



June 6, 2019

Ms. Christina Zacharuk
President & CEO
Public Sector Employers' Council Secretariat
Suite 210 – 880 Douglas Street
Victoria, BC V8W 2B7

Dear Ms. Zacharuk,

Re: 2018/19 Executive Compensation Disclosure Statement – ICBC

On behalf of the Board of Directors of ICBC, attached is ICBC's Executive Compensation Disclosure Statement for the period of April 1, 2018 to March 31, 2019 (based on the audited financial statements).

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

- The board is aware of the executive compensation paid in the 2018/19 fiscal year.
- The compensation information (based on audited financial statements) being disclosed is accurate and includes all compensation paid and accrued during the 12-month period by the employer, foundations, subsidiaries, or any other organization related to or associated with the employer.
- It includes the value of any pre or post-employment payments made during the 12-month period before or after the term of employment.
- Compensation provided was within approved compensation plans based on financial audited statements and complies with these guidelines.

Yours truly,

A handwritten signature in blue ink, appearing to read "Joy MacPhail", is written over the "Yours truly," text.

Joy MacPhail
Chair, ICBC Board of Directors

Enclosure(s)



Human Resources and Compensation Committee

Reporting Period: Fiscal Year 2018/19
(April 1, 2018 – March 31, 2019)

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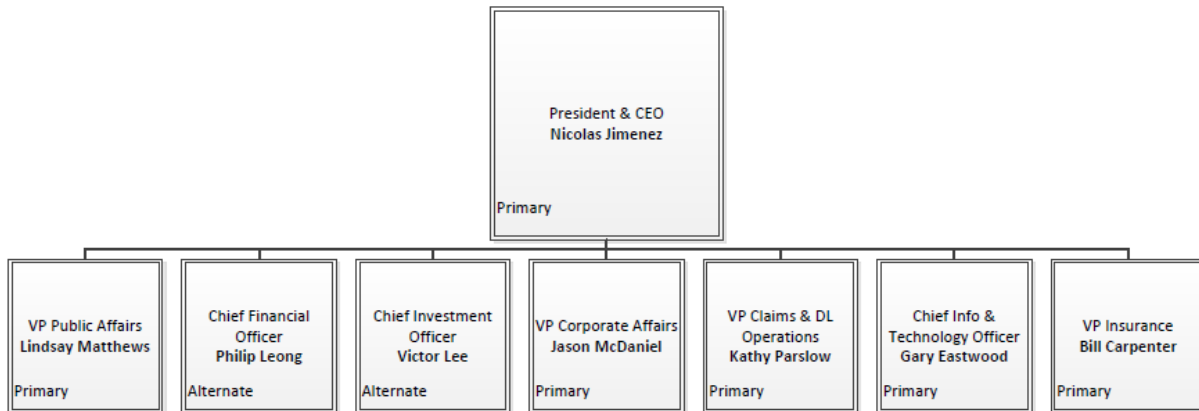
INSURANCE CORPORATION OF BRITISH COLUMBIA

2018/19 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 B.C. motorists. ICBC’s corporate strategy is to be a low cost and operationally efficient company that provides consistent, quality service to its customers.

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. During the 2018/19 fiscal year, some members of the Executive Leadership Team have changed. The following Executives are currently responsible for leading the management of ICBC’s business and the implementation of its corporate strategy:



¹ Interim acting assignments are denoted with the word “alternate”.

As per the Public Sector Employers Act , ICBC must disclose all compensation provided to the President and Chief Executive Officer (“CEO”) and the next four highest ranking/paid “Named Executive Officers” (“NEOs”). As per the Public Sector Employers’ Council (“PSEC”) Secretariat’s direction, the following outlines the governance, compensation philosophy, and total value of executive compensation for services during the 12 month period starting April 1, 2018 and ending March 31, 2019.

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.

- Review and approve the total compensation strategy and philosophy to be applied to all ICBC employees upon recommendation of the Committee.
- Review and approve all compensation matters acting upon the advice of the CEO and upon recommendation of the Committee.

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 the Government.
- 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 other than any change which i) according to legal advice, is required to comply with applicable law, or ii) according to actuarial advice has no measurable impact on the cost of the pension plan and is desirable for administrative or other reasons.
- In consultation with the CEO, review and recommend the compensation, including benefit and retirement plans, for the Executive team.
- Review the annual Executive Compensation Disclosure Statement as required by the Public Sector Executive Compensation Disclosure Guidelines.
- 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.

3. COMPENSATION DISCUSSION AND ANALYSIS

ICBC’s executive compensation 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.

ICBC’s compensation programs generally apply to all Executives and Management Group employees, with some Executive and CEO exceptions as noted herein. Annual salary increases and incentive compensation when granted, are variable, based on public policy, corporate and individual performance. The Board of Directors (the “Board”) sets the CEO’s total compensation within the guidelines set by PSEC Secretariat and applicable legislation.

3.1 Total Compensation Philosophy

In June 2015, ICBC amended its total compensation philosophy for Executives and Management Group employees which has been approved by the Board and PSEC Secretariat.

Objective

ICBC’s amended total compensation philosophy is designed to:

- Competitively attract, develop and retain high quality talent with the depth of skills, knowledge and competencies required to achieve ICBC’s strategic and operational priorities;

- Inspire and support high performance, accountability and fiscal responsibility;
- Link total compensation with company and individual performance;
- Create a solid relationship with employees that is built on trust, fair treatment, and mutual respect;
- Complement the intrinsic value of the workplace environment;
- Support the direction and long term goals of ICBC and government.

Core Principles

ICBC's total compensation philosophy is underpinned by four core principles:

- **Performance** – compensation programs support and promote a performance-based organizational culture. ICBC's provision of salary increases is based on individual merit and dependent on achieving its corporate performance objectives.
- **Differentiation** – differentiation of salary is supported where there are differences in position scope or due to superior individual team contributions. ICBC's job evaluation process and performance management program ensure salary differentiation is managed in an objective, consistent manner.
- **Accountability** – compensation decisions are objective and based upon a clear and well documented business rationale that demonstrates the appropriate expenditure of public funds. ICBC's compensation policies and guidelines set out clear procedures and authorizations for the administration of all compensation decisions.
- **Transparency** – compensation programs are designed, managed and communicated in a manner that ensures the program is clearly understood by employees and the public while protecting individual personal information.

Benchmarking Practices

a) Market Comparator Groups

ICBC's approved total compensation philosophy is a hybrid approach which is based on three distinct market comparator groups, or market benchmarks:

- 1) B.C. Public Sector Organizations includes Crown corporations, BC Public Service, health sector, K-12 education, community social services, regional government, municipalities and various public bodies; and
- 2) Other Provincial Jurisdictions where relevant and available, excluding territories; and
- 3) Private Sector Organizations which includes general industry and the property and casual insurance industry as well as for talent with specialized expertise and/or in high demand with significant recruitment pressure from the private sector.

b) Job Categories

Job categories have been established to align ICBC's pay practices with the practices of the different

comparator groups. ICBC's competitive positioning ensures that each job's total cash target reflects the 50th percentile total cash target provided by its relative comparator group. For the purpose of competitive market analysis, jobs at ICBC would fall into one of the four categories:

- 1) **General business roles** are the majority of jobs supporting the day-to-day business operations.
- 2) **Roles in high demand by general industry** would include specialized or technical jobs filled by talent in high demand with significant recruitment pressure from the private sector.
- 3) **Key industry specific roles** are jobs that are difficult to recruit and/or critical jobs requiring specialized expertise in the property and casual insurance industry.
- 4) **Executive roles** – those positions deemed to be at the executive level as approved by government. ICBC forgoes labour market comparisons for Executive positions and makes Executive compensation decisions entirely based on public policy. As Executive compensation is set by public policy, market comparisons of any nature are only illustrative for guidance, not determinative.

3.2 Total Forms of Executive Compensation

a) Base Salary

Executive compensation is set by public policy. The Committee annually reviews, for recommendation to the Board and then approval by government, adjustments to the salary range structure and the annual salary budget, if any.

At the beginning of the year, a performance plan is developed for each Executive, which outlines their responsibilities and objectives for the year. At the end of the year, the Executive is rated against the targets.

ICBC's adoption of a common public sector philosophy supports a performance-based culture where compensation decisions such as salary increases are based on merit.

b) Vacation

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.

c) Pension

ICBC provides a contributory defined benefit pension plan, which is the basic plan for all Executives. In addition to the basic pension plan, Executives are eligible for the non-contributory Supplemental Employee Retirement Plan ("SERP").

Both the basic pension plan and the SERP are valued at the average current service cost for all members in the plan, less the average member contributions. Effective January 1, 2019, pension contribution rates changed for members of the basic plan with plan members and ICBC each contributing 50% of the estimated cost of pension benefits being earned. This change results in an increase in member contributions and a corresponding decrease in ICBC's contributions.

d) Health and Wellness Benefits

ICBC provides a comprehensive benefit program for Executives 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.

Voluntary, employee funded programs are available for life insurance, accidental death and dismemberment insurance and group RRSP.

Executives hired on or after September 1, 2013 are ineligible for the management post-employment benefits program.

4. SUMMARY COMPENSATION TABLE

Enclosed is the summary compensation table that provides a summary of total compensation for ICBC's CEO and next four highest ranking/paid NEO's for the 12-month period from April 1, 2018 to March 31, 2019, including payments to previous NEOs who have left ICBC during and prior to March 31, 2019.

Insurance Corporation of BC

Summary Compensation Table at 2019

Name and Position	Salary	Holdback/Bonus/ Incentive Plan Compensation	Benefits	Pension	All Other Compensation (expanded below)	2018/2019 Total Compensation	Previous Two Years Totals Total Compensation	
							2017/2018	2016/2017
Nicolas Jimenez, President & CEO	\$ 381,601	-	\$ 17,443	\$ 67,257	\$ 2,482	\$ 468,783	\$ 382,132	\$ 343,981
Bill Carpenter, Vice President, Insurance	\$ 320,540	-	\$ 16,487	\$ 56,495	\$ 1,351	\$ 394,873	\$ 404,469	\$ 368,884
Steve Crombie, VP Corp & Stakeholder Governance	\$ 291,400	-	\$ 16,038	\$ 51,359	\$ 9,766	\$ 368,563	\$ 363,239	\$ 361,025
Gary Eastwood, Chief Info & Technology Officer	\$ 280,163	-	\$ 15,043	\$ 49,379	\$ 1,440	\$ 346,025		
Alison Gould, Former Chief Investment Officer	\$ 121,898	-	\$ 4,628	\$ 22,307	\$ 609	\$ 149,442	\$ 369,320	
Kathy Parslow, VP Claims & DL Operations	\$ 320,540	-	\$ 17,492	\$ 56,495	-	\$ 394,527	\$ 397,768	\$ 367,051
Victor Lee , Acting Chief Investment Officer	\$ 206,271	-	\$ 13,029	\$ 36,355	\$ 1,440	\$ 257,095		
Philip Leong, Acting Chief Financial Officer	\$ 247,711	-	\$ 14,672	\$ 43,659	\$ 1,440	\$ 307,482		

Summary Other Compensation Table at 2019

Name And Position	All Other Compensation	Severance	Vacation payout	Leave payout	Vehicle / Transportation Allowance	Perquisites / other Allowances	Other
Nicolas Jimenez, President & CEO	\$ 2,482	-	\$ 1,042	-	\$ 1,440	-	-
Bill Carpenter, Vice President, Insurance	\$ 1,351	-	\$ 1,351	-	-	-	-
Steve Crombie, VP Corp & Stakeholder Governance	\$ 9,766	-	\$ 9,616	-	\$ 150	-	-
Gary Eastwood, Chief Info & Technology Officer	\$ 1,440	-	-	-	\$ 1,440	-	-
Alison Gould, Former Chief Investment Officer	\$ 609	-	-	-	\$ 609	-	-
Kathy Parslow, VP Claims & DL Operations	-	-	-	-	-	-	-
Victor Lee , Acting Chief Investment Officer	\$ 1,440	-	-	-	\$ 1,440	-	-
Philip Leong, Acting Chief Financial Officer	\$ 1,440	-	-	-	\$ 1,440	-	-

Notes

Nicolas Jimenez, President & CEO	General Note: Appointed President and CEO, effective July 13, 2018. Prior to his appointment he was acting in the role and received acting pay of \$18,990 which is reflected under Salary. Effective April 1, 2018, past practice of retaining a percentage of salary for executive and senior management to be paid as an annual lump sum “holdback” was eliminated at ICBC. The amount reported under salary represents earned salary of \$381,601 (\$334,173 plus \$47,428 representing a portion of the holdback based on a 4-year average payout). When the holdback was in place, Mr. Jimenez’s maximum achievable salary was \$400,950.
Bill Carpenter, Vice President, Insurance	General Note: Appointed Vice President Insurance, effective October 29, 2018. Was formerly the Chief Financial Officer & Chief Actuary. Coincident with his appointment, the Chief Actuary position was reclassified to a non-executive role. Effective April 1, 2018, past practice of retaining a percentage of salary for executive and senior management to be paid as an annual lump sum “holdback” was eliminated at ICBC. The amount reported under salary represents earned salary of \$320,540 (\$275,000 plus \$45,540 representing a portion of the holdback based on a 4-year average payout). When the holdback was in place, Mr. Carpenter’s maximum achievable salary was \$330,000.
Steve Crombie, VP Corp & Stakeholder Governance	General Note: Left his position as VP, Corporate & Stakeholder Governance effective May 3, 2018 and is on working notice until October 3, 2019. Following the executive leadership changes, this position is no longer considered to be an NEO. Effective April 1, 2018, past practice of retaining a percentage of salary for executive and senior management to be paid as an annual lump sum “holdback” was eliminated at ICBC. The amount reported under salary represents earned salary of \$291,400 (\$250,000 plus \$41,400 representing a portion of the holdback based on a 4-year average payout). When the holdback was in place, Mr. Crombie’s maximum achievable salary was \$300,000.
Gary Eastwood, Chief Info & Technology Officer	General Note: Effective April 1, 2018, past practice of retaining a percentage of salary for executive and senior management to be paid as an annual lump sum “holdback” was eliminated at ICBC. The amount reported under salary represents earned salary of \$280,163 (\$240,359 plus \$39,804 representing a portion of the holdback based on a 4-year average payout). When the holdback was in place, Mr. Eastwood’s maximum achievable salary was \$292,560.
Alison Gould, Former Chief Investment Officer	General Note: Retired as Chief Investment Officer, effective September 7, 2018. Effective April 1, 2018, past practice of retaining a percentage of salary for executive and senior management to be paid as an annual lump sum “holdback” was eliminated at ICBC. The amount reported under salary represents earned salary of \$121,898 (\$104,580 plus \$17,318 representing a portion of the holdback based on a 4-year average payout). When the holdback was in place, Ms. Gould’s maximum achievable salary was \$297,441.
Kathy Parslow, VP Claims & DL Operations	General Note: Effective April 1, 2018, past practice of retaining a percentage of salary for executive and senior management to be paid as an annual lump sum “holdback” was eliminated at ICBC. The amount reported under salary represents earned salary of \$320,540 (\$275,000 plus \$45,540 representing a portion of the holdback based on a 4-year average payout). When the holdback was in place, Ms. Parslow’s maximum achievable salary was \$330,000.
Victor Lee , Acting Chief Investment Officer	General Note: Director Fixed Income (primary position) acting as Chief Investment Officer, effective August 27, 2018. Compensation disclosed reflects salary for his primary position and includes acting pay of \$10,434. Effective April 1, 2018, past practice of retaining a percentage of salary for executive and senior management to be paid as an annual lump sum “holdback” was eliminated at ICBC. The amount reported under salary represents earned salary of \$206,271 (\$191,296 plus \$14,975 representing a portion of the holdback for his primary position based on a 4-year average payout). When the holdback was in place, the CIO’s maximum achievable salary was \$297,441.

Philip Leong, Acting Chief Financial Officer

General Note: Corporate Controller (primary position) acting as Chief Financial Officer, effective October 29, 2018. Compensation disclosed reflects salary for his primary position and includes acting pay of \$8,907. Effective April 1, 2018, past practice of retaining a percentage of salary for executive and senior management to be paid as an annual lump sum "holdback" was eliminated at ICBC. The amount reported under salary represents earned salary of \$247,711 (\$229,450 plus \$18,261 representing a portion of the holdback for his primary position based on a 4-year average payout). When the holdback was in place, the CFO's maximum achievable salary was \$330,000.