

From: [Butler, Liam GCPE:EX](#)
To: [MINCAL, AG AG:EX](#); [Eby, David AG:EX](#)
Subject: Media: Record MP3

Topic: ICBC DRP.
Request: Record MP3 with Megan to be used for Chinese media.

From: [Butler, Liam GCPE:EX](#)
To: [MINCAL, AG AG:EX](#); [Eby, David AG:EX](#)
Subject: Media: VanSun Rob Shaw
Start: November-06-17 11:40:00 AM
End: November-06-17 11:50:00 AM
Location: Room 232

Topic: ICBC DRP.

Reporter: Rob Shaw, VanSun.

Style: Face-to-face.

Time: 11:40-11:45.

Note: Looking for information on how DRP is different from traditional points. Will be providing him on background as well.

From: Butler, Liam GCPE:EX
To: MINCAL, AG AG:EX; Eby, David AG:EX
Subject: Media: News 1130, Kurtis Doering

Topic: ICBC DRP.

Reporter: Kurtis Doering, News 1130.

Style: Radio

Time: 11:51 – 11:59.

Note: The interview would be a 5-8 minute pre-taped segment, discussing the news release that went out this morning.

From: Butler, Liam GCPE:EX
To: MINCAL, AG AG:EX; Eby, David AG:EX
Subject: Media: Chek News Tess Van Stratten and CTV Cameraman

Topic: ICBC DRP
Reporter: Tess Van straiten and CTV camera operator
Style: On-camera interview with reporters
Time: 12:15 – 12: 25 p.m.
Note: Interviews will conducted at the same time

From: Butler, Liam GCPE:EX
To: MINCAL, AG AG:EX; Eby, David AG:EX
Subject: Media: CBC, Jason D'Souza

Topic: ICBC DRP

Reporter: Jason D'Souza, CBC

Style: One-on-one radio interview with host Jason D'Souza. The interview will be live, with no call-ins and approximately 5-7 minutes

Time: 4:20-4:25 p.m.

Note: Please call in at 4:18

From: Butler, Liam GCPE:EX
To: MINCAL, AG AG:EX; Eby, David AG:EX
Subject: Media: CKLR 97.3
Start: November-06-17 3:30:00 PM
End: November-06-17 3:35:00 PM
Location: 250 703-0199

Topic: ICBC DRP

Reporter: Jon de Roo, Eagle (Courtenay) CKLR 97.3

Style: Pre-taped radio interview. One-on-one with the host without call-ins. Approximately five minutes in length

Time: 11:40-11:45.

Note:

From: Butler, Liam GCPE:EX
To: MINCAL, AG AG:EX; Eby, David AG:EX
Subject: Media: CKLR 97.3
Start: November-06-17 3:30:00 PM
End: November-06-17 3:35:00 PM
Location: 250 703-0199

Topic: ICBC DRP

Reporter: Jon de Roo, Eagle (Courtenay) CKLR 97.3

Style: Pre-taped radio interview. One-on-one with the host without call-ins. Approximately five minutes in length

Time: 3:30-3:35

Note:

From: Butler, Liam GCPE:EX
To: MINCAL, AG AG:EX; Eby, David AG:EX
Subject: Media: Pulse FM, Dave Sheldon

Topic: ICBC DRP
Reporter: Dave Sheldon, Pulse FM.
Style: One-on-one radio interview with the host. The segment will be live with no call-ins for 10 minutes
Time: 12:00-12:10 p.m.
Note: Please call in at 12 p.m.

From: Butler, Liam GCPE:EX
To: MINCAL, AG AG:EX; Eby, David AG:EX
Subject: Media: CFX 1070, Chandler Grieve

Topic: ICBC DRP

Reporter: Chandler Grieve, CFX 1070.

Style: One-on-one live radio interview with the host. The segment will be 15 minutes with call-ins from the public.

Time: 12:15-12:30 p.m.

Note: The host would like Minister Eby to call in a couple minutes early

From: Butler, Liam GCPE:EX
To: MINCAL, AG AG:EX; Eby, David AG:EX
Subject: Media: Pulse FM, Dave Sheldon

Topic: ICBC DRP
Reporter: Dave Sheldon, Pulse FM.
Style: One-on-one radio interview with the host. The segment will be pre-taped with no call-ins for 10 minutes
Time: 12:00-12:10 p.m.
Note: Please call in at 12 p.m.

From: Butler, Liam GCPE:EX
To: MINCAL, AG AG:EX; Eby, David AG:EX
Subject: Media: CFX 1070, AL Ferraby

Topic: ICBC DRP

Reporter: Al Ferraby, CFX 1070.

Style: One-on-one live radio interview with the host. The segment will be seven minutes with no call-ins.

Time: 7:20-7:27 a.m.

Note: The host would like Minister Eby to call in at 7:18 a.m.

From: Butler, Liam GCPE:EX
To: Eby, David AG:EX; Godfrey, Sam AGRI:EX; Harris, Megan A GCPE:EX; MINCAL, AG AG:EX; Milne, Gala AG:EX; Nanninga, Tanera AG:EX; Nelson, Tiffany GCPE:EX; Smith, George AG:EX
Subject: Media: Pulse FM, Dave Sheldon

Topic: ICBC DRP

Reporter: Dave Sheldon, Pulse FM.

Style: One-on-one radio interview with the host. The segment will be live with no call-ins for 10 minutes

Time: 7:30=7:40 a.m.

Note: Please call in at 7:29. The host understands the interview will be about ICBC's distracted driving plan only.

From: Butler, Liam GCPE:EX
To: Eby, David AG:EX; Godfrey, Sam AGRI:EX; Harris, Megan A GCPE:EX; MINCAL, AG AG:EX; Milne, Gala AG:EX; Nanninga, Tanera AG:EX; Nelson, Tiffany GCPE:EX; Smith, George AG:EX
Subject: Media: Pulse FM, Dave Sheldon

Topic: ICBC DRP

Reporter: Dave Sheldon, Pulse FM.

Style: One-on-one radio interview with the host. The segment will be live with no call-ins for 10 minutes

Time: 7:40-50 a.m.

Note: Please call in at 7:39. The host understands the interview will be about ICBC's distracted driving plan only.

From: [Butler, Liam GCPE:EX](#)
To: [Eby, David AG:EX](#); [Godfrey, Sam AGRI:EX](#); [Harris, Megan A GCPE:EX](#); [MINCAL, AG AG:EX](#); [Milne, Gala AG:EX](#); [Nanninga, Tanera AG:EX](#); [Nelson, Tiffany GCPE:EX](#); [Smith, George AG:EX](#)
Subject: Media: Pulse FM, Dave Sheldon

Topic: ICBC DRP

Reporter: Dave Sheldon, Pulse FM.

Style: One-on-one radio interview with the host. The segment will be live with no call-ins for 10 minutes

Time: 7:40-7:50 a.m.

Note: Please call in at 7:39. The host understands the interview will be about ICBC's distracted driving plan only.

Morita, Kelly CITZ:EX

From: Smith, George AG:EX
Sent: December-04-17 7:52 AM
To: Eby, David AG:EX
Cc: Milne, Gala AG:EX
Subject: Fwd: Materials for ICBC stakeholder meetings
Attachments: Stakeholder meetings_TLABC_FINAL_03Dec17.pptx; ATT00001.htm; QA_Stakeholder meeting_UPDATE_03Dec17.docx; ATT00002.htm

Follow Up Flag: Follow up
Flag Status: Completed

Deck attached.

Begin forwarded message:

From: "Groot, Jeff AG:EX" <Jeff.Groot@gov.bc.ca>
Date: December 3, 2017 at 12:34:04 PM PST
To: "Smith, George AG:EX" <George.Smith@gov.bc.ca>
Cc: "Nanninga, Tanera AG:EX" <Tanera.Nanninga@gov.bc.ca>, "Fyfe, Richard J JAG:EX" <Richard.Fyfe@gov.bc.ca>, "Brouwer, Shauna JAG:EX" <Shauna.Brouwer@gov.bc.ca>, "Harris, Megan A GCPE:EX" <Megan.Harris@gov.bc.ca>
Subject: RE: Materials for ICBC stakeholder meetings

George – updated materials for the TLABC meeting are attached. Please let me know if you or the AG would like any changes or have questions.

Cheers,
JG

From: Groot, Jeff AG:EX
Sent: Friday, December 1, 2017 5:01 PM
To: Smith, George AG:EX
Cc: Nanninga, Tanera AG:EX; Fyfe, Richard J JAG:EX; Brouwer, Shauna JAG:EX; Harris, Megan A GCPE:EX
Subject: RE: Materials for ICBC stakeholder meetings

George – as follow up, here are the stakeholder briefs for the AG that we and ICBC can run him through on Monday during the pre-brief at 3:15pm prior to the first meeting.

Let me know if you have any questions about these.

Cheers,
JG

From: Groot, Jeff AG:EX
Sent: Friday, December 1, 2017 11:05 AM
To: Smith, George AG:EX
Cc: Nanninga, Tanera AG:EX; Fyfe, Richard J JAG:EX; Brouwer, Shauna JAG:EX; Harris, Megan A GCPE:EX
Subject: Materials for ICBC stakeholder meetings

George – please find attached the deck we propose the AG lead the stakeholders through for the meetings on Dec 4 and 7.

Specific to the question the AG asked about medical/rehab benefit retroactivity, you'll find that info in the notes on slide 10. Let me know if this meets his needs.

I've also attached a high level QA for use at the second meeting on Monday afternoon. It responds directly to some of the concerns that may come up, as well as some of the recommendations that the association has put forward in correspondence to the AG previously.

Later today I'll also have bios of all the stakeholders attending for you and the AG.

Can you let me know if you or he would like any changes to the deck? I will plan to bring printed copies for all of the stakeholders to the meetings next week.

Thanks,

JG

Jeff Groot

Executive Director, Corporate Priorities & Strategic Engagement

Corporate Management Services Branch | Ministry of Attorney General

778.698.5200

From: [Nanninga, Tanera AG:EX](#)
To: [Eby, David AG:EX](#)
Cc: [Howard, Stephen PREM:EX](#)
Subject: FW: Mandate Letters and Draft Service Plans
Date: August-21-17 4:28:00 PM
Attachments: [BCLC - Mandate Letter and Draft Service Plan.pdf](#)
[ICBC - Mandate Letter and Draft Service Plan.pdf](#)
[LDB - Mandate Letter and Draft Service Plan.pdf](#)
[LSS - Mandate Letter and Draft Service Plan.pdf](#)

I have uploaded to your ipad

- BCLC & GPEB → BCLC → New Materials → Mandate Letter and Draft Service Plan
- ICBC → New Materials → Mandate Letter and Draft Service Plan
- Liquor → LDB → New Materials → Mandate Letter and Draft Service Plan
- Attorney General → Legal Aid → New Materials → LSS → Mandate Letter and Draft Service Plan

I have also printed off for you and put in binder

From: Richter, Connie JAG:EX
Sent: Monday, August 21, 2017 4:17 PM
To: Nanninga, Tanera JAG:EX; Engelbrecht, Maya JAG:EX
Subject: Mandate Letters and Draft Service Plans

Tanera & Maya,

Attached is the material for the 1PM meeting tomorrow.

Please note that the ICBC plan is attached as well simply because the Minister requested a copy of it now for his advance review. It is scheduled to be discussed on Monday now at 11AM.

Thank you, C

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Withheld pursuant to/removed as

NR

Ms. Joy MacPhail
Board of Directors
Executive Office
Insurance Corporation of British Columbia
517 - 151 West Esplanade
North Vancouver BC V7M 3H9

Dear Ms. MacPhail:

On behalf of Premier John Horgan and our new government, thank you for your service to the people of British Columbia. I look forward to working with you in the months and years to come to help deliver on government's priorities, and provide effective programs and services to the people of our province.

This Mandate Letter lays out the principles of this government and you are to take these into consideration when revising your Service plan for the *Budget 2017 Update*. It is expected that the Insurance Corporation of British Columbia (ICBC) will manage its programs and initiatives within its existing budget targets, unless otherwise directed.

Going forward you are to begin the process of working with me as the Minister responsible to develop strategic actions through the 2018 Mandate letter process for *Budget 2018*. I will provide further direction. The Ministry of Finance will provide guidance on preparation for *Budget 2018*.

Our government made three key commitments to British Columbians.

Our first commitment is to make life more affordable. We expect all public service organizations to work to contain costs, and to be conscious of the impact of every decision on the daily cost of living of families and businesses.

Our second commitment is to deliver the services that people count on. In many cases, critical programs and services are delivered by Crown Corporations, and ministers will work with Board Chairs to ensure your organizations remain focused on maintaining and improving levels of service to citizens.

.../2

Our third key commitment is to build a strong, sustainable, innovative economy that works for everyone. Our government believes that public sector organizations have a role to play in supporting broad-based economic growth in every region of the province.

To support true and lasting reconciliation with First Nations in British Columbia, our government will be fully adopting and implementing the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and the Calls to Action of the Truth and Reconciliation Commission. Please ensure that going forward your organization incorporates the UNDRIP and Calls to Action as appropriate, given the specific mandate and context of your organization.

As the Minister responsible for ICBC, I expect that ICBC will:

- Review the recently released Ernst and Young Report and other information available on ICBC's performance and current status. In cooperation with the Ministries of Attorney General; Public Safety and Solicitor General; Transportation and Infrastructure and Finance, determine the actions that need to be taken to help ensure that ICBC as a commercial Crown corporation, is viable and efficient and that the costs of vehicle insurance to British Columbians are both fair and reasonable;
- In cooperation with the Ministry of Attorney General, conduct a comprehensive operating review of ICBC;
- In cooperation with the Ministries of Attorney General; Public Safety and Solicitor General; Transportation and Infrastructure and Finance, develop a longer-term strategic plan for ICBC and have that plan ready for the Attorney General's and Cabinet's review by January 2018. ICBC will also ensure that the corporation's preliminary 2018 Budget forecast is based on that plan, subject to further directions received from the Attorney General; and
- Provide comprehensive quarterly performance reports to the Deputy Attorney General on the status of ICBC finances and forecasts, as well as other initiatives approved by the ICBC Board and the Attorney General. As and when appropriate, also update the Deputy Attorney General on other emerging trends and issues as they occur.

As the Board Chair of a Crown agency, your primary accountability to government is through me as the Minister responsible. My expectation is that regular dialogue and engagement between the ministry and your organization will continue, starting with regular meetings between us over the coming weeks and months. Included in these meetings will be regular meetings between your communications staff and Government Communications and Public Engagement staff responsible for the communication of Ministry-related matters.

.../3

Ms. Joy MacPhail
Page 3

The Crown Agencies Resource Office (CARO) has lead responsibility for overseeing and maintaining the Public Sector Organizations Governance Framework. CARO has now integrated with the Board Resourcing and Development Office (BRDO) which provides leadership in the merit based appointment of qualified and competent individuals to the Crown Agencies. All Crown corporations and other public agencies are asked to work closely with this Office on Board member appointments, all governance matters including orientation and training of Board members, and on accountability to government generally.

I look forward to regular meetings to discuss progress on your strategic priorities and to ensure you and your organization are supported in delivering your mandate on behalf of the people of British Columbia.

Yours truly,

David Eby, QC
Attorney General

Date: _____

Joy MacPhail
Chair, ICBC

pc: The Honourable John Horgan, Premier
Mr. Don Wright, Deputy Minister to the Premier and Cabinet Secretary
Ms. Lori Wanamaker, Deputy Minister of Finance
Mr. David Galbraith, Associate Deputy Minister and Secretary to Treasury Board
Ms. Lynne Holt, Executive Lead, Board Resourcing and Development Office
Mr. Richard Fyfe, QC, Deputy Attorney General, Ministry of Attorney General
Mr. Douglas Edmund Allen, Vice-Chair, ICBC
Mr. Jeremy Patrick Bell, Director, ICBC
Ms. Bonnie Charlene Anne Pearson, Director, ICBC
Mr. Kevin McIntyre, Director, ICBC
Ms. Maureen Howe, Director, ICBC
Ms. Cathy McLay, Director, ICBC
Mr. Inde Sumal, Director, ICBC

429513

Insurance Corporation of British Columbia

DRAFT

2017/18 – 2019/20 SERVICE PLAN

September 2017



For more information on the *Insurance Corporation of British Columbia*, contact:

In the Lower Mainland
604-661-2800

DRAFT

Elsewhere in B.C., Canada, or the U.S.
1-800-663-3051

Head Office

151 West Esplanade
North Vancouver, British Columbia, V7M 3H9
www.icbc.com

Email address: www.icbc.com/contact-us

ICBC's Corporate Service Plans, Annual Reports and Financial reports are available on the ICBC website.

Board Chair Accountability Statement

*Insert Board Chair's
picture here.*

The 2017/18 - 2019/20 Insurance Corporation of British Columbia (ICBC) Service Plan was prepared under the Board's direction in accordance with the Budget Transparency and Accountability Act. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of August 31, 2017 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, ICBC's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of ICBC's operating environment, forecast conditions, risk assessment and past performance.

Board Chair's Signature

Joy MacPhail
Chair, ICBC Board of Directors

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Strategic Direction and Operating Environment

Strategic Direction

ICBC's mandate, as provided through the Insurance Corporation Act, Insurance (Vehicle) Act and the Motor Vehicle Act, is to provide Basic and Optional vehicle insurance for B.C. motorists. The Basic rates are regulated by the British Columbia Utilities Commission (BCUC), an independent regulator. The BCUC approves the Basic insurance rates and ensures the Basic insurance product is adequate, efficient and reasonable. ICBC also sells Optional auto insurance in a competitive marketplace. In addition, ICBC provides driver licensing, vehicle registration and licensing, and violation ticket and government fine collections services on behalf of the Province under a Service Agreement between government and ICBC. ICBC also implements road safety initiatives to reduce crashes and losses on B.C. roads and to assist in managing claims costs. The organization works closely with the Ministry Responsible (the Ministry) to ensure financial targets and reporting requirements are met. Additional priority actions are provided in the 2017/18 Mandate Letter.

s.13 to providing customers with the best insurance coverage at the lowest possible cost. To support this, the Corporate Strategy focuses on four key goals: Deliver Value and Service for Customers, s.13 Financial Stability, Deliver Operational Excellence and Align People and Business Capabilities.

Operating Environment

In B.C., auto insurance is based on a full tort system, which means that an at-fault driver may be taken to court for the full range of damages. An injured party also has access to accident benefits coverage, regardless of fault, including medical and rehabilitation expenses and wage loss. This environment may result in higher claims costs compared to jurisdictions that operate under different auto insurance systems.

Risks in the operating environment could impact future performance and the ability to execute the Corporate Strategy. Like other jurisdictions, B.C. is seeing an increased frequency of motor vehicle crashes. From these crashes, more people are claiming bodily injury with a shift toward more complex claims that cost more to settle. The growing sophistication of cars is also driving up repair costs. These factors combined put upward pressure on rates for customers. Managing these costs, along with exaggerated and fraudulent claims and increasing legal representation rates are critical to offering customers the best insurance coverage for the lowest possible cost. See Goal 2 (Maintain Financial Stability) for more discussion on this topic.

Natural catastrophes, volatility in investment markets and global economic uncertainty continue to be risks to the Property and Casualty industry. Investment income has historically been a strong and consistent contributor to ICBC's financial health, helping to partially offset the pressure of rising claims costs. In recent years, however, lower interest rates in Canada and globally have put additional pressure on insurance rates across the country. In the current low-interest rate investment climate, ICBC cannot rely upon investment return to help offset claims costs to the same extent it did in the past.

Performance Plan

Goals, Objectives, Strategies and Performance Measures

This section sets out ICBC's goals, strategies, performance measures and targets for 2017/18-2019/20. While these remain similar to the 2016/17-2018/19 Service Plan, ICBC has refocused its goals and strategies to reflect changes to the operating environment and progress made over previous years.

ICBC adjusted its fiscal year end date from December 31 to March 31 to align with the B.C. Government's fiscal year end. This change was effective immediately after the fiscal calendar year ended December 31, 2015. As a result of this change, 2016/17 is a 15 month transition fiscal period from January 1, 2016 to March 31, 2017 (2016/17). For 2017/18 and thereafter, ICBC's fiscal year will be the 12 month period from April 1 to March 31. Unless otherwise noted, the financial targets and corporate performance metrics reflect this change.

Goal 1: Deliver Value and Service for Customers

ICBC is committed to working with the Ministry to *fully support government within the context of government's overall strategic priorities* and those outlined in the 2017/18 Mandate Letter, the 2017/18 Shared Priorities Letter and other directional letters provided to ICBC throughout the year.

s.13 being low-cost and operationally excellent, providing value to customers by keeping Basic insurance rates as low as possible, and delivering consistent quality service including the implementation of more online services and the creation of safer roads.

Delivering Value

A key part of improving value to customers is to keep Basic rates as low as possible while ensuring fairness in pricing. Basic insurance rates in B.C. have experienced ongoing pressure from the number and cost of claims in recent years – with the pressure continuing in 2017 and the foreseeable future. In addition to existing efforts, ICBC continues to look for ways to mitigate increasing claims costs so that it can continue to provide the best insurance coverage at the lowest possible cost. On December 19, 2016, ICBC's former Minister Responsible directed the ICBC Board of Directors to commission a comprehensive independent review of the Corporation. This review was intended to provide a wide range of options to increase fairness and affordability, to help ensure rates are affordable for British Columbians and in line with inflation as much as possible, for years to come. A final report was provided to ICBC's Board of Directors on July 10 and was made public on July 24.

ICBC continues to identify new strategies to help alleviate the pressure claims costs continue to put on insurance rates. One immediate area of increased focus is on fraud prevention. While the overwhelming majority of customers make honest claims, exaggerated and fraudulent claims are an increasing area of focus for all insurers. ICBC's Special Investigation Unit continues to investigate fraudulent claims.

s.13 s.13 early in the claims process. Fraud analytics technology uses data, algorithms and statistical methods to help spot potentially fraudulent claims.

Smartphone usage and distracted driving-related crashes also continue to add pressure on claims costs. In B.C., more than 90 per cent of drivers have mobile phones, and 88 per cent of those are smartphones. A recent study by the Insurance Institute of Highway Safety determined that hand-held phone use makes drivers five times more likely to be involved in a crash. Distracted driving is now responsible for approximately one quarter of all fatal crashes in B.C. On average, 78 people die every year in crashes where distracted driving is a contributing factor.

ICBC is committed to ***reducing injury and death on B.C. roads*** and will continue to partner with law enforcement and government to raise awareness about the risks, consequences and penalties associated with distracted driving by implementing public awareness campaigns including advertising, news releases, videos and digital ads. ICBC is also exploring improvements to intersection safety given the 23 per cent increase in intersections crashes in 2015 compared to 2013. ICBC invests in intersection safety through intersection safety camera and road improvement programs. This investment in road safety will help to improve the safety of all communities in B.C. and also help to manage claims costs.

Improving Service

ICBC's service focus aims to ***provide consistent, quality products and services to our customers*** and to address business needs by cost-effectively serving customers where they are, in ways that they value. Over the coming years, ICBC will expand various customer service opportunities in the channels most relevant to customers, including digital, print and in-person. As part of these initiatives, ICBC continues to ***increase online services*** to help reduce costs, increase customer convenience, and enable the organization to operate more efficiently. Customers can now request their driver abstracts online, rather than by phone. Over the past several years, ICBC has made changes to the Claims system that will help improve the customer experience, convenience and ***give customers more choice for interacting with ICBC***. In late 2016, ICBC launched its Claims Customer Portal to allow customers to initiate a claim and check their claims' status online with a simple and secure experience.

ICBC will continue to provide services across the Province through its partners that include body shops, brokers, and agents that offer driver licensing services. Increased digital services also help to make ICBC more accessible to all British Columbians.

Strategies

To improve value and service for customers, ICBC has developed the following key strategies:

- Work with our partners and government to support government priorities.
- Keep rates as low as possible while ensuring fairness in pricing.
- Design and deliver quality products and services in ways that meet customer and business needs.
- Reduce injury and death on B.C. roads.

Performance Measure 1: Deliver Value and Service for Customers

Measuring feedback is how ICBC knows if it is improving value and service for customers. ICBC measures customer service performance based on the percentage of satisfied customers for each major transaction type: insurance product purchase, driver licensing and claims service.

Performance Measure	2016/17 Actual	2017/18 Target ¹	2018/19 Target ¹	2019/20 Target ¹
Insurance Services Satisfaction	95%	n/a	n/a	n/a
Driver Licensing Satisfaction	93%	n/a	n/a	n/a
Claims Services Satisfaction	92%	n/a	n/a	n/a

Data Source: Customer service performance is measured based on the percentage of satisfied customers for each major transaction type across our lines of business. The design of our measures and targets reflects the inherent differences of these key transactions. Two independent research firms conduct customer survey interviews throughout the year to monitor transactional satisfaction.

¹ Customer measures will be undergoing a planned refresh prior to 2018/19, which will include new performance measures. No targets have been set at this time.

Discussion

ICBC continues to meet or exceed strong service measures for its Insurance Services, Driver Licensing and Claims Service to ensure customers are receiving consistent, quality service while interacting with ICBC. ICBC will continue to strive toward these strong results after the planned refresh in 2018/19.

Insurance Services Satisfaction

Independent insurance brokers process over three million Autoplan policies each year. The insurance services satisfaction measure is typically based on surveys of approximately 5,000 customers over the course of a year. During the stabilization that follows the implementation of the new insurance system, there will be constraints to data access. The survey is expected to resume in late 2017/18.

Driver Licensing Satisfaction

Each year, ICBC conducts approximately 1.6 million transactions relating to the issuance of driver licences and driver exams, including renewing a licence, taking a knowledge test or undergoing a road test. This measure is weighted by the number of transactions for each type of service and is drawn from a sample of over 3,000 customers surveyed throughout the year.

Claims Service Satisfaction

Approximately 900,000 claims are processed each year through ICBC's Claims call centre, claims centres and specialty departments such as commercial claims and rehabilitation services. Claims customer satisfaction reporting was suspended at the end of May 2014, due to data restrictions resulting from the transition to the new Claims system. Claims service satisfaction measurement resumed in January 2016.

Goal 2: Maintain Financial Stability

ICBC aims to create value for customers by operating in a disciplined and focused manner. ICBC **§ 13** to *operate the corporation in a low-cost manner*, focusing on accountability, service and cost consciousness.

Claims costs are the vast majority of ICBC's costs and can be divided into injury costs, and material damage costs. Frequency (how many claims are made each year per a given number of policies) and severity (the average pay-out for a claim) are the two main elements that impact claims costs. ICBC is seeing an increase in crash frequency along with **§ 13** injury claims being reported, as well as an increase in material damage severity above what was expected, with a continued increase in injury severity.

Despite the fact that vehicles and roads today are much safer, the frequency of bodily injury claims and the number of injury claims per crash continues to increase. Bodily injury severity has also followed an upward trend. The increasing number of crashes has also led to more vehicle damage claims being reported to ICBC. As this is happening, material damage costs are also rising. Vehicles today are more reliant on technology and expensive materials than ever before, while the hours of labour required to repair vehicles, and the cost of replacement parts, are also increasing, particularly for newer vehicles.

ICBC is committed to *managing bodily injury and material damage claims costs* and works with government to develop and implement short and long term strategies to mitigate the growth in claims costs. To address the growth in bodily injury claims, ICBC has further increased its overall claims staff which includes hiring additional injury adjusters, support staff, in-house legal and Special Investigation Unit employees. The additional injury staff already provides a significant net benefit by providing capacity to settle the increased number of claims files being received. In addition, ICBC has improved customers' access to benefits, including timely access to the medical treatments they need immediately after they report their claim. Tools to proactively combat exaggerated and fraudulent claims and strategic sourcing and initiatives designed to improve our supply chain model and manage supplier costs are also being implemented.

ICBC uses investment income to partially offset the cost of rising insurance rates to policyholders and aims to *balance risk and return within our investment portfolio*, specifically the ability to generate an investment return against a need to control risk. Historically, investment income has been a strong contributor to ICBC's financial health. The current investment portfolio continues to perform well, exceeding industry benchmark returns. However, ICBC cannot rely upon investment return to help offset claims costs to the same extent it did in the past due to the current low level of interest rates.

ICBC has kept its controllable operating costs flat for the last number of years and has managed to absorb inflationary increases despite an increase in business volumes both in policies and claims activity. Moving forward, ICBC will continue to manage operating costs by being an operationally excellent, low cost organization, with a continued focus on prudent management of administration costs, and realizing efficiencies from Transformation Program¹ investments and other initiatives.

¹ The Transformation Program was our business renewal program that replaced aging technology and put systems and business processes in place to support the services customers expect, and to deliver future financial savings.

Strategies

ICBC will continue to manage the costs of bodily injury and material damage claims, and develop ways to better manage and reduce the risks and growth in costs associated with claims. These include focused claims analytics and hassle-free process initiatives, and an increased focus on investigating potentially fraudulent and exaggerated claims:

- Operate the corporation in a low-cost manner.
- Manage increasing bodily injury and material damage claims costs.
- Balance risk and return within our investment portfolio.

Performance Measure 2: Maintain Financial Stability

The following measures will be used to evaluate the *maintain financial stability* goal.

Performance Measure	2016/17 Actual	2017/18 Target ¹	2018/19 Target ¹	2019/20 Target ¹
Minimum Capital Test (MCT)	112%	TBD	TBD	TBD
Combined Ratio	128%	s.13		
Investment Return (Market Return)	Benchmark +0.31%	Policy Market Benchmark Return	Policy Market Benchmark Return	Policy Market Benchmark Return

Data Source: Financial performance measures are derived from actual financial information, forecasted trends, management targets and assumptions.

¹ Minimum Capital Test (Corporate) ratio is comprised of ICBC's Basic and Optional insurance business target Minimum Capital Test ratios. In light of the current claims trends, Corporate MCT targets for 2017/18 to 2019/20 are subject to review.

Discussion

Minimum Capital Test

MCT is a property and casualty industry measurement framework set by the Office of the Superintendent of Financial Institutions (OSFI). s.13 the capital adequacy of an insurer to protect policyholders from financial risk and to provide long-term financial stability. It is the ratio of ICBC's capital available to capital required as calculated for specific risks, and is expressed as a percentage. While ICBC is not federally regulated by OSFI, *Special Direction IC2* requires ICBC to have a minimum of 100 per cent MCT ratio for Basic insurance. In addition to this legislative minimum, the BCUC has approved a regulatory target of 145 per cent for Basic insurance to reflect the risk profile of the Basic insurance product and to promote relatively stable and predictable rates (rate smoothing). In 2016/17, ICBC made capital and income transfers from Optional to Basic to improve Basic capital levels and maintain the required Basic MCT ratio.

Combined Ratio

The combined ratio is a key measure of overall profitability from operations within the insurance industry determined as a ratio of all costs and expenses over premiums (excluding investment income). A ratio below 100 per cent indicates an underwriting profit while a ratio above 100 per cent indicates an underwriting loss. ICBC's combined ratio is typically higher than the industry average. This is partially due to the unique nature of our business model where premiums are not set to generate large underwriting profits and, together with investment income, are set to recover costs and

to achieve and maintain capital targets. ICBC also delivers non-insurance services on behalf of government and these costs are reflected in the combined ratio.

Investment Return

ICBC collects premiums, which are invested in alignment with ICBC's strategic asset mix to earn a return. Investment income is important and is used to reduce the cost of insurance to policyholders. ICBC evaluates its investment performance against a policy market benchmark, which is available at the year-end. ICBC sets an investment return target equal to the policy market benchmark return. ICBC will be reviewing its strategic asset mix in 2017/18 to ensure investments continue to generate a reasonable return while maintaining sufficient assets to pay ICBC's claims.

Goal 3: Deliver Operational Excellence

Providing customers with the best insurance coverage at the lowest possible cost requires s. 13 the corporation in a low-cost manner. This means actively controlling spending, avoiding unnecessary costs and improving our ability to deliver a consistent, quality experience and value for our customers.

In 2014, ICBC introduced operating methodology to deliver Operational Excellence². ICBC continues to train and encourage its employees and is reviewing its business processes to find and remove operational inefficiencies, ensure processes add value for the end customer, and build internal capacity and capability for continuous improvement.

ICBC is committed to *continuously improving the business by leveraging operational excellence principles* and making improvements more effectively. In 2016, Operational Excellence tactics delivered benefits to the organization in the form of cost avoidance, revenue generation and operational efficiency. A key area has been *developing skills and processes that enable organizational flexibility to respond to a changing environment*. This includes streamlining processes in claims handling and implementing management practices that facilitate performance focus and problem solving, such as team huddles, root cause analysis and problem solving sessions. Some major achievements have been refreshing standards on how claims are handled, expediting the file assignment process and streaming document management.

Strategies

To have a focused operation and maintain excellence, ICBC has developed the following key strategies:

- Continuously improve the business by leveraging operational excellence principles
- Develop organizational flexibility to respond to a changing environment.

² Operational Excellence is a philosophy of leadership, teamwork and problem solving that focuses on customer needs, empowering employees and optimizing existing activities so that an organization may operate more efficiently and avoid unnecessary costs.

Performance Measure 3: Deliver Operational Excellence

The following measures will be used to evaluate the *deliver operational excellence* goal.

Performance Measure	2016/17 Actual
Loss Adjustment Ratio	16.6%
Insurance Expense Ratio	17.3%

s.13

Data Source: Financial performance measures are derived from actual financial information, forecasted trends, management targets and assumptions.

Discussion

To ensure that ICBC can effectively manage the higher frequency and complexity of claims, and manage the number of pending claims, additional claims staffing continues to be added. Other operating costs such as corporate support costs should be relatively stable regardless of claims volume and complexity. To better monitor and measure how ICBC is leveraging operational excellence to manage these trends, ICBC is replacing the previous performance measure of Gross Expenses (Insurance Business) per Policy with the following two measures: Loss Adjustment Ratio and Insurance Expense Ratio.

Loss Adjustment Ratio

The Loss Adjustment Ratio is the percentage of claims handling costs per dollar of claims paid. It is calculated as the sum of claims services costs, external expenses and loss management expenses divided by claims paid net of external expenses. Claims services costs consist of salaries, benefits and operating expenses while external expenses consist primarily of costs for outside legal counsel, medical and dental reports, private investigators, independent adjusters and towing services. Loss management expenses include ICBC's SIU, which covers auto crime and fraud prevention, investigation and detection to help reduce claims costs. ICBC anticipates the Loss Adjustment Ratio to be stable or decreasing in the current environment of increasing crashes and bodily injury claims.

Insurance Expense Ratio

The Insurance Expense ratio is a standard industry measure to assess operational efficiency of an insurer. The Insurance Expense Ratio is calculated as a ratio of insurance operating expenses (excluding claims, claims-related costs, and non-insurance expenses) to insurance premium dollars earned. ICBC anticipates the Insurance Expense Ratio to be stable.

Goal 4: Align People and Business Capabilities

Critical to achieving the Corporate Strategy is having the right people with the right business capabilities in place so that we may provide more information, services and access for customers. will continue to build our people capabilities through implementation of human resource initiatives and workforce plans, which will include leadership development, succession planning and various employee experience programs.

s.13

One of the key strategies within this goal is to *develop accountable, aligned, enabled and motivated leaders and employees*. ICBC's Employee Opinion Survey captures employees' opinions regarding the tools and processes through which they execute their work, their understanding of how their efforts align to the Corporate Strategy, their personal motivation and their individual accountability

for delivering business results. All ICBC employees are invited to participate in the full Employee Opinion Survey every two years. A full survey using ICBC's updated employee opinion survey approach was conducted in the fall of 2016.

Another key strategy within this goal is to ***leverage our people, technology, and practices to build business value***. In 2016, ICBC completed the final stage of its multi-year business transformation efforts, the Transformation Program, which has greatly modernized the business. The transformation included the implementation of a new claims system and, a new insurance system which brings improvements to the way brokers serve customers by automating and streamlining a number of processes. It sets the stage for ongoing business enhancements in future years. It's one of the largest and most complex system renewal initiatives to date.

As each major project of the Transformation Program has been implemented and stabilized, recurring annual savings have been realized and substantial ongoing cost savings are expected. ICBC's goal is to continue to leverage new technology from the Transformation Program s.13 digital and mobility services to enable delivery of new product offerings. With s.13 new Claims system, all new claims files are electronic which allows customers to be helped by an adjuster anywhere in the province, no matter where they live.

Strategies

To improve business capabilities and better align people, we have developed the following strategies:

- Develop accountable, aligned, enabled, and motivated leaders and employees.
- Leverage our people, technology, and practices to build business value.

Performance Measure 4: Align People and Business Capabilities

The following measures will be used to evaluate our *aligned people and business capabilities* goal

Performance Measures	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Employee Opinion Indices		Indices ≤ 80 will maintain as current level at threshold to a target of an increase of 3 points	Indices ≤ 80 will maintain as current level at threshold to a target of an increase of 3 points	Indices ≤ 80 will maintain as current level at threshold to a target of an increase of 3 points
Aligned	78	Indices >80 will maintain at a minimum as a target	Indices >80 will maintain at a minimum as a target	Indices >80 will maintain at a minimum as a target
Enabled	66			
Motivated	64			
Accountable	87			
Leadership ¹	70			

Data Source: Employee Opinion Survey conducted by an independent firm

¹ The leadership index can only be updated in a full survey year.

Score Legend

- 80-100 = Extremely positive
- 60-79 = Moderately positive
- 40-59 = Moderately negative
- 0-39 = Extremely negative

Discussion

Employee Opinion Survey

From 2014 to 2016 – the period covering the introduction of ICBC’s new employee opinion survey format (2014), the first Pulse Check (2015) and the second full survey (2016) – ICBC has seen an improvement in responses across all survey indices.

ICBC’s response rate to the 2016 survey was 77 per cent (a seven per cent increase from 2014) and results indicated that ICBC reached or exceeded its index targets in four out of five indices and fell just two points short of the target in the fifth. Survey results indicate that ICBC employees largely understand where the organization is going and feel individually accountable for driving better results. The survey results further identify areas for improvement and indicate that ICBC can place greater attention on enabling employees through processes, training and tools. Motivation can be enhanced through creating a stronger sense of belonging. Programs like Diversity and Inclusion and leadership forums are examples of ways management is addressing this sense of belonging. ICBC aims to be recognized as a leader in Diversity and Inclusion in the B.C. public service. This includes leading practices such as Respectful Workplace training for managers, and support for voluntary, grassroots-driven Employee Resource Groups. These groups bring together employees with a shared background – such as Aboriginal employees, LGBTQ2+ people, persons with a disability, and women in leadership – and provide opportunities to develop professionally and personally.

Maintaining and building upon the positive momentum of the 2016 survey results is a priority throughout 2017/18. ICBC’s leadership teams have created and are implementing 2017/18 action plans that will focus on continuing to improve the employee experience.

Financial Plan

Summary Financial Outlook

(Sm)	15 months 2016/17 Actual ¹	12 months 2016/17 Actual ² (unaudited)	2017/18 Budget	2018/19 Budget	2019/20 Budget
Premiums earned	6,051	4,914			
Service fees and other	130	106			
Total earned revenues	6,181	5,020			
Provision for claims occurring in the current period	5,660	4,612			
Change in estimates for losses occurring in prior periods	306	202			
Net claims incurred	5,966	4,814			
Claims service and loss management	445	365			
Insurance operations expenses	284	231			
Transformation Program	38	31			
Premium taxes and commissions	819	688			
Total expenses	7,552	6,129			
Underwriting loss	(1,371)	(1,109)			
Investment income	615	624			
Income (loss) - insurance operations	(756)	(485)			
Non-insurance operations expenses	126	102			
Non-insurance commissions	38	31			
Non-insurance - other income	(7)	(6)			
Net income (loss)	(913)	(612)			
Other comprehensive income					
Pension and post-retirement benefits remeasurements	79	79			
Net change in available for sale financial assets and change in non controlling interest	152	152			
Total comprehensive income (loss)	(682)	(381)			
Total liabilities	15,098	15,098			
Retained earnings	2,459	2,459			
Other components of equity	(32)	(32)			
Non-controlling interest	19	19			
Total equity	2,446	2,446			
Capital Expenditures	81				

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¹ Fiscal period 2016/17 is a 15 month transitional fiscal period from January 1, 2016 to March 31, 2017.

² Represents the period April 1, 2016 to March 31, 2017

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Appendix A: Hyperlinks to Additional Information

Corporate Governance

ICBC's governance is defined through legislation applicable to all Crown corporations, and legislation specific to the company itself.

The Board of Directors guides ICBC in fulfilling its mandate and sets our corporate direction. The Board, with input from the Executive Team, approves our vision and values that guide us, and the goals and strategies upon which accountability and performance are evaluated. Information on the role and membership of the Board members and Board committees is available on our website, www.icbc.com/about-icbc/company-info/Pages/Corporate-governance.aspx. Also available via this link is information regarding ICBC's Executive Committee and Governance Principles.

ICBC's Board complies with the *Board Resourcing and Development Office Guidelines* (<http://www.brdo.gov.bc.ca/governance/corporateguidelines.pdf>).

Organizational Overview

For an organizational overview of ICBC, please visit our website at www.icbc.com/about-icbc.

Appendix B: Nominee Companies

Nominee Companies

The Corporation does not have any active operating subsidiary companies.

A portion of ICBC's investment portfolio is held in real estate. All of the fully-owned nominee holding companies hold investment properties for the purpose of generating investment income.

DRAFT

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NR

From: [Fyfe, Richard J AG:EX](#)
To: [Eby, David AG:EX](#)
Cc: [Smith, George AG:EX](#)
Subject: FW: **s.12** for MDE Reveiw
Date: October-10-17 7:19:45 AM
Attachments: [ICBC Rate Affordability Action Plan - PowerPoint_DRAFT_OCT_9_2126.pptx](#)
Importance: **s.12** [UPDATED -October 10 clean.docx](#)
High

Attorney

I am attaching

- (1) the updated Cabinet document and
- (2) a first draft Power Point for consideration.

I am reviewing the material this morning. While I realize that you are travelling today, I am sending this now to give you as much opportunity to review as possible as material is due **s.12**

s.12 by noon tomorrow - Wednesday Oct 11th.

We will continue to refine the Power Point and create some speaking points which I will send to you later today.

RF

Richard J.M. Fyfe QC
Deputy Attorney General
Ministry of Attorney General
Tel. (250) 356-0149

ICBC RATE AFFORDABILITY ACTION PLAN

October 19, 2017

AGENDA

- Background – the need for change
- Rate Affordability Action Plan (RAAP) overview
 1. Product Changes
 2. Early Action Initiatives (2nd wave)
 3. Fiscal Impacts
 4. Communications and Engagement Strategy
 5. Report Back - Early Action Initiatives (first wave)
- Timeline
- Direction and next steps

BACKGROUND

- ICBC facing rapidly escalating claims costs:
 - unprecedented increase in crashes s.13
 - number of claims increasing faster than the rate of accidents
 - s.13
 - legal and expert costs s.13 have been steadily increasing.
 - past Government intervention has suppressed minimum required Basic rate increases that were needed
- s.13
- Immediate and sustained action required to address these challenges

Cabinet Direction & Initial Actions

-

s.13; s.12

- On Sept 5, announcement of a cross government effort to address challenges facing ICBC, including a 1st wave of early action initiatives
- On Sept 15, ICBC filed for a 6.4% Basic rate increase (effective Nov 1, 2017); BCUC approved (interim basis) on Sept 22; final approval expected by May 2018

ACTION PLAN

- Rate Affordability Action Plan (RAAP) launched in August, led by government and ICBC steering committee
- Now developing rate affordability recommendations in five areas
 1. product change
 2. road safety
 3. legal and litigation
 4. rate fairness
 5. cost effectiveness
- Cornerstone s.13 proposed changes to the ICBC Basic insurance product

Product Changes

s.13

Product Changes – status quo scenario

Unrestricted litigation - Scenario (status quo);


DRAFT SCENARIO FOR ILLUSTRATION ONLY

How would this claim work in the current BC system, one that is an unrestricted litigation-based system for pain and suffering from minor injuries?

SCENARIO


The Basic policy would allow a claimant the *unrestricted ability* to sue for pain and suffering from minor injuries from an at-fault driver's policy. Accident benefits would be based on status quo limits.

1



- Susan and Dan each have a Basic policy from ICBC
- Susan suffers a minor injury in a vehicle accident caused by Dan

2




- Susan starts an action for her personal injury

Because the system allows for unrestricted litigation, it is expected Susan will hire a lawyer to represent her on the claim.

(ICBC's current legal representation rate is 51% for all injury claims)

3




JUDGEMENT (if it goes through courts)

Susan receives judgement of **\$31,000:**

- \$20,000** for pain and suffering
- \$11,000** for wage loss and medical care

The claim will settle from these policies:



AT-FAULT

Dan's ICBC Basic policy pays for:

- \$20,000** for Susan's pain & suffering from her minor injury
- \$8,000** to top up in Susan's accident benefits (wage loss and medical care)
- \$5,000** for Dan's own accident benefits (wage loss and medical care) for injuries he suffered
- \$14,000** for ICBC's legal and related costs (eg, medical reports and assessments)

Susan's ICBC Basic policy pays for:

- \$3,000** for her own medical care and wage loss

Susan receives	\$31,000
Dan receives	\$5,000
ICBC's legal and related costs	\$14,000
Total cost to ICBC	\$50,000

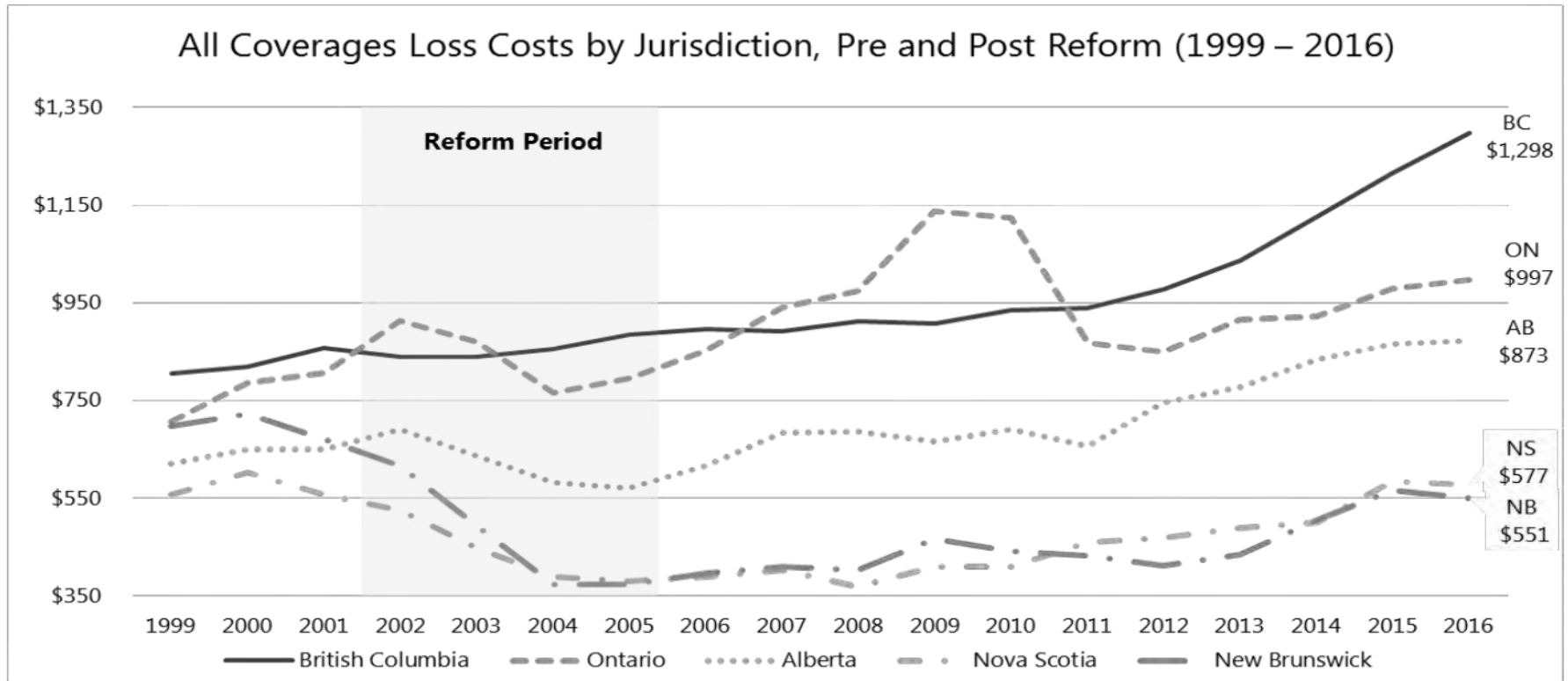
NOTE: These scenarios are focused on the injury claim. For simplicity, the vehicle damage portion of the claim is not shown. Vehicle damage is settled through first and third party features, and would not differ between status quo and minor injury cap scenarios.

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Product Changes – other jurisdictions



- BC is the only province that does not have controls on pay-outs related to pain and suffering on minor injury claims. Most endorse limits on minor injuries in the range of \$4,000 - \$6,000.
- Most Canadian jurisdictions (Ontario being one notable exception) that have implemented product change have achieved the intended outcomes of reducing claims cost trends and bringing affordability to auto insurance over the longer-term.

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Communications and Engagement Strategy

- Strategy will guide

s.13

s.13

- Key messages will communicate the following story:

s.13

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s.13

Early Action Initiatives – Report Back

- Initial suite of actions announced on September 5

s.13

- Activating red-light cameras 24/7
- A dangerous roads initiative

s.13

s.13

- An Operational Review of ICBC led by government
- Work is progressing on each of these commitments, including the awarding of a contract for the Operational Review
- Other initiatives are being developed and costed, with Treasury Board submissions being developed over the coming months

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Withheld pursuant to/removed as

s.12; s.13

Page 189 of 961

Withheld pursuant to/removed as

s.13; s.12

Page 190 of 961 to/à Page 256 of 961

Withheld pursuant to/removed as

s.12; s.13

From: [Fyfe, Richard J AG:EX](#)
To: [Eby, David AG:EX](#)
Cc: [Smith, George AG:EX](#)
Subject: Fwd: for Approval **s.12** Accepted Track Changes Oct 10 628pm
Date: October-10-17 7:34:28 PM
Attachments: **s.12** [Accepted Track Changes Oct 10 628pm.docx](#)
[ATT00001.htm](#)
[ICBC Rate Affordability Action Plan - PowerPoint DRAFT OCT 10 1624.pptx](#)
[ATT00002.htm](#)

I will review as well. Sending now to give you time before tomorrow.

Richard J.M. Fyfe QC
Deputy Attorney General
Ministry of Attorney General
Tel. (250) 356-0149

This communication (both the message and any attachments) is confidential and may be protected by solicitor-client privilege. It is intended only for the use of the person or persons to whom it is addressed. Any distribution, copying or other use by anyone else is strictly prohibited. If you have received this communication in error, please destroy the email message and any attachments immediately and notify me by telephone or by email.

Begin forwarded message:

From: "Brouwer, Shauna JAG:EX" <Shauna.Brouwer@gov.bc.ca>
To: "Fyfe, Richard J JAG:EX" <Richard.Fyfe@gov.bc.ca>
Cc: "Brouwer, Shauna JAG:EX" <Shauna.Brouwer@gov.bc.ca>
Subject: for Approval **s.12** **Accepted Track**
Changes Oct 10 628pm

Richard,
Attached is the penultimate **s.12** and PowerPoint. I have left one comment in the document for clarification.
We will need a signed off copy tomorrow am as it is due **s.12** prior to noon.
Once the Attorney confirms the document I will remove the "draft" and the comment and send to his office for e-signature.
Thank you,
Shauna
We will have one additional proof in the morning.

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Withheld pursuant to/removed as

s.12; s.13

From: [Nanninga, Tanera AG:EX](#)
To: [Eby, David AG:EX](#)
Cc: [Smith, George AG:EX](#); [Milne, Gala AG:EX](#); [Godfrey, Sam AGRI:EX](#)
Subject: FW: RUSH/URGENT: For Minister's Office
Date: October-11-17 10:57:28 AM
Attachments: [s.12](#); [INAL.docx](#)
[ICBC Rate Affordability Action Plan - PowerPoint FINAL.pptx](#)
Importance: High

I have uploaded to your ipad (for signing and decision → URGENT)

From: Pearson, Barbera JAG:EX
Sent: October-11-17 10:47 AM
To: Nanninga, Tanera AG:EX; Smith, George AG:EX
Cc: Hughes, Candice JAG:EX; Pearson, Barbera JAG:EX
Subject: RUSH/URGENT: For Minister's Office
Importance: High

Good morning Tanera:

As per my discussion with Candice – attached is the updated Cabinet Submission including DAG edits.

- The Minister indicated this morning that he would not need to read the document – but, would sign.
 - Signature Page = 11
- Both documents are due to Cabinet Operations by 11:30am this morning.
 - Apologies for the short turn-around time.

Please return the signed – approved documents to me and I will manage forward. Thank you for your assistance.

Barb

Barbera Pearson, Manager, Business Operations

ADMO – Corporate Management Services Branch

Attorney General & Public Safety and Solicitor General

Phone: 250-387-5258 / Cellular [s.17](#) ' Fax: 250-356-8739

<mailto:barbera.pearson@gov.bc.ca>

CMSB

Striving to be:
An outstanding service provider
A great place to work

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s.13; s.12

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Withheld pursuant to/removed as

s.12; s.13

ICBC RATE AFFORDABILITY ACTION PLAN

October 19, 2017

AGENDA

- Background – the need for change
- Rate Affordability Action Plan (RAAP) overview
 1. Product Changes
 2. Early Action Initiatives (2nd wave)
 3. Fiscal Impacts
 4. Communications and Engagement Strategy
 5. Report Back - Early Action Initiatives (1st wave)
- Timeline
- Direction and next steps

BACKGROUND

- ICBC facing rapidly escalating claims costs:
 - unprecedented growth in crashes
 - number of claims increasing faster than the rate of accidents
 - number and size of claims for minor injuries are climbing rapidly
 - legal and expert costs have been steadily increasing
 - material damage claims costs have increased dramatically
 - past Government intervention has suppressed minimum required Basic rate increases that were needed

s.13

- Immediate and sustained action is required to address these challenges

Cabinet Direction & Initial Actions

s.12; s.13

- Sept 5: cross government effort announcement, including a 1st wave of early action initiatives
- Sept 15: ICBC filed for a 6.4% Basic rate increase (effective Nov 1, 2017); BCUC approved (interim basis) on Sept 22; final approval expected by May 2018

ACTION PLAN

- Rate Affordability Action Plan (RAAP) launched in August, led by government and ICBC steering committee
- 5 areas of focus:
 1. product change
 2. road safety
 3. legal and litigation
 4. rate fairness
 5. cost effectiveness
- Cornerstone = proposed changes to the ICBC Basic insurance product

Product Changes

- Legislative amendments would be required to:

- define Minor injuries

s.13

- Regulatory amendments would also be required to:

- increase accident benefits s.13
 - deduct other non-vehicle insurance wage benefits from ICBC third-party liability claims (i.e. subrogation)

- Update medical treatment protocols for injury crashes
- Improve ICBC's claims settlement practices
- Revise dispute injury claim resolution system to decrease reliance on courts

s.13

Product Changes – status quo scenario

Unrestricted litigation - Scenario (status quo);

DRAFT SCENARIO FOR ILLUSTRATION ONLY

How would this claim work in the current BC system, one that is an unrestricted litigation-based system for pain and suffering from minor injuries?

SCENARIO The Basic policy would allow a claimant the *unrestricted ability* to sue for pain and suffering from minor injuries from an at-fault driver's policy. Accident benefits would be based on status quo limits.

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(ICBC's current legal representation rate is 51% for all injury claims)

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- \$11,000 for wage loss and medical care

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AT-FAULT



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Susan receives	\$31,000
Dan receives	\$5,000
ICBC's legal and related costs	\$14,000
Total cost to ICBC	\$50,000

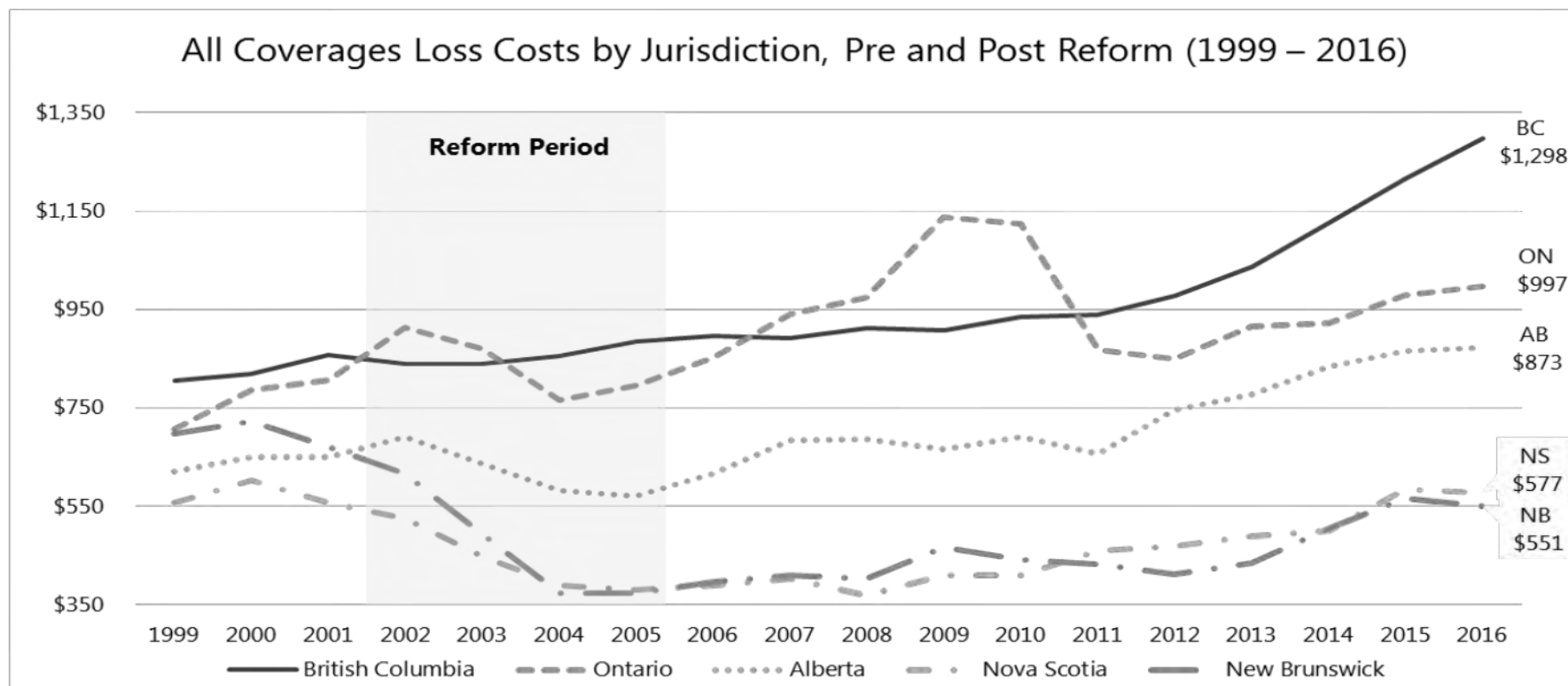
NOTE: These scenarios are focused on the injury claim. For simplicity, the vehicle damage portion of the claim is not shown. Vehicle damage is settled through first and third party features, and would not differ between status quo and minor injury cap scenarios.

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Withheld pursuant to/removed as

s.13

Product Changes – other jurisdictions



- BC is the only province that does not have controls on pay-outs related to pain and suffering on minor injury claims. Most endorse limits on minor injuries in the range of 4K – 6K.
- Most Canadian jurisdictions (Ontario being one notable exception) that have implemented product change have achieved the intended outcomes of reducing claims cost trends and bringing affordability to auto insurance over the longer-term.

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Communications and Engagement Strategy

- Strategy will guide the public communications (and engagement with key stakeholder groups) for fall 2017 and a full public engagement for spring 2018 focused on rate fairness and road safety initiatives
- Key messages will communicate the following story:

s.13

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Withheld pursuant to/removed as

s.13

Early Action Initiatives – Report Back

- Initial suite of actions announced on September 5
 - A distracted driving technology pilot and public awareness campaign
 - Activating red-light cameras 24/7
 - A dangerous roads initiative to address high risk intersections
 - An Operational Review of ICBC led by government (next slide)
- Work is progressing on each of these commitments, including the awarding of a contract for the Operational Review
- Other initiatives are being developed and costed, with Treasury Board submissions being developed over the coming months

Operational Review – Status Update

- Oct 6th – 3 Responses received from the 5 firms invited to respond (Deloitte, EY, KPMG, MNP, PwC)
- ToR includes:
 - Review of past reports (2012-2017)
 - Review current lines of ICBC's business (includes review of 100 completed estimates by repair shops)
 - Assessment of service quality and productivity in claims processing (including a review of 100 claims and examination of backlog)
 - Compare / contrast injury rehab times/outcomes with WorkSafeBC
 - Cost benefit analysis of fraud initiatives
 - Interview employees to identify other opportunities
- Draft report due to Government Dec 18th, Final due Jan 12th

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s.12; s.13

From: Harris, Megan A GCPE:EX
To: [Smith, George AG:EX](#); [Eby, David AG:EX](#)
Subject: ICBC points for PJH discussion
Date: October-26-17 4:17:06 PM

Hi Minister and George,

I know that you have this well in hand... some points from me:

s.12; s.13

Megan Harris
Communications Director
Ministry of Attorney General
Government Communications and Public Engagement
Email: Megan.harris@gov.bc.ca
Phone: 250 953-3677

From: [Smith, George AG:EX](#)
To: [Eby, David AG:EX](#)
Subject: FW: For review: ICBC DRP NR and QA
Date: November-02-17 12:55:56 PM
Attachments: [QA_DRP for distracted driving_31OCT17_DRAFT.DOCX](#)
[NR_DRP for Distracted Driving_2NOV17_DRAFT.DOCX](#)

Monday's documents for review (when you have a moment)

From: Harris, Megan A GCPE:EX
Sent: Thursday, November 2, 2017 9:44 AM
To: Smith, George AG:EX
Subject: For review: ICBC DRP NR and QA
Hi George

We need to get a draft to police later today and get this one rolling. Any chance you can review at least the NR to get it started?

These are approved by AG exec, ICBC exec and quotes approved by ICBC and Police. s.22
s.22

PSSG also has this up with their MO to secure approvals on the quote.

Megan

Driver Risk Premium for Distracted Driving Questions & Answers

Key Messages:

- Distracted driving is a serious high-risk behaviour, which is now responsible for more than 25% of all car crash fatalities in our province.
- Drivers who continue to put road users at risk by illegally using their phones while driving will now pay additional and higher penalties.
- With these changes, distracted drivers with multiple distracted driving offences will now face added and higher penalties, in addition to their regular insurance premium.
- For example, a driver with two distracted driving tickets in a three-year period could pay as much as \$2,000 – \$740 more than the existing penalties.
- B.C. already has some of the toughest distracted driving penalties in Canada, and these changes make the rules even tougher.
- This move will treat distracted driving as the serious high-risk driving behaviour it is – on par with impaired driving, excessive speed and other criminal code convictions.
- This is one of many actions you will see over the coming months.
- There will be significant reforms as government and ICBC work to reduce crashes, relieve immediate pressure on rates and keep rates affordable over the long term.

Qs & As:

1. Minister, have you ever texted or checked your phone while you were driving?

- TBD

2. What does this mean for British Columbians?

- Our priority must be to keep British Columbians safe and drivers who continue to put road users at risk by illegally using their electronic devices while driving must be held accountable.
- This tough change is targeting repeat driving offenders.
- After the new premium is implemented, if you get two distracted driving tickets in any three-year period, your penalties could be as high as \$2,000. That's an increase of \$740 over the existing penalties.

3. How does this compare with the current fines and premiums?

- The major change is that we will now be looking over a three-year period for those multiple offences of distracted driving.
- This means that distracted drivers with two or more convictions in a three year period will face additional and higher penalties.
- Today, for each offence of distracted driving, there is a \$368 dollar fine and four penalty points.
- After two offences of distracted driving in the same year, the Driver Penalty Point (DPP) applies and the driver is charged \$520 (the equivalent of eight penalty points).
- This means, fines and fees for two distracted driving offenses occurring in the same year is \$1,256 for one year.
- When these changes come into effect, if a driver has two distracted driving offences in three years, the Driver Risk Premium (DRP) program will apply and they will pay additional penalties for up to three years.

- For example, they will continue to pay \$368 for each violation ticket, if both tickets are in the same year, they will also pay \$520 for their 8 penalty points in year one, and then driver risk premiums of \$370 for each of the next two years.
- The total penalties will depend on when the offences were recorded but could be as large as approximately \$2,000 over three years, which is an increase of \$740 compared to the current rules.
- If you get any other offences with associated points or ones that are designated high risk, you'll pay even more.
- Beyond that, as is the case today, drivers with multiple offences in any single year will have their driving record subject to automatic review, which could result in a three-to-12 month driving prohibition.
- Graduated Licensing Program (GLP) drivers face intervention after a first distracted driving offence and a possible prohibition of up to six months.
- The superintendent of motor vehicles also has discretion to prohibit drivers and can consider referrals from either ICBC or police.

4. When will this distracted driving change take effect?

- This requires changes to the ICBC Basic Insurance Tariff.
- As a next step, government will submit an Order in Council directing the change to ICBC and the B.C. Utilities Commission.
- Convictions after March 1, 2018, will be impacted by the change.

5. How many people will be impacted by these changes?

- We estimate that making distracted driving a high-risk driving behaviour under the Driver Risk Premium program will impact about 12,000 drivers each year who have had multiple distracted driving offences over a three-year period.
- If this change begins to have a positive impact on driver behaviour, that number could decrease in the coming years.

6. What does “distracted driving” mean? What could you be doing that constitutes a distracted driving fine?

- Distracted driving relates to the use of a handheld electronic device while behind the wheel.
- In other instances of distraction or inattention, police also have discretion to issue violation tickets for other offences, such as driving without due care and attention, should they feel that is warranted.

7. Will this change have any impact on lowering insurance rates for good drivers?

- These changes, once fully integrated over three years, will generate approximately \$3 to \$5 million in annual premiums, which will be used to offset basic rate pressures.
 - *(note: only by approximately 0.1 percentage point).*
- By increasing the penalties for distracted driving the hope is that fewer people will drive distracted which will help reduce the number of crashes occurring on our roads.
- Ultimately, a reduction in crashes will have a positive impact on the rates all drivers pay.
- Further action must be taken to lower insurance rates for British Columbians – it is unfair for everyone to pay higher premiums because of the actions of high-risk drivers.
- I will be making several announcements over the coming months that follow-up on the actions I announced in September and government's plan for positive and fair change moving forward.

8. Can bad drivers' licences be taken away?

- The superintendent of motor vehicles has always had the discretion to prohibit high-risk or dangerous drivers, and can take into account referrals from either ICBC or police.
- Specifically with regard to distracted driving, as is the case today, repeat offenders in one year will have their driving record subject to automatic review, which could result in a three-to-12 month driving prohibition.
- Graduated Licensing Program (GLP) drivers face intervention after a first distracted driving offence and a possible prohibition of up to six months.

9. What are other high-risk driving behaviours within the Driver Risk Premium program?

- The other high-risk driving behaviours include excessive speed, impaired driving or offences that result in Criminal Code convictions.

10. Why is a change to the Driver Risk Premium program needed?

- Distracted driving is a factor in more than 25% of all car crash fatalities in B.C.
- This change will discourage repeat offences by increasing the cost for those who drive distracted.
- It will also allow the premiums these drivers pay to be closer to the anticipated claims costs for their high-risk driving behaviour.

11. Doesn't B.C. already have the toughest distracted driving penalties in Canada?

- Yes, B.C. currently has some of the toughest distracted driving penalties in the country and the changes now make our rules even tougher.
- This change now treats distracted driving as the serious high-risk behaviour it is, and one that is on par with impaired driving and excessive speed.
- It is too easy to ruin a life and these behaviours must be stopped – high-risk drivers must pay for their actions.

12. Why didn't government make this change last time they increased distracted driving penalties? Have the changes which took place last June not been effective?

- I can't speak to the decisions of the previous government but as I have mentioned, more must be done to curb high-risk driving behaviour.
- It takes time to measure the effectiveness of new sanctions and to instil a change in driving behaviour.

13. What is the difference between DPP and DRP? Why are they different?

- Driver Penalty Points (DPP) are based on driving offences over a one-year period and is in addition to any fines/tickets offence(s). It applies to:
 - Driving-related offences under Criminal Code of Canada convictions or Motor Vehicle Act (MVA) offences that award penalty points.
- DPP fines increase by the number of penalty points.
- The Driver Risk Premium (DRP) is a three-year scan of your driving record and is in addition to any fines/tickets offence(s). It applies to:
 - one or more driving-related Criminal Code convictions, and/or
 - one or more 10-point MVA convictions, and/or
 - one or more excessive speeding convictions and/or
 - two or more roadside suspensions/prohibitions.
- The DPP and DRP are separate from Autoplan insurance premiums. They are billed even if you don't own or insure a vehicle. Any revenue generated helps offset premiums paid by all drivers.
- The Driver Risk Premium and the Driver Penalty Point programs operate in parallel. You will only be billed under one program each year, whichever results in the higher premium.

14. Why doesn't ICBC just charge distracted drivers higher insurance rates?

- The DPP program and DRP are separate from Autoplan vehicle insurance premiums and are billed even if the individual does not own or insure a vehicle.
- As part of a number of initiatives to help relieve the pressure on ICBC's rates, government and ICBC are looking at meaningful rate fairness and design measures.
- While larger measures will be developed over the longer-term, this initiative is an early rate mitigation action that will ultimately fit within the longer-term rate design work.

15. By increasing penalties and rates for distracted drivers don't you run that risk that more drivers will operate vehicles without a licence?

- British Columbia's estimated uninsured rate is less than one per cent – much lower than other jurisdictions in North America that have rates ranging from four to 20%.
- Our public system enables enhanced security because licence plates and decals are linked to a customer's basic insurance policy.
- This enhancement is unique to only a few jurisdictions in North America and is also one of the main reasons we have such a low uninsured rate compared to other jurisdictions.

16. Is there an update on the dangerous roads initiative you promised in September?

- ICBC reports on the 10 top crash intersections annually. In the Lower Mainland in 2015, the top 10 crash sites were responsible for 2,253 crashes.
- We are working with ICBC and the Ministries of Transportation and Infrastructure, Public Safety and Solicitor General and local governments to update and expand work identifying the areas with the highest number of collisions and to make urgent improvements to items like speed limits, signage and infrastructure in these areas to reduce collisions and the injuries and costs these preventable accidents can bring.

17. You were also working on administrative costs and efficiencies – any progress yet?

- We are pleased to announce that PwC – PricewaterhouseCoopers LLP was selected for an immediate and comprehensive business audit of ICBC's operations and practices.
- The review will examine targeted elements of ICBC's operations, including an audit of a random sample of 100 claim files, a full review of ICBC salvage and material-damage payment processes, and any backlog of claims at ICBC.
- I look forward to receiving their report early in 2018.

18. What about the technology pilot previously announced?

- Our aim is to restrict high risk drivers, like new drivers or repeat distracted driving offenders, from using cellphones through technological interventions.
- We'd also like to offer improved rates to drivers who adopt these technologies voluntarily.
- In April, ICBC issued a Request for Information (RFI) looking for technology in the market designed to help combat distracted driving.
- A review of the submissions determined that the most promising technologies are smartphone apps paired with telematics devices.
- This allows the app to block the use of a handheld device while the vehicle ignition is on and the vehicle is in gear, while the inclusion of the telematics has additional benefits in that it could provide useful data related to kilometres driven and driver behaviour.
- In the coming weeks, ICBC plans to speak to the makers of telematics supported apps to determine their interest in working with ICBC to initiate a pilot test with a small number of volunteers.

19. What about dash cams? Are those a good idea for drivers?

- Reducing the number of crashes and injuries on B.C. roads keeps drivers and passengers safer and will have a positive impact on the cost of auto insurance in the province.
- To that end, dashboard cameras help provide evidence but as they do not necessarily reduce crashes, they are not being looked at as a means to reduce insurance fees.
- When there's a claim resulting from a crash, ICBC relies on reports from the parties involved, police and witness statements, and then assess these against the written rules of the road. As technology progresses, more types of evidence are forming part of customers' claims.
- Drivers must make sure the dashboard camera does not become a distraction and that they are mount dash-cams securely to the vehicle. Drivers should not interact with the dash cam while driving.

20. There was talk about increasing the number of red light cameras – when can we expect that?

- We will have more to announce on that topic in the coming weeks.

21. Will government be considering any “zombie law” like Ontario has done recently to discourage walking and texting?

- The Province is not considering putting in place a law to ticket pedestrians who text and walk (distracted walking.)
- Local governments have the authority under the Motor Vehicle Act to regulate pedestrian traffic, if they wish to do so.
- Police already have the ability to give a \$121 ticket any road user, including pedestrians, for failing to obey a light or any other traffic control device when crossing the street.

22. These changes and projected changes are pretty small. Doesn't the condition of ICBC require something more drastic?

- For the individual driver, \$2000 is no small amount. But this is only one of a number of changes we have planned.
- Make no mistake – we are looking at every facet of ICBC because of the profound issues affecting one of B.C.'s most important public assets.
- These issues are being addressed to keep rates affordable for British Columbians over the long term.
- We are making a series of fundamental changes to the insurance system to make it more affordable – and fairer for drivers.
- There will be more announcements in the coming weeks and months ahead.

NEWS RELEASE

For Immediate Release
[release number]
Nov. 6, 2017

Ministry of Attorney General
Ministry of Public Safety and Solicitor
General

Government targets distracted drivers with increased insurance premiums

VICTORIA – The Government of B.C. will work to designate distracted driving as a high-risk driving behaviour under the ICBC Driver Risk Premium program. This means a driver with two distracted driving tickets in a three-year period will see their total financial penalties rise to as much as \$2,000 – an increase of \$740 over the existing penalties. This is in addition to their regular insurance premium.

“Distracted driving continues to put significant pressure on insurance rates for all drivers and today we are taking action to curb the behaviour and improve safety for all B.C. road users,” said Attorney General David Eby. “Once implemented, this change will treat distracted driving as the serious high-risk behaviour that it is; one that is on par with impaired driving and excessive speeding. Taking action to improve safety and penalize dangerous behaviours benefits all British Columbians and is another step in the right direction.” s.13

Distracted driving is a factor in more than 25% of all car crash fatalities in B.C., killing an average of 78 people each year. Currently, there are about 12,000 drivers in British Columbia that have multiple distracted driving offences over a three-year period.

When fully implemented, the changes will result in about \$3 to \$5 million in additional premiums collected annually, which will be used to offset ICBC’s overall basic insurance rate pressures, benefiting drivers around the province.

“B.C. already has some of the toughest distracted driving penalties in Canada, and these changes make our rules even tougher,” said Minister of Public Safety and Solicitor General Mike Farnworth. “In the continuing fight against distracted driving, even a single death is one too many.” s.13

s.13

“Every day police throughout the province find drivers using hand-held electronic devices behind the wheel. The safety of our communities is the highest priority for police and it is for this reason, we support these new penalties,” said Chief Constable Neil Dubord, chair of the BC Association of Chiefs of Police Traffic Safety Committee. “Police are out on the roads every day targeting drivers who use their phones and other electronic devices behind the wheel. With this

new approach and stiffer penalties, police now have stronger tools to ensure that the seriousness of distracted driving offences are better understood and respected long after our enforcement action.”

“Ultimately, the pressures on our rates all start in one place – more crashes,” said Mark Blucher, ICBC’s president and CEO. “We hope this change will further discourage drivers from engaging in this extremely dangerous behaviour while also ensuring that high-risk drivers pay more for their insurance while relieving the pressure on insurance rates for all drivers.”

Quick Facts

- The changes to high-risk driving behaviour require changes to the ICBC Basic Insurance Tariff. Government will issue directions regarding the changes to the B.C. Utilities Commission and the changes would be in effect for convictions beginning March 1, 2018.
- The Driver Risk Premium charges are separate from Autoplan vehicle insurance premiums and are billed even if the individual does not own or insure a vehicle. For example, currently two distracted driving tickets in one year will cost approximately \$1,256. With this change, the cost would now be approximately \$2,000.
- As is the case today, drivers with multiple distracted violations in any one year will continue have their driving record subject to automatic review, which could result in a three-to-12 month driving prohibition. Graduated Licensing Program (GLP) drivers will also continue to face intervention after a first distracted driving offence and a possible prohibition of up to six months.
- Distracted driving relates to those drivers caught using a handheld electronic device while behind the wheel. In other instances of distraction or inattention, police also have the ability to issue violation tickets for other offences, such as driving without due care and attention.

Media contact:

Ministry of Attorney General
778 678-1572

From: [Smith, George AG:EX](#)
To: [Eby, David AG:EX](#)
Cc: [Milne, Gala AG:EX](#)
Subject: Fwd: Materials for ICBC stakeholder meetings
Date: December-04-17 7:52:20 AM
Attachments: [Stakeholder meetings TLABC FINAL 03Dec17.pptx](#)
[ATT00001.htm](#)
[QA Stakeholder meeting UPDATE 03Dec17.docx](#)
[ATT00002.htm](#)

Deck attached.

Begin forwarded message:

From: "Groot, Jeff AG:EX" <Jeff.Groot@gov.bc.ca>
Date: December 3, 2017 at 12:34:04 PM PST
To: "Smith, George AG:EX" <George.Smith@gov.bc.ca>
Cc: "Nanninga, Tanera AG:EX" <Tanera.Nanninga@gov.bc.ca>, "Fyfe, Richard J JAG:EX" <Richard.Fyfe@gov.bc.ca>, "Brouwer, Shauna JAG:EX" <Shauna.Brouwer@gov.bc.ca>, "Harris, Megan A GCPE:EX" <Megan.Harris@gov.bc.ca>
Subject: RE: Materials for ICBC stakeholder meetings

George – updated materials for the TLABC meeting are attached. Please let me know if you or the AG would like any changes or have questions.

Cheers,
JG

From: Groot, Jeff AG:EX
Sent: Friday, December 1, 2017 5:01 PM
To: Smith, George AG:EX
Cc: Nanninga, Tanera AG:EX; Fyfe, Richard J JAG:EX; Brouwer, Shauna JAG:EX; Harris, Megan A GCPE:EX
Subject: RE: Materials for ICBC stakeholder meetings
George – as follow up, here are the stakeholder briefs for the AG that we and ICBC can run him through on Monday during the pre-brief at 3:15pm prior to the first meeting.

Let me know if you have any questions about these.

Cheers,
JG

From: Groot, Jeff AG:EX
Sent: Friday, December 1, 2017 11:05 AM
To: Smith, George AG:EX
Cc: Nanninga, Tanera AG:EX; Fyfe, Richard J JAG:EX; Brouwer, Shauna JAG:EX; Harris, Megan A GCPE:EX
Subject: Materials for ICBC stakeholder meetings
George – please find attached the deck we propose the AG lead the stakeholders

through for the meetings on Dec 4 and 7.

Specific to the question the AG asked about medical/rehab benefit retroactivity, you'll find that info in the notes on slide 10. Let me know if this meets his needs.

I've also attached a high level QA for use at the second meeting on Monday afternoon. It responds directly to some of the concerns that may come up, as well as some of the recommendations that the association has put forward in correspondence to the AG previously.

Later today I'll also have bios of all the stakeholders attending for you and the AG.

Can you let me know if you or he would like any changes to the deck? I will plan to bring printed copies for all of the stakeholders to the meetings next week.

Thanks,

JG

Jeff Groot

Executive Director, Corporate Priorities & Strategic Engagement

Corporate Management Services Branch | Ministry of Attorney General

s.17



Confidential stakeholder briefing

Changes to ICBC

December 4, 2017

Page 447 of 961 to/à Page 450 of 961

Withheld pursuant to/removed as

s.13

Recommendations from TLABC

Increase driver risk premiums

- Already underway for distracted driving (Mar 2018)
- Doing further work to consider if they're set at the appropriate level

Adopt EY report road safety initiatives

- Intersection safety cameras are turning on 100% of the time.
- Also looking at other initiatives that may change driver behaviour, reduce crashes, etc.

Auto insurance claims & litigation working group

- Civil Justice Law Reform working group in development.

Reducing transfers of ICBC profits

- Government's priority is fixing the systemic issues at ICBC, not taking transfers out.

Reducing fraud

- PwC operational review with lens to allegations of fraud and overbilling.
- 10,000 fraud investigations in 2016
- ICBC fraud detection and enforcement activities to reduce claims costs by \$59m/year by 2021

Recommendations from TLABC (cont'd)

Usage-based insurance	Adoption of collision avoidance
<ul style="list-style-type: none">• Government and ICBC are looking closely at this suggestion to see what kind of impacts/benefits may result.	<ul style="list-style-type: none">• Should discounts be offered to drivers with safer vehicles?

Discussion?

Next steps

- Your point of contact:

Ian Aikenhead

or

Jeff.Groot@gov.bc.ca

Executive Director, Corporate Priorities

- A follow-up briefing anticipated in 2018

Thank you

QA – Meeting with Trial Lawyers Association of BC

1. Why doesn't government try the TLA's suggestions first (e.g. wait for investment rates of return to rise and implement the road safety initiatives) before considering caps?

- These concepts we're looking at are all linked and, in many cases, have dependencies on each other.
- For example, without a definition of minor injury and a cap on minor injury claims, we would be limited in considering the kinds of significant increases to accident benefits that we would like to see happen.
- Beyond that, if we have some certainty over legal costs, we are able to redirect what we spend in court right now to offset improvements to the care we can offer for British Columbians injured in a crash.
- Even with some of the other rate mitigation measures being suggested (e.g. road safety initiatives) we don't think it's enough to close the gap between the premiums ICBC is collecting and the cost of claims being paid out.
- Changes need to happen – as the EY report concluded: "There is no indication that the underlying issues will correct themselves."
- The only alternative is to keep dramatically increasing insurance rates every year – this is not an acceptable solution. Changes are needed which help create an auto insurance system which strikes the balance between improved coverage, more affordable rates and lower legal costs.

2. If caps are so great, why are the premiums in other caps jurisdictions rising / why do other caps jurisdictions have lesser accident benefits than BC?

- We have the advantage of learning from what hasn't worked in other jurisdictions.
- Many of those provinces that have caps started at a much lower amount and have made increases, including in Alberta which has just recently also made the decision to index the amount to inflation.
- Any concept we'd consider would be one that would put us in the same range as those other jurisdictions, with the same idea of indexing it to inflation to make sure it would stay current.
- As for accident benefits, this is an area where we're see opportunity to lead the country.
- Already ICBC's benefits are among the highest in Canada, but one of the main principles of reform we're undertaking is that it's care-focused and that British Columbians get the support they need to recover when they're in a crash.

3. Has government or ICBC verified the amount the EY claimed caps will save (i.e. \$770 to 875 mill), and, if not, why not?

- The total amount of savings that can be achieved really will depend on the final level that any cap would be set at. It would also have to take into account any additional costs that could result from improving the accident benefits and other factors.
- I can tell you that modelling is being done to consider what the financial impact of setting a cap would be.

- What we do know though is that for every \$1000 change in the cap amount, there's a corresponding impact of about \$30m in costs/savings – the equivalent of about 1 percentage point on the Basic rate.

4. Why doesn't BC create a system with the choice between tort and no fault like Saskatchewan?

- The Saskatchewan model – and the one in Manitoba – provide no ability to sue for pain and suffering.
- What we're considering in a cap model is one that would be a balance in not restricting the ability of injured drivers with serious injuries to pursue legal action if they need to, but also one that gives enough certainty on cost where we can make significant investments in improving accident benefits and the care that drivers with insurance claims can receive.

5. Are you considering an optional top-up product? Along with caps, wouldn't that create a two-tiered system that favours the wealthy?

- If a top-up option is something we would move forward with, it would be meant to be a choice for those British Columbians who want to have the added flexibility.
- We do know that this type of insurance is offered in at least one other jurisdiction (Nova Scotia), but that take up has been relatively minimal.

6. What about the recommendations the TLA put forward – are you going to implement any of those?

- In fact, we've already begun work to implement or move forward on some of them:
 - Increase driver risk premiums – we're doing this for distracted driving, and we're also doing additional work to consider if driver risk premiums are set at the appropriate level to discourage high-risk drivers.
 - Adopt the road safety initiatives in the EY report – government is turning on intersection safety cameras 100% of the time. Beyond that, we're also looking at other initiatives that can help change driver behaviour, reduce crashes and result in claim savings.
 - Forming an auto insurance claims and litigation working group – ministry is working to establish a Civil Law Reform working group with representatives from the TLA, ICBC, the judiciary and other appropriate stakeholders.
 - Reducing transfers of ICBC profits to government general revenue – this is something that was done by the previous government. Our priority, particularly considering the financial crisis facing ICBC currently, is not on taking transfers out, but instead on fixing the systemic issues at ICBC and making improvements through product reform, road safety initiatives and other measures.
 - Reducing fraud – there are a number of areas where we're working to identify and reduce fraud that may be happening in the system:
 - PwC is doing an operational review of ICBC to look at a variety of areas, but also with the lens to consider recent allegations of fraud and overbilling. As part of

this, it will speak to frontline staff to hear their recommendations for change. In addition to this ICBC has been stepping up its efforts to combat fraud.

- In 2016, ICBC completed close to 10,000 investigations into potential fraud while also introducing a new high-tech analytics tool which is helping to identify and target fraudulent activity early in the claims process. Their work has also led to more than 500 convictions since 2010, while thousands of others have faced penalties such as a complete denial of their claim or having assets seized.
- ICBC expects its fraud detection and enforcement activities to reduce basic insurance claims costs by \$59 million a year by 2021 – savings which will directly help to mitigate the pressure on insurance rates.
- Usage-based insurance – this is a concept we’re looking at more closely to see what kind of impact and benefit it may have in British Columbia.
- Implement strategies to accelerate adoption of collision avoidance systems – we’re interested in the idea of whether discounts should be offered to those drivers with vehicles that have specific safety features and it’s an area that we’re looking into further.
- And beyond that, a good number of the concepts the TLA has recommended are ones we could look to incorporate in any new model. Specifically:
 - Increasing the per-treatment funding for rehabilitation benefits – this is an area where there is clear room for improvement and we want to improve the accident benefits available to British Columbians.
 - Legislating away the right of private insurers to subrogate – again, this is a concept that we are considering and believe there is opportunity to implement this kind of change.
 - Improving ICBC management practices for non-represented claimants – considering the use of alternative dispute resolution mechanisms for claimants would make the process much more straightforward and accessible than it is currently.

From: [Milne, Gala AG:EX](#)
To: [Eby, David AG:EX](#)
Subject: Fwd: Updated stakeholder deck
Date: December-04-17 2:37:01 PM
Attachments: [Stakeholder meetings TLABC UPDATE_04Dec17.pptx](#)
[ATT00001.htm](#)
[Stakeholder meetings TLABC UPDATE_04Dec17.pdf](#)
[ATT00002.htm](#)

Gala

Sent from my iPhone

Begin forwarded message:

From: "Groot, Jeff AG:EX" <Jeff.Groot@gov.bc.ca>
Date: December 4, 2017 at 1:19:16 PM PST
To: "Smith, George AG:EX" <George.Smith@gov.bc.ca>, "Milne, Gala AG:EX" <Gala.Milne@gov.bc.ca>, "Nanninga, Tanera AG:EX" <Tanera.Nanninga@gov.bc.ca>
Cc: "Richter, Connie JAG:EX" <Connie.Richter@gov.bc.ca>, "Fyfe, Richard J JAG:EX" <Richard.Fyfe@gov.bc.ca>, "Harvey, James JAG:EX" <James.Harvey@gov.bc.ca>, "Bindra, Nina JAG:EX" <Nina.Bindra@gov.bc.ca>, "Brouwer, Shauna JAG:EX" <Shauna.Brouwer@gov.bc.ca>, "Harris, Megan A GCPE:EX" <Megan.Harris@gov.bc.ca>, "Pearson, Barbera JAG:EX" <Barbera.Pearson@gov.bc.ca>
Subject: Updated stakeholder deck

Folks – please see attached an updated deck that incorporates the changes you asked for, Gala.

Please let me know if this works or if you'd like to see other changes.

Gala/Tanera – would you be able to help facilitate printing of this at PCO prior to the 4:45pm meeting?

We would need 5 versions of the deck, with notes (AG, George, Gala, Nina and James), and 5 versions of the pdf version without the notes (4 TLABC representatives and Ian Aikenhead).

Please let me know if that's doable.

Cheers,

JG

Jeff Groot

Executive Director, Corporate Priorities & Strategic Engagement
Corporate Management Services Branch | Ministry of Attorney General
778.698.5200

From: [Nanninga, Tanera AG:EX](#)
To: [Loubert, Danny PREM:EX](#)
Subject: FW: Updated stakeholder deck
Date: December-04-17 2:44:00 PM
Attachments: [Stakeholder meetings TLABC UPDATE_04Dec17.pptx](#)
[Stakeholder meetings TLABC UPDATE_04Dec17.pdf](#)

From: Nanninga, Tanera AG:EX
Sent: Monday, December 4, 2017 2:38 PM
To: Szabo, Maria PREM:EX
Cc: Milne, Gala AG:EX
Subject: FW: Updated stakeholder deck

Hi Maria,

I have a huge favour to ask you. Jeff Groot will be arriving for the 3:15 briefing at VCO. He is wondering if we can get 5 copies printed off of each of the two attached documents. Is there someone able to do this for me?

Thank you so much,

Tanera Nanninga

Administrative Coordinator to the Honourable David Eby, QC
Attorney General and Minister responsible for Liquor, Gaming, and ICBC
Phone: (250-387-1866)

From: Groot, Jeff AG:EX
Sent: Monday, December 4, 2017 1:19 PM
To: Smith, George AG:EX; Milne, Gala AG:EX; Nanninga, Tanera AG:EX
Cc: Richter, Connie JAG:EX; Fyfe, Richard J JAG:EX; Harvey, James JAG:EX; Bindra, Nina JAG:EX; Brouwer, Shauna JAG:EX; Harris, Megan A GCPE:EX; Pearson, Barbera JAG:EX
Subject: Updated stakeholder deck
Folks – please see attached an updated deck that incorporates the changes you asked for, Gala. Please let me know if this works or if you'd like to see other changes.
Gala/Tanera – would you be able to help facilitate printing of this at PCO prior to the 4:45pm meeting?
We would need 5 versions of the deck, with notes (AG, George, Gala, Nina and James), and 5 versions of the pdf version without the notes (4 TLABC representatives and Ian Aikenhead). Please let me know if that's doable.

Cheers,

JG

Jeff Groot

Executive Director, Corporate Priorities & Strategic Engagement
Corporate Management Services Branch | Ministry of Attorney General
778.698.5200



Confidential stakeholder briefing

Changes to ICBC

December 4, 2017

Agenda

- Introductions
- ICBC financial performance
- Minor injury costs
- Work underway RE: TLABC recommendations
- Discussion
- Next steps

ICBC financial performance

Year	Financial performance (millions)
2014 (CY)	\$372
2015 (CY)	\$131
2016 (CY)	(\$533)
16/17 (FY – 15 months)	(\$913)
17/18 (FY - Q1/Q2)	(\$237)

Minor injury costs

- Payouts for minor injury claims – things such as sprains, strains or whiplash-associated injuries – in particular, have significantly increased over the last 15 years.
- Between 2000 and 2016:
 - the average claim paid out for minor injuries has risen by 265 percent - from \$8,220 to \$30,038.
 - the average pain and suffering awards paid out for minor injuries has risen from \$5,004 to \$16,499; an increase of 230 per cent.



Recommendations from TLABC

Increase driver risk premiums

- Already underway for distracted driving (Mar 2018)
- Doing further work to consider if they're set at the appropriate level

Adopt EY report road safety initiatives

- Intersection safety cameras are turning on 100% of the time.
- Also looking at other initiatives that may change driver behaviour, reduce crashes, etc.

Auto insurance claims & litigation working group

- Civil Justice Law Reform working group in development.

Reducing transfers of ICBC profits

- Government's priority is fixing the systemic issues at ICBC, not taking transfers out.

Reducing fraud

- PwC operational review with lens to allegations of fraud and overbilling.
- 10,000 fraud investigations in 2016
- ICBC fraud detection and enforcement activities to reduce claims costs by \$59m/year by 2021

Recommendations from TLABC (cont'd)

Usage-based insurance	Adoption of collision avoidance
<ul style="list-style-type: none">• Government and ICBC are looking closely at this suggestion to see what kind of impacts/benefits may result.	<ul style="list-style-type: none">• Should discounts be offered to drivers with safer vehicles?

Discussion?

Next steps

- Your point of contact:

Ian Aikenhead, QC

or

Jeff.Groot@gov.bc.ca

Executive Director, Corporate Priorities

- A follow-up briefing anticipated in 2018

Thank you



Confidential stakeholder briefing

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Jeff.Groot@gov.bc.ca

Executive Director, Corporate Priorities

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Thank you

From: Richter, Connie AG:EX
To: Nanninga, Tanera AG:EX
Subject: Agenda for Minister call @ 8:45am on Wed, Dec 13th
Date: December-11-17 3:03:25 PM
Attachments: s.12; s.13

Good afternoon, Tanera.

Below is the Agenda for the mtg. on Wednesday morning at 8:45 as well as the attached. FYI, the DAG will attend at the MO and Shauna, Jeff Groot and Holly Cairns will call into your office's CC numbers.

Thank you, C

1. Gender ID/X

2 s.12

3. PwC review status

4. Retroactivity

5. s.12; s.13

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s.13; s.12

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s.13; s.12

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s.13

From: [Smith, George AG:EX](#)
To: [Milne, Gala AG:EX](#)
Subject: FW: ICBC comm plan
Date: January-17-18 2:03:18 PM
Attachments: [ICBC-Cab Sub - Comm Plan - FINAL.docx](#)

From: Nelson, Tiffany GCPE:EX
Sent: Wednesday, January 17, 2018 1:58 PM
To: Smith, George AG:EX
Subject: ICBC comm plan
Hi – updated cab-sub comm plan attached, with HQ’s edits. I am reviewing now.

From: Zadravec, Don GCPE:EX
Sent: Wednesday, January 17, 2018 1:31 PM
To: Nelson, Tiffany GCPE:EX <Tiffany.Nelson@gov.bc.ca>; XT:Matthews, Lindsay ICBC:IN
<Lindsay.Matthews@icbc.com>
Subject: Final Final Comm Plan
Please see attached
Regards,
Don

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s.12; s.13

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s.14

Page 686 of 961 to/à Page 709 of 961

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Page 710 of 961

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s.14

From: [Richter, Connie AG:EX](#)
To: [Nanninga, Tanera AG:EX](#)
Subject: ATTENDEES: Transport Policy Staff Mtg. - Jan. 30th
Date: January-18-18 5:34:09 PM
Attachments: [Eby PAYD Letter 16Sept2017.pdf](#)
[PAYD in BC Backgrounder.pdf](#)

Hi Tanera,
Please note that the DAG and Jeff Groot will attend this mtg. at the MO.
FYI, the Assoc DM may also attend, we'll confirm asap.
Thank you, C

From: Nanninga, Tanera AG:EX
Sent: Friday, January 12, 2018 3:21 PM
To: Richter, Connie JAG:EX
Subject: January 30 Transport Policy Staff request
Hi Connie,

Here is another request for staff for January 30th.

Meeting with Transport Policy

Date: January 30th

Time: 3:00pm-4:00pm

Location: MO RM 232

Topic: To discuss an important policy reform, called Pay As You Drive (PAYD) vehicle insurance, and to investigate its possible implementation here in British Columbia.

BN: None required

Attendees: Todd Litman plus 2 more TBA

Tanera Nanninga

Administrative Coordinator to the Honourable David Eby, QC
Attorney General and Minister responsible for Liquor, Gaming, and ICBC
Phone: (250-387-1866)

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Pedestrian
Planning

Honourable David Eby
Attorney General of British Columbia
16 September 2017

Re: Pay-As-You-Drive Insurance in BC

("The best transportation policy reform you've probably never heard of")

Dear Mr. Eby,

I am writing to let you know about an important policy reform, called Pay As You Drive (PAYD) vehicle insurance, and to ask the Provincial Government to investigate its possible implementation here in British Columbia.

PAYD changes vehicle insurance from a fixed costs into a distance-based fee, so for example, motorists who currently pay \$650 annually would pay about 3¢ per kilometer, and those who currently pay \$2,000 annually would pay 10¢ per kilometer. This gives motorists a new incentive to drive less, which reduces various costs including consumer costs, accidents and pollution emissions. It can implement as a consumer option.

This concept was recognized in Ernst & Young's recent ICBC review, and in the Dr. Perry Kendall's *Provincial Health Officer's Annual Report*. The Pacific Institute for Climate Solutions (PICS) and the BC Climate Action Secretariat have both investigated this concept. It could provide significant consumer savings, crash reductions and emission reductions, plus other important economic and social benefits. Credible studies rank PAYD among the most effective and cost-effective transportation emission reduction strategies.

Now is a perfect time to consider PAYD as part of the provincial traffic safety, affordability and emission reduction policy agendas. A useful first step would be to organize a workshop on the subject involving various stakeholders including academics, economists, environmental advocacy, traffic safety and public health, as well as ICBC and other insurance industry experts. PICS and the BC Climate Action Secretariat could sponsor the event.

Please let me know if you can meet with a small expert group to discuss this idea.

Sincerely,



CC: Dr. Sybil Seitzinger, Director, Pacific Institute for Climate Solutions
Honourable Carole James

Todd Litman, *Executive Director*

Pay-As-You-Drive Insurance in BC

Backgrounder

16 September 2017

Pay-As-You-Drive Insurance is the best transportation policy reform you've probably never heard of.

Definition

Pay-as-you-drive (PAYD, also known as *distance-based usage-based*, *usage-based* and *per-mile*) vehicle insurance means that premiums are based directly on the amount a vehicle is driven during the policy term: *the more you drive the more you pay and the less you drive the more you save* (Greenberg 2013). This changes the unit of exposure (how premiums are calculated) from the *vehicle-year* to the *vehicle-kilometer*. Existing rating factors are incorporated so higher-risk motorists pay more per kilometer than lower-risk drivers. For example, a \$400 annual premium becomes 2¢ per kilometer, and a \$1,600 annual premium becomes 8¢ per kilometer. An average motorist would pay about 6.4¢ per kilometer.

PAYD pricing gives motorists a significant new incentive to reduce mileage, approximately equal to a 50% increase in fuel prices, but is not a new expense, simply a different way of paying an existing fee. An average motorist who does not change their annual vehicle travel would pay the same as they do now, but those who drive less save money, reflecting the claim cost savings provided by reductions in mileage and therefore crash risk. This increases insurance affordability. Based on experience with similar vehicle price incentives, PAYD pricing is predicted to reduce affected vehicles' annual travel by 10-15%, consisting of lower-value vehicle travel that they value less than the per-kilometer savings.

Alternatives include *pay-at-the-pump* (basic insurance funded through a special fuel tax) which is not actuarially accurate, and *GPS-based* (transponders track when and where a vehicle is driven for insurance and road pricing) but this is costly and raises privacy concerns, so they are not recommended.

Benefits (Bordoff and Noel 2008; Greenberg 2013; Meyers 2015)

- **Consumer savings, affordability and fairness.** An average motorist is predicted to save \$50-150 annually. These savings represent the claim cost savings that result when motorists reduce their driving and therefore their chance of having a crash. These are true cost savings, not just economic transfers. Since lower-income motorists tend to drive their vehicles less than average and are price sensitive, they tend to benefit most. It also increases fairness: current insurance pricing overcharges motorists who drive less than average and undercharge those who drive more than average in each price category.
- **Reduced pollution emissions.** The predicted 10-15% travel reduction should provide comparable reductions in energy consumption and pollution emissions (Cambridge Systematics [2009] ranked PAYD as one of the most cost effective climate change emission reduction strategy available).
- **Traffic safety.** Vehicle crashes should decline more than mileage (a 10% mileage reduction should reduce crashes 12-15%) because higher-risk motorists, who pay higher premiums, have the greatest incentive to reduce their driving (Ferreira and Minikel 2012; Kendall 2016).
- **Reduced Traffic congestion and roadway costs.** Even higher-annual-kilometer motorists can benefit from PAYD pricing that reduces vehicle travel by other road users.

Implementing PAYD in BC

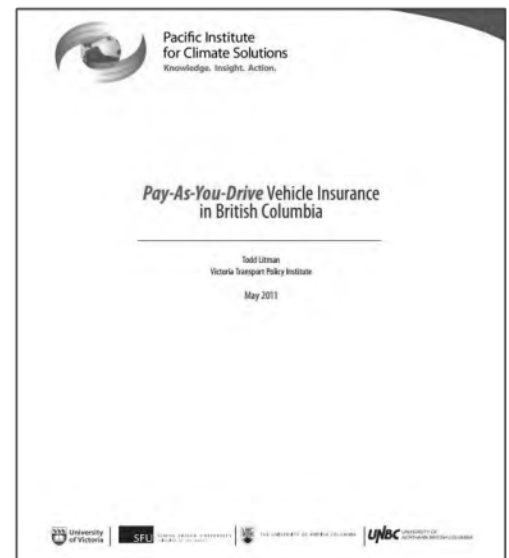
PAYD insurance has been widely studied and advocated by economists as a way to increase efficiency, fairness and affordability, and by environmentalists as an energy conservation and emission reduction strategy (Bordoff and Noel 2008; Edlin 2003; Greenberg 2013). It was recently recognized as a possible traffic safety strategy (Kendall 2016). A growing body of technical research around the world provides evidence supporting PAYD pricing. Some private companies have tested electronic distance-based insurance.

In 1996 ICBC commissioned a technical study that examined its feasibility and impacts (Litman 1997). The results were promising; they demonstrated the actuarial justification for PAYD, identified various benefits and described how it could be implemented. However, ICBC opposed the concept on the grounds that it is unproven and could reduce the corporation's profitability, so no action was taken.

In 2008, a symposium organized by UBC students investigated PAYD. In 2010 the BC Ministry of Environment and in 2014 the BC Climate Action Secretariat sponsored analysis of potential transportation emission reduction strategies, including PAYD.

In 2011 the Pacific Institute for Climate Solutions (PICS) published, *Pay-As-You-Drive Vehicle Insurance in British Columbia* (Litman 2011), which provided further support for PAYD as a climate change emission reduction strategy, but no further action was taken due to ICBC opposition. The recent ICBC review identified usage-based pricing using electronic vehicle tracking, as a possible safety and cost saving strategy, although basic PAYD is probably more cost effective and politically acceptable (Ernst & Young 2017).

PAYD is very appropriate in British Columbia because ICBC has a social mandate, and so should favor policies that maximize affordability, safety, and environmental protection. This is a particularly good time to consider PAYD in BC because crashes and insurance premiums are increasing and the province is looking for innovative traffic safety and emission reduction strategies.



Request

Ask the Climate Action Secretariat and PICS to help organize a Pay-As-You-Drive workshop involving key stakeholders (academics, affordability advocates, insurance experts, ICBC, safety experts, emission reduction experts, etc.) to be held late 2017 or early 2018.

If these experts conclude that PAYD is feasible and justified in BC, ICBC should be instructed to implement a pilot project that offers PAYD to a few thousand motorists in order to gain experience and actuarial data. Distance-based premiums would be calculated by dividing each rate classes' existing premiums by its estimated average annual kilometers, so for example, a class that currently pays \$1,000 premiums and drives 18,000 annual kilometers rate class would pay 5.6¢ per kilometer, and those that currently pay \$800 and drive 22,000 annual kilometers would pay 3.6¢ per kilometer. Participants' vehicle travel would be measured using digital photos of odometer readings taken by brokers or motorists at the start and end of the policy term. If no unsolvable problems are encountered, the pool of participants would be expanded in subsequent year until this option is available to all ICBC clients.

Frequently Asked Questions

How is it applied?

Basic PAYD (the system we recommend) changes premium price units from the *vehicle-year* to the *vehicle-kilometer*, so, for example, rather than paying \$1,000 annually a motorist pays 5¢ per kilometer, based on odometer readings verified either by brokers or a digital photo submitted electronically by the motorist. At the beginning of the policy term motorists pay for a year's worth of insurance, as they do now; when the policy is renewed their fee is settled; if they drove less than their prepaid kilometers they receive a rebate, if they drove more they owe for the additional kilometers, paid at a slightly higher rate (say, 5.3¢ per additional kilometer) to account for ICBC's foregone interest. It could be a consumer option or implemented on all personal vehicles.

How are per-kilometer rates calculated?

Premiums are calculated by dividing current annual premiums by average annual kilometers for each rate class. ICBC premiums currently average \$1,280 per vehicle-year and personal vehicles average about 20,000 annual kilometers, so PAYD premiums would average about 6.4¢ per kilometer. All existing rating factors are included, so a motorist who currently pays \$1,600 annually would pay twice as much per kilometer as one that pays \$800 annually.

How does it affect vehicle travel?

Average BC motorists currently costs about 12¢ per kilometer for fuel, so the 6.4¢ per kilometer average PAYD premium increases the perceived cost of driving by about 50%, although it is not a new fee, just a different way of paying an existing fee. Based on numerous studies concerning motorists' response to fuel price changes, experts predict that PAYD pricing would reduce affected vehicle-travel 10-15%, with greater reductions by higher risk motorists who currently pay high annual premiums.

Who is better and worse off?

PAYD insurance does not simply shift costs from one group to another, it provides net economic benefits: it returns to individual motorists the crash cost savings that result when they reduce their risk exposure (vehicle travel), and by giving motorists a significant new incentive to reduce their vehicle travel, it reduces other traffic problems including congestion and pollution. The reduced vehicle travel consists of vehicle-kilometers that motorists value less than their per-kilometer premium, providing consumer surplus gains.

- Motorists who currently drive less than their rate class average save money.
- Motorists who drive about their rate class average and reduce their mileage would also save money.
- Motorists who drive more than their rate class average would pay more, but benefit most from reduced traffic and parking congestion, reduced accident risk caused by other motorists, and reduce pollution exposure.

How does PAYD affect suburban, rural and lower-income motorists?

Because insurance rates reflect territory (where motorists reside), PAYD pricing would not increase average premiums for any geographic group. Only suburban or rural motorists who drive more than average than other motorists in their territory would pay more, and if motorists reduce their vehicle travel as predicted, most suburban and rural motorists would save money and enjoy other benefits. Since annual vehicle travel tends to increase by income, and lower-income motorists tend to be price sensitive (they are more responsive to money saving opportunities) PAYD should be very progressive with respect to income.

How does PAYD affect traffic safety?

PAYD premiums reflect all existing rating factors and so would provide particularly large incentives for higher risk motorists to reduce their mileage. Since most casualty crashes involve multiple vehicles, travel reductions by higher risk drivers reduce risks to all road users, including lower-risk drivers.

Information Sources

Jason E. Bordoff and Pascal J. Noel (2008), *Pay-As-You-Drive Auto Insurance: A Simple Way to Reduce Driving-Related Harms and Increase Equity*, The Brookings Institution (www.brookings.edu); at www.brookings.edu/papers/2008/07_payd_bordoffnoel.aspx.

Cambridge Systematics (2009), *Moving Cooler: Transportation Strategies to Reduce Greenhouse Gas Emissions* (<http://amzn.to/2vWLFfH>), U.S. Environmental Protection Agency; <http://bit.ly/2vX5HGq>.

Aaron S. Edlin (2003), "Per-Mile Premiums for Auto Insurance," *Economics for an Imperfect World: Essays in Honor of Joseph Stiglitz*, MIT Press; at: http://works.bepress.com/aaron_edlin/28.

Ernst & Young (2017), *ICBC Affordable and Effective Auto Insurance – A New Road Forward for British Columbia*, Insurance Corporation of British Columbia (www.icbc.com); at <http://bit.ly/2vX8aRf>.

Joseph Ferreira Jr. and Eric Minikel (2012), "Measuring Per Mile Risk for Pay-As-You-Drive Automobile Insurance," *Transportation Research Record* 2297, Transportation Research Board (www.trb.org), pp. 97-103, <http://pubsindex.trb.org/view.aspx?id=1129619>.

Allen Greenberg (2013), "Pay-As-You-Drive-And-You-Save Insurance: Potential Benefits and Issues," *CIRP Newsletter*, Center for Insurance Policy and Research (www.naic.org), pp. 18-22; at <http://bit.ly/2uNggrE>.

Allen Greenberg and Jay Evans (2017), *Comparing Greenhouse Gas Reductions and Legal Implementation Possibilities for Pay-to-Save Transportation Price-shifting Strategies and EPA's Clean Power Plan*, Victoria Transport Policy Institute (www.vtpi.org); at www.vtpi.org/G&E_GHG.pdf. Union of Concerned Scientists presentation slideshow at www.vtpi.org/Greenberg&Evans_PAYD_UCS_30Aug2017.pdf

Perry Kendall (2016), *Where the Rubber Meets the Road: Reducing the Impact of Motor Vehicle Crashes on Health and Well-being in BC*, Provincial Health Officer's Annual Report, BC Ministry of Health (www.health.gov.bc.ca/pho/reports); at <http://bit.ly/2o7etuJ>.

Todd Litman (1997), "Distance-Based Vehicle Insurance as a TDM Strategy," *Transportation Quarterly*, Vol. 51, No. 3, pp. 119-138; at www.vtpi.org/dbvi.pdf.

Todd Litman (2005), "Pay-As-You-Drive Pricing and Insurance Regulatory Objectives," *Journal of Insurance Regulation*, Vol. 23, No. 3 (www.naic.org); at www.vtpi.org/jir_payd.pdf.

Todd Litman (2012), "Pricing for Traffic Safety: How Efficient Transport Pricing Can Reduce Roadway Crash Risks," *Transportation Research Record* 2318, pp. 16-22 (www.trb.org); at www.vtpi.org/price_safe.pdf.

Todd Litman (2011), *Pay-As-You-Drive Vehicle Insurance in British Columbia*, Pacific Institute for Climate Solutions (www.pics.uvic.ca); at <http://bit.ly/2fxQANO>. Slide show at <http://vtpi.org/PAYD%20in%20BC>.

Asher Meyers (2015), *Is Usage-Based Auto Insurance the Gas Tax You've Been Waiting for?*, Streetblog (<http://la.streetsblog.org>); at <http://bit.ly/2fYt6wu>.

<http://vtpi.org/PAYD%20in%20BC%20Backgrounder>

From: [Eby, David AG:EX](#)
To: [Nanninga, Tanera AG:EX](#)
Cc: [Smith, George AG:EX](#)
Subject: Signed s.12
Date: January-23-18 2:09:59 PM
Attachments: s.12
[ATT00001.htm](#)

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From: [Nanninga, Tanera AG:EX](#)
To: [Arora, Jasleen MCF:EX](#)
Subject: FW: TB Material
Date: January-24-18 4:50:13 PM
Attachments:

s.12

From: Richter, Connie JAG:EX
Sent: Wednesday, January 24, 2018 4:49 PM
To: Nanninga, Tanera AG:EX
Subject: TB Material

Tanera, for tomorrow's TB meeting.

Thank you, C

**MINISTRY OF ATTORNEY GENERAL
CORPORATE MANAGEMENT SERVICES BRANCH
BRIEFING NOTE**

PURPOSE: For INFORMATION for Honourable David Eby, QC, Attorney General

ISSUE: ICBC Financial Plan Update

SUMMARY:

s.12; s.13; s.17

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Prepared by:
Melissa Kortum
Manager, Crown Agencies
Corporate Management Services

Approved by:
Shauna Brouwer
Assistant Deputy Minister
Corporate Management Services

s.17

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s.12; s.13; s.17

From: [Pearson, Barbera AG:EX](#)
To: [Nanninga, Tanera AG:EX](#)
Cc: [Arora, Jasleen MCF:EX](#); [Smith, George AG:EX](#); [Milne, Gala AG:EX](#); [Godfrey, Sam AGRI:EX](#); [XT:Tupper, Chris GCPE:IN](#); [Jimenez, Nicolas \(Nicolas.Jimenez@icbc.com\)](#); [Leong, Philip](#); [Scott, Douglas S AG:EX](#)
Subject: Re: Copy of Draft ICBC Service Plan for MDE Briefing @ 2:00pm on Tuesday, February 6th, 2018
Date: February-05-18 5:40:17 PM
Attachments: [ICBC 2018-2021 Service Plan - DRAFT Feb 5 CLEAN 4.50 PM.pdf](#)

Good Afternoon Tanera:

Please find attached the Draft ICBC Service Plan for tomorrow afternoon's briefing. Please contact me if you have any questions or require any additional information.

Thank you.

Barb

Barbera Pearson, Manager, Business Operations

Associate Deputy Minister's Office

Ministry of Attorney General

PO Box 9263 Stn Prov Govt, Victoria BC V8W 9J4

11th Floor – 1001 Douglas Street (Sussex Bldg), Victoria BC, V8W 2C5

Phone: 250-356-1143 / Cellular: **s.17**

<mailto:barbera.pearson@gov.bc.ca>

Insurance Corporation of British Columbia

**2018/19 – 2020/21
SERVICE PLAN**

February 2018



For more information on the **Insurance Corporation of British Columbia**, contact:

In the Lower Mainland
604-661-2800

Elsewhere in B.C., Canada, or the U.S.
1-800-663-3051

Head Office

151 West Esplanade
North Vancouver, British Columbia, V7M 3H9
www.icbc.com

Email address: www.icbc.com/contact-us

ICBC's Corporate Service Plans, Annual Reports and Financial reports are available on the ICBC website.

Board Chair Accountability Statement



The 2018/19 - 2020/21 Insurance Corporation of British Columbia (ICBC) Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of January 31, 2018 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, ICBC's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of ICBC's operating environment, forecast conditions, risk assessment and past performance.

(Board Chair's Signature)

Joy MacPhail
Chair, ICBC Board of Directors

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Strategic Direction and Operating Environment

Strategic Direction

ICBC's mandate, as provided through *the Insurance Corporation Act, Insurance (Vehicle) Act and the Motor Vehicle Act*, is to provide Basic and Optional vehicle insurance for B.C. motorists. The Basic rates are regulated by the British Columbia Utilities Commission (BCUC), an independent regulator. The BCUC approves the Basic insurance rates and ensures the Basic insurance product is adequate, efficient and reasonable. ICBC also sells Optional auto insurance in a competitive marketplace. In addition, ICBC provides driver licensing, vehicle registration and licensing, and violation ticket and government fine collections services on behalf of the Province under a Service Agreement between government and ICBC. ICBC also implements road safety initiatives to reduce crashes and losses on B.C. roads and to assist in managing claims costs. The organization works closely with the Ministry Responsible (the Ministry) to ensure financial targets and reporting requirements are met.

In line with Government's commitment to make life more affordable for British Columbians, while delivering services that people can count on, ICBC is dedicated to providing customers with the best insurance coverage and service, at the lowest possible cost. To support this, the corporate strategy focuses on four key goals: Deliver Value and Service for Customers, Enable Financial Stability, Deliver Operational Excellence and Align People and Business Capabilities. The items included in the 2018/19 Mandate Letter will help shape ICBC's longer-term strategic plan, developed in collaboration with Government.

On November 1, 2017, ICBC's Minister announced that PwC Canada had been selected to lead an operational review of ICBC. The review was intended to identify cost savings by improving business processes; specifically looking at fraud prevention, supplier billing and other opportunities for business reform. The review was completed on January 12, 2018. A final report is expected in early 2018 and will be made public. In alignment with the 2018/19 mandate letter, and in cooperation with the Ministry, ICBC will review and implement, as appropriate, recommendations from the operational review conducted by PwC Canada.

It is worth noting that ICBC is heading into a period of significant change. This is a transitional year for ICBC's Service Plan, as the corporation reviews its corporate strategy through the lens of the recently completed operational review and works with government on initiatives focused on the long term sustainability of ICBC, including changes to its Basic insurance product. It is expected that the overall strategic direction of ICBC will become clearer in the coming months and the 2019/20-2021/22 Service Plan will reflect those significant changes.

Alignment with Government Priorities

Government Priorities	ICBC aligns with this priority by:
Making life more affordable	<ul style="list-style-type: none"> Keeping rates as low as possible while enhancing fairness in pricing (Strategy under Goal 1)
Delivering the services people count on	<ul style="list-style-type: none"> Designing and delivering quality products and services in ways that meet customer and business needs (Strategy under Goal 1)

Operating Environment

In B.C., auto insurance is based on a full tort system, which means that an at-fault driver may be taken to court for the full range of damages they caused, such as injuries to others or damage to vehicles. An injured party also has access to accident benefits coverage, regardless of fault, including medical and rehabilitation expenses and wage loss. This environment drives higher claims costs when compared to jurisdictions that operate under different auto insurance systems.

Risks in the operating environment could impact future performance and the ability to execute the corporate strategy. Like other jurisdictions, B.C. is experiencing a rapid increase in the number of motor vehicle crashes. From these crashes, more people are claiming bodily injury with a shift toward more complex claims that cost more to settle. Minor or soft tissue injuries and associated claims costs now account for the majority of injury claim costs. The growing sophistication of cars is also driving up vehicle repair costs.

These cost pressures show no signs of easing and, combined, are putting upward pressure on rates. Managing these costs, along with exaggerated and fraudulent claims and increasing legal representation rates, are critical to offering customers the best insurance coverage for the lowest possible cost. See Goal 2 (Enable Financial Stability) for more discussion on this topic.

All of the measures ICBC and Government have implemented are not enough to close the ever-increasing gap between the premiums being collected and the cost of the claims being paid out. Additional changes are needed to help create a sustainable auto insurance system, which strikes the balance among increased care for the injured, less spent on legal costs and more affordable and fair rates for British Columbians. Working with Government, ICBC will carry out changes to its Basic insurance product to support the long-term sustainability of the corporation and make changes to improve affordability and rate fairness for British Columbians.

Natural catastrophes, volatility in investment markets and global economic uncertainty continue to be risks to the Property and Casualty industry. Investment income has historically been a strong and consistent contributor to ICBC's financial health, helping to partially offset the pressure of rising claims costs. In the current low-interest rate investment climate, ICBC cannot rely upon investment return to help offset claims costs and benefit insurance rates to the same extent it did in the past.

Performance Plan

Goals, Objectives, Strategies and Performance Measures

This section sets out ICBC's goals, strategies, performance measures and targets for 2018/19-2020/21.

In 2016, ICBC adjusted its fiscal year end date from December 31 to March 31 to align with the B.C. Government's fiscal year end. As a result of this change, the 2016/17 actuals included in this plan reflect a 15-month transitional fiscal period from January 1, 2016 to March 31, 2017. For 2017/18 and thereafter, ICBC's fiscal year will be the 12-month period from April 1 to March 31.

Based on the direction in the mandate letter, we are working closely with government to update our longer term corporate strategy to better reflect government priorities and put ICBC back on a stable financial path. Any updates to the corporate strategy will be reflected in service plans moving forward.

Goal 1: Deliver Value and Service for Customers

ICBC remains committed to delivering value and service for customers by focusing on its customers' needs and what matters most to them.

Objectives

- 1.1a Maintain or improve current Insurance Services satisfaction score
- 1.1b Maintain or improve current Driver Licensing satisfaction score
- 1.1c Maintain or improve current Claims Services satisfaction score

Strategies

The following strategies will help ICBC deliver value and service for customers, as they focus on maintaining current customer satisfaction scores for the key services ICBC provides. These strategies are further expanded in the discussion section below.

- Work with Government and partners to support Government priorities and initiatives;
- Keep rates as low as possible while enhancing fairness in pricing;
- Design and deliver quality products and services in ways that meet customer and business needs; and
- Reduce injury and death on B.C. roads.

Performance Measure 1: Deliver Value and Service for Customers

Measuring feedback is how ICBC knows if it is delivering value and service for customers. ICBC measures customer service performance based on the percentage of satisfied customers for each major transaction type or service it provides: insurance product purchase, driver licensing and claims service.

Performance Measure	2016/17 Actual	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
1.1a Insurance Services Satisfaction	95%	90%*	94%	95%	95%
1.1b Driver Licensing Satisfaction	93%	92%	93%	93%	93%
1.1c Claims Services Satisfaction	92%	92%	93%	93%	93%

Data Source: An independent firm is retained to conduct ongoing surveys of customers for the purposes of monitoring transactional satisfaction. * The Insurance Customer Satisfaction survey was temporarily suspended in 2016 due to constraints to data access following the implementation of the new insurance system. The survey resumed starting with October 2017 transactions. The preliminary forecast was set at 90% but may be adjusted as more data is collected throughout the second half of fiscal 2017/18.

Linking Performance Measures to Objectives

ICBC continues to meet service measures for its Insurance Services, Driver Licensing and Claims Service to ensure customers are receiving consistent, quality service while interacting with ICBC. ICBC will continue to strive toward maintaining and improving upon the current strong customer satisfaction results in 2018/19.

Insurance Services Satisfaction

Independent insurance brokers process over three million Autoplan policies each year. The insurance services satisfaction measure is typically based on surveys of approximately 5,000 customers over the course of a year. The survey was reinstated in October 2017 after being suspended for 13 months during the stabilization of ICBC's new insurance system.

Driver Licensing Satisfaction

Each year, ICBC conducts approximately 1.6 million transactions relating to the issuance of driver licences and driver exams, including renewing a licence, taking a knowledge test or undergoing a road test. This measure is weighted by the number of transactions for each type of service and is drawn from a sample of over 3,000 customers surveyed throughout the year.

Claims Service Satisfaction

Claims are processed through ICBC's Claims call centre, claims centres and specialty departments such as commercial claims and rehabilitation services. Claims surveying draws upon personal claims only and is based on the average of First Notice of Loss and closed claims. In a typical year, there are over 15,000 completed surveys.

Discussion

Strategy 1: Work with Government and partners to support Government priorities and initiatives
ICBC will continue to partner with government on priorities such as Enhanced Road Assessment and law enforcement initiatives that combat distracted driving and improve intersection safety. (See more details below in Strategy 4: Reducing injury and death on BC roads).

Strategy 2: Keep rates as low as possible while enhancing fairness in pricing

A key part of delivering value to customers is to keep insurance rates as low as possible while enhancing fairness in pricing. Insurance rates in B.C. have experienced ongoing pressure from

the number and cost of claims in recent years – with the pressure continuing in 2018/19 and the foreseeable future. In addition to existing efforts, ICBC continues to look for ways to mitigate increasing claims costs so that it can continue to provide insurance coverage at the lowest possible cost. Working with Government, ICBC will carry out changes to its Basic insurance product to support the long-term sustainability of the corporation and make changes to improve affordability and rate fairness for British Columbians.

Strategy 3: Design and deliver quality products and services in ways that meet customer and business needs

Government has committed to delivering services that British Columbians can count on. Similarly, ICBC is focused on consistently providing products and services to our customers in ways that they value and in a cost-effective manner. Over the coming years, ICBC will continue to leverage online services for customers to help reduce costs, increase customer convenience and enable the organization to operate more efficiently.

In addition, ICBC will continue to provide services across the province through its business partners, including Express Repair facilities, Autoplan brokers, and government agents that offer driver licensing services.

Strategy 4: Reduce injury and death on B.C. roads.

Distracted driving is the second leading contributing factor in traffic fatalities in B.C., behind speed and ahead of impaired driving. Smartphone usage and distracted driving-related crashes also continue to add pressure on claims costs. In B.C., more than 90 per cent of drivers have mobile phones, and 88 per cent of those are smartphones. A study by the Insurance Institute of Highway Safety in 2015 determined that hand-held phone use makes drivers roughly five times more likely to be involved in a crash. Distracted driving is now responsible for approximately one quarter of all fatal crashes in B.C. On average, 78 people in our province die every year in crashes where distracted driving is a contributing factor.

ICBC is committed to reducing injury and death on B.C. roads and will continue to partner with law enforcement and government to raise awareness about the risks, consequences and penalties associated with distracted driving. ICBC will continue its efforts to put a high priority on addressing distracted driving, which currently includes public awareness campaigns, community outreach activities and other initiatives to help reduce crashes. In 2018, ICBC will pilot technology to disrupt distracted driving, helping drivers to avoid hand-held phone use behind the wheel. As well, beginning in March 2018, drivers who receive two or more tickets for using their hand-held electronic devices while driving will be required to pay the greater of the Driver Risk Premium and Driver Penalty Points Premium. This may result in as much as \$740 in additional costs to a driver who, for example, receives two tickets in one year.

ICBC is also placing a high priority on intersection safety, given the increase in crashes in 2016 and the fact that the majority of crashes occur at intersections. Increased efforts will be addressed through intersection safety cameras, road improvements and other initiatives. ICBC and the provincial government are currently working towards increasing activation levels of the intersection safety cameras. ICBC is also partnering with the Ministry of Transportation and Infrastructure on an intersection safety improvement initiative to reduce collisions at

intersections across the province. Investments in road safety will help to improve the safety of all communities across B.C. and will also help to manage claims costs.

Meanwhile, ICBC continues to partner with police and other stakeholders with education and awareness campaigns and other tactics related to the other top contributing factors in fatal collisions; speed and impaired driving.

Goal 2: Enable Financial Stability

ICBC aims to create value for customers by operating in a disciplined and focused manner. At the same time, ICBC strives to manage operating expenses in a low-cost manner, in line with government's 2017/18 mandate to make life more affordable for British Columbians, while focusing on accountability, service and cost consciousness.

Objectives

- 1.1a Stable Minimum Capital Test (MCT) ratio
- 1.1b Stable or lower combined ratio
- 1.1c Investment return to match the policy benchmark return

Strategies

- Manage increasing bodily injury and material damage claims costs;
- Manage operating expenses in a low-cost manner;
- Balance risk and return within the investment portfolio.

Performance Measure 2: Enable Financial Stability

The following measures will be used to evaluate the goal of Enable Financial Stability.

Performance Measure	2016/17 Actual	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
1.1a MCT ¹	112%	34%	TBD	TBD	TBD
1.1b Combined Ratio	128%	136%	124%	112%	111%
1.1c Investment Return (Market Return)	Benchmark +0.31%	Policy Market Benchmark Return	Policy Market Benchmark Return	Policy Market Benchmark Return	Policy Market Benchmark Return

Data Source: Financial performance measures are derived from actual financial information, forecasted trends, management targets, and assumptions. ¹ In light of the anticipated changes to the Basic insurance product, Corporate MCT targets for 2018/19 to 2020/21 are subject to review.

Linking performance measures to objectives

ICBC will continue to manage the costs of bodily injury and material damage claims, and develop ways to better manage and reduce the risks and growth in costs associated with claims.

These include focused claims analytics and hassle-free process initiatives, and an increased focus on investigating potentially fraudulent and exaggerated claims.

To date, the measures ICBC and government have implemented are not enough to close the gap between the premiums being collected and the cost of the claims being paid out. Working with Government, ICBC is making changes to its Basic insurance product to support the long-term sustainability of the corporation and make changes to improve affordability and rate fairness for British Columbians.

Minimum Capital Test

MCT is a best practice property and casualty industry measurement framework established by the Office of the Superintendent of Financial Institutions (OSFI). It provides a framework for measuring the capital adequacy of an insurer to protect policyholders from financial risk and to provide long-term financial stability. It is the ratio of ICBC's capital available to capital required as calculated for specific risks, and is expressed as a percentage.

Combined Ratio

The combined ratio is a key measure of overall profitability from operations within the insurance industry determined as a ratio of all costs and expenses over premiums (excluding investment income). A ratio below 100 per cent indicates an underwriting profit while a ratio above 100 per cent indicates an underwriting loss.

Investment Return

ICBC collects premiums, which are invested prior to being paid-out in claims. These funds are invested in accordance with ICBC's investment policy. Investment income is important and is used to reduce the cost of insurance to policyholders. Investment performance is evaluated against a benchmark return calculated using the strategic asset mix which is set in the investment policy.

Discussion

Minimum Capital Test

While ICBC is not federally regulated by OSFI, Special Direction IC2 requires ICBC to have a minimum of 100 per cent MCT ratio for Basic insurance. ICBC has established separate MCT targets for the Basic and Optional lines of business, based on the risk profile of the separate businesses. The MCT target shown represents a combination of the Basic and Optional MCT targets. In anticipation of changes to the Basic insurance product, MCT targets are subject to review.

Combined Ratio

ICBC's combined ratio is typically higher than the industry average. This is partially due to the unique nature of ICBC's business model where premiums are not set to generate large underwriting profits and, together with investment income, are set to recover costs and to achieve and maintain capital targets. ICBC also delivers non-insurance services on behalf of Government and these costs are reflected in the combined ratio.

Investment Return

ICBC collects premiums, which are invested prior to being paid-out in claims. These funds are invested in accordance with ICBC's investment policy. Investment income is important and is used to reduce the cost of insurance to policyholders. Investment performance is evaluated against a benchmark return. The benchmark return is calculated as the average of individual asset class benchmark returns, weighted according to the portfolio's strategic asset mix. Individual asset class benchmarks are market indexes designed to track the performance of a representative asset class. Consequently, the benchmark return provides an indication of the performance that can be expected from a diversified portfolio of assets. The benchmark contributes to ICBC's financial stability by measuring management's ability to achieve the returns that are available in the market.

Strategy 1: Manage increasing bodily injury and material damage claims costs

Claims costs are the vast majority of ICBC's costs and can be divided into injury costs, and material damage costs. Frequency (how many claims are made each year per a given number of policies) and severity (the average pay-out for a claim) are the two main elements that impact claims costs. ICBC is seeing a continued increase in crash frequency along with an accelerating number of injury claims being reported.

Despite the fact that vehicles and roads today are much safer, the frequency of bodily injury claims and the number of injury claims per crash continues to steadily increase. Bodily injury severity has also followed an upward trend, with minor or soft tissue injuries and associated claims costs accounting for the majority of injury claim costs. More people are also claiming bodily injury with a shift toward more complex claims that cost more to settle.

The increasing number of crashes has also led to more vehicle damage claims being reported to ICBC and the costs of vehicle repairs are driving increases in material damage claim severity above what was expected. Vehicles today are more reliant on technology and expensive materials than ever before, while the hours of labour required to repair vehicles and the cost of replacement parts are also increasing, particularly for newer vehicles. Implementing a material damage strategy to manage claim costs and ensure appropriate controls and governance are in place will be a key priority for ICBC in 2018/19.

To address the growth in injury claims, ICBC has further increased its claims staff which includes additional injury adjusters, support staff, in-house legal and Special Investigation Unit employees. The additional injury staff provide a significant net benefit by improving capacity to help settle the rapidly increasing number of claim files being received every day. In addition, ICBC has improved customers' access to benefits, including timely access to the medical treatments they need immediately after they report their claim. Working with Government, ICBC will carry out changes to its Basic insurance product that strike the balance between increased care for the injured, while managing claims costs and making rates more affordable. Tools to proactively combat exaggerated and fraudulent claims will continue to be an important focus, as will optimizing strategic sourcing and supplier management initiatives to contain costs. ICBC is committed to managing bodily injury and material damage claims costs and working with government to develop and implement short and long term strategies to help alleviate the pressure claims costs continue to put on insurance rates. One area of continued focus is fraud

prevention. A new high-tech fraud analytics tool implemented in November 2017 will help ICBC's Special Investigation Unit (SIU) to better detect and investigate suspicious claims early in the claims process.

Strategy 2: Manage operating expenses in a low-cost manner

Keeping controllable operating expenses as low as possible is one of ICBC's goals. Between 2013-2015, ICBC was successful in keeping controllable costs flat, absorbing inflationary pressures by managing staffing vacancies, prudent management of spending and developing efficiencies. In the 15-month transitional period 2016/17 and fiscal 2017/18, ICBC hired additional claims and claims related staff to manage growing claims volume and complexity, while continuing to absorb inflationary pressures in the rest of its operations. Similarly, ICBC anticipates hiring additional claims and claims-related staff in 2018/19.

Strategy 3: Balance risk and return within the investment portfolio

ICBC earns investment income that partially offsets the cost of rising insurance rates to policyholders and aims to balance risk and return within its investment portfolio, specifically the ability to generate an investment return against a need to control risk. Historically, investment income has been a strong contributor to ICBC's financial health. The current investment portfolio continues to perform well, exceeding industry benchmark returns. However, ICBC cannot rely upon investment return to help offset claims costs to the same extent it did in the past due to the current low level of interest rates.

Goal 3: Deliver Operational Excellence

Providing customers with the best insurance coverage at the lowest possible cost requires operating ICBC in a low-cost manner. This means actively controlling spending, avoiding unnecessary costs and delivering a consistent, quality experience and value for customers.

Objectives

- 1.1a Stable Loss Adjustment Ratio; and
- 1.1b Stable Insurance Expense Ratio

Strategies

To have a focused operation and maintain excellence, ICBC has developed the following key strategies:

- Continuously improve the business by leveraging operational excellence principles
- Develop organizational flexibility to be responsive to a changing environment

Performance Measure 3: Deliver Operational Excellence

The following measures will be used to evaluate the "Deliver Operational Excellence" goal.

Performance Measure	2016/17 Actual	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
1.1a Loss Adjustment Ratio	16.6%	16.1%	TBD ¹	TBD ¹	TBD ¹
1.1b Insurance Expense Ratio	17.3%	17.1%	17.0%	16.8%	16.4%

Data Source: Financial performance measures are derived from actual financial information, forecasted trends and assumptions.

¹ In light of the anticipated changes to the Basic insurance product, targets for 2018/19 to 2020/21 are subject to review.

Linking performance measures to objectives

To monitor and measure how ICBC is leveraging operational excellence to manage these trends, ICBC is using the following two measures: Loss Adjustment Ratio and Insurance Expense Ratio.

Loss Adjustment Ratio

The Loss Adjustment Ratio is the percentage of claims handling costs per dollar of claims paid. It is calculated as the sum of claims services costs, external expenses and loss management expenses divided by claims paid net of external expenses.

Insurance Expense Ratio

The Insurance Expense ratio is a standard industry measure to assess operational efficiency of an insurer. The Insurance Expense Ratio is calculated as a ratio of insurance operating expenses (excluding claims, claims related costs, and non-insurance expenses) to insurance premium dollars earned.

Discussion

To ensure that ICBC can continue to effectively manage the increasing frequency and complexity of claims, additional claims and claims related staff continue to be added. Other operating costs such as corporate support costs are expected to be relatively stable regardless of claims volume and complexity.

Loss Adjustment Ratio

Claims services costs consist of salaries, benefits and operating expenses while external expenses consist primarily of costs for outside legal counsel, medical and dental reports, private investigators, independent adjusters and towing services. Loss management expenses include ICBC's Special Investigation Unit, which covers fraud prevention, investigation and detection to help reduce claims costs. ICBC anticipates the Loss Adjustment Ratio to be stable in the current environment of increasing crashes and bodily injury claims. Increased claims handling costs, due to related staffing increases to manage the increase in claims volume, are expected to be essentially offset by an increase in the number of claims being closed at the appropriate cost.

Insurance Expense Ratio

ICBC anticipates the Insurance Expense Ratio to be stable.

Strategy 1: Continuously improve the business by leveraging operational excellence principles

ICBC will maintain a strong focus on managing costs and continue its momentum towards achieving operationally excellent service delivery. ICBC is committed to continuously improve the business by leveraging operational excellence principles and methodologies introduced in 2014. ICBC continues to train and encourage its employees in these principles and is reviewing its business processes to find and remove operational inefficiencies, ensure processes add value for the customer, and build internal capacity and capability for continuous improvement. In

2017/18, operational excellence tactics delivered benefits to the organization in the form of cost avoidance, revenue generation and operational efficiency.

Strategy 2: Develop organizational flexibility to be responsive to a changing environment

A key area has been developing skills and processes that enable organizational flexibility to respond to a changing environment. This includes streamlining processes in claims handling and implementing management practices that facilitate performance focus and problem solving, such as root cause analysis. For example, in 2018/19 ICBC will be focused on bringing improvements to how material damage claims are handled. Leveraging a new estimating platform, ICBC will work with industry and employees to continue to look for further opportunities to improve efficiency and provide consistent service. There will also be a focus on improving the process for hiring, training and the development of new ICBC claims employees to ensure they are performing at their full potential in the shortest time possible to serve customers.

Goal 4: Align People and Business Capabilities

Critical to achieving the corporate strategy is having the right people with the right business capabilities in place to provide more information, improved services and better access for customers. ICBC will continue to build its people capabilities through implementation of human resource initiatives and workforce plans, which will include leadership development, succession planning and various employee experience programs.

Objectives

1.1a Maintain or improve scores across all employee opinion indices

Strategies

To improve business capabilities and better align people, ICBC has developed the following strategies:

- Develop accountable, aligned, enabled, and motivated leaders and employees; and
- Leverage people, technology, and practices to build business value.

Performance Measure 4: Align People and Business Capabilities

The following measures will be used to evaluate the Align People and Business Capabilities goal.

Performance Measure	2016/17 Actual	2017/18 Actual	2018/19 Target	2019/20 Target	2020/21 Target
Employee Opinion Indices					
<i>Aligned</i>	78	81	≥81	Index scores will be maintained or increased.	Index scores will be maintained or increased.
<i>Enabled</i>	66	70	≥70		
<i>Motivated</i>	64	67	≥67		
<i>Accountable</i>	87	86	≥86		
<i>Leadership¹</i>	70	N/A	≥70		

Data Source: Employee Opinion Survey conducted by an independent firm. ¹ The leadership index can only be updated in a full survey year. **Score Legend:** 80-100 = extremely positive. 60-79 = moderately positive. 40-59 = moderately negative. 0-39 = extremely negative.

Linking Performance Measures to Objectives

ICBC's Employee Opinion Survey (EOS) scores have progressively increased over the years. The organization will maintain its focus upon continuous improvement of employee experience but has adjusted its EOS targets to reflect that either a score increase or maintenance of existing scores is a satisfactory outcome.

Discussion

Employee Opinion Survey (EOS)

Over the past three years, the period covering the introduction of ICBC's new employee opinion survey format, the percentage of employees who have participated in the survey (response rate) has remained consistently high, from 70 per cent in 2014 to 77 per cent in 2016. Fundamentally, the strength of these response rates mean that these EOS results are truly representative of the opinions of ICBC employees.

ICBC successfully achieved its response rate target for the 2017/18 Pulse Check survey, which was a representative sample of 20 per cent. Survey results indicated that ICBC reached or exceeded its index targets in 3 out of 4 indices: Aligned, Enabled and Motivated, with the Accountable index remaining in the "Extremely Positive" category. The survey results further identify areas for improvement and indicate that ICBC can place greater attention on creating a more motivating work environment by building a greater sense of belonging and enabling employees through processes, training and tools. Management is addressing this through tactics such as the Diversity and Inclusion program, leadership development initiatives and job-related training programs.

Strategy 1: Develop accountable, aligned, enabled, and motivated leaders and employees

One of the key strategies within this goal is to develop accountable, aligned, enabled and motivated leaders and employees. ICBC's Employee Opinion Survey captures employees' opinions regarding the tools and processes through which they execute their work, their

understanding of how their efforts align to the corporate strategy, their personal motivation and their individual accountability for delivering business results. All ICBC employees are invited to participate in a full Employee Opinion Survey every two years; in the intervening years, a shorter ‘pulse’-style survey is provided to a representative sample of employees. The Pulse Check helps leadership understand if corporate, divisional and departmental action plans are addressing the feedback provided by employees in full surveys. A full survey using ICBC’s updated employee opinion survey approach was last conducted in the fall of 2016 and a pulse survey was held in the fall of 2017.

Strategy 2: Leverage people, technology, and practices to build business value.

Another key strategy within this goal is to leverage our people, technology, and practices to build business value. In 2016/17, ICBC completed the final stages of its multi-year business transformation efforts, which greatly modernized the business. Moving forward, ICBC will be leveraging the technical investments made to continuously improve and enhance business operations in the claims and insurance business areas. ICBC is also working towards providing greater access to data in the claims and insurance systems, equipping employees with the right information to make data driven decisions.

Financial Plan

Summary Financial Outlook

(\$m)	15 months 2016/17 Actual ¹	2017/18 Forecast ²	2018/19 Budget ²	2019/20 Budget ²	2020/21 Budget ²
Premiums earned	6,051	5,335	5,858	6,374	6,980
Service fees and other	130	115	119	125	134
Total earned revenues	6,181	5,450	5,977	6,499	7,114
Provision for claims occurring in the current period	5,660	5,064	6,038	5,479	6,031
Change in estimates for losses occurring in prior periods	306	591	(76)	(31)	(55)
Net claims incurred	5,966	5,655	5,962	5,448	5,976
Claims service and loss management	445	395	440	450	451
Insurance operations expenses	284	237	260	258	256
Transformation Program	38	30	28	28	27
Premium taxes and commissions	819	801	456	827	894
Total expenses	7,552	7,118	7,146	7,011	7,604
Underwriting loss	(1,371)	(1,668)	(1,169)	(512)	(490)
Investment and other income	615	498	616	625	707
Income (loss) - insurance operations	(756)	(1,170)	(553)	113	217
Non-insurance operations expenses	126	101	105	107	109
Non-insurance commissions	38	32	32	33	34
Non-insurance - other income	(7)	(7)	(6)	(6)	(6)
Net income (loss)	(913)	(1,296)	(684)	(21)	80
Other comprehensive income					
Pension and post-retirement benefits remeasurements	79	60	-	-	-
Net change in available for sale financial assets and change in non controlling interest	152	(157)	70	31	30
Total comprehensive income (loss)	(682)	(1,393)	(614)	10	110
Total liabilities	15,098	16,863	18,594	19,520	20,644
Retained earnings	2,459	1,163	479	458	538
Other components of equity	(32)	(129)	(59)	(28)	2
Non-controlling interest	19	19	19	19	19
Total equity	2,446	1,053	439	449	559
Capital Expenditures³	81	60	105	65	40

Impact of Changes to the Basic Insurance Product					
Net income (loss) before changes to the Basic insurance product	(913)	(1,296)	(1,076)	(801)	(920)
Impact of changes to the Basic insurance product	-	-	392	780	1,000
Net income (loss)	(913)	(1,296)	(684)	(21)	80

¹ Fiscal period 2016/17 is a 15 month transitional fiscal period from January 1, 2016 to March 31, 2017.

² Represents fiscal 12 month period April 1 to March 31.

³ Major categories of capital expenditure include: facilities (land, building, leasehold), furniture and equipment, IT systems (computer equipment and software). Looking ahead, ICBC expects capital expenditures will change in the planning period as the company

⁴ The table represents a summary impact of the changes to the Basic insurance product. These savings are reflected in the Income Statements for 2018/19 to 2020/21 above.

Operating Costs by Nature

(\$m)	2016/17 Actual ¹	2017/18 Forecast ²	2018/19 Budget ²	2019/20 Budget ²	2020/21 Budget ²
Premium taxes and commission expense	763	677	739	815	896
Premium deficiency adjustments	93	156	(251)	45	32
Compensation and other employee benefits	466	405	445	843	843
Pension and post-retirement benefits	104	88	85		
Professional and other services	53	41	29		
Road improvements and other traffic safety programs	42	31	31		
Building operating expenses	36	29	31		
Merchant and bank fees	48	40	43		
Office supplies and postage	26	22	21		
Computer costs	37	29	29		
Depreciation and amortization	55	55	55		
Other	27	23	64		
Total operating costs	1,750	1,596	1,321	1,703	1,771

¹ Fiscal period 2016/17 is a 15 month transitional fiscal period from January 1, 2016 to March 31, 2017.

² Forecast and Budget are on a fiscal year basis (12 months April 1 - March 31). Operating cost targets are not planned in detail beyond the current year.

Key Forecast Assumptions, Risks and Sensitivities

Financial forecasts take into consideration ICBC's plans to address the key strategic risks facing the organization and changes in the external environment. Typical of other property and casualty insurance companies, ICBC faces material risks in the execution of its strategy and conduct of operations. The Board of Directors, the Board Committees and the Executive Leadership Team review these material risks, including financial market risk, as part of their governance and oversight function. ICBC will continuously addresses material risks. This includes strengthening information security system controls to protect against evolving cybersecurity threats and continuing to leverage the use of core operational systems as part of evolving ICBC's business model. Leadership development and succession planning also continue to support the business model. Finally, like other B.C. Crown corporations, ICBC will ensure it has the appropriate business continuity plans for earthquake preparedness, should this crisis scenario materialize.

Based on these plans, the following assumptions were developed and incorporated into the financial forecasts on page 17.

- The summary financial outlook reflects the overall operations of the business, including Basic and Optional insurance and non-insurance activities. It has been prepared based on current legislative, regulatory, accounting and judicial frameworks, and where required, subject to the assumption that legislative changes to the Basic insurance product will be enacted to support the long-term sustainability of the corporation.
- The forecast reflects a number of financial and behavioural assumptions relating to the implementation of changes to the Basic insurance product, and could vary from these

projections, depending on actual implementation, actual behavioural changes and associated impacts.

- For the 2017/18 – 2020/21 period, rate changes are assumed for both the Basic and Optional insurance businesses. Any proposed changes to Basic insurance rates are subject to BCUC regulatory approval.
- Investment income, as shown, includes the expected interest, dividends, and other income and realized gains/losses from the investment portfolio
- Claims incurred reflect current claims trends, vehicle population growth and inflation; and the impact of estimated savings from changes to the Basic insurance product and road safety initiatives beginning in 2019/20.
- Prior years' claims reflect changes in the discounted value of unpaid claims
- Changes in unrealized gains and losses continue to impact Other Components of Equity in 2017/18 – 2020/21 until upcoming changes in accounting standards are in effect

Sensitivity Analysis

Risks are inherent in insurance forecasts since they are based on assumptions about the future. These assumptions are based on historical driving, claims and other economic patterns as well as expert judgment. However due to the volatile nature and the inherent risks of the insurance business, there is a range of uncertainties in these estimations. The following highlight the effect of variations in the assumptions underlying the financial forecast.

Premiums

- 1 per cent fluctuation means \$53 - \$70 million in net premiums (Basic and Optional combined)

Claims

- 1 per cent fluctuation means \$51 - \$60 million in claims costs
- 1 per cent increase in the proportion of legal represented claims means approximately \$30 million of additional claims costs
- 1 per cent fluctuation in the unpaid claims balance means \$105 - \$144 million in claims costs
- 1 per cent fluctuation in the rate used to discount claims means approximately \$290 - \$300 million in claims costs

Investments

- 1 per cent fluctuation in return means \$155 - \$185 million in investment income
- 1 per cent change in investment balance means \$5 - \$7 million in investment income
- 1 per cent change in interest rate would result in a change of approximately \$420 million in the fair value in ICBC's fixed income portfolio and a corresponding impact of \$420 million to Other Comprehensive Income (OCI)
- A 10 per cent change in equity prices would result in an estimated corresponding change to OCI of approximately \$325 million

Market Share

- 1 per cent change in market share represents a \$6 - \$8 million impact on net income

Pension

- 1 per cent change in discount rate represents approximately \$470 million impact to the defined benefit obligation
- 1 per cent change in discount rate represents approximately \$35 million impact to pension expense

Management's Perspective on the Financial Outlook

The net loss for fiscal 2017/18 is forecast to be \$1,296 million as compared to a net loss of \$612 million for fiscal 2016/17 on a comparative 12-month basis. The net loss for 2017/18 is significantly higher than expected primarily due to higher claims costs from a continued acceleration in the emergence of large and complex bodily injury claims, an extension in the time required to resolve injury claims, and an increase in material damage claim severity. Claims that remain open longer will cost ICBC more, on average, than claims that are resolved sooner. A net loss is also expected in 2018/19 as claims costs continue to outpace premium revenues and investment income.

The fiscal years 2019/20 and 2020/21 reflect an improvement to the forecast primarily as a result of anticipated changes to the Basic insurance product. These improvements reflect a number of financial and behavioural assumptions relating to the implementation of changes to the Basic insurance product and could vary from these projections, depending on actual implementation, actual behavioural changes and associated impacts.

ICBC continues ongoing efforts to identify and moderate the drivers of higher claims costs within its control. ICBC, with the support of government staff, continues developing and implementing short and long-term strategies to help moderate increases in claims costs and the impact of higher claims costs on future Basic insurance rates. ICBC's initiatives emphasize continuous operational improvement and consistent quality and fair handling of claims. ICBC is focused on reducing the increase in claims costs by managing higher claims volumes and limiting the amount of claims pending, to the degree this is within its control. This is being done by ensuring an appropriate complement of claims and claims-related staff to address claims volumes, pending bodily injury and represented claims files. In addition, ICBC continues its focus on improving management of procurement processes and initiatives to combat exaggerated and fraudulent claims. The EY review identified potential cost saving opportunities and initiatives in a number of areas, including claims costs management and road safety initiatives. A number of endorsed initiatives have been included in the current forecast beginning in 2018/19. Further savings from additional initiatives will be included in future budgets.

ICBC earns investment income that partially offsets the cost of rising insurance rates to policyholders and aims to balance risk and return within its investment portfolio. ICBC continues to be challenged by the very low interest rate environment due to the significant short term bond holdings within its investment portfolio.

Despite the financial benefits of changes to the Basic insurance product, the corporation's capital levels are still forecast to be well below regulatory and management targets. ICBC is working with Government on solutions to support the sustainability of ICBC.

Appendix A: Hyperlinks to Additional Information

Corporate Governance

ICBC's governance is defined through legislation applicable to all Crown corporations, and legislation specific to the ICBC itself.

The Board of Directors guides ICBC in fulfilling its mandate and sets the corporate direction. The Board, with input from the Executive Team, approves the vision and values that guide ICBC, and the goals and strategies upon which accountability and performance are evaluated. Information on the role and membership of the Board members and Board committees is available on ICBC's website, <http://www.icbc.com/about-icbc/company-info/Pages/Corporate-governance.aspx>. Also available via this link is information regarding ICBC's Executive Committee and Governance Principles.

ICBC's Board complies with the Crown Agencies and Board Resourcing Office Guidelines (<https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/services-policies-for-government/public-sector-management/cabro/best-practice-guidelines-for-board-appointees-bc.pdf>).

Organizational Overview

For an organizational overview of ICBC, please visit www.icbc.com/about-icbc.

Appendix B: Nominee Companies

Nominee Companies

ICBC does not have any active operating subsidiary companies.

A portion of ICBC's investment portfolio is held in real estate. All of the fully-owned nominee holding companies hold investment properties for the purpose of generating investment income.

From: [Minister, AG AG:EX](#)
To: [Nanninga, Tanera AG:EX](#); [Addo, Wolfgang AG:EX](#)
Subject: FW: Pay-As-You-Drive Vehicle Insurance
Date: February-12-18 12:52:06 PM
Attachments: [image009.png](#)
[PAYD_BC_Backgrounder.pdf](#)
[PAYD in BC.pdf](#)
[Eby Thank You Letter_1Feb2018.pdf](#)

Hi Tanera,

It sounds like the writer has had a meeting – how would you like us to deal with this email ?? Not sure if you wanted to present to the AG.

Many thanks,

Candice

From: Todd Litman [mailto:litman@vtpi.org]
Sent: Thursday, February 1, 2018 11:35 AM
To: Minister, AG AG:EX
Cc: Groot, Jeff AG:EX; Fyfe, Richard J JAG:EX; Smith, George AG:EX
Subject: Pay-As-You-Drive Vehicle Insurance

Honourable David Eby

British Columbia Attorney General

Room 232, BC Legislative Building

Victoria, BC

1 February 2018

Re: Pay-As-You-Drive Vehicle Insurance

Dear Mr. Eby,

Thank you for meeting with me on Tuesday to discuss Pay-As-You-Drive (PAYD) vehicle insurance pricing. As we say, “it is the best transportation policy reform of which you’ve probably never heard.”

I am sending you a copy of my slideshow and an updated backgrounder which now includes two key figures: a graph from a Brookings Institution study showing the large potential savings that PAYD can provide to lower-income households, and a graph based on ICBC data showing the strong positive relationship between annual mileage and claims. These graphs are also copied below in this letter.

Although mileage is just one of many crash risk factors, and not necessarily the most important, holding other factors constant, that is, for a particular vehicle-year, the relationship is nearly linear: a percent change in a vehicle’s annual mileage causes a similar percentage change in its crash risk. As a result, by providing an incentive to reduce annual mileage, PAYD can provide large safety benefits.

I realize that this concept raises questions and doubts, so I propose that your government sponsor a small seminar or conference on PAYD insurance to allow experts and stakeholders to critically examine this information and consider ways that it could be tested. The Pacific Institute for Climate Solutions (PICS), which previously sponsored research on this concept, could coordinate such an event, and the organizations I work with would be glad to help.

Please let me know if you have questions or comments.

Yours sincerely,

Todd Litman

Todd Litman (litman@vtpi.org)

Victoria Transport Policy Institute (www.vtpi.org)

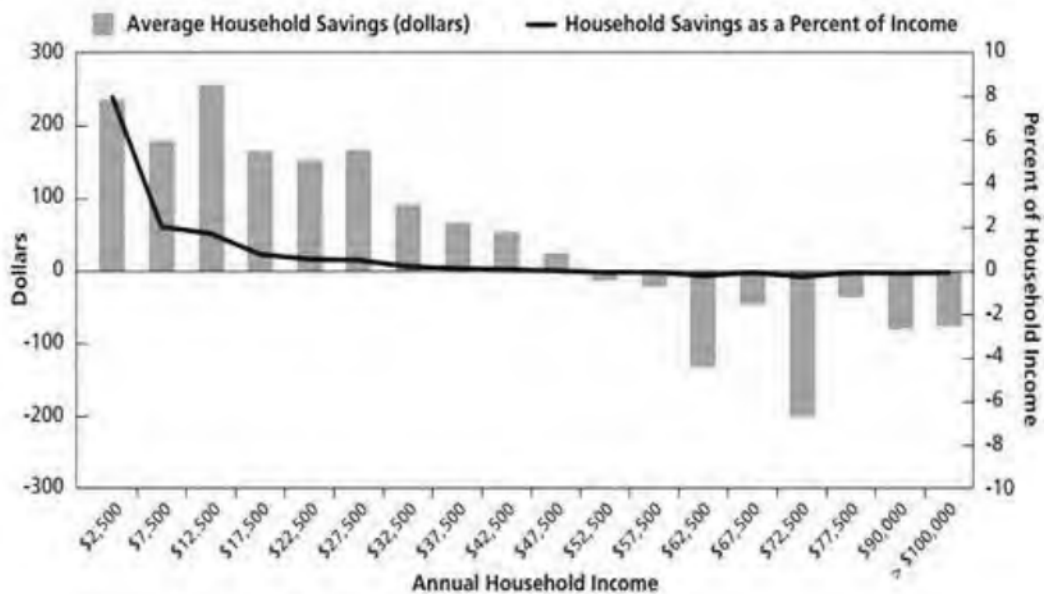
Office: 250-360-1560 | Mobile: s.22

1250 Rudlin Street, Victoria, BC, V8V 3R7, CANADA

Efficiency - Equity - Clarity

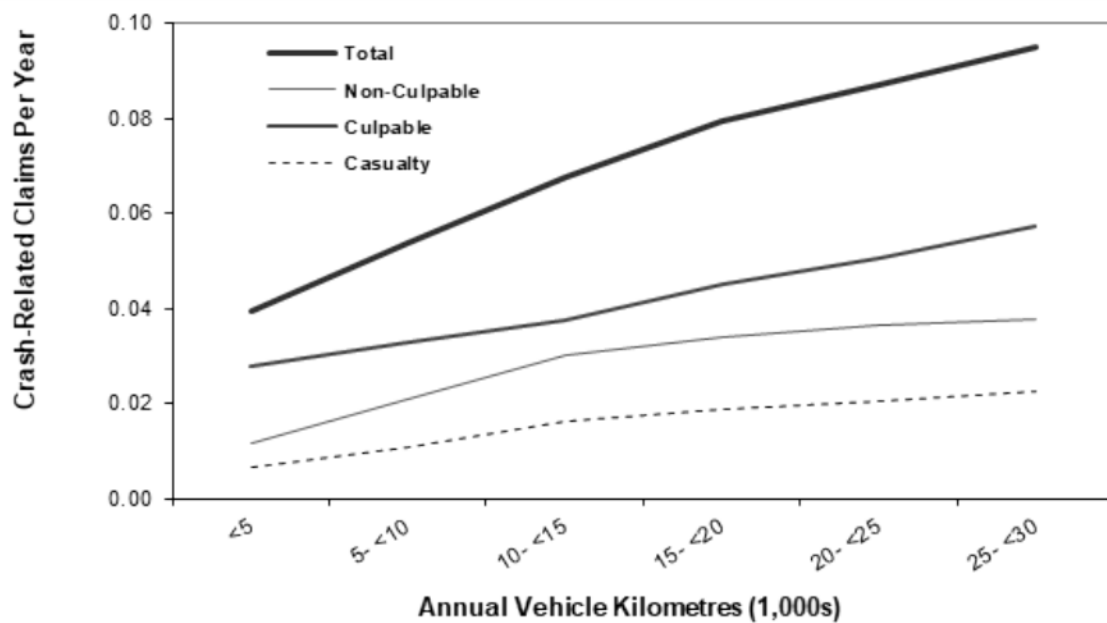
Key Figures

Annual PAYD Savings by Income (Bordoff and Noel 2008)



Because annual vehicle travel tends to increase with income and lower-income motorists tend to respond most to money saving opportunities, PAYD insurance tends to be progressive with respect to income: lower-income motorists save more and benefit more than motorists with higher incomes.

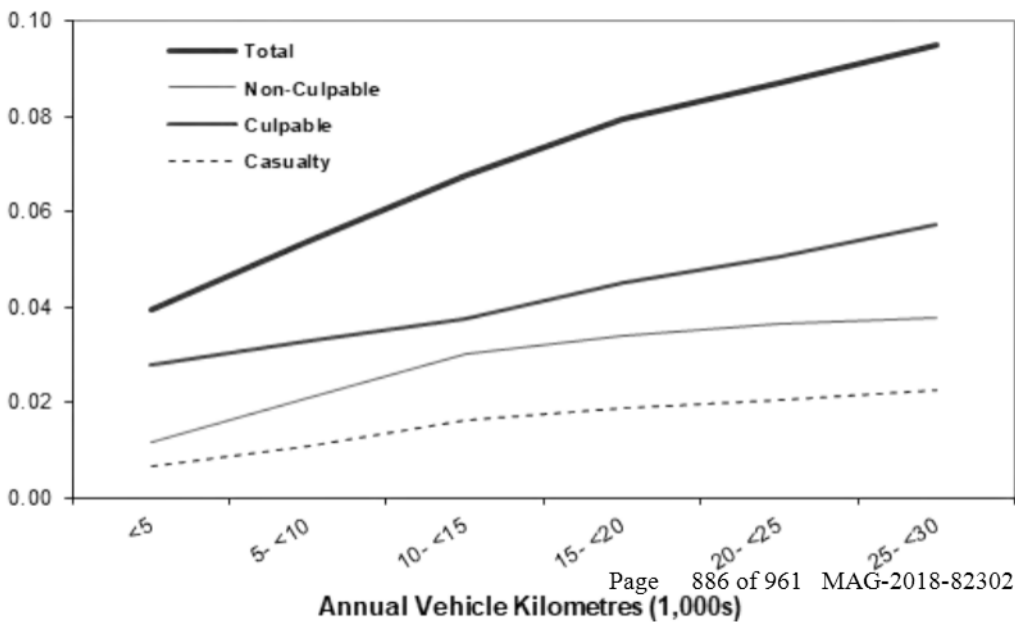
Crash Rates by Annual Vehicle Mileage (British Columbia Data)



This graph shows that crash frequency tends to increase with a vehicle's annual vehicle-kilometers. The relationship is probably even stronger than these graphs illustrate due to confounding factors not included in the analysis. This provides an actuarial justification for PAYD pricing: prorating premiums by mileage makes them fairer and more economically efficient.



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Pay-As-You-Drive Insurance in BC

Backgrounder

2 February 2018

Pay-As-You-Drive Insurance is the best transportation policy reform you've probably never heard of.

What is PAYD Vehicle Insurance?

Pay-as-you-drive (PAYD, also known as *distance-based usage-based*, *usage-based* and *per-mile*) vehicle insurance which means that premiums are based directly on the amount a vehicle is driven during the policy term: *the more you drive the more you pay and the less you drive the more you save* (Greenberg 2013). This changes the unit of exposure (how premiums are calculated) from the *vehicle-year* to the *vehicle-kilometer*. Existing rating factors are incorporated so higher-risk motorists pay more per kilometer than lower-risk drivers. For example, a \$400 annual premium becomes 2¢ per kilometer, and a \$1,600 annual premium becomes 8¢ per kilometer. An average motorist would pay about 6.4¢ per kilometer.

PAYD pricing gives motorists a significant new incentive to reduce mileage, approximately equal to a 50% fuel price increase, but is not a new expense, simply a different way of paying an existing fee. Motorists who drive average annual mileage pay the same as they do now, but those who drive less save money, reflecting the claim cost savings provided by reductions in mileage and therefore crash risk. Based on experience with similar vehicle price changes, PAYD pricing is predicted to reduce affected vehicles' annual mileage by 10-15%, consisting of lower-value vehicle travel that they value less than the per-kilometer savings.

PAYD insurance has been widely studied by economists as a way to increase efficiency, fairness and affordability (Bordoff and Noel 2008; Edlin 2003; Greenberg 2013). It redefines insurance affordability; with current pricing *affordability* means that even higher-risk, lower-income motorists can afford basic liability coverage, which requires cross-subsidies from lower- to higher-risk motorists, with PAYD, *affordability* means that motorists limit their mileage to what they can afford, as with most other goods.

Potential Benefits

- **Consumer savings, affordability and fairness.** A typical motorist who reduces vehicle mileage 10-15% will save \$100-150 annually, representing the claim cost savings from reduced exposure. Since lower-income motorists tend to drive their vehicles less than average, they tend to save most. It increases fairness: current insurance pricing overcharges motorists who drive less than average and undercharge those who drive more than average in each rate category. It will also allow some households to keep a seldom-used vehicle, such as an old truck for errands or a recreational vehicle.
- **Reduced pollution emissions.** The predicted 10-15% travel reduction should provide comparable reductions in energy consumption and pollution emissions (Cambridge Systematics [2009] ranked PAYD as one of the most cost effective climate change emission reduction strategy available).
- **Traffic safety.** Vehicle crashes should decline more than mileage (a 10% mileage reduction should reduce crashes 12-15%) because higher-risk motorists, who pay higher premiums, have the greatest incentive to reduce their driving (Ferreira and Minikel 2012; Kendall 2016).
- **Reduced Traffic congestion and roadway costs.** Everybody can benefit from PAYD pricing that reduces vehicle traffic and associated costs.

Travel and Safety Impacts

Several types of evidence indicate that PAYD pricing can reduce lower-value vehicle travel and traffic crashes. The first consists of general research on the relationships between per capita vehicle travel and per capita traffic casualty rates, as illustrated in Figure 1, and disaggregated data for individual vehicles, as illustrated in Figure 2.

Figure 1 Vehicle Mileage Versus Traffic Fatalities In U.S. States (FHWA 1993-2002 data)

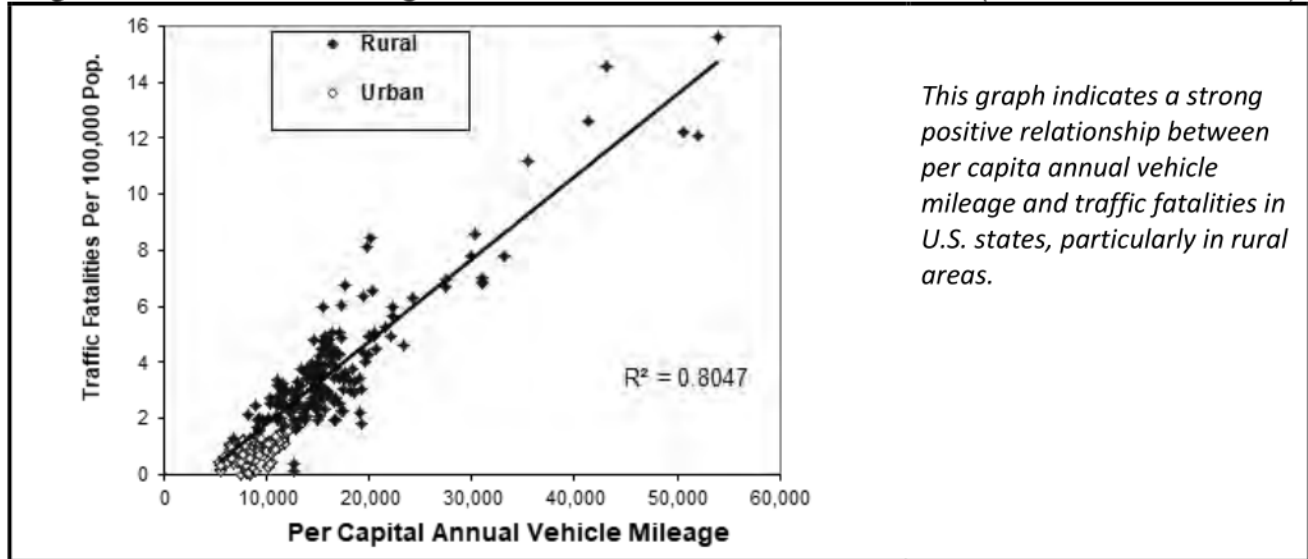
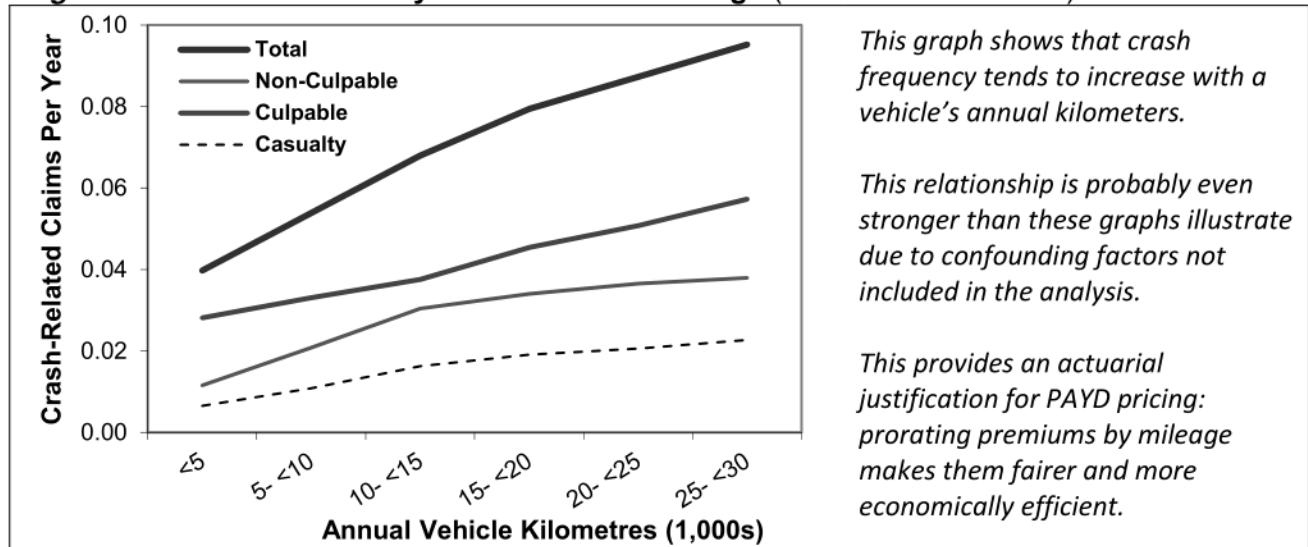


Figure 2 Crash Rates by Annual Vehicle Mileage (British Columbia Data)



A major study that matched insurance claim cost and annual mileage data collected during emission inspections for 2.8 million vehicle-years found a significant correlation between a vehicle's annual mileage and its chance of having a crash and insurance claim (Ferreira and Minike 2012). Since mileage is just one of several important risk factors, it would not be actuarially accurate to charge all motorists the same per-kilometer premium, as with pay-at-the-pump insurance, but premiums more accurately reflect a vehicle's claim costs if annual vehicle travel is incorporated with other rating factors.

About two-thirds of casualty crashes involve multiple vehicles, so reductions in total vehicle travel in an area can provide proportionately larger crash reductions, since these reductions reduce both internal risk to the vehicle that reduces its mileage, and the risk it imposes on other road users (Edlin and Mandic 2006). In other words, each road user is safer if other motorists reduce their vehicle travel since this reduces their exposure to other drivers' errors. Edlin (1998) found the elasticity of claim costs with respect to mileage is between 1.42 and 1.85, meaning a 10% reduction in vehicle mileage reduces total crashes 14-18%.

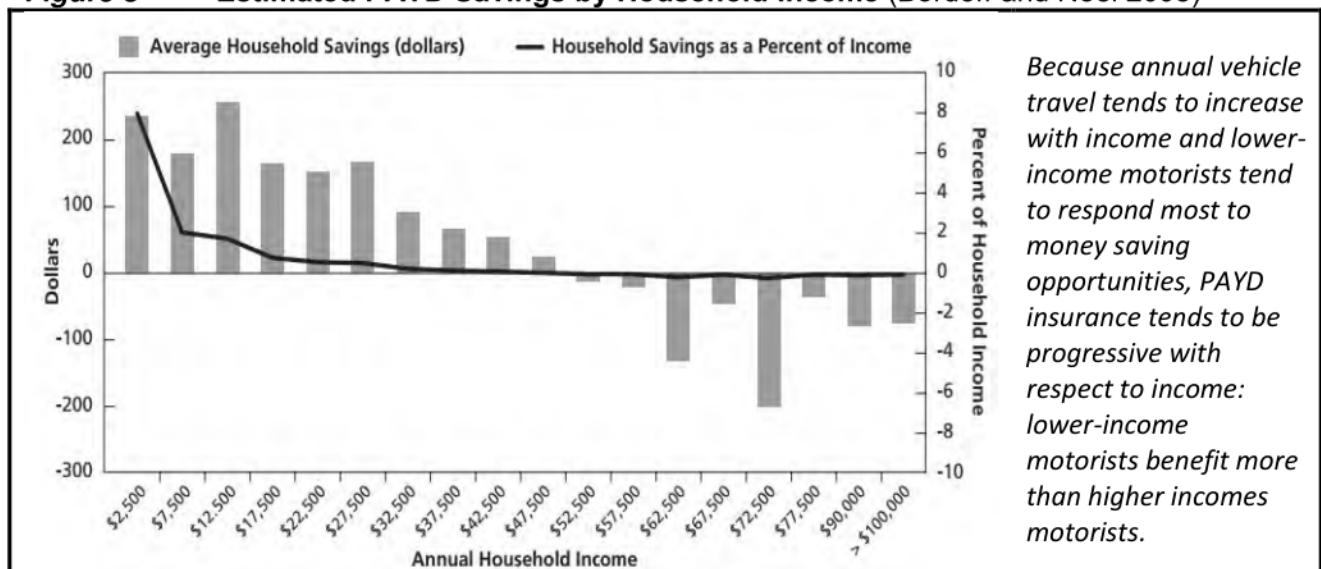
Good research indicates that prices affect vehicle travel and crash rates. Using international data, Ahangari, et al. (2014), and Burke and Nishitatenno (2015), found that a 10% gasoline price increase reduces traffic fatalities 2-6%. Using U.S. data, Sivak (2008) and Grabowski and Morrissey (2004) estimate that each 10% fuel price increase reduces total traffic deaths 2.3% or more, with larger reductions by younger drivers, apparently because they are particularly price-sensitive. In subsequent research, Grabowski and Morrissey (2006) estimate that each one-cent state gasoline taxes increase reduces per capita traffic fatalities 0.25%. Leigh and Geraghty (2008) estimate that a sustained 20% gasoline price increase would reduce approximately 2,000 U.S. traffic crash deaths (about 5% of the total), plus about 600 air pollution deaths.

Studies by Chi, et al. (2010, 2011 and 2013) quantify fuel price impacts on traffic crashes in various U.S. regions. Fuel price increases reduce both total traffic crashes and distance-based crash rates, with impacts that vary by geographic and demographic factors, and increase over time. All these studies show that fuel price increases reduce per-mile crash rate, so a 1% reduction in total VMT provides more than a 1% reduction in total crashes. In Minnesota they estimate that a \$1.00 per gallon gasoline price increase would reduce total rural crashes 28.2%, total urban crashes 18.4%, and urban fatal crashes 18.4%. They find that fuel price increases cause larger short-term crash reductions by younger drivers, and larger intermediate-term reductions by older and male drivers (2010a; 2011), and large drunk driving crash reductions (2010b).

Impacts on Lower-Income Motorists

Since lower-income motorists tend to drive their vehicles fewer than average annual kilometers, and tend to respond to money saving opportunities, PAYD tends to be progressive with respect to income. According to a major Brookings Institution study, 64% of all households, and almost 80% of low-income households, would save money with PAYD insurance, averaging \$496 annually per household that saves.

Figure 3 Estimated PAYD Savings by Household Income (Bordoff and Noel 2008)



How Does PAYD Affect Consumers?

Most motorists have some marginal-value vehicle travel that they will make if driving seems cheap, but not if they can save money. PAYD insurance gives motorists a significant new incentive to reduce their lower-value mileage, but it is not a new fee, just a different way to pay an existing fee. The vehicle travel foregone consists of vehicle-kilometers that motorists value less than the savings. For example, if a motorist who currently pays \$1,400 annual premiums instead pays 7¢ per kilometer, and as a result drives 2,000 fewer annual kilometers, the reduced vehicle travel consists of kilometers they value less than 7¢, and their \$140 savings represent consumer surplus gain, money they value more than the vehicle-kilometers foregone.

Implementing PAYD in BC

A growing body of research indicates that PAYD vehicle insurance pricing can help achieve provincial policy goals including consumer savings and affordability (savings for lower-income households), road safety, reduced congestion and pollution emissions reductions. PAYD insurance is offered by private companies in several countries, including the U.S., Europe and Australia, but is not in Canada, including BC (Ask Joanne 2012; Wikipedia 2017).

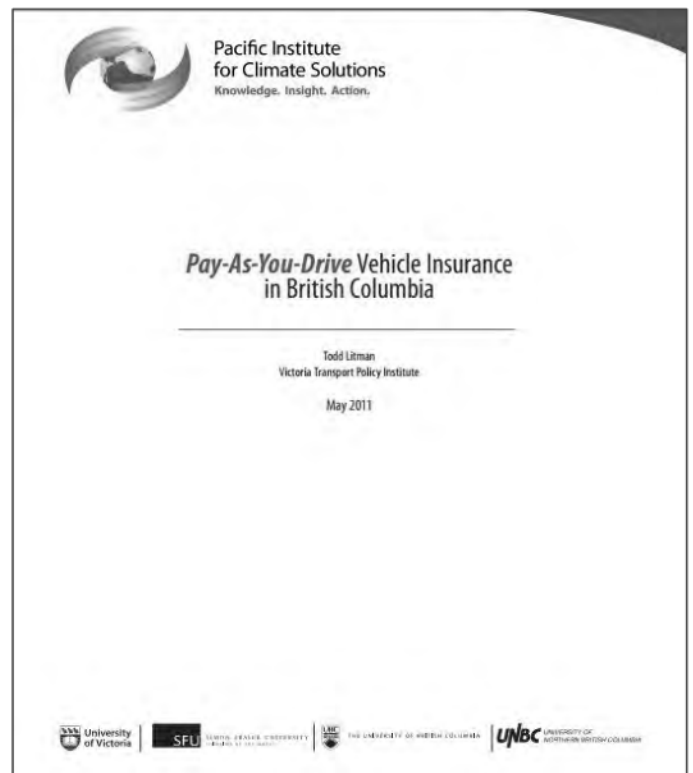
In 1996 ICBC commissioned a technical study that examined its feasibility and impacts (Litman 1997). The results were promising; they demonstrated the actuarial justification for PAYD, identified various benefits and described how it could be implemented. However, ICBC opposed the concept on the grounds that it is unproven and could reduce the corporation's profitability, so no action was taken.

Transportation is the largest single source of greenhouse gas emissions (BC 2016). In 2010 the BC Ministry of Environment and in 2014 the BC Climate Action Secretariat sponsored analysis of potential transportation emission reduction strategies, including PAYD.

In 2011 the Pacific Institute for Climate Solutions (PICS) published, *Pay-As-You-Drive Vehicle Insurance in British Columbia* (Litman 2011), which provided further support for PAYD as a climate change emission reduction strategy, but no further action was taken due to ICBC opposition. The recent ICBC review identified usage-based pricing using electronic vehicle tracking, as a possible safety and cost saving strategy, although basic PAYD is probably more cost effective and politically acceptable (Ernst & Young 2017).

PAYD insurance was recently recognized as a potential provincial traffic safety strategy (Kendall 2016).

PAYD is particularly appropriate in British Columbia because ICBC has a social mandate, and so should favor policies that maximize affordability, safety, and environmental protection. This is a particularly good time to consider PAYD in BC because crashes and insurance premiums are increasing and the province is looking for innovative traffic safety and emission reduction strategies.



Frequently Asked Questions

How is it applied?

Basic PAYD (the system we recommend) changes the unit of exposure from the *vehicle-year* to the *vehicle-kilometer*, so for example, rather than paying \$1,000 annually a motorist pays 5¢ per kilometer, based on odometer readings verified by brokers or a digital photo. At the beginning of the policy term motorists pay for a year's worth of insurance, as they do now, and settle when the policy is renewed; if they drove less than their prepaid kilometers they receive a rebate, if they drove more they owe for the unpaid kilometers, at a slightly higher rate (say, 5.3¢ per additional kilometer) to account for ICBC's foregone interest. It could be a consumer option or implemented on all personal vehicles.

How are per-kilometer premiums calculated?

Premiums are calculated by dividing current annual premiums by average annual kilometers for each rate class. ICBC premiums currently average \$1,280 per vehicle-year and personal vehicles average about 20,000 annual kilometers, so PAYD premiums would average about 6.4¢ per kilometer. All existing rating factors are included, so a motorist who currently pays \$1,600 annually would pay twice per kilometer as one that pays \$800 annually.

How does it affect vehicle travel?

The 6.4¢ per kilometer average PAYD premium is equivalent to a 64¢ per liter fuel price increase, although it is not a new fee, just a different way of paying an existing fee. Based on experience with other transportation price changes, experts predict that PAYD pricing would reduce affected vehicle-travel 10-15%, with greater reductions by higher risk motorists who currently pay higher annual premiums.

Aren't other risk factors more important than mileage?

Annual mileage is one of several significant risk factors. It would not be actuarially accurate to use mileage *instead of* other rating factors, by charging all motorists the same per-kilometer premium, but premiums become far more accurate if mileage is incorporated with other rating factors through PAYD pricing.

Who benefits, who loses?

PAYD insurance can provide direct and indirect benefits:

- Motorists who currently drive less than their rate class average save money.
- Motorists who drive about their rate class average and reduce their mileage would also save money.
- Motorists who drive significantly more than average for their rate class average would pay higher premiums, but benefit most from reduced congestion and accident risk.

How does PAYD affect suburban, rural and lower-income motorists?

Because insurance rates reflect territory (where motorists reside), PAYD pricing does not increase average premiums for any geographic group: only motorists who drive more than average for their territory would pay more, and if motorists reduce their vehicle travel as predicted, most suburban and rural motorists would save money and enjoy other benefits. Since annual vehicle travel tends to increase with income, and lower-income motorists tend to be price sensitive (they are more responsive to money saving opportunities) PAYD tends to be very progressive with respect to income.

How does PAYD affect traffic safety?

Extensive research indicates that PAYD pricing could provide large safety benefits. Since higher risk motorists would pay larger premiums, they should reduce their mileage more than average, and since most casualty crashes involve multiple vehicles, the reduction in crashes and claim costs should be proportionately larger than the reduction in mileage, and increase safety for all road users.

Information Resources

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http://vtpi.org/PAYD_BC_Backgrounder



Pay As You Drive Vehicle Insurance in British Columbia

Todd Litman

Victoria Transport Policy Institute

30 January 2018

Honorable David Eby

BC Attorney General

Current Pricing

Vehicle insurance is a fixed vehicle cost.

Pay-As-You-Drive (PAYD) pricing converts insurance to a variable cost, so premiums are directly related to annual vehicle kilometers.



"Pay-As-You-Drive"

Also called

- "Usage-Based"
- "Distance-Based"
- "Per-Mile"
- "Mileage-Based"
- "Cent-Per-Mile"



PAYD Premiums

Changes the unit of exposure from the vehicle-year to the vehicle-mile.

All existing rating factors are included so for a rate class that averages 20,000 annual vehicle-kilometers, motorists who currently pay \$400 annual premiums would pay 2¢ per kilometer, and those who pay \$1,600 annual premium would pay 8¢ per kilometer.



How it works

- Odometer readings are recorded by the insurance broker or digital photo.
- Motorist prepays for expected mileage. At the end of the term, pays balance or receives rebate.
- Insurance companies could charge a lower rate for pre-paid than for post-paid vehicle-miles.
- Minimum annual mileage purchase (e.g., 3,000 miles) guarantees recovery of basic costs.

Can be optional

Motorists could choose whether to pay premiums by the vehicle-year or by the vehicle-mile, just as consumers can choose telephone or Internet rate packages.



PAYD Reduces Risk

A vehicle has a small chance of being in a crash when driven

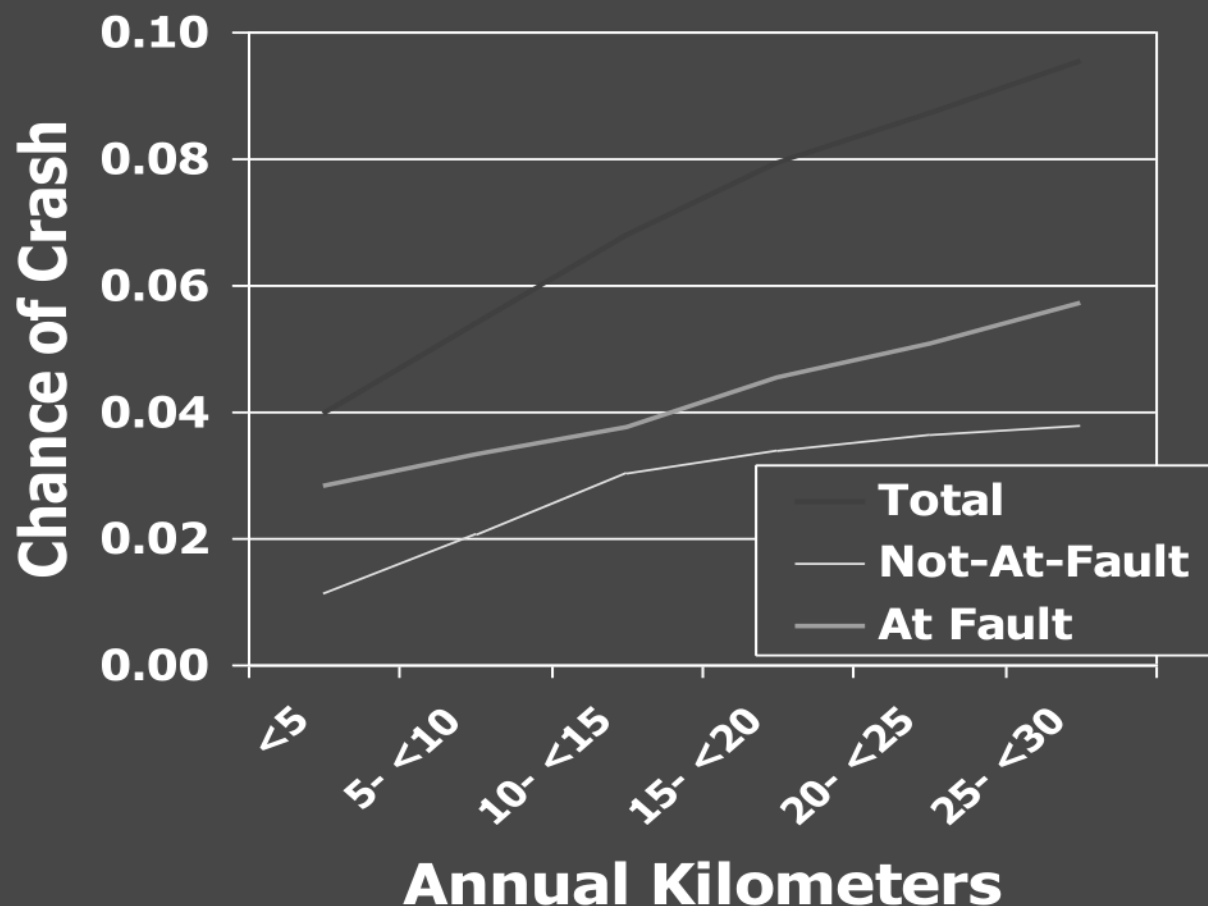


PAYD Reduces Risk

And virtually no
chance of causing a
crash when parked

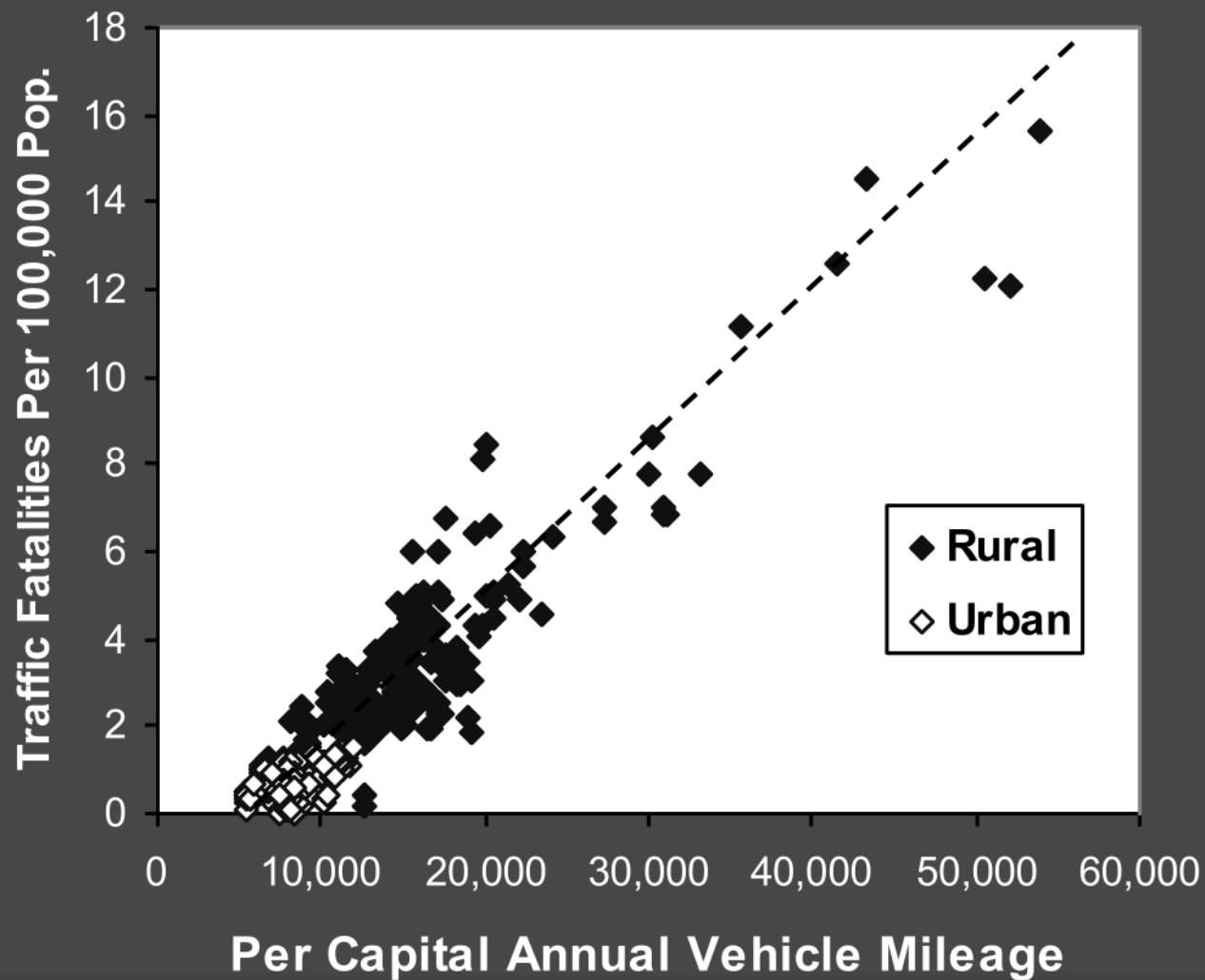


Mileage and Crashes



Litman 1997

U.S. Crash Rates



FHWA
"Highway Statistics"
Various years

Mileage As A Rating Factor



Mileage cannot be used *instead* of other rating factors by charging all motorists the same per-mile fee, but accuracy improves significantly if annual mileage is incorporated *in addition* to existing factors. Any other price structure overcharges low-mileage motorists and undercharges high-mileage motorists.

PAYD Returns Savings To Motorists

PAYD reduces total crashes and claim costs. PAYD discounts pay for themselves: motorists who drive less save because of less exposure.

**Motorist Reduces
Mileage**



Reduced Crashes

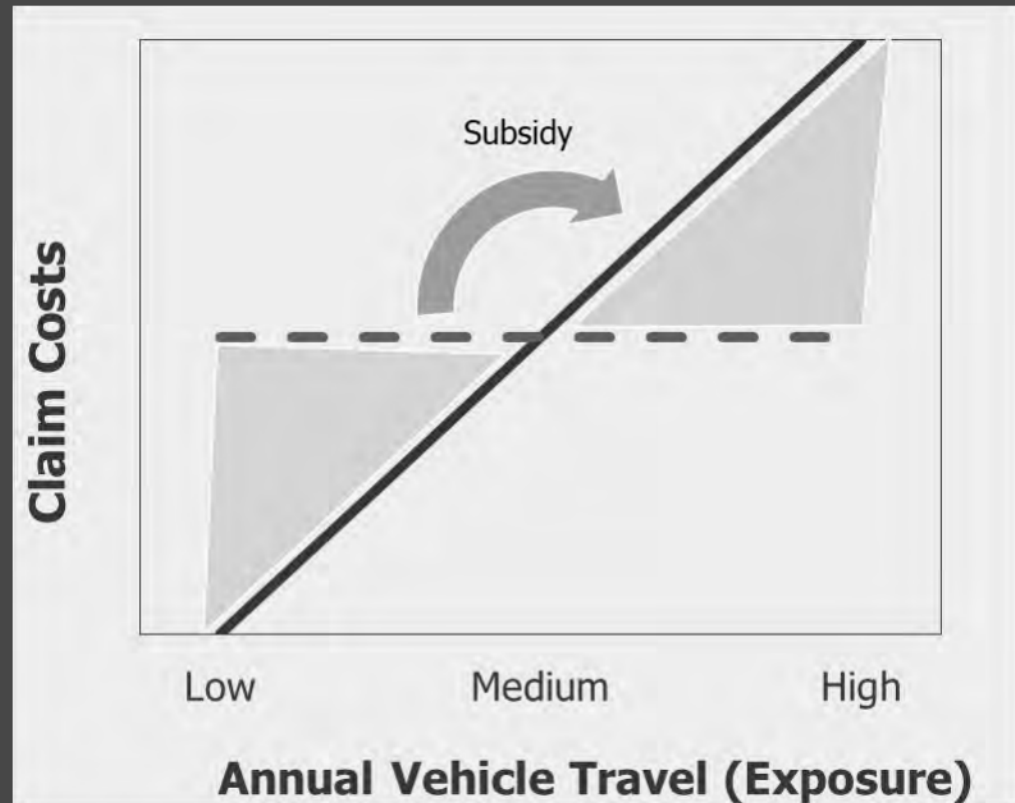


**Insurance Cost
Savings**

Current Insurance Pricing is Unfair

Because, within a rate class (motorists with similar risk profiles), crash rates and claim costs tend to increase with annual vehicle-travel, motorists who drive less than average subsidize the claim costs of those who drive more than average, often by hundreds of dollars annually.

This is unfair, and because lower-income motorists tend to drive less than average, it is also regressive.



Price Impacts

PAYD is equivalent to a 40-80% fuel price increase, yet it is not a new fee at all, just a different way of paying an existing fee.



Travel Impacts

Standard measures of consumer responses to vehicle operating costs (elasticity of demand) indicates PAYD would reduce average annual mileage 10-15% per participating vehicle.

Bordoff 2008
Edlin 2003



Benefits

- **Consumer savings and affordability.** A typical motorist could save \$100-150 annually, representing the claim cost savings from reduced exposure. It allows households to keep a seldom-used vehicle, such as an old truck for errands or recreation. Since lower-income motorists tend to drive their vehicles less than average, they tend to save most.
- **Increased fairness.** Current insurance pricing overcharges motorists who drive less than average and undercharge those who drive more than average.
- **Traffic safety.** Vehicle crashes should decline more than mileage (a 10% mileage reduction should reduce crashes 12-15%) because higher-risk motorists, who pay higher premiums, have the greatest incentive to reduce their driving.
- **Reduced Traffic congestion and roadway costs.** Even higher-annual-kilometer motorists can benefit from PAYD pricing that reduces vehicle travel by other road users.
- **Reduced pollution emissions.** The predicted 10-15% travel reduction should provide comparable reductions in energy consumption and pollution emissions.
- **Useful data collection.** Odometer audits provide important vehicle travel information.

Consumer Impacts

- Provides consumer savings.
- Increase affordability (savings to lower-income motorists).
- Helps households own an old truck or recreational vehicle for occasional use.
- Considerable consumer demand for mileage-based insurance.

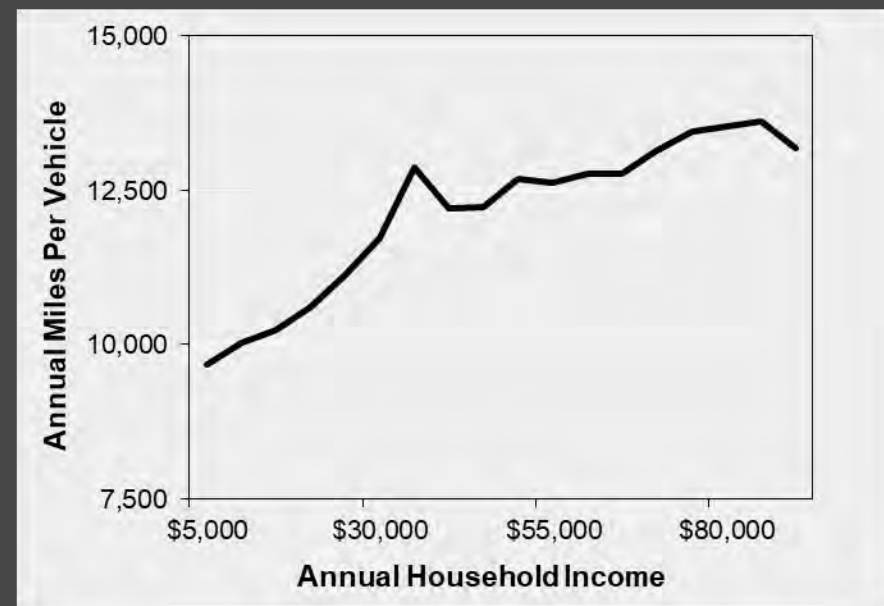


Redefines Insurance Affordability

PAYD offers consumers a new opportunity to save money when they reduce their annual mileage.

It redefines “insurance affordability” to mean that motorists choose the risk exposure they can afford.

Since lower income households tend to drive less than average and value opportunities to save money, it tends to be progressive.



Redefines Insurance Affordability

According to a major Brookings Institution study, 63.5% of all households, and almost 80% of low-income households, would save money with PAYD insurance, averaging \$496 annually per household that saves.

Estimated PAYD Savings by Household Income



Bordoff and Noel 2008

Positive Safety Impacts



Bordoff 2008
Edlin 2003

Can provide significant safety benefits by giving motorists an incentive to reduce their vehicle mileage, reducing total traffic volumes.

Higher-risk-per-mile motorists have a greater incentive to reduce their mileage, which should lead to an extra increase in road safety.

Consumer Demand

- Motorists who drive a vehicle less than about 18,000 annual kilometers can expect significant savings and so should choose PAYD. This represents nearly half of all vehicles.
- Market for instrumented pricing is smaller than the market for odometer-based pricing due to lower cost and privacy concerns.



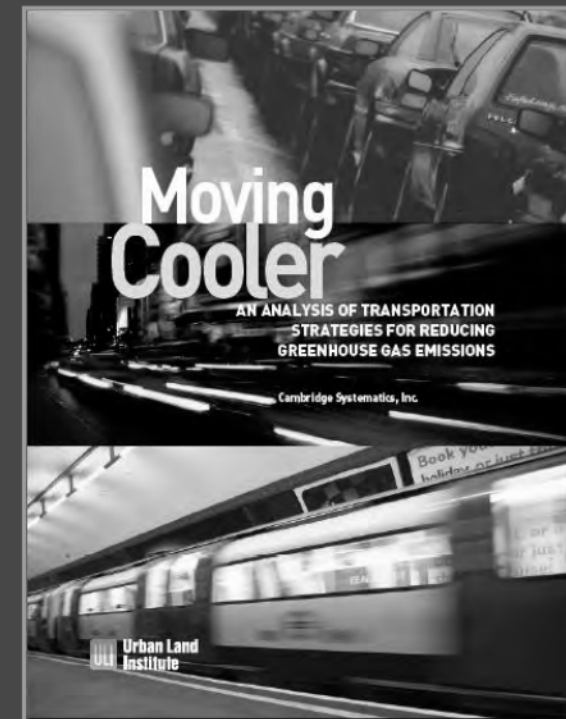
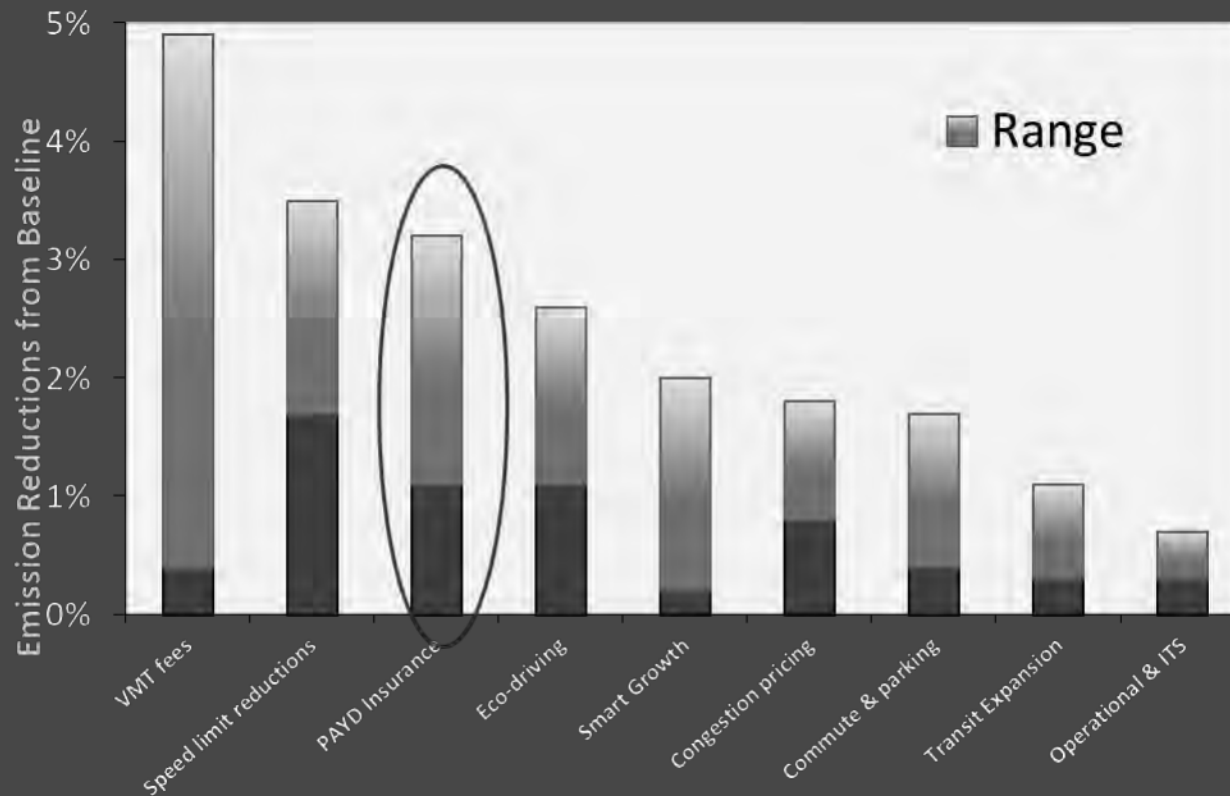
Insurance Regulatory Objectives



- Increases actuarial accuracy and fairness
- Increases insurance affordability
- Increases road safety
- Consumer savings and options

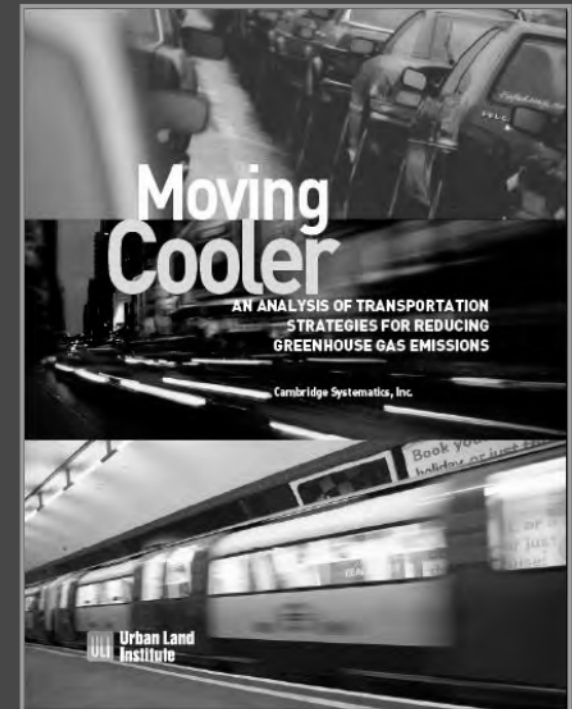
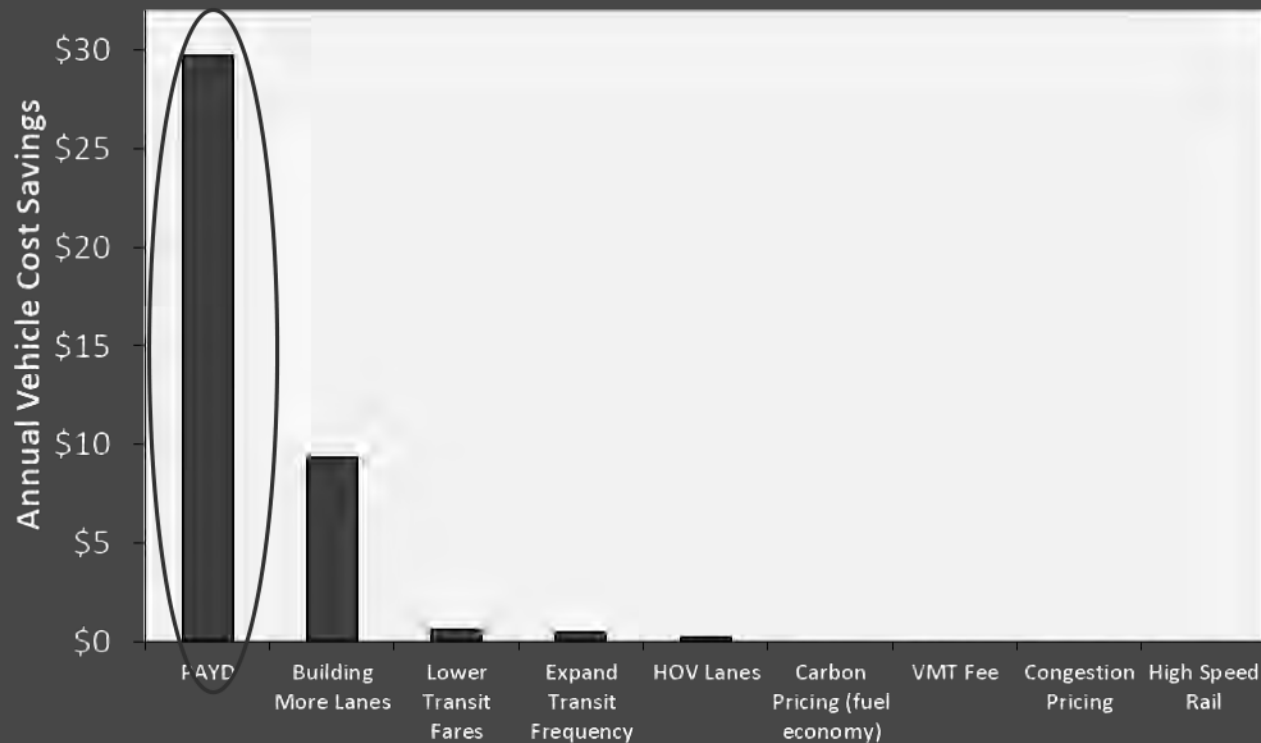
Moving Cooler (2009)

Of **nearly 50** transportation strategies analyzed, PAYD ranked 3rd most effective in reducing transportation GHG emissions, and...



Moving Cooler Benefits

provides by far the greatest vehicle cost savings of all strategies: **nearly \$30 billion annually***



* **Only** fuel and operating savings. Does not include collision cost savings.

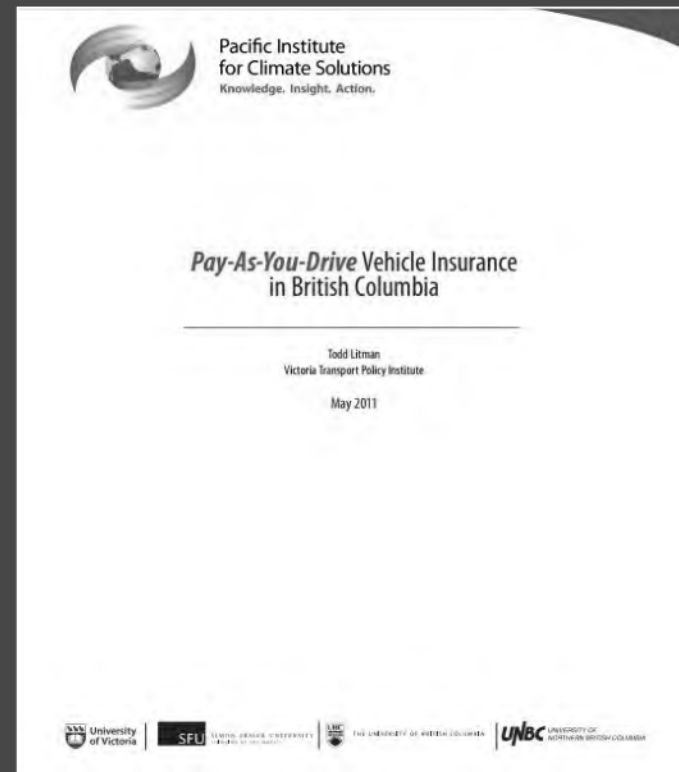
Endorsements

Cambridge Systematics (2009), *Moving Cooler: Transportation Strategies to Reduce Greenhouse Gas Emissions*, US FHWA and other organizations.

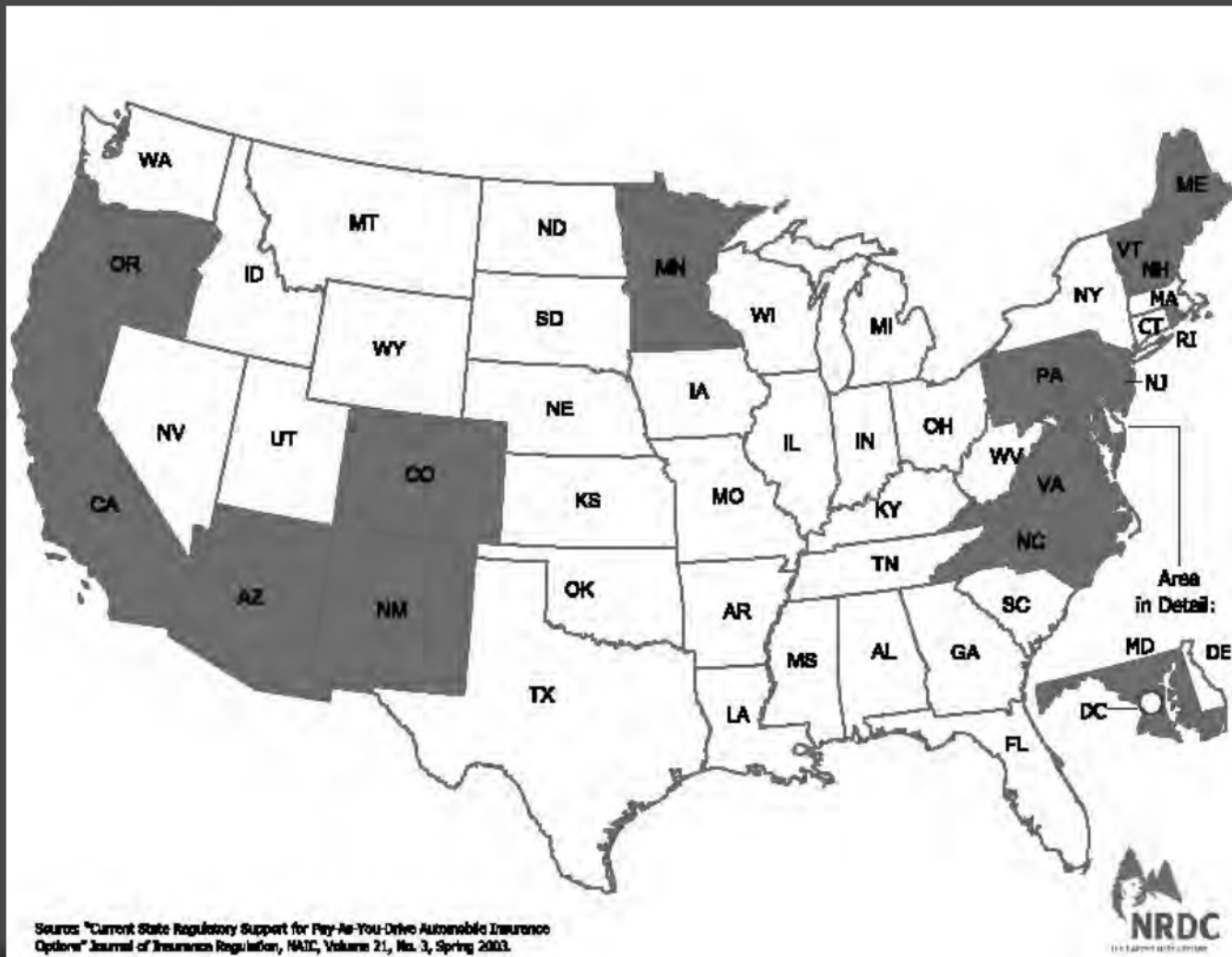
Ernst & Young (2017), *ICBC Affordable and Effective Auto Insurance – A New Road Forward for British Columbia*, Insurance Corporation of British Columbia.

Perry Kendall (2016), *Where the Rubber Meets the Road: Reducing the Impact of Motor Vehicle Crashes on Health and Well-being in BC*, Provincial Health Officer's Annual Report, BC Ministry of Health.

Todd Litman (2011), *Pay-As-You-Drive Vehicle Insurance in British Columbia*, Pacific Institute for Climate Solutions.



PAYD in State Climate Action Plans



Correct Common Misconceptions

- No, it does not harm rural motorists (only those who drive more than average for rural motorists would pay more; most would save money).
- No, it is not regressive (annual kilometers per vehicle tend to increase with income, so it is progressive).
- No, it is not costly to implement (Basic PAYD only requires one annual odometer audit; all other insurance transactions stay as they are now).
- No, it does not compromise privacy (it only requires one annual odometer reading, information that is already collected during other vehicle transactions).



For More Information

- Jason E. Bordoff (2008) *Pay-As-You-Drive Car Insurance*, Brookings Institution.
- CDI (2008), *Insurance Commissioner Poizner Sets Framework For Environmentally-Friendly Automobile Insurance*, California Department of Insurance.
- Stephen J. Dubner and Steven D. Levitt (2008), "Freakonomics: Not-So-Free Ride," *New York Times*.
- Aaron S. Edlin (2003), "Per-Mile Premiums for Auto Insurance," *Economics for an Imperfect World*.
- Joseph Ferreira Jr. and Eric Minikel (2012), "Measuring Per Mile Risk for Pay-As-You-Drive Automobile Insurance," *Transportation Research Record 2297*, Transportation Research Board (<http://pubsindex.trb.org/view.aspx?id=1129619>).
- Allen Greenberg and Jay Evans (2017), *Comparing Greenhouse Gas Reductions and Legal Implementation Possibilities for Pay-to-Save Transportation Price-shifting Strategies and EPA's Clean Power Plan*, Victoria Transport Policy Institute (www.vtpi.org/G&E_GHG.pdf).
- Todd Litman (1997), "Distance-Based Vehicle Insurance as a TDM Strategy," *Transportation Quarterly*, Vol. 51, No. 3, Summer 1997, pp. 119-138; at www.vtpi.org/dbvi.pdf.
- Todd Litman (2005), "Pay-As-You-Drive Pricing and Insurance Regulatory Objectives," *Journal of Insurance Regulation*, Vol. 23, No. 3, Spring; at www.vtpi.org/jir_payd.pdf.
- Todd Litman (2011), *Pay-As-You-Drive Vehicle Insurance in British Columbia*, Pacific Institute for Climate Solutions (www.vtpi.org/paydbc.pdf).

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Equity

Sustainable
Transport
Planning

Comprehensive
Evaluation and
Planning

Bicycle &
Pedestrian
Planning

Honourable David Eby
British Columbia Attorney General
Room 232, BC Legislative Building
Victoria, BC
1 February 2018
Re: Pay-As-You-Drive Vehicle Insurance

Dear Mr. Eby,

Thank you for meeting with me on Tuesday to discuss Pay-As-You-Drive (PAYD) vehicle insurance pricing. As we say, "it is the best transportation policy reform of which you've probably never heard."

I am sending you a copy of my slideshow and an updated backgrounder which now includes two key figures: a graph from a Brookings Institution study showing the large potential savings that PAYD can provide to lower-income households, and a graph based on ICBC data showing the strong positive relationship between annual mileage and claims. These graphs are also copied below in this letter.

Although mileage is just one of many crash risk factors, and not necessarily the most important, holding other factors constant, that is, for a particular vehicle-year, the relationship is nearly linear: a percent change in a vehicle's annual mileage causes a similar percentage change in its crash risk. As a result, by providing an incentive to reduce annual mileage, PAYD can provide large safety benefits.

I realize that this concept raises questions and doubts, so I propose that your government sponsor a small seminar or conference on PAYD insurance to allow experts and stakeholders to critically examine this information and consider ways that it could be tested. The Pacific Institute for Climate Solutions (PICS), which previously sponsored research on this concept, could coordinate such an event, and the organizations I work with would be glad to help.

Please let me know if you have questions or comments.

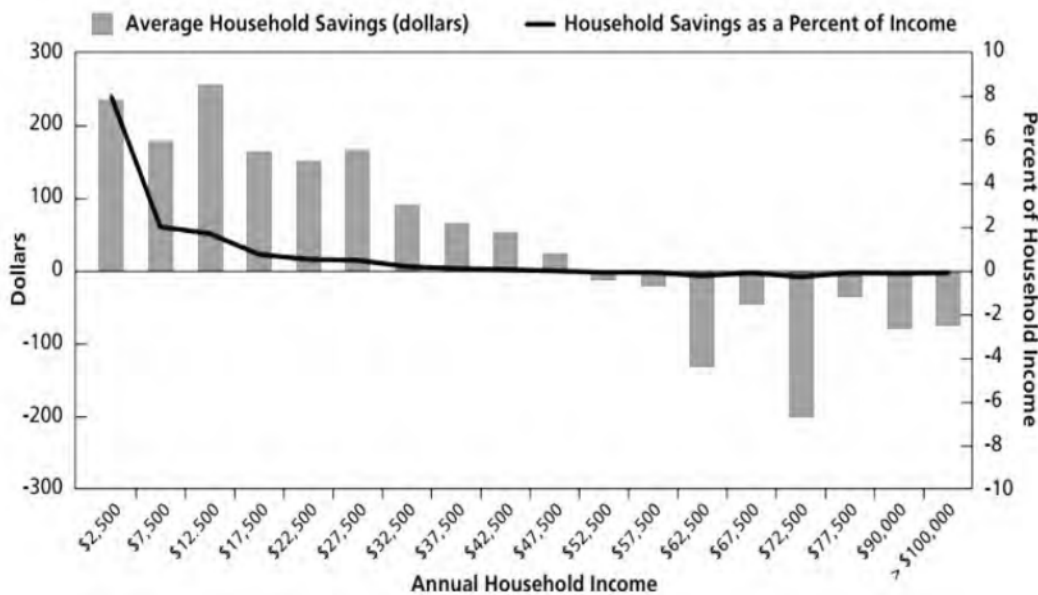
Yours sincerely,



Todd Litman

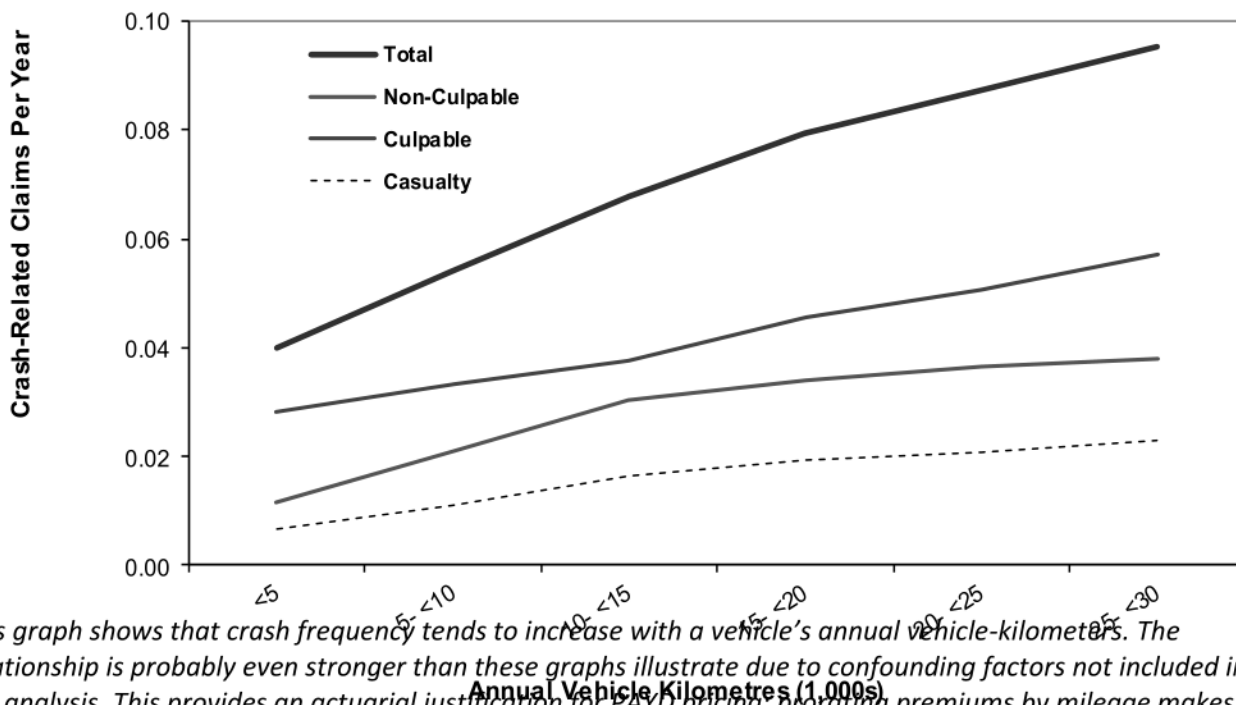
Key Figures

Annual PAYD Savings by Income (Bordoff and Noel 2008)



Because annual vehicle travel tends to increase with income and lower-income motorists tend to respond most to money saving opportunities, PAYD insurance tends to be progressive with respect to income: lower-income motorists save more and benefit more than motorists with higher incomes.

Crash Rates by Annual Vehicle Mileage (British Columbia Data)



This graph shows that crash frequency tends to increase with a vehicle's annual vehicle-kilometers. The relationship is probably even stronger than these graphs illustrate due to confounding factors not included in the analysis. This provides an actuarial justification for PAYD pricing: prorating premiums by mileage makes them fairer and more economically efficient.

From: [Smith, George AG:EX](#)
To: [Eby, David AG:EX](#)
Subject: FW: For approval: ICBC distracted driving NR quote
Date: February-26-18 5:22:10 PM
Attachments: [ICBC NR - distracted driving - draft.docx](#)

From: Nelson, Tiffany GCPE:EX
Sent: Monday, February 26, 2018 5:22 PM
To: Smith, George AG:EX; Godfrey, Sam AG:EX; Milne, Gala AG:EX
Cc: Robins, Shawn GCPE:EX
Subject: For approval: ICBC distracted driving NR quote
Hi – attached is the ICBC NR to announce distracted driving awareness month and that DRPs are in effect. Please review quote for approval and advise if the Minister wishes to attend. An invite has likewise been sent to MMF.

Event: Distracted Driving awareness month

Date: March 2

Time: 10 a.m.

Location: ICBC's Burnaby Claims Centre, 4399 Wayburne Dr.

Speakers include:

- Lindsay Matthews, ICBC director responsible for road safety, who will speak on road safety, provide tips to change driver behaviour and give an update on the technology pilot that's underway.
- Chief Constable Neil Dubord, Chair of the B.C. Association of Chiefs of Police Traffic Safety Committee, who will dispel myths about distracted driving and will announce province-wide enforcement activities.
- Emcee is Mark Milner, ICBC road safety program manager.
- After the speakers, there will be a photo op as Burnaby RCMP conduct enforcement on surrounding streets.

Thanks,
Tiffany

s.17



News release

For release: **Immediately**
Date: March 2, 2018

Page: 1 of 2

Media contact: [Joanna Linsangan](#), 604-982-2480

Government, ICBC and police introduce new measures to combat distracted driving this month

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From: [Eby, David AG:EX](#)
To: [Smith, George AG:EX](#)
Subject: RE: For approval: ICBC distracted driving NR quote
Date: February-26-18 5:39:00 PM

Not for me, thanks.

D.

From: Smith, George AG:EX
Sent: Monday, February 26, 2018 5:22 PM
To: Eby, David AG:EX
Subject: FW: For approval: ICBC distracted driving NR quote

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Thanks,

Tiffany

s.17

From: [Smith, George AG:EX](#)
To: [Eby, David AG:EX](#)
Subject: RE: For approval: ICBC distracted driving NR quote
Date: February-26-18 5:42:24 PM

Thanks

From: Eby, David AG:EX
Sent: Monday, February 26, 2018 5:41 PM
To: Smith, George AG:EX
Subject: RE: For approval: ICBC distracted driving NR quote
Edited quote: ““Distracted driving endangers the lives of British Columbians with devastating effects for families and communities. It also puts significant pressure on insurance rates. Improving road safety is key to creating a sustainable auto insurance system with more affordable rates for B.C. families. We must see cultural shift that sees distracted drivers put down their cell phones and drive.”

From: Smith, George AG:EX
Sent: Monday, February 26, 2018 5:22 PM
To: Eby, David AG:EX
Subject: FW: For approval: ICBC distracted driving NR quote

From: Nelson, Tiffany GCPE:EX
Sent: Monday, February 26, 2018 5:22 PM
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Tiffany

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Page 931 of 961 to/à Page 933 of 961

Withheld pursuant to/removal as

NR