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June 4, 2014

Mr. Lee Doney
Interim President & CEO
Public Sector Employers' Council Secretariat
Suite 210, 880 Douglas Street
Victoria, B.C.
V8W 2B7

Dear Mr. Doney,

Re: 2013 Statement of Executive Compensation – ICBC

On behalf of the Board of Directors of ICBC, attached is ICBC's Statement of Executive Compensation for the fiscal year ending December 31, 2013.

As per the May 2014 Public Sector Executive Compensation Reporting Guidelines, I, the undersigned, hereby attest the following:

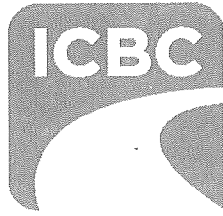
- The Board is aware of the executive compensation paid in the 2013 fiscal year.
- The compensation information being disclosed is accurate and includes all compensation paid by the employer, foundations, subsidiaries, or any other organization related to or associated with the employer. It also includes the value of any pre- or post-employment payments made during the 12 month period before or after the term of employment.
- The compensation provided was within PSEC-approved compensation plans and complies with PSEC guidelines.

Yours truly,

A handwritten signature in black ink, appearing to read 'Jatinder S. Rai', is written over a large, light-colored scribble or watermark.

Jatinder S. Rai
Interim Chair, ICBC Board of Directors

Enclosure(s)



INSURANCE CORPORATION OF BRITISH COLUMBIA

Statement of Executive Compensation

Reporting Period: Fiscal Year 2013
(January 1, 2013 – December 31, 2013)

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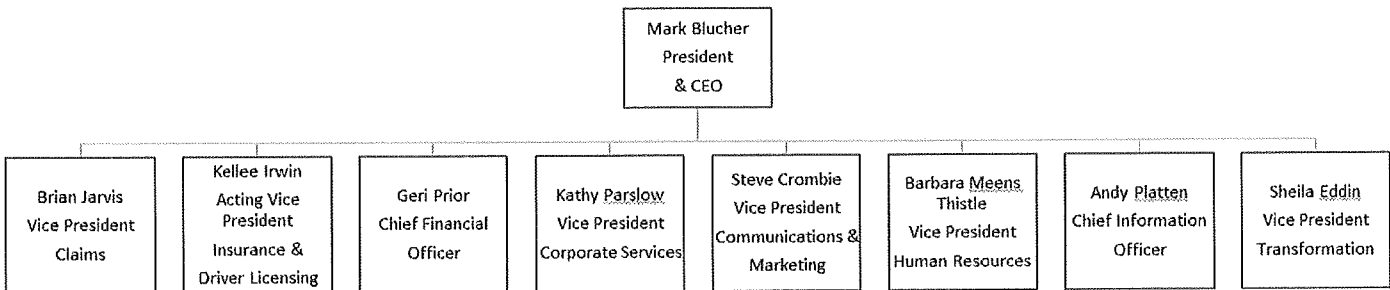
INSURANCE CORPORATION OF BRITISH COLUMBIA

2013 STATEMENT OF EXECUTIVE COMPENSATION

1. INTRODUCTION

ICBC is a provincial Crown corporation established in 1973 to provide universal auto insurance, driver licensing, and vehicle licensing and registration to BC motorists. ICBC is a complex, multi-billion dollar company that requires talented management and staff. ICBC’s total compensation philosophy is to provide market-competitive total compensation to attract and retain the required skills, talent, and experience at an affordable cost to taxpayers and ratepayers.

The following Executives are responsible for leading the management of ICBC’s business and the implementation of its corporate strategy:



In accordance with the guidelines provided by the Public Sector Employer’s Council (“PSEC”), ICBC must disclose all compensation provided to the President and Chief Executive Officer (“CEO”) and the next four highest paid “Named Executive Officers” (“NEOs”). The following outlines the compensation philosophy, design, governance and total value of executive compensation for services during the 12 months of the fiscal year ended December 31, 2013.

2. COMPENSATION DISCUSSION AND ANALYSIS

ICBC compensates its Executives within a policy that is guided by the Crown Corporation Executive Compensation Policy, linked to its strategic business interests and objectives, and balanced with ensuring alignment to the broader public sector. Annual salary increases and incentive compensation are variable, based on public policy, and merit-based, when granted, on the basis of corporate and individual performance. The total compensation programs generally apply to all Executives and Management Group employees, with some Executive and CEO exceptions as noted herein. The Board of Directors (the “Board”) sets the CEO’s total compensation within the guidelines set by PSEC and applicable legislation.

2.1 Total Compensation Philosophy

Executive Compensation

ICBC forgoes labour market comparisons for Executive roles and makes Executive compensation decisions entirely based on PSEC policy. As Executive compensation is set by public policy, market comparisons of any nature are only illustrative for guidance, not determinative.

Management Group Compensation

ICBC's total compensation programs for Management Group employees below the Executive level are designed to be market competitive, while remaining affordable to ratepayers. The programs are designed to reward performance, ensuring that there is a clear link between what employees bring to their role, their contribution to results, and their total compensation.

ICBC's total compensation philosophy is based on the principles of:

- Determining Executive compensation through public policy;
- Targeting Management Group total compensation to ICBC's labour market comparator group;
- Using a total compensation approach to establish compensation levels (base pay, incentive pay, benefits, pension, and paid time off); and,
- Alignment to the broader public sector.

ICBC's total compensation programs are designed to:

- Attract and retain the talent required to meet ICBC's goals and objectives while remaining affordable to ratepayers;
- Reward performance when merited; and,
- Reward and recognize those with strong leadership skills.

ICBC benchmarks its total compensation levels at the market median (P50) for similar positions within the labour markets in which ICBC competes for talent. In 2013, ICBC's target labour market included other Canadian public and casualty insurance companies, Canadian public sector, and general industry companies of a similar size.

To comply with Government's policy on management compensation and to meet the objectives arising from the 2012 Government Review, the Board adjusted the total compensation philosophy and made amendments to the management compensation plan to be more in line with the public sector. Effective January 1, 2014, the general industry sector has been amended from companies with \$1B to \$10B in revenue to those with \$1B to \$4B in revenue. In addition, Saskatchewan Government Insurance, Manitoba Public Insurance, and the BC Public Service Agency will be included in ICBC's comparator market going forward.

2.2 Governance

Executive compensation is reviewed by both the Board and the Human Resources and Compensation Committee (the "Committee"). The terms of reference as related to total compensation for each are outlined below.

Board of Directors

- Approve the CEO's compensation package and performance against pre-determined annual objectives.
- Approve the total compensation strategy and philosophy to be applied to all ICBC employees.
- Review and approve all compensation matters acting upon the advice of the CEO and upon recommendation of the Committee.
- In its sole discretion, review and amend the payment level of the annual incentive plan to better reflect the actual performance of the Corporation.

Human Resources and Compensation Committee

- Review and recommend the Corporation's compensation and benefits philosophy, strategy, and guidelines and review their compliance with laws and any applicable guidelines established by PSEC.
- Review and make recommendations to the Board respecting the administration of pension plans of which ICBC is an administrator and ensure the obligations of ICBC as administrator of those plans are met.
- Review and approve before implementation, any proposed change to a pension plan administered by ICBC which, in the opinion of the CEO, would result in significant cost to ICBC.
- In consultation with the CEO, review and recommend the compensation, including incentive, benefit and retirement plans, for the Executive team.
- Review the annual Executive Compensation Disclosure Statement as required by the Public Sector Employers' Council.
- For purposes of administering the Holdback Incentive Plan, review and recommend to the Board the annual corporate framework and targets for the Holdback Incentive Plan.
- For the purpose of administering the Holdback Incentive Plan based on corporate performance, review year-end corporate results and recommend to the Board any recognition of corporate performance for the purpose of incentives calculation and the level of that performance.
- Review and recommend the CEO's compensation, including incentive, benefit and retirement plans, to the Board for approval, subject to legislative guidelines then in effect.

2.3 Forms of Executive Compensation

Base Salary

The Committee annually reviews, for recommendation to the Board, then approval by PSEC, adjustments to the salary range structure, if any, for Management Group by referencing a number of compensation outlook surveys to determine current compensation trends. The salary range adjustment allows ICBC to maintain its desired position in a competitive labour market.

The Committee also annually reviews, for recommendation to the Board, then approval by PSEC, an annual salary budget, if any, for performance-based salary increases for Executive and Management Group. This budget is based on salary increase trends in the comparable labour market. Salary increases for Executives and Management Group employees are based on individual employee performance and salary position in the range. At the beginning of the year, a performance plan is developed for each employee, which outlines their responsibilities and objectives for the year. At the end of the year, the employee is rated against the targets. Movement within the salary range is predicated on the employee's performance, and any salary budget being granted in the fiscal year.

The salary freeze as announced by the Board on August 16, 2012 remained in effect for all Management Group employees in 2013, and continues in effect. As a result, there were no changes to the salary ranges and no performance-based wage increases based on employee's performance in 2013.

Short Term Incentive Plan (STIP) Amended to Holdback Incentive Plan in 2014

Effective January 1, 2014, ICBC's STIP plan has been amended to a Holdback Incentive Pay ("HIP") plan with a lower incentive % maximum. For Executives below the CEO, the HIP maximum is reduced to 20% of their base salary from 35%. The HIP maximum for the CEO remains at 20% of the base salary. The escalation to potentially pay incentive above 100% is also eliminated under the new HIP plan effective in 2014. Incentive pay opportunity at all levels of Management Group employees is reduced in 2014 going forward.

2013 Short-Term Incentive Pay Plan

Until 2014, Short-Term Incentive Pay ("STIP") was a variable component of the CEO's and the NEO's total annual compensation. ICBC's 2013 STIP plan was tied to meeting corporate, divisional and individual performance objectives.

On an annual basis, the Board approved the corporate performance targets to be used for determining STIP for all Management Group employees. Divisional and individual performance for NEOs was measured against targets approved by the CEO. STIP rewards were made in recognition of performance in the fiscal year specified, but paid in the fiscal year following once all corporate, divisional, and individual performance results were approved.

STIP payments were determined by mapping the performance levels onto a calibrated scale ranging from 0% to 150%. Payment for performance below Threshold was 0%, at Threshold was 50%, between Threshold and Target was 51-99%, at Target was 100%, and between Target and Maximum was 101-150%. Beyond Threshold performance, escalation between payment levels was determined on a straight line progression.

A financial trigger was also built in within the STIP plan to ensure a minimum level of corporate performance occurred and that this funded ICBC's ability to pay a performance-based incentive. The financial trigger was determined by the outcome of net income for the fiscal year. The trigger will continue under the HIP plan and will be reviewed and set by ICBC's Board on an annual basis to ensure its relativity to ICBC's financial forecast in a given year.

The final STIP payment for all eligible Management Group employees including Executives was therefore subject to the outcome of net income for a Plan Year and must first have met the pre-defined corporate financial trigger before any payment was made. If net income was below target, different portions of the STIP components by employee group may have been reduced or eliminated to better reflect the level of influence on corporate, divisional, and individual measures as well as to further support performance-based compensation program.

2013 STIP was awarded to the CEO based on corporate and individual performance with a maximum target of 20%. For the NEOs, STIP was awarded based on corporate, divisional, and individual performance with a target percentage of either 30% or 35% depending on the Executive portfolio.

Corporate performance for 2013 was measured against four components in support of corporate priorities:

- **Optional Capital Net of Transformation Program Reserve:** Optional capital means the Minimum Capital Test ("MCT") for ICBC's Optional insurance capital reserve. MCT is an industry measure to determine if ICBC has sufficient capital to protect policyholders from financial risk and provide long-term financial stability. Essentially, it represents the financial strength of ICBC's Optional business.

- **Combined Ratio:** The Combined Ratio is a key measure of overall profitability in the insurance industry and is calculated as the ratio of all costs (claims and claims-related costs, administrative costs, acquisition costs and non-insurance costs) to all insurance premium dollars earned.
- **Net Income:** Net income is the difference between total revenue earned (premiums, service fees and investment income) and total expenses (claims incurred, operating costs, acquisition costs and non-insurance expenses).
- **Achieve Goals of Transformational Change:** ICBC is in the midst of significant transformational business and systems change. Project goals, milestones, and success that form part of the Corporate objectives are measured and reviewed by the Board.

The following table provides a summary of the corporate measures for the 2013 STIP plan.

ICBC 2013 Corporate STIP Targets

Measure	Threshold	Target	Performance Max	Objective Weighting
Optional Capital net of Transformation Program Reserve	Performance worse than plan but within tolerable limits	Performance to plan	Performance better than plan	25%
Combined Ratio	110.4% (plan + 4%)	106.4% (plan)	102.4% (plan - 4%)	25%
Net Income	\$64M (25% of plan)	\$257M (plan)	\$450M (plan + 75%)	25%
Achieve Transformation Program Goals for 2013:				
1. TP Claims processes and system (ClaimCenter) implemented by end Q4 2013	All three within budget, on time and achievement of all 2013 annual benefits in the TP Business Case, achieve 80% of key milestones, elimination of extreme risks and mitigation of high risks	Achieve all three objectives on time, within budget and achievement of all 2013 annual benefits in the TP Business Case, on track to realize identified benefits of the programs which are implemented, elimination of extreme risks and mitigation of high risks	Target plus all three 5% under budget, and achievement of all 2013 annual benefits in the TP Business Case and implemented with 60% satisfaction amongst Claims employees	25%
2. Enterprise Data Warehouse and Information Presentation layer to support Claims implemented by end Q3 2013				
3. Business Case for Insurance Sales & Administration Systems Strategy (ISAS) completed by end Q3 2013				

In general, the 2013 STIP payout for the NEOs was higher than that of 2012. This is due to better performance achievement levels on corporate measures and the fact that ICBC's 2013 net income achievement was better than plan. ICBC's net income was \$368 million against a target of \$257 million, which influenced ICBC's strong 2013 corporate STIP target results of 94.3% against a 100% target.

Perquisite Allowance

Effective January 1, 2014, the perquisite allowance has been eliminated from the compensation of all previously eligible Executives, vice presidents, and directors. The perquisite allowance was a taxable cash allowance paid to the NEOs. The CEO did not receive a perquisite allowance. For the Chief

Actuary, the perquisite allowance was \$17,000 per year. For the remaining NEOs, the perquisite allowance was \$18,500 per year.

Vacation

ICBC provides six weeks of vacation per year to the CEO. NEOs are provided with four weeks of vacation and an additional two weeks of vacation in every fifth year of employment for that year only. Unused annual vacation can be carried forward to the following calendar year, which will be paid out to limit ICBC liability if it is not been used by the end of the subsequent calendar year.

Pension

ICBC provides a contributory defined benefit pension plan, which is the basic plan for all Executive and Management Group employees. The basic plan provided is 2% of the best 5-year average earnings multiplied by years of plan participation. The plan is integrated with the Canada Pension Plan and provides guaranteed indexing, capped at 3%.

In addition to the basic pension plan, Management Group employees are also eligible for the Supplemental Employee Retirement Plan ("SERP"). The SERP plan compensates for *Income Tax Act* maximums that apply to the basic pension plan, thus preserving the income replacement objective for higher income employees. Such SERPs are common in both the private and public sectors.

Both the basic pension plan and the SERP are valued at the average current service cost for senior Executives, less the average member contributions. A portion of STIP is treated as pensionable income for senior Executive members based on their position and date of hire. Incentive pay is non-pensionable for Executives and Management Group employees hired on or after September 1, 2013.

Health and Wellness Benefits

ICBC provides a comprehensive benefit program for Executive employees and their immediate families. Programs include provincial medical, extended health, dental, group life, short and long term disability, travel accident insurance, Executive Health Assessment, and an Employee and Family Assistance Program. All programs are paid by ICBC. Voluntary, employee funded programs are available for life insurance, accidental death and dismemberment insurance and group RRSP.

3. SUMMARY COMPENSATION TABLE

The table below provides a summary of total compensation for ICBC's CEO and next four highest paid NEO's for fiscal year 2013, including payments to previous CEO/NEO who have left ICBC prior to 2013.

Summary Compensation Table at FISCAL, 2013

Name and Position (a)	Salary (b)	Bonus and / or Incentive Plan Compensation (c)	Benefits (d)	Pension (e)	All Other Compensation (expanded below)	2013/14 Total	Previous Two Years Totals	
							2012 / 13 (s)	2011 / 12 (t)
Mark Blucher, President & CEO	\$ 316,058	\$ 73,423	\$ 16,732	\$ 50,633	\$ 863	\$ 457,709	\$ 412,624	N/A
Geri Prior, Chief Financial Officer	\$ 294,800	\$ 100,394	\$ 17,594	\$ 51,375	\$ 24,943	\$ 489,107	\$ 461,645	\$ 464,971
Brian Jarvis, Vice President Claims	\$ 250,643	\$ 96,702	\$ 16,259	\$ 45,155	\$ 24,344	\$ 433,103	\$ 334,526	N/A
Sheila Eddin, Vice President Transformation	\$ 248,700	\$ 81,639	\$ 16,018	\$ 42,944	\$ 34,100	\$ 423,402	\$ 401,702	\$ 410,799
Camille Minogue, Chief Actuary	\$ 262,700	\$ 77,581	\$ 13,039	\$ 39,274	\$ 17,000	\$ 409,593	\$ 391,099	\$ 414,388
Jon Schubert, Former President & CEO	\$ -	\$ 57,750	\$ 7,991	\$ 29,783	\$ 171,346	\$ 266,870	\$ 544,827	\$ 486,541
Craig Horton, Former Vice President Claims	\$ -	\$ 94,559	\$ 7,226	\$ 48,004	\$ 293,200	\$ 442,988	\$ 451,858	\$ 423,954

Summary Other Compensation Table at FISCAL, 2013

Name and Position (a)	All Other Compensation	Severance (f)	Vacation payout (g)	Leave payout (h)	Vehicle / Transportation Allowance (i)	Perquisites / other Allowances (j)	Other (k)
Mark Blucher, President & CEO	\$ 863	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ 763
Geri Prior, Chief Financial Officer	\$ 24,943	\$ -	\$ 5,669	\$ -	\$ -	\$ 18,500	\$ 774
Brian Jarvis, Vice President Claims	\$ 24,344	\$ -	\$ 2,059	\$ -	\$ -	\$ 18,600	\$ 3,685
Sheila Eddin, Vice President Transformation	\$ 34,100	\$ -	\$ 14,827	\$ -	\$ -	\$ 18,500	\$ 774
Camille Minogue, Chief Actuary	\$ 17,000	\$ -	\$ -	\$ -	\$ -	\$ 17,000	\$ -
Jon Schubert, Former President & CEO	\$ 171,346	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,346
Craig Horton, Former Vice President Claims	\$ 293,200	\$ -	\$ -	\$ -	\$ -	\$ 18,500	\$ 274,700

Notes

- (a) Mark Blucher - interim CEO from October 23, 2012, appointed as President & CEO effective November 1, 2013.
 Brian Jarvis - acting VP Claims from November 1, 2012, appointed as VP Claims effective December 9, 2013.
 Jon Schubert - former President & CEO - on salary continuance up to June 30, 2013.
 Craig Horton - former Vice President Claims - on salary continuance up to March 31, 2014.
- (b) Dollar Value of the base salary earned during the year.
- (c) Dollar Value of all amounts paid under the Short Term Incentive Plan (STIP) in recognition of performance in the reported fiscal year but paid in the following fiscal year.
- (d) Dollar value of employer contributions to statutory benefits (WorkSafe, CPP, EI, etc.) and non-statutory benefits for each NEO such as: Extended Health, Dental, Group Life, Accidental Death and Dismemberment, Long-term disability, MSP Premiums and other life insurance policy.

(e) Pension amount contributed by the employer to the employee's pension plan including the cost of any supplementary pension arrangement. Pension cost based on average current service cost for Senior Executives, VP & Equivalent and Directors, as determined by Aon Hewitt.

All other compensation not reported elsewhere, including:

- (g) Vacation or leave payouts
- (j) Perquisite allowance (eliminated from previously eligible active employees effective January 1, 2014)
- (k) Dollar value of corporate paid parking, except for Jon Schubert and Craig Horton, which were dollar values of salary continuance paid in 2013.

This disclosure statement has been reviewed and approved by ICBC's Board of Directors. The payments described are consistent with ICBC's Board-approved total compensation philosophy.

A handwritten signature in black ink, appearing to read 'Jatinder S. Rai', is written over a horizontal line. To the left of the signature is a large, bold, black 'X' mark.

Jatinder S. Rai
Interim Chair, ICBC Board of Directors