



GOVERNMENT'S LETTER OF EXPECTATIONS

BETWEEN

THE MINISTER OF TRANSPORTATION AND INFRASTRUCTURE
(AS REPRESENTATIVE OF THE GOVERNMENT OF BRITISH COLUMBIA)

AND

THE CHAIR OF THE INSURANCE CORPORATION OF BRITISH COLUMBIA (ICBC)
(AS REPRESENTATIVE OF THE CORPORATION)

FOR 2014/15

PURPOSE

This Letter of Expectations (the Letter) provides Government's annual direction to the Crown corporation and is an agreement on the parties' respective accountabilities, roles, and responsibilities. The Letter confirms the Corporation's mandate and priority actions, articulates the key performance expectations as documented in the Government's Expectations Manual for British

Columbia Crown Agencies¹, and forms the basis for the development of the Corporation's Service Plan and Annual Service Plan Report. The Letter does not create any legal or binding obligations on the parties. It is intended to create an opportunity for dialogue between the parties and to support an open, positive and co-operative working relationship, resulting in the achievement of government's policy and performance expectations in a transparent and accountable manner.

CORPORATION ACCOUNTABILITIES - MANDATE

Government has provided the following mandate direction to ICBC under the *Insurance Corporation Act*, the *Insurance (Vehicle) Act* and the *Motor Vehicle Act*:

¹ The Province of British Columbia's Crown Agency Accountability System (<http://www.gov.bc.ca/caro/publications/index.html>) establishes guiding principles for the governance of Crown corporations. The *Government's Expectations For British Columbia Crown Agencies* provides for a Government's Letter of Expectations (Letter) to be developed.

- To continue to provide Basic and Optional vehicle insurance in an integrated manner for BC motorists; and
- To continue to provide driver licensing, vehicle registration and licensing, and violation ticket and government fine collections services on behalf of the Province under the Service Agreement between the Ministry of Transportation and Infrastructure (the Ministry) and ICBC.

For those Crown corporations that are commercial entities, they are expected to earn positive returns for their shareholders, the people of British Columbia.

SPECIFIC CORPORATION ACCOUNTABILITIES

To achieve this mandate, the Corporation is directed to take the following specific actions:

- Comply with Government direction on the capital management frameworks for Basic and Optional Insurance;
- Continue to invest in ICBC's systems, processes and products as part of a transformation program to meet increasing customer expectations, better ensure the reliability of systems and improve options for customers, and implement more streamlined processes for employees that will improve customer service. The transformation program is expected to be completed by 2017;
- Collaborate with government on creating a framework and, consistent with direction from the Ministry, implement a workplan for delivering on priority non-insurance projects that are essential to government's mandate. These projects include, but are not limited to:
 - the Offroad Recreational Vehicle Strategy,
 - the BC Services Card; and
 - road safety systems, including the digital self service foundation and e-ticketing;
- Continue to invest in road safety initiatives by collaborating with stakeholders to aid in managing claims costs;
- Continued focus on achieving high customer satisfaction levels for Insurance Services, Claims Services, and Driver Licensing;
- Maintain momentum on completion of any ongoing items from the August 2012 crown review completed by Internal Audit and Advisory Services to sustain ICBC focus on efficient service delivery and continued fiscal prudence ; and
- Work with the Ministry to ensure financial targets and reporting requirements, as identified in the Ministry budget letter to ICBC, are met. Inform the Ministry in a timely manner of any pressures in meeting these financial targets and the related mitigation strategies.

GENERAL CORPORATION ACCOUNTABILITIES

Over the past decades, British Columbians have come to expect high quality products and services delivered by their Crown corporations. The Province is well served by our Crown corporations and it is up to the Boards and Senior Management teams of these organizations to manage in the best interests of the Province and our citizens and conduct its affairs with the principles of integrity, efficiency, effectiveness, and customer service.

As a Crown corporation, it is critical that the operations of the entity be done as efficiently as possible, in order to ensure families are provided with services at the lowest cost possible.

Government sets broad policy direction to ensure the Corporation's operation and performance is consistent with the Government's Strategic Plan, found at: http://www.bcbudget.gov.bc.ca/2013_June_Update/stplan/2013_June_Strategic_Plan.pdf

and as such, the Corporation will:

- Ensure that the Corporation's priorities reflect Government's priorities of:
 - **Strong Economy**
A government that supports our economy by controlling spending to balance the budget, keeping taxes and government debt affordable and protecting B.C.'s hard-earned triple-A credit rating.
 - **Jobs**
A government that is focused on job creation and investment in the province.
 - **Families**
A government that works continuously to improve social programs that support families of every description, and improve the lives of British Columbians.
- Comply with Crown Agency Accountability System guidelines, policy, due dates and best practices, as set out from time to time and as applicable to the Corporation, found at <http://www.gov.bc.ca/caro/publications/index.html> including the Information and Events Calendar for commercial and service delivery Crown corporations, Government's Expectations Manual for British Columbia Crown Agencies and the Best Practices Guideline & Disclosure Requirements for Governing Boards of British Columbia Sector Organizations.
- Comply with all legislation and policies applicable to the Corporation including but not limited to:
 - The executive compensation policies for Crown corporations. Found at: http://www.fin.gov.bc.ca/psec/disclosedocs/crown_corporation_executive_compensation_july_2012.pdf;
 - Ensure Government is advised in advance of the release of any information requests by the Corporation under the *Freedom of Information and Protection of Privacy Act*;
 - Government's requirements to be carbon neutral under the *Greenhouse Gas Reduction Targets Act*.

- Follow the spirit and intent of the financial policy requirements in the Ministry of Finance Core Policy and Procedures Manual found at: <http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/CPMtoc.htm>
- Participate in government's Core and Crown reviews, which may include the review of Crown mandates, and implement the recommendations of these reviews.
- Ensure that any planned deficit spending or use of the retained earnings is approved in advance by Treasury Board.
- Inform Government immediately if the Corporation is unable to meet the performance and financial targets identified in its Service Plan.

GOVERNMENT RESPONSIBILITIES

Specific to the Corporation, Government will:

- Collaborate with ICBC on creating a vision for delivering on priority non-insurance projects that are essential to government's mandate and monitor implementation of work plan;
- Ensure that appropriate consultation and notification occurs on significant policy and legislative issues, and government priorities and directions, that may impact the Corporation;
- Continue to collaborate with ICBC as it implements Government's direction on capital management frameworks for Basic and Optional insurance;
- Support ICBC in its completion of ongoing items from the August 2012 crown review;
- Continue to work with ICBC as it advances the objectives of the Transformation Program;
- Provide strategic advice and support to aid ICBC in achieving financial targets and reporting requirements as detailed in the Ministry budget letter to ICBC; and
- On a quarterly basis, or as required, Ministry staff will meet with ICBC staff to review progress on specific corporation accountabilities and provide direction, advice and support to ICBC as required.

During the term of this Letter, Government may provide further policy direction to the Ministry of Transportation and Infrastructure, who will communicate any such direction, including implementation expectations, to ICBC as decisions are made.

AREAS OF SHARED ACCOUNTABILITY

Government and the Corporation are committed to transparency and accountability to the public and have planning, reporting and disclosure requirements in the *Budget Transparency and Accountability Act*, the *Financial Administration Act*, and/or the *Financial Information Act*.

On a quarterly basis, the Minister Responsible, the Honourable Todd Stone, the Deputy Minister, Grant Main, the Board Chair, and the A/Chief Executive Officer, Mark Blucher, will meet to discuss relevant and current corporation business. The meeting will be to review the achievement of the goals, objectives, performance measures, financial targets and risk assessments identified in the Corporation's Service Plan.

The parties agree that each will advise the other in a timely manner of any issues that may materially affect the business of the Corporation and/or the interests of Government, including information on any risks to achieving financial forecasts and performance targets.

The Corporation and the Crown Agencies Resource Office will post the most recent signed copy of the Government's Letter of Expectations on their respective websites.

REVIEW AND REVISION OF THIS LETTER

The Minister of Transportation and Infrastructure is accountable for undertaking reviews of this Letter and monitoring its implementation. Government and the Corporation may agree to amend this Letter on a more frequent than annual basis.



Honourable Todd Stone
Minister of Transportation and Infrastructure



Jatinder Rai
Interim Chair, Insurance Corporation
of British Columbia

JAN 29 2014

Date

Jan 30 / 2014

Date

cc. Honourable Christy Clark
Premier

John Dyble
Deputy Minister to the Premier and Cabinet Secretary

Peter Milburn
Deputy Minister and Secretary to Treasury Board
Ministry of Finance

Cheryl Wenezenki-Yolland
Associate Deputy Minister
Ministry of Finance

Grant Main
Deputy Minister
Ministry of Transportation and Infrastructure

Mark Blucher
A/Chief Executive Officer
Insurance Corporation of British Columbia