Insurance Corporation of British Columbia

2023/24
Annual Service Plan Report

August 2024

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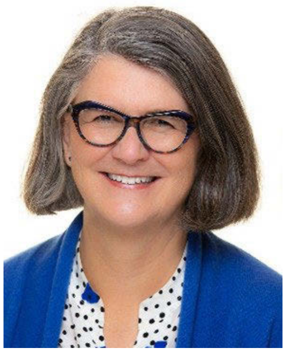
Board Chair's Accountability Statement



The ICBC 2023/24 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2023/24 – 2025/26 Service Plan published in 2023. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

Catherine Holt
Chair of the Board of Directors
August 9, 2024

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Letter from the Board Chair & CEO

On behalf of the Board of Directors and all ICBC employees, we are pleased to submit ICBC's Annual Service Plan Report for the year ending March 31, 2024.

As British Columbia's public auto insurance provider, ICBC made life more affordable by reducing and maintaining the current Basic insurance premium rate steady. The last increase to Basic rates was in April 2019. With the introduction of Enhanced Care in 2021, Basic rates decreased 15 per cent. Then in 2023, the British Columbia Utilities Commission (BCUC) approved a Basic rate change of 0 per cent to April 2025.

In addition, ICBC's strong financial position at the end of the fiscal year enabled us to issue a $110 rebate to eligible drivers. Since the move to the Enhanced Care model of insurance in 2021, British Columbia went from a province with one of the highest vehicle insurance costs to being among the lowest in Canada, while providing our injured customers with improved recovery benefits.

Another way that ICBC brought down the cost of insurance for customers was with the introduction of a new distance-based Optional product for those who drive less than 10,000 kilometres, adding to the existing 5,000 km discount. In 2023/24, more than half a million of our customers received some form of distance-based discount.

Alongside affordability improvements, we have renewed focus on our customers and work on a new customer experience strategy progressed well last year. A new driver licensing office was opened in 2023, as well as a new road testing centre. We have been streamlining processes in all areas of our business, and specifically vehicle repair claim processes were made more efficient for both customers and employees last year.

We are focused on Reconciliation work with Indigenous Peoples in British Columbia, as we recognize our responsibility to create meaningful and lasting change. As well as forming an Indigenous Relations department, we developed a Reconciliation Action Plan in 2023/24 which will ultimately provide better support for Indigenous employees and customers.

We recognize that our employees are our strength and our efforts to be an employer of choice are paying off — ICBC had a four-point increase in employee engagement in 2023/24 over the previous year and was again named one of B.C.'s top employers.

Sustainability is an ongoing concern, and we align with government's priorities on climate change. In 2023/24, we got closer to the CleanBC target for building, fleet and paper emissions, as we worked toward our goal of sustaining what was achieved during the pandemic.

As always, we worked closely with our government partners in 2023/24 and ICBC will continue to work with government to meet all mandate letter objectives.

Catherine Holt
Chair of the Board of Directors, ICBC
August 9, 2024

David Wong
President and Chief Executive Officer, ICBC
August 9, 2024

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 2020 and expanded upon in the 2021/22 Mandate Letter and 2023/24 Mandate Letter shaped the goals, objectives, performance measures and financial plan outlined in the ICBC 2023/24 – 2025/26 Service Plan and the actual results presented in this annual report.

Purpose of the Organization

The Insurance Corporation of British Columbia (ICBC) is a provincial Crown corporation mandated by the Insurance Corporation Act, Insurance (Vehicle) Act and the Motor Vehicle Act to provide universal compulsory auto insurance (Basic insurance) to drivers in British Columbia, with Basic insurance rates regulated by the British Columbia Utilities Commission. In addition, ICBC provides people in British Columbia with Optional auto insurance products.

ICBC is one of B.C.'s largest corporations and is one of Canada's largest property and casualty insurers. Its insurance products and services are available through a province-wide network of approximately 900 independent brokers. Each year, ICBC processes approximately one million claims through a 24-hour telephone claims handling service and online claims reporting. It works with healthcare professionals and auto repair facilities throughout the province to help customers after a crash. It helps make B.C.'s roads safer for all road users by working with communities, law enforcement and other stakeholders on various road safety campaigns and initiatives.

ICBC also provides several non-insurance services on behalf of the provincial government, including vehicle registration and licensing, driver licensing and fines collection. It also issues the BC Services Card at its driver licensing offices.

To support these services and supplement the income collected through insurance premiums, ICBC generates investment income through its portfolio of fixed income investments, public and private equity investments, mortgages, investment properties and infrastructure investments.

ICBC doesn't have any active operating subsidiary companies, and all nominee holding companies have been disclosed in a list in Appendix B.

Operating Environment

As British Columbia's public vehicle insurer, ICBC deals with risk every day. As well as assuming risk for its customers, however, the company is also affected by external and internal business risks: global market fluctuations, inflation and supply chain pressures; the impacts of climate change; changing customer expectations and behaviours; talent attraction and retention; and changing workforce expectations. Effective risk mitigations were key to ICBC delivering on its 2023/24 Service Plan commitments, which translate into increased value to its customers.

People living in British Columbia are the ultimate beneficiaries of ICBC's 2023/24 positive net income of $1,399 million. This figure is significantly higher than our projected net income mainly due to higher investment income and lower claims costs. The healthy net income came even as ICBC held its Basic rate the same, marking the fourth year in a row with no Basic rate increase. ICBC's strong financial position at the end of the fiscal year enabled it to issue a $110 rebate to drivers who had an active eligible policy in February 2024.

ICBC's higher investment income was the result of the upward trend in global financial markets in the latter half of the fiscal year. ICBC had, in fact, planned for an economic downturn in 2023/24 that didn't materialize, resulting in higher investment income than planned. And while costs to repair vehicles continued to rise for ICBC as it did for other insurers, ICBC's claims costs were favourable because it had fewer injury claims than expected.

To help with the rising vehicle repair costs that are being experienced by all Canadian insurers, ICBC worked with industry and provided support to train more repair apprentices in an effort to increase capacity. The company also improved its claims processes by updating its claims management technology.

In 2023/24, ICBC developed its Reconciliation Action Plan to align ICBC policies with the United Nations Declaration on the Rights of Indigenous Peoples, Canada's Truth and Reconciliation Commission Calls to Action, and B.C.'s Declaration Act Action Plan. While many of the actions will take time, ICBC is committed to developing a purposeful approach to the vital requirements of Reconciliation.

ICBC recognizes that its Indigenous customers have unique needs due to historical colonial policies. To help address barriers for Indigenous customers when accessing ICBC's services, ICBC travelled to locations throughout the province and worked with First Nation governments, agencies and community members to serve Indigenous Peoples where they live.

Climate change is an increasing risk in British Columbia, which is seeing more frequent flood and wildfire events. During the peak of the devastating 2023 wildfire season, ICBC attended resiliency centres in Kamloops, Vernon, Lake Country, West Kelowna, Penticton and Camp Hope to help displaced customers access services and resources.

In response to rising consumer expectations, in 2023/24 ICBC completed a customer experience strategy that maps out our vision to improve our digital and self-serve capabilities while also investing in our abilities to manage customer interactions. On the product side, a new discount on Optional policies was made available to those who drive less than 10,000 kilometres per year, giving customers more control over their premiums and providing an incentive to drive less.

As always, ICBC held road safety firmly in its focus in 2023/24, which helped lower its claims risk. ICBC increased funding to its Road Improvement Program with additional resources going to the Targeted Intervention Program (TIP). TIP enables ICBC's Road Safety partners to accelerate infrastructure projects that offer the greatest crash reduction benefits. ICBC also targeted locations where crashes frequently occur, such as parking lots, encouraging people to drive carefully and to back into parking spots. Hundreds of Community Road Safety events throughout the year reminded drivers about the dangers of distracted driving, excessive speed and impaired driving, among others. ICBC also ran an extensive mass media road safety campaign highlighting road safety behaviours and encouraging everyone to do their part.

B.C.'s tight labour market continued to pose a challenge in 2023/24 but ICBC increased its efforts to be an employer of choice and was recognized as one of B.C.'s top employers again in February 2024. A new collective agreement between ICBC and its union, MoveUP, was ratified in 2023, a key piece in moving ICBC forward. An improved human resources system, launched in 2023/24, gave employees a better and more straightforward self-serve experience.

Economic Statement

Following two years of strong recovery from the pandemic, economic growth in British Columbia moderated in 2023. After expanding by 3.9 per cent in 2022, B.C.'s real GDP increased by 1.6 per cent in 2023, the second highest growth rate among provinces (tied with Saskatchewan and Ontario) and outperforming the national average. Growth in B.C.'s real GDP was supported by service-producing industries such as real estate, rental and leasing; professional, scientific and technical services; transportation and warehousing; and healthcare. Despite steady growth in the construction and mining, quarrying and oil and gas extraction sectors, output for goods-producing industries decreased in 2023, partly due to lower manufacturing activity. While B.C.'s economy continued to expand in 2023, some sectors such as transportation and warehousing and accommodation and food services have yet to fully return to pre-pandemic levels.

B.C.'s labour market continued to grow in 2023, with employment growth of 1.6 per cent and wages and salaries increasing by 6.9 per cent. However, B.C.'s unemployment rate rose to 5.2 per cent in 2023 from 4.6 per cent in the previous year as the labour force, supported by record high immigration, grew faster than employment. High interest rates tempered consumer spending on goods in 2023 and nominal retail sales edged down 0.1 per cent. In 2023, price pressures in B.C. moderated among a broad number of goods and services but remained elevated. B.C.'s inflation rate averaged 3.9 per cent in 2023, down from 6.9 per cent in 2022. B.C. home construction activity strengthened in 2023. Housing starts totaled 50,490 units in 2023, the highest annual pace on record and up 8.1 per cent compared to the previous year. High interest rates continued to weigh on home sales activity last year. B.C. MLS home sales decreased by 9.2 per cent in 2023, while the MLS average home sale price was 2.6 per cent lower than 2022. On the external front, B.C.'s international merchandise exports declined by 13.5 per cent in 2023, due to weaker global demand and lower commodity prices compared to 2022.

Report on Performance: Goals, Objectives, and Results

The following goals, objectives and performance measures have been restated from the 2023/24 – 2025/26 Service Plan. For forward-looking planning information, including current targets for 2024/25 – 2026/27, please see the latest service plan.

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 results

- ICBC did not increase its Basic rates in 2023/24, an achievement that reflects its commitment to affordability, financial stability and the benefits of Enhanced Care.
- ICBC reduced the number of pending, in-province bodily injury claims from the old legal-based insurance product by 35 per cent, ensuring that reserves previously set aside are sufficient for the payment of those claims.
- ICBC improved the design and delivery of Enhanced Care to ensure the sustainability of the care-based model with a focus on the customer recovery journey and experience.
- ICBC has ensured that 96.1 per cent of claims costs go directly to the customer through appropriate benefit application for customers involved in a crash and requiring recovery from their injuries.
- ICBC has introduced new technology and streamlined business processes to better serve its total loss customers, or those customers whose vehicles have been written off. These enhancements have improved customer service and reduced claims handling costs.

Summary of progress made in 2023/24

Enhanced Care has been in effect for close to three years. Priority has been on the customer journey, focusing on the overall experience of ICBC customers and ensuring quick access to benefits and timely, quality communication. In addition, development of additional recovery programs has resulted in increased support for early management of mild traumatic brain injuries.

ICBC settled nearly 20,000 litigated claims under the former tort model in 2023/24, a 35 per cent reduction in pending bodily injury claims in British Columbia since the start of the fiscal year. ICBC is working to wind down the old legal-based insurance book of business so that its sole focus will be on the delivery of Enhanced Care. Once these claims are fully wound down, they will require no further increases to reserves. This will provide more financial stability as ICBC's financial results will be tied more closely to the delivery of Enhanced Care.

In response to the global trend of rising costs of vehicle repairs, ICBC is executing its Material Damage Strategy that was developed to mitigate cost pressures. In 2023/24, the strategy focused on providing support for training more repair apprentices to improve capacity and augmenting its claims management systems with the latest technology to improve governance of these repairs.

Performance measure(s) and related discussion

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
Jurisdictional comparison of year-over-year rate changes[1,3,8]	ICBC's rate change is 1.6 percentage points less than the Provincial Rate Change Benchmark	≤ Provincial Rate Change Benchmark	2023/24 comparison will be available in 2025[2]
Percentage of claims costs that goes to customers[4,5,8]	96.2%	95.9%	96.1%
Average cost for a vehicle-related claim[6,7,8]	$6,314	$6,513	$6,973

[1]Data source: The private passenger vehicle (PPV) provincial benchmark and ICBC's personal rate change represent the overall rate level change that PPV/personal customers experienced in fiscal year 2023/24. The PPV provincial benchmark is from Canadian jurisdictions that have publicly available rate change information: Alberta, Saskatchewan, Manitoba, Ontario, and New Brunswick. Note that Manitoba includes some commercial vehicles in their private passenger net written premium.
[2]This result is unavailable now; the 2024/25 Annual Service Plan Report will report this result after a complete year of data. ICBC expects to perform better than the Provincial Rate Change Benchmark based on rate change information as of December 31, 2023.
[3]Targets for 2024/25 and 2025/26 were stated in the 2023/24 Service Plan as ≤ Provincial Rate Change Benchmark and ≤ Provincial Rate Change Benchmark respectively.
[4]Data source: Analysis of ICBC-incurred claims; plaintiff counsel contingency fees assumed at 25% of settlement amounts on average for represented claimants.
[5]Targets for 2024/25 and 2025/26 were stated in the 2023/24 Service Plan as 95.8% and 95.8% respectively.
[6]Data source: ICBC claims database.
[7]Targets for 2024/25 and 2025/26 were stated in the 2023/24 Service Plan as $6,994 and $7,491 respectively.
[8]For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the ICBC website.

Jurisdictional comparison of year-over-year rate changes: A key measure of affordability is year-over-year changes in insurance rates. ICBC evaluates its rates each year against a Provincial Rate Change Benchmark, using a weighted average of published rate changes implemented in other provinces. While the 2023/24 results are not yet available, ICBC is on track to meet its target of delivering year-over-year rate changes that are less than or equal to the comparable benchmark based on rate change information as of December 2023. This expected outcome reflects the impact of holding Basic insurance rates at 2022/23 levels.

Percentage of claims costs that goes to customers: The percentage of claims costs that goes directly to customers in 2023/24 (96.1%) remains about the same level as in 2022/23 (96.2%) and is above ICBC's target for 2023/24 of 95.9 per cent. This is following legal-related costs being largely eliminated with introduction of Enhanced Care in May 2021 (partway through fiscal year 2021/22).

Average cost for a vehicle-related claim:

Repair costs continued to increase globally in 2023/24, driven by industry-wide challenges, including inflation, supply chain issues and repair capacity challenges. In 2023/24, the average cost for a vehicle-related claim was higher than targeted. ICBC's Material Damage Strategy is focused on addressing these rising costs and the ability of repair facilities to ensure that auto insurance remains affordable for people in British Columbia.

The average cost for a vehicle-related claim measures the combined average cost for all material damage claims (excluding glass claims). Vehicle repair and replacement costs continue to increase industry wide as vehicles become more complex due to embedded sensors, cameras, and other driver-assistance technologies. This measure quantifies the effect of ICBC's effort to moderate these increasing material damage costs.

Goal 2: To Be Customer Driven

ICBC aims to be more flexible and customer driven 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 results

- In 2023/24, ICBC completed work on an enterprise-wide customer experience strategy, which is its roadmap to improvements to the consistent delivery of positive customer experiences.
- ICBC improved its digital capabilities, including enhancing icbc.com, improved online document submissions, claims status notifications, and improvements to the vehicle settlement process.
- ICBC redesigned how it measures customer satisfaction, including its customer surveys; the results have improved the quality of insights and ability to analyze pain-points and trends.
- In 2023-24, ICBC designed new customer experience training courses tailored for Enhanced Care recovery specialists.
- A new distance-based discount was introduced for Optional insurance. Starting with policies effective June 1, 2023 or later, B.C. drivers are now eligible to save up to 10 per cent if they drive 10,000 kilometres per year or less, resulting in over 550,000 customers

receiving a distance-based discount in fiscal 2024. To qualify, they must share two odometer readings one year apart, have a 12-month Autoplan policy with ICBC Optional coverage and be within an eligible rate class.

Summary of progress made in 2023/24

ICBC is committed to improving our customers' experience. This is why in 2023/24, ICBC remained focused on completing a holistic customer experience strategy anchored on a vision of consistent, easy and helpful interactions that move customers forward. The results of this strategy work have identified key focus areas that will help improve ICBC's digital and self-serve capabilities while also investing in its abilities to manage empathetic customer interactions. To further support these goals, improved measurement of customer satisfaction and customer surveys have enabled ICBC to better identify and resolve customer pain-points. Through improved surveys ICBC can better understand customers' feedback and ensure improvements reflect their needs. Another key area of improvement has been on the digital claims experience. By enhancing the quality of claims information available on icbc.com, increasing claims self-serve online capabilities, and enhancing status updates, customers can better understand and manage their claims.

ICBC surveys customers annually to inform future changes and adapt its products to better serve customers as part of its commitment to make insurance more affordable for everyone in British Columbia and to give customers more control over their insurance premiums. According to surveys conducted on behalf of ICBC, more than half of people in British Columbia expressed interest in usage-based insurance, with cost savings being the top motivating factor.

Performance measures and related discussion

Performance Measure[1]	2022/23 Actual	2023/24 Target	2023/24 Actual
[2a] Customer Satisfaction for Insurance Services[2,5]	85%	84%	85%
[2b] Customer Satisfaction for Claims Services[3,5]	74%	72%	75%
[2c] Customer Satisfaction for Driver Licensing Services[4,5]	77%	75%	74%

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

[1]Effective 2022/23, ICBC transitioned to using a more calibrated seven-point scale to measure satisfaction, versus the previous four-point scale, as part of its commitment to evolve its customer satisfaction measurement framework. Enlarging the scale has provided customers with more choice and allows them to better distinguish their level of satisfaction. Please refer to the ICBC Service Plan 2022/23 - 2024/25 for a comprehensive description of the new scale. Note that targets for future years have been updated in Service Plan 2023/24-2025/26.

[2]Targets for 2024/25 and 2025/26 were stated in the 2023/24 Service Plan as 85% and 86% respectively.

[3]Targets for 2024/25 and 2025/26 were stated in the 2023/24 Service Plan as 73% and 74% respectively.

[4]Targets for 2024/25 and 2025/26 were stated in the 2023/24 Service Plan as 76% and 77% respectively.

[5]For forward-looking planning information, including current targets for 2024/25 – 2026/27, 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 product purchase, mid-term changes and renewal, claims service, and driver licensing.

Customer satisfaction for Insurance Services: ICBC's 2023/24 insurance customer satisfaction score is above the target at 85 per cent. This result reflects a high level of satisfaction with Autoplan brokers along with the ability to complete renewal transactions online and over the phone.

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 midterm change to an existing policy.

Customer satisfaction for Claims Services: The Claims Customer Satisfaction score for 2023/24 is above the target at 75 per cent, despite ongoing global supply chain challenges that impact the ability to complete repairs in a timely manner. This strong result was due to improvements in call wait times, a more straightforward process for opening new claims, and ongoing efforts in recruitment and optimization of operational processes.

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.

Customer satisfaction for Driver Licensing Services: The Driver Licensing customer satisfaction score was below the 2023/24 target of 75 per cent by one percentage point. This is mainly due to rising demands for driver licensing services, affecting both appointment availability and office wait times.

ICBC conducts approximately 3.5 million driver-licensing transactions[1] every year, including issuing and renewing licences, administering driving tests and issuing identification cards.

ICBC remains committed to enhancing and delivering a positive customer experience and has implemented capacity enhancements to address these challenges, including opening a new office in Surrey, standardization of office practices across all driver licensing offices, and reducing the duration of road tests without compromising the integrity of the test.

[1] In some previous Annual Service Plan Reports, the number of transactions was incorrectly stated.

Goal 3: To Be Smart and Efficient

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

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

Key results

- Improved claims technology to make claims more convenient, simple and quicker for customers and employees.
- Added new predictive analytics into material damage operational activities to reduce handling time.
- Improved the Collision Repair Program by leveraging advanced analytics for more meaningful reporting.
- Improved data quality, availability, accessibility, and data literacy and culture as part of our strategy to become a more data-driven organization.
- Automated some claims reporting and payment processes to reduce room for error and improve efficiency.

Summary of progress made in 2023/24

In 2023/2024, ICBC leveraged predictive modelling to increase objectivity and accuracy in the Collision Repair Program, and to improve its data-driven claim fraud detection tool. ICBC also initiated the design of a total loss prediction model based on machine learning. Use of this model improves ICBC's efficiency resulting in customers being informed that their vehicle is a write-off more quickly and aligns with the overall goal of managing costs using data, analytics, and technology.

Performance measures and related discussion

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
Operating Expense Ratio[1,2,3,4,7]	21.2%	21.8%	23.2%[5]
Loss Adjustment Expense Ratio[6,7]	15.7%	10.0%	12.2%[5]

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

[1]Targets for 2024/25 and 2025/26 were stated in the 2023/24 Service Plan as 21.5% and 21.4% respectively.

[2]2022/23 actual operating expense ratio is restated to reflect expense reclassification in compliance with new International Financial Reporting Standards 17.

[3]In the latest 2024/25 – 2026/27 Service Plan and future reports, the operating expense ratio performance measure is referred to as "expense ratio".

[4]The auto writers' industry benchmark for 2023 was 29.7%. Source: MSA Research Inc., MSA Benchmark Report, Property and Casualty, Canada, 2023. Benchmark name: Auto Writers (excluding ICBC and Saskatchewan Auto Fund).

[5]ICBC issued a rebate ($398 million); this resulted in lower earned premiums. Excluding the rebate, the 2023/24 actual operating expense ratio would be 21.5% and the 2023/24 actual loss adjustment expense ratio would be 11.3%.

[6]Targets for 2024/25 and 2025/26 were stated in the 2023/24 Service Plan as 9.9% and 9.7% respectively.

[7]For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the ICBC website.

The operating expense ratio is a standard industry measure to assess the operational efficiency of an insurer. A lower operating 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 operating expense ratio remains over 6 per cent lower than the industry average.

In 2023/24, ICBC's operating expense ratio was 23.2 per cent, higher than target by 1.4 percentage points (ppt) and the prior year's ratio by 2.0 ppt. While the actual was higher than target, ICBC's operating expense ratio remains lower than that of other insurance companies. Without the $398 million rebate, the operating expense ratio would be in-line with target and the prior year's ratio.

The loss adjustment expense ratio (LAER) compares the cost to settle claims to 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 higher LAER in 2023/24 compared to target is mainly from a lower premium and mid-year adjustment that recognized higher loss adjustment expenses will be required to fully resolve all the remaining legal-based claims. 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 4: To Be Future Focused

ICBC will prepare for the future of insurance and mobility in B.C. through road safety programs and workplace practices

Objective 4.1: Prepare for the future of insurance and mobility in B.C.

Key results

- Advanced the multi-year People Strategy to build a talented, diverse, and engaged workforce.
- Developed a multi-year roadmap for recruitment and retention initiatives that bolsters a diverse, equitable and inclusive workplace.

- Delivered overall year-over-year increases in Employee Opinion Survey scores.
- Ratified a new collective agreement between ICBC and its approximately 4,900 MoveUP members.
- Implemented enhancements to the Road Improvement program and an initiative to address parking lot crashes under ICBC's Crash Prevention Strategy initiatives.

Summary of progress made in 2023/24

ICBC has the opportunity to help shape the future of insurance and mobility in British Columbia through partnerships and workplace practices. As the mobility landscape evolves, proactive planning and implementation of road safety programs to reduce crashes now as well as responding to emerging safety risks becomes even more critical. In 2023/24, ICBC made advancements in planning for road safety interventions. These advancements included implementing enhancements to ICBC's Road Improvement Program. The enhancements provided additional support for road authorities to accelerate projects that offer the greatest crash reduction benefits and facilitate the implementation of highly effective road improvement interventions. ICBC also ran a campaign to raise awareness of locations where crashes frequently occur, such as parking lots, encouraging people to drive carefully and responsibly in parking lots and to back into parking spots. Discussions with external partners continued to explore future mobility partnerships. ICBC also continued to monitor driver behaviour, shifts in the use of vehicle technology and evolving mobility trends. Changes in cyclist and pedestrian safety were closely monitored to anticipate and plan for trends that may influence future crash rates and better inform future initiatives.

ICBC is now several years into advancing an ambitious People Strategy that supports a talented, diverse, and engaged workforce. Success is reflected in the overall results of the annual Employee Opinion Survey (EOS), and specifically the Employee Engagement score.

In 2023/24, developing corporate leadership capabilities continued to be a priority, including the establishment of a new leadership development program that will offer robust training for frontline leaders. ICBC has worked to ensure the flexible work model continues to support employees and their work and continues to offer a flexible hybrid work model that gives most employees remote work options. This achieves several aims: to remain an employer of choice, lessen commute times, help reduce congestion and crashes on B.C. roads and reduce the corporation's carbon footprint.

ICBC is committed to being an inclusive employer — one that reflects the diversity of the people and communities of British Columbia. The important work done to ensure a diverse, equitable, and inclusive workplace made significant progress this year, including increasing representation of Indigenous people, planning work to augment recruitment and retention initiatives, increasing representation of people with disabilities, and increasing leader awareness through diversity, equity, and inclusion (DEI) training.

Two key enablers of the People Strategy saw significant progress in 2023/24. A new collective agreement was ratified between ICBC and its approximately 4,900 MoveUP members in 2023. The new agreement is a significant accomplishment and key to moving ICBC forward. A human resources information system for employees was implemented in 2023/24 to better support human resources work. This system has enhanced functionality and improves the employee experience by making it easier for employees to manage HR-related tasks, promoting communication and collaboration, and supporting professional development.

Performance measures and related discussion

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
Employee Engagement score[1]	62	65	66

Data source: Employee Opinion Survey (EOS) conducted by an independent firm.
[1]Target for 2024/25 and 2025/26 were stated in the 2023/24 Service Plan as 67 and 69 respectively.

ICBC's EOS seeks to understand employee opinions about the company and reflects its efforts to attract and retain a talented, diverse, and engaged workforce. In 2023/2024 ICBC's overall engagement score increased 4 points to 66 per cent, up from 62 per cent in 2022/2023. ICBC's EOS survey response rate was 80 per cent, providing ICBC with an effective way to understand the composition and sentiment of its workforce across several intersecting dimensions, and survey results indicate we are moving in the right direction with the People Strategy continuing to focus on the right areas and employees feeling connected with ICBC's purpose. In the preceding year, ICBC implemented several initiatives aimed at increasing overall engagement, including enhancing communication and incorporating EOS goals into performance plans to enhance corporate-wide accountability for employee engagement.

As part of ICBC's commitment to being an inclusive employer that reflects the diversity of B.C.'s people and communities, the EOS includes a DEI index to help understand the employee experience of various groups, a common experience driver of inclusion. All employees have the opportunity to self-identify across a range of different diversity measures including gender, ethnicity, ability, and Indigenous identity.

Financial Report

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

Discussion of Results

This statement of operations report reflects the new insurance and investments accounting standards. The financial statements are prepared in consistency with International Financial Reporting Standards as issued by the International Accounting Standards Boards ("IFRS") for insurance entities that ICBC began using on April 1, 2023. For comparability, IFRS requires that the new standards be applied to the 2022/23 published results and those results are restated. One of the most notable changes is the inclusion of unrealized investment gains and losses in net income. Under the previous rules, unrealized investment gains and losses were included outside of net income (in other comprehensive income). This change has resulted in a better match of all investment results with claims results as they are both included in net income.

Highlights

ICBC's net income for the fiscal year ended 2023/24 was $1,399 million, which was $1,265 million better than the $134 million restated net income in 2022/23. The main factors impacting this fiscal year's bottom line were higher investment income and lower claims costs.

The strong performance of the financial markets in the current year resulted in increased market value changes on ICBC's investment portfolio, which led to significantly higher investment income compared to the same period last year.

Claims costs were lower than the same period last year. In 2022/23 there was an unfavourable adjustment to account for the higher-than-expected future costs from large and complex bodily injury claims under the pre-April 1, 2019 legal-based product, as well as higher costs on material damage claims from inflationary pressures on vehicle values and repair costs. These prior year adjustments have not repeated to the same extent in 2023/24.

The 2023/24 year-end net income was $1,399 million higher than the budgeted net income of $0 million. This is mainly due to an anticipated market downturn not materialising as expected in this fiscal year, resulting in higher investment income than planned. Claims costs were also lower than budgeted primarily due to the favourable emergence in Enhanced Accident Benefit claims costs, partially offset by higher-than-expected material damage claims and unfavourable adjustments to bodily injury and accident benefit claims under the pre-April 1, 2019 legal-based product.

ICBC's strong financial position enabled it to issue a $398 million rebate, which resulted in a $110 rebate to each eligible customer policy.

Financial Summary

The table below provides an overview of ICBC's 2023/24 financial performance relative to its 2023/24–2025/26 Service Plan.

($ millions)[1,2]	2023/24 Actual	2023/24 Budget[3]	2023/24 Variance Better/ (Worse)	2022/23 Actual[4]
Insurance revenues				
Premiums earned[5]	5,274	5,598	(324)	5,304
Service fees	198	180	18	117
Total insurance revenues	**5,472**	**5,778**	**(306)**	**5,421**
Insurance service expenses				
Provision for claims occurring in the current year	4,101	4,284	183	3,626
Change in estimates for losses occurring in prior years	(708)	(551)	157	278
Total claims incurred	**3,393**	**3,733**	**340**	**3,904**
Claims services and loss management[6]	491	490	(1)	481
Total incurred claims and claims related costs	**3,884**	**4,223**	**339**	**4,385**
Insurance operations expenses[6]	126	121	(5)	118
Premium taxes, commissions, and other acquisition costs[6]	766	763	(3)	689
Total insurance service expenses	**4,776**	**5,107**	**331**	**5,192**
Net expenses from reinsurance contracts	**10**	**17**	**7**	**13**
Insurance service result	**686**	**654**	**32**	**216**
Net investment income	1,427	134	1,293	312
Net insurance finance expenses	430	481	51	106
Net other operating expenses	112	133	21	126
Net income – insurance operations	**1,571**	**174**	**1,397**	**296**
Non-insurance operations expenses[6]	144	142	(2)	135
Non-insurance commissions[6]	40	41	1	36
Non-insurance - other income	(12)	(9)	3	(9)
Net income	**1,399**	**0**	**1,399**	**134**
At year end:				
Long-term debt	-	-		-
Total liabilities	13,551	15,873		16,354
Equity:				

Retained earnings	4,948	2,994	3,549
Other components of equity	555	500	497
Non-controlling interest	5	7	6
Total equity	**5,508**	**3,501**	**4,052**
Capital Expenditures ($ millions)	64	65	41
Autoplan policies earned[7]	4,356,000		4,294,000
Average premium ($)[8]	1,268		1,200
Claims reported during the year[9]	1,108,000		1,067,000

[1] Financial information for all years is prepared based on International Financial Reporting Standards (IFRS).
[2] Rounding may affect totals.
[3] Presentation format has been updated from the Financial Summary table in the 2023/24 - 2025/26 Service Plan to comply with the presentation format for the new accounting standards.
[4] 2022/23 Actual is restated, the restated results and presentation are consistent with the new accounting standards, effective April 1, 2023. Refer below for reconciliations of fiscal 2022/23 Actual as reported in ICBC's 2022/23 Annual Service Plan Report, to the restated 2022/23 Actual reflecting the new standard.
[5] 2023/24 actual premiums reflect a $398 million rebate to eligible ICBC customers.
[6] See Note 17 of the consolidated financial statements for details of Operating Expenses by Nature.
[7] 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.
[8] Average premium is based on Autoplan premiums earned and is not denoted in the millions.
[9] Claims reported represent the number of claims reported against purchased insurance coverages.

Basic and Optional Comparative Summary Table

($ millions)[1]	**Basic - Actual vs. Prior Year**			**Optional - Actual vs. Prior Year**		
	2023/24 Actual	**2022/23 Actual[2]**	**Better/ (Worse) Variance**	**2023/24 Actual**	**2022/23 Actual[2]**	**Better/ (Worse) Variance**
Insurance revenues						
Premiums earned[3]	2,848	3,187	(339)	2,426	2,117	309
Service fees	111	70	41	87	47	40
Total insurance revenues	**2,959**	**3,257**	**(298)**	**2,513**	**2,164**	**349**
Insurance service expenses						
Provision for claims occurring in the current year	2,262	2,056	(206)	1,839	1,570	(269)
Change in estimates for losses occurring in prior years	(393)	(135)	258	(315)	413	728
Total claims incurred	**1,869**	**1,921**	**52**	**1,524**	**1,983**	**459**
Claims service and loss management	325	315	(10)	166	166	-

Total incurred claims and claims related costs	**2,194**	**2,236**	**42**	**1,690**	**2,149**	**459**
Insurance operations expenses	51	46	(5)	75	72	(3)
Premium taxes, commissions, and other acquisition costs	228	238	10	538	451	(87)
Total insurance service expenses	**2,473**	**2,520**	**47**	**2,303**	**2,672**	**369**
Net expenses from reinsurance contracts	**2**	**4**	**2**	**8**	**9**	**1**
Insurance service result	484	733	(249)	202	(517)	719
Net investment income	985	207	778	442	105	337
Net insurance finance expenses	301	74	(227)	129	32	(97)
Net other operating expenses	57	61	4	55	65	10
Net income – insurance operations	**1,111**	**805**	**306**	**460**	**(509)**	**969**
Non-insurance operations expenses	144	135	(9)	-	-	-
Non-insurance commissions	40	36	(4)	-	-	-
Non-insurance - other income	(12)	(9)	3	-	-	-
Net income (loss)	**939**	**643**	**296**	**460**	**(509)**	**969**
At year end: [4]						
Equity:						
- Retained earnings	3,689	2,749		1,259	800	
- Other components of equity	387	347		168	150	
- Non-controlling interest	3	4		2	2	
Total equity	**4,079**	**3,100**		**1,429**	**952**	

[1] Rounding may affect totals.
[2] 2022/23 Actual is restated, the restated results and presentation are consistent with the new accounting standards, effective April 1, 2023.
[3] Basic 2023/24 actual premiums reflect a $398 million rebate to eligible ICBC customers.
[4] Balances presented at year end as of March 31, 2024 and March 31, 2023, respectively.

International Financial Reporting Standard (IFRS) Transition

In compliance with IFRS, the Financial Summary reflects the new accounting standards, applicable to ICBC's financial statements as of April 1, 2023. IFRS 9 Financial Instruments has changed the accounting and disclosures of ICBC's financial instruments. Net Change in Available for Sale Financial Assets, formerly in Other Comprehensive Income (OCI), is included with Net Investment Income within Net Income.

IFRS 17 Insurance Contracts has changed the accounting and disclosures of ICBC's insurance contracts (primarily premiums, claims costs, broker commissions and premium taxes) and has a significant impact to the financial statements' presentation.

The following two tables illustrate the reconciliation of the fiscal 2022/23 Annual Service Plan Report results to the new accounting standards.

Net Income Breakdown for the Twelve Months Ended March 31, 2023

($M)[1]	Actual Increase / (Decrease)
Reported net loss under the old IFRS standards	$(195)
Reclassification of investment fair value changes from other comprehensive income to net investment income	239
Difference in discounting and risk adjustment impact on claims	112
Impact of expensing acquisition costs	(21)
Other	(1)
Restated net income under new IFRS standards	$134

Equity Breakdown for the Twelve Months Ended March 31, 2023

($M)[1]	Actual Increase / (Decrease)
	Actual
Balance, beginning of 2022/23 before IFRS 9/17 restatement	$3,715
Claims liability – risk adjustment and discounting changes	490
Write-off DPAC and other[2]	(287)
Balance, beginning of 2022/23 after IFRS 9/17 restatement	$3,918
Net income	134
Balance, end of 2022/23 - restated	$4,052

[1] Rounding may affect totals.
[2] Other includes financial investments - fair value vs amortized cost adjustment and change in reinsurance contract assets.

Variance and Trend Analysis

Premiums earned

Premiums earned totalled $5,274 million in 2023/24, which was $30 million lower compared to 2022/23, mainly due to a $398 million rebate. Without the rebate, premiums earned would have been higher, resulting from higher Optional penetration growth and Optional rates.

Premiums earned was $324 million lower compared to budget due to reasons stated above.

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 $198 million in 2023/24, which was higher than last year and budget due to higher financing fees collected following the increase in interest rates throughout this fiscal year, as the financing fee is 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, pandemic events, the effectiveness of road safety and loss management programs, and the increasing number of new vehicles with advanced safety features. Factors influencing severity include legal representation, litigation, settlement awards, legal fees, medical cost inflation, vehicle parts and repair inflation, 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 the 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, the legal representation status of claims 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.

The corporation has applied IFRS 17 Insurance Contracts effective April 1, 2023. As a result, the corporation restated certain comparative amounts as at April 1, 2022. The discussion on 2022/23 is based on the restated amounts as at April 1, 2022.

Overall, 2023/24 claims-incurred costs of $3,823 million were $187 million lower than the claims costs incurred in 2022/23. In 2022/23 there were unfavourable prior years adjustments to account for the higher-than-expected future costs from large and complex bodily injury claims under the pre-April 1, 2019 legal-based product, as well as higher costs on material damage claims from inflationary pressures on vehicle values and repair costs. These prior year adjustments have not repeated to the same extent in 2023/24.

Claims-incurred costs were also $391 million lower than the budgeted $4,214 million. The lower claims costs were mainly due to $473 million lower-than-expected losses from Enhanced Accident Benefit claims. These favourable changes are partially offset by higher-than-expected material damage claims and unfavourable adjustments to bodily injury and accident benefit claims under the pre-April 1, 2019 legal-based product.

$ millions[1]	**2019/20 Actual**	**2020/21 Actual**	**2021/22 Actual**	**2022/23 Actual**	**2022/23 Restated Actual**	**2023/24 Actual**
Claims-Incurred Costs	**5,908**	**3,341**	**2,492**	**4,121**	**4,010[2]**	**3,823[2]**
Injury	**4,327**	**2,002**	**824**	**1,633**	**1,514**	**1,015**
Current year claims	2,986	2,110	1,482	1,266	1,144	1,241
Prior years adjustments	1,216	(357)	(385)	298	307	(89)
Change in claims handling costs reserves	125	249	(273)	69	63	(137)
Material Damage and Other	**1,581**	**1,339**	**1,668**	**2,488**	**2,496**	**2,808**
Current year claims	1,614	1,346	1,718	2,361	2,374	2,749
Prior years adjustments	(36)	(10)	(45)	121	116	36

Change in claims handling costs reserves	3	3	(5)	6	6	23

Data Source: ICBC financial systems

[1] 2019/20 Actual, 2020/21 Actual, 2021/22 Actual, and 2022/23 Actual are as reported in past Annual Service Plan Reports and have not been restated under the new accounting standards. 2022/23 Restated Actual and 2023/24 Actual are consistent with the new accounting standards, effective April 1, 2023.
[2] For 2022/23 Restated Actual and 2023/24 Actual, claims-incurred costs are the sum of *Total claims incurred* $3,904M and $3,393M respectively, and *Net insurance finance expenses* $106M and $430M respectively as stated on the Financial Summary table on page 21. Claims-incurred costs for restated and current 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 2023/24. 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 has increased in 2023/24 compared to 2022/23 due to inflationary increases to the cost of Enhanced Care claims and increases in bodily injury claims from increased out-of-province travelling.

$ millions[1]	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 Actual	2022/23 Restated Actual	2023/24 Actual
Current Year Injury Claims Incurred (major categories)	**2,986**	**2,110**	**1,482**	**1,266**	**1,144**	**1,241**
Bodily Injury	2,420	1,728	223	116	106	177
Accident & Death Benefits	566	382	1,259	1,150	1,038	1,064

Data Source: ICBC financial systems
[1] 2019/20 Actual, 2020/21 Actual, 2021/22 Actual, and 2022/23 Actual are as reported in past Annual Service Plan Reports and have not been restated under the new accounting standards. 2022/23 Restated Actual and 2023/24 Actual are consistent with the new accounting standards, effective April 1, 2023.

Material damage (non-injury claims)

Current year material damage claims account for approximately 70 per cent of current year claims-incurred costs in 2023/24. Material damage claims are 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 2022/23 as a result of increasing costs to repair or replace damaged vehicles, as well as an increase in claim frequency which continues to return to a more normal level from the low in 2020/21.

$ millions[1]	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 Actual	2022/23 Restated Actual	2023/24 Actual
Current Year Material Damage Claims Incurred (major categories)	**1,614**	**1,346**	**1,718**	**2,361**	**2,374**	**2,749**
Basic vehicle damage and property damage	611	455	626	863	869	1,007
Collision	583	492	677	999	1,003	1,165
Comprehensive	202	196	239	300	301	345
Windshield	99	101	126	155	157	177
Other	119	102	50	44	44	55

Data Source: ICBC financial systems

[1] 2019/20 Actual, 2020/21 Actual, 2021/22 Actual, and 2022/23 Actual are as reported in past Annual Service Plan Reports and have not been restated under the new accounting standards. 2022/23 Restated Actual and 2023/24 Actual are consistent with the new accounting standards, effective April 1, 2023.

Liability for incurred claims

The liability for incurred claims, making up the majority of insurance contract liabilities, is 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 (see note 2d to the consolidated financial statements).

The liability for incurred claims as of March 31, 2024 was $11.0 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 88 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 are 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	15%	31%	38%	43%	47%	50%
Unpaid	85%	69%	62%	57%	53%	50%

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 (see note 14 to the consolidated financial statements). 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 2023/24, ICBC invested $51 million in 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 on 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 help protect customers from risks on the road by reducing the frequency and impact of crashes and crime. ICBC continued to support enhanced enforcement initiatives through a funding agreement with the Ministry of Public Safety and Solicitor General. In 2023/24, ICBC invested approximately $26 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 change problematic driver behaviours.

Loss management programs combat fraud through deterrence, detection, enforcement, and prevention efforts, and continue work to ensure fraudulent claims are detected in a timely manner and managed appropriately. ICBC works collaboratively between all business areas that 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 exception of claims payments, commissions and premium taxes. In 2023/24, ICBC continued to focus on prudent management of administration costs and sought to improve and simplify business processes, while ensuring it is adequately staffed to maintain appropriate service levels and manage claims.

In 2023/24, operating expenses increased to $944 million compared to $916 million in 2022/23. This is mainly due to compensation increases for unionized employees as negotiated under the collective agreement. In addition, there were higher staffing levels to maintain adequate service levels in contact centres, driver licensing offices to address backlogged tests and to keep up with the increase in demand for driving exams, and higher demand in corporate initiatives. These are partially offset by gradually reducing legal-based claims-related staff as ICBC continues to manage and progressively wind down legal-based claims.

In 2023/24 there were higher-than-budgeted Full Time Equivalents ("FTEs") and related costs. ICBC was able to recruit and fill positions faster than budgeted because of an improved job market. Attrition was also lower than budgeted as fewer staff left ICBC. These higher costs were offset by savings generated due to lower project-related expenses and non-compensation expenses. Furthermore, there was a gain on the sale of its Langley Claims Centre, which made the total operating expenses in 2023/24 consistent with budget.

Included in total operating expenses are non-insurance operating expenses of $144 million, funded from Basic insurance premiums.

$ millions	2022/23 Actual	2023/24 Budget	2023/24 Actual
Operating Expenses	**916**	**945**	**944**
Claims services	432	439	440
Road safety and loss management services	49	51	51
Insurance operations[1]	300	313	309
Non-insurance operations	135	142	144

[1] Insurance operation includes operating expenses that are allocated to other acquisition costs in Note 17 of the accompanying consolidated financial statements to be consistent with the new accounting standards, effective April 1, 2023.

$ millions	2022/23 Actual	2023/24 Budget	2023/24 Actual
Operating Expenses by Nature	**916**	**945**	**944**
Employee benefit expense	586	594	607
Professional, administrative and other	206	228	213
Depreciation & amortization	93	86	90
Road improvements and other traffic safety programs	31	37	34

Acquisition costs

Acquisition costs 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. Acquisition costs also include premium taxes (4.4 per cent of premiums) collected and paid to the provincial government.

Acquisition costs (including non-insurance commissions) of $764 million were higher than the prior year. This was mainly due to higher gross premiums, which is before deducting the May 2024 announced rebate. Acquisition costs were consistent with budget.

Investments

ICBC has an investment portfolio with a carrying value of $18.1 billion, which represented 95 per cent of the corporation's total assets as of March 31, 2024. Funds available for investment purposes come primarily from the premiums collected and set aside for unpaid claims. As of March 31, 2024, 51 per cent of the carrying value of the portfolio was invested in equity and alternative investments such as real estate, mezzanine debt and private assets, while 49 per cent of the portfolio took the form of corporate and government bonds, bond funds, money market funds and mortgage instruments.

Investment income

In 2023/24, total investment income was $1,427 million, which was significantly higher than the investment income in the prior year. The financial market was much stronger in the current year resulting in better market value changes on investments. The strong equity market also resulted in an increased amount of income and capital dividends. Overall, these results equated to an accounting investment return of 8.0 per cent in 2023/24 (compared to 1.6 per cent in 2022/23) based on the average investment balance during the period on a cost basis.

Investment income was higher than budget primarily due to ICBC's expectation of a market downturn that did not materialize as expected in fiscal year 2023/24.

$ millions	2022/23 Actual[1]	2023/24 Budget	2023/24 Actual
Investment Income	**312**	**134**	**1,427**
Realized gain (losses) on financial and other investments	466	719	742
Unrealized gain (losses) on financial investments and other	(154)	(585)	685

[1] 2022/23 Actual has been restated to be consistent with the new accounting standards, effective April 1, 2023.

Equity

As of March 31, 2024, ICBC's total equity was $5,508 million, which is an improvement from a restated equity of $4,052 million as of March 31, 2023. 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. Although ICBC is not federally regulated, the MCT ratio is also used to provide a measure of its financial stability.

As of March 31, 2024, ICBC's corporate MCT level of 155 per cent was higher than the prior year primarily due to the improvement in equity driven by the higher net income, as explained previously. For further information on the Basic insurance and Optional insurance capital framework, please refer to notes 9, 19 and 21 in the accompanying consolidated financial statements, as well as the supplemental information.

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 following paragraphs provide a high-level summary of results for Basic and Optional lines of business, while the balance of the annual report discusses results of integrated operations.

The Basic insurance business this fiscal year recorded a net income of $939 million. The Basic net income was higher than in the prior year mainly due to higher investment income partially offset by lower premiums earned resulting from the rebate described in the premiums earned section.

The Optional insurance business this fiscal year recorded a net income of $460 million, which was higher than the prior year mainly due to higher investment income, lower claims costs, and higher premiums earned.

Risks and Uncertainties

ICBC has adopted an enterprise risk management approach to properly 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 stakeholder relationships, financial health, reputation, and compliance 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 employs an activity-based model known as the "Three Lines of Defense" to establish a clear and structured framework for managing risks. The first line of defense 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 defense 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 defense includes the internal audit function, which provides independent assurance of the entire risk management process, including 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, and the corporation's financial position. Its control measures, mitigations, 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 $50 million in total)	Targeted Year of Completion	Project Cost to Mar 31, 2024 ($m)	Estimated Cost to Complete ($m)	Anticipated Total Cost ($m)
ICBC Head Office Relocation	2028	-	$164	$164

- 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 15-year capital lease ($111M) commencing April 1, 2025. Full cost of lease and leasehold improvements is estimated to be $164M with leasehold improvements spanning 2024/25 – 2027/28. Timing and amount of expenditure is subject to change and Board approval.

Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 and 2023/24 Mandate Letters from the Minister Responsible.

2021/22 Mandate Letter Priority	Status as of March 31, 2024
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.	• Enhanced Care was implemented May 1, 2021. ICBC provides quarterly updates to PSSG and CAS to manage emerging issues. • In the first year of Enhanced Care, customers saved an average of approximately $490 on their full coverage personal auto insurance (Basic + Optional). • The new model will allow Basic rates to remain stable until March 31, 2026. That date will mark six years with no increases. • In addition to these savings, Enhanced Care has significantly improved the care, recovery and income replacement benefits for any British Columbian injured in a crash in Canada or the United States. • Those injured in a crash can have peace of mind knowing they will be supported with benefits that promote recovery.

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.	• Michael Skinner was appointed fairness officer on July 12, 2021. • ICBC has included more demographics in its customer insights panel, including cyclists and pedestrians. • ICBC has increased its presence with stakeholders, especially material damage suppliers, working closely with Enhanced Care advisory groups, and engaging with the driver training industry and law enforcement. • ICBC seeks to improve the customer experience by efficiently and accurately answering questions in simple and easy to understand terms and manage expectations, so they know what to expect and when they'll hear back from ICBC.
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.	• Eligible ICBC customers were able to renew policies online effective May 1, 2022. Since June of 2023, customers renewing online can upload a photo of their odometer directly to icbc.com.
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 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 the PSSG and CAS on a quarterly basis.

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 is issuing a $110 rebate to customers starting in Spring 2024 and is keeping Basic rates stable for a sixth consecutive year to March 31, 2026. • ICBC has built up its capital reserves to ensure rate stability in future. • ICBC expanded the distance-based discount to Optional customers who drive less than 10,000 kms per year.
Develop and implement corporation-wide strategies to improve ICBC's customer experience, perceptions and interactions with the corporation, while achieving cost-effective service delivery and effectively communicating the corporation's work to serve all British Columbians. Continue to improve customer experience and communications with pedestrians and cyclists who have been injured in vehicle collisions.	• ICBC's 2025 Strategy focused on being customer driven. ICBC implemented a customer experience model across the organization and identified, prioritized, and addressed customer's pain points with actions including those below. • ICBC continued to update the claims handling processes to better serve vulnerable road users, like pedestrians and cyclists, who have injuries and/or property damage from a motor vehicle accident. • ICBC created a dedicated webpage for vulnerable road users who have been involved in a crash and introduced the Customer Support Desk — a service focused on supporting injured customers who encounter difficulties when submitting forms to access the care they need following a crash. • ICBC ran an extensive mass media road safety campaign highlighting road safety behaviours. This supports the intent of government's Bill 23 to better protect vulnerable road users. • ICBC has made improvements to the claims process including allowing customers to upload larger files such as dashcam footage directly into the claims portal, giving near real-time access to crucial evidence.

	• To support customers impacted by wildfires, ICBC set up dedicated teams to handle wildfire-related claims and customers needing replacement identification were provided free replacements. • ICBC worked with the Ministry of Citizens' Services to improve customers' navigation of icbc.com for those with limited English by translating key web pages and increasing plain language.
Work with the Ministry of Public Safety and Solicitor General, the Ministry of Transportation and Infrastructure and other partners to reduce the frequency and severity of crashes to support the safety of British Columbians and help make insurance more affordable.	• The Road Improvement Program contributed approximately $10 million to more than 340 municipal and Ministry safety-related projects in 2023/24. Evaluation of the program showed a 24-per cent average reduction in severe (injury/fatal) collisions at treated sites. • 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 stakeholders as part of the BC Road Safety Strategy Steering Committee. • ICBC provided and continues to provide funding for provincial enhanced traffic safety enforcement of high-risk driving behaviours such as impaired driving, speeding and distracted driving.
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 addressed road test wait times by undertaking a review of road test processes and outcomes. ICBC has increased capacity for additional road tests while also ensuring that the road test remains effective by reducing the

	road test's duration from 45 to 35 minutes. • ICBC has successfully transitioned from seven to eight-digit driver licence (DL) numbers providing more than 240 years of available DL numbers. • After finding that language barriers pose an issue for many customers, ICBC's Learn to Drive Smart program was translated into five new languages in 2023. • ICBC opened a new Guildford Driver Licensing office and a dedicated road test centre at Boardwalk Mall to reduce wait times and better support drivers in Surrey and the Fraser Valley. • ICBC initiated planning for a multi-year modernization project. The project, among other improvements in the short and long term, will replace ICBC's aging foundational technology to reduce current risks and to provide flexibility and agility for future changes.
Work with CAS to develop a specific vehicle insurance product for the film industry in B.C., which will streamline insurance requirements and support the province continuing to be a destination of choice for the film sector.	• ICBC has applied to the BCUC to introduce a new insurance product that will provide more budgeting certainty for companies in the sector.

Appendix B: Subsidiaries and Operating Segments

The corporation does not have any active 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 our 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 10 in the accompanying consolidated financial statements.

Nominee Holding Companies		
1141268 Alberta Ltd.	1930933 Alberta Ltd.	2272807 Ontario Ltd.
1746615 Alberta Ltd.	1611527 Alberta Ltd.	2306519 Ontario Ltd.
1685611 Alberta Ltd.	1662170 Alberta Ltd.	0869391 B.C. Ltd.
1263146 Alberta Ltd.	2496976 Ontario Ltd.	0866691 B.C. Ltd.
1796824 Alberta Ltd.	2154855 Ontario Ltd.	BCI (IC) Mex Realty LP
1672904 Alberta Ltd.	2468434 Ontario Ltd.	BCI (IC) US Realty Inc.
1961735 Alberta Ltd.	2599056 Ontario Ltd.	IMC PD IC 2021 Inc.
1884419 Alberta Ltd.	2225888 Ontario Ltd.	BCI (IC) RPG Investment Corp
1688141 Alberta Ltd.	2530694 Ontario Ltd.	Bolsena IC Inc.
1394626 Alberta Ltd.	2542170 Ontario Ltd.	BCI (IC) Realty LP
1535992 Alberta Ltd.	2543053 Ontario Ltd.	BCI (IC) US Finance Inc.
1648020 Alberta Ltd.	2553178 Ontario Ltd.	IMCPE IC 2021 Inc.
1467288 Alberta Ltd.	2272811 Ontario Ltd.	IMCPE IC Investment Inc.

Appendix C: Auditor's Report and Audited Financial Statements

INSURANCE CORPORATION OF BRITISH COLUMBIA

CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2024

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 consistency with International Financial Reporting Standards as issued by the International Accounting Standards Boards (IFRS). 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 actuary appointed 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 company 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.

David Wong
President and Chief Executive Officer

June 13, 2024

Phil Leong
Vice President, Finance & Chief Financial Officer

June 13, 2024

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, 2024 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).

What we have audited

The Corporation's consolidated financial statements comprise:

- the consolidated statement of financial position as at March 31, 2024;
- 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, which include material accounting policies and other explanatory information.

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.

PricewaterhouseCoopers LLP
PwC Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T.: +1 604 806 7000, F.: +1 604 806 7806, Fax to mail: ca_vancouver_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Other information

Management is responsible for the other information. The other information obtained prior to the date of this auditor's report comprises the Annual Service Plan 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 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 on the other information obtained prior to the date of this auditor's report, 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, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 13, 2024

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, 2024.

In my opinion:

- The amont 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 13, 2024

Consolidated Statement of Financial Position

($ THOUSANDS)	March 31 2024	March 31 2023 (Restated)[1]	April 1 2022 (Restated)[1]
Assets			
Cash and cash equivalents (note 6)	$ 12,969	$ 25,957	$ 29,654
Accrued interest (note 6)	28,497	46,717	40,024
Prepaids and other receivables (note 6)	307,804	222,096	725,056
Assets held for sale (note 5)	21,577	41,274	208,420
Financial investments (note 5)	17,820,510	19,158,090	20,001,102
Derivative financial instruments (note 6)	804	-	24,019
Reinsurance contract assets (note 15)	35,408	36,669	47,516
Investment properties (note 5)	234,284	305,791	255,044
Property and equipment (note 11)	100,725	107,511	110,586
Intangible assets (note 13)	175,870	204,197	252,167
Lease assets (note 12)	58,461	54,763	56,206
Accrued pension benefits (note 16)	262,336	202,685	245,213
	$ 19,059,245	$ 20,405,750	$ 21,995,007
Liabilities and Equity			
Liabilities			
Cheques outstanding (note 6)	$ 212,540	$ 215,237	$ 130,762
Accounts payable and accrued charges	166,628	169,761	172,803
Derivative financial instruments (note 6)	8,947	46,702	1,395
Net bond repurchase agreements, investment-related, and other liabilities (note 7)	257,510	1,930,036	2,669,037
Premiums and fees received in advance	69,115	66,006	58,914
Insurance contract liabilities (note 14)	12,607,439	13,710,281	14,803,573
Lease liabilities (note 8)	57,125	52,313	53,670
Pension and post-retirement benefits (note 16)	171,678	163,161	186,181
	13,550,982	16,353,497	18,076,335
Equity			
Retained earnings	4,947,733	3,548,861	3,417,543
Other components of equity	555,519	497,184	494,375
Equity attributable to owner of the corporation	5,503,252	4,046,045	3,911,918
Non-controlling interest	5,011	6,208	6,754
	5,508,263	4,052,253	3,918,672
	$ 19,059,245	$ 20,405,750	$ 21,995,007

[1] Restated for the adoption of IFRS 17 - Insurance contracts and IFRS 9 - Financial Instruments. Refer to Note 2 - Summary of material accounting policies.

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

Approved by the Board

Catherine Holt
Chair of the Board of Directors

Len Boggio
Director

Consolidated Statement of Comprehensive Income

($ THOUSANDS)	For the year ended March 31 2024	For the year ended March 31 2023 (Restated)[1]
Insurance revenues (note 14)	$ 5,471,703	$ 5,421,304
Insurance service expenses (note 14)	(4,776,331)	(5,192,611)
Net expenses from reinsurance contracts (note 15)	(9,463)	(12,744)
Insurance service result	685,909	215,949
Net investment income (note 10)	1,426,716	311,590
Finance expenses from insurance contracts	(431,470)	(106,686)
Finance income from reinsurance contracts	1,094	416
Net insurance finance expenses (note 10)	(430,376)	(106,270)
Net Insurance and investment result	1,682,249	421,269
Other operating income	28,948	17,961
Other operating expenses	(140,498)	(143,585)
Income - insurance operations	1,570,699	295,645
Non-insurance operations		
Provincial licences and fines revenue (note 18)	671,816	653,810
Licences and fines transferable to the Province of B.C. (note 18)	(671,816)	(653,810)
Operating expenses (note 17)	(144,328)	(134,551)
Commissions (note 17)	(40,139)	(36,869)
Other income	12,280	9,482
Loss - non-insurance operations	(172,187)	(161,938)
Net income	$ 1,398,512	$ 133,707
Other comprehensive income		
Pension and post-retirement benefits remeasurements (note 16)	$ 58,335	$ 2,809
Total comprehensive income	$ 1,456,847	$ 136,516
Net income attributable to:		
Non-controlling interest	$ (360)	$ 2,389
Owner of the corporation	1,398,872	131,318
	$ 1,398,512	$ 133,707
Total comprehensive income attributable to:		
Non-controlling interest	$ (360)	$ 2,389
Owner of the corporation	1,457,207	134,127
	$ 1,456,847	$ 136,516

[1] Restated for the adoption of IFRS 17 - Insurance contracts and IFRS 9 - Financial Instruments. Refer to Note 2 - Summary of material accounting policies.

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: Net change in financial investments	Other Components of Equity: Pension and post-retirement benefits remeasurements	Total Other Components of Equity	Total attributable to owner of the corporation	Non-Controlling Interest	Total Equity
	For the year ended March 31, 2024						
Balance, beginning of year April 1, 2023 (Restated)	$ 3,548,861	$ -	$ 497,184	$ 497,184	$ 4,046,045	$ 6,208	$ 4,052,253
Contributions						(837)	(837)
Disposition of subsidiary with non-controlling interest						-	-
Comprehensive income							
Net income	1,398,872	-	-	-	1,398,872	(360)	1,398,512
Other comprehensive income							
Pension and post-retirement benefits remeasurements (note 16)	-	-	58,335	58,335	58,335	-	58,335
Total other comprehensive income	-	-	58,335	58,335	58,335	-	58,335
Total comprehensive income	1,398,872	-	58,335	58,335	1,457,207	(360)	1,456,847
Balance, end of year March 31, 2024	$ 4,947,733	$ -	$ 555,519	$ 555,519	$ 5,503,252	$ 5,011	$ 5,508,263

($ THOUSANDS)	Retained Earnings	Other Components of Equity: Net change in financial investments	Other Components of Equity: Pension and post-retirement benefits remeasurements	Total Other Components of Equity	Total attributable to owner of the corporation	Non-Controlling Interest	Total Equity
	For the year ended March 31, 2023						
Balance, end of year March 31, 2022 (As reported)	$ 3,347,398	$ (133,372)	$ 494,375	$ 361,003	$ 3,708,401	$ 6,754	$ 3,715,155
Impact of the initial application of IFRS 17 and 9 (note 2)	70,145	133,372	-	133,372	203,517	-	203,517
Balance, beginning of year April 1, 2022 (Restated)	3,417,543	-	494,375	494,375	3,911,918	6,754	3,918,672
Contributions						622	622
Disposition of subsidiary with non-controlling interest						(3,557)	(3,557)
Comprehensive income (Restated)							
Net income	131,318	-	-	-	131,318	2,389	133,707
Other comprehensive income							
Pension and post-retirement benefits remeasurements (note 16)	-	-	2,809	2,809	2,809	-	2,809
Total other comprehensive income	-	-	2,809	2,809	2,809	-	2,809
Total comprehensive income (Restated)	131,318	-	2,809	2,809	134,127	2,389	136,516
Balance, end of year March 31, 2023 (Restated)	$ 3,548,861	$ -	$ 497,184	$ 497,184	$ 4,046,045	$ 6,208	$ 4,052,253

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

Consolidated Statement of Cash Flows

($ THOUSANDS)	For the year ended March 31 2024	For the year ended March 31 2023 (Restated)[1]
Cash flow from (used in) operating activities		
Net income	$ 1,398,512	$ 133,707
Items not requiring the use of cash (note 22)	(473,651)	411,291
Changes in non-cash working capital (note 22)	(1,184,734)	(1,143,207)
Cash flow (used in) operating activities	(259,873)	(598,209)
Cash flow from (used in) investing activities		
Purchase of financial investments and investment properties	(34,070,426)	(23,993,057)
Proceeds from sales of financial investments and investment properties	36,140,203	24,671,593
Purchase of property, equipment and intangibles, net	(32,285)	(16,982)
Cash flow from investing activities	2,037,492	661,554
Cash flow from (used in) financing activities		
Net securities sold under repurchase agreements (note 22)	(1,772,205)	(136,037)
Principal payments on lease liabilities (note 22)	(15,705)	(15,480)
Cash flow (used in) financing activities	(1,787,910)	(151,517)
Decrease in cash and cash equivalents during the year	(10,291)	(88,172)
Cash and cash equivalents, beginning of year	(189,280)	(101,108)
Cash and cash equivalents, end of year	$ (199,571)	$ (189,280)
Represented by:		
Cash and cash equivalents (note 6)	$ 12,969	$ 25,957
Cheques outstanding (note 6)	(212,540)	(215,237)
Cash and cash equivalents, net	$ (199,571)	$ (189,280)
Supplemental information		
Interest and dividends received	$ 928,266	$ 685,059

[1] Restated for the adoption of IFRS 17 - Insurance contracts and IFRS 9 - Financial Instruments. Refer to Note 2 - Summary of material accounting policies.

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

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 21).

Prior to May 1, 2021, Basic insurance included the following coverages: $200,000 third party liability protection (higher for some commercial vehicles), access to accident benefits including a maximum of $300,000 (note 3h) for medical and rehabilitation expenses and up to $740 per week for wage loss (note3h), $1,000,000 underinsured motorist protection, inverse liability protection, and also protection against uninsured and unidentified motorists within and outside the Province of B.C.

As of May 1, 2021, the Corporation implemented a new care-based (Enhanced Care) insurance model and 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 (BVDC), $200,000 in third party liability protection (higher for some commercial vehicles), inverse liability protection, and $1,000,000 underinsured motorist protection. Under the new insurance model, coverage for hit and run claims for vehicle damage is no longer being provided under Basic insurance, uninsured coverage no longer applies with respect to vehicle damage although BVDC will usually apply, and individuals are generally precluded from suing both with respect to bodily injuries covered by enhanced accident benefits and for vehicle damage in circumstances where BVDC may apply.

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 6, 2024, 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) 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 has applied IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* effective April 1, 2023. As a result, the Corporation restated certain comparative amounts and presented a third consolidated statement of financial position as at April 1, 2022 as regulated by these standards to reflect the opening balances on transition. The nature and effects of the key changes in the Corporation's accounting policies resulting from its adoption of IFRS 17 and IFRS 9 are summarized in note 2d, 2e, 2f and 4a . Except for changes in these sections, the Corporation has consistently applied the accounting policies as set out in note 2 to all periods presented in these consolidated financial statements.

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 18).

The preparation of consolidated financial statements in conformity with IFRS 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 5b) are held individually in nominee holding companies. The Corporation also invests in financial investments (note 5a) through a number of investment entities, some of which are wholly-owned and therefore consolidated. 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 available for sale.

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 a 50% share of each of its three joint operations, one of which is with a Limited Partner. The joint operations are all investment properties 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 are short-term, liquid investments that are subject to insignificant changes in fair value, including cash on hand, deposits with financial institutions that can be withdrawn without prior notice or penalty, and directly held money market securities with a term less than 90 days from the date of acquisition.

d) Insurance contracts and reinsurance contracts held

Insurance contracts held

The following summarizes of 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 unless facts and circumstances indicate otherwise.

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 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 contract 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 use the GMM to measure the portfolio's liability and 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, which 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 flow 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 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 or 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 or 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 insurance finance (expense) income.

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.

Transition

The Corporation applied the full retrospective approach in transition to IFRS 17 and restated the comparative period from April 1, 2022 to March 31, 2023 as if IFRS 17 had always applied, which includes restating opening balances as at April 1, 2022.

The Corporation has performed the following procedures retrospectively:

- identified, recognized and measured each group of contracts as if IFRS 17 have always been applied;
- derecognized previously reported balances that would not have existed if IFRS 17 had always been applied; and
- recognized any resulting net difference in equity.

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 2l. 2m and 2n), except for the derivatives that are measured at FVTPL (note 2j).

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 asset 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 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 receivable is low.

Transition

The Corporation applied IFRS 9 retrospectively on a look-back basis at the date of the initial application on April 1, 2023 and restated the prior period from April 1, 2022 to March 31, 2023 as if IFRS 9 had always applied, which includes restating opening balances as at April 1, 2022.

The Corporation also elected to apply the classification overlay in IFRS 17 to financial assets derecognized in fiscal year 2022 to present comparative information as if the classification and measurement (including impairment) requirements of IFRS 9 has been applied to such financial assets.

f) IFRS 17 and 9 opening transition impact

The following tables summarize the impact of IFRS 17 and 9 on the Corporation's consolidated statement of financial position on transition date, April 1, 2022:

($ THOUSANDS)	Carrying amount			
As at April 1, 2022	**IFRS 4 & IAS 39**	**Presentation**	**Measurement**	**IFRS 17 & 9**
Total assets	$ 23,664,204	$ (1,383,558)	$ (285,639)	$ 21,995,007
Total liabilities	(19,949,049)	1,383,558	489,156	(18,076,335)
Equity attributable to owner of the corporation	(3,708,401)	-	(203,517)	(3,911,918)
Equity attributable to non-controlling interest	(6,754)	-	-	(6,754)

As at April 1, 2022	**IFRS 17 & 9**
Write off of deferred acquisition costs asset	$ (285,383)
Application of risk adjustment methodology	462,798
Discount rate changes	27,121
Change in reinsurance contract assets	(376)
Financial investments change from amortized cost to FVTPL	(643)
Total impact of equity attributable to owner of the corporation	$ 203,517

g) 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 (note 5).

h) 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.

i) 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 include:

- For all investments except for segregated mortgages – the use of quoted prices where available, other observable market information, where available or valuation models and techniques that are based on non-observable market data.
- For segregated mortgages – the yield curve of Government of Canada bonds to the corresponding maturity dates of the underlying mortgages, plus an estimated risk premium. The risk premium is determined by factors such as the location of the property, tenant profile, and degree of leverage of the property.

These valuations are reviewed at each reporting date by management.

j) 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 6).

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.

k) 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 certain properties that serve 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 has two properties that serve a dual purpose and are classified as investment properties.

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.

l) Investment-related liabilities

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

m) Net bond repurchase agreements

During fiscal year 2023, the Corporation participated in the sale and repurchase of Government of Canada and Provincial bonds, which were sold and simultaneously agreed to be repurchased at a future date. These sale and repurchase arrangements were accounted for as financial liabilities and were initially recognized at fair value and subsequently measured at amortized cost. The interest rate at the time of the sale was the cost of borrowing the funds and was recognized as interest expense.

The Corporation also participated in the purchase and sale of Government of Canada and Provincial bonds, which were purchased and simultaneously agreed to be resold, to the same counterparty, at a future date with the market repurchase rate determining the forward contract price. These agreements were initially recognized at fair value and subsequently measured using effective interest method. These reverse repurchase arrangements had an offsetting effect to enhance performance by reducing interest expenses on the repurchase agreements and by economically hedging the interest rate, counterparty and collateral risks.

Assets transferred under repurchase or reverse repurchase agreements were not derecognized or recognized as substantially all the risks and rewards of ownership were retained by the Corporation or the counterparty in the case of the reverse repurchase agreements. The Corporation recorded a liability equal to the consideration received in repurchase agreements and offset the liability equal to the purchase price in reverse repurchase agreements.

As of March 31, 2024, the Corporation no longer directly participates in sale and repurchase arrangements.

n) 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.

o) 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.

p) Pension and post-retirement benefits

The amounts recognized in net income (loss) 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 (loss).

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 (loss).

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 liabilities are settled. For plans in 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 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.

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.

q) 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 (loss).

r) 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.

s) 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.

Indefinite life and not available for use intangible assets are not subject to amortization, but are assessed for indicators of impairment at each reporting date.

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

t) 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.

u) 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 6b.

Current liabilities include cheques outstanding, accounts payable and accrued charges, derivative financial instruments, and net bond repurchase agreements, investment related, and other liabilities. Non-current portion of the net bond repurchase agreement, investment related and other liabilities is disclosed in note 7.

v) Restatement and reclassification of prior year balances

As a result of the adoption of IFRS 17 and 9, the Corporation restated its financial statements as at March 31, 2023. The following tables summarize the prior year balances as reported and the adjustments made for restatement.

($ THOUSANDS)	Carrying amount			
As at March 31, 2023	**As previously reported**	**Presentation**	**Measurement**	**Restated**
Total assets	$ 22,186,402	$ (1,470,248)	$ (310,404)	$ 20,405,750
Total liabilities	(18,427,217)	1,470,248	603,472	(16,353,497)
Equity attributable to owner of the corporation	(3,752,977)		(293,068)	(4,046,045)
Equity attributable to non-controlling interest	(6,208)	-	-	(6,208)

As at March 31, 2023	IFRS 17 & 9
Write off of deferred acquisition costs asset	$ (306,554)
Application of risk adjustment methodology	519,638
Discount rate changes	83,972
Change in reinsurance contract assets	(2,291)
Financial investments change from amortized cost to FVTPL	(1,697)
Total impact of equity attributable to owner of the corporation	$ 293,068

The following table summarizes the impact of IFRS 9 on the classification and measurement of financial assets and liabilities on initial application date, April 1, 2023.

($ THOUSANDS)	Measurement category		Carrying amount		
As at April 1, 2023	**IAS 39**	**IFRS 9**	**IAS 39**	**Impact of IFRS 9**	**IFRS 9**
Cash and cash equivalents	Amortized cost	Amortized cost	$ 25,957	$ -	$ 25,957
Accrued interest	Loans and receivables	FVTPL	$ 46,717	$ -	$ 46,717
Other receivables					
Other receivables	Loans and receivables	Amortized cost	$ 163,843	$ -	$ 163,843
Type 2 structured settlement assets	FVTPL (Designated)	FVTPL (Designated)	14,964	-	$ 14,964
Total prepaids and other receivables			$ 178,807	$ -	$ 178,807
Fixed-income investments					
Money market securities	AFS	FVTPL	$ 976,655	$ -	$ 976,655
Mortgages	Amortized cost	FVTPL (Designated)	62,753	(1,697)	61,056
Mortgage funds	AFS	FVTPL	746,667	-	746,667
Bond funds	AFS	FVTPL	1,888,703	-	1,888,703
Bonds	AFS	FVTPL (Designated)	6,880,073	-	6,880,073
Equity investments					
Domestic	AFS	FVTPL	-	-	-
Global	AFS	FVTPL	4,590,725	-	4,590,725
Other financial investments					
Domestic real estate	AFS	FVTPL	967,175	-	967,175
Global real estate	AFS	FVTPL	597,968	-	597,968
Global infrastructure	AFS	FVTPL	833,980	-	833,980
Global mezzanine debt	FVTPL (Designated)	FVTPL	119,283	-	119,283
Global mezzanine debt	AFS	FVTPL	73,923	-	73,923
Private assets	AFS	FVTPL	1,421,882	-	1,421,882
Total financial investments			$ 19,159,787	$ (1,697)	$ 19,158,090
Cheques outstanding	Amortized cost	Amortized cost	$ 215,237	$ -	$ 215,237
Accounts payable and accrued charges	Amortized cost	Amortized cost	$ 169,761	$ -	$ 169,761
Derivative financial instruments	FVTPL	FVTPL	$ 46,702	$ -	$ 46,702
investment-related, and other liabilities	Amortized cost	Amortized cost	$ 1,930,036	$ -	$ 1,930,036

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, persistence of 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 14).

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 2d. Judgment is also involved in selecting the illiquid 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 balance sheet 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, the legal representation status of claims, 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 or no 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 and the date it is reported to the Corporation. 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, current socio-economic trends and for certain claims, structured settlements that are provided in the form of consistent periodic payments as opposed to lump-sum payments.

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.

Discount rate

The liability for incurred claims under the PAA 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 illiquid 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 90th 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 16.

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 16).

f) International conflicts

Multiple conflicts internationally have caused instability in the global economy and market. The Corporation has determined there is minimal impact on its business activities and financial investments. However, there is ongoing uncertainty surrounding the extent of the potential macroeconomic impact on the Corporation's investment portfolio, pension assumptions, and business activities as the conflicts continue to evolve. The Corporation continues to monitor any direct impacts.

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 20). 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) Inflation

Since the beginning of fiscal year 2023, there has been unusually high inflation. Higher inflation has impacted the cost of claims, and will continue to affect the cost of open claims. Uncertainty remains surrounding the extent and duration of the unusual high inflation, adding uncertainty due to potential impacts on the Corporation's investment portfolio, pension assumptions, and claims costs.

j) Material damage supply chain and labour shortage

The COVID-19 pandemic has triggered a global shortage of vehicle parts and computer chips resulting in extensive delay in vehicle repairs. The delay is further exacerbated by the shortage of skilled labour in the car repair industry in British Columbia. The situation is not expected to resolve in the next few years. Delays in vehicle repairs, particularly when combined with the current high inflation environment, result in estimation uncertainty in the measurement of costs associated with vehicle damage claims.

k) 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 an external qualified personnel independent of those that sourced them (note 2i).

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, 2024

The Corporation has adopted the standards and interpretations that are relevant to the operations of the Corporation and effective for the year ended March 31, 2024. The following summarizes the changes in accounting policies and presentation of the consolidated financial statements as a result of the adoption of the new standards.

IFRS 17 *Insurance contracts*

The Corporation adopted IFRS 17 retrospectively on April 1, 2023. The standard establishes the principles of recognition, measurement, presentation and disclosure of insurance and reinsurance contracts and supersedes IFRS 4, the previous IFRS for accounting for insurance contracts. It introduces a measurement model based on the estimates of the present value of future cash flow that are expected to arise as the entity fulfills the contract and an explicit risk adjustment for non-financial risk. The Premium Allocation Approach (PAA) is an optional simplified measurement model that is also available for insurance and reinsurance contracts that meet the eligibility criteria.

The Corporation has qualified and has elected to apply the PAA model for all of its insurance and reinsurance contracts. The key changes of the Corporation's accounting policies resulting from IFRS 17 are as follows:

Level of aggregation - Under IFRS 17, insurance contracts are aggregated into groups for measurement purposes. The level of aggregation requirements in IFRS 17 limit the offsetting of profitable contracts against onerous ones. Compared with the level at which the liability adequacy test is performed under IFRS 4 (i.e. at an overall entity level rather than group of contracts level), the level of aggregation under IFRS 17 is more granular and may result in more contracts being identified as onerous and losses on onerous contracts being recognized sooner.

Deferral of acquisition cost – Insurance acquisition cash flow are costs that are directly attributable to selling or underwriting a portfolio of insurance contract. The Corporation previously recognized all acquisition costs as deferred acquisition costs and amortized throughout the life of the contract. For insurance contracts that are recognized using PAA and less than one year in length, IFRS 17 provides the option to expense acquisition cost as incurred. Under IFRS 17, the Corporation expenses eligible insurance acquisition cash flow when incurred.

Discount rate – IFRS 17 requires the use of a discount rate that reflects the characteristics of insurance contract liability when measuring LIC. Previously, the Corporation uses a discount rate that reflects its investment portfolio.

Risk adjustment – IFRS 17 requires the fulfillment cash flow to include a risk adjustment for non-financial risk. Previously, under IFRS 4, the Corporation includes a provision for adverse deviations (PfAD) to recognize the uncertainty in establishing best estimate of amounts required to settle all unpaid claims.

Under IFRS 17, insurance and reinsurance contracts that are assets or liabilities at a portfolio level are presented separately. LIC and LRC are also presented separately as a single line item "Insurance contract liabilities" in the consolidated statement of financial position. Under the PAA, unearned premium and premium receivables are part of the LRC.

For the consolidated statement of comprehensive income, insurance service result and insurance financial result from other sources of income/expense (i.e. investment and other) are separately presented. Under IFRS 17, expenses are classified as insurance acquisition cash flow and fulfillment cash flow within insurance or as other expenses when they are not directly attributable to insurance contracts. As a result, a portion of expenses classified as insurance operating expenses under IFRS 4 is now presented as other operating expenses under IFRS 17.

There are no significant changes in the consolidated statement of changes in equity and cash flow for the Corporation as a result of IFRS 17 except for the impact of IFRS transition captured in the opening balance of retained earnings.

In addition, IFRS 17 requires extensive new disclosures about amounts recognized in the financial statements including detailed reconciliations of contracts as well as disclosures about significant judgments made when applying IFRS 17. Disclosures are generally made at a more granular level than under IFRS 4, providing more transparent information for assessing the effects of contracts on the consolidated financial statements.

IFRS 9 ***Financial instruments***

The Corporation adopted IFRS 9 retrospectively on April 1, 2023. IFRS 9 brings together the classification and measurement, impairment and hedge accounting to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

IFRS 9 introduces a principles-based approach to the classification of financial assets generally based on an entity's business model and the nature of the cash flows of the asset. IFRS 9 also replaces the incurred loss model in IAS 39 for the recognition of impairment with a forward-looking ECL model. This requires considerable judgment about how changes in economic factors affect the ECL, which are determined on a probability-weighted basis. The new impairment model does not have a significant impact on the Corporation since most financial assets will be valued in FVTPL.

For financial liabilities, IFRS 9 largely retains the existing requirements for the initial recognition, classification, and measurement of financial liabilities as compared to IAS 39.

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 10 Consolidated Financial Statements and IAS 28 Long term Interests in Associates and Joint Ventures* (Amendment). Effective for the annual periods beginning on or after a date to be determined by IFRS; early adoption is permitted. Changes to these standards amend the accounting for sales or contribution of assets between an investor and its associate or joint ventures, and accounting guidance for a parent in the loss of control of a subsidiary. The adoption is not expected to have a material impact on the Corporation's consolidated financial statements.
- *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 adoption is not expected to have a material impact on the Corporation's consolidated financial statements.

5. Investments

a) Financial investments

($ THOUSANDS)		Financial Investments			
	Measurement category	Investments In Pooled Funds	Investments Held Directly	Investments Held Through Investment Entities	Total Carrying Value
March 31, 2024					
Fixed-income investments					
Money market funds	FVTPL	$ 858,697	$ -	$ 62	$ 858,759
Mortgages	FVTPL (Designated)	-	52,547	-	52,547
Mortgage funds	FVTPL	597,181	-	251,574	848,755
Bond funds	FVTPL	3,117,667	-	-	3,117,667
Bonds					
Federal	FVTPL (Designated)	-	1,597,260	-	1,597,260
Provincial	FVTPL (Designated)	-	675,397	-	675,397
Municipal	FVTPL (Designated)	-	9,807	-	9,807
Corporate	FVTPL (Designated)	-	1,622,242	-	1,622,242
Total bonds		-	3,904,706	-	3,904,706
Total fixed-income investments		4,573,545	3,957,253	251,636	8,782,434
Equity investments					
Global	FVTPL	4,137,960	-	-	4,137,960
Total equity investments		4,137,960	-	-	4,137,960
Other financial investments					
Domestic real estate	FVTPL	960,089	-	-	960,089
Global real estate	FVTPL	1,076	-	557,015	558,091
Global infrastructure	FVTPL	126,066	-	1,117,807	1,243,873
Global mezzanine debt	FVTPL	155,155	-	-	155,155
Private assets	FVTPL	1,270,484	-	712,424	1,982,908
Total other financial investments		2,512,870	-	2,387,246	4,900,116
Total financial investments		$ 11,224,375	$ 3,957,253	$ 2,638,882	$ 17,820,510
March 31, 2023					
Fixed-income investments					
Money market funds	FVTPL	$ 976,655	$ -	$ -	$ 976,655
Mortgages	FVTPL (Designated)	-	61,056	-	61,056
Mortgage funds	FVTPL	558,705	-	187,962	746,667
Bond funds	FVTPL	1,888,703	-	-	1,888,703
Bonds					
Federal	FVTPL (Designated)	-	2,985,409	-	2,985,409
Provincial	FVTPL (Designated)	-	1,179,487	-	1,179,487
Municipal	FVTPL (Designated)	-	-	-	-
Corporate	FVTPL (Designated)	-	2,715,177	-	2,715,177
Total bonds		-	6,880,073	-	6,880,073
Total fixed-income investments		3,424,063	6,941,129	187,962	10,553,154
Equity investments					
Global	FVTPL	4,590,725	-	-	4,590,725
Total equity investments		4,590,725	-	-	4,590,725
Other financial investments					
Domestic real estate	FVTPL	967,175	-	-	967,175
Global real estate	FVTPL	1,788	-	596,180	597,968
Global infrastructure	FVTPL	83,208	-	750,772	833,980
Global mezzanine debt	FVTPL	193,206	-	-	193,206
Private assets	FVTPL	967,919	-	453,963	1,421,882
Total other financial investments		2,213,296	-	1,800,915	4,014,211
Total financial investments		$ 10,228,084	$ 6,941,129	$ 1,988,877	$ 19,158,090

The Corporation's investment in pooled funds are denominated 96.9% (2023 – 95.8%) in Canadian dollars. The Corporation's investment held through investment entities are denominated 100.0% (2023 – 100.0%) in Canadian dollars. The above equity and other financial investment disclosure presents the Corporation's interest in pooled funds and investments held through investment entities by looking through the funds, and classifying by the type of the underlying investments, which is consistent with how the Corporation manages risk and monitors performance.

Pooled funds and investments held through investment entities

The Corporation invests in pooled funds and investments held through investment entities. The investment strategies of some of these funds and investments include the use of leverage. As at March 31, 2024, the Corporation's interest in pooled funds range from 0.1% to 29.3% (2023 – 0.1% to 37.3%) and investments held through investment entities range from 7.0% to 100.0% (2023 – 7.0 % to 100.0%) of the net assets of the respective funds and investments. The funds and investments are managed by external asset managers. The Corporation has a percentage ownership in each of the pooled funds and investments that entitle the Corporation to a proportional share in the respective fund's net assets. The carrying value of the Corporation's investments in pooled funds and investments held through investment entities as at March 31, 2024 is $13.86 billion (2023 – $12.22 billion).

The Corporation's maximum loss exposure from its interests in the pooled funds and investments held through investment entities is equal to the total fair value of these investments.

Asset-backed securities

The Corporation may purchase bonds that are secured by various assets as part of its investment strategy. The majority of the bonds, issued by Canadian corporate entities and secured by credit card, auto, or equipment receivables, are called asset-backed securities. As at March 31, 2023, the carrying value of asset-backed securities included in financial investments is $64.0 million. As at March 31, 2024, the Corporation has no investment in asset-backed securities.

The carrying value of mortgage-backed securities included in financial investments in the consolidated statement of financial position as at March 31, 2024 is $33.5 million (2023 – nil). The weighted-average duration of the mortgage-backed securities in the Corporation's portfolio is 1.2 years and the coupon interest rates range from 1.0% to 1.2%.

b) Investment properties

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

($ THOUSANDS)	2024	2023
Cost		
Balance, beginning of year	$ 419,221	$ 354,705
Capital improvements	24,487	12,122
Reclassification to assets held for sale	(53,216)	(62,185)
Reverted from assets held for sale to investment properties	-	182,697
Disposals	(69,067)	(62,641)
Impairment loss	(5,159)	(5,477)
Balance, end of year	316,266	419,221
Accumulated depreciation		
Balance, beginning of year	113,430	99,661
Depreciation	19,698	21,802
Reverted from assets held for sale to investment properties	-	31,584
Disposals	(14,120)	(18,043)
Reclassification to assets held for sale	(37,026)	(21,574)
Balance, end of year	81,982	113,430
Carrying value, end of year	$ 234,284	$ 305,791

The fair value of investment properties is $0.32 billion (2023 – $0.43 billion) and based on the inputs to the valuation technique used, the valuation of these investment properties is Level 3. As at March 31, 2024 and March 31, 2023, 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.

As at March 31, 2024, two (2023 – four) investment properties remain in assets held for sale.

c) Lease income

The Corporation leases out its investment properties. As of March 31, 2024, the future minimum lease cash receipts under non-cancellable leases over the next five years and beyond are as follows:

($ THOUSANDS)	2024		2023	
	Lease Income	Net Present Value	Lease Income	Net Present Value
Up to 1 year	$ 18,523	$ 17,582	$ 21,849	$ 20,860
Greater than 1 year, up to 5 years	51,528	43,570	53,646	46,282
Greater than 5 years	15,853	11,595	22,212	16,824
	$ 85,904	$ 72,747	$ 97,707	$ 83,966

6. Financial Assets and Liabilities

a) Fair value hierarchy

The following table presents the fair value hierarchy for financial assets and liabilities measured at fair value in the consolidated statement of financial position. During fiscal years 2024 and 2023, 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.

($ THOUSANDS)	Fair Value Measurements at Reporting Date			
	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
March 31, 2024				
Cash and cash equivalents	$ 12,969	$ -	$ 12,969	$ -
Fixed-income investments	8,782,434	-	7,881,132	901,302
Equity investments	4,137,960	-	3,342,294	795,666
Other financial investments	4,900,116	-	-	4,900,116
Total financial assets	$ 17,833,479	$ -	$ 11,236,395	$ 6,597,084
March 31, 2023				
Cash and cash equivalents	$ 25,957	$ -	$ 25,957	$ -
Fixed-income investments	10,553,154	-	9,745,431	807,723
Equity investments	4,590,725	-	4,590,725	-
Other financial investments	4,014,211	-	-	4,014,211
Total financial assets	$ 19,184,047	$ -	$ 14,362,113	$ 4,821,934

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, or if one does not exist, cost plus accrued interest. Bonds and money market pooled fund within Level 2 fixed-income investments are valued using the quoted market price or dealer quotes for similar instruments exchanged in active markets.

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

The fair values of the real estate pooled investments are provided by the investment managers and are based on the appraised or calculated market value plus the net assets and liabilities combined with any cash flows. The global mezzanine debt fund's valuations are provided by the investment managers and are based on the discounted cash flow method using yields of assets with similar characteristics combined with cash flows. The global infrastructure valuations are provided by the investment manager and are based on various methods such as the discounted cash flows, appraisals and audited financial statements. The private fixed-income funds and private equity funds valuations are provided by the investment manager and 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 fair value of directly held mortgages is determined to be consistent with Level 3 investments based on the inputs to the valuation technique used (note 2i). The consolidated mortgage fund's value is provided by the investment manager and 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.

($ THOUSANDS)	Fair Value Measurements using Level 3 Inputs	
	Equities and Other Financial Investments	
March 31, 2024		
Balance, beginning of year	$	4,821,934
Additions		2,715,108
Disposals		(1,054,824)
Market value adjustment		114,866
Balance, end of year	$	6,597,084
March 31, 2023		
Balance, beginning of year	$	3,969,529
Additions		2,124,628
Disposals		(1,405,137)
Market value adjustment		132,914
Balance, end of year	$	4,821,934

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

($ THOUSANDS)	2024				2023			
		Notional Amount		Fair Value		Notional Amount		Fair Value
Non-designated derivative instruments								
Assets								
Interest rate swap - investment properties	$	91,850	$	804	$	-	$	-
	$	91,850	$	804	$	-	$	-
Liabilities								
Forward contracts	$	2,360,156	$	8,947	$	2,387,682	$	45,598
Foreign exchange swaps		-		-		260,000		357
Interest rate swap - investment properties		-		-		91,850		747
	$	2,360,156	$	8,947	$	2,739,532	$	46,702

The Corporation uses foreign exchange forward contracts and swaps to hedge the foreign exchange risks associated with its foreign currency financial investments. The Corporation entered into an interest rate swap to naturally hedge the interest rate of one of the investment properties' mortgages. 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.

b) Other financial assets

Other financial assets include accrued interest and prepaids and other receivables. The fair values of the other financial assets approximate their carrying values due to their short-term nature, except for the fair value of the structured settlements, which is based on present value of future cash flows.

($ THOUSANDS)	2024	2023
Prepaids	$ 43,907	$ 43,289
Other receivables	263,897	178,807
	$ 307,804	$ 222,096
Accrued interest	28,497	46,717
Total other financial assets	$ 336,301	$ 268,813
Non-current portion	$ 16,425	$ 17,895

c) Financial liabilities

Financial liabilities include cheques outstanding, accounts payable and accrued charges, net bond repurchase agreements, investment-related and other liabilities, and lease liabilities. All financial liabilities are carried at cost or amortized cost. Except for lease liabilities, investment-related and other liabilities, the fair values of financial liabilities approximate their carrying values due to their short-term nature. The estimation of fair value of investment-related and other liabilities is discussed in note 7, and for lease liabilities in note 8.

As at March 31, 2024, the general ledger bank balances representing deposits in transit were $212.7 million (2023 – $159.9 million) and the general ledger bank balances representing outstanding cheques were $425.2 million (2023 – $375.1 million), netting to a cheques outstanding balance of $212.5 million (2023 – $215.2 million) on the consolidated statement of financial position.

7. Net Bond Repurchase Agreements, Investment Related and Other Liabilities

($ THOUSANDS)	2024	2023
	Carrying Value	Carrying Value
Net bond repurchase agreements	$ -	$ 1,772,205
Investment-related liabilities	97,047	105,728
Other liabilities	160,463	52,103
Total net bond repurchase agreements, investment-related, and other liabilities	$ 257,510	$ 1,930,036
Non-current portion	$ 97,249	$ 97,047

Investment-related liabilities are comprised of mortgage payable of $97.0 million (2023 – $105.7 million) with repayment terms ranging from within two years to five years (2023 – one year to six years) and interest rates ranging from 4.6% to 7.2% (2023 – 4.6% to 7.3%). The fair value of investment-related liabilities approximates carrying value. Other liabilities consist of accrued interest payable and unsettled trades. 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)		2024		2023
Up to 1 year	$	160,261	$	60,784
Greater than 1 year, up to 5 years		92,873		92,477
Greater than 5 years		4,376		4,570
	$	257,510	$	157,831

8. Lease Liabilities

Lease liabilities are as follows:

($ THOUSANDS)		2024		2023
Up to 1 year	$	12,983	$	11,406
Greater than 1 year, up to 5 years		34,384		34,805
Greater than 5 years		19,324		12,593
Total undiscounted lease liabilities balance, end of year	$	66,691	$	58,804
Total discounted lease liabilities balance, end of year	$	57,125	$	52,313
Current	$	12,511	$	10,784
Non-current	$	44,614	$	41,529

The fair value of lease liabilities is the present value of cash flows over the remaining term of the leases.

As at March 31, 2024, the Corporation did not have any leases committed to but not yet commenced (note 23). As at March 31, 2024, 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 $30.5 million (2023 – $31.6 million).

9. 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, and economic changes, including 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), high inflation (note 3i), and material damage supply chain issues and labour shortage (note 3j).

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 37% (2023 – 40%) of current year claims costs, and 88% (2023 – 93%) 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 14.

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 product. 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 with respect to Basic insurance and applies to the BCUC for approval to change its Basic insurance rate. The Corporation is required to make Basic insurance rate applications and 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.

For the 2023 policy year, the Corporation has applied to the BCUC for a Basic rate change of 0.0%. The Basic rate application includes a government-directed capital provision equal to an amount of 7.0% of required premium, which is expected to allow the Corporation to continue to rebuild its depleted capital over the 24-month term of policy year 2023 (note 21).

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

b) Financial risk

Concentration of financial risk

The Corporation establishes investment portfolio level targets and limits with the objective of ensuring that portfolios are diversified across asset classes and individual investment risks. The Corporation reviews investment positions and risk exposures for concentration risk.

As at March 31, 2024, the equity and other financial investments portfolios were 29.0% (2023 – 28.6%) invested in the real estate sector, 12.6% (2023 – 12.9%) in the information technology sector, and 11.1% (2023 – 10.4%) in the financial sector. The bond portfolio was 56.0% (2023 – 50.2%) invested in the government sector and 19.1% (2023 – 24.1%) invested in the financial sector. See credit risk for a discussion of the government bonds.

Concentration of geographical risk

Geographical concentration risk arises when the investments are located in the same geographical region. The Corporation reduces geographical concentration risk by dispersing the investments in more than one geographical region. The Corporation is invested in diversified global pooled funds. As at March 31, 2024, the investment portfolio was 57.6% (2023 – 62.1%) invested in Canada, 30.8% (2023 – 26.0%) invested in the United States, and 11.6% (2023 – 11.9%) was invested elsewhere around the world.

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, 2024, 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 $1.39 billion (2023 – $1.22 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 have a direct impact on the market valuation of the Corporation’s directly held fixed-income portfolio. The Corporation is also indirectly exposed to interest rate risk through its investments in fixed-income pooled funds and fixed-income investments held through investment entities.

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 2024 and 2023, 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, 2024 and 2023:

As at March 31, 2024	Net income	
	100 bps Increase	**100 bps Decrease**
Liabilities for incurred claims	$ 298,611	$ (333,689)
Financial investments[1]	(102,567)	102,567
Total	$ 196,044	$ (231,122)

As at March 31, 2023	Net income	
	100 bps Increase	**100 bps Decrease**
Liabilities for incurred claims	$ 354,445	$ (394,055)
Financial investments[1]	(181,734)	181,734
Total	$ 172,711	$ (212,321)

[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. The Corporation is also indirectly exposed to credit risk through its investments in fixed-income pooled funds and fixed-income investments held through investment entities. The total direct credit risk exposure is $3.86 billion (2023– $5.64 billion).

Fixed-income investments

Fixed-income investments with direct exposure to credit risk are comprised of directly held bonds and mortgages. The Corporation mitigates its overall exposure to credit risk in its fixed-income investments by holding the majority of its directly held fixed-income portfolio in investment grade bonds, and by limiting fixed-income credit investments to a maximum of 24.0% (2023 – 28.0%) of total investment assets. Credit risk in mortgages is mitigated by the security of the underlying mortgaged property.

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.

The maximum credit risk exposure for fixed-income investments pertain to directly held bond investments and to directly held mortgage investments; however, the Corporation considers Canadian government bonds to be risk-free. Therefore, the total fair value is $2.36 billion (2023 – $3.96 billion). There is minimal credit risk exposure to cash.

The counterparty risk associated with repurchase agreements is not material.

The Corporation's bonds by credit quality according to Standard and Poor's are as follows:

($ THOUSANDS)	2024	2023
Bonds		
AAA	$ 1,689,522	$ 3,049,389
AA	280,835	677,047
A	1,402,541	2,226,728
BBB	531,808	926,909
	$ 3,904,706	$ 6,880,073

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. A fair value loss of $nil for the fiscal year ended March 31, 2024 and 2023 is 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, 2024, the Corporation considered $149.3 million (2023 – $138.0 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 $35.4 million (2023 – $36.7 million). The Corporation has policies that require reinsurers to have a minimum credit rating of A-. No single reinsurer represents more than 25% of the total reinsurance placement in a contract year. Both these items mitigate the Corporation's exposure to credit risk. No amount owing from the reinsurers was considered impaired as at March 31, 2024 or March 31, 2023.

($ THOUSANDS)	2024	2023
Assets for remaining coverage	$ 33	$ 4,272
Assets for incurred claims	35,375	32,397
Reinsurance contract assets (note 15)	$ 35,408	$ 36,669

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. 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 government bonds and other 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. The following table summarizes the maturity profile of the Corporation's fixed-income investments by contractual maturity or expected cash flow dates:

($ THOUSANDS)	Within One Year	One Year to Five Years	After Five Years	Total
March 31, 2024				
Bonds				
Canadian				
Federal	$ -	$ 1,582,094	$ 15,166	$ 1,597,260
Provincial	-	675,397	-	675,397
Municipal	-	9,807	-	9,807
Corporate	302,169	1,140,234	179,839	1,622,242
Total bonds	302,169	3,407,532	195,005	3,904,706
Mortgages	47,905	4,642	-	52,547
	$ 350,074	$ 3,412,174	$ 195,005	$ 3,957,253
March 31, 2023				
Bonds				
Canadian				
Federal	$ -	$ 2,985,409	$ -	$ 2,985,409
Provincial	-	1,179,487	-	1,179,487
Municipal	-	-	-	-
Corporate	355,473	2,236,805	122,899	2,715,177
Total bonds	355,473	6,401,701	122,899	6,880,073
Mortgages	7,944	53,112	-	61,056
	$ 363,417	$ 6,454,813	$ 122,899	$ 6,941,129

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 has direct foreign exchange risk on its US pooled fund investments. A 10% change in the US exchange rate as at March 31, 2024 would change the fair value of the US pooled fund investments and result in a change to profit or loss of $34.5 million (2023 – $43.3 million). However, this is mitigated by the use of forward contracts and swaps (note 6a). The Corporation does not have direct foreign exchange risk on its money market securities, global equity, global real estate, mortgage funds, and infrastructure & renewable resources investments; however, the Corporation is exposed to indirect foreign exchange risk.

The Corporation has policies in place to limit and monitor its exposure to currency risks.

10. Investment Income and Net Insurance Finance Expenses

($ THOUSANDS)	2024	2023
Interest income		
Fixed-income investments	$ 472,354	$ 368,350
Other financial investments	14,046	16,002
	486,400	384,352
Dividends, distributions, and other income (expenses)		
Equity investments	256,692	126,580
Other financial investments	227,615	205,603
Income from investment properties	4,742	7,876
Impairment loss - investment properties	(5,159)	(5,477)
Investment management fees	(39,168)	(33,683)
Other	(71,924)	23,649
	372,798	324,548
Gains (losses) on investments		
Fixed-income investments	(153,244)	(280,513)
Equity investments	76,271	89,749
Other financial investments	(40,871)	(52,005)
	(117,844)	(242,769)
Unrealized gains (losses) from fair value changes		
Financial investments	648,353	(85,962)
Derivative financial instruments	37,009	(68,579)
	685,362	(154,541)
Total investment income	$ 1,426,716	$ 311,590

($ THOUSANDS)	2024	2023
Amounts recognized in investment income for investment properties		
Rental income	$ 42,753	$ 54,309
Direct operating expenses that generated rental income	(38,174)	(45,541)
Direct operating expenses (recoveries) that did not generate rental income	163	(892)
Income from investment properties	4,742	7,876
Gain on sale of investment properties	9,675	69,567
Total amount recognized in investment income	$ 14,417	$ 77,443

($ THOUSANDS)	2024	2023
Insurance finance expenses		
Finance expenses from insurance contracts	$ (431,470)	$ (106,686)
Finance income from reinsurance contracts	1,094	416
Net insurance finance expenses	$ (430,376)	$ (106,270)

During fiscal year 2024, net investment income from financial investments designated as FVTPL is $136.0 million (2023 - $75.2 million).

11. Property and Equipment

($ THOUSANDS)	Land	Buildings	Furniture & Equipment	Leasehold Improvements	Total
March 31, 2024					
Cost					
Balance, beginning of year	$ 30,448	$ 178,722	$ 123,324	$ 30,051	$ 362,545
Additions	-	3,055	8,153	3,025	14,233
Disposals	(5,386)	(905)	(4,842)	(285)	(11,418)
Balance, end of year	25,062	180,872	126,635	32,791	365,360
Accumulated depreciation					
Balance, beginning of year	-	154,134	81,932	18,968	255,034
Disposals	-	(905)	(4,842)	(285)	(6,032)
Depreciation charge for the year	-	2,303	10,406	2,924	15,633
Balance, end of year	-	155,532	87,496	21,607	264,635
Net book value, end of year	$ 25,062	$ 25,340	$ 39,139	$ 11,184	$ 100,725
March 31, 2023					
Cost					
Balance, beginning of year	$ 30,699	$ 182,518	$ 135,901	$ 28,001	$ 377,119
Additions	-	923	10,004	2,058	12,985
Disposals	(251)	(4,719)	(22,581)	(8)	(27,559)
Balance, end of year	30,448	178,722	123,324	30,051	362,545
Accumulated depreciation					
Balance, beginning of year	-	156,141	94,155	16,237	266,533
Disposals	-	(4,311)	(22,579)	(5)	(26,895)
Depreciation charge for the year	-	2,304	10,356	2,736	15,396
Balance, end of year	-	154,134	81,932	18,968	255,034
Net book value, end of year	$ 30,448	$ 24,588	$ 41,392	$ 11,083	$ 107,511

12. Lease Assets

($ THOUSANDS)	Leased Facilities	Leased Equipment	Leased Computer Hardware	Leased Computer Software Intangibles	Total
March 31, 2024					
Cost					
Balance, beginning of year	$ 73,489	$ 2,802	$ 5,875	$ 28,796	$ 110,962
Additions	9,468	60	-	9,250	18,778
Disposals	(2,202)	-	-	-	(2,202)
Balance, end of year	80,755	2,862	5,875	38,046	127,538
Accumulated depreciation					
Balance, beginning of year	31,557	2,722	2,121	19,799	56,199
Disposals	(2,202)	-	-	-	(2,202)
Depreciation charge for the year	7,831	34	1,043	6,172	15,080
Balance, end of year	37,186	2,756	3,164	25,971	69,077
Net book value, end of year	$ 43,569	$ 106	$ 2,711	$ 12,075	$ 58,461
March 31, 2023					
Cost					
Balance, beginning of year	$ 62,812	$ 2,805	$ 4,051	$ 28,796	$ 98,464
Additions	10,882	65	1,824	-	12,771
Disposals	(205)	(68)	-	-	(273)
Balance, end of year	73,489	2,802	5,875	28,796	110,962
Accumulated depreciation					
Balance, beginning of year	23,953	2,739	1,232	14,334	42,258
Disposals	(205)	(43)	-	-	(248)
Depreciation charge for the year	7,809	26	889	5,465	14,189
Balance, end of year	31,557	2,722	2,121	19,799	56,199
Net book value, end of year	$ 41,932	$ 80	$ 3,754	$ 8,997	$ 54,763

13. Intangible Assets

($ THOUSANDS)	2024	2023
Cost		
Balance, beginning of year	$ 571,362	$ 562,455
Additions	30,642	15,475
Disposals	(60,802)	(6,568)
Balance, end of year	541,202	571,362
Accumulated amortization		
Balance, beginning of year	367,165	310,288
Disposals	(60,802)	(6,568)
Amortization charge for the year	58,969	63,445
Balance, end of year	365,332	367,165
Net book value, end of year	$ 175,870	$ 204,197

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 $23.2 million (2023 – $10.1 million) in assets under development.

Management conducted an impairment assessment and concluded no significant impairment indicators.

There were no indefinite life intangible assets as at March 31, 2024 and March 31, 2023.

14. 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 typically employs three standard actuarial methods to analyze the ultimate claims costs, augmented by more in-depth analyses as needed:

- 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.

An additional method is employed to address the particularly complex legal-based injury claims environment, which includes shifts in the legal representation rate, the frequency mix of claims by severity of injury, and the settlement rate of claims. This additional method uses legal status and claim severity 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.

The cost of injury claims associated with accidents occurring on or after April 1, 2019 but before May 1, 2021 are estimated from the methods described above. Severity estimates for accident benefits claims also make use of assumptions consistent with the pricing model used to establish the premium rate for policies in effect at the time, which includes assumptions about income distribution and proportion of injured claimants that have access to collateral benefits.

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 3h3hi), 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, and with additional relevant information regarding inflation expectations and claim severity from other jurisdictions with similar products.

A second additional method has been introduced 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.

An additional method has been applied to estimate the cost of basic vehicle damage claims and optional collision and comprehensive claims. The Corporation has observed a high rate of growth in the average cost of repair and total loss claims in the most recent fiscal years, concurrent with some delay in the ability of repair facilities to complete repairs, which affects the timing and development of losses. The additional method is based on the development of paid severities.

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.

Changes in Assumptions

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 both current and prior years' LIC of $35.1 million (2023 – favourable adjustment of $391.3 million). Yield curves used to discount cash flow for insurance and reinsurance contracts are as follow:

	One Year	Five Years	Ten Years	Twenty Years	Thirty Years
March 31, 2024	5.47%	4.89%	5.09%	5.21%	5.06%
March 31, 2023	5.47%	4.73%	4.87%	5.24%	4.94%

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

Change in loss development assumptions

Actuarial assumptions pertaining to loss and count development for all coverages were reviewed and revised in light of an additional year of actual experience. There were material changes in development assumptions.

The Corporation has observed further increases in the time from when a vehicle damage claim is reported to when the vehicle is repaired. The disruption in supply chains related to the economic impacts of the COVID-19 global pandemic, and the shortage of skilled labour in the car repair industry, continue to impact claims more than 2 years beyond the date of loss. In response, claims development assumptions for vehicle damage claims have been adjusted to reflect that these claims are expected to be paid out over a longer time period than was previously assumed. This represents a change from fiscal year 2023, where the corresponding development assumptions returned to baseline patterns beyond 2 years. The change in assumptions to reflect the increased time to pay vehicle damage claims has increased the liabilities for incurred claims by $133.0 million, holding all other assumptions constant.

The severity of large bodily injury claims paid in fiscal year 2024 was unusually low relative to prior fiscal years. Assumptions regarding the future severity of bodily injury claims have relied on a trended average of the most recent ten years, in order to put less weight on the unusual experience from the current year. This represents a change from fiscal year 2023, where the trended average was taken over a baseline period (the most recent six years). This change in assumptions for large bodily injury claims has the effect of increasing the liability for incurred claims by $64.5 million, holding all other assumptions constant.

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 and net income in the table below. Movements in these assumptions may be non-linear and may be correlated with one another.

($ THOUSANDS)		2024	2023
Assumption	**Sensitivity**		
Discount rate	+ 1ppt[1]	$ (298,600)	$ (310,600)
Discount rate	- 1ppt	$ 333,700	$ 341,400
Future emergence of large bodily injury claims	+ 10%	$ 252,700	$ 401,300
Severity of unpaid bodily injury claims	+ 10%	$ 707,900	$ 936,900
Severity of unpaid Enhanced Accident Benefit claims	+ 10%	$ 212,000	$ 223,300
Severity of unpaid Material Damages claims	+ 10%	$ 115,100	$ 85,000

[1] *ppt = percentage point*

In fiscal year 2023, the sensitivity to a 1ppt change in future inflation rates ($184.3 million) was included due to a significantly heightened uncertainty in the inflation forecast as at March 31, 2023. In fiscal year 2024, the inflation has stabilized and there is much less uncertainty in its forecast as at March 31, 2024. Therefore, inflation is no longer considered relevant to represent a significant sensitivity scenario.

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

($ THOUSANDS)	2024				2023			
	Liabilities for remaining coverage	Liabilities for incurred claims		Total	Liabilities for remaining coverage	Liabilities for incurred claims		Total
	Excluding Loss Component	Estimates of present value of future cash flows	Risk Adjustment		Excluding Loss Component	Estimates of present value of future cash flows	Risk Adjustment	
Insurance contract liabilities, beginning of year	$ 1,137,044	$ 11,388,746	$ 1,184,491	$ 13,710,281	$ 1,486,930	$ 12,077,043	$ 1,239,600	$ 14,803,573
Insurance revenue	(5,471,703)	-	-	(5,471,703)	(5,421,304)	-	-	(5,421,304)
Insurance service expenses								
Incurred claims	-	3,814,565	286,947	4,101,512	-	3,458,424	167,868	3,626,292
Directly attributable expenses	-	616,635	-	616,635	-	598,952	-	598,952
Insurance acquisition expenses	-	766,304	-	766,304	-	689,597	-	689,597
Changes that relate to past service - adjustments to the LIC	-	(208,640)	(499,480)	(708,120)	-	500,747	(222,977)	277,770
	-	4,988,864	(212,533)	4,776,331	-	5,247,720	(55,109)	5,192,611
Insurance service result	(5,471,703)	4,988,864	(212,533)	(695,372)	(5,421,304)	5,247,720	(55,109)	(228,693)
Insurance finance expenses	-	431,470	-	431,470	-	106,686	-	106,686
Total changes in statement of comprehensive income	(5,471,703)	5,420,334	(212,533)	(263,902)	(5,421,304)	5,354,406	(55,109)	(122,007)
Cash flows								
Premiums received	5,983,002	-	-	5,983,002	5,071,418	-	-	5,071,418
Claims and other expenses paid	-	(6,051,249)	-	(6,051,249)	-	(5,378,581)	-	(5,378,581)
Insurance acquisition cash flows	-	(770,693)	-	(770,693)	-	(664,122)	-	(664,122)
Total cash flows	5,983,002	(6,821,942)	-	(838,940)	5,071,418	(6,042,703)	-	(971,285)
Insurance contract liabilities, end of year	$ 1,648,343	$ 9,987,138	$ 971,958	$ 12,607,439	$ 1,137,044	$ 11,388,746	$ 1,184,491	$ 13,710,281

During fiscal year 2024, the Corporation approved the issuing of a Rebate totalling $398.2 million to policyholders who had an active eligible Basic insurance certificate that was in effect during the month of February 2024. As at March 31, 2024, the Rebate amount of $398.2 million is reflected as a reduction in insurance revenue in the consolidated statement of comprehensive income, and the payable is included in insurance contract liabilities in the consolidated statement of financial position.

The Corporation has assessed and identified no onerous insurance contracts for the fiscal year ended March 31, 2024 and 2023.

Claims development table

The top half of the table illustrates how the Corporation's estimate of total 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.

As a result of the change in year-end in fiscal 2017, there are two claims development tables: one as at March 31, 2024 and one as at December 31, 2015. The Corporation changed from a December 31 to a March 31 year end in fiscal 2017, and therefore there are eight years of historical data in the first table as at March 31, 2024.

Claims development table as at March 31, 2024:

($ THOUSANDS)

Fiscal Loss Year*	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	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	
- One year later	-	4,037,775	4,529,126	5,229,618	5,312,311	4,155,162	3,169,382	3,298,887	3,735,449	-	
- Two years later	3,695,574	4,184,489	4,762,695	5,490,881	5,326,839	4,118,627	2,895,013	3,255,603	-	-	
- Three years later	3,757,390	4,450,883	5,015,000	5,483,201	5,410,875	3,864,190	2,934,926	-	-	-	
- Four years later	3,960,331	4,595,394	4,948,037	5,516,400	5,771,575	3,955,376	-	-	-	-	
- Five years later	4,072,014	4,581,417	4,964,606	5,905,928	5,808,253	-	-	-	-	-	
- Six years later	4,047,419	4,627,181	5,213,142	5,908,891	-	-	-	-	-	-	
- Seven years later	4,045,981	4,734,545	5,237,148	-	-	-	-	-	-	-	
- Eight years later	4,094,782	4,750,260	-	-	-	-	-	-	-	-	
- Nine years later	4,089,231	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims (gross)	4,089,231	4,750,260	5,237,148	5,908,891	5,808,253	3,955,376	2,934,926	3,255,603	3,735,449	4,233,213	43,908,350
Cumulative payment of claims (gross)	(3,867,394)	(4,397,000)	(4,612,080)	(4,685,417)	(4,065,459)	(2,651,606)	(1,968,983)	(2,291,748)	(2,512,615)	(1,906,550)	(32,958,852)
Cumulative claims liabilities (gross) - fisca	$ 221,837	$ 353,260	$ 625,068	$ 1,223,474	$ 1,742,794	$ 1,303,770	$ 965,943	$ 963,855	$ 1,222,834	$ 2,326,663	$ 10,949,498
Cumulative claims liabilities (gross) - prior years											$ 305,195
Undiscounted unallocated loss adjustment expense reserve											705,536
Effect of discounting											(2,108,088)
Effect of the risk adjustment margin for non-financial risk											971,957
Other directly attributable expenses expected to be paid within one year											134,997
Total Liability for incurred claims (gross)											**$ 10,959,096**

*Fiscal Loss Year refers to the year ended March 31

The table above reflects the total LIC of $10.96 billion (2023 – $12.57 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 (2023 – $0.03 billion) would be $10.92 billion (2023 – $12.54 billion). The cumulative payments of fiscal loss year 2024 for the year ended March 31, 2024 are $1.91 billion (2023 – $1.71 billion).

The history for two prior periods ending December 31 is shown in the below claims development table as at December 31, 2015 due to the Corporation's change in year end in fiscal 2017:

($ THOUSANDS)		
Accident Year	**2014**	**2015**
Estimate of undiscounted ultimate claims costs:		
- At end of accident year	$ 3,372,304	$ 3,765,040
- One year later	3,518,858	-
- Two years later	-	-

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, 2024	$ 3,952,415	$ 2,284,355	$ 1,379,382	$ 881,910	$ 565,073	$ 2,897,094	$ 11,960,229
March 31, 2023	$ 4,298,305	$ 2,632,441	$ 1,821,372	$ 1,157,010	$ 701,802	$ 2,626,197	$ 13,237,127

The claims liabilities for future payment beyond one year is $8.01 billion (2023 – $8.94 billion). There is no amounts payable on demand in 2024 and 2023.

The weighted-average term to settlement of the discounted claims liabilities as at March 31, 2024 is 3.1 years (2023 – 2.8 years).

15. 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, 2024 and 2023 as follows:

a) For individual catastrophic occurrences, portions of losses up to $275.0 million (2023 – $275.0 million) in excess of $50.0 million (2023 – $50.0 million); and
b) For individual casualty loss occurrences, portions of losses up to $43.0 million (2023 – $44.0 million) in excess of $7.0 million (2023 – $6.0 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)	2024				2023			
	Assets for Remaining Coverage	Amounts Recoverable on Incurred Claims		Total	Assets for Remaining Coverage	Amounts Recoverable on Incurred Claims		Total
	Excluding Loss Recovery Component	Estimates of present value of future cash flows	Risk Adjustment		Excluding Loss Recovery Component	Estimates of present value of future cash flows	Risk Adjustment	
Net reinsurance contract assets, beginning of year	$ 4,272	$ 29,468	$ 2,929	$ 36,669	$ 4,296	$ 39,381	$ 3,839	$ 47,516
Allocation of reinsurance premiums	(16,856)	-	-	(16,856)	(14,046)	-	-	(14,046)
Amounts recoverable for incurred claims and other expenses	-	7,363	30	7,393	-	2,212	(910)	1,302
Net income (expense) from reinsurance contracts held	(16,856)	7,363	30	(9,463)	(14,046)	2,212	(910)	(12,744)
Reinsurance finance income	-	1,094	-	1,094	-	416	-	416
Total changes in comprehensive income	(16,856)	8,457	30	(8,369)	(14,046)	2,628	(910)	(12,328)
Cash flows								
Premiums paid	12,617	-	-	12,617	14,022	-	-	14,022
Amounts received	-	(5,509)	-	(5,509)	-	(12,541)	-	(12,541)
Total cash flows	12,617	(5,509)	-	7,108	14,022	(12,541)	-	1,481
Net reinsurance contract assets, end of year	$ 33	$ 32,416	$ 2,959	$ 35,408	$ 4,272	$ 29,468	$ 2,929	$ 36,669

16. 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 life insurance premiums, extended healthcare, and dental 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 and the MoveUP Plan actuarial valuations are as at December 31, 2021 and the post-retirement benefits actuarial valuation is as at January 1, 2022. Updated actuarial valuations for the Management and Confidential Plan and the MoveUP Plan are expected to be no later than December 31, 2024. 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**	
	2024	**2023**	**2024**	**2023**
Weighted-average duration	18 years	18 years	13 years	13 years
Proportion of obligation in respect of:				
- Active members	44.6%	44.2%	40.8%	40.8%
- Deferred members	6.8%	6.9%	0.0%	0.0%
- Retired members	48.6%	48.9%	59.2%	59.2%

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 2024, 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 $39.2 million, net of a withdrawal from the SRA (2023 – $44.1 million). Estimated employer contributions for the year ending March 31, 2025 are $54.6 million, excluding any withdrawal from the SRA. The estimate is based on the plans' most recent actuarial funding valuations.

As at March 31, 2024, the Corporation secured certain solvency funding requirements through payments made into the SRA totalling $0.0 million (2023 – $ 0.2 million). 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, 2022, solvency and transfer deficiency payments are no longer required. Furthermore, the Corporation received Superintendent consent to withdraw a portion of the Plan's accessible solvency excess from the SRA. Consequently, on October 20, 2023, the Corporation received $10.5 million as a withdrawal.

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	
	2024	2023	2024	2023	2024	2023
Assets						
Accrued pension benefits	$ 262,336	$ 202,685	$ -	$ -	$ 262,336	$ 202,685
Liabilities						
Pension and post-retirement benefits	(26,415)	(24,977)	(145,263)	(138,184)	(171,678)	(163,161)
Net total asset (liability)	$ 235,921	$ 177,708	$ (145,263)	$ (138,184)	$ 90,658	$ 39,524

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. The net total asset for all of the Corporation's pension plans and post-retirement benefits as at March 31, 2024 is $90.6 million (2023 – $39.5 million) asset, which is reflected in the consolidated statement of financial position as a $262.3 million (2023 - $202.7 million) asset and a $171.7 million (2023 - $163.2 million) liability as illustrated in the table above.

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

($ THOUSANDS)	Pension Plans		Post-Retirement Benefits	
	2024	2023	2024	2023
Plan assets				
Fair value, beginning of year	$ 2,810,453	$ 2,847,487	$ -	$ -
Interest on plan assets	140,914	116,606	-	-
Actuarial gain (loss) on assets	174,362	(124,188)	-	-
Employer contributions	32,599	38,175	6,600	5,922
Employee contributions	41,785	36,687	-	-
Benefits paid	(109,146)	(103,414)	(6,600)	(5,922)
Non-investment expenses	(600)	(900)	-	-
Fair value, end of year	3,090,367	2,810,453	-	-
Defined benefit obligation				
Balance, beginning of year	2,541,836	2,640,232	138,184	148,223
Current service cost	82,067	94,679	5,443	7,428
Interest cost	129,413	110,486	7,002	6,214
Remeasurements on obligation				
- due to changes in financial assumptions	88,421	(228,890)	1,234	(20,058)
- due to changes in demographic assumptions	-	-	-	(1,343)
- due to participant experience	81	28,743	-	3,642
Benefits paid	(109,146)	(103,414)	(6,600)	(5,922)
Balance, end of year	2,732,672	2,541,836	145,263	138,184
Funded status – plans in deficit	(26,415)	(24,977)	(145,263)	(138,184)
Funded status – plans in surplus	384,110	293,594	-	-
Funding surplus (deficit)	357,695	268,617	(145,263)	(138,184)
Impact of surplus derecognition	(121,774)	(90,909)	-	-
Net total asset (liability)	$ 235,921	$ 177,708	$ (145,263)	$ (138,184)

The net total expense for the pension plans and post-retirement benefits is $46.4 million (2023 – $66.4 million). In addition, the Corporation contributed $0.3 million in 2024 (2023 – $0.3 million) to the BC Public Service Pension Plan.

Assets

The pension plans' assets consist of:

	Percentage of Plan Assets	
	2024	**2023**
Cash, cash equivalent and accrued interest	0.5%	1.5%
Fixed-income investments		
Money market funds	0.8%	1.0%
Bond funds	8.1%	7.5%
Government bonds	11.6%	10.7%
Corporate bonds	5.3%	6.5%
Mortgage funds	0.9%	0.2%
Mortgages	0.8%	0.3%
Equity investments		
Domestic	3.6%	5.3%
Global	39.0%	36.0%
Other financial investments		
Domestic real estate	7.2%	8.6%
Global real estate	6.3%	7.7%
Global infrastructure	5.2%	4.7%
Global mezzanine debt	0.7%	1.0%
Private assets	10.0%	9.0%
	100.0%	100.0%

Fixed-income funds, 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 11.3% (2023 – negative 0.3%) for the year ended March 31, 2024.

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, 2024 and March 31, 2023, 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	
	2024	2023	2024	2023
Discount rate	4.97%	5.04%	4.93%	4.99%
Rate of compensation increase	3.02%	3.02%	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:

2024		2023	
Life expectancy at 65 for a member currently		Life expectancy at 65 for a member currently	
Age 65	Age 45	Age 65	Age 45
24.1	25.4	24.0	25.3

As at March 31, 2024, the extended healthcare trend rate is assumed to be 4.9% per annum, changing over sixteen years to 4.1% per annum thereafter. As at March 31, 2023, the extended healthcare trend rate is assumed to be 4.7% per annum for the first year, changing over seventeen years to 4.1% per annum thereafter.

The plans' sensitivity to significant assumptions is shown below:

($ THOUSANDS)	Pension Plans		Post-Retirement Benefits	
	2024	2023	2024	2023
Estimated increase in defined benefit obligation - end of year due to:				
1ppt[1] decrease in discount rate	$ 493,913	$ 452,415	$ 18,814	$ 17,824
1ppt increase in salary increase rate	$ 78,783	$ 70,087	n/a	n/a
1ppt increase in pension inflation rate	$ 375,023	$ 345,824	n/a	n/a
1ppt increase in healthcare trend rate	n/a	n/a	$ 7,681	$ 7,308
1 year increase in life expectancy	$ 74,176	$ 69,090	$ 2,631	$ 2,506

[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.

17. Expenses by Nature

($ THOUSANDS)		2024		2023
Expenses – by nature				
Premium taxes and commissions	$	763,696	$	687,517
Employee benefit expense:				
Compensation and other employee benefits		560,200		519,360
Pension and post-retirement benefits (note 16)		46,684		66,719
Professional and other services		47,928		40,447
Road improvements and other traffic safety programs		34,411		31,125
Building operating expenses		26,318		26,905
Merchant and bank fees		48,995		42,879
Office supplies and postage		22,280		22,717
Computer costs		37,963		36,066
Depreciation and amortization (notes 11 and 13)		74,602		78,841
Depreciation for lease assets (note 12)		15,080		14,189
Interest expense on lease liabilities		2,284		2,053
Other		27,463		34,736
	$	1,707,904	$	1,603,554
Expenses by operation				
Insurance operations				
Premium taxes, commissions and other acquisition costs[1]	$	766,304	$	689,597
Claims services[1]		439,515		431,813
Directly attributable operating expenses[1]		126,110		117,669
Road safety and loss management services[1]		51,010		49,470
Other operating expenses		140,498		143,585
Non-insurance operations				
Operating expenses		144,328		134,551
Commissions		40,139		36,869
	$	1,707,904	$	1,603,554

[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 14 Insurance contract liabilities - Reconciliation of the liability for remaining coverage and liability for incurred claims

18. 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*.

All transactions with the Corporation's subsidiary companies occurred in the normal course of investing in investment properties (note 2k), pooled funds and investment entities (note 6a).

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)	2024	2023
Key management compensation		
Compensation and other employee benefits	$ 5,050	$ 4,925
Pension and post-retirement benefits	511	537
	$ 5,561	$ 5,462

As at March 31, 2024, $0.7 million (2023 – $0.5 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 16. As at March 31, 2024, $1.5 million (2023 – $1.4 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, 2024, the Corporation incurred $2.4 million (2023 – $2.5 million) in administrative expenses and investment governance fees on behalf of these plans interest-free.

19. 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, including the management of ongoing business risks and protection of 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 the Corporation to determine capital targets in accordance with a capital management plan approved by the BCUC (note 21).

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, BCUC approved the Corporation's revenue requirement application for a 0.0% rate change for policy year 2023 (note 23).

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 reflects the Corporation's risk profile, risk appetite, and risk tolerance.

The Corporation continues to benefit from product reforms (notes 3g and 3h) that contribute to the financial stability of the insurance system, and is building Basic capital over time as a result of the capital provision included in Basic rates.

For fiscal year 2024, the Corporation had higher than expected investment income, which has enabled the Corporation to approve a $398.2 million premium rebate (note 14) to policyholders while continuing to grow capital.

20. 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, 2024 is approximately $0.91 billion (2023 – $0.94 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, 2024, 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, 2024 were $1.94 billion (2023 – $1.84 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, 2024, unfunded commitment was $59.9 million USD (2023 – $58.0 million USD).

c) Pending Litigation

A notice of civil claim was filed in March 2020 against the Corporation and the Province of B.C. The proposed class action alleges the Corporation has been making payments to the provincial Medical Services Plan contrary to law. It is further alleged that the payments have cost ratepayers hundreds of millions of dollars, driving up insurance costs (ratepayer claim) and have also caused accident victims to receive fewer benefits (accident victim claim). In April 2022 the British Columbia Supreme Court dismissed the plaintiff's application for certification of the ratepayer claim, but certified the class for the accident victim claim. Both parties appealed and the appeal was heard in May 2023. On December 19, 2023, the Court of Appeal set aside the dismissal of the certification of the ratepayer claims and set back to the chambers judge for consideration of the remaining certification requirements and also dismissed the Corporation's appeal seeking de-certification of the accident victim claim. This means that the class action for the accident victim claims will proceed. At this stage of the proceedings, the probability of success on the accident victim claim cannot be determined; however, any potential financial impact to the Corporation would not be significant.

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. At this stage of the proceeding, the probability of success cannot be determined.

In March 2024, a claim was filed against the Attorney General of BC 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*. The application was heard in April 2024 and the judge reserved their decision. At this very early stage of the proceedings, the probability of success cannot be determined and the financial effect can vary depending on the outcome.

21. 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 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, including that, rates are not based on age, gender or marital status.

The BCUC is required to approve 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 line of business, to ensure that the Corporation has sufficient Basic insurance capital, and to ensure that increases or decreases in rates are phased in, in a relatively stable and predictable manner.

The BCUC initiates regulatory processes upon application by the Corporation but may also do so on its own initiative. It may make use of processes such as a 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.

As required by the regulatory framework, the Corporation maintains a Basic insurance capital management plan that is reviewed and approved by the BCUC. As discussed in note 19, certain sections of the Basic insurance capital management plan were superseded by the December 2022 amendments to *Special Direction IC2*, which also defined the 2023 policy year as 24 months (April 1, 2023 to March 31, 2025) (note 23).

On October 11, 2023, BCUC approved the Corporation's proposed Basic insurance rate change of 0.0% for policy year 2023. BCUC had previously approved a 15.0% decrease in Basic insurance rates for policy year 2021.

22. Indirect Method Cash Flow Details

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

($ THOUSANDS)		March 31 2024		March 31 2023
a) Items not requiring the use of cash				
Bad debt expense	$	13,107	$	9,993
Pension and post-retirement benefits (notes 16 and 17)		46,684		66,719
Amortization and depreciation of:				
Investment properties (note 5)		19,788		21,802
Property, equipment and intangibles (notes 11 and 13)		74,602		78,841
Lease assets (note 12)		15,080		14,189
Retirement of property, equipment and intangibles		(15,951)		167
Impairment loss on investment properties (notes 5 and 10)		5,159		5,477
Interest on lease liabilities		2,351		2,054
Interest on mortgages payable		157		(158)
Unrealized (gain) loss on financial investments (note 10)		(648,353)		85,962
Unrealized (gain) loss on derivative financial instruments (note 10)		(37,009)		68,579
Gain on sale of investment properties (note 10)		(9,675)		(69,567)
Loss on financial investments		60,409		127,233
	$	(473,651)	$	411,291
b) Changes in non-cash working capital				
Accrued interest	$	18,220	$	(6,693)
Derivative financial instruments		(1,550)		746
Reinsurance assets		1,261		10,847
Accrued pension benefits		(3,557)		(13,265)
Prepaids and other receivables		(27,988)		(8,562)
Accounts payable and accrued charges		5,614		(14,024)
Net bond repurchase agreements, investment-related, and other liabilities		(41,075)		5,081
Premiums and fees received in advance		3,109		7,092
Insurance contract liabilities		(1,102,842)		(1,093,292)
Pension and post-retirement benefits		(35,926)		(31,137)
	$	(1,184,734)	$	(1,143,207)

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, 2023	Financing cash flows	Non-cash changes	March 31, 2024
Net bond repurchase agreements (note 7)	$ 1,772,205	$ (1,772,205)	$ -	$ -
Lease liabilities (note 8)	52,313	(15,705)	20,517	57,125
	$ 1,824,518	$ (1,787,910)	$ 20,517	$ 57,125

($ THOUSANDS)	March 31, 2022	Financing cash flows	Non-cash changes	March 31, 2023
Net bond repurchase agreements (note 7)	$ 1,947,260	$ (136,037)	$ (39,018)	$ 1,772,205
Lease liabilities (note 8)	53,670	(15,480)	14,123	52,313
	$ 2,000,930	$ (151,517)	$ (24,895)	$ 1,824,518

23. Subsequent Event

In May 2024, the Corporation has entered into a 15-year lease commitment with three 5-year options to renew. The total undiscounted lease payments over the lease term, inclusive of the renewal options, is $256.1 million.

In May 2024, BCUC has approved a one-year extension of policy year 2023 to end on March 31, 2026, consequently extending the basic rate change of 0% to March 31, 2026.

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 based on *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.

On January 31, 2024, the Corporation submitted an application to the BCUC to update its financial allocation methodology. Proposed changes that BCUC approves, if any, will be reflected in the Corporation's consolidated financial statements starting in fiscal year 2024/25.

($ THOUSANDS)	Basic Coverage		Optional Coverage		Total	
	2024	2023 (Restated)	2024	2023 (Restated)	2024	2023 (Restated)
Insurance revenues	$ 2,959,288	$ 3,257,440	$ 2,512,415	$ 2,163,864	$ 5,471,703	$ 5,421,304
Insurance service expenses	(2,472,811)	(2,520,422)	(2,303,520)	(2,672,189)	(4,776,331)	(5,192,611)
Net expenses from reinsurance contracts	(1,916)	(3,539)	(7,547)	(9,205)	(9,463)	(12,744)
Insurance service result	484,561	733,479	201,348	(517,530)	685,909	215,949
Net investment income	985,204	207,120	441,512	104,470	1,426,716	311,590
Net insurance finance expenses	(301,443)	(74,849)	(128,933)	(31,421)	(430,376)	(106,270)
Net insurnace and investment result	1,168,322	865,750	513,927	(444,481)	1,682,249	421,269
Other operating expenses	(56,913)	(60,926)	(54,637)	(64,698)	(111,550)	(125,624)
Income - insurance operations	1,111,409	804,824	459,290	(509,179)	1,570,699	295,645
Loss - non-insurance operations - licensing	(172,187)	(161,938)	-	-	(172,187)	(161,938)
Net income (loss) for the year	$ 939,222	$ 642,886	$ 459,290	$ (509,179)	$ 1,398,512	$ 133,707
Net income (loss) attributable to:						
Non-controlling interest	$ (249)	$ 1,588	$ (111)	$ 801	$ (360)	$ 2,389
Owner of the corporation	939,471	641,298	459,401	(509,980)	1,398,872	131,318
	$ 939,222	$ 642,886	$ 459,290	$ (509,179)	$ 1,398,512	$ 133,707
Equity						
Retained earnings, beginning of year (Restated)	$ 2,748,880	$ 2,107,582	$ 799,981	$ 1,309,961	$ 3,548,861	$ 3,417,543
Net income (loss) for the year, owner of the corporation	939,471	641,298	459,401	(509,980)	1,398,872	131,318
Retained earnings, end of year	3,688,351	2,748,880	1,259,382	799,981	4,947,733	3,548,861
Other components of equity, beginning of year (Restated)	347,514	345,595	149,670	148,780	497,184	494,375
Pension and post-retirement benefits remeasurements (note 16)	40,076	1,919	18,259	890	58,335	2,809
Other components of equity, end of year	387,590	347,514	167,929	149,670	555,519	497,184
Total equity attributable to owner of the corporation	4,075,941	3,096,394	1,427,311	949,651	5,503,252	4,046,045
Non-controlling interest, beginning of year (Restated)	3,756	4,245	2,452	2,509	6,208	6,754
Change in net assets for the year, non-controlling interest	(598)	(2,077)	(239)	(858)	(837)	(2,935)
Net income for the year, non-controlling interest	(249)	1,588	(111)	801	(360)	2,389
Total equity attributable to non-controlling interest, end of year	2,909	3,756	2,102	2,452	5,011	6,208
Total Equity	$ 4,078,850	$ 3,100,150	$ 1,429,413	$ 952,103	$ 5,508,263	$ 4,052,253