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December 15, 2010

International Accounting Standards Board 30 Cannon Street London EC4M 6XH United Kingdom

Dear Sirs or Madams:

Re: Leasing Exposure Draft

Thank you for the opportunity to comment on the above Exposure Draft. We will not be providing responses to the specific questions in the Exposure Draft but rather will be providing general comments in this letter.

The Insurance Corporation of British Columbia (ICBC) is a provincial Crown Corporation that provides universal compulsory automobile insurance to British Columbia (BC) motorists and also sells optional automobile insurance coverage in the competitive marketplace in BC. In the course of its business, ICBC enters into operating leases as a lessee. Also, ICBC enters into leases as a lessor on behalf of its investment property portfolio.

While ICBC understands the needs of financial statement users to have a faithful representation of leasing transactions, there are certain leasing transactions that do not create the rights and obligations that meet the definition of assets and liabilities. For example, short term leases on non-core equipment. Therefore, ICBC has concerns with the comparability of information and some of the practical aspects and cost benefits of the Exposure Draft proposals. The standard should still provide an option where it is clear that the transactions are operating leases.

The Exposure Draft proposes to include in its scope leases of investment property that is measured at cost but not leases of investment property that is measured at fair value. Leases of investment property measured at cost are to be accounted for either with the performance obligation approach or the derecognition approach; presumably approximating a fair value measurement. However, neither the performance obligation approach nor the derecognition approach considers a number of factors (e.g., the non-recoverable costs to operate the property, normal vacancy provisions, future capital expenditures such as a new roof and the value upon a sale in the future) which are included in fair value real estate appraisals. This will result in a lack of comparability between statements prepared by an entity that values its investment property at fair value and another entity that recognizes its investment property at cost, as allowed by IAS 40 Investment Property, and its leasing receivables and obligations as required by this Exposure Draft.

The Exposure Draft also proposes that the lease term includes any options to extend or terminate the lease based on probability of occurrence and that estimate of lease payments be based on



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available or prevailing rates or indices. However, options to extend a lease term generally require negotiations based on the prevailing market rates when the option is exercised and possibly renegotiating variable assessments, such as a percentage of common costs; which are difficult to estimate and measure reliably. ICBC suggests that, instead of trying to include all options in amounts recognized in the Statement of Financial Position, additional note disclosure may be a more appropriate method to provide much of the leasing information that statement users have informed the IASB they would like to see.

There are certain aspects of the Exposure Draft that needs further clarification. For example, the Exposure Draft proposes that a lease contract should be considered as terminated when an option to purchase the underlying asset is exercised. However in many circumstances, the purchase option is exercised months before the end of the lease term and the lessee must continue to make lease payments for the period between the date the option is exercised and the sale is closed.

Should you wish to discuss the contents of this letter, please do not hesitate to contact me at the above address, at 1-604-661-6663 or by email at Anwar.Chaudhry@icbc.com.

Yours truly,

INSURANCE CORPORATION OF BRITISH COLUMBIA

Anwar Chaudhry, CA Corporate Controller