



BRIEFING NOTE

I. Prepared for: **The Honourable Mary Polak**, Minister responsible for ICBC, for **INFORMATION**.

II. Subject: **Meeting with representatives from the Insurance Bureau of Canada – October 24, 2012**

III. Background:

- The Insurance Bureau of Canada (IBC) is the national industry association representing Canada's private home, car and business insurers.
- The IBC believes the Province can take more action to promote competition in the optional vehicle insurance market, which can lead to greater investments by private insurers in the province.
- The IBC has raised some issues with several of ICBC's former Ministers, most recently at a meeting with the Honourable Kevin Falcon on April 23, 2012. The appendix contains some of the issues the IBC has brought up in the past, including a response letter to the IBC from Minister Bond.

IV. Discussion:

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Issues the IBC may bring forward:

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Contact: Jerome Atherton
Manager, Government Relations
(604) 982-2488

Mark Blucher
Senior VP, Insurance
(604) 982-4693

Date: October 16, 2012



Dec 2, 2010 Chair
Correspond.pdf



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Nancy McKinstry
Chair
Insurance Corporation of British Columbia
630 – 171 West Esplanade
North Vancouver BC V7M 3J9

Dear Nancy:

I am writing to provide direction regarding the reporting of third party liability data and operator-based information, and the collection of Forward Sorting Address (FSA) in the British Columbia Automobile Statistical Plan (the Plan).

The Plan is a key component of the government's commitment to increasing competition for optional automobile insurance. The Province agrees the Plan should include both mandatory and extension third party liability insurance experience. This information will cover 10 years of historical information, which is consistent with the time frame for the other data elements agreed upon in 2005.

Regarding operator-based information, the Plan should at a minimum contain the number of years licensed, number of years claims free and number of claims during a set period for those principal operators included in the rating of the vehicles. I accept that there is an increased cost for ICBC to provide operator-based information from its current systems for a statistical plan purpose. As ICBC is undertaking a transformation program including changes to its systems, the Province directs that the Plan will contain operator-based information when those changes are implemented in 2014. The Plan should be developed to account for the collection of operator-based information at that time.

I support inclusion of a data field to collect the FSA or postal code for vehicle location, but on a voluntary basis in British Columbia at this time. While other jurisdictions in Canada provide data at the FSA level, I understand all these jurisdictions, except New Brunswick, continue to use a territory code to group information into territories for their statistical plan. As the government has stated the BC Plan will be based on six territories, I have reservations about compelling an insurer to submit any data without a consistent and expressed purpose.

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Nancy McKinstry
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I appreciate the concerns that any future reporting changes for the Plan can be both costly and difficult to undertake for insurers and the agency preparing the Plan, so it is important to confirm the data elements from the start. I also recognize that it can be difficult to go back and capture historical data for reporting should boundaries or the number of territories change. To mitigate these concerns, ICBC will be required to keep a copy of the past three years of the Plan reporting elements, including FSA, in the necessary format as if this data field were to be sent to the statistical agency producing the Plan. I believe this will preserve the integrity of historical ICBC information, including FSA data, should this data be required in future changes to the Plan.

Thank you for your attention to this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to be 'RC' with a stylized flourish.

Rich Coleman
Solicitor General

pc: Lori Wanamaker
Jon Schubert

APPENDIX – Previous Issues Raised by the IBC

Screen scraping

Screen scraping refers to a process employed by some Autoplan Agents that used third party software to intercept customer data flowing between ICBC systems and the broker's systems when the broker was processing an ICBC related transaction. The data includes personal customer information, and competitive rating information from ICBC, and is used in order to obtain a quote for private optional insurance.

In 2006, ICBC announced to all Autoplan Agents that screen scraping would no longer be permitted. This position was acknowledged in the Strategic Accord with Broker associations (IBABC and CUISA), effective January 1, 2008.

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Bundling (ICBC's Integration)

ICBC operates as an integrated company consistent with Government's Letter of Expectations which states that, ICBC is to "...continue to provide Basic and Optional vehicle insurance in an integrated manner for BC motorists". This model has benefits including cost and customer service efficiencies. The integrated business model operated by ICBC benefits Basic insurance customers through economies of scale.

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Affiliated Brokers (aka Restricted Covenant Policy)

ICBC policy prevents a broker owned by, or affiliated with, a private insurer from selling that private insurer's optional auto insurance products. ICBC deals with independent brokers and feels that a broker owned or affiliated with a private insurer cannot represent ICBC's optional products fairly.

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Response Letter from Minister Bond – Nov 2011



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level playing field FIN

Ms. Lindsay Olson
Vice President, British Columbia, Saskatchewan & Manitoba
Insurance Bureau of Canada
510 Burrard Street, Suite 1010
Vancouver BC V6C 3B9

Dear Ms. Olson:

I am responding to your letter regarding our meeting on August 30, 2011, and the optional automobile insurance market in British Columbia.

Government continues to be committed to a competitive market. In 2003, the British Columbia Utilities Commission (BCUC) was established as the independent regulator for the Insurance Corporation of British Columbia (ICBC) to approve rates for basic insurance, and ensure there is no cross subsidization of optional rates. In addition, capital requirements put ICBC on a level playing field with the private sector.

ICBC has certain obligations under the *Freedom of Information and Protection of Privacy Act* to ensure the protection and proper use of data under its control. Government expects ICBC to take these responsibilities very seriously and allowing screen scraping could impact the ability to meet these obligations. I understand that when the Competition Bureau looked at this issue in 2008 they found that, while there may be an inconvenience to the broker, not being able to screen scrape did not have a substantial impact on the broker's ability to sell a competitor's product.

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Ms. Lindsay Olson
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I am advised that if a motorist has optional insurance with another provider, or otherwise does not have optional coverage with ICBC, they are not sent a quote for ICBC optional coverage. ICBC does provide a quote for optional insurance in cases where a motorist already has existing optional coverage with ICBC. However, this does not prevent a motorist from choosing another insurance company.

You expressed the view that the unproclaimed sections of Bill 58 should be brought into force and ICBC's competitive behaviour should be reviewed by the British Columbia Utilities Commission. As you know, the competition of all companies in British Columbia is currently regulated by the federal *Competition Act* and enforced by the federal Competition Bureau. As it has in the past, the Competition Bureau can review concerns regarding ICBC's competitive behaviour and the government feels this provides the appropriate level of oversight for competition in British Columbia.

Thank you for writing.

Sincerely,

Original signed by:

Shirley Bond
Solicitor General

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Approved by: Doug Cooper

Drafted by: Julie Moore