

May 1, 2018

«Salutation» «First_Name» «Last_Name»

«Address1»

«City» «Province» «Postal_Code»

Dear «Salutation» «Last_Name»:

Thank you for your letter of «Date_Written», and your recommendations related to changes needed to British Columbia's auto insurance industry.

I think we can all agree that in light of the serious financial challenges facing the Insurance Corporation of British Columbia (ICBC), major changes are needed to get ICBC back on the road to financial sustainability and in a position to provide affordable rates to British Columbians.

ICBC is projected to lose almost \$1.3 billion in this fiscal year. ICBC is paying out more money in claims than it is receiving through insurance premiums, which is contributing to rates going up every year. Pressure on insurance rates is coming from more minor injury claims, and rising legal and auto body repair costs.

On February 6, 2018, I announced a number of changes in order to stem ICBC's losses, keep insurance affordable and provide enhanced care for people injured in automobile accidents. This includes the first major improvements in accident benefits in 25 years, dramatically increasing the care available for anyone injured in a crash. The overall medical care and recovery cost allowance will be doubled to \$300,000.

It also includes the introduction of a limit of \$5,500 on pain and suffering payouts for minor injuries, beginning April 2019. Disputes over certain motor vehicle injury claims will be adjudicated by British Columbia's Civil Resolution Tribunal, an independent body that already adjudicates strata and small claims disputes in the province.

These changes are anticipated to deliver \$1 billion in savings per year for ICBC, once fully implemented, net of any increases in accident benefits. You can see more about these changes and how our government is going to make ICBC work for people again, here:

<https://news.gov.bc.ca/releases/2018AG0003-000164>

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I also announced that ICBC will be consulting with customers on major revisions to ICBC's rate structure with the goal of ensuring good drivers pay less, and bad drivers pay more. We are also interested in ways to encourage drivers to choose safer vehicles, and to better ensure the rate British Columbians pay for their insurance properly reflects their specific situation, including where and how much they drive, who else might be driving their vehicle, and whether they are more or less likely to commit a driving offence.

We are taking action to make our roads safer by working to turn on all of British Columbia's intersection safety cameras 24 hours a day, seven days a week. As well, ICBC has launched two technology pilots to curb distracted driving. When people do get caught repeatedly using their phone behind the wheel, due to changes we have made to the Driver Risk Premium, they are going to have to pay higher premiums as of March 2018. Finally, I have committed to taking further action to improve safety on our most dangerous roads and work is underway to do just that.

We brought in PwC Canada to lead an operational review of ICBC in order to identify waste, find ways to prevent fraud and overbilling, and identify opportunities for business reform at the Crown Corporation. That review is now complete and identified more than \$60 million in potential savings. In addition, ICBC's financial projections are also being reviewed by an independent third party.

Steep rate hikes are not an option our government will tolerate. We are actively working with ICBC and are committed to fixing this crisis.

It will be impossible to fix ICBC without addressing legal and auto body repair costs, improving business operations and better addressing fraud. We continue to have difficult discussions with representatives of various stakeholder groups, including those representing the auto body industry, trial lawyers, disability organizations and medical professionals about the crisis ICBC is facing.

We are taking decisive action to reduce the year-over-year insurance rate increases and end billion dollar plus losses at ICBC.

Yours truly,

David Eby, QC
Attorney General

B-544287

Template approval: ICBC injury caps
Branch: Crown Agencies
Cliff #: 545166
Approved date: June 25, 2018

[Salutation] [First Name] [Last Name]
[Address]

Dear [Salutation] [Last Name]:

Thank you for your email of DATE, regarding changes to the Insurance Corporation of British Columbia (ICBC) under recently introduced legislation.

I think we can all agree that in light of the serious financial challenges facing the Insurance Corporation of British Columbia (ICBC), major changes are needed to get it back on the road to financial sustainability and in a position to provide affordable rates to British Columbians.

ICBC is projected to lose about \$1.3 billion in the 2017/18 fiscal year, and is paying out more money in claims than it is receiving through insurance premiums, which is contributing to rates going up every year. Pressure on insurance rates is coming from more minor injury claims, and rising legal and auto body repair costs.

Over the last year, I have announced a number of changes in order to stem ICBC's losses, keep insurance affordable and provide enhanced care for people injured in automobile accidents. This includes the first major improvements in accident benefits in more than 25 years, dramatically increasing the care available for anyone injured in a crash. The overall medical care and recovery cost allowance has doubled to \$300,000, and is now retroactive and available for people who are injured in a crash on or after January 1, 2018.

We will be significantly increasing the amount ICBC covers for medical treatments so that customers do not have to pay out-of-pocket. ICBC will also be expanding the number of providers it pre-approves, making it easier for people to get treatment as well as cover a greater variety of treatment services.

These changes also include the introduction of a limit of \$5,500 on pain and suffering payouts for minor injuries, beginning April 2019. To be clear, the limit does not apply to wage loss or medical treatment for anyone – minor injury or not.

As well, starting next spring, motor vehicle injury claim disputes under \$50,000 will be adjudicated by British Columbia's Civil Resolution Tribunal, an independent body that already adjudicates strata and small claims disputes in the province. This will provide British Columbians with timely access to justice that will resolve disputes much faster than the current court process, which takes on average about three years.

These changes are anticipated to deliver \$1 billion in savings per year for ICBC, once fully implemented. You can see more about these changes and how our government is going to make ICBC work for people again at:

<https://news.gov.bc.ca/releases/2018AG0003-000164>

We have already introduced and passed the necessary legislative amendments to further establish the foundation for these changes, reverse ICBC's skyrocketing legal and administrative costs, and make insurance rates more affordable for British Columbia drivers. You can read more about these legislative amendments here:

<https://news.gov.bc.ca/releases/2018AG0025-000716>

The amendments include the framework for a new legal definition of what constitutes a minor injury in British Columbia. This definition will be further refined and narrowed in scope by regulation following consultation with the medical community that is actively underway.

While there are cases where an injury is short term and should be categorized as minor, anyone with an injury (whether physical or psychological in nature) that significantly impacts their life beyond 12 months, will not be subject to a limit on their pain and suffering compensation.

In addition, ICBC is currently working with medical stakeholders to develop protocols that will help ensure appropriate early health care advice and timely treatment is provided to those with short-term injuries, increasing the likelihood of better recovery.

You can read more about our intentions for these regulations here:

<https://news.gov.bc.ca/releases/2018AG0028-000810>

I can also assure you that once these changes take effect, a customer's chosen medical professional—not ICBC—will be the one to determine the nature of an injury, and this will help determine whether it falls under the definition of a minor injury.

We are also taking action to stop accidents from happening in the first place by making our roads safer. We are working to turn on all of British Columbia's intersection safety cameras 24 hours a day, seven days a week. As well, ICBC has launched two technology pilots to curb distracted driving. Due to changes we have made to the Driver Risk Premium, when people do get caught repeatedly using their phone behind the wheel, they are now going to have to pay higher premiums.

Please be assured that our government will continue to take decisive action to end these significant financial losses at ICBC. Simply put, these changes will help protect the rights of British Columbians, keep insurance rates affordable for drivers and help ICBC return to a state of financial stability.

I appreciate your writing.

Yours truly,

Original signed by:

David Eby, QC
Attorney General