

report on performance

At ICBC, we continue to be guided by our vision and mission to be BC's preferred auto insurer, providing protection and peace of mind, and delivering quality auto insurance products and services at competitive prices through a knowledgeable team who are committed to our customers. Our vision and mission are supported by our four corporate goals: customer focus; financial responsibility; high performing, engaged and capable people; and, operational excellence.

Continuing to focus on our vision, mission and goals helped us achieve many things this year. We are committed to delivering value to our policyholders in many forms, including low and stable rates. In 2008, there was no increase in Basic insurance rates and Optional insurance rates were reduced, on average, by three per cent. This was the second time in four years that there has been no increase in Basic insurance rates and the third time in four years that ICBC has lowered its Optional insurance rates.

We are continuing to move in the direction of driver-based pricing where insurance rates are more reflective of risk. Drivers who take more risks bring more costs to the system and therefore should pay higher premiums. This will benefit low-risk drivers and allow us to continue to provide value to our customers. In 2008, we launched a campaign to help drivers understand how good driving practices can reduce fuel costs, lower carbon emissions and improve road safety.

We are dedicated to continually improving the customer experience and are pleased that, for 2008, we met or exceeded all of our customer satisfaction targets. In 2008, we provided customers purchasing new vehicles with another choice of coverage through the introduction of the New Vehicle Replacement Plus. This new coverage provides additional protection to customers whose new vehicles are substantially damaged but are not normally total losses. We are also proud to be a sponsor of the Vancouver 2010 Olympic and Paralympic Winter Games and are pleased that many of our customers have chosen to show their support for the Games through the purchase of our commemorative licence plates.

There are a number of initiatives underway in driver licensing, including supporting the provincial government to deliver an enhanced driver's licence (EDL) and enhanced identification card as an alternate form of travel documentation for land and water border crossings between Canada and the United States. BC was the first province to introduce the EDL; phase one was successfully launched in January 2008 with over 500 participants testing the use of the EDL, and phase two is being implemented in 2009. We are also working to enhance the overall security of BC driver's licences and identification cards through improved technology and card design, and harmonizing driver licensing standards with other Canadian jurisdictions.

Like everyone else, ICBC has been affected by the downturn in the equity markets and our 2008 investment returns are lower than plan. However, we continue to prudently manage our operating costs and, with 2008 claims costs lower than plan, our 2008 financial results remained positive with net income of \$497 million. Positive net income helps build capital, which acts as a contingency to help protect customers against sudden and unforeseen rate impacts. Our strong financial position will 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 them more choice in how they interact with ICBC.

While there were many successes in 2008, there were also some challenges. For example, we did not achieve our target for employee engagement this year. Since we rely on the support and involvement of our workforce to be successful, working on improving employee engagement is a priority in the upcoming year.

Looking ahead, our outlook remains optimistic in spite of this period of economic instability. Our current financial position is strong. Fiscal prudence in managing our capital base and our ongoing commitment to financial responsibility have been and will continue to be crucial in protecting customers. Through underwriting and pricing improvements, we are continuing to move in the direction of driver-based pricing where premium rates are more reflective of driver risk. We will continue to improve customer service and operational excellence, focus on improving employee engagement, and continue our commitment to reducing our environmental footprint.

performance management systems

To assess progress against our goals and objectives, we rely on a number of financial and non-financial corporate performance measures. Where possible, we use standard industry measures that enable benchmarking with other insurers. Where external sources of data are used, the most current available information is included in this report. In other cases, because of our unique business model, we develop distinct measures relevant to the area of performance. Performance against these measures is monitored throughout the year and actions are taken to address significant variances.

ICBC data used in the calculation of performance results are derived from the company's financial and operating systems. Controls over our financial systems are periodically reviewed by ICBC's internal and external auditors. ICBC recognizes the inherent limitations in all control systems. We believe that the systems provide an appropriate balance between costs and benefits desired and that the systems of internal accounting controls provide reasonable assurance that errors or irregularities that would be material to the financial statements are prevented or detected in the normal course of business.

Independent firms are retained to conduct ongoing surveys of customers for the purpose of monitoring customer satisfaction and an annual survey for the purpose of monitoring employee engagement.

The following sections provide further information on ICBC's goals, objectives and key strategies, as well as our 2008 performance results relative to the measures and targets outlined in ICBC's 2008 – 2010 Service Plan. Performance targets for 2009, as outlined in ICBC's 2009 – 2011 Service Plan, are also provided.

goal: customer focus

customer focus multi-year objectives and strategies: 2008 – 2010 Service Plan*	
<p>objectives</p> <p>be an auto insurance company our customers trust to:</p> <ul style="list-style-type: none"> • deliver exceptional value, including competitive and stable prices • provide hassle-free claims service • be easy to deal with in all aspects of our business <p>provide customers with the ICBC product that best matches their needs in partnership with independent brokers</p> <p>measures</p> <ul style="list-style-type: none"> • insurance services satisfaction • claims services satisfaction • driver licensing satisfaction** 	<p>strategies</p> <p>strengthen our underwriting ability</p> <p>create an integrated customer experience around all major touch points, focusing on value attributes important to customers</p>

* Revised goals, objectives, strategies and measures for 2009 and future years are reflected in ICBC's 2009 – 2011 Service Plan.

** In 2008, Driver Services was renamed Driver Licensing and the name of this measure has been changed accordingly.

Being customer-focused means understanding customers' needs and expectations and meeting them efficiently, and building a relationship of trust. We work to deliver services in a fair and respectful manner and enhance service delivery and interactions with key business partners.

Insurance prices and the value of insurance protection are important to customers. There was no increase in Basic insurance rates in 2008 and Optional rates were reduced three per cent, on average, effective July 1, 2008. We are working to keep rates low and stable. Customers who purchased the same Basic and Optional policies from ICBC over the last five years have seen virtually no change in their premium.

We also provided customers purchasing new vehicles with an additional choice in coverage through the launch of New Vehicle Replacement Plus. This new coverage was developed based on customer feedback to better meet their needs. With New Vehicle Replacement Plus, the point at which a vehicle is declared a total loss is reduced from approximately 75-90 per cent to 50 per cent of market value. This means that new vehicles will not need to be as severely damaged to qualify for replacement instead of repair. The customer may choose a brand new version of their vehicle or its cash equivalent.

As part of our ongoing dedication to improving the customer experience, in 2008 we piloted a translator

service for customers calling the Centralized Claims Injury Centre. Customers now have access to a translator, covering more than 160 languages, on the line within 30 seconds of us calling our Language Line. This helps customers feel more confident in dealing with ICBC and allows customers and adjusters to build a better rapport. We delivered customer standards workshops and piloted customer experience workshops for our Claims staff to help them better deliver the types of services and approaches customers have told us they want and expect. We also made business improvements throughout the year to help brokers reduce the time it takes to provide services and improve the overall customer experience.

Customers need to be able to access useful information in order to make informed decisions. Last year, we introduced our new brand which reflects the positive experience we want for our customers and the kind of company we strive to be. As part of our new brand, many sections of our website, icbc.com, have been rewritten to make information easier to find and use. We also made improvements to the annual insurance renewal reminders to make key information and dates more prominent. New information was added to icbc.com last year, including map-based locators for c.a.r. shop VALET and Glass Express facilities, and a free vehicle status search that potential buyers can use to look up information on the general state of a used vehicle and whether it qualifies to be on the road.

The new Royal Centre Driver Licensing Centre opened in January 2008 in downtown Vancouver. This is the first office opened that reflects ICBC's new brand. Every detail, from seating and lighting to larger numbers on the queuing system screens, was chosen to enhance our customers' experience.

In 2008, we worked with the provincial government to deliver Canada's first enhanced driver's licence as an alternate form of travel documentation for land and water border crossings between Canada and the United States, and continued our work on enhancing the overall security of the BC driver's licence and BC identification cards. We also implemented new state-of-the-art digital picture identification technology at 116 licensing centres. Facial

recognition technology was introduced as a security measure to protect against identity theft and fraud. The new BC driver's licence and identification card implemented in early 2009 include further security enhancements.

Lastly, we are pleased to be a sponsor of the Vancouver 2010 Olympic and Paralympic Winter Games. We are providing insurance services and are supporting VANOC's HomeStay program, funded entirely through our Optional auto insurance business. We are pleased to offer customers the opportunity to show their support for the Games through the purchase of commemorative licence plates. As of December 31, 2008, more than 137,000 of these commemorative licence plates have been sold.

performance measures, targets and results:

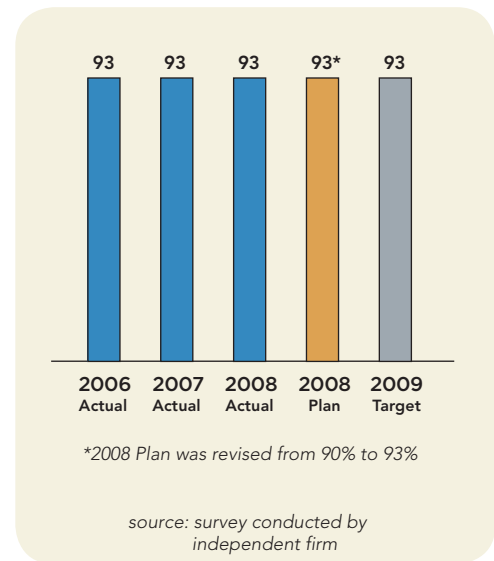
Measuring customer service performance at ICBC is based on the percentage of satisfied customers. A separate measure is used for each major transaction type – insurance product purchase, driver licensing, and claims. An independent research firm conducts ongoing customer surveys to monitor satisfaction.

insurance services satisfaction

Independent insurance brokers process over three million policies each year. The insurance services satisfaction measure represents the percentage of customers satisfied with a recent ICBC insurance transaction and is based on surveys of over 1,000 customers during the course of the year.

This measure is typically higher than 90% and reflects the positive relationship ICBC and brokers enjoy with customers. For 2008, the result was 93% which represents a high level of customer satisfaction and is consistent with results from prior years. The original 2008 plan of 90% was set to reflect initiatives planned to be implemented during 2008. Since the timing of these initiatives has changed, the 2008 plan was revised from 90% to 93%. For 2009, the historical satisfaction levels continue to be reflected in the target until these initiatives are better defined and the implementation schedules are determined.

insurance services satisfaction (%)

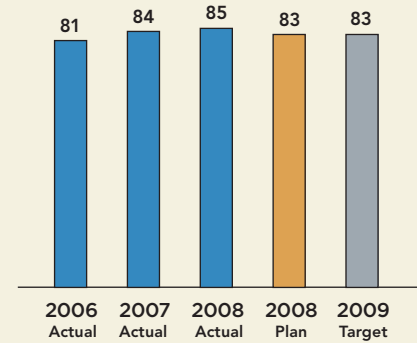


claims services satisfaction

Each year, almost one million claims are processed through the claims call centre and claims centres across the province. The claims services satisfaction measure represents the percentage of customers satisfied with a recent claims transaction and is based on a representative sample of approximately 6,000 customers surveyed throughout the year.

For 2008, ICBC's claims services satisfaction was 85%, which is higher than 2007 actual results and the 2008 plan. This means that more than four out of five ICBC customers who have experienced a crash, theft, or other insurable incident, are satisfied with our service. The 2009 target is set at 83%, a decrease from actual 2008 results. ICBC expects that 2009 will be a year of transition for claims services. We will be making some changes to measure customer satisfaction at the claim centre level, which will likely change the mix of claims in the survey, and result in a lower satisfaction rating. As a result, ICBC has set its target to reflect this expected change.

claims services satisfaction (%)



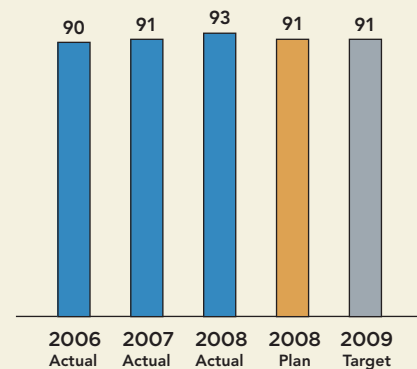
source: survey conducted by independent firm

driver licensing satisfaction

ICBC conducts over 1.4 million transactions relating to driver licences and driver exams each year. The driver licensing satisfaction measure represents the percentage of customers satisfied with a recent driver licensing transaction with ICBC. The transaction could relate to issuing or renewing a licence, taking a knowledge test, or undergoing a road test. This measure is drawn from a sample of approximately 4,000 customers surveyed throughout the year and is weighted by the number of transactions for each type of service.

2008 results for driver licensing satisfaction are higher than previous years and the 2008 plan. This measure is typically at or over 90% and is indicative of ICBC's commitment to customer service. For 2009, the target has been lowered to take into account enhanced security measures and other initiatives that will increase the time it takes to process licence applications and licence renewals. We anticipate that an increase in transaction time will adversely impact service satisfaction scores in the short term.

driver licensing satisfaction (%)



source: survey conducted by independent firm

goal: financial responsibility

financial responsibility

multi-year objectives and strategies: 2008 – 2010 Service Plan*

objectives

achieve financial strength through:

- appropriate pricing
- reducing the growth in claims costs
- a disciplined approach to managing operating costs
- maximizing investment returns based on acceptable risk

measures

- minimum capital test
- combined ratio
- loss ratio
- expense ratio
- investment return

strategies

reduce the growth of bodily injury claims with claims handling improvements, targeted crash prevention programs, and product and underwriting refinements

* Revised goals, objectives, strategies and measures for 2009 and future years are reflected in ICBC's 2009 – 2011 Service Plan.

Being financially responsible provides a foundation for us to achieve our other goals. ICBC's strong financial results over the past several years have helped us to build our capital levels. The volatility in the financial markets over the last year illustrates the importance of having a strong capital base. Capital acts as a contingency to help protect our customers, providing them with the confidence that their claims will be paid and enabling us to avoid some of the insurance rate volatility that other companies have experienced in recent years.

Claims costs are the single largest area of expenditure for ICBC. The most significant cost pressure is the cost of bodily injury claims, which were growing much faster than inflation over the last few years. Claims costs are a function of both the number of and average cost of claims and, are affected by things like weather conditions, driving behaviour, the legal environment, the economy, medical care costs, and claims handling processes.

ICBC began implementing initiatives to address this cost pressure a few years ago, including claims handling and litigation process improvements, measures to deal with high-risk driving, and safe driving programs and initiatives. These initiatives continued through to 2008 and, combined with favourable weather conditions, had a positive impact in slowing the growth in the rising costs of bodily injury claims this year.

In 2008, claims management responsibilities were realigned to improve claims handling and help focus resources where they are most needed. Claims analytics were also improved to better track and monitor performance and understand reasons for cost increases. These changes mean that more effort is now focused on higher risk claims, and we are able to better manage claims and resolve them more quickly.

Through underwriting and pricing improvements, we are continuing to move in the direction of driver-based pricing. Drivers who take more risks, and overall bring more costs to the system, will pay higher premiums, which will benefit low-risk drivers and the premiums they pay. This will allow us to continue to provide value to our customers and make rates more reflective of risk.

In 2008, we launched a new campaign called "Drive Smart, Save Green" to help drivers understand how good driving practices can reduce fuel costs, lower carbon emissions and improve road safety. We also partnered with the provincial government and police to deliver road safety campaigns that target high-risk driving behaviours like speeding, impaired driving and failure to use a seatbelt. By making roads safer, we help reduce traffic-related deaths, injuries and crashes. Fewer and less severe crashes benefit us all by helping to keep people and our communities healthy, and by helping keep claim costs and insurance premiums low. ICBC invested almost \$37 million in road safety initiatives in 2008. We believe it makes sense,

both financially and from a community standpoint, for us to help keep roads safe. These initiatives have contributed to the moderation in the growth of claims costs that we are now seeing.

We are also committed to prudent management of our operating expenditures. ICBC continues to be an industry leader for low operating costs. At ICBC, less than five cents of every dollar earned is used for administrative costs to operate the insurance business, which is significantly below the industry average. In 2008, we negotiated longer term supplier contracts for vehicle licence plates and decals,

resulting in expected savings of more than \$5 million over five years.

We also renewed the three-year Collision Repair Industry Agreement (CRIA) with the industry. CRIA is a performance-based program which applies to all ICBC-accredited repair shops and rewards these shops for financial efficiency while ensuring safe, quality, guaranteed repairs for customers. The new agreement will help make sure ICBC and the collision repair industry can continue to deliver excellent customer service, high-quality repairs and manage costs for the benefit of our mutual customers.

performance measures, targets and results:

minimum capital test

Minimum capital test (MCT) is an industry measure set by the Office of the Superintendent of Financial Institutions for federally regulated insurance companies across Canada. MCT measures capital available compared to capital required and is used to assess whether a company has sufficient capital to protect policyholders from financial risk and provide long term financial stability. Appropriate levels of capital help protect customers by providing stability in rates in the face of significant, externally-driven negative impacts to the business.

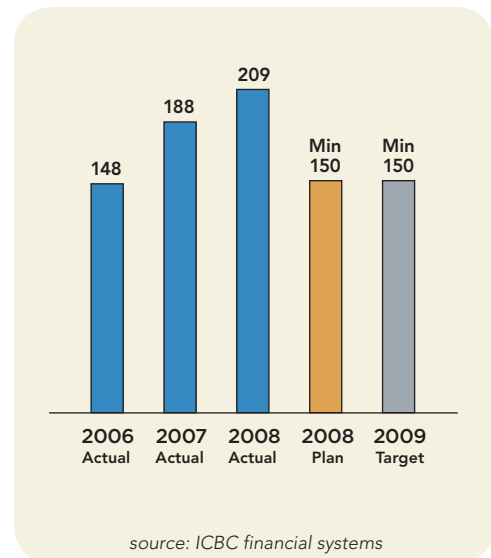
ICBC's 2008 MCT was 209%, higher than the target of 150% and was built from net income over the past years. Net income increases the amount of retained earnings held by the corporation, thereby increasing available capital. ICBC's 2009 target continues to be a minimum of 150% to meet its capital management plan. The company is re-examining its capital targets in light of the drastic downturn in investment markets in 2008 to ensure we are able to continue to meet policyholder obligations, shield our customers from rate shock, and reinvest in much-needed systems and infrastructure upgrades.

combined ratio

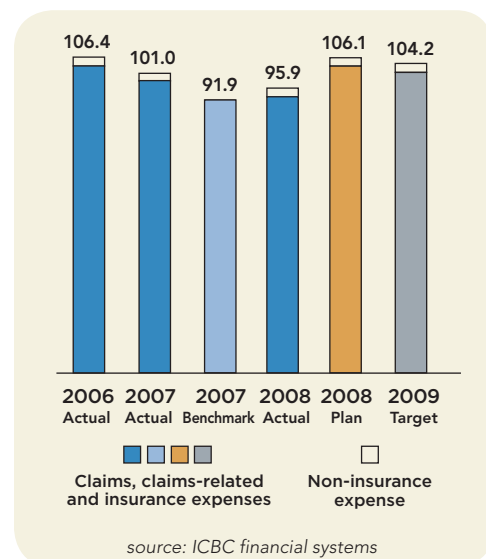
The combined ratio is a key measure within the insurance industry for overall profitability and is the ratio of costs to premium dollars earned. A ratio below 100% indicates an underwriting profit (i.e. premiums are sufficient to cover costs) while a ratio above 100% indicates an underwriting loss (i.e. premiums are not sufficient and investment income is needed to help cover costs). Costs that affect the combined ratio are claims costs, claims-related costs, operating costs and acquisition costs.

ICBC's combined ratio is higher than typical for the property and casualty (P&C) industry and reflects the unique nature of our business model. ICBC's premiums are not set to generate large underwriting profits, but together with investment income are set to recover all costs and to achieve and maintain capital targets. ICBC delivers

minimum capital test (%)



combined ratio (%)



non-insurance services on behalf of government and in 2008, non-insurance costs represented almost 3 percentage points of the combined ratio.

The 2008 results are better than the previous years primarily due to favourable prior years' claims adjustments and higher premiums earned. The P&C 2007 industry benchmark was 91.9%¹. The 2008 results improved compared to plan due to the claims initiatives introduced between 2006 and 2008 that were largely aimed at controlling bodily injury claims costs. During 2008, these claims initiatives had a notable positive impact on the cost of outstanding claims from prior years. The improvement can also be attributed to less rain than is usually expected and a moderation in the vehicle population growth during the year which resulted in fewer claims.

loss ratio

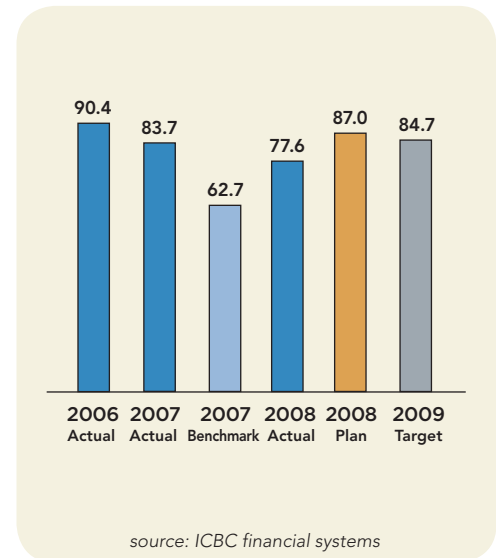
A key performance indicator within the insurance industry is the loss ratio, which is a measure of the insurance product's profitability. This measure is the ratio of the total of claims and claims-related costs, including loss management costs, to insurance premium dollars earned. From a customer perspective, the higher loss ratio reflects our lower premiums and means more of each premium dollar collected is used for claims costs.

Our loss ratio is typically higher than the P&C industry because our premiums are set to recover costs and to achieve and maintain capital targets. As reflected in the expense ratio, we have lower relative operating costs and can pay more of each premium dollar towards claims and related costs; this results in a higher loss ratio. In addition, ICBC is mandated to provide Basic insurance to all drivers in BC, including high-risk drivers whose claims costs are proportionately higher. This results in a higher loss ratio for ICBC relative to those insurers who may limit their exposure to such business.

In 2008, ICBC's loss ratio was 77.6%, lower than the plan ratio primarily due to lower current year claims costs and favourable prior years' claims adjustments. The 2008 loss ratio was lower than 2007 actual results primarily due to favourable prior years' claims adjustments. The P&C 2007 industry benchmark was 62.7%¹.

The 2009 target is higher than 2008, reflecting current expectations for a continued slowdown in premium revenues, a trend which started in late 2008; the flow through of the Optional rate reduction made in 2008; and, a return to longer term claims trends in the number and average cost of claims. These expected increases in costs are outpacing the expected increase in premiums, thus resulting in a higher loss ratio target for 2009.

loss ratio (%)



¹ MSA Research Inc., MSA Benchmark Report, Property and Casualty, Canada, 2008. Total Canadian Property Casualty Industry (including Lloyds, excluding ICBC and SAF).

expense ratio

The expense ratio is a standard industry measure for assessing the operational efficiency of an organization and is the ratio of non-claims costs to insurance premium dollars earned. It includes operating costs that are not directly related to servicing claims such as general administration, commissions paid to brokers, taxes paid to government on premiums written, product design (underwriting), and non-insurance costs such as those associated with driver licensing and vehicle registration.

To facilitate comparisons with industry benchmarks, the ICBC expense ratio has been divided into two key components; the insurance expense ratio and the non-insurance expense ratio, and excludes the impact of one-time non-recurring items and adjustments to deferred premium acquisition costs. ICBC incurs costs for non-insurance expenses such as driver licensing, vehicle registration and licensing, and government fines collection that other insurance companies do not incur. Segregating expenses in this way allows us to better manage the costs of operating our insurance business, and more accurately reflects the distinct nature of ICBC's operating model relative to other automobile insurers.

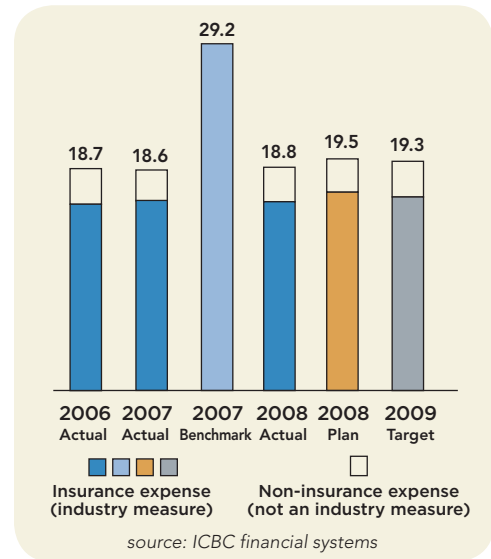
ICBC's expense ratio for 2008 was 18.8% which was consistent with 2007 and better than the 2008 plan. This reflects our continued focus on prudent financial management, as well as growth in premium revenue. ICBC's expense ratio which, unlike the insurance industry, includes non-insurance costs, is considerably lower than the 2007 P&C industry benchmark of 29.2%² (an expense ratio specific to auto insurance is not available). ICBC believes that while the auto insurance expense ratio for the industry would be slightly lower than the overall P&C expense ratio, ICBC's expense ratio is lower than industry due to our ability to achieve economies of scale, the benefits of integrated operations, and lower marketing, underwriting, acquisition, and general administration costs.

The 2009 target for ICBC's expense ratio reflects current expectations about premium revenue growth being lower than operating expense growth. Operating expenses will rise due to business initiatives and general inflationary increases. Expected higher acquisition costs are also included, reflecting the changes under the Broker Accord with ICBC's broker partners.

investment return

ICBC manages an investment portfolio with a carrying value of approximately \$10.1 billion at the end of 2008. The portfolio is conservatively invested with the majority of assets held in investment grade bonds. These assets are held primarily to provide for future claims payments and the income earned on these investments helps to reduce the amount of premiums needed from policyholders.

expense ratio (%)



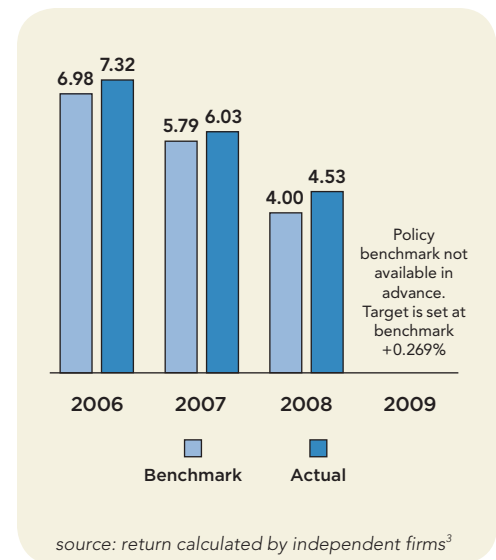
² MSA Research Inc., MSA Benchmark Report, Property and Casualty, Canada, 2008. Total Canadian Property Casualty Industry (including Lloyds, excluding ICBC).

Investment returns, which incorporate both changes in market value of assets and income generated, are closely monitored. Individual asset class returns are measured relative to the performance of standard market benchmarks. In addition, the return of the overall portfolio is measured against a policy benchmark calculated as the average of individual asset class benchmark returns weighted according to the portfolio's strategic asset mix. Asset class benchmarks and strategic asset mix are outlined in the ICBC Statement of Investment Policy and Procedures established by ICBC's Board of Directors.

ICBC's large fixed income portfolio provided an element of stability to ICBC's investment returns. ICBC's fixed income portfolio performed strongly as the market value of fixed income investments increased with the decline in interest rates.

ICBC's investment returns continue to compare favourably to market returns. In 2008, the investment value added objective was revised from 0.268% to 0.269% due to an investment policy change which impacted the asset classes. For 2008, ICBC's four-year annualized return was 4.53% and the comparable market benchmark was 4.00%³. The difference of +0.53% exceeded the added value objective. In comparison, for 2007, ICBC's four-year annualized return was 6.03%, or a 0.24% higher return compared to the market benchmark. For 2009, the four-year annualized investment portfolio performance target is set to outperform the policy benchmark by 0.269%.

investment return (%)
(four-year annualized)



³ Sources: DEX Debt Market Indices; S&P TSX Composite Capped Index; Morgan Stanley Capital International (MSCI) EAFE Index; S&P 500; Merrill Lynch US Bond Indices.

goal: high performing, engaged and capable people

high performing, engaged and capable people multi-year objectives and strategies: 2008 - 2010 Service Plan*

objectives

create a performance-driven company by:

- developing our people
- strengthening our leadership capability
- improving employee accountability for delivering results

measures

- employee engagement index

strategies

position ICBC's workforce to effectively support business strategy by improving leadership capability and talent management processes and outcomes

* Revised goals, objectives, strategies and measures for 2009 and future years are reflected in ICBC's 2009 - 2011 Service Plan.

Being able to position ICBC as BC's preferred auto insurer depends on the performance of our employees. We can best deliver on our commitment to operational excellence, financial responsibility and to our customers by having high performing, engaged and capable employees.

We have identified four areas of focus to help us position our workforce to effectively support our business strategy; job standards and competencies, leadership culture, talent management, and talent acquisition.

For 2008, a key focus was preparing to roll out our performance management program to all employees. Performance management is part of talent management and is designed to build a greater understanding of ICBC's direction and how each employee contributes to it. The performance management program has been used by ICBC's management and non-union staff for several years. In 2008, the program was tested with 1,200 "early adopters" from the bargaining unit and will be rolled out to all remaining employees for 2009.

Promoting career and a range of learning opportunities to assist with advancement are also essential to talent management. New e-learning options are being added to supplement classroom courses and permit easy access to learning and skills development. Investments in customer service and technical skills training are continuing. We also created a leadership development program for line managers and have expanded the program to other levels.

Leadership competencies and succession planning processes have been established and ongoing work

continues to build and enhance leadership competencies at all levels. We are building on work already completed for key claims positions and are focusing on matching positions with candidate competencies. Similar reviews for other positions will begin in 2009.

The ability to attract, select and retain employees with the necessary capabilities is foundational to our successful future. We continue to develop a centralized and enhanced recruitment process to effectively acquire and manage talent, as well as supporting employees in building their careers at ICBC. In 2008, we launched a new talent management system to support our focus on identifying high performing candidates driven to make a difference at ICBC.

We are proud of our employees and their dedication to improving the customer experience. In 2008, our Claims Contact Centre was recognized with several awards of excellence from the Service Quality Management Group and the BC Contact Centre Association, and an ICBC Help Desk employee was named Canadian Help Desk Analyst of the year for the second year in a row.

We are also committed to adding value to our communities. Employees are involved in community events, charitable events and fundraisers across the province. ICBC and the Canadian Office and Professional Employees Union Local 378 (COPE 378) are also long-time supporters of the United Way in communities across BC. Our employees and members once again generously donated time and money to support the 2008 fundraising campaign, with \$750,000 donated to the United Way.

performance measures, targets and results:

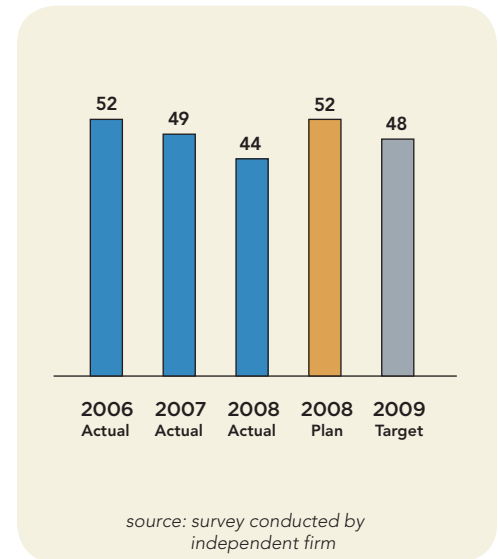
employee engagement

This measure represents the overall level of engagement of ICBC employees, as defined by how positively they speak about the organization to co-workers, potential employees, and customers; the level of desire they have to be a member of the company; and the degree of extra effort and dedication they are willing to apply to doing the best job possible.

The 2008 employee engagement score is 44%, which is lower than 2007 actual results as well as the 2008 plan. Although we did not achieve our target for employee engagement, ICBC recognizes that we cannot be successful without the support and involvement of our workforce. We recognize that further work needs to be done, specifically in advancing people strategies that drive business results. As such, we pledge to work on improving employee engagement in the upcoming year.

The target for 2009 has been established at 48%. We intend to strengthen engagement through effective change and communication tactics aligned with our corporate strategy. ICBC's view is that building engagement is a long-term process that requires dedicated effort and continued focus. In keeping with our long-term business strategy, ICBC strives to build a culture of high performing, engaged and capable people.

employee engagement index (%)



goal: operational excellence

operational excellence

multi-year objectives and strategies: 2008 – 2010 Service Plan*

objectives

deliver efficient and high-quality service by:

- simplifying and enhancing key business processes
- minimizing system support costs to enable renewal of insurance and claims systems
- building our competitive capabilities in underwriting, marketing and business analytics

measures

- insurance operating cost per policy
- driver licensing cost per transaction**

strategies

examine key business processes critical to ICBC's success in the market, and set priorities for future investments over the next three years

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** In 2008, Driver Services was renamed Driver Licensing and the name of this measure has been changed accordingly.

Operational excellence is about a continued focus on the ability to deliver efficient and high-quality services today and into the future. This includes implementing ongoing business processes and customer service enhancements to address immediate service pressures at key customer touch points. It is also about our ongoing investments in business capabilities to better support our corporate strategy.

Technology and systems investments are a key way in which service quality and efficiency can be enhanced. In 2008, we completed the multi-year upgrade to our Material Damage Estimating Platform used by ICBC Express Repair shops across the province, upgraded technology and networks for appointed agents as part of the driver licensing digital picture identification project, installed hardware and software to bring in electronic content management, and began piloting elements of a high performance workplace technology strategy to improve employees' abilities to access work tools and information.

We have also started developing a multi-year, long-term plan for investments in our processes, technology and people practices. There are a number of reasons for these investments. For example, we must be able to meet increasing customer expectations for price/value and service delivery while sustaining the company's financial health in the face of cost pressures. We must also look to replace aging processes and systems with ones that help employees do their jobs efficiently and effectively, and ensure that we continue to have skilled employees even in the face of expected future labour market shortfalls.

In 2008, we laid the groundwork for this plan. We reviewed, at a high level, our current processes, systems and organization, completed a market assessment and looked at leading practices, and assessed future people, process and technology requirements. We also did a high-level assessment of the gap between our current situation and future needs. Work on the plan is continuing in 2009 with further refinements, costing, and determination of critical needs.

Quality service is also about responsible ways to enhance our business and minimize our impact on the environment. Recycling is a major component of our initiatives; approximately 225,000 pounds of surrendered licence plates are returned for aluminum recycling each year. In 2008, we reduced the packaging of licence plate validation decals; that means that 160,000 fewer sheets of plastic will enter landfills each year. As part of our commitment to be carbon neutral by 2010, we installed 10 solar arrays at our head office in North Vancouver, which means we'll be able to shut down our water boiler for seven months a year, and other facilities efforts in our head office alone will save ICBC an estimated \$170,000 and 2.35 million kilowatt-hours of energy per year. At ICBC, we are committed to our corporate social responsibility to meeting the provincial government's climate action targets and to reducing our overall carbon footprint.

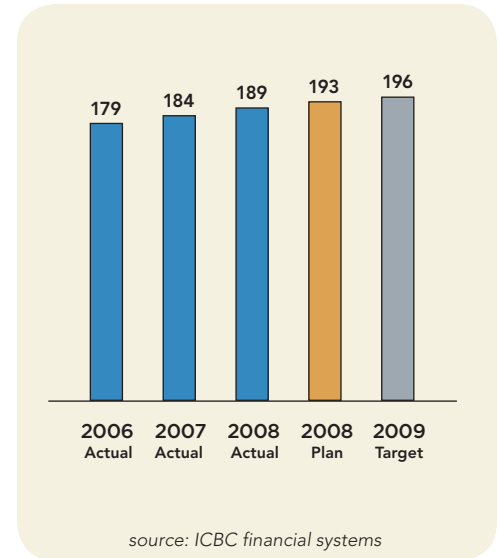
performance measures, targets and results:

insurance operating cost per policy

This measure reflects the cost of service delivery of all insurance-related activities including sales and marketing, internal and external costs of handling claims, loss management programs, premium taxes, commissions and associated support services. These costs are divided by the number of gross annualized Basic and Optional policies written to arrive at the cost per policy. In general, our cost per policy target measures how efficient we are at managing the company's insurance operations in the face of growing cost pressures.

For 2008, the actual result of \$189 per policy is better than the plan of \$193 per policy, reflecting lower than plan operating expenses and acquisition costs, offset by higher external claims-handling costs and lower than plan number of policies written. The 2009 target of \$196 per policy reflects operating cost pressures, higher average acquisition costs and higher external claims handling costs primarily related to legal fees and disbursements. Due to current economic conditions, the anticipated increase in costs is expected to outpace the increase in growth in the number of policies written, resulting in a higher cost per policy.

insurance operating cost per policy (\$)

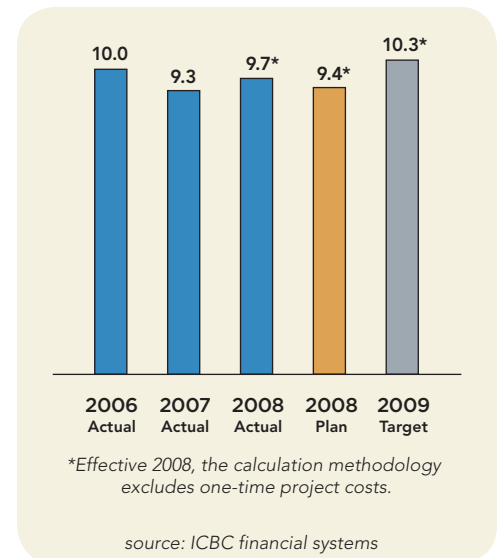


driver licensing cost per transaction

This measure reflects the costs of delivering driver licensing services based on the number of driver licensing transactions. Driver licensing transactions include issuing and renewing driver licences, issuing BC identification cards, changing address information, and conducting driver tests. The cost per transaction measure indicates how efficient we are at delivering driver licensing services to our customers.

For 2008, the actual result of \$9.7 per transaction is higher than the plan of \$9.4 per transaction primarily due to lower than expected transaction volumes. The target for 2009 has been set at \$10.3 per transaction. The cost per transaction is expected to increase in 2009 due to operating cost challenges driven by inflationary increases as well as incremental operating expense impacts arising from the implementation of driver licensing initiatives.

driver licensing cost per transaction (\$)



summary of goals and performance

The table below provides an overview of ICBC's historical performance. The results reported below are based on the goals, objectives and measures outlined in its 2008 – 2010 Service Plan.

Goal	Objectives	Measures	Actual			Plan	Target		
			2006	2007	2008	2008	2009		
customer focus	Be an auto insurance company our customers trust to: <ul style="list-style-type: none"> • deliver exceptional value, including competitive and stable prices • provide hassle-free claims service • be easy to deal with in all aspects of our business Provide customers with the ICBC product that best matches their needs in partnership with independent brokers	insurance services satisfaction	93%	93%	93%	93% ¹	93%		
		claims services satisfaction	81%	84%	85%	83%	83%		
		driver licensing satisfaction ⁵	90%	91%	93%	91%	91%		
financial responsibility	Achieve financial strength through: <ul style="list-style-type: none"> • appropriate pricing • reducing the growth in claims costs • a disciplined approach to managing operating costs • maximizing investment returns based on acceptable risk 	minimum capital test	148%	188%	209%	Min 150%	Min 150%		
		combined ratio							
		<ul style="list-style-type: none"> • claims costs, claims-related expenses, and insurance expenses 	103.4%	98.4%	93.0%	103.3%	101.2%		
		<ul style="list-style-type: none"> • non-insurance expenses 	<u>3.0%</u>	<u>2.6%</u>	<u>2.9%</u>	<u>2.8%</u>	<u>3.0%</u>		
		total	106.4%	101.0%	95.9%	106.1%	104.2%		
		loss ratio	90.4%	83.7%	77.6%	87.0%	84.7%		
		expense ratio							
		<ul style="list-style-type: none"> • insurance expense ratio² 	15.7%	16.0%	15.9%	16.7%	16.3%		
		<ul style="list-style-type: none"> • non-insurance expense ratio 	<u>3.0%</u>	<u>2.6%</u>	<u>2.9%</u>	<u>2.8%</u>	<u>3.0%</u>		
		total	18.7%	18.6%	18.8%	19.5%	19.3%		
high performing, engaged and capable people	Create a performance-driven company by: <ul style="list-style-type: none"> • developing our people • strengthening our leadership capability • improving employee accountability for delivering results 	employee engagement index	52%	49%	44%	52%	48%		
		operational excellence	Deliver efficient and high-quality service by: <ul style="list-style-type: none"> • simplifying and enhancing key business processes • minimizing system support costs to enable renewal of insurance and claims systems • building our competitive capabilities in underwriting, marketing, and business analytics 	insurance operating cost per policy	\$179	\$184	\$189	\$193	\$196
				driver licensing cost per transaction ^{4,5}	\$10.0	\$9.3	\$9.7	\$9.4	\$10.3

¹ 2008 Plan was revised from 90% to 93%.

² Excludes deferred premium acquisition cost adjustments.

³ 2008 Plan was revised from benchmark +0.268% to benchmark +0.269%.

⁴ Effective 2008, the calculation methodology excludes one-time project costs.

⁵ In 2008, Driver Services was renamed Driver Licensing and the name of this measure has been changed accordingly.