ICBC

INSURANCE CORPORATION OF BRITISH COLUMBIA

EXECUTIVE COMPENSATION DISCLOSURE STATEMENT

In keeping with the guidelines provided by the Public Sector Employer's Council (PSEC), the following table outlines the total compensation earned by ICBC's President and Chief Executive Officer (CEO) and the next four highest paid "Named Executive Officers" (NEOs) for services during the 12 months of the fiscal year ended December 31, 2007.

2007 Executive Compensation Summary

Name and Position	Base Salary (1)	Incentive (2)	LTIP (3)	Pension (4)	Health & Wellness Benefits (5)	All Other Compensation (6)	Grand Total
Paul Taylor President & CEO	$ 300,000	$ 77,062	$ 73,202	$ 45,100	$ 7,809	$ 21,586	$ 524,759
Geri Prior Chief Financial Officer	$ 260,600	$ 119,713	n/a	$ 37,100	$ 8,147	$ 31,530	$ 457,091
Donnie Wing Senior VP Insurance, Marketing & Underwriting	$ 224,300	$ 103,038	n/a	$ 30,300	$ 8,073	$ 21,556	$ 387,267
Keith Stewart Chief Information Officer	$ 210,400	$ 96,653	n/a	$ 29,100	$ 8,023	$ 28,572	$ 372,748
Camille Minogue Chief Actuary	$ 226,000	$ 87,801	n/a	$ 27,400	$ 7,570	$ 19,223	$ 367,993

Table:

1 Value of the base salary earned during the year

2 Dollar value of all amounts paid under the short term incentive plan (STIP) are made in recognition of performance in the fiscal year specified, but paid in the following fiscal year.

3 Long term incentive plan (LTIP) applies exclusively to the CEO. $47,514 was earned over fiscal years 2005 and 2006, and was vested and paid in 2008. $25,688 was earned in 2007 and was vested and paid in 2008, for a total of $73,202.

4 Individual current service cost for contributory defined benefit pension plan and the supplemental employee retirement plan (SERP)

5 The dollar value of employer contributions to non-statutory benefits for each NEO such as: Extended Health, Dental, Group Life, Accidental Death and Dismemberment, Long-term disability, MSP Premiums, Other life insurance policy

6 All other compensation not reported elsewhere, including:
- perquisite allowance
- the dollar value of statutory employer contribution such as CPP, EI and Workers Compensation
- Vacation or leave payouts

Executive Compensation Disclosure

In keeping with Bill 33, and beginning with the fiscal year ended December 31, 2007, the Board of Directors (the “Board”) of the Insurance Corporation of British Columbia will disclose the total compensation of the President and Chief Executive Officer (CEO), and the next four highest paid executive officers (named executive officers or NEOs). This disclosure will be for all compensation earned and will closely resemble the standard of disclosure recommended by the Canadian Securities Administrators for publicly traded companies.

In previous years, the Corporation has provided the gross salary, incentive pay and perquisite allowance as one figure in the Corporation’s Annual Financial Information Release. The new level of disclosure differs in many ways. Firstly, the Corporation’s compensation policy and practices are explained. Secondly, greater detail of the nature of the executive’s compensation will be provided. And thirdly, information about other forms of compensation such as pension, health and welfare benefits, not previously reported will be provided.

Discussion of Executive Compensation

The Human Resources and Compensation Committee is a standing committee of the ICBC Board of Directors.

The purpose of the Human Resources and Compensation Committee (the “Committee”) is to assist the Board in fulfilling its obligations relating to human resource and compensation policy and related matters and to establish a plan of continuity and development of executive management for the Corporation.

The Human Resources and Compensation Committee is responsible for guiding executive management and assisting the Board in determining appropriate human capital practices and compensation strategies that support Company objectives. The Board has final approval on all compensation matters, within the overall direction provided by the Public Sector Employer’s Council (PSEC).

The duties and responsibilities of the Committee including the following, subject to the powers and duties of the Board:

- 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 recommend to the Board the collective bargaining strategy for the Corporation.

- Review and recommend to the Board the Corporation’s strategy respecting human resources management and planning, including recruitment, training, performance management and related matters and to report to the Board on the implementation of these strategies at least once a year.

- Review and recommend to the Board the Corporation’s strategy respecting labour relations management as required.

During 2007, the Committee accomplished the following:

- Completed a review of management salary and incentive compensation and implemented changes in keeping with the authorization provided by PSEC.

- Evaluated CEO performance and made recommendations concerning incentive based compensation.

- Commenced succession planning for key executive positions within the Corporation.

- Reviewed the funding and operation of the Management Pension Plan and supplementary pension arrangements.

Executive Compensation Policy

The Corporation compensates it executive management within a policy that is linked to its strategic business interests and objectives. The policy is intended to sustain a competitive position in the labour market, allowing the Corporation to attract and retain key talent while rewarding performance. The policy applies to all executives and management group employees except the CEO. Annual salary increases and incentive compensation are variable and are based on individual, divisional, and corporate performance.

The Board does not set the CEO's compensation program nor does it have control over the CEO's base salary. The base salary for ICBC's CEO position has not changed since 2002. The Corporation works within the existing CEO compensation plan approved by PSEC.

The following summary provides a description of the Corporation's management compensation programs.

Base Salary

In 2007, the Corporation was given approval by PSEC to implement a new salary structure with the purpose of further fostering a performance-based culture and to provide a competitive base salary to attract and retain highly qualified and experienced employees, while aligning with the competitive labour market.

In establishing the new salary structure for the executives and management group employees, the Board adopted a market position based on the markets in which ICBC competes for talent. That market position is expressed in Corporate policy as the market median (P50) for similar positions within the following three, equally weighted comparator groups;

- Canadian Insurance Companies – Assets between $1 - $15 billion

- Canadian Broad Industry – Revenue between $1 - $10 billion

- Canadian Government, Quasi–Government and Crown Corporations

The information from the comparator groups is based on the executive compensation databank of the consulting firm Towers Perrin.

The Committee annually reviews, for recommendation to the Board, adjustments to the salary range structure by referencing a number of compensation outlook surveys to determine current compensation trends. The salary range adjustment allows the Corporation to maintain its desired position in a competitive 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 the 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.

There is no salary range for the CEO. The Board does not set the CEO's compensation program nor does it have control over the CEO's base salary.

Short-Term Incentive Pay (STIP)

Short-Term Incentive Pay (STIP) is awarded to the CEO based on corporate and individual performance, while for Executives STIP is awarded based on corporate, divisional, and individual performance.

For the CEO, corporate performance carries a weight of 75%, while individual is weighted 25%. The STIP target for the CEO is 20% and the actual award can range from 0% to a maximum of 33% of base salary.

For executives, corporate performance carries a weight of 50%, divisional performance carries a weight of 30%, and individual performance carries a weight of 20%. The STIP target for executives is 35% and the award can range from 0% to a maximum of 52.5% of base salary.

In setting STIP targets, reference is made to the market median (P50) for similar positions when the following three equally weighted comparator groups:

- Canadian Insurance Companies – Assets between $1 - $15 billion
- Canadian Broad Industry – Revenue between $1 - $10 billion
- Canadian Government, Quasi–Government and Crown Corporations

The information from the comparator groups is based on the executive compensation databank of the consulting firm Towers Perrin.

On an annual basis the Board approves the corporate performance targets to be used for determining Short-Term Incentive Pay (STIP) for all management group employees.

Corporate performance is measured against four components, each carrying an equal weighting:

- Customer Focus: Measured through customer satisfaction surveys for insurance services, claims services and driver services.
- Financial Responsibility: Financial measures include Loss Ratio, Expense Ratio, and Combined Ratio.
- High Performing, Engaged & Capable People: Employee Engagement, as measured from a once annual employee opinion survey.

- Operational Excellence: Operational measures in terms of insurance cost per policy, cost per driver services transaction and degree of system analysis review complete.

The following table provides a summary of the corporate measures which were the basis for 2007 STIP.

Table 1: Short Term Incentive Pay (STIP)

Corporate Goals	Corporate Measure	2007 Plan	Weight
Customer Focus	Insurance Services Satisfaction	93%	25%
	Driver Services Satisfaction	90%	
	Claims Services Satisfaction	82%	
Financial Responsibility	Combined Ratio	108.0%	25%
	Loss Ratio	88.9%	
	Expense Ratio (excluding DPAC)*	19.1%	
High Performing, Engaged & Capable People	Employee Engagement	55%	25%
Operational Excellence	Insurance operating cost per policy	$187	25%
	Driver Services cost per transaction	$9.8	
	Degree of system analysis review complete	Completed by year end	

*DPAC is the Deferred Premium Acquisition Costs

Divisional and individual performance for NEOs is measured against division targets approved by the CEO, except in the case of the Chief Actuary, whose department and individual performance plan is approved by the CFO. STIP awards are 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 are finalized.

Long-Term Incentive Pay (LTIP)

The Long-Term Incentive Pay (LTIP) program applies to the CEO only. The purpose is to align CEO's performance with Company objectives, and as a means of retaining the CEO by deferring payout over three years.

LTIP is awarded to the CEO based on corporate and individual performance. Corporate performance carries a weight of 75%, while individual performance at the Board's discretion carries a weight of 25%. The LTIP target for the CEO is 20% and the maximum LTIP is 33%. The LTIP is paid out over 3 years providing the CEO remains with the Company during that period. LTIP awards are made in recognition of performance in the specified fiscal year and paid over the subsequent three years.

Perquisite Allowance

The perquisite allowance is a cash allowance paid to the CEO and NEOs. The CEO and NEOs have the flexibility to allocate the cash allowance toward various personal expense matters such as a health spending account, vehicle allowance and fuel. The perquisite allowance is $18,500 per year for the CEO and the executives.

Vacation

The Corporation provides four weeks of vacation per year to the CEO and NEOs, with an additional two weeks provided in every fifth year.

Unused annual vacation can be carried forward to the following calendar year, which will be paid out if it is not been used by the end of the second calendar year.

Pension

The Corporation provides a contributory defined benefit pension plan for all executive and management group employees. The benefit provided is 2% of the best 5 years' average earnings multiplied by years of plan participation. The Plan is integrated with the Canada Pension Plan and provides guaranteed indexing.

In addition to the basic pension plan, executive 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 current service cost, which is the estimated actuarial present value of the pension benefits earned in the year, minus the executive's own pension contributions. Current service cost is related to base salary, varies by gender and increases with age.

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 and an Employee and Family Assistance Program. All programs are paid by the Corporation. Voluntary, employee funded programs are available for life insurance, accidental death and dismemberment group RRSP and a health spending account.