



## Financial Summary – December 2024

### Financial Results

ICBC's corporate net income for the third quarter of the 2024/25 fiscal year (April 1, 2024 to December 31, 2024) was \$1.221 billion.

The results demonstrate that the Enhanced Care insurance model implemented in May 2021 is continuing to deliver on the promise of providing British Columbians with a financially stable auto insurance system that offers some of the best care, recovery and income replacement benefits available in Canada, along with more affordable premiums.

ICBC's net income was \$604 million better than our net income for the same period last fiscal year (2023/24). Key factors behind the change were higher investment income, primarily as a result of the stronger financial markets, and higher premium revenue, driven by increasing demand for both the mandatory insurance coverage for all vehicles registered in B.C. and ICBC's Optional insurance products.

The strong performance of the financial markets resulted in investment income of \$1,244 million, which is a \$338 million improvement compared to the same period last year.

While these factors have a positive impact on our net income, current year claims are higher as costs to repair and replace vehicles damaged in crashes continues to climb, mainly due to more sophisticated and expensive vehicle technology, which is an industry-wide trend affecting insurers across Canada. With increased material damage costs affecting both Basic and Optional cost, Optional rates have been impacted, however we are keeping Basic rates steady for another year, meaning no changes until at least April 1, 2026.

ICBC's capital levels are measured by the Minimum Capital Test (MCT) ratio. MCT is an important industry measurement used to determine whether a company has sufficient capital to absorb unexpected losses.

We have rebuilt our capital levels and we have a higher MCT ratio than the last fiscal year driven by the higher net income so far this year. Our Corporate MCT was 194% in the third quarter of 2024/25, an improvement over the MCT of 155% at the end of 2023/24.



## Statement of Operations

For the Nine Months Ended December 31, 2024 and 2023<sup>1</sup>

(\$ Millions)	Basic		Optional		Corporate	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Premiums written	\$ 2,576	\$ 2,539	\$ 2,325	\$ 2,017	\$ 4,901	\$ 4,556
<b>Insurance revenues</b>						
Premiums earned	2,515	2,468	2,156	1,807	4,671	4,275
Service fees	98	86	77	58	175	144
Total insurance revenues	2,613	2,554	2,233	1,865	4,846	4,419
<b>Insurance service expenses</b>						
Current year claims	2,079	1,936	1,580	1,462	3,659	3,398
Prior years' claims adjustments	(295)	(239)	(272)	(78)	(567)	(317)
Total claims incurred	1,784	1,697	1,308	1,384	3,092	3,081
Claims services, road safety and loss management services	250	242	126	127	376	369
Total claims and related costs	2,034	1,939	1,434	1,511	3,468	3,450
Operating expenses	41	39	51	56	92	95
Premium taxes, commissions and other acquisition costs	194	190	467	407	661	597
Total insurance service expenses	2,269	2,168	1,952	1,974	4,221	4,142
<b>Net expenses (recovery) from reinsurance contracts</b>	2	2	9	3	11	5
<b>Insurance service result</b>	342	384	272	(112)	614	272
Realized investment income (loss)	738	338	331	170	1,069	508
Unrealized gains (losses) on investments	121	264	54	134	175	398
<b>Net investment income (loss)</b>	859	602	385	304	1,244	906
<b>Net insurance finance expenses</b>	289	256	114	102	403	358
Other operating expenses (income), non-attributable <sup>2</sup>	51	36	49	38	100	74
<b>Net insurance and investment result</b>	861	694	494	52	1,355	746
<b>Non-insurance expenses</b>						
Administrative and other	29	27	-	-	29	27
Driver licensing	82	81	-	-	82	81
Commissions	32	31	-	-	32	31
Non-insurance other income	(9)	(10)	-	-	(9)	(10)
Total non-insurance expenses	134	129	-	-	134	129
<b>Cost of non-insurance operations</b>	(134)	(129)	-	-	(134)	(129)
<b>Net income (loss)</b>	\$ 727	\$ 565	\$ 494	\$ 52	\$ 1,221	\$ 617
<b>Net income (loss) attributable to:</b>						
Non-controlling interest <sup>3</sup>	\$ (1)	\$ -	\$ -	\$ -	\$ (1)	\$ -
Owner of the corporation	728	565	494	52	1,222	617
	\$ 727	\$ 565	\$ 494	\$ 52	\$ 1,221	\$ 617
<b>Insurance Industry Ratios</b>						
%	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Loss ratio	92.5	89.0	72.1	89.4	83.1	89.1
Expense ratio	17.5	16.9	26.9	28.4	21.8	21.8
Combined ratio	110.0	105.9	99.0	117.8	104.9	110.9

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

<sup>2</sup> Expenses and income not directly related to ICBC providing insurance coverage.

<sup>3</sup> Non-controlling interest net income is income that is attributable to the minority shareholder of a joint venture who has no control over decisions. Under IFRS, ICBC, as the parent, has to reflect 100% of the net income and disclose separately the portion related to non-controlling interest.



# Statement of Financial Position

As at December 31 2024<sup>1</sup> and March 31, 2024

(\$ Millions)	December 31 2024	March 31 2024
<b>Assets</b>		
Cash and cash equivalents	\$ 12	\$ 13
Accrued interest	26	28
Assets held for sale	22	22
Financial investments	18,256	17,821
Other receivables	166	264
Reinsurance contract assets	32	35
Investment properties	190	234
Property, equipment, intangible and lease assets	309	336
Accrued pension benefits	237	262
Deferred premium acquisition costs and prepaids	39	44
	<u>\$ 19,289</u>	<u>\$ 19,059</u>
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Current liabilities	\$ 393	\$ 380
Bond repurchase agreements and investment-related liabilities	297	266
Premiums and fees received in advance	41	69
Lease liabilities	53	57
Insurance contract liabilities <sup>1</sup>	11,596	12,607
Pension and post-retirement benefits	180	172
	<u>12,560</u>	<u>13,551</u>
<b>Equity</b>		
Retained earnings	6,170	4,948
Other components of equity	555	555
Equity attributable to parent corporation	6,725	5,503
Non-controlling interest	4	5
	<u>6,729</u>	<u>5,508</u>
	<u>\$ 19,289</u>	<u>\$ 19,059</u>

## Minimum Capital Test ("MCT") ratio

Corporate	194%	155%
Basic	210%	173%
Optional	161%	118%

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

<sup>2</sup> Insurance contract liabilities is made up of:

Provision for unpaid claims	\$ 10,154	\$ 10,824
Unearned premiums	3,067	2,836
Claims related payables	127	135
Premiums receivable	(1,752)	(1,188)
	<u>\$ 11,596</u>	<u>\$ 12,607</u>



## Glossary – December 2024

### **Premiums Written**

Amount of total premiums of all the auto insurance policies issued during the fiscal year.

### **Premiums Earned**

Premiums earned are the portion of the premiums written for which coverage has already been provided based on the period the policy has been in effect. For example, a 12-month policy will have one twelfth of the total policy premium earned each month, over the life of the policy.

### **Current year claims**

Current year claims expense is the total costs (paid and expected) to settle claims occurring in the current year. Current year claims includes loss events that have occurred during the year but are not yet reported to ICBC.

### **Prior years' claims adjustments**

Prior years' claims adjustments are the change in the reserve to settle claims that occurred in prior years.

### **Unrealized gains (losses)**

Unrealized gains (losses) are the increase (decrease) in the value of an investment asset that is not yet sold ("paper" gains/losses).

### **Net insurance finance expenses**

Net insurance finance expense represents changes in the amount of discount applied to show future payments on claims at their present value. This change can occur for two reasons: a reduction due to the passage of time, known as discount unwinding; and an update in the rate used for discounting. Prior to the change in accounting rules for insurance entities that ICBC began using on April 1, 2023, these amounts were included as part of total claims incurred.

### **Non-controlling interest**

ICBC's financial reporting standards attribute the total comprehensive income of investment partnerships between the majority and minority partners based on their respective ownership interests. Non-controlling interest represents the portion of ICBC's net income and assets that are attributable to minority partners.

### **Expense ratio**

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

**Loss ratio**

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

**Combined ratio**

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

**Minimum Capital Test ("MCT") ratio**

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