

Insurance Corporation of British Columbia

2022/23 – 2024/25 Service Plan

February 2022



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Board Chair's Accountability Statement



The 2022/23 – 2024/25 Insurance Corporation of British Columbia (ICBC) Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of February 4, 2022 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, ICBC's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of ICBC's operating environment, forecast conditions, risk assessment and past performance.

A handwritten signature in blue ink that reads "Joy MacPhail". The signature is fluid and cursive.

Joy MacPhail
Board Chair

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Strategic Direction and Alignment with Government Priorities

In 2022/2023, public sector organizations will continue to align with and support government's efforts in responding to the COVID-19 pandemic with a focus on protecting the health, social and economic well-being of British Columbians. Building on our economic, environmental, and social strengths while looking to seize opportunities to improve outcomes for all British Columbians will be an important aspect of each Crown agency's work as we respond to COVID-19 and recover from devastating floods and wildfires. The policies, programs and projects developed over the course of this service plan period will align with the five foundational principles established by government in 2020: putting people first, working toward lasting and meaningful reconciliation, supporting equity and anti-racism, ensuring a better future through fighting climate change and meeting our greenhouse gas reduction targets, and supporting a strong, sustainable economy that works for everyone.

This 2022/23 – 2024/25 service plan outlines how ICBC will support government's priorities including the foundational principles listed above and selected action items identified in the most recent [Crown Agency Mandate Letter](#).

While 2021/22 was about sweeping changes, ICBC is focused in 2022/23 on finding ways to improve in all operations to better serve customers. The focus will be on streamlining claims processes and developing strategies in crash prevention, material damage programs, and insurance products, as well as initiatives to support ICBC's people. Now that Enhanced Care is underway, it is time to continue the work of maintaining affordability and making a good public vehicle insurance system even better.

ICBC's mandate, as provided through the *Insurance Corporation Act*, *Insurance (Vehicle) Act* and the *Motor Vehicle Act*, is to provide Basic and Optional vehicle insurance for British Columbians. Basic insurance rates are regulated by the British Columbia Utilities Commission (BCUC), an independent regulator. The BCUC approves Basic insurance rates and ensures that they are adequate, efficient, just and reasonable. ICBC also sells Optional auto insurance in a competitive marketplace. It provides the following services on behalf of the province under a Service Agreement with government:

- Driver licensing
- Vehicle registration and licensing
- Violation ticket and government fine collections

ICBC also implements road safety initiatives to reduce crashes and losses on B.C. roads and to assist in managing claims costs. To ensure financial targets and reporting requirements are met, it works closely with the Crown Agencies Secretariat under the Ministry of Finance.

Operating Environment

ICBC is well into its current five-year strategy, guided by goals of being affordable, customer driven, smart and efficient, and future focused. ICBC will invest in and support its people so that it can deliver a better insurance system that works for all British Columbians. Creating a diverse workforce and inclusive environment continues to be a major corporate commitment.

In May of 2021, ICBC introduced Enhanced Care to British Columbia, changing the way that vehicle insurance is delivered in this province. British Columbians who are injured in a crash now receive all the care they need, for as long as they need it, regardless of who caused the crash. ICBC will closely monitor and continually adjust to ensure Enhanced Care is working for British Columbians. Employees will continue to be trained and supported to effectively deliver the new care model.

Enhanced Care has also made vehicle insurance more affordable for British Columbians. Customers with ICBC Basic and Optional policies saw an average decrease in their premiums in 2021/22 of more than \$400. Customers have been benefitting since May 2021 from ICBC's largest Basic insurance rate decrease in more than 40 years and will enjoy these same reduced rates for at least another year since Basic rates will be maintained until 2023.

Although costs have been substantially reduced by the removal of most legal costs, ICBC is mindful of the need to continually assess operating and claims costs to support long-term affordability.

One of the trends that ICBC is closely watching is the introduction of electric vehicles and advanced driver assistance systems. These advances are exciting for customers and beneficial for the environment; however, these vehicles are more expensive to repair after a crash. In partnership with the vehicle repair industry, ICBC continues to look at approaches to manage escalating vehicle repair costs and put customers first.

ICBC will also continue to strive to improve customers' experiences and is changing the way it measures customer satisfaction to better identify where it must improve. Customers' expectations continue to grow in terms of available options in how they interact with ICBC and in terms of convenience. A significant step in this direction will come in 2022 with the elimination of validation decals on licence plates and the introduction of online insurance renewals for most drivers, offered in partnership with brokers.

A new more independent Fairness Officer, appointed by government in July 2021, will help support ICBC's commitment to build trust and transparency by responding to customers who say they have been treated unfairly by ICBC and by providing recommendations for ways that ICBC can continue to improve.

While ICBC's finances have improved, risks continue and must be met head-on. Enhanced Care has largely cut legal costs for claims that happened as of May 2021. However, large bodily injury claims from crashes that occurred under the previous insurance model continue to pose risks, as does the potential impact from legal challenges and escalating material damage costs.

Uncertainty remains around the ongoing impact of COVID-19. Crash rates dipped dramatically when we were all driving less, but crashes have been back to pre-pandemic levels since July 2021. It is unclear how much the disease and its variants will impact customers' mobility and transportation choices going forward, and this uncertainty poses risk.

Equity markets continue to be strong for ICBC's investment portfolio, helping with a recovery to the corporation's finances. Capital reserves that were depleted not long ago are now rebuilding, strengthening the public insurer's sustainability. However, investing is always accompanied by risk and financial markets can be unpredictable. Continued COVID-19 impacts and higher than normal inflation have added to potential market volatility.

From a people perspective, like many organizations in B.C. and across the country, ICBC is facing strong competition for talent. As ICBC's business shifts, its workforce will also change and the company needs strategies to attract, retain and develop people who will help it move forward. ICBC is supporting its workforce while also helping reduce transportation infrastructure congestion and related carbon emissions through the adoption of flexible workplace practices.

ICBC is committed to being an inclusive employer – one that reflects the diversity of the people of British Columbia. An active employee resource group sparks engagement on this topic among employees. In 2021, ICBC adopted a Diversity, Equity and Inclusion (DEI) charter and created and filled a DEI strategy leadership position to better understand and remove barriers to full participation by employees and customers. ICBC has plans to deepen its commitment to DEI through the coming years.

ICBC is also developing a path to support Indigenous reconciliation. ICBC continues to provide more driver licensing services to remote communities and in ways that better support Indigenous communities. ICBC will embark on thoughtful approaches to provide more effective service and support across all areas of the business, as well as increase the number of Indigenous people in the workforce.

ICBC also places a strong focus on workplace safety and employee mental health. Workplace safety has been a priority during the pandemic as ICBC has quickly implemented public health measures to keep everyone safe. Safety is always a focus with well-defined policies around, for example, security and maintaining a respectful workplace. Employee dialogue around mental health is encouraged through ICBC's various wellness programs, the Wellness Employee Resource Group, and the provision of resources such as the Canadian Mental Health Association's Not Myself Today program. ICBC provides employees with resources to support mental health and well being through its wellness and employee and family assistance programs.

B.C.'s economy has rebounded from the impacts of the COVID-19 pandemic that began in 2020, despite significant pandemic variant and climate-related events. A strong health response, high vaccination rates, increased infrastructure investments and supports for British Columbians struggling through the pandemic has helped the province rebound. While the recovery has broadened over the past year, it remains uneven with sectors like tourism, hospitality and live recreation events not fully recovered. The path of the ongoing economic recovery in B.C. and its trading partners remains highly uncertain. However, rebuild efforts from the November 2021

floods are expected to provide some support to economic activity in the province. The Economic Forecast Council (EFC) estimates that B.C. real GDP expanded by 5.1 per cent in 2021 and expects growth of 4.2 per cent in 2022 and 2.7 per cent in 2023. Meanwhile for Canada, the EFC projects national real GDP growth of 4.1 per cent in 2022 and 2.8 per cent in 2023, following an estimated gain of 4.7 per cent in 2021. As such, B.C.'s economic growth is expected to be broadly in line with the national average in the coming years. The pandemic has increased risks to B.C.'s economic outlook, such as the emergence of further variants of concern, inflationary supply chain disruptions, extended travel restrictions, and the continued impact of the slower recovery in some sectors of the B.C. economy. Further risks include ongoing uncertainty regarding global trade policies, and lower commodity prices.

Performance Planning

Goal 1: To Make Insurance Affordable

ICBC is committed to delivering an affordable and sustainable insurance system for British Columbians.

Objective 1.1: Make insurance more affordable by reducing claims costs and legal expenses

Key Strategies

- Improve health outcomes through our Care Model
- Manage costs associated with tort claims
- Manage escalating vehicle repair costs

Performance Measure	2020/21 Actual	2021/22 Forecast	2022/23 Target	2023/24 Target	2024/25 Target
1.1a ICBC rates are affordable					
Jurisdictional comparison of year-over-year rate changes ¹	ICBC's Rate Change is 15.5 percentage points lower compared to Provincial Benchmark	≤ Provincial Rate Change Benchmark ²	≤ Provincial Rate Change Benchmark	≤ Provincial Rate Change Benchmark	≤ Provincial Rate Change Benchmark
1.1b ICBC helps British Columbians return to their lives after a loss					
Percentage of claims costs that goes to customers ³	80.8%	94.5%	95.7%	95.7%	95.7%
1.1c ICBC repairs vehicles in a cost-effective manner					
Average cost for a vehicle-related claim ⁴	4718	4931	5300	5634	5989

¹ Data source: Benchmark relies on publicly available rate information for Canadian jurisdictions; ICBC's Basic rate change is based on the government directed 0 per cent Basic change effective April 1, 2020; and Optional rate changes are based on the accumulated rate changes that were implemented during the 12-month period. Note that any rebates provided to customers as a result of COVID-19 were excluded from this analysis.

² With Enhanced Care rate reductions effective May 1, 2021, ICBC is expected to perform better than the Provincial Rate Change Benchmark.

³ Data Source: Analysis of ICBC incurred claims; plaintiff counsel contingency fees assumed at 25 per cent of settlement amounts on average for represented claimants.

⁴ Data Source: Analysis of ICBC incurred claims. The average cost for a vehicle-related claim is presented on a per-vehicle basis for the forecast years, which represents a change from the per-claim basis used to report the 2020/21 actual. The 2020/21 actual value would be \$4,567 if restated to a per-vehicle basis.

Linking Performance Measures to Objectives

In recent years, ICBC has made it a primary focus to work with government to improve the affordability and sustainability of auto insurance in B.C. Changes to its Basic insurance product implemented in 2018 – 2019, which included a limit on minor injury claims, closed the gap between premiums being collected and the cost of the claims being paid out. Improved sustainability is demonstrated by the percentage of claims costs that goes to customers, which increased from 77.9 per cent in 2018/19 to more than 80 per cent in 2019/20 and 2020/21 as a result of the 2019 product reforms. Building on this, the Enhanced Care model launched in May 2021, moving B.C. auto insurance to a system that is more affordable, sustainable and focused on injury recovery.

1.1a ICBC rates are affordable

A key measure of affordability is year-over-year changes in insurance rates. ICBC's rate affordability is evaluated each year against a Provincial Rate Change Benchmark, calculated using a weighted average of published rate changes implemented in other provinces.

1.1b ICBC helps injured British Columbians return to their daily lives after a loss

The cost for ICBC to resolve a claim includes costs that support an injured customer's recovery, costs for vehicle repair or replacement and costs of administering the claim (such as towing and storing vehicles, and managing payments to treatment providers and investigating fraud). Additionally, for crashes before Enhanced Care was implemented in May 2021, where a customer retains a lawyer, payments are also made for legal fees and litigation costs (such as medical examinations and expert reports).

The performance measure *percentage of claims costs that goes to customers* is determined by costs paid to customers to support their recovery and repair or replace their vehicle (which does not include amounts that customers pay for legal representation and expert reports), as well as amounts paid to manage and settle claims, including costs of litigation. Removal of costs from the system that do not go directly to customers helps ensure those injured in a crash receive the necessary care and treatment to return to their daily lives as quickly as possible and allows savings to be passed on to all British Columbians in the form of lower and more stable premiums. The percentage of claims costs going to customers in 2021/22 is expected to remain relatively steady, following the introduction of the Enhanced Care model in 2020.

1.1c ICBC repairs vehicles in a cost effective manner

The average cost for a vehicle-related claim measures the combined average cost for all material damage claims (excluding glass claims) for ICBC's main insurance products. Industry-wide, the cost to repair vehicles is continuing to increase as vehicles become more complex due to embedded sensors, cameras and other driver assistance technologies. This measure quantifies the efforts ICBC is making to moderate these increasing material damage costs. In 2021/22, repair costs are expected to continue to rise, in alignment with industry trends. A key focus in 2022/23 – 2024/25 will be to manage the rising costs of vehicle repairs in order to ensure ICBC remains affordable.

Discussion

Strategy 1: Improve health outcomes through our Care Model

In May 2021, ICBC launched the Enhanced Care model to improve affordability for customers. Savings from Enhanced Care have been passed on to British Columbians in the form of lower insurance rates. Launching Enhanced Care also means ICBC can provide improved access to recovery benefits to support injured customers when they need it, regardless of fault. Enhanced Care builds on earlier improvements to accident benefits, ensuring that anyone injured in a crash has peace of mind knowing they will get the care they need, when they need it, for as long as they need it. These enhanced accident benefits include no overall limits to medical and rehabilitation benefits, higher income replacement benefit for anyone unable to work due to injuries sustained in a crash, and new compensation for permanent impairment that provide a lump sum cash payment for anyone seriously or catastrophically injured in a crash.

ICBC has partnered with research leaders in injury recovery to better understand best-in-class injury management principles and is actively applying those principles to support customer recovery. Consultation with medical and healthcare service providers and disability advocacy stakeholders helped inform the development of the care pathways and operational delivery to best support and assist injured customers with access to care. To ensure the ongoing success of Enhanced Care, ICBC will continue to develop policies, practices and relationships with medical and healthcare providers that support customers' return to health, leading first to better recovery outcomes and then to savings and decreased pressure on rates. ICBC will also continue to support its people in transitioning to Enhanced Care through a robust training, development and coaching program.

Strategy 2: Manage costs associated with tort claims

While Enhanced Care has removed significant costs from the auto insurance system, ICBC continues to manage litigated claims for accidents that occurred before May 1, 2021. Claims made under the tort system are currently estimated at around \$12 billion and are often complex. Managing these claims will be done through ongoing management strategies and analytics; this is a key component of ensuring that vehicle insurance continues to be affordable for British Columbians.

Strategy 3: Manage escalating vehicle repair costs

The costs to repair damaged vehicles continue to increase. Vehicles today are more reliant on technology and expensive materials than ever before; the hours of labour required to repair vehicles and the number and cost of replacement parts are also increasing, particularly for newer vehicles. Supply chain challenges in the automotive industry due to the COVID-19 pandemic has further exacerbated this issue.

In 2020, ICBC modernized its material damage programs by implementing new tiering models for collision repair and glass suppliers. This program continues to be fine-tuned with industry feedback and a focus on improving performance results, including by engaging industry to

address equipment, training and performance metrics. Looking forward, ICBC is continuing to examine options that will help manage rising repair costs.

Goal 2: To be Customer Driven

ICBC aims to be customer driven and more flexible and to have the needs of customers drive improvements in the design and delivery of its products and services.

Objective 2.1: Be more flexible, with customer needs driving improvements in the design and delivery of products and services

Key Strategies

- Implement ICBC’s Customer Experience (CX) Model
- Implement usage-based products (usage-based products are insurance products that are priced to reflect vehicle usage), e.g., distance travelled

Performance Measure	2020/21 Actual	2021/22 Forecast	2022/23 Target	2023/24 Target	2024/25 Target
2.1a Customers have digital options to renew their insurance					
On-time delivery of defined digital capabilities ¹	Foundational capabilities delivered	Online renewals on track for delivery May 2022	TBD ¹	TBD ¹	TBD ¹
2.1b Customers value their experience with ICBC					
Customer Satisfaction for Insurance Services ^{2,3}	96%	96%	86%	86%	86%
Customer Satisfaction for Claims Services ^{2,3}	92%	90%	71%	72%	73%
Customer Satisfaction for Driver Licensing Services ^{2,3}	92%	90%	74%	75%	76%

¹ Further digital capabilities to be identified.

² Data Source: An independent firm is retained to conduct ongoing surveys of customers for the purposes of monitoring transactional satisfaction.

³ Effective in 2022/23, Customer Satisfaction will be measured based on the portion of customers who select the top two choices on a seven-point scale instead of the portion of customers who select the top two choices on a four-point scale. As a result of this change, targets for 2022/23 – 2024/25 appear much lower than in previous years. Further details are outlined in the section below.

Linking Performance Measures to Objectives

ICBC will continue to design and deliver products and services that address the needs of its customers. This includes advancing its measurement framework to include additional insight and feedback to inform the evolution of product and service offerings.

As part of ICBC’s commitment to evolving its measurement framework, in 2022/23 ICBC will transition to using a more calibrated seven-point scale to measure satisfaction, versus the previous four-point scale. Enlarging the scale gives customers more choice and allows them to

better distinguish their level of satisfaction. This refined data will help identify areas that ICBC can focus on to improve the experience for customers.

On the current four-point scale, customers who feel somewhat satisfied (rating of three out of four) and very satisfied (rating of four out of four) are included in the Satisfaction score.

Beginning in 2022/23, only customers who rate as satisfied (six out of seven) and very satisfied (seven out of seven) will be included in the Satisfaction score. This means ICBC will no longer be measuring “somewhat satisfied” as a positive outcome as the corporation strives to improve its overall customer experience. As a result of this change to a seven-point scale, targets and Satisfaction scores will be lower in future years.

In June 2021, ICBC began collecting Satisfaction data on the seven-point scale in addition to the four-point scale to better understand the potential implications of the change. In this document, targets for future years are set on the seven-point scale, based on what was learned from the data that has been collected since June. It is important to emphasize that the drop in targets starting in 2022/23 is a result of changing the scale, and not an anticipated drop in customer satisfaction.

To illustrate how results from the four-point and seven-point scale compare, results for a parallel test of both scales from the period of June to November 2021 are included below for each of ICBC’s service areas.

Customer Satisfaction for Insurance Services (based on 2,750 responses)

New	1	2	3	4	5	6	7
	Very Dissatisfied	Dissatisfied	Somewhat Dissatisfied	Neutral	Somewhat satisfied	Satisfied	Very satisfied

← 86% →

← 96% →

Prior	1	2	3	4
	Very Dissatisfied	Somewhat Dissatisfied	Somewhat satisfied	Very satisfied

Customer Satisfaction for Claims Services (based on 5,577 responses)

New	1	2	3	4	5	6	7
	Very Dissatisfied	Dissatisfied	Somewhat Dissatisfied	Neutral	Somewhat satisfied	Satisfied	Very satisfied

← 70% →

← 89% →

Prior	1	2	3	4
	Very Dissatisfied	Somewhat Dissatisfied	Somewhat satisfied	Very satisfied

Customer Satisfaction for Driver Licensing Services (based on 2,814 responses)

New	1	2	3	4	5	6	7
	Very Dissatisfied	Dissatisfied	Somewhat Dissatisfied	Neutral	Somewhat satisfied	Satisfied	Very satisfied

Prior	1	2	3	4
	Very Dissatisfied	Somewhat Dissatisfied	Somewhat satisfied	Very satisfied

2.1a Customers choose digital options to renew their insurance

As this is a multi-year initiative, ICBC will use milestone measures to monitor its success. This includes the on-time *delivery of digital capabilities* within the Enhanced Care model, which were delivered on time in May 2021. The focus of 2021/22 has been working towards the on-time delivery of online insurance renewals in May 2022. Once these digital services are implemented, ICBC will measure customer usage of these online services.

2.1b Customers value their experience with ICBC

ICBC measures customer service based on the percentage of satisfied customers for each major transaction type or service that it provides: insurance product purchase, mid-term changes and renewal, claims service, and driver licensing. ICBC intends to maintain current Satisfaction scores in 2022/23. As a result, targets for each business area have been set on par with the forecasted result for 2021/22. However, the targets appear lower due to the above mentioned change in measuring Satisfaction on a seven-point scale.

Insurance Services Satisfaction – Independent insurance brokers process more than four million Autoplan policies each year. The insurance services satisfaction measure is typically based on surveys of approximately 5,000 customers over the course of a year. While the introduction of online insurance renewals is expected to improve the customer experience, it is not expected to represent a large proportion of the overall score since it will take time for customers to adopt this new channel. As a result, ICBC’s Insurance Customer Satisfaction Target for 2022/23 is 86 per cent, which is on par with the 2021/22 forecast when comparing to the parallel scale test results. The target will remain flat in subsequent years as ICBC focuses its resources on improving the experience in claims and drivers licensing.

Claims Service Satisfaction – Claims are processed through ICBC’s claims call centre, claims centres and specialty departments such as commercial claims and recovery services. In addition to reporting a claim by phone, customers can report a claim and check details online. Claims surveying draws upon personal claims and is based on averaging the results of surveys conducted after the First Notice of Loss and after closed claims. In a typical year, there are more than 15,000 completed surveys. The fiscal year 2021/22 Customer Satisfaction measure is forecasted to be two percentage points below the target of 92 per cent due to claims volumes returning to pre-COVID levels sooner than expected, which impacted customer service standards and

resulted in longer wait times. Due to the challenges faced this year, the Claims Service Satisfaction target for 2022/23 is 71 per cent. When comparing the results of the parallel scale test, this is approximately on par with the 2021/22 forecast.

Driver Licensing Satisfaction - Each year, ICBC conducts approximately 1.6 million transactions related to issuing driver licences and driver exams, including renewing a licence, taking a knowledge test and undergoing a road test. This measure is weighted by the number of transactions for each type of service and is drawn from a sample of more than 5,000 customers surveyed throughout the year. ICBC implemented a significant number of measures during the COVID-19 pandemic to keep the public and employees safe while it continued to deliver essential services. Both the ongoing pandemic and a significant increase in knowledge tests resulted in increased demand for testing, and subsequent increased wait times. Therefore, customer satisfaction is forecasted to be two percentage points below the target of 92 per cent. Addressing these longer wait times will take time, and as a result ICBC's 2022/23 target for customer satisfaction for driver licensing operations is 74 per cent, which the parallel scale test results suggest is on par with the 2021/22 forecast.

Discussion

Strategy 1: Begin implementing ICBC's Customer Experience (CX) Model

ICBC has evolved the two strategies from previous Service Plans related to online insurance and online claims to a single strategy that is focused on a multi-year plan to develop and implement a model to more effectively deliver and prioritize customer experience across all areas of ICBC. This model will allow ICBC to create a better understanding of customer expectations and pain points as ICBC invests in tools and processes to expand the collection of customer insight. This deeper understanding of customers will inform improvements and evolutions in ICBC's products and services. It will also support operations to ensure ICBC delivers a positive customer experience. ICBC will continue to use digital options like online insurance renewal and online claims as tools to address customer pain points and enhance customer experience.

Strategy 2: Implement usage-based products

Usage-based products, such as kilometre-based pricing, are valued by customers who want insurance that reflects how much they are driving and how they are driving. ICBC is exploring options to incrementally deliver usage-based products in the coming years, informed by customer insights.

Goal 3: To be Smart & Efficient

ICBC will invest in data, analytics and technology to improve efficiency and make better decisions.

Objective 3.1: Invest in data, analytics and technology to improve efficiency and decision-making

Key Strategies

- Make informed decisions using quality data
- Integrate analytics into key claims processes
- Streamline claims processes

Performance Measure	2020/21 Actual	2021/22 Forecast	2022/23 Target	2023/24 Target	2024/25 Target
3.1a The cost to run ICBC is below or comparable to industry averages					
Operating Expense Ratio	22.5% ¹	21.9%	21.4%	21.4%	21.3%
Loss Adjustment Expense Ratio	15.9%	8.7%	10.6%	10.4%	10.6%

Data source:

¹ ICBC’s 2020/21 Operating Expense Ratio is lower than a comparable 2020/21 benchmark of 30 per cent from MSA Research (benchmark includes all Canadian auto writers excluding ICBC and Saskatchewan Auto Fund). ICBC’s Operating Expense Ratio is inclusive of 2.6 per cent for non-insurance services, which other insurance carriers do not have.

Linking Performance Measures to Objectives

ICBC will maintain a strong focus on managing costs using data, analytics and technology to derive insights, improve efficiencies and manage change. Analytical insights will also help to more effectively identify at-risk claims in order to manage future claims as well as the roughly \$7 billion in claims liabilities related to claims that occurred before April 1, 2019, which continue to pose risk to ICBC’s business.

3.1 The cost to run ICBC is below or comparable to industry averages

ICBC monitors its effectiveness in keeping operating costs below or comparable to industry averages through the Operating Expense Ratio and Loss Adjustment Expense Ratio.

Operating Expense Ratio: The Operating Expense Ratio is a standard industry measure to assess the operational efficiency of an insurer. The Operating Expense Ratio is calculated as a ratio of insurance operating expenses and non-insurance expenses (excluding claims and claims-related costs) to insurance premium dollars earned. This includes both insurance and non-insurance lines of business. ICBC is unique in providing non-insurance services (driver licensing, vehicle registration and licensing, violation ticket, and government fine collections), as these services are not typically provided by other insurance carriers in Canada. As ICBC continues to be an efficient and low-cost organization, this ratio will remain below the industry average.

Loss Adjustment Expense Ratio: The Loss Adjustment Expense Ratio compares the cost to settle claims to total 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. As a result, changes over time in B.C.'s vehicle insurance system can be seen to affect this ratio. This is particularly true for recent reforms affecting claims since April 1, 2019 when the limit on minor injuries was introduced, and since May 1, 2021 when the Enhanced Care model was introduced. Both of these reforms reduced the legal costs associated with claims. Prior to these reforms, the loss adjustment ratio in 2018/19 was 19 per cent. Following the 2019 changes, lower loss adjustment expense ratios between 15 and 16 per cent were observed in 2019/20 and 2020/21. With the introduction of the Enhanced Care model and the elimination of most remaining legal costs from the system, ICBC expects that the loss adjustment expense ratio will now remain even lower, with approximately 10 per cent of premium going towards the cost of settling claims.

Discussion

Strategy 1: Make informed decisions using quality data

In ICBC's role as a public insurer, vehicle registrar and issuer of driver licences, the quality, accuracy, relevancy, timeliness and completeness of data play a critical part in ensuring the organization's success. ICBC will continue to invest in tools and processes that ensure it has sound data management and governance practices.

Strategy 2: Integrate analytics into key claims processes

Data insights and predictive modeling can improve file-handling and settlement processes to effectively and proactively manage claims liabilities. In 2022/23, work in this area will expand to include material damage and Enhanced Care claims.

Strategy 3: Streamline claims processes

Administrative work increases costs and can be a barrier to better customer service. ICBC is focused on disciplined investments in process design and automation technologies to find efficiencies in claims processes.

Goal 4: To be Future Focused

ICBC will help shape the future of insurance and mobility in B.C. through partnerships and workplace practices.

Objective 4.1: Shape the future of insurance and mobility in B.C. through partnerships and workplace practices

Key Strategies

- Prevent crashes now and as mobility evolves through existing crash prevention programs and the development of future initiatives
- Build a talented, diverse, and engaged workforce that supports a business in transition

Performance Measure	2020/21 Actual	2021/22 Forecast	2022/23 Target	2023/24 Target	2024/25 Target
4.1a ICBC’s workplace practices attract and retain a talented, diverse and engaged workforce to deliver service to our customers					
Employee Opinion Survey results ¹					
Aligned	83	Not available ³	EOS Methodology under development ³	EOS Methodology under development ³	EOS Methodology under development ³
Enabled	73				
Motivated	71				
Accountable	88				
Leadership ²	N/A				

¹ Data Source: Employee Opinion Survey (EOS) conducted internally in 2020/21.

² Leadership Index can only be updated in a full survey year.

³ ICBC is redesigning the EOS survey with a new vendor, and cannot forecast 2021/22 results or identify future year targets until the survey is finalized.

Linking Performance Measures to Objectives

ICBC will focus on attracting and retaining a talented, diverse and engaged workforce. As ICBC’s strategy to ‘prevent crashes now and as mobility evolves’ is developed in 2022/23, potential performance measures will be explored.

4.1a ICBC’s workplace practices attract and retain a talented, diverse and engaged workforce to deliver service to our customers.

ICBC’s Employee Opinion Survey (EOS) seeks to understand employee opinions about:

- The company
- The workplace
- Senior leadership
- Immediate managers / supervisors
- Overall employee experience

The EOS is one indicator of ICBC's efforts to attract and retain a talented, diverse and engaged workforce. ICBC is redesigning the EOS survey with a new vendor, and will provide forecasts and targets once the methodology is finalized. These measures will also connect to ICBC's commitment to being an inclusive employer, one that reflects the diversity of the people and communities of British Columbia. Diversity, equity and inclusion are foundational principles to ICBC's way of doing business, enabling a culture of respect, belonging and empowerment, and helping ICBC serve its customers and communities with empathy and care.

Discussion

Strategy 1: Reduce crashes now and as mobility evolves

ICBC is committed to making B.C.'s roads safer and is involved in a number of initiatives to reduce crash rates, which in turn can help improve insurance affordability. As an example, in 2020/21, ICBC conducted a pilot to determine if telematics technology could improve road safety outcomes and drive a behaviour change among B.C.'s inexperienced drivers. During the pilot, telematics devices, paired to a smartphone app, were installed in vehicles and collected data including distance, speed and braking. The pilot was scheduled to end in 2020, but was extended due to reduced driving during the COVID-19 pandemic. The revised data collection period ended October 15, 2021. Data analysis of participants' survey results is underway, and insights will be shared in 2022.

Traditionally ICBC Road Safety programs have focused on crash injury severity, and less on crash frequency. However, as discussed earlier, changes in the material damage landscape are driving up the cost to repair vehicles, causing material damage costs to be a larger source of claims cost increases than they have been in the past. To help address this trend, going forward ICBC is expanding its focus to include severity and frequency for all crashes (injury and material damage) in an effort to reduce the impact increasing material damage costs will have on year-over-year rate increases.

Crashes are impacted by a variety of trends, including increased vehicle technology complexity and evolving mobility. The impact these trends will have on future crashes, and what to do to address those, needs to be further explored. A better understanding of these trends will inform the planning, design and development of future programs to help address emerging risks on B.C. roads.

Strategy 2: Build a talented, diverse, and engaged workforce that supports a business in transition

ICBC's success is dependent on the ability to attract and retain a talented workforce that reflects the diversity of its customers and business partners across B.C. ICBC continues to develop programs and tools that support the overall well-being of its people, and that inspire its leaders and workforce to constantly learn and improve, while delivering on its customer commitments.

The world of work and the business of insurance is changing rapidly, and ICBC will continue to evolve its operating model and organizational structures to anticipate and adapt to changing needs.

Financial Plan

(\$m)	2020/21 Actual	2021/22 Forecast	2022/23 Budget	2023/24 Plan	2024/25 Plan
Premiums earned	5,377	5,199	5,253	5,493	5,727
Service fees and other	144	121	120	123	126
Total earned revenues	5,521	5,320	5,373	5,616	5,853
Provision for claims occurring in the current period	3,708	3,605	4,129	4,333	4,477
Change in estimates for losses occurring in prior periods	(367)	(387)	(107)	(97)	(78)
Net claims incurred	3,341	3,218	4,022	4,236	4,399
Claims service and loss management	446	513	532	528	531
Insurance operations expenses	284	304	314	328	334
Premium taxes and commissions	787	672	625	661	694
Total claims and operating expenses	4,858	4,707	5,493	5,753	5,958
Underwriting income / (loss)	663	613	(120)	(137)	(105)
Investment and other income	1,018	1,447	623	554	567
Income - insurance operations before impairment loss	1,681	2,060	503	417	462
Non-insurance operations expenses	107	126	145	145	150
Non-insurance commissions	34	38	39	40	40
Non-insurance - other income	(5)	(8)	(8)	(8)	(8)
Net income before impairment loss	1,545	1,904	327	240	280
Impairment loss	(7)	-	-	-	-
Net income	1,538	1,904	327	240	280
Other comprehensive income					
Pension and post-retirement benefits remeasurements	(186)	107	-	-	-
Net change in available for sale financial assets	1,081	313	10	165	237
Total comprehensive income	2,433	2,324	337	405	517

Table continued on next page

Financial Plan – continued

(\$m)	2020/21 Actual	2021/22 Forecast	2022/23 Budget	2023/24 Plan	2024/25 Plan
Total equity – beginning of year	(548)	1,867	4,191	4,528	4,933
Non-controlling interest disposition	(18)	-	-	-	-
Total equity – end of year	1,867	4,191	4,528	4,933	5,450
Represented by:					
Retained earnings	1,131	3,035	3,362	3,602	3,882
Other components of equity	729	1,150	1,160	1,325	1,562
Non-controlling interest	7	6	6	6	6
Total equity – end of year	1,867	4,191	4,528	4,933	5,450
Total liabilities	22,314	19,956	18,552	17,056	15,814
Capital Expenditures²	100	68	60	45	41

¹ The 2020/21 actual premiums earned reflect the two COVID-19 rebates totaling \$950 million to ICBC's customers.

² Major categories of capital expenditure include: facilities (land, building, and leasehold), furniture and equipment, IT systems (computer equipment and software). Looking ahead, ICBC expects capital expenditures will change in the planning period as the company maintains or replaces aging infrastructure, including replacement or upgrade of facilities, and as critical business systems are renewed.

Operating Costs by Nature

(\$m)	2020/21 Actual	2021/22 Forecast ¹	2022/23 Budget ¹	2023/24 Plan ¹	2024/25 Plan ¹
Premium taxes and commission expense	821	710	664	701	734
Compensation and other employee benefits	456	494	524	1,001	1,015
Pension and post-retirement benefits	68	101	106		
Professional and other services	44	42	24		
Road improvements and other traffic safety programs	31	35	33		
Building operating expenses	22	22	25		
Merchant and bank fees	46	37	44		
Office supplies and postage	19	19	20		
Computer costs	32	32	36		
Depreciation and amortization	79	95	97		
Corporate Initiative Project expenses	11	24	40		
Other	29	42	42		
Total operating costs	1,658	1,653	1,655	1,702	1,749

¹ Operating cost targets are not planned in detail beyond the current year.

Key Forecast Assumptions, Risks and Sensitivities

Financial forecasts take into consideration ICBC's plans to address the key strategic risks facing the organization and changes in the external environment. Typical of other property and casualty insurance companies, ICBC faces material risks in the execution of its strategy and conduct of operations. The Board, the Board Committees and the Executive Leadership Team review these material risks, including financial market risk, as part of their governance and oversight function. ICBC will continuously address these material risks. This includes strengthening information security system controls to protect against evolving cybersecurity threats and continuing to leverage the use of core operational systems. Leadership development and succession planning also continue to support the business model. Actual results could vary from these projections, depending on actual implementation, actual behavioural changes and associated impacts.

Based on these plans, the following assumptions were developed and incorporated into the financial forecasts on page 21-22.

- Fiscal 2021/22 and outer years reflect the implementation of Enhanced Care. Given Enhanced Care is a new product that heavily relies on external data as well as the uncertainty of the long term impacts of COVID-19, there remains risk to the forecast. The multi-year forecasts incorporate the impact of changes to ICBC's workforce and operating model for the transition to and final state of Enhanced Care.

- The summary financial outlook reflects the overall operations of the business, including Basic and Optional insurance and non-insurance activities. It has been prepared considering legislative, regulatory and judicial frameworks. The forecast reflects a number of financial and behavioural assumptions.
- Rate changes may be assumed for both Basic and Optional insurance businesses in the forecast period. Any changes to Basic insurance rates are subject to BCUC regulatory approval. Other assumptions that can impact financial forecasts can include how many more policies are sold, vehicle sales, and whether people are listing more risky drivers and/or buying more coverage.
- The BCUC has approved the government-directed legislation to include a Rate Stabilization Fund component in the Basic rate for policy year 2021 beginning on May 1, 2021 for 23 months ending March 31, 2023, which is expected to make a significant contribution to rebuilding ICBC's capital reserves.
- The financial information was prepared based on International Financial Reporting Standards (IFRS). The forecasts do not include any changes from IFRS 9, Financial Instruments or IFRS 17, Insurance Contracts, which will be effective April 1, 2023.
- Investment income, as shown, includes the expected interest, dividends and other income.
- Changes in net income and unrealized gains and losses impact Other Components of Equity but may be subject to change when new accounting standards take effect.
- Claims incurred reflect current claims trends, vehicle population growth and inflation; and the impact of estimated savings from Enhanced Care implementation and other initiatives.
- Prior years' claims reflect changes in the discounted value of unpaid claims.
- Assumptions were made with respect to the claims discount rate and the rate used to discount pension and post-retirement benefits. Actual discount rates may be different from these estimates as they are influenced by external market and economy factors.

Sensitivity Analysis

Risks are inherent in insurance forecasts since they are based on assumptions about the future. These assumptions are based on historical driving, claims and other economic patterns, as well as expert judgment. However, due to the volatile nature and the inherent risks of the insurance business, there is a range of uncertainties in these estimations. The following highlight the effect of variations in the assumptions underlying the financial forecast.

Premiums

- 1 percentage point fluctuation represents approximately \$52 – \$57 million in net premiums (Basic and Optional combined).

Claims

- 1 per cent change in current year claims costs represents approximately \$36 – \$45 million in current year claims costs.

- 1 per cent fluctuation in the unpaid claims balance represents approximately \$85 – \$155 million in claims costs.
- 1 percentage point fluctuation in the rate used to discount claims represents approximately \$380 – \$420 million in claims costs.

Investments

- 1 percentage point change in investment return represents approximately \$190 – \$214 million in investment return.
- 1 per cent change in the investment portfolio represents approximately \$6 – \$15 million in investment return.
- 1 percentage point change in interest rate would result in a change of approximately \$370 million in the fair value in ICBC's fixed income portfolio and a corresponding impact of \$363 million to Other Comprehensive Income (OCI). The mortgage portfolio is recorded at amortized cost and therefore the fair value change does not impact OCI.
- A 10-per cent change in equity prices would result in an estimated corresponding change to OCI of approximately \$587 million.
- A 10-per cent change in Canadian dollar exchange rate would change the fair value of the non-Canadian equity fund investments and would result in a change to OCI of approximately \$501 million.

Market Share

- 1 percentage point change in market share represents approximately \$8 – \$15 million impact in net income.

Pension

- 1 percentage point change in discount rate represents approximately \$660 million impact to the defined benefit obligation.
- 1 percentage point change in discount rate represents approximately \$54 million impact to pension expense.

Management's Perspective on the Financial Outlook

The net income for fiscal 2021/22 is forecast to be \$1,904 million as compared to a net income of \$1,538 million for fiscal 2020/21 and fiscal 2021/22 plan net income of \$154 million. The forecasted net income for 2021/22 is \$1,750 million favourable to plan, mainly as a result of higher investment income and lower claims costs; in addition to a lesser extent higher premium revenue and lower operating expenses also contributed to the favourable net income.

Major considerations for the forecast are the transition to Enhanced Care insurance as at May 1, 2021, and the potential for new commuting and driving behaviours following the end of the provincial state of emergency related to the COVID-19 pandemic. The expected benefits from the implementation of Enhanced Care and its associated implementation costs have been reflected in the forecast period. The 2021/22 and 2022/23 net income forecast includes the

legislated capital build component in the Basic rate for policy year 2021, making a significant contribution to rebuilding ICBC's capital reserves.

The COVID-19 provincial state of emergency ended on June 30, 2021 and a recovery in vehicle usage and an increase in reported claims has been observed in the first half of 2021/22. A faster-than-expected recovery from the lower driving levels as a result of COVID-19 has been observed for both policy growth and crash frequency. ICBC has experienced crash frequency increasing since January 2021, returning to pre-COVID crash frequency levels by December 2021. Crash frequency is expected to remain at pre-COVID level for the remainder of the forecast period. Overall claims costs for fiscal 2021/22 are favourable to plan primarily due to favourable costs to settle outstanding prior-year claims under the legal-based system (pre-Enhanced Care) with fewer-than-expected minor injury claims becoming represented, and a large number being resolved without representation. The 2022/23 and outer year claims costs are expected to increase due to higher frequency as a result of a return to pre-COVID levels. Severity will generally increase over the forecast period for all coverages. Inflation for replacement parts and increasing technology in vehicles, along with a rising cost of labour will continue to drive up the cost of material damage claims. General inflation will contribute to an upward cost trend for Enhanced Care claims, due to the benefit levels which are regulated to increase each year.

There are no further COVID-19-related savings or rebates included in the forecast going forward.

Investment income for fiscal 2021/22 was substantially more favourable than expected as a result of higher capital distributions on equity pooled funds, higher realized equity gains and additional real estate gains from sale of investment properties. Investment income in 2022/23 and thereafter is expected to return to more moderate levels.

Premium revenue for fiscal 2021/22 is higher due to higher-than-expected policy growth and improved penetration for all Optional insurance coverages. The 2021/22 penetration levels are expected to continue through the forecast period with premium growth coming from higher average premium as older vehicles are replaced with newer, more expensive vehicles.

On February 12, 2021, B.C. passed *Evidence Act* regulations that placed a limit on the amount recoverable from an unsuccessful litigant for disbursements related to motor vehicle personal injury litigation at six per cent of the overall judgement or settlement. Savings due to the change in the *Evidence Act* regulations were reflected in the fiscal 2020/21 results. A legal challenge has been filed with regard to the six-per cent cap on disbursements which, if successful, would result in an unfavourable impact to net income for the current fiscal year if a decision is rendered before release of the 2021/22 audited financial statements.

On March 2, 2021, a decision was made regarding the constitutional challenge filed by the Trial Lawyers Association of British Columbia against the Province of British Columbia with respect to the minor injury definition and jurisdiction of the Civil Resolution Tribunal (CRT) with respect to claims for liability and damages as result of an accident (accident claims). The B.C. Supreme Court ruled that portions of the *Civil Resolution Tribunal Act* were unconstitutional. The CRT was no longer allowed to decide if an injury is a "minor injury" and concluded that accident claims worth less than \$50,000 should not be referred to the CRT, but rather, to the

courts. The impacts as a result of the Supreme Court decision are: a possible increase in the number of claims that may be represented by lawyers and subsequently litigated in B.C. Supreme Court; possible increased operational pressure to handle an increase in litigated claims; and a financial impact of additional represented/litigated claims. This decision was appealed and a partial stay has been granted. On April 8, 2021, the B.C. Court of Appeal temporarily suspended part of the earlier B.C. Supreme Court ruling, allowing the CRT to resume deciding, for motor vehicle accidents that happened on or after April 1, 2019, whether an injury is minor and determine liability and damages up to \$50,000. The unfavourable impact of the decision was reflected in the fiscal 2020/21 results.

The B.C. Supreme Court and the B.C. Court of Appeal's decision does not impact claims under Enhanced Care. The CRT maintains exclusive jurisdiction over disputes concerning accident benefits and will also do so for benefits under Enhanced Care for crashes after May 1, 2021.

There is no set timeline for the outcome of the minor injury definition challenge that is underway. Given the stage of the both the legal action in relation to the minor injury definition and the appeal in relation to the CRT's jurisdiction regarding accident claims worth less than \$50,000, the probability of the outcome cannot be determined; therefore, there is currently no impact recorded in the forecast.

The November 2021 floods had a moderate unfavourable impact on current year claims costs. This impact was limited by the application of reinsurance. ICBC maintains an automobile property damage catastrophe reinsurance treaty in order to manage its financial exposure to extreme flooding and other catastrophic events.

ICBC maintains ongoing efforts to identify and moderate the factors of higher claims costs that are within its control. ICBC's initiatives emphasize continuous operational improvement and consistent quality and fair handling of claims. ICBC is focused on limiting upward pressures on costs associated with tort claims by managing the large volume of outstanding claims and providing fair and reasonable offers in an effort to settle. Additionally, ICBC remains focused on improving management of procurement processes and initiatives relating to material damage operational efficiency.

ICBC earns investment income that partially offsets the cost of rising insurance rates and aims to balance risk and return within its investment portfolio.

Similar to other insurance organizations, ICBC has a capital management framework under which it operates. This framework takes into consideration both its management operating targets and its regulatory minimums to ensure that capital reserves are adequate to protect policyholders from financial risk, while maintaining rates as low as possible over the long term. ICBC is guided by the capital management framework of the Office of the Superintendent of Financial Institutions (OSFI), adopting OSFI's Minimum Capital Test as a means to measure and monitor ICBC's capital levels. Capital levels were depleted over several years of consecutive losses up to 2019/20, when rate increases were not sufficient to cover the rapidly rising claims costs.

A new directed short-term capital management plan via Order in Council 632/2020 and 633/2020 was provided to support the 23-month 2021 rate filing. These orders include a capital build component in the Basic rate during policy year 2021. These capital plan modifications, which ICBC has collectively termed the Rate Stabilization Fund, allow the benefits of Enhanced Care to flow immediately to Basic policy holders in the form of lower rates, to stabilize future rates and to make a significant contribution to capital reserves. Rate Stabilization Fund can also be used to moderate future rate changes by unwinding capital build already embedded in rates. Implementation of Enhanced Care reflects government direction and changes in legislation. With significant changes being brought in by Enhanced Care, the minimum capital requirements may change, as the claims liability risk and the investments portfolio evolve.

Appendix A: Additional Information

Corporate Governance

ICBC's governance is defined through legislation applicable to all Crown corporations and legislation specific to ICBC itself.

The Board guides ICBC in fulfilling its mandate and sets the corporate direction.

The Board, with input from the Executive Team, approves the vision and values that guide ICBC, as well as the goals and strategies upon which accountability and performance are evaluated. Information on the role and membership of the Board members and Board Committees is available on ICBC's website, <https://www.icbc.com/about-icbc/company-info/Pages/Corporate-governance.aspx>. Also available via this link is information regarding ICBC's Executive Committee and Governance Principles.

Organizational Overview

For an organizational overview of ICBC, please visit <http://www.icbc.com/about-icbc>.

Appendix B: Subsidiaries and Operating Segments

ICBC does not have any active operating subsidiary companies. A portion of ICBC's investment portfolio is held in illiquid investments, real estate, mortgages and infrastructures. All of the fully owned investment entities hold investment properties, private equities, private debt or a percentage ownership of real estate pooled funds, pooled fund of mortgages, or pooled fund of infrastructures for the purpose of generating investment income.

Appendix C: Crown Mandate Letter from the Minister Responsible



BRITISH COLUMBIA

VIA EMAIL

March 31, 2021

Joy MacPhail
Board of Directors
Executive Office
Insurance Corporation of British Columbia
517 - 151 West Esplanade
North Vancouver BC V7M 3H9
Email: BM-Joy.MacPhail@icbc.com

Dear Joy MacPhail:

On behalf of Premier Horgan and the Executive Council, I would like to extend my thanks to you and your board members for the dedication, expertise and skills with which you serve the people of British Columbia.

Every public sector organization is accountable to the citizens of British Columbia. The expectations of British Columbians are identified through their elected representatives, the members of the Legislative Assembly. Your contributions advance and protect the public interest of all British Columbians and through your work, you are supporting a society in which the people of this province can exercise their democratic rights, trust and feel protected by their public institutions.

You are serving British Columbians at a time when people in our province face significant challenges as a result of the global COVID-19 pandemic. Recovering from the pandemic will require focused direction, strong alignment and ongoing engagement between public sector organizations and government. It will require all Crowns to adapt to changing circumstances and follow Public Health orders and guidelines as you find ways to deliver your services to citizens.

This mandate letter, which I am sending in my capacity as Minister responsible for the Insurance Corporation of British Columbia, on behalf of the Executive Council, communicates expectations for your organization. It sets out overarching principles relevant to the entire public sector and provides specific direction to the Insurance Corporation of British Columbia about priorities and expectations for the coming fiscal year.

.../2

I expect that the following five foundational principles will inform your agency's policies and programs:

- **Putting people first:** We are committed to working with you to put people first. You and your board are uniquely positioned to advance and protect the public interest and I expect that you will consider how your board's decisions maintain, protect and enhance the public services people rely on and make life more affordable for everyone.
- **Lasting and meaningful reconciliation:** Reconciliation is an ongoing process and a shared responsibility for us all. Government's unanimous passage of the *Declaration of the Rights of Indigenous Peoples Act* was a significant step forward in this journey – one that all Crown Agencies are expected to support as we work in cooperation with Indigenous peoples to establish a clear and sustainable path to lasting reconciliation. True reconciliation will take time and ongoing commitment to work with Indigenous peoples as they move towards self-determination. Guiding these efforts, Crown agencies must also remain focused on creating opportunities that implement the Truth and Reconciliation Commission through your mandate.
- **Equity and anti-racism:** Our province's history, identity and strength are rooted in its diverse population. Yet racialized and marginalized people face historic and present-day barriers that limit their full participation in their communities, workplaces, government and their lives. The public sector has a moral and ethical responsibility to tackle systemic discrimination in all its forms – and every public sector organization has a role in this work. All Crowns are expected to adopt the Gender-Based Analysis Plus (GBA+) lens to ensure equity is reflected in your operations and programs. Similarly, appointments resulting in strong public sector boards that reflect the diversity of British Columbia will help achieve effective and citizen-centred governance.
- **A better future through fighting climate change:** Announced in December 2018, the CleanBC climate action plan puts our province on the path to a cleaner, better future by building a low-carbon economy with new clean energy jobs and opportunities, protecting our clean air, land and water and supporting communities to prepare for carbon impacts. As part of the accountability framework established in CleanBC, and consistent with the *Climate Change Accountability Act*, please ensure your organization aligns operations with targets and strategies for minimizing greenhouse gas emissions and managing climate change risk, including the CleanBC target of a 50 per cent reduction in public sector building emissions and a 40 per cent reduction in public sector fleet emissions by 2030. Your organization is expected to work with government to report out on these plans and activities as required by legislation.

- **A strong, sustainable economy that works for everyone:** I expect that you will identify new and flexible ways to achieve your mandate and serve the citizens of British Columbia within the guidelines established by the Provincial Health Officer and considering best practices for conducting business during the pandemic. Collectively, our public sector will continue to support British Columbians through the pandemic and economic recovery by investing in health care, getting people back to work, helping businesses and communities, and building the clean, innovative economy of the future. As a public sector organization, I expect that you will consider how your decisions and operations reflect environmental, social and governance factors and contribute to this future.

The Crown Agencies and Board Resourcing Office (CABRO), with the Ministry of Finance, will continue to support you and your board on recruitment and appointments as needed, and will be expanding professional development opportunities in 2021/22. The Governing in the Public Interest online certificate program is now available, and all board members are encouraged to complete this new offering.

As the Minister Responsible for the Insurance Corporation of British Columbia, I expect that you will make substantive progress on the following priorities and incorporate them in the goals, objectives and performance measures in your 2021/22 Service Plan:

- In cooperation with the Ministry of Public Safety and Solicitor General (PSSG) and the Crown Agencies Secretariat (CAS), and under the direction and guidance of the Shareholder's Committee, implement Enhanced Care Coverage in May 2021 to support affordability and the long-term financial sustainability of ICBC, and improved care for British Columbians involved in vehicle accidents. Work with PSSG and CAS to closely monitor the new insurance model after implementation in May 2021 to resolve emerging issues and ensure that it is achieving expected results. Continue to monitor changes to ICBC's Basic insurance product that came into effect April 1, 2019.
- Develop and implement measures to create greater accountability and improve transparency in ICBC's services to its customers, including the new Fairness Office, improved plain language reporting, an enhanced commitment to gain customer perspectives and insights, greater stakeholder engagement and others as agreed upon with the PSSG and CAS.
- In coordination with PSSG and CAS, continue work toward implementing online insurance renewals by 2022, including assessing potential business, operational and financial requirements and seeking input from stakeholder groups.

- Provide comprehensive quarterly reports to PSSG, and Ministry of Finance including CAS on the status of ICBC finances and multi-year forecasts, as well as the Enhanced Care Coverage project and other initiatives approved by the ICBC Board and the Solicitor General as the minister responsible. As and when appropriate, ensure that the Deputy Solicitor General and Deputy Minister of CAS are apprised of emerging trends and made aware of potential issues as they occur.

Each board member is required to sign the Mandate Letter to acknowledge government's direction to your organization. The signed Mandate Letter is to be posted publicly on your organization's website in spring 2021.

I look forward to continuing to work with you and your Board colleagues to build a better B.C.


Sincerely,



Mike Farnworth
Minister of Public Safety
and Solicitor General

Date: March 31, 2021

pc: The Honourable John Horgan, Premier
Lori Wanamaker, Deputy Minister to the Premier and Cabinet Secretary
Douglas S. Scott, Deputy Minister, Ministry of Finance
Mark Sieben, Deputy Solicitor General, Ministry of Public Safety and Solicitor General
Heather Wood, Deputy Minister, Ministry of Finance
Nicolas Jimenez, President and Chief Executive Officer, Insurance Corporation of British Columbia
Joy MacPhail, Board Member, Insurance Corporation of British Columbia
Jeremy Bell, Board Member, Insurance Corporation of British Columbia
Paulette Flamond, Board Member, Insurance Corporation of British Columbia
Raj Khatar, Board Member, Insurance Corporation of British Columbia
Jill Leversage, Board Member, Insurance Corporation of British Columbia
Cathie McLay, Board Member, Insurance Corporation of British Columbia
Jennie Moushos, Board Member, Insurance Corporation of British Columbia
Bonnie Pearson, Board Member, Insurance Corporation of British Columbia
Janet Wood, Board Member, Insurance Corporation of British Columbia



Joy MacPhail, Board Member
Insurance Corporation of British Columbia

April 1, 2021

Date:



Jeremy Bell, Board Member
Insurance Corporation of British Columbia

April 5, 2021

Date:



Paulette Flamond, Board Member
Insurance Corporation of British Columbia

April 14, 2021

Date:



Raj Khatar, Board Member
Insurance Corporation of British Columbia

April 14, 2021

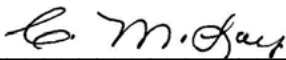
Date:



Jill Leversage, Board Member
Insurance Corporation of British Columbia

April 1, 2021

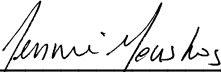
Date:



Cathy McLay, Board Member
Insurance Corporation of British Columbia

April 1, 2021

Date:



Jennie Moushos, Board Member
Insurance Corporation of British Columbia

April 2, 2021

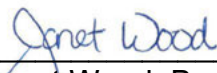
Date:



Bonnie Pearson, Board Member
Insurance Corporation of British Columbia

April 5, 2021

Date:



Janet Wood, Board Member
Insurance Corporation of British Columbia

April 1, 2021

Date: