

## message from the chair and the president

Focusing on our vision, mission and goals helped us achieve many things in 2008. We continued to deliver value to our customers by providing low and stable rates. There was no increase in Basic insurance rates this year, while Optional insurance rates were reduced, on average, by three per cent.

We are dedicated to continually improving the customer experience. Customer service was enhanced in 2008 through several initiatives and we are pleased that we met or exceeded all of our customer satisfaction targets. We are also very proud of our Claims Contact Centre, which received a number of awards, including the 2008 BC Contact Centre of the Year award from the BC Contact Centre Association. In 2008, we also provided customers purchasing new vehicles with greater choice in their insurance through the introduction of the New Vehicle Replacement Plus coverage. In addition, we launched a public awareness campaign to help drivers understand how good driving habits can reduce fuel costs, lower carbon emissions and improve road safety.

We are also committed to adding value to our communities and we deliver and support road safety programs across the province. By making roads safer, we help to reduce traffic-related deaths, injuries and crashes, which in turn help control claims costs. Claims costs account for approximately three-quarters of ICBC's expenditures and can have a significant impact on insurance rates. In 2008, claims costs were lower than expected due to good driving conditions for most of the year, a slowing in the growth in the number of vehicles on the road, and the impact of claims and road safety initiatives, as well as a decrease in the expected costs to settle outstanding prior years' claims. These results, supported by our continued prudent financial management, helped to offset the unexpected decline in investment income resulting from 2008 market conditions.


ICBC's net income for 2008 was \$497 million. Net income contributes to retained earnings, which acts as a contingency to protect customers against sudden and unforeseen rate impacts, helping to keep rates low and stable. Our strong financial position will also allow us to make much-needed investments in our customer service systems over the next several years, so that we can respond more quickly to our customers' needs and give customers more choice in how they interact with ICBC. A challenge this year was employee engagement. Although we did not achieve our target, we know that we rely on the support of our workforce to be successful, and employee engagement will be a priority in upcoming years.

Looking ahead, our outlook remains optimistic. Our financial position is strong and maintaining our prudent approach to financial management will be fundamental given current economic conditions. We will continue to move towards driver-based pricing where premiums are more reflective of driver risk. Growing injury costs are a focus for us and for the insurance industry as a whole, and we will continue to invest in initiatives to address claims cost pressures. We will be pursuing ways to support an engaged and capable workforce, and investing in systems and business processes that improve customer experience and foster operational excellence. Optional insurance rates will be reduced by an average of three per cent, effective October 1, 2009 and, at the time of writing this report, indications are that Basic insurance rates will remain unchanged for 2009.

We want to thank all of our employees, brokers and business partners for their significant contributions to ICBC. Without them we wouldn't be able to provide our customers with the type of services they expect. We are pleased to be working together and excited about the opportunities that lie ahead.



T. Richard Turner  
Chair of the Board of Directors



Jon Schubert, CMA  
President and Chief Executive Officer