

DRAFT

ICBC

EMERGING ISSUES & OPPORTUNITIES

CONFIDENTIAL DRAFT

Confidential Advice for Minister

Outline

- Context
- ICBC Background Information
 - Corporation Profile, Financial Position, Operating Results
- Current Claims Pressures
- Financial Results
 - Prior years, current update, projections
- Options for Consideration
- Supplemental Information
 - Key definitions, history of rate increases, additional charts & figures

Context

- In recent years, ICBC has experienced significant financial deterioration
 - Accelerating upward pressure on claims costs
 - Current projections - corporation's capital levels continue to erode, and will be below what could be considered minimum thresholds by the end of 2017/18
- An external independent review (Rate Affordability Review) has recently been completed. The preliminary report provides a number of recommendations that Government and ICBC may wish to consider. Scope for any additional operational reviews will need to be determined.
- Regulatory requirement for ICBC to apply to the BCUC by August 31 for a general rate change order (for rates effective Nov 1)
 - Will be challenging to conduct a fulsome evaluation / make decisions on any new strategies in time to inform the August rate filing

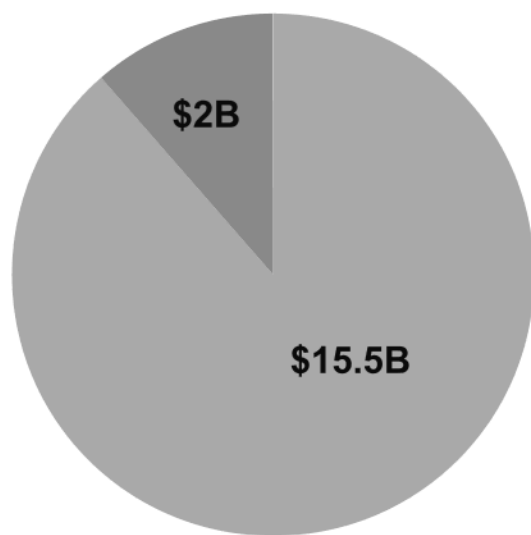
Corporation Profile

- A Commercial Crown Corporation (does not receive contributions from government)
- Provides universal compulsory auto insurance (Basic), with rates regulated by the BC Utilities Commission
- Invests in road safety initiatives (~\$42M annually)
 - For every \$1 ICBC invests in road improvements there has been a benefit of \$4.70 in collision cost savings
- Provides driver licencing, vehicle registration and licencing, violation ticket and fine collection services and other non-insurance services (e.g. BC Services Card)
 - Recovers costs from the Province for some services (e.g. BC Services Card)
 - Does not recover costs for other services (e.g. driver licencing) – total unrecovered cost is ~\$130M/yr
- Sells Optional insurance in a competitive marketplace (has ~90% of market share)
- 5,100 full-time equivalent employees

Financial Position

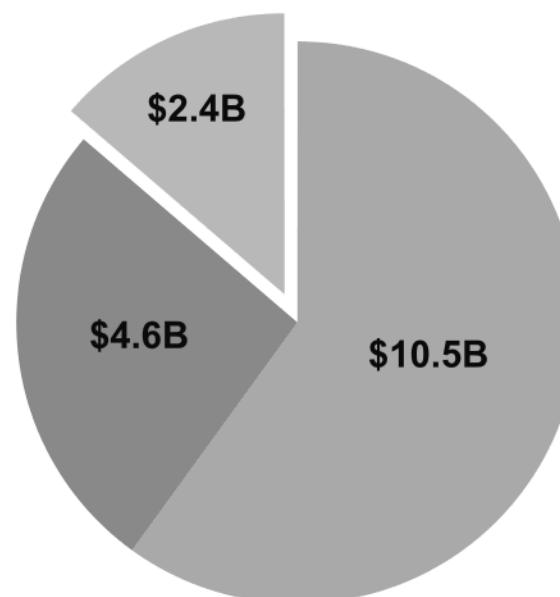
- Financial position stable (enough assets to cover liabilities), but sustainability is at risk due to current forecast of ongoing net losses and deteriorating equity

Assets (\$17.5B)



■ Investments ■ Other

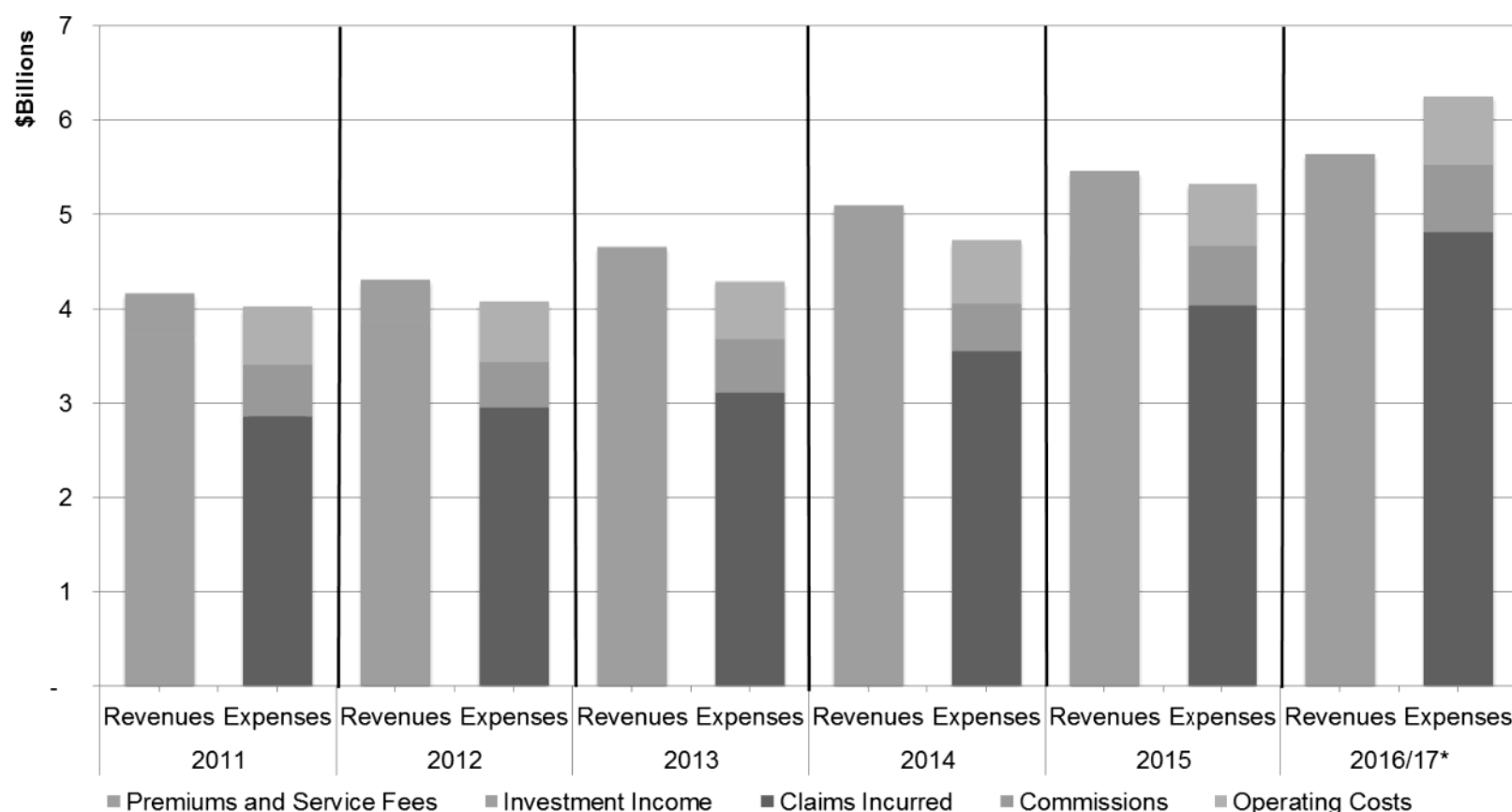
Liabilities & Equity (\$17.5B)



■ Unpaid claims liability ■ Other liabilities ■ Equity

Operating Results

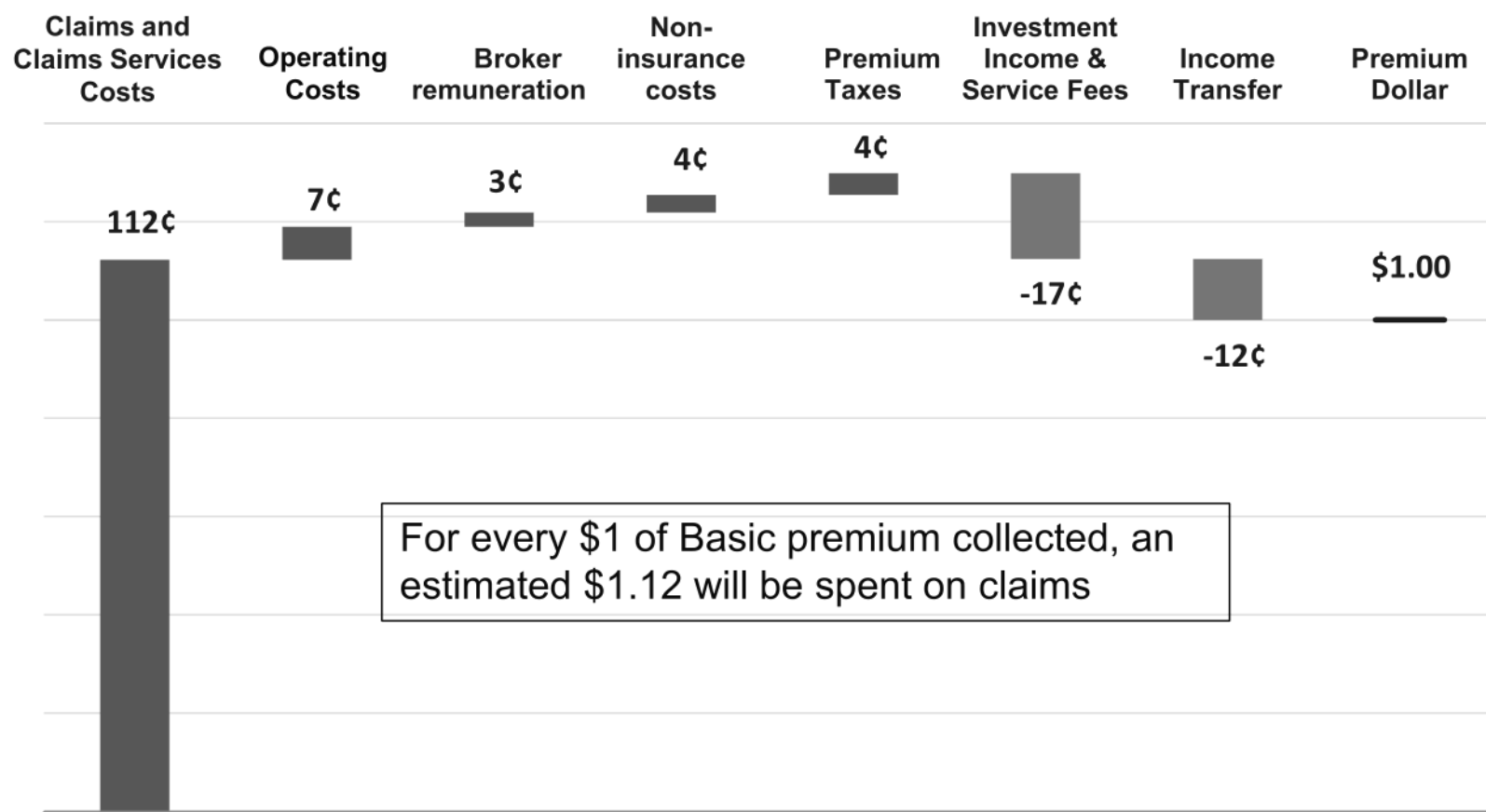
- Operating at a loss (expenses exceeding revenues); trend expected to continue
- Accelerating claims costs are the primary driver of ICBC's expense growth



* Government fiscal year running April 1, 2016 through March 31, 2017 (transition quarter not shown)

Allocation of Premium Dollar

Estimated Allocation of Basic Premium Dollar – Policy Year 2017 *



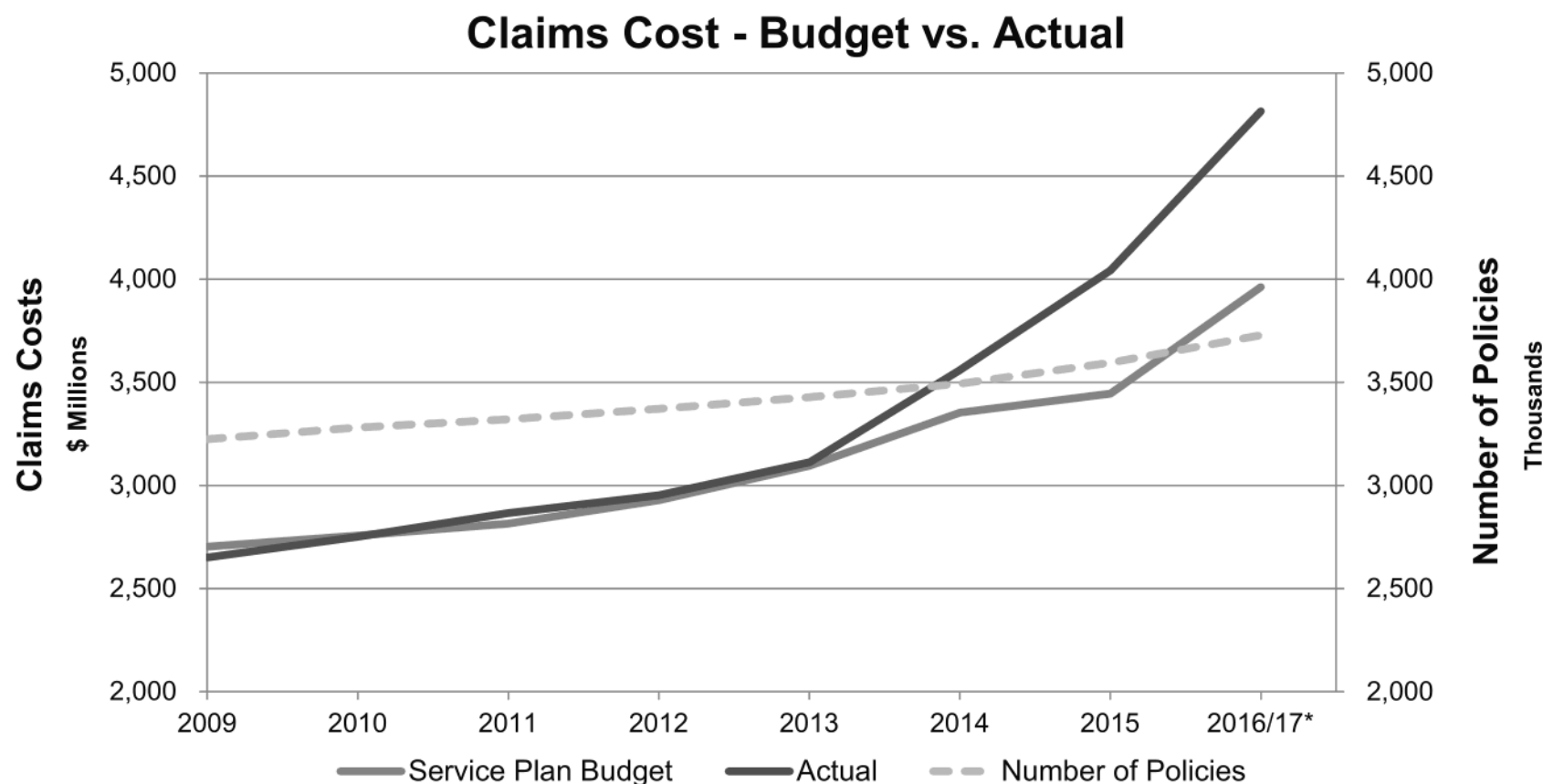
* Effective November 1, 2017 through October 31, 2018

Claims Costs

- Claims costs are ~80% of ICBC's expenses
- Main drivers of claims costs:
 - # of vehicle crashes
 - Number of individual claims per accident
 - Average pay-out per claim (severity)
- Recent (Emerging) Trends
 - Significant growth in Minor injury claims:
 - Minor injury claims account for 20% of ICBC's total costs; Major injury claims account for 17%
 - Average payout for Minor injury claims was ~\$8K in 2000, now ~\$30K
 - In 2000, Minor injuries accounted for 30% of total ICBC Injury costs; now 60%

Claims Cost Trend

- Total claims costs growing faster than is reflected in trends assessed through actuarial estimation

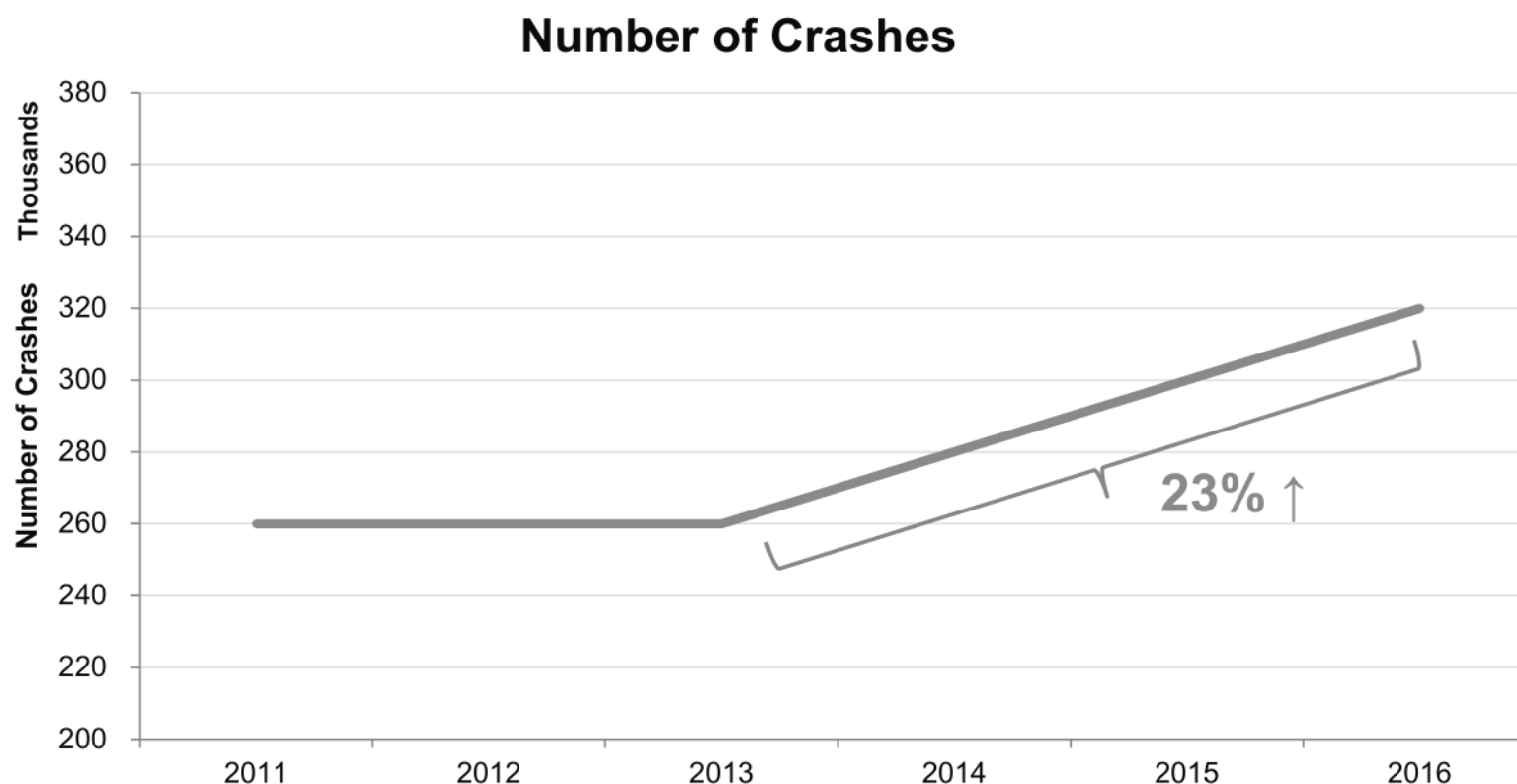


* Government fiscal year running April 1, 2016 through March 31, 2017

Confidential Advice for Minister

Crash Frequency

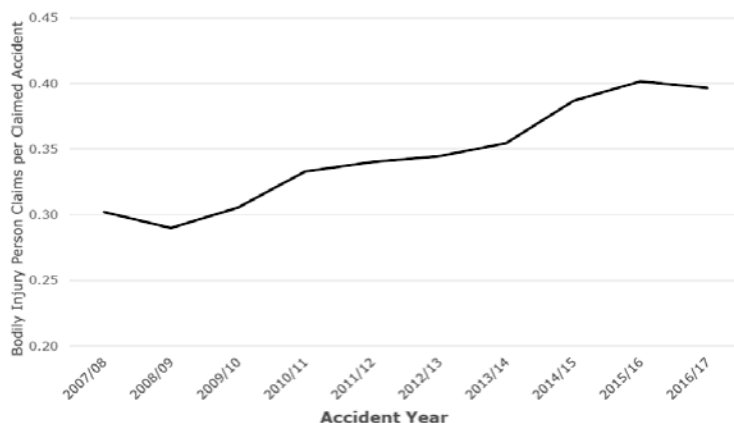
- Crash frequency is one of the key drivers of the most recent claim cost increases



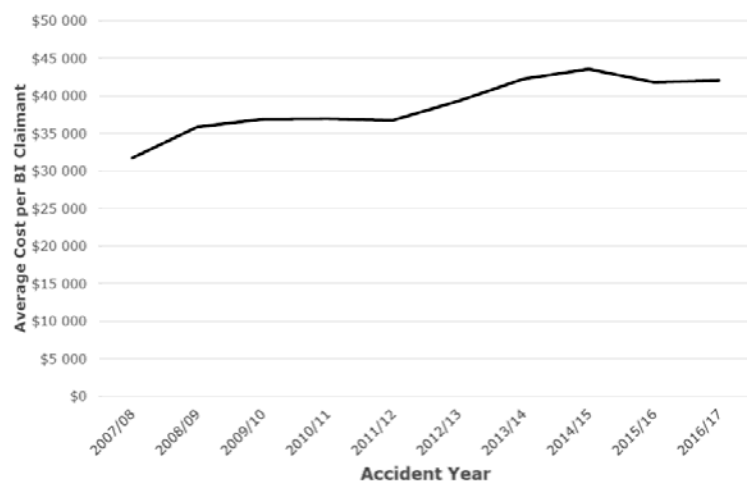
- Drastic change in crash frequency trend began in 2013

Bodily Injury Trends

Bodily Injury Claims per Claimed Accident



Average Claims Costs per BI Claimant



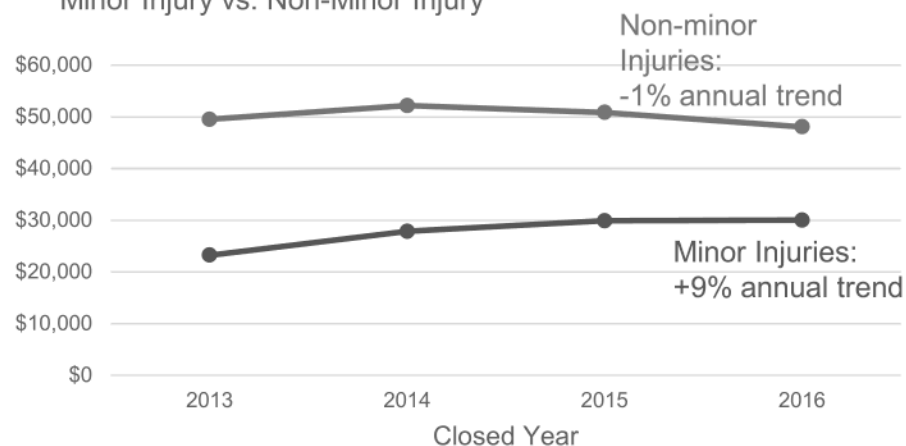
Concerning Trends:

- # BI Claims / Accident
- Avg BI Claim cost
- Minor injury claims



Average Claims Costs per BI Claimant

Minor Injury vs. Non-Minor Injury



2016/17 Financial Results

- Significant deterioration from budget is primarily due to higher crash frequency and a higher number of bodily injury claims per crash, exacerbated by more legal representation and large/complex claims than expected

(\$ millions)	15 Month	12 Month
2016/17 Net income (loss) – Budget 2016	(11)	95
<i>Increases (decreases) to net income since Budget 2016:</i>		
Premium and service fee revenue	36	53
Investment income	171	250
Claims incurred	(966)	(852)
Commissions	(130)	(135)
Operating expenses	(13)	(23)
<i>Variance to Budget 2016</i>	<i>(902)</i>	<i>(707)</i>
2016/17 Net income (loss) – Actual results	(913)	(612)

** 2016/17 is a 15 month fiscal year that transitions ICBC from a calendar fiscal year to government's fiscal year ended March 31. The 12 month period above represents government's fiscal year.

Financial Plan – *Budget 2017*

(\$ millions, unless otherwise indicated)	2017/18 (Budget)	2018/19 (Plan)	2019/20 (Plan)
Revenues	5,407	5,776	6,127
Claims costs, before independent review	4,592	4,965	5,407
Independent review savings preliminary target *	-	(140)	(280)
Claims costs, after independent review	4,592	4,825	5,127
Net loss	(144)	(25)	(143)
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<u>Assumptions</u>			
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 Not publicly disclosed

* The preliminary independent review savings targets included in *Budget 2017* are based on claims cost increases being mitigated to bring them in line with inflation (2% annually).

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Preliminary July 2017 Financial Update

- Indication of net income deterioration from *Budget 2017* of \$107M in 2017/18, growing to a \$361M deterioration in 2020/21.
- Expectation that corporate MCT could fall to 87% by March 31, 2018.

* This update has been updated for claims trends, policy sales and investment income only – all rate increase and mitigation strategy assumptions from *Budget 2017* are included

Mitigation Strategies – Ongoing / Completed

- Doubling of Basic insurance rates on luxury vehicles
- Increased accountability for frequent crashes
 - higher risk drivers may face increased premiums
- Windshield repair program
 - repair now permitted instead of automatic replacement with significant savings for ICBC
- Strategic procurement (legal & medical services)
- Improvements to claims handling / claims management
- Changes to ICBC's Claims Rated Scale
 - premium increases for higher risk drivers with multiple at-fault crashes
- Fraud analytics
- Distracted driving (increased sanctions)
 - Fines more than doubled from \$167 to \$368 (+\$175 penalty premium) = \$543 on 1st infraction

Issues & Considerations

- Cabinet direction will be required by July in the following areas to inform the 2017 rate filing due August 31:

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- Public and stakeholder expectations regarding any reviews of ICBC also need to be considered

Issues & Considerations

- Will be challenging to conduct a fulsome evaluation / make decisions on any new strategies in time to inform an August rate filing

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Supplemental Slides

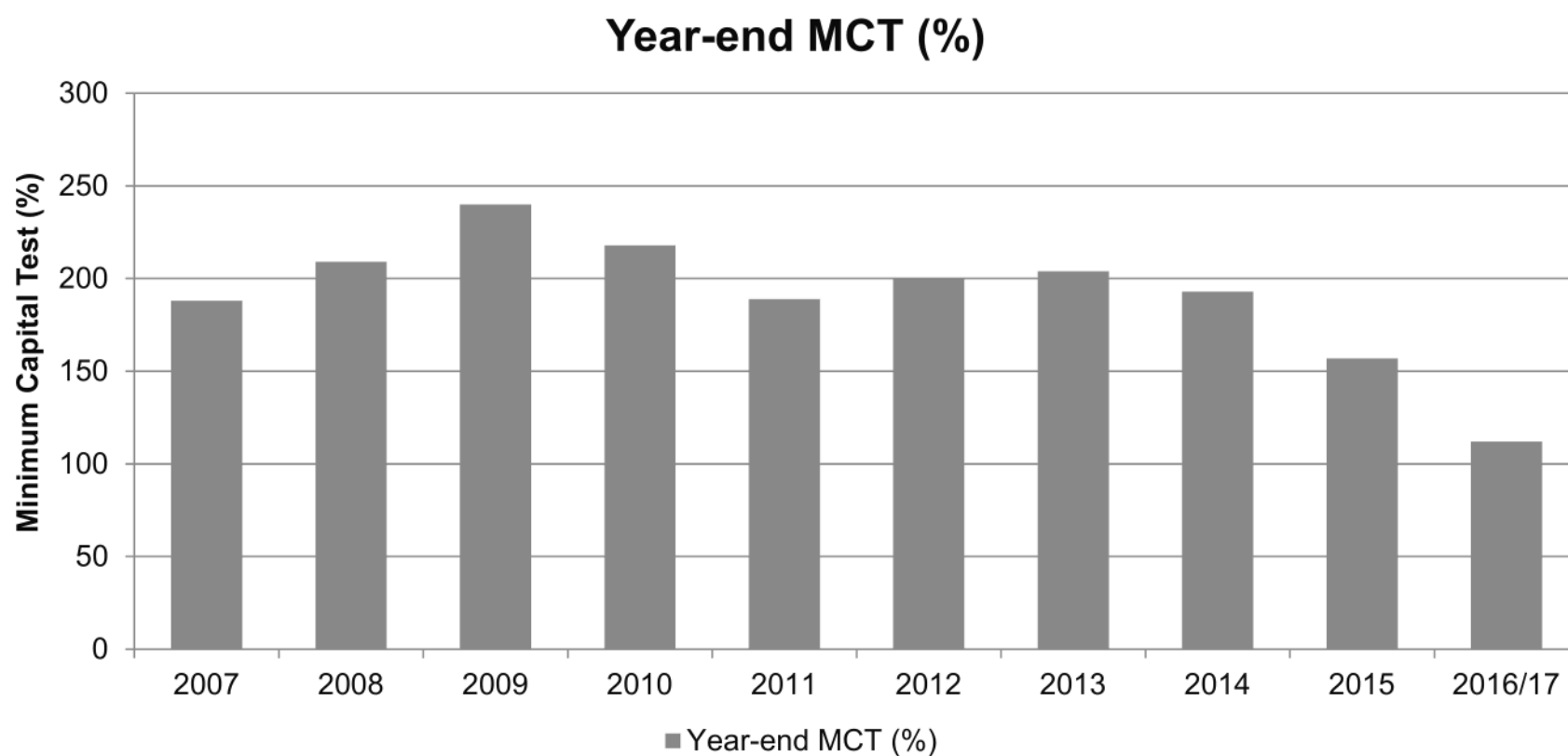
Historical Insurance Rate Increases

Year	Change in Rate		
	Basic	Optional	Overall
1989	n/a	n/a	8.4%
1990	n/a	n/a	4.8%
1991	n/a	n/a	4.5%
1992	n/a	n/a	19.0%
1993	n/a	n/a	9.5%
1994	n/a	n/a	3.5%
1995	n/a	n/a	1.8%
1996	n/a	n/a	-3.5%
1997	n/a	n/a	0.0%
1998	n/a	n/a	0.0%
1999	n/a	n/a	-1.7%
2000	n/a	n/a	-1.7%
2001	n/a	n/a	0.0%
2002	6.6%	8.7%	7.4%

Year	Change in Rate		
	Basic	Optional	Overall
2003	2.0%	8.9%	4.8%
2004	0.4%	0.4%	0.4%
2005	0.0%	-7.6%	-3.4%
2006	6.5%	0.0%	3.7%
2007	3.3%	-3.8%	0.2%
2008	0.0%	-3.0%	-1.2%
2009	0.0%	-3.3%	-1.4%
2010	-2.4%	-3.0%	-2.7%
2011	0.0%	0.0%	0.0%
2012	11.2%	-6.0%	3.6%
2013	5.2%	-4.0%	1.4%
2014	5.2%	0.2%	3.2%
2015	5.5%	3.0%	4.5%
2016	4.9%	4.0%	4.5%

← Rate smoothing framework implemented

Historical MCT (Corporate)



Historical Transfers from Optional to Basic and to Government

Year	Capital Transfer from Optional to Basic	Excess Optional Capital Transfer to Government
2010	-	\$576M
2011	-	\$101M
2012	\$373M	-
2013	\$113M	\$237M
2014	-	\$139M
2015	-	\$138M
2016	\$622M	-
Total	\$1,108M	\$1,191M

Key Definitions & Concepts

- Optional vs. Basic
- Minimum capital test (MCT)
- ICBC policy year
- ICBC fiscal year
- Rate smoothing framework
- Capital and income transfers from Optional to Basic
- Dividend (excess Optional capital transfer)
- Rate indication (rate to cover costs)
- *Special Direction IC2 to the British Columbia Utilities Commission (IC2)*
- Revenue Requirements Application (RRA)
- Loss costs
- Severity
- Frequency

See Supplemental Slides for definitions

Key Definitions & Concepts

Optional vs. Basic

ICBC is the sole provider of Basic insurance and must provide coverage to all vehicle owners who license and insure their vehicles in B.C. Basic insurance pays for injury-related medical and rehabilitation expenses in the event of a crash, no matter who is at fault. Basic insurance is regulated by the BC Utilities Commission.

ICBC also offers Optional insurance, such as Extended Third Party, Liability, Collision, and Comprehensive. Optional insurance is not regulated by the BCUC, and is also offered by private companies on the competitive market.

Minimum Capital Test (MCT)

MCT measures the solvency/capital adequacy of an insurance company by defining the available capital that is required to meet minimum standards – reported as capital available as a percentage of capital required. ICBC's Basic capital is required to be above 100% by regulation.

ICBC policy year

Begins when interim rates take effect annually. Currently November 1 to October 31.

Key Definitions & Concepts cont'd

Rate smoothing framework

Established in 2012 through regulation, and first effective for the 2013 policy year, this framework limits any increase to Basic insurance rates to +/- 1.5 percentage points of the prior year's increase. For example, the 2016 Basic rate increase was 4.9%, meaning the 2017 increase would need to fall between 3.4% and 6.4%.

Capital & income transfers from Optional to Basic

As the optional side of ICBC's business is sold on the competitive market and is not compulsory, ICBC is able to transfer Optional income to lower Basic rate increases and Optional capital to ensure Basic MCT remains above 100%. These transfers must be directed by government.

Dividend (excess Optional capital)

Historically, excess Optional capital payments ("dividends") have been issued to the Province to reduce the Province's taxpayer-supported debt (no impact to the Province's bottom line). The last dividend was received for 2015 results and no future dividends are forecast at this time.

Rate indication (rate to cover costs)

The actual annual Basic rate increase that would be needed to cover ICBC's costs. This rate can be reduced through the transfer of income from the Optional insurance side of ICBC's business, or through other measures that reduce financial pressure on the corporation. (\$28M = 1 percentage point).

Key Definitions & Concepts cont'd

Special Direction IC2 to the British Columbia Utilities Commission (IC2)

Regulation under the *Insurance Corporation Act* that prescribes that the BCUC must set Basic insurance rates:

- Consistent with accepted actuarial practice.
- To collect sufficient revenue to cover costs as listed in *Special Direction IC2*.
- To meet specified minimum Basic capital requirements.
- To ensure rates remain relatively stable and predictable.
- In a manner that recognizes and accepts action taken by ICBC in compliance with government directives as defined in *Special Direction IC2*.

Revenue Requirements Application (RRA)

In accordance with IC2, the BCUC must require ICBC to apply annually for a general rate change order by August 31 of the year of the application for rates effective November 1 of that year. The BCUC sets a regulatory timetable to confirm the permanent rate, involving oral and written submissions with interveners; all proceedings and material are public.

Key Definitions & Concepts cont'd

Loss costs

The average amount of claims cost per compulsory vehicle insurance policy on an annualized basis.

Severity

The average pay-out per claim.

Frequency

The number of individual claims, not the number of vehicle accidents (there can be more than one claim per accident).



ICBC's 2016/17 Statements and Schedules of Financial Information

DATE: OCTOBER 26, 2017

ICBC Recommended Responses:

- **Releasing information on remuneration and expenses at ICBC, and all Crown Corporations, is part of government's commitment to being open and accountable.**
- **Crown corporations set compensation within a framework established by government to maintain a competitive total compensation program with relevant external labour markets.**
- **While ICBC's remuneration may appear higher at first glance, it's because they are reporting on a one-off 15-month fiscal year – ICBC has just transitioned from a calendar fiscal year to be aligned with government's April to March fiscal year.**
- **If compared over a similar 12-month period, ICBC's employee remuneration would have remained the same.**
- **ICBC has made good strides in terms of executive and management compensation in recent years and I expect this to continue to be the case while it is obviously under a great deal of financial pressure from rising claims costs.**

Background:

2016/17 Statements and Schedules of Financial Information

- ICBC has submitted its 2016/17 Statements and Schedules of Financial Information to government for filing with the Legislative Library by October 30, 2017. ICBC is required to provide a copy of the document to any member of the public who asks once it has been submitted to government, starting on October 31, 2017.
- The Statements and Schedules of Financial Information lists the total remuneration (i.e., gross earnings plus taxable benefits – e.g., salary, incentive pay and benefits), as well as expenses (e.g., travel, professional development, relocation, etc.), of employees who earn \$75,000 or more. It also lists the amounts paid to all of ICBC's vendors and various government ministries if payment is more than \$25,000.
- The report also includes Board Remunerations which reports on all compensation provided to each ICBC board member, including their individual business expenses. The Board Remunerations also identifies the number of board and committee meetings

ICBC ISSUES NOTE – ADVICE TO MINISTER

attended by each member in 2016/17.

- In January 2016, ICBC changed its fiscal year end, from December 31 to March 31, to align with government's March fiscal year end date.
- As a result, ICBC's 2016/17 Statements and Schedules of Financial Information reports on a 15-month fiscal year, from January 1, 2016, to March 31, 2017.

Remuneration

- In 2016/17, ICBC's reported total employee remuneration increased by approximately 24 percent from 2015 (\$441,012,157 for the 15-month fiscal year from January 1, 2016, to March 31, 2017, compared to \$354,638,074 for the January 1, 2015, to December 31, 2015, fiscal year; a difference of \$86,374,083).
 - This increase in remuneration is consistent with a three-month, or 25 per cent, increase due to the one-off 15-month reporting period for ICBC's 2016/17 fiscal year.
 - If employee remuneration is compared over a similar 12-month period (January 1 to December 31), employee remuneration would have decreased approximately half a per cent (\$353,409,839 in 2016 to \$354,638,074 in 2015).
 - Due to the 15-month reporting period, the number of employees earning more than \$75,000 has increased over 2015 because of the 15-month reporting period (2,512 for the 15-month fiscal year from January 1, 2016, to March 31, 2017, up from 1,346 for the January 1, 2015, to December 31, 2015, fiscal year).
 - If the number of employees earning more than \$75,000 is compared over a similar twelve month period, (January 1 to December 31), the number of employees earning more than \$75,000 would have increased approximately 4 per cent. (1,401 in 2016 compared to 1,346 in 2015).
- Due to the 15-month reporting period, the number of employees reported making more than \$150,000 increased from 2015 (158 in the 15-month fiscal year from January 1, 2016, to March 31, 2017, up from 74 in the January 1, 2015, to December 31, 2015, fiscal year).
 - However, if the number of employees earning more than \$150,000 is compared over a similar 12-month period, (January 1 to December 31), the number of employees earning more than \$150,000 drops 36 per cent (47 in 2016 compared to 74 in 2015).
- ICBC uses a Total Compensation approach to establish compensation levels. Total Compensation includes gross earnings plus taxable benefits, such as base salary, incentive pay and benefits.

Expenses

- ICBC's total reported employee expenses increased to \$4,836,653 in the 15-month fiscal from January 1, 2016, to March 31, 2017, compared to \$3,536,335 paid out in the January 1, 2015, to December 31, 2015 fiscal year.
- This is, again, to be expected given the longer 15-month year.
- If employee expenses were compared over a similar 12-month period (January 1 to December 31) employee expenses would have increased approximately 8 per cent

ICBC ISSUES NOTE – ADVICE TO MINISTER

(\$3,816,594 in 2016 to \$3,536,335 in 2015).

- Expenses include costs for travel, professional development, relocation and other similar costs.

Board Remuneration

- Total board member payments increased in 2016/17 (\$356,275 in the 15 months from January 1, 2016, to March 31, 2017, compared to \$275,909 paid out in the 12 months from January 1, 2015, to December 31, 2015).
- The increased payments are, again, as a result of the extended fiscal period as well as additional committee and extraordinary meetings related to the EY report, 'Affordable and effective auto insurance – A new road forwards for British Columbia'.
- Total board member expenses remained flat (\$43,083 in the 15 months from January 1, 2016, to March 31, 2017 compared to 43,304 paid out in the 12 months from January 1, 2015 to December 31, 2015), despite the additional three months.
- Fewer board members from outside of the Lower Mainland than in previous years can account for the relative decrease despite the three additional months.

Supplier Payments

- In the 15-month fiscal year from January 1, 2016, to March 31, 2017, supplier payments increased to \$3,931,540,205, up from \$2,951,718,123 for the 12-month fiscal year from January 1, 2015, to December 31, 2015 – an increase of \$979,822,082 or approximately 33 per cent.
- The increase is partially due to the 15-month reporting period, where a 25 per cent increase could be expected. A 12-month comparison (from January 1 to December 31) is unavailable.
- Other factors that contribute to the increase are a higher broker commissions and higher claims payments, including higher material damage claims.
- Total supplier payments also include amounts transferred from ICBC to the provincial government. In total, ICBC transferred approximately \$1.4 billion for the excess optional transfer, premium taxes and MVB fees and fines.
- Suppliers include repair shops, towing companies, auto insurance brokerages, law firms, auditors, health service providers (i.e. doctors, chiropractors, massage therapists, etc.), business service providers (i.e. Canada Post, IBM), municipalities and the provincial government.



Confidential stakeholder briefing

Changes to ICBC

December 4, 2017

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Agenda

- Introductions
- Principles guiding change
- Work underway RE: TLABC recommendations
- Discussion
- Next steps

Comprehensive changes needed to ICBC

- If we don't make changes, in order to cover rising claims costs, each B.C. driver will need to pay on average \$400 more for their full basic and optional coverage by 2019 – an average premium of more than \$2,000
- A comprehensive package of changes are needed, including:
 - better product
 - fair insurance rates
 - safer roads
 - more effective ICBC

The problems facing the BC auto insurance system today

Premiums are becoming **unaffordable**

- Unsustainable growth in claims costs has put pressure on rates – increases of 20-30% are needed for Basic to break even and keep pace with annual growth trends in claims costs

There are too many **minor injuries** claims and they cost too much

- Higher minor injury claiming behaviour than in other jurisdictions (2016 bodily injury to property damage ratio: 35.4% in BC vs 18.7% in Alberta)
- Disproportionate amount of total costs going to minor injury claims (60% increase since 2010) vs non-minor injury claims (13% increase since 2010)

Legal costs are far too high

- Legal and expert costs account for 24% of total annual costs, which is greater than the total cost of running ICBC and the costs associated with minor injuries and non-minor injuries alike

The system doesn't always treat people **fairly**

- At-fault drivers have significantly lower levels of medical benefits than not at-fault drivers
- Getting a lawyer leads to vastly different outcomes for the same injury

The system isn't focused enough on injury **recovery**

- While most injured customers (80%) have straightforward recovery needs, managing minor injury files is frustrated by an unrestricted litigation system that appears to focus more on maximizing compensation than timely and appropriate recovery outcomes

Principles for change



Affordability

- Minimize the cost of insurance premiums required by BC drivers



Fairness

- Improve accident benefits to provide the care required for better recovery outcomes



Simple

- Ensure customers understand the product and can navigate the claims process easily



Efficient

- Improve balance of payments so that more money is directed to care and recovery vs payments for admin and legal fees



Sustainable

- Stabilize long-term claims costs and future insurance rate increases
- Maintain system effectiveness by committing to ongoing monitoring and adjustment to product design

Recommendations from TLABC

Increase driver risk premiums	Adopt EY report road safety initiatives	Auto insurance claims & litigation working group	Reducing transfers of ICBC profits	Reducing fraud
<ul style="list-style-type: none">• Already underway for distracted driving (Mar 2018)• Doing further work to consider if they're set at the appropriate level	<ul style="list-style-type: none">• Intersection safety cameras are turning on 100% of the time.• Also looking at other initiatives that may change driver behaviour, reduce crashes, etc.	<ul style="list-style-type: none">• Civil Justice Law Reform working group in development.	<ul style="list-style-type: none">• Government's priority is fixing the systemic issues at ICBC, not taking transfers out.	<ul style="list-style-type: none">• 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

- Government and ICBC are looking closely at this suggestion to see what kind of impacts/benefits may result.

Adoption of collision avoidance

- 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.