



Financial Results

ICBC's net income for the three months ended June 30, 2019 was \$55 million, primarily driven by investment income.

Net claims incurred were \$134 million lower than prior year, primarily due to the impact of product reform.

ICBC's continues to manage the company efficiently as indicated by our stable and low expense ratio.

ICBC's investment income – which is relied on to help mitigate the pressure on insurance rates –is higher than prior year mainly due to the real estate gains from disposition and bond gains realized this fiscal year.

ICBC's Minimum Capital Test ratio – an industry measure used to determine whether a company has sufficient capital levels – is slightly higher than last year but continues to be well below management targets due to several years of consecutive losses that led to deterioration of capital levels.



Statement of Operations

For the Three Months Ended June 30, 2019 and 2018¹

(\$ Millions)	Basic		Optional		Corporate	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Premiums written	\$ 1,028	\$ 956	\$ 772	\$ 679	\$ 1,800	\$ 1,635
Premiums earned	885	835	666	582	1,551	1,417
Service fees and other income	21	19	14	12	35	31
Total earned revenues	906	854	680	594	1,586	1,448
Current year claims	806	1,006	474	447	1,280	1,453
Prior years' claims adjustments	39	(8)	1	9	40	1
Net claims incurred	845	998	475	456	1,320	1,454
Claims services, road safety and loss management services	76	68	38	33	114	101
Total claims and related costs	921	1,066	513	489	1,434	1,555
Administrative and Insurance expenses	32	31	41	37	73	68
Premium taxes and commissions	58	54	130	112	188	166
Deferred premium acquisition costs adjustment	7	(44)	-	(32)	7	(76)
Total claims and expenses	1,018	1,107	684	606	1,702	1,713
Underwriting loss	(112)	(253)	(4)	(12)	(116)	(265)
Investment income	144	21	59	9	203	30
Income (loss) - insurance operations	32	(232)	55	(3)	87	(235)
Provincial licences and fines	164	161	-	-	164	161
Less:						
Licences and fines transferable to the Province	164	161	-	-	164	161
Non-insurance operating expenses	25	24	-	-	25	24
Commissions	7	9	-	-	7	9
Total non-insurance expenses	196	194	-	-	196	194
Loss - non-insurance operations	(32)	(33)	-	-	(32)	(33)
Net (loss) income	\$ -	\$ (265)	\$ 55	\$ (3)	\$ 55	\$ (268)
Insurance Industry Ratios						
%	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Loss ratio	104.1	127.5	76.9	84.1	92.4	109.7
Expense ratio	13.9	14.4	24.9	25.1	18.6	18.8
Combined ratio	118.9	136.6	102.6	104.2	111.9	123.3

¹ The financial results are unaudited and contain a number of estimates and assumptions regarding claims costs and savings. Final year end results will be subject to audit.



Statement of Financial Position

As at June 30, 2019 and March 31, 2019¹

(\$ Millions)	June 30 2019	March 31 2019
Assets		
Cash and cash equivalents	\$ 140	\$ 76
Accrued interest	74	67
Asset held for sale	-	51
Financial investments	16,834	16,152
Premium and other receivables	1,973	1,832
Investment properties	861	871
Property, equipment, intangible and leased assets	464	411
Accrued pension benefits	39	42
Deferred premium acquisition costs and prepaids	380	345
	\$ 20,765	\$ 19,847
Liabilities and Equity		
Liabilities		
Current liabilities	\$ 415	\$ 385
Lease liabilities	62	12
Bond repurchase agreements and investment-related liabilities	1,875	1,714
Unearned premiums and premiums and fees received in advance	3,196	2,969
Pension and post-retirement benefits	369	360
Provision for unpaid claims	14,561	14,288
	20,478	19,728
Equity		
Retained earnings	34	(21)
Other components of equity	238	125
Equity attributable to parent corporation	272	104
Non-controlling interest	15	15
	287	119
	\$ 20,765	\$ 19,847
Minimum Capital Test ("MCT")	-1%	-7%

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Combined ratio

A key measure of overall profitability within the insurance industry. It is the ratio of all costs (claims, claims-related costs, operating expenses, premium taxes and commissions, and deferred premium acquisition costs adjustment) to premiums earned. A lower combined ratio is better.

Deferred premium acquisition costs ("DPAC ") Adjustment

The deferred premium acquisition costs adjustment is an accounting adjustment that limits the amount of commissions and premium taxes that can be deferred and recorded in the income statement over the policy term based on the future profitability. If the business is unprofitable, no deferral of expenses is permitted and these costs must be immediately recognized as expenses. If the business becomes profitable, then this accounting treatment is reversed.

Expense ratio

The ratio of operating expenses (excluding claims costs and claims-related costs), premium taxes and commissions to premiums earned. A lower expense ratio is better.

Loss ratio

The loss ratio is an industry measure of claims and claims-related costs (claims services, road safety and loss management services) to premiums earned. The lower the percentage, the more profitable the product is.

Minimum Capital Test ("MCT")

An industry measure used to determine whether a company has sufficient capital levels, commensurate with the risks within its business. The measure is based on guidelines set by the Office of the Superintendent of Financial Institutions.