduction in claims cost pressures include: a) the limit on general damages of $5,500 apply to minor injuries, b) the enhancements in accident benefits coverage, c) other insurance (collateral benefits) are primary for most medical and wage loss amounts when it is available and, d) bodily injury claims disputes valued up to $50,000 are resolved by the Civil Resolution Tribunal (CRT) instead of the Supreme Court of B.C.

The impact of the product reform has been favourable and contributed to improvement in the Corporation's financial stability. Given the limited history of the product reform, there is material estimation uncertainty in the measurement of these costs. Any recognition of additional impact has been reflected in the change in estimates for losses occurring in prior years.

h) Enhanced care

On May 1, 2021, the Corporation implemented a new care-based insurance model (note 1). The impact of the new insurance model has been reflected in the estimate of current year and prior year claims costs. Given the limited historical experience under this model, there is estimation uncertainty in the measurement of these costs.

i) Material damage supply chain and labour shortage

The automotive supply chain continues to be subject to disturbance from various factors which can affect vehicle parts availability and cost, such as increased shipping costs, labour disruptions, and auto industry's response to the North America and global trade landscape. The impact of a weakened supply chain is exacerbated by the shortage of skilled labour in the car repair industry in British Columbia, where some stabilization has been observed but challenges remain. These supply chain and labour market pressures create estimation uncertainty in the measurement of costs associated with vehicle damage claims.

j) Valuation of level 3 investments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques and relying on significant unobservable inputs. In these cases, the fair values are estimated from observable data in respect of similar financial instruments, unobservable data using models or both. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by external qualified personnel independent of those that sourced them (note 2h).

Inherently there is significant estimation uncertainty arising from the judgments and assumptions in determining fair value of these investments.

4. New Accounting Pronouncements

a) Standards and interpretations effective for the year ended March 31, 2026

There were no new or amended IFRS Accounting Standards that became effective for the year ended March 31, 2026 that had a significant impact on the Corporation's consolidated financial statements.

b) Standards and interpretations issued but not yet effective and not early adopted

Standards and interpretations issued that are relevant to the operations of the Corporation, but not yet effective include:

- *IFRS 18 Presentation and Disclosure in Financial Statements.* Effective for the annual periods beginning on or after January 1, 2027, and replaces *IAS 1 Presentation of Financial Statements.* The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The Corporation is currently assessing the impact of this new standard on the presentation and disclosure of its consolidated financial statements.
- *Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures.* Effective for the annual periods beginning on or after January 1, 2026; early adoption is permitted. Following a 2022 post-implementation review of IFRS 9, the objective of the amendments are to clarify and improve the classification and measurement of certain financial assets as well as the derecognition of a financial liability and introduce an accounting policy option for the derecognition of financial liabilities settled through electronic payment systems if certain conditions are met. The Company will elect to apply these amendments to all payments, excluding contracts in the scope of *IFRS 17 – Insurance contracts.* The adoption is not expected to have a material impact on the Corporation's consolidated financial statements.

5. Financial Assets and Liabilities

a) Financial assets

Financial assets include cash and cash equivalents, accrued interest, other receivables, financial investments (note 6), and derivative financial instruments (note 6). The lease assets (note 9) and prepaids of $48.0 million (2025 - $49.0 million) are non-financial assets.

Cash and cash equivalents and accrued interest are considered current due to their short-term nature, and their fair values approximate their carrying values.

The fair values of other receivables approximate their carrying values due to their short-term nature, except for the fair value of the structured settlements, which is based on the present value of future cash flows. As at March 31, 2026, $10.6 million (2025 – $11.7 million) of other receivables are non-current.

The fair values of financial investments, derivative financial instruments, and lease assets are discussed in their respective notes.

b) Financial liabilities

Financial liabilities include cheques outstanding, accounts payable and accrued charges, investment-related and other liabilities (note 10), and lease liabilities (note 9). Accounts payable and accrued charges include payroll related liabilities of $99.5 million (2025 – $81.7 million), as well as other payables and accruals of $73.8 million (2025 – $75.5 million)

All financial liabilities are carried at cost or amortized cost. Cheques outstanding, accounts payable and accrued charges are expected to mature under one year and their fair values approximate their carrying values due to their short-term nature. The maturity profile and estimation of fair value of investment-related and other liabilities and lease liabilities are discussed in their respective notes, as referenced above.

As at March 31, 2026, the general ledger bank balances representing deposits in transit were $169.4 million (2025 – $143.0 million) and the general ledger bank balances representing outstanding cheques were $435.8 million (2025 – $456.2 million), netting to a cheques outstanding balance of $266.4 million (2025 – $313.2 million) on the consolidated statement of financial position.

6. Investments

a) Financial investments

($ THOUSANDS)		Financial Investments [1]	
	Measurement category	March 31, 2026	March 31, 2025
Fixed-income investments			
Money market pooled funds	FVTPL	$ 345,678	$ 762,316
Mortgages	FVTPL (Designated)	-	3,987
Mortgage pooled funds	FVTPL	1,029,678	991,478
Bond pooled funds	FVTPL	6,248,644	4,190,967
Bonds			
Federal	FVTPL (Designated)	-	1,109,750
Provincial	FVTPL (Designated)	-	448,716
Municipal	FVTPL (Designated)	-	80,515
Corporate	FVTPL (Designated)	-	1,175,163
Total bonds		-	2,814,144
Total fixed-income investments		7,624,000	8,762,892
Equity investments			
Global equity pooled funds	FVTPL	2,710,925	2,758,864
Total equity investments		2,710,925	2,758,864
Other financial investments			
Domestic real estate pooled funds	FVTPL	1,078,311	1,001,613
Global real estate pooled funds	FVTPL	842,763	793,553
Global infrastructure pooled funds	FVTPL	2,352,297	1,731,139
Global mezzanine debt pooled funds	FVTPL	67,594	107,191
Private assets pooled funds	FVTPL	3,576,983	2,896,796
Total other financial investments		7,917,948	6,530,292
Total financial investments		$ 18,252,873	$ 18,052,048

[1] Pooled funds may include pooled funds or other pooled investment vehicles

Pooled funds are structured entities (note 2b). The Corporation's maximum exposure to loss from its interest in these structured entities is equal to the total fair value of its investments held by such entities. The Corporation does not have any rights that will give it the ability to direct the relevant activities of these entities.

b) Fair value hierarchy

The following table presents the fair value hierarchy for financial assets measured at fair value in the consolidated statement of financial position. During fiscal years 2026 and 2025, there were no transfers between Level 1, Level 2 and Level 3. The Corporation's policy is to recognize transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. The Corporation does not have any investments with quoted prices in active markets for identical assets (Level 1).

($ THOUSANDS)	Fair Value Measurements at Reporting Date		
	Fair Value	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
March 31, 2026			
Cash and cash equivalents	$ 24,633	$ 24,633	$ -
Fixed-income investments	7,624,000	6,594,322	1,029,678
Equity investments	2,710,925	1,900,531	810,394
Other financial investments	7,917,948	-	7,917,948
Total financial assets	$ 18,277,506	$ 8,519,486	$ 9,758,020
March 31, 2025			
Cash and cash equivalents	$ 17,911	$ 17,911	$ -
Fixed-income investments	8,762,892	7,767,427	995,465
Equity investments	2,758,864	1,763,255	995,609
Other financial investments	6,530,292	-	6,530,292
Total financial assets	$ 18,069,959	$ 9,548,593	$ 8,521,366

Cash and cash equivalents (Level 2) is valued using the end of day exchange rates. Level 2 equity investments are valued using net asset value or pricing matrices derived from yield quotations. Bonds and money market pooled funds within Level 2 fixed-income investments are valued using the quoted market price or dealer quotes for similar instruments exchanged in active markets.

The fair values of the Level 3 investments are based on various valuation methodologies as described below, plus the net asset value of the fund. The real estate pooled investments valuations are based on the appraised or calculated market value. The global mezzanine debt and global infrastructure funds' valuations are based on various methods, including discounted cash flows, appraisals and audited financial statements. The private pooled investments' valuations are based on the observed external price, if one exists, or if one does not exist, discounted cash flows using the yields of externally priced comparable private or public fixed-income assets. The mortgage fund's value is based on a discounted cash flow that uses a risk-free rate of return and a mortgage credit spread for the underlying fixed term mortgages. For its underlying variable mortgages, valuations are based on the principal balance plus accrued interest and for other mortgage investments, valuations may be based on audited financial statements and discounted cash flows. All valuations are provided by the investment managers. The Corporation does not have sufficient information to conduct sensitivity analysis on the fair values of the investments using unobservable inputs.

The table below shows the movement of financial assets where fair value has been determined based upon significant unobservable inputs (Level 3).

($ THOUSANDS)	Recurring Fair Value Measurements using Level 3 Inputs			
	Fixed-Income Investments	Equity Investments	Other Financial Investments	Total
March 31, 2026				
Balance, beginning of year	$ 995,465	$ 995,609	$ 6,530,292	$ 8,521,366
Additions	347,774	113,658	1,907,017	2,368,449
Disposals	(313,499)	(397,178)	(467,479)	(1,178,156)
Realized gains	1,789	73,228	15,302	90,319
Unrealized gains (losses)	(1,851)	25,077	(67,184)	(43,958)
Balance, end of year	$ 1,029,678	$ 810,394	$ 7,917,948	$ 9,758,020
March 31, 2025				
Balance, beginning of year	$ 901,302	$ 795,666	$ 4,900,116	$ 6,597,084
Additions	365,039	361,352	2,687,210	3,413,601
Disposals	(323,999)	(161,764)	(1,122,128)	(1,607,891)
Realized gains	1,580	26,691	3,848	32,119
Unrealized gains (losses)	51,543	(26,336)	61,246	86,453
Balance, end of year	$ 995,465	$ 995,609	$ 6,530,292	$ 8,521,366

The fair value of derivative instruments not designated as accounting hedges is as follows:

($ THOUSANDS)	2026		2025	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Non-designated derivative instruments				
Assets				
Interest rate swap - investment properties	$ 90,223	$ 189	$ -	$ -
	$ 90,223	$ 189	$ -	$ -
Liabilities				
Forward contracts	$ 3,427,762	$ 40,962	$ 2,785,328	$ 92,262
Interest rate swap - investment properties	-	-	91,321	1,306
	$ 3,427,762	$ 40,962	$ 2,876,649	$ 93,568

The Corporation uses foreign exchange forward contracts to hedge the foreign exchange risks associated with its foreign currency financial investments. The Corporation entered into interest rate swaps to naturally hedge the interest rate of one of the investment properties' mortgages (note 10). Other than the interest rate swap associated with one of the investment properties' mortgages, all forward contracts and swaps have settlement dates within one year.

The non-designated derivative financial instruments are classified as Level 2. Forward contracts are valued based on the difference between the forward rate at the contract initiation date and the remaining forward term rate on the reporting date. Swap contracts are valued at the present value of their expected cash flows on the reporting date.

c) Investment properties

The movement in the carrying value of investment properties is as follows:

($ THOUSANDS)	2026	2025
Cost		
Balance, beginning of year	$ 240,729	$ 316,266
Capital improvements	6,610	9,679
Reclassification to assets held for sale	-	(31,982)
Disposals	(41,195)	(46,587)
Impairment loss	(30,151)	(6,647)
Balance, end of year	175,993	240,729
Accumulated depreciation		
Balance, beginning of year	61,308	81,982
Depreciation	8,049	11,594
Disposals	(14,985)	(12,682)
Reclassification to assets held for sale	-	(19,586)
Balance, end of year	54,372	61,308
Carrying value, end of year	$ 121,621	$ 179,421

The fair value of investment properties is $195.4 million (2025 – $253.2 million) and based on the inputs to the valuation technique used, the valuation of these investment properties is Level 3. As at March 31, 2026 and March 31, 2025, the estimated fair value is based on independent appraisals, by professionally qualified external valuators or using the income approach to estimate fair value through the direct capitalization method and/or the discounted cash flow analysis as determined by an external investment manager.

7. Property and Equipment

($ THOUSANDS)	Land	Buildings	Furniture & Equipment	Leasehold Improvements	Total
March 31, 2026					
Cost					
Balance, beginning of year	$ 25,062	$ 185,738	$ 118,123	$ 32,319	$ 361,242
Additions	-	8,695	8,001	2,277	18,973
Disposals	-	(902)	(14,643)	(59)	(15,604)
Balance, end of year	25,062	193,531	111,481	34,537	364,611
Accumulated depreciation					
Balance, beginning of year	-	157,914	80,860	24,150	262,924
Disposals	-	(4)	(14,643)	(59)	(14,706)
Depreciation charge for the year	-	2,596	12,400	3,390	18,386
Balance, end of year	-	160,506	78,617	27,481	266,604
Net book value, end of year	$ 25,062	$ 33,025	$ 32,864	$ 7,056	$ 98,007
March 31, 2025					
Cost					
Balance, beginning of year	$ 25,062	$ 180,872	$ 126,635	$ 32,791	$ 365,360
Additions	-	4,866	9,299	699	14,864
Disposals	-	-	(17,811)	(1,171)	(18,982)
Balance, end of year	25,062	185,738	118,123	32,319	361,242
Accumulated depreciation					
Balance, beginning of year	-	155,532	87,496	21,607	264,635
Disposals	-	-	(17,811)	(1,169)	(18,980)
Depreciation charge for the year	-	2,382	11,175	3,712	17,269
Balance, end of year	-	157,914	80,860	24,150	262,924
Net book value, end of year	$ 25,062	$ 27,824	$ 37,263	$ 8,169	$ 98,318

8. Intangible Assets

($ THOUSANDS)	2026	2025
Cost		
Balance, beginning of year	$ 560,798	$ 541,202
Additions	11,520	23,207
Disposals	(154,311)	(3,611)
Balance, end of year	418,007	560,798
Accumulated amortization		
Balance, beginning of year	411,588	365,332
Disposals	(153,397)	(3,611)
Amortization charge for the year	77,518	49,867
Balance, end of year	335,709	411,588
Net book value, end of year	$ 82,298	$ 149,210

The Corporation's intangible assets consist of externally purchased software and any directly attributable costs required to bring the software to a condition where it is available for use.

The balance of intangible assets includes $4.8 million (2025 – $30.2 million) in assets under development.

Management conducted an assessment and concluded no significant impairment indicators.

There were no indefinite life intangible assets as at March 31, 2026 and March 31, 2025.

9. Lease Assets and Lease Liabilities

Lease assets are as follows:

($ THOUSANDS)	Leased Facilities	Leased Equipment	Leased Computer Hardware	Leased Computer Software Intangibles	Total
March 31, 2026					
Cost					
Balance, beginning of year	$ 83,150	$ 4,660	$ 5,956	$ 37,175	$ 130,941
Additions	115,686	444	1,981	3,452	121,563
Disposals	(2,352)	(126)	-	(5,058)	(7,536)
Balance, end of year	196,484	4,978	7,937	35,569	244,968
Accumulated depreciation					
Balance, beginning of year	44,332	3,050	4,232	30,366	81,980
Disposals	(2,282)	(104)	-	(5,058)	(7,444)
Depreciation charge for the year	7,691	309	1,204	5,057	14,261
Balance, end of year	49,741	3,255	5,436	30,365	88,797
Net book value, end of year	$ 146,743	$ 1,723	$ 2,501	$ 5,204	$ 156,171
March 31, 2025					
Cost					
Balance, beginning of year	$ 80,755	$ 2,862	$ 5,875	$ 38,046	$ 127,538
Additions	2,932	1,798	81	269	5,080
Disposals	(537)	-	-	(1,140)	(1,677)
Balance, end of year	83,150	4,660	5,956	37,175	130,941
Accumulated depreciation					
Balance, beginning of year	37,186	2,756	3,164	25,971	69,077
Disposals	(438)	-	-	(1,140)	(1,578)
Depreciation charge for the year	7,584	294	1,068	5,535	14,481
Balance, end of year	44,332	3,050	4,232	30,366	81,980
Net book value, end of year	$ 38,818	$ 1,610	$ 1,724	$ 6,809	$ 48,961

Lease liabilities are as follows:

($ THOUSANDS)		2026		2025
Up to 1 year	$	10,507	$	13,084
Greater than 1 year, up to 5 years		58,353		27,627
Greater than 5 years		242,797		16,554
Total undiscounted lease liabilities balance, end of year	$	311,657	$	57,265
Total discounted lease liabilities balance, end of year	$	158,367	$	49,491
Current	$	10,258	$	12,801
Non-current	$	148,109	$	36,690

As at March 31, 2025, the Corporation was committed to a lease with $256.1 million of undiscounted lease payments over the lease term, inclusive of renewal options. This lease commenced during this fiscal year and reflected in the lease assets and lease liabilities balances as at March 31, 2026. As at March 31, 2026, the Corporation did not have any leases committed to but not yet commenced.

As at March 31, 2026, the Corporation had committed to facilities-related expenses associated with leased properties, over the next five years and beyond, at a net present value of $75.4 million (2025 – $23.8 million).

10. Investment Related and Other Liabilities

($ THOUSANDS)		2026		2025
		Carrying Value		Carrying Value
Investment-related liabilities	$	175,992	$	156,957
Other liabilities		23,404		145,427
Total investment-related and other liabilities	$	199,396	$	302,384
Non-current portion	$	91,853	$	90,183

Investment-related liabilities are comprised of mortgages payable of $93.9 million (2025 – $91.9 million) and a promissory note of $82.1 million (2025 – $65.0 million), payable upon demand. The repayment terms are within one to four years (2025 – two to five years) and interest rates ranging from 3.0% to 4.5% (2025 – 3.7% to 5.0%). Other liabilities consist of accrued interest payable and unsettled trades. The fair value of investment-related and other liabilities approximates carrying value. All of these liabilities are classified as Level 3 under the fair value hierarchy.

Estimated principal repayments for investment-related and other liabilities are as follows:

($ THOUSANDS)		2026		2025
Up to 1 year	$	107,543	$	212,201
Greater than 1 year, up to 5 years		91,853		90,183
	$	199,396	$	302,384

11. Management of Insurance and Financial Risk

As a provider of vehicle insurance products, effective risk management is fundamental in protecting earnings, cash flow, and ultimately the financial stability of the Corporation. The Corporation is exposed to various types of insurance and financial risks including risks of uncertainty resulting from the international conflicts and other economic uncertainties (note 3).

a) Insurance risk

The principal risk that the Corporation faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur when the frequency or severity of claims and benefits are greater than estimated. Insurance events have an element of randomness and the actual number and amount of claims and benefits will vary each year from the level established using statistical techniques.

The introduction of the new care-based insurance model has increased the insurance risk as the insurance liabilities for new injury claims under the care model must be established with only limited direct historical experience. The Corporation has considered relevant experience from other jurisdictions with similar products in determining the appropriate amount of the insurance liabilities. Actual results may be materially different and take many years to emerge.

Frequency is the average number of claims per policy, calculated by dividing the total number of claims by the total number of policies. Severity is the average cost of a claim calculated by dividing the total cost of claims by the total number of claims. There are a number of factors that influence the frequency and severity of claims.

Some factors are affected by the actions of the Corporation and a number of strategies are used to try and reduce cost pressures created by these factors, including claims operational changes, road safety programs, programs to influence driver behaviour such as impaired driving and distracted driving programs, public awareness campaigns, auto crime reduction initiatives, and fraud detection and investigation.

There are other factors that the Corporation has little or no control over, including weather, demographics, court issued settlement awards, plaintiff legal fees, pandemic events, impacts of multiple conflicts internationally, current trade tariffs between Canada and US, vehicle parts/repair inflation, supply chain issues and medical expense inflation that influence the cost of claims.

Sources of uncertainty in the estimation of the liability for incurred claims

To manage the uncertainty associated with estimating the LIC, the Corporation's Chief Actuary employs standard actuarial methods. The estimation of the LIC is determined in accordance with accepted actuarial practice in Canada and is based on reasonable assumptions and appropriate methods that are consistently applied (note 3d), giving appropriate consideration to relevant changes in circumstances such as the 2019 legal-based product reform (note 3g), the new care-based insurance model (note 3h), and material damage supply chain issues and labour shortage (note 3i).

There is an inherent uncertainty regarding the assumptions to estimate the amount and timing of future claims payments that make up the liabilities for incurred claims. The Corporation is liable for all insured events that occurred during the term of the insurance contract, even if the loss is reported after the end of the contract term. In addition, injury claims may take a long period of time to settle.

Injury claims include bodily injury, accident benefits, and enhanced accident benefits, which account for approximately 36% (2025 – 36%) of current year claims costs, and 88% (2025 – 89%) of the LIC. The timing of payments of injury claims can be extended due to delayed reporting, as well as extended recovery time required for severe injuries, and the timing and amount of injury payments can exhibit considerable uncertainty because of the complex bodily injury claims environment, including the legal environment.

The Corporation's LIC can be affected by the frequency and severity of claims, the discount rate, and actuarial methods and assumptions. The frequency and severity of claims are discussed above, while the discount rate and the actuarial methods and assumptions are discussed in notes 3 and 12.

Concentration of insurance risk

The Corporation has a diverse customer base as the sole provider of Basic insurance to all drivers in British Columbia. The Corporation operates in one provincial jurisdiction and provides vehicle insurance only, so there is a concentration of insurance risk with respect to geography, jurisdiction, and product type.

The impact of the concentration of insurance risk is quantified through Catastrophe modeling that the Corporation's reinsurance broker updates annually. This testing allows the Corporation to assess, monitor and manage these risks effectively. The concentration of insurance risk is also managed through an Automobile property damage catastrophe reinsurance treaty, a casualty catastrophe reinsurance treaty, and road safety programs such as road improvement strategies, the graduated licensing program, and the distracted driving campaign. As the sole provider of Basic insurance, the Corporation invests in and benefits the most from these programs.

Premium pricing risk

The Corporation is the sole provider of Basic insurance and is not subject to competitive risk for its Basic insurance products. Basic insurance rates are set to cover costs after considering investment returns. Because the insurance rates are determined based on forward-looking estimates of costs, the unfavourable variance in costs, in particular claims costs, may result in Basic insurance premiums not being sufficient to cover costs.

The Corporation is subject to legislative requirements, including that Basic insurance is regulated by the BCUC. The Corporation applies to the BCUC for approval to change its Basic insurance rates (note 18). The BCUC is required to approve rates set according to accepted actuarial practice. These legislated requirements mitigate the underwriting risk associated with pricing for the Basic insurance product.

The Corporation's Optional insurance products compete with other insurers and are subject to underwriting risk and competitive risk.

b) Financial risk

Price risk

General economic conditions, political conditions, and other factors affect the equity markets, thereby also affecting the fair value of the equity investments, fixed-income funds, and other financial investments held by the Corporation. Fluctuations in the value of these investments impact the recognition of both unrealized and realized gains and losses on units of funds held. As at March 31, 2026, the impact of a 10% change in prices, with all other variables held constant, would result in an estimated corresponding change to profit or loss for equity investments, fixed-income funds, and other financial investments of approximately $1.83 billion (2025 – $1.52 billion).

The Corporation holds a widely diversified portfolio, diversified geographically, by sector, and by company, and has policies in place to limit and monitor total equity exposure and individual issuer exposure.

Interest rate risk

When interest rates increase or decrease, the market value of fixed-income investments will decrease or increase respectively with a larger market value impact on instruments with a long duration compared to instruments with a short duration. Fluctuations in interest rates can have a direct impact on the market valuation of directly held fixed-income investments. As of March 31, 2026, the Corporation no longer holds any directly held fixed-income investments, and therefore does not have direct exposure to interest rate risk. However, the Corporation is indirectly exposed to interest rate risk through its investments in fixed-income pooled funds.

Fluctuation in interest rates also have an impact on the measurement of the discounted LIC. When interest rates increase or decrease, discounted LIC will decrease or increase respectively with a larger impact on claims with a longer expected payout term compared to claims with a shorter expected payout term.

The Corporation has policies in place to limit and monitor its exposure to interest rate risk in relation to the duration of its insurance contract liabilities.

The carrying values reported in the consolidated statement of financial position for cash and cash equivalents, other receivables, accounts payable and accrued charges, approximate their fair values and are not significantly impacted by fluctuations in interest rates.

In fiscal years 2026 and 2025, the Corporation did not use material derivative financial instruments to hedge interest rate risk on its investment portfolio.

The following table outlines the impacts on the Corporation's net income resulting from specific changes in interest rates as at March 31, 2026 and 2025:

As at March 31, 2026	Net income	
	100 bps Increase	100 bps Decrease
Liabilities for incurred claims	$ 307,936	$ (354,757)
Total	$ 307,936	$ (354,757)

As at March 31, 2025	Net income	
	100 bps Increase	100 bps Decrease
Liabilities for incurred claims	$ 300,404	$ (340,375)
Financial investments[1]	(82,755)	82,755
Total	$ 217,649	$ (257,620)

[1] Bonds and directly owned mortgage investments, which have direct exposure to interest rate risk.

Credit risk

Credit risk is the potential for financial loss to the Corporation if the counterparty in a transaction fails to meet its obligations. Financial instruments that potentially give rise to concentrations of credit risk include cash and cash equivalents, fixed-income investments, other receivables, and structured settlements. The Corporation has credit risk arising from the premium to be received included in the insurance contract and reinsurance contract assets. As of March 31, 2026, the Corporation no longer holds any directly held bond and mortgage investments, and therefore does not have direct exposure to credit risk. However, the Corporation is indirectly exposed to credit risk through its investments in fixed-income pooled funds. The total direct credit risk exposure is $2.08 billion (2025– $3.47 billion).

Fixed-income investments

The Corporation mitigates its overall exposure to credit risk in its fixed-income investments by holding the majority of its fixed-income portfolio through a pooled fund structure, and by limiting fixed-income credit investments to a maximum of 27.0% (2025 – 26.0%) of total investment assets. This approach provides diversification across a broad range of issuers and reduces exposure to individual credit events. There is minimal credit risk exposure to cash.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates.

As of March 31, 2026, the Corporation no longer holds any directly held bond investments and therefore does not have direct exposure to credit risk. As at March 31, 2025, the Corporation’s directly held bond investments by credit quality according to Standard and Poor’s are AAA - $1.21 billion, AA - $0.47 billion, A - $0.59 billion, and BBB - $0.54 billion.

The maximum credit risk exposure for fixed-income investments pertains to directly held bond investments and to directly held mortgage investments; however, the Corporation considers Canadian government bonds to be risk-free. Therefore, the maximum credit risk exposure is equal to the total fair value of all other directly held bond and mortgage investments. Since the

Corporation no longer has directly held fixed-income investments, the maximum credit risk exposure is nil (2025 – $1.71 billion).

Directly held bond and mortgage investments are designated as FVTPL. The change in fair value attributable to the change in credit risk of these assets is generally insignificant in the absence of significant credit events occurring on specific assets. During the fiscal years ended March 31, 2026 and 2025, there is no fair value loss reflected in changes in fair value on financial investments related to significant credit events occurring on assets designated as FVTPL.

Premium to be received and other receivables

The Corporation has a diverse customer base as it is the sole provider of Basic insurance to all drivers in British Columbia. While there is no significant individual concentration of credit risk, the Corporation's premiums to be received are comprised of customers with varying financial conditions. The credit risk for premium to be received is mitigated as a customer's policy may be cancelled if the customer is in default of a payment.

Other receivables, comprise mostly of broker receivables, investments related receivables and receivables collected on behalf of the Province of BC, are considered short term in nature and low probability of default. The maximum credit risk for all other receivables equals their carrying amount.

The collectability of premium to be received is considered within the cash flows in the measurement of LRC. As at March 31, 2026, the Corporation considered $198.4 million (2025 – $174.3 million) of its premium to be received to be uncollectible.

Reinsurance contract assets

Failure of reinsurers to honour their obligations could result in losses to the Corporation. The maximum credit risk exposure equals the carrying amount of $42.7 million (2025 – $39.4 million). The Corporation has policies to monitor credit rating of reinsurers. All reinsurers have a minimum credit rating of A. No single reinsurer represents more than 25% of the total reinsurance placement in a contract year. Both items mitigate the Corporation's exposure to credit risk. No amount owing from the reinsurers was considered impaired as at March 31, 2026 or March 31, 2025.

Liquidity risk

A significant business risk of the insurance industry is the uncertain ability to match the cash inflows from premiums and the investment portfolio with the cash requirements of the policy liabilities and operating expenses. The timing of most policy liability payments is not known, may take considerable time to determine precisely, and may be paid in partial payments.

Liquidity risk is the risk that the Corporation is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. The majority of financial liabilities, except for the LIC, pension and post-retirement benefits, lease liabilities, and investment-related liabilities, are due within one year. The Corporation generally maintains positive overall cash flows through cash generated from operations as well as cash generated from its investing activities. Where overall cash flows are negative, the Corporation maintains sufficient liquid assets to cover any shortfall from operations. These liquid assets include money market pooled funds, and level 2 fixed-income and global equity pooled funds (Note 6). In addition, the Corporation has a netting arrangement with its banks that permits positive bank balances to be offset against negative bank balances.

Liquidity risk is primarily controlled by holding highly liquid investments which can be readily sold. In addition, the Corporation takes into account the overall historical liability settlement pattern and the historical cash in-flows as a basis to broadly define diversification and duration characteristics of the investment portfolio.

As of March 31, 2026, the Corporation no longer holds any directly held bond and mortgage investments, and therefore does not have direct exposure to liquidity risk. As at March 31, 2025, the maturity profile of the Corporation's fixed-income investments by contractual maturity or expected cash flow dates was $0.18 billion within one year, $2.28 billion from one to five years, and $0.36 billion after five years.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is primarily exposed to currency risk through its direct investments in funds denominated in foreign currencies, as well as indirectly through investments in funds that hold assets denominated in foreign currencies. The table below summarizes the Corporation's exposure to currency risks after the impact of currency hedging strategies:

($ THOUSANDS)	2026	2025
Direct currency risk exposure - USD	$ 225,917	$ 269,492
Indirect currency risk exposure - USD	8,962,187	8,762,669
Indirect currency risk exposure - other foreign currencies	3,533,696	3,092,249
	$ 12,721,800	$ 12,124,410

The Corporation has policies in place to limit and monitor its exposure to currency risks. In addition, the Corporation uses currency hedging strategies, where deemed appropriate, by entering into foreign exchange forwards (note 6b). A 10 percent appreciation in the Canadian dollar on foreign currency-based financial investments, net of the offsetting impact from the Corporation's currency hedging strategies, would change the fair value of the financial investments and result in a change to profit or loss of $929.4 million (2025 – $933.9 million). The Corporation also leverages the investment manager's currency hedging strategies within the pooled funds to minimize the indirect currency risk exposure.

12. Insurance Contract Liabilities

Liability for incurred claims – estimate of future cash flows to fulfill insurance contracts

Actuarial methods and assumptions for incurred claims

The Corporation employs standard actuarial methods to analyze the ultimate claims costs, augmented by more in-depth analyses as needed.

Standard methods

Three standard methods are used regularly to analyze claims costs of most coverages:

- The incurred development method;
- The paid development method; and
- The Bornhuetter-Ferguson method.

The standard methods call for a review of historical loss and count development patterns. As part of this review, the Corporation calculates loss and count development factors, which represent the period-to-period changes in a given loss year's incurred loss amount. Based on an examination of the loss development factors, the Corporation's Chief Actuary selects a best estimate of development factors that forecast future loss development.

A key assumption that the loss and count development factors rely on is a selected baseline. The baseline for the majority of the coverages is the average of the most recent four loss years. The use of a baseline helps maintain consistency in the loss and count development factors from one reserve review to another. Circumstances may arise when the standard methods are no longer appropriate to use. In these cases, and in accordance with accepted actuarial practice, modifications to the methods are made or alternative methods are employed that are specific and appropriate to the circumstances. Circumstances may include a change in the insurance product or claims settlement environment, a change in the handling or reserving of claims, or an emerging trend in the statistical data used in the analysis.

Because of the change in insurance coverages provided following the introduction of Enhanced Care on May 1, 2021, there is limited direct historical information available for some of the coverages currently provided. Where possible, appropriate historical claims data has been selected to supplement the data for each coverage, for example by separating claims that occurred within and outside of British Columbia, and accounting for hit-and-run and non-vehicle damage liability claims. The adjusted data allows the Corporation to use the standard methods on these new coverages with limited historical information.

Additional method for legal-based injury claims

An additional method is employed to address the particularly complex legal-based injury claims environment, which includes shifts in the frequency mix of claims by claim size and complexity, and the settlement rate of claims. This additional method uses claim size to separate bodily injury claims data into segments of similar complexity and is based on the Adler-Kline claim closure model. It has allowed the Corporation's Chief Actuary to capture changes in the claim settlement rates within each segment, and changes in the mix of claims by segment, which impacts the bodily injury severity trend rate. Within this segmented analysis, the number of large bodily injury claims is estimated with reference to the number of large bodily injury claims that will emerge as a proportion of the pending legal-based claims at each age in addition to using a standard count development method.

The Adler-Kline claim closure model is also applied to medical and rehabilitation costs on accident benefits claims to capture changes in the level, trend, and limit associated with these costs following changes to the accident benefit product that were effective in 2018 and 2019. These changes included an increase in the regulated rates for several medical treatment fees, the introduction of indexing for the regulated rates for medical treatment fees based on the increase in the BC consumer price index, and a doubling of the medical rehabilitation limit to $300,000.

Additional method for enhanced accident benefits claims

Additional methods are used to estimate the severity of enhanced accident benefits claims, associated with accidents occurring on or after May 1, 2021. These claims fall under a new insurance model (note 3h), and are therefore expected to follow different patterns from the historical loss and count development patterns on which the three standard methods rely. The Corporation continues to gain experience on enhanced accident benefits claims and to assess to what extent British Columbia claims data may be appropriately used in the estimation of ultimate claims costs.

The first additional method uses assumptions for the severity of these claims that are consistent with the pricing model used to establish the premium rate for policies effective May 1, 2021, with additional relevant information regarding inflation expectations, claim severity, and mortality and termination rates from other jurisdictions with similar products. The pricing model references to the claims experience of another jurisdiction assuming both product features and claims experience to be similar between the two products, and making adjustments for key differences from other jurisdictions.

A second additional method is used to estimate the cost of Permanent Impairment benefits within the enhanced accident benefits claims. The amount of these benefits are defined in regulations and relate to the extent of the injuries. This method considers the range of benefits that could apply based on injury classifications associated with enhanced accident benefits claims to establish an additional estimate for the cost of Permanent Impairment benefits.

A third additional method has been introduced to estimate the cost of Enhanced Disability claims. This method is based on an individual claim survival model that predicts the expected time remaining for each claim. The time estimate is combined with the eligible benefit amount to estimate a total cost for each claim. The sum of individual claim costs is combined with a separate estimate for the cost of unreported claims to establish an additional estimate for the cost of Enhanced Disability claims.

Change in methodology

The Corporation refined its methodology for estimating the number of large bodily injury claims by incorporating a count development approach that projects ultimate large claim counts based on observed historical development patterns. This approach is combined with the previous method that estimates large claim emergence as a proportion of pending legal-based claims, with the final estimate based on an average of the two methods.

The change affects the determination of large claim counts, while the methodology for estimating claim severity remains unchanged. As a result, the liability for incurred claims increased by $192.3 million, holding all other assumptions constant.

Discounting LIC

The timing of when the unpaid ultimate claims costs will be paid depends on the line of business. Injury claims generally take longer to settle than material damage claims and exhibit greater variability as to the timing and amount ultimately paid to settle a claim. Historical patterns of claims payment data are used to estimate the future claims payment pattern.

Discount rate and risk adjustment for non-financial risk used to determine LIC are disclosed in note 3d.

Discount rate

The Corporation discounts its LIC using a discount yield curve which comprises a risk-free yield curve plus an illiquidity premium. As a result of the change in the discount yield curve, there was a favourable adjustment to LIC of $133.0 million (2025 – unfavourable adjustment of $237.5 million).

Yield curves used to discount cash flow for insurance and reinsurance contracts are as follows:

	One Year	Five Years	Ten Years	Twenty Years	Thirty Years
March 31, 2026	3.60%	4.31%	4.93%	5.52%	5.53%
March 31, 2025	3.44%	3.96%	4.59%	5.06%	4.91%

*Annual Effective Spot Rate as at Fiscal Year End of Term (Years)

Sensitivity analysis

The sensitivity to significant assumptions is outlined below. The analysis is performed for possible changes in the assumptions with all other assumptions held constant, showing the impact on the LIC in the table below and it is the same as impact on net income and Equity. Movements in these assumptions may be non-linear and may be correlated with one another.

($ THOUSANDS)			2026		2025
Assumption	**Sensitivity**				
Discount rate	+ 1ppt[1]	$	(307,900)	$	(300,400)
Discount rate	- 1ppt	$	354,800	$	340,400
Future emergence of large bodily injury claims	+ 10%	$	130,100	$	173,000
Severity of unpaid bodily injury claims	+ 10%	$	393,700	$	529,700
Severity of unpaid Enhanced Accident Benefit claims	+ 10%	$	255,000	$	232,000
Severity of unpaid Material Damages claims	+ 10%	$	88,800	$	90,700

[1] *ppt = percentage point*

Reconciliation of the liability for remaining coverage and liability for incurred claims

($ THOUSANDS)	2026				2025			
	Liabilities for remaining coverage	Liabilities for incurred claims		Total	Liabilities for remaining	Liabilities for incurred claims		Total
		Estimates of present value of future cash flows	Risk Adjustment			Estimates of present value of future cash flows	Risk Adjustment	
Insurance contract liabilities, beginning of year	$ 1,632,303	$ 8,448,169	$ 811,282	$ 10,891,754	$ 1,648,343	$ 9,987,138	$ 971,958	$ 12,607,439
Insurance revenue	(6,675,121)	-	-	(6,675,121)	(5,987,523)	-	-	(5,987,523)
Insurance service expenses								
Incurred claims	-	3,907,605	212,026	4,119,631	-	3,810,548	226,274	4,036,822
Directly attributable expenses	-	703,404	-	703,404	-	638,128	-	638,128
Insurance acquisition expenses	-	902,151	-	902,151	-	843,053	-	843,053
Changes that relate to past service - adjustments to the LIC	-	144,135	(288,703)	(144,568)	-	(298,088)	(386,950)	(685,038)
	-	5,657,295	(76,677)	5,580,618	-	4,993,641	(160,676)	4,832,965
Insurance service result	(6,675,121)	5,657,295	(76,677)	(1,094,503)	(5,987,523)	4,993,641	(160,676)	(1,154,558)
Insurance finance expenses	-	183,507	-	183,507	-	578,172	-	578,172
Total changes in statement of comprehensive income	(6,675,121)	5,840,802	(76,677)	(910,996)	(5,987,523)	5,571,813	(160,676)	(576,386)
Cash flows								
Premiums received	6,406,677	-	-	6,406,677	5,971,483	-	-	5,971,483
Claims and other expenses paid	-	(6,096,510)	-	(6,096,510)	-	(6,274,646)	-	(6,274,646)
Insurance acquisition cash flows	-	(879,642)	-	(879,642)	-	(836,136)	-	(836,136)
Total cash flows	6,406,677	(6,976,152)	-	(569,475)	5,971,483	(7,110,782)	-	(1,139,299)
Insurance contract liabilities, end of year	$ 1,363,859	$ 7,312,819	$ 734,605	$ 9,411,283	$ 1,632,303	$ 8,448,169	$ 811,282	$ 10,891,754

The Corporation has assessed and identified no onerous insurance contracts for the fiscal years ended March 31, 2026 and March 31, 2025.

Claims development table

The top half of the table illustrates how the Corporation's estimate of total gross undiscounted claims costs for each loss year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the consolidated statement of financial position.

Claims development table as at March 31, 2026:

($ THOUSANDS)

Fiscal Loss Year*	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**Total**
Estimate of ultimate claims costs (gross of reinsurance, undiscounted):											
- At end of fiscal loss year	$ 4,372,966	$ 4,968,820	$ 5,208,101	$ 4,524,433	$ 3,376,605	$ 3,382,219	$ 3,865,616	$ 4,233,213	$ 4,130,087	$ 4,335,647	
- One year later	4,529,126	5,229,618	5,312,311	4,155,162	3,169,382	3,298,887	3,735,449	3,830,389	4,050,342	-	
- Two years later	4,762,695	5,490,881	5,326,839	4,118,627	2,895,013	3,255,603	3,507,979	3,806,577	-	-	
- Three years later	5,015,000	5,483,201	5,410,875	3,864,190	2,934,926	3,160,434	3,517,003	-	-	-	
- Four years later	4,948,037	5,516,400	5,771,575	3,955,376	3,059,459	3,212,685	-	-	-	-	
- Five years later	4,964,606	5,905,928	5,808,253	4,136,696	3,314,404	-	-	-	-	-	
- Six years later	5,213,142	5,908,891	6,016,184	4,280,903	-	-	-	-	-	-	
- Seven years later	5,237,148	6,026,542	6,150,800	-	-	-	-	-	-	-	
- Eight years later	5,262,160	6,070,185	-	-	-	-	-	-	-	-	
- Nine years later	5,283,153	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims (gross)	5,283,153	6,070,185	6,150,800	4,280,903	3,314,404	3,212,685	3,517,003	3,806,577	4,050,342	4,335,647	44,021,699
Cumulative payment of claims (gross)	(5,012,843)	(5,551,049)	(5,378,533)	(3,494,917)	(2,544,176)	(2,467,147)	(2,741,687)	(2,907,887)	(2,930,778)	(2,245,606)	(35,274,623)
Cumulative claims liabilities (gross)	$ 270,310	$ 519,136	$ 772,267	$ 785,986	$ 770,228	$ 745,538	$ 775,316	$ 898,690	$ 1,119,564	$ 2,090,041	$ 8,747,076
Cumulative claims liabilities (gross) - prior years											486,893
Undiscounted unallocated loss adjustment expense reserve											337,970
Effect of discounting											(2,451,243)
Effect of the risk adjustment margin for non-financial risk											734,605
Other directly attributable expenses expected to be paid within one year											192,123
Total Liability for incurred claims (gross)											**$ 8,047,424**

*Fiscal Loss Year refers to the year ended March 31

The table above reflects the total LIC of $8.05 billion before amounts recoverable on incurred claims for the reinsurance contract assets held. The total LIC after amounts of reinsurance recoverable on incurred claims of $0.04 billion would be $8.01 billion.

The expected maturity of the claims liabilities is analyzed below (undiscounted and gross of reinsurance):

($ THOUSANDS)

	Less than One Year	**One to Two Years**	**Two to Three Years**	**Three to Four Years**	**Four to Five Years**	**Over Five Years**	**Total**
March 31, 2026	$ 2,648,699	$ 1,287,094	$ 845,614	$ 584,675	$ 411,527	$ 3,794,330	$ 9,571,939
March 31, 2025	$ 3,182,473	$ 1,663,232	$ 1,085,309	$ 706,986	$ 484,593	$ 3,080,196	$ 10,202,789

The claims liabilities for future payment beyond one year is $6.92 billion (2025 – $7.02 billion). There are no amounts payable on demand in 2026 and 2025.

The weighted-average term to settlement of the discounted claims liabilities as at March 31, 2026 is 4.3 years (2025 – 3.6 years).

13. Reinsurance contract assets

The Corporation maintains casualty and catastrophe reinsurance to protect against significant losses.

The Corporation entered into one year casualty and catastrophe reinsurance contracts beginning January 1, 2026 and 2025 as follows:

a) For individual catastrophic occurrences, portions of losses up to $300.0 million (2025 – $300.0 million) in excess of $50.0 million (2025 – $50.0 million); and
b) For individual casualty loss occurrences, portions of losses up to $43.0 million (2025 – $43.0 million) in excess of $7.0 million (2025 – $7.0 million).

These reinsurance arrangements do not discharge the Corporation's obligation as primary insurer. The Corporation evaluates the financial condition of its reinsurers to minimize the exposure to significant loss from reinsurer insolvency.

Reconciliation of the remaining coverage and incurred claims components

($ THOUSANDS)	2026				2025			
	Assets for Remaining Coverage	Amounts Recoverable on Incurred Claims		Total	Assets for Remaining Coverage	Amounts Recoverable on Incurred Claims		Total
		Estimates of present value of future cash flows	Risk Adjustment			Estimates of present value of future cash flows	Risk Adjustment	
Net reinsurance contract assets, beginning of year	$ 4,933	$ 32,005	$ 2,418	$ 39,356	$ 33	$ 32,416	$ 2,959	$ 35,408
Allocation of reinsurance premiums	(17,472)	-	-	(17,472)	(16,432)	-	-	(16,432)
Amounts recoverable for incurred claims and other expenses	-	12,666	970	13,636	-	6,650	(541)	6,109
Net income (expense) from reinsurance contracts held	(17,472)	12,666	970	(3,836)	(16,432)	6,650	(541)	(10,323)
Reinsurance finance income	-	584	-	584	-	1,839	-	1,839
Total changes in comprehensive income	(17,472)	13,250	970	(3,252)	(16,432)	8,489	(541)	(8,484)
Cash flows								
Premiums paid	17,420	-	-	17,420	21,332	-	-	21,332
Amounts received	-	(10,811)	-	(10,811)	-	(8,900)	-	(8,900)
Total cash flows	17,420	(10,811)	-	6,609	21,332	(8,900)	-	12,432
Net reinsurance contract assets, end of year	$ 4,881	$ 34,444	$ 3,388	$ 42,713	$ 4,933	$ 32,005	$ 2,418	$ 39,356

14. Pension and Post-Retirement Benefits

Plan information

The Corporation sponsors a defined benefit registered pension plan for its current and former management and confidential employees (the Management and Confidential Plan). Subject to the terms of the plan, the Management and Confidential Plan provides benefits to members based on their length of service and eligible earnings in the best five years of plan membership. Employees are required to contribute to the Management and Confidential Plan. Effective January 1, 2019, all Management and Confidential employees contribute 50% of the current cost benefits.

In addition, the Corporation sponsors two supplemental pension plans for certain employees. The Corporation is the legal administrator of the Management and Confidential Plan and the two supplemental pension plans. Subject to the terms of the plans, pensions are indexed in line with increases in the Consumer Price Index (CPI) up to fixed or sustainable maximums for certain periods of service.

The Corporation also contributes to two other defined benefit pension plans for which it is not the sole sponsor. Current and former employees of the Corporation who are or were members of the Movement of United Professionals are members of the MoveUP/Insurance Corporation of British Columbia Pension Plan (MoveUP Plan). Half of the Trustees of the MoveUP Plan are appointed by the Corporation and the other half by MoveUP. The Board of Trustees of the MoveUP Plan is the legal plan administrator. The MoveUP Plan provides benefits to members based on their length of service and eligible earnings in the best five years of plan membership. MoveUP employees are required to contribute 50% of the cost of benefits to the MoveUP Plan. Subject to the terms of the plan, pensions are indexed in line with increases in the CPI. The Corporation's former Motor Vehicle Branch employees participate in the BC Public Service Pension Plan. The Corporation has no fiduciary responsibility for, or role in the governance of, the MoveUP Plan or the BC Public Service Pension Plan.

The Management and Confidential Plan, MoveUP Plan, and the BC Public Service Pension Plan are subject to the statutory requirements (including minimum funding requirements) of the British Columbia *Pension Benefits Standards Act* (PBSA) and the *Income Tax Act* (Canada). Each plan's pace of funding is set out in their respective funding policies.

The Corporation pays certain costs as post-retirement benefits for its qualifying retirees. The benefits are not prefunded. Benefit entitlements differ for management and confidential and bargaining unit employees, as stated within the terms of the plans.

The Corporation measures its defined benefit obligations and the fair value of plan assets for accounting purposes at the end of the Corporation's fiscal year. Defined benefit obligations are extrapolated from the most recent actuarial valuation date for each of the plans. The Management and Confidential Plan actuarial valuation is as at December 31, 2024, the MoveUP Plan actuarial valuation is as at December 31, 2023 and the post-retirement benefits actuarial valuation is as at January 1, 2025. Updated actuarial valuations for the Management and Confidential Plan and the MoveUP Plan are expected to be no later than December 31, 2027 and December 31, 2026, respectively. These results will be reflected in the consolidated financial statements in the year immediately following their preparation.

On its consolidated statement of financial position, the Corporation does not recognize its portion of any surplus assets held by the MoveUP Plan because it cannot realize a future economic benefit in respect of those assets.

An additional liability may be recognized in some instances if minimum future funding requirements are expected to generate a future surplus. These instances are ones where the Corporation would not be able to access or realize a future economic benefit from the future surplus. The Corporation has determined that no additional liability is required to be recognized in respect of solvency funding payments made to the Management and Confidential Plan. This is because the British Columbia PBSA permits the Corporation to secure these payments with a letter of credit in lieu of cash solvency payments or to deposit them in the plan's Solvency Reserve

Account (SRA), for which any surpluses in this account would ultimately be refundable to the Corporation. Furthermore, the Corporation may realize an economic benefit related to future current service cost, in respect of the Corporation, exceeding minimum funding requirements.

The weighted-average durations of the pension plans and post-retirement benefits are shown below, along with the approximate proportions of the defined benefit obligation by membership category:

	Pension Plans		Post-Retirement Benefits	
	2026	2025	2026	2025
Weighted-average duration	18 years	19 years	13 years	13 years
Proportion of obligation in respect of:				
- Active members	43.2%	45.1%	38.3%	41.3%
- Deferred members	6.5%	6.8%	0.0%	0.0%
- Retired members	50.3%	48.1%	61.7%	58.7%

Since pensions are adjusted to changes in the CPI, the pension plans are exposed to changes in levels and volatility in Canada's inflation rate.

In addition, the plans' obligations are exposed to interest rate risk and changes in the life expectancy for pensioners. As the plan assets include significant investments in quoted equity shares, the Corporation is also exposed to equity market risk.

Contributions to all pension and post-retirement benefit plans

Total contributions for employee future benefits for 2026, consisting of cash contributed by the Corporation to all of the funded pension plans and in respect of benefits paid from its unfunded pension and post-retirement benefits, were $7.4 million, net of a refund from the SRA (2025 – $18.6 million). Estimated employer contributions for the year ending March 31, 2027 are $56.3 million, excluding any refund from the SRA. The estimate is based on the plans' most recent actuarial funding valuations.

The SRA is a separate account, established to hold solvency and transfer deficiency payments made under a defined benefit component of a pension plan. The only funds that may be deposited to the SRA are payments made in respect of a solvency deficiency. Because the Management and Confidential Plan was certified to have a solvency ratio greater than 100% as of December 31, 2023 and December 31, 2024, no solvency and transfer deficiency payments are currently required. Furthermore, the Corporation received Superintendent consent to receive a refund of a portion of the plan's accessible solvency excess from the SRA. Consequently, on November 20, 2025, the Corporation received $44.1 million (September 27, 2024 – $33.0 million) as a refund.

Financial information

These consolidated financial statements include the assets and liabilities of all plans, excluding the BC Public Service Pension Plan, sponsored by the Corporation.

The amounts recorded on the consolidated statement of financial position are as follows:

($ THOUSANDS)	Pension Plans		Post-Retirement Benefits		Total	
	2026	2025	2026	2025	2026	2025
Assets						
Accrued pension benefits	$ 235,752	$ 300,042	$ -	$ -	$ 235,752	$ 300,042
Liabilities						
Pension and post-retirement benefits	(28,614)	(51,137)	(151,664)	(157,873)	(180,278)	(209,010)
Net total asset (liability)	$ 207,138	$ 248,905	$ (151,664)	$ (157,873)	$ 55,474	$ 91,032

One of the pension plans is in a net asset position and, as a result, that plan is required to be reported as an asset on the consolidated statement of financial position.

Information regarding the pension plans and post-retirement benefits is as follows:

($ THOUSANDS)	Pension Plans		Post-Retirement Benefits	
	2026	2025	2026	2025
Plan assets				
Fair value, beginning of year	$ 3,321,844	$ 3,090,367	$ -	$ -
Interest on plan assets	153,466	152,993	-	-
Actuarial gain on assets	91,835	135,479	-	-
Employer contributions	44,989	44,362	6,524	7,224
Employee contributions	43,544	42,950	-	-
Benefits paid	(117,032)	(110,447)	(6,524)	(7,224)
Solvency reserve account refund	(44,097)	(32,960)	-	-
Non-investment expenses	(1,000)	(900)	-	-
Fair value, end of year	3,493,549	3,321,844	-	-
Defined benefit obligation				
Balance, beginning of year	3,072,939	2,732,672	157,873	145,263
Current service cost	102,386	93,500	6,854	6,140
Interest cost	144,687	137,744	7,317	7,286
Remeasurements on obligation				
- due to changes in financial assumptions	(221,149)	159,072	(7,972)	6,408
- due to participant experience	17,341	60,398	(5,884)	-
Benefits paid	(117,032)	(110,447)	(6,524)	(7,224)
Balance, end of year	2,999,172	3,072,939	151,664	157,873
Funded status – plans in deficit	(28,614)	(51,137)	(151,664)	(157,873)
Funded status – plans in surplus	522,991	300,042	-	-
Funding surplus (deficit)	494,377	248,905	(151,664)	(157,873)
Impact of surplus derecognition	(287,239)	-	-	-
Net total asset (liability)	$ 207,138	$ 248,905	$ (151,664)	$ (157,873)

The net total expense for the pension plans and post-retirement benefits is $65.2 million (2025 – $55.7 million). In addition, the Corporation contributed $0.2 million in 2026 (2025 – $0.3 million) to the BC Public Service Pension Plan.

Assets

The pension plans' assets consist of:

	Percentage of Plan Assets	
	2026	2025
Cash, cash equivalent and accrued interest	1.7%	1.3%
Fixed-income investments		
Money market funds	0.6%	0.8%
Bond funds	9.3%	8.5%
Government bonds	10.2%	12.7%
Corporate bonds	7.6%	5.7%
Mortgage funds	1.7%	2.0%
Mortgages	0.5%	0.0%
Equity investments		
Domestic	3.4%	3.3%
Global	32.2%	35.3%
Other financial investments		
Domestic real estate	4.9%	5.9%
Global real estate	5.5%	5.5%
Global infrastructure	5.5%	5.1%
Global mezzanine debt	0.3%	0.6%
Private assets	16.6%	13.3%
	100.0%	100.0%

Fixed-income investments, except for mortgage funds, and equity investments are valued using published quotations sourced from an independent data provider. Mortgage funds and other financial investments valuations are based on various methods such as the discounted cash flows, appraisals and audited financial statements.

Pension plan assets generated a return of 7.5% (2025 – 9.4%) for the year ended March 31, 2026.

For the Management and Confidential Plan, the administrator compares the investment performance of the fund against the median investment performance of a peer group of comparable pension funds at least quarterly. In addition, there are monthly and quarterly asset allocation reviews performed to ensure compliance with investment policies. For the MoveUP Plan, the long-term objective is to obtain an investment return that will exceed the investment return assumption used in the actuarial valuation and to provide positive real growth. The Trustees have outsourced the Chief Investment Officer (CIO) who reviews the fund managers' performance on a quarterly basis. The outsourced CIO invests funds based on the Trustees' approved Statement of Investment Policy.

As at March 31, 2026 and March 31, 2025, the Corporation's pension plans did not hold any of the Corporation's securities or assets nor were any of the plans' assets used by the Corporation during these years.

Assumptions

The significant actuarial assumptions adopted in measuring the Corporation's defined benefit obligation are as follows (weighted-average assumptions):

	Pension Plans		Post-Retirement Benefits	
	2026	2025	2026	2025
Discount rate	5.09%	4.63%	5.00%	4.55%
Rate of compensation increase	3.02%	3.01%	n/a	n/a
Pension inflation rate	2.00%	2.00%	n/a	n/a

Mortality assumptions are significant in measuring the obligations under the defined benefit plans. Future longevity improvements have been considered and included where appropriate. The following table summarizes the life expectancy for members, in years, based on the mortality assumption used:

2026		2025	
Life expectancy at 65 for a member currently		Life expectancy at 65 for a member currently	
Age 65	Age 45	Age 65	Age 45
24.2	25.5	24.1	25.5

As at March 31, 2026, the extended healthcare trend rate is assumed to be 5.3% per annum, changing over fourteen years to 4.1% per annum thereafter. As at March 31, 2025, the extended healthcare trend rate is assumed to be 5.1% per annum, changing over fifteen years to 4.1% per annum thereafter.

The plans' sensitivity to significant assumptions is shown below:

($ THOUSANDS)	Pension Plans		Post-Retirement Benefits	
	2026	2025	2026	2025
Estimated increase in defined benefit obligation - end of year due to:				
1ppt[1] decrease in discount rate	$ 524,400	$ 573,776	$ 19,293	$ 20,992
1ppt increase in salary increase rate	$ 84,068	$ 92,817	n/a	n/a
1ppt increase in pension inflation rate	$ 391,231	$ 432,393	n/a	n/a
1ppt increase in healthcare trend rate	n/a	n/a	$ 8,214	$ 8,339
1 year increase in life expectancy	$ 80,949	$ 86,163	$ 2,783	$ 2,715

[1] *ppt = percentage point*

The sensitivity to the significant assumptions has been determined assuming all other assumptions remain unchanged. If multiple assumptions were to change at the same time, there may be correlations between assumptions that could result in different impacts than simply adding the individual sensitivities above.

15. Investment Income and Net Insurance Finance Expenses

($ THOUSANDS)	2026	2025
Interest income		
Fixed-income investments	$ 360,276	$ 453,483
Other financial investments	1,308	6,174
	361,584	459,657
Dividends, distributions, and other income (expenses)		
Equity investments	258,669	367,427
Other financial investments	422,964	375,965
Loss from investment properties	(54)	(891)
(Loss) gain on sale of investment properties	(2,258)	20,635
Impairment loss - investment properties	(30,151)	(6,647)
Investment management fees	(41,871)	(34,918)
Other	(56,790)	(75,623)
	550,509	645,948
Gains (losses) on investments and derivatives		
Fixed-income investments	352	82,653
Equity investments	245,555	427,934
Other financial investments and derivatives	(29,254)	(66,282)
	216,653	444,305
Unrealized (losses) gains from fair value changes		
Financial investments	(217,229)	(55,788)
Derivative financial instruments	51,301	(83,315)
	(165,928)	(139,103)
Total investment income	$ 962,818	$ 1,410,807

($ THOUSANDS)	2026	2025
Amounts recognized in investment income (loss) for investment properties		
Rental income	$ 27,476	$ 36,242
Direct operating expenses that generated rental income	(27,180)	(37,331)
Direct operating expenses that did not generate rental income	(350)	198
Total loss from investment properties	(54)	(891)

($ THOUSANDS)	2026	2025
Insurance finance (expense) income		
Insurance contracts - Interest accreted	$ (272,201)	$ (406,289)
Insurance contracts - Effect of changes in interest rates and other financial assumptions	88,694	(171,883)
Reinsurance contracts - Interest accreted	794	1,263
Reinsurance contracts - Effect of changes in interest rates and other financial assumptions	(210)	576
Net insurance finance expenses	$ (182,923)	$ (576,333)

During fiscal year 2026, net investment income from financial investments designated as FVTPL is $63.5 million (2025 – $248.2 million).

16. Expenses by Nature

($ THOUSANDS)		2026		2025
Expenses – by nature				
Premium taxes	$	298,175	$	270,918
Commissions		600,665		569,216
Employee benefit expense:				
Compensation and other employee benefits		609,160		584,602
Pension and post-retirement benefits (note 14)		65,448		55,938
Professional and other services		56,460		43,442
Road improvements and other traffic safety programs		39,181		36,045
Building operating expenses		28,788		29,093
Merchant and bank fees		58,227		52,259
Office supplies and postage		23,376		20,886
Computer costs		57,017		46,619
Depreciation and amortization (notes 7 and 8)		95,904		67,136
Depreciation for lease assets (note 9)		14,261		14,481
Interest expense on lease liabilities		2,609		2,429
Other		46,345		56,463
	$	1,995,616	$	1,849,527
Expenses by operation				
Insurance operations				
Premium taxes, commissions and other acquisition costs[1]	$	902,151	$	843,053
Claims services[1]		504,225		462,150
Directly attributable operating expenses[1]		142,306		122,904
Road safety and loss management services[1]		56,873		53,074
Other operating expenses		182,281		174,314
Non-insurance operations				
Operating expenses		165,268		152,707
Commissions		42,512		41,325
	$	1,995,616	$	1,849,527

[1] Expenses attributed to insurance acquisition cash flows and other directly attributable expenses comprise expenses incurred in the reporting period that relate directly to the fulfilment of insurance contracts issued within IFRS 17's scope. Refer to note 12 Insurance contract liabilities - Reconciliation of the liability for remaining coverage and liability for incurred claims

17. Related Party Transactions

ICBC is a wholly-owned Crown corporation of the Province of B.C.

All transactions with the Province of B.C.'s ministries, agencies, and Crown corporations occurred in the normal course of providing insurance, registration, and licensing for motor vehicles, which is representative of fair value unless otherwise disclosed in these notes. The Corporation has elected to apply the exemption for government-related entities under IAS 24 *Related Party Disclosures*.

During the year, the Corporation finalized a commitment with another Province of B.C.'s Crown Corporation to sell the Corporation's current head office for a sale price of $53.7 million, which is representative of fair value. The sale is expected to complete within the fiscal year ending March 31, 2028.

All transactions with the Corporation's subsidiary companies occurred in the normal course of investing in investment properties (note 2j), and financial investments (note 6).

The Corporation acts as an agent for the Ministry of Finance regarding the collection of provincial taxes on imported and privately sold used vehicles and motor vehicle-related debts. The Corporation is the sole provider of Basic insurance (note 1) in the Province of B.C. and, therefore, insures, at market rates, vehicles owned or leased by the Province of B.C. and its controlled entities. As a consequence of these relationships, the Corporation has, at any time, amounts owing to or from various government departments or ministries in the ordinary course of business.

The Corporation is also responsible for collecting and remitting in full to the Province of B.C. all driver license fees as well as vehicle-related fees for acquiring and distributing licence plates including permits and other fees and fines. These collections are not revenue to the Corporation. The costs associated with the licensing and compliance activities conducted on behalf of the Province of B.C. are borne by the Corporation. These collections on behalf of and payments to the Province of B.C. are disclosed in the consolidated statement of comprehensive income under non-insurance operations.

The Corporation has defined key management as members of the Board of Directors and management employees at the Senior Director and equivalent level and above. The compensation for key management is shown below:

($ THOUSANDS)	2026	2025
Key management compensation		
Compensation and other employee benefits	$ 4,697	$ 4,994
Pension and post-retirement benefits	448	523
	$ 5,145	$ 5,517

As at March 31, 2026, $0.7 million (2025 – $0.8 million) was payable to key management.

The Corporation contributes to several defined benefit pension and post-retirement plans. Transactions with these entities are disclosed in note 14. As at March 31, 2026, $2.1 million (2025

– $1.7 million) was payable to these plans for employer contributions. In addition, the Corporation provides certain administrative and office services to the plans at no charge. During the year ended March 31, 2026, the Corporation incurred $2.7 million (2025 – $2.2 million) in administrative expenses and investment governance fees on behalf of these plans.

18. Capital Management

The Corporation's capital is comprised of retained earnings and other components of equity. The Corporation's objectives for managing capital are to maintain financial strength, to manage ongoing business risks and to protect its ability to meet the obligations to policyholders and others.

The Corporation operates two lines of insurance business, Basic and Optional. As prescribed in *Special Direction IC2 to the British Columbia Utilities Commission* (*Special Direction IC2*) for Basic insurance, and in line with federally regulated insurers competing for Optional insurance, the Corporation has established capital targets based upon the capital management framework of the Office of the Superintendent of Financial Institutions Canada (OSFI) and OSFI's Guideline for the minimum capital test (MCT). The MCT is a ratio of capital available to capital required, and utilizes a risk-based formula to assess the capital adequacy, including financial risk and long-term financial stability, of an insurance company.

For the Basic insurance business, *Special Direction IC2* requires that the Corporation's capital targets be in accordance with a capital management plan approved by the BCUC (note 20). The Corporation builds Basic capital over time through the capital provision included in Basic rates.

- On December 12, 2022, *Special Direction IC2* was amended. These amendments introduced a capital provision requirement equal to 7.0% of required premium, suspended the requirement to maintain a Basic MCT ratio of at least 100%, suspended the customer renewal credit, repealed the rate smoothing framework except for the requirement for the BCUC to fix rates in a manner that does not decrease existing rates, and defined policy year 2023 as the 24-month period from April 1, 2023 to March 31, 2025.
- On October 11, 2023, the BCUC approved the Corporation's revenue requirement application for a 0.0% Basic rate change for policy year 2023.
- On May 8, 2024, *Special Direction IC2* was amended to extend policy year 2023 by one year to end on March 31, 2026. On May 23, 2024, the BCUC approved the one-year extension of policy year 2023, consequently keeping the basic rate change of 0% in effect up to March 31, 2026.
- On October 28, 2025, *Special Direction IC2* was amended to further extend policy year 2023 to end on March 31, 2027. On November 5, 2025, the BCUC approved the further extension of policy year 2023, consequently keeping the basic rate change of 0% in effect up to March 31, 2027.

For the Optional insurance business, the Corporation follows a capital management plan, which is approved by the Corporation's Board of Directors and reviewed at least every three years. The Optional insurance capital target level is calculated based on the MCT guideline and is assessed by considering various factors that reflect the Corporation's risk profile, risk appetite, and risk tolerance. At year end, when Optional capital is in excess of the management target, that amount is to be transferred to the Basic capital. On March 31, 2026, $86.6 million was transferred from Optional to Basic capital.

The Corporation continues to benefit from product reforms (note 3g and 3h) that contribute to the financial stability of the insurance system. In fiscal year 2025, the Corporation provided a premium rebate (note 12) to policyholders while continuing to grow capital.

19. Contingencies and Commitments

a) Structured settlements

Certain injury claims are settled through the use of various structured settlements which require the Corporation to provide the claimant with periodic payments.

The Corporation purchases an annuity from an approved life insurance company to make these payments. In the event the life insurance company fails in its obligation, the risk to the Corporation is mitigated as the claimant will continue to receive payments, up to certain limits, from a not-for-profit organization that is funded by the insurance industry and designated by the Federal Government under the *Insurance Companies Act (Canada)*. The Corporation is only responsible for making payments for the excess, if any, between the claimant’s annuity payments and the payment from the not-for-profit organization. At present, three federally licensed life insurance companies are used by the Corporation. The present value of these structured settlements as at March 31, 2026 is approximately $0.86 billion (2025 – $0.89 billion), which are not recorded in the consolidated financial statements of the Corporation. Management does not believe any provision for credit risk is required in relation to these annuities as at March 31, 2026, as all utilized life insurance companies are rated investment-grade and outstanding balances are backed by the not-for-profit organization. The not-for-profit organization provides guarantees of up to $2,000 a month or 85% of the promised monthly income benefit, whichever is higher. The Corporation’s exposure to credit risk beyond the guarantee is insignificant. To date, the Corporation has not experienced any losses resulting from these arrangements.

b) Other

The Corporation has committed to participating in the future funding of multiple investment programs. Unfunded commitments, excluding mezzanine debt, as at March 31, 2026 were $2.57 billion (2025 – $2.37 billion). The timing of the funding and related acquisition of investments is uncertain, as it is dependent on appropriate investing opportunities identified by the investment manager.

In 2017, the Corporation committed to invest in a limited partnership for mezzanine debt over a period of 10 years. As at March 31, 2026, unfunded commitment was $46.7 million USD (2025 – $47.3 million USD).

In fiscal year 2025, the Corporation committed to a seven-year software services agreement. As at March 31, 2026, $108.4 million (2025 - $120.5 million) was outstanding.

In fiscal year 2026, the Corporation committed to a five-year software services agreement. As at March 31, 2026, $50.5 million was outstanding.

c) Pending litigation

On July 4, 2022, a claim was filed against the Attorney General of B.C. challenging Enhanced Care. The claimants argue that the Enhanced Care legislation is a violation of equality rights under s. 15 of the *Canadian Charter of Rights and Freedoms* and grants the CRT power that violates the jurisdiction of the B.C. Supreme Court and as a result is unconstitutional. The claimants have not moved the claim forward since July 2022. At this stage of the proceeding, the probability of success cannot be determined.

On October 21, 2024, a notice of civil claim was filed against the Corporation. The proposed class action alleges that the Corporation advised the Claimant that the Corporation's Authorization to Provide Medical Information was legally required to be signed during the claim process following injuries from a collision, and that the Corporation subsequently used the form to obtain personal and private medical history of the Claimant that was not relevant and without informing the Claimant. The class action lawsuit is framed as a breach of privacy claim coupled with bad faith. At this early stage of the proceedings, the probability of success cannot be determined, nor can the financial impact on the Corporation.

In March 2024, a claim was filed against the Attorney General of B.C. and ICBC challenging the November 2023 amendments to the *Disbursement and Expert Evidence Regulation* under the *Evidence Act*. The claimants allege that the legislation is an unauthorized exercise of the government's authority and that it infringes on the *Canadian Charter of Rights and Freedoms* and the *Constitution Act*. On September 15, 2025, the B.C. Supreme Court dismissed the claimants' challenge. The Claimants did not appeal the decision.

20. Regulation over Basic Insurance

As discussed in note 1, the Corporation is subject to regulation by the BCUC. The BCUC has jurisdiction over the Corporation's rates and services for Basic insurance, and the responsibility for ensuring that the Basic insurance business does not subsidize the Corporation's Optional insurance business.

The BCUC is required to ensure that the Corporation's Basic insurance rates are not unjust, unreasonable, unduly discriminatory nor unduly preferential, and to ensure that rates are not based on age, gender or marital status.

The BCUC is required to approve Basic insurance rates set on the basis of accepted actuarial practice, in a manner that allows the Corporation to collect sufficient revenue to pay for costs, allocated to the Basic insurance and Non-insurance lines of business, including a capital provision, and to ensure that increases or decreases in rates are phased in, in a relatively stable and predictable manner.

As required by the regulatory framework, the Corporation maintains a Basic insurance capital management plan which is reviewed and approved by the BCUC. The BCUC is also required to ensure that the Corporation has sufficient Basic insurance capital, in accordance with the approved capital management plan (note 18).

The BCUC initiates regulatory processes upon application by the Corporation but may also do so on its own initiative. It may make use of regulatory processes such as written proceedings, oral hearings, or negotiated settlement processes to review applications and subsequently issue legally binding decisions. The Corporation is required to reimburse a portion of the BCUC's general operating expenses, as well as costs associated with each proceeding. The BCUC can also order the Corporation to reimburse other proceeding participants for specified costs such as legal and expert witness fees.

21. Indirect Method Cash Flow Details

The following table illustrates the details of the consolidated statement of cash flows:

($ THOUSANDS)		March 31 2026		March 31 2025
a) Items not requiring the use of cash				
Bad debt expense	$	17,241	$	15,457
Pension and post-retirement benefits (notes 14 and 16)		65,448		55,938
Amortization and depreciation of:				
Investment properties (note 6)		8,049		11,594
Property, equipment and intangibles (notes 7 and 8)		95,904		67,136
Lease assets (note 9)		14,261		14,481
Retirement of property, equipment and intangibles		86		(1,491)
Impairment loss on investment properties (notes 6 and 15)		30,151		6,647
Interest on lease liabilities		2,609		2,429
Interest on mortgages payable		783		(718)
Unrealized loss on financial investments (note 15)		217,229		55,788
Unrealized (gain) loss on derivative financial instruments (note 15)		(51,301)		83,315
Loss (gain) on sale of investment properties (note 15)		2,258		(20,635)
Gain on financial investments		(283,457)		(691,374)
	$	119,261	$	(401,433)
b) Changes in non-cash working capital				
Accrued interest	$	20,506	$	7,986
Derivative financial instruments		(1,494)		2,110
Reinsurance assets		(3,357)		(3,948)
Accrued pension benefits		29,012		18,249
Prepaids and other receivables		(8,910)		(17,642)
Accounts payable and accrued charges		10,072		(18,089)
Other liabilities		(20,153)		(77,773)
Premiums and fees received in advance		6,852		8,207
Insurance contract liabilities		(1,480,471)		(1,715,685)
Pension and post-retirement benefits		(36,642)		(37,140)
	$	(1,484,585)	$	(1,833,725)

The table below details the changes in the Corporation's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing are those for which cash flows were, or future cash flows will be, classified in the Corporation's consolidated statement of cash flows as cash flows from financing activities.

($ THOUSANDS)	March 31, 2025	Financing cash flows	Non-cash changes	March 31, 2026
Investment-related liabilities (note 10)	$ 156,957	$ 19,035	$ -	$ 175,992
Lease liabilities (note 9)	49,491	(13,539)	122,415	158,367
	$ 206,448	$ 5,496	$ 122,415	$ 334,359

($ THOUSANDS)	March 31, 2024	Financing cash flows	Non-cash changes	March 31, 2025
Investment-related liabilities (note 10)	$ 97,047	$ 59,910	$ -	$ 156,957
Lease liabilities (note 9)	57,125	(13,369)	5,735	49,491
	$ 154,172	$ 46,541	$ 5,735	$ 206,448

Supplemental Information (unaudited)

Allocation of Basic and Optional amounts

The Corporation operates as an integrated entity in its provision of Basic insurance, Optional insurance and Non-insurance products and services. In order to allocate its revenues and costs among the Basic insurance, Optional insurance and Non-insurance lines of business, the Corporation follows a BCUC-approved financial allocation methodology. This methodology is summarized below.

The majority of the Corporation's insurance revenues and costs associated with Basic insurance and Optional insurance can be directly attributed and do not require further process of allocation. Non-insurance revenues and costs are fully allocated to Basic insurance in accordance with *Special Direction IC2*. A pro-rata approach is used to allocate revenues and costs that are not directly attributable to the Basic, Optional or Non-insurance businesses. This approach is based on the drivers of those revenues and costs, the degree of causality, and any BCUC directives.

($ THOUSANDS)	Basic Coverage		Optional Coverage		Total	
	2026	2025	2026	2025	2026	2025
Insurance revenues	$ 3,457,211	$ 3,015,293	$ 3,217,910	$ 2,972,230	$ 6,675,121	$ 5,987,523
Insurance service expenses	(2,694,519)	(2,438,090)	(2,886,099)	(2,394,875)	(5,580,618)	(4,832,965)
Net expenses from reinsurance contracts	9,053	(730)	(12,889)	(9,593)	(3,836)	(10,323)
Insurance service result	771,745	576,473	318,922	567,762	1,090,667	1,144,235
Net investment income	655,645	979,490	307,173	431,317	962,818	1,410,807
Net insurance finance expenses	(122,932)	(414,886)	(59,991)	(161,447)	(182,923)	(576,333)
Net insurnace and investment result	1,304,458	1,141,077	566,104	837,632	1,870,562	1,978,709
Other operating expenses	(82,414)	(78,973)	(73,240)	(65,880)	(155,654)	(144,853)
Income - insurance operations	1,222,044	1,062,104	492,864	771,752	1,714,908	1,833,856
Cost of non-insurance operations	(198,077)	(182,645)	-	-	(198,077)	(182,645)
Net income for the year	$ 1,023,967	$ 879,459	$ 492,864	$ 771,752	$ 1,516,831	$ 1,651,211
Net income attributable to:						
Non-controlling interest	$ (2,390)	$ (962)	$ (1,119)	$ (423)	$ (3,509)	$ (1,385)
Owner of the corporation	1,026,357	880,421	493,983	772,175	1,520,340	1,652,596
	$ 1,023,967	$ 879,459	$ 492,864	$ 771,752	$ 1,516,831	$ 1,651,211
Equity						
Retained earnings, beginning of year	$ 4,568,772	$ 3,688,351	$ 2,031,557	$ 1,259,382	$ 6,600,329	$ 4,947,733
Net income for the year, owner of the corporation	1,026,357	880,421	493,983	772,175	1,520,340	1,652,596
Optional capital transfer to Basic business (note 18)	86,630	-	(86,630)	-	-	-
Retained earnings, end of year	5,681,759	4,568,772	2,438,910	2,031,557	8,120,669	6,600,329
Other components of equity, beginning of year	413,448	387,590	179,492	167,929	592,940	555,519
Pension and post-retirement benefits remeasurements	15,270	25,858	6,990	11,563	22,260	37,421
Other components of equity, end of year	428,718	413,448	186,482	179,492	615,200	592,940
Total equity attributable to owner of the corporation	6,110,477	4,982,220	2,625,392	2,211,049	8,735,869	7,193,269
Non-controlling interest, beginning of year	1,684	2,909	1,570	2,102	3,254	5,011
Change in net assets for the year, non-controlling interest	210	(263)	91	(109)	301	(372)
Net income for the year, non-controlling interest	(2,390)	(962)	(1,119)	(423)	(3,509)	(1,385)
Total equity attributable to non-controlling interest, end of year	(496)	1,684	542	1,570	46	3,254
Total Equity	$ 6,109,981	$ 4,983,904	$ 2,625,934	$ 2,212,619	$ 8,735,915	$ 7,196,523