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Dear s.22

Thank you for your February 16, 2019 email, regarding the upcoming changes to the Insurance Corporation of British Columbia (ICBC). I welcome the opportunity to respond to your concerns.

I am sorry to hear you were injured in a motor vehicle accident. I appreciate your concerns with respect to your ongoing recovery.

It is very public knowledge ICBC is under extreme financial pressure, in particular from the rising cost of injury claims and the associated legal expenses. The escalating cost of injury claims is by far the single biggest pressure on ICBC's finances, having soared by 43 per cent in just five years. These costs are being driven by litigated injury claims, higher settlement demands and a greater reliance on expert reports. Since March 2017, the dollar value of settlements demanded by plaintiff lawyers for litigated files has increased by 30 per cent. In addition, the average costs ICBC has had to pay to plaintiff lawyers for their disbursements has increased by 21 per cent this fiscal year to cover the increased use of medical reports to bolster their case.

Anyone injured in a crash is entitled to fair compensation; however, I can advise that ICBC's focus is also on ensuring customers get the care and treatment they need to recover, rather than continuing to pay settlements at levels which are increasing at an unaffordable rate. The only other option is to increase insurance rates by levels British Columbians cannot afford, which is not a viable solution.

ICBC will continue to provide fair offers to settle claims with customers; however, they are taking steps to ensure these settlements are more in line with historical trends. They are doing what any responsible insurer would do when claims costs skyrocket beyond historical trend lines.

At the same time, we are taking other steps to ensure the sustainability of auto insurance in British Columbia. The April 1, 2019 implementation of the major reforms being made to British Columbia's auto insurance system will mark a fundamental shift towards a care-based system, which makes taking care of those injured in a crash a top priority, with significantly increased Accident Benefits to help them recover.

These increased care benefits will be funded by the limit being put on pain and suffering payouts for minor injuries, and redirecting costs away from lawyers into helping British Columbians recover after being injured in a crash.

Note that if, after 12 months, a person continues to have serious impairment from an injury, or has a significant inability to care for themselves, the injury would no longer be considered minor, and would not be subject to the limit for pain and suffering payouts.

I can also share that a medical professional chosen by the customer – not ICBC – will determine the nature of an injury, and this will determine whether it falls under the definition of a minor injury. An injury initially diagnosed as minor may also be determined by a medical professional to become non-minor over time.

British Columbia is the last province in Canada to introduce some form of restriction on pain and suffering payouts for minor injuries. Other provinces have made changes which have helped lower claims costs and insurance rates, while improving care for the injured. None of the actions ICBC can take within the current auto insurance system in British Columbia will close the gap between the insurance premiums they collect and the cost of the claims they are paying out, which is contributing to rates going up every year. Only system changes will make a dramatic impact on keeping the cost of auto insurance down for British Columbians.

Our government announced the most significant updates to how ICBC's Basic insurance rates will be set and driver risk will be assessed in more than 30 years. ICBC is working towards implementing these changes to be fully effective September 1, 2019. The goal is to ensure drivers pay premiums which better reflect their risk. More information regarding the changes to ICBC can be found online at: www.icbc.com/change.

As Minister, it is inappropriate for me to intervene in individual cases. However, if you would like more information about the steps of an injury claim, it can be found on the ICBC website at: <https://www.icbc.com/claims/injury/Pages/default.aspx>. Additionally, if you wish to raise any concerns regarding the handling of your claim, ICBC has a Customer Relations department that can look into your concerns. ICBC's Customer Relations department can be reached by telephone at: 604-982-6210, or by email at: customerrelations@icbc.com.

Please be assured, ministry staff and I are working collaboratively with ICBC, the Ministry of Public Safety and Solicitor General, the Ministry of Transportation and Infrastructure, and the Ministry of Finance to explore and determine the actions needed in order to help ensure ICBC is viable and efficient and the cost of vehicle insurance to British Columbians is both fair and reasonable.

Thank you for writing. I wish you all the best in your recovery.

Yours truly,

David Eby, QC
Attorney General

bc: ICBC Customer Relations

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Dear s.22

Thank you for your February 1, 2019 email, regarding the Insurance Corporation of British Columbia (ICBC) injury claim settlements. I welcome the opportunity to respond to your concerns.

Pressure on insurance rates have increased due to more crashes, higher injury claims costs, and expensive vehicle repairs. I can assure you our government is taking a comprehensive approach to fixing ICBC's current financial situation. We have significantly increased accident benefits for those injured in a crash, implementing a \$5,500 limit on pain and suffering payouts for minor injuries, and leveraging a new dispute resolution process for minor injury claims. These changes are anticipated to deliver ICBC \$1 billion in savings per year.

The limit on pain and suffering payouts for minor injuries will be introduced as of April 1, 2019, on any new claims. It does not apply to major and catastrophic injuries. In addition, if the injury impacts a person's life for more than 12 months—for example, they are still not able to go to work or school, have to modify their work hours or duties, or they are unable to care for themselves—it will no longer be subject to the limit on pain and suffering. In the case of concussions or mental health conditions, there will be no limit on pain and suffering if there is a significant impact beyond four months.

It is also important to emphasize the limit is only on the pain and suffering portion of the claim. The pain and suffering payment is the amount which recognizes the inconvenience and emotional distress of being in a crash. It is just one part of a person's claim and is totally separate from medical treatments and benefits to help one get better.

I can also share that a medical professional chosen by the customer - not ICBC - will determine the nature of an injury and this will determine whether it falls under the definition of a minor injury. An injury initially diagnosed as minor may also be determined by a medical professional to become non-minor over time.

British Columbia is the last province in Canada to introduce some form of restriction on pain and suffering payouts for minor injuries. Other provinces have made changes which have helped lower claims costs and insurance rates, while improving care for the injured. None of the actions

ICBC can take within the current auto insurance system in British Columbia will close the gap between the insurance premiums they collect and the cost of the claims they are paying out, which is contributing to rates going up every year. Only system changes will make a dramatic impact on keeping the cost of auto insurance down for British Columbians.

Thank you again for taking the time to write.

Yours truly,

David Eby, QC
Attorney General

bc: ICBC Customer Relations

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s.22

Dear s.22

Thank you for your April 1, 2019 email, regarding the Insurance Corporation of British Columbia (ICBC). I welcome the opportunity to respond to your concerns.

At this time, we do not have plans to privatize ICBC. ICBC provides Basic compulsory auto insurance coverage to all motorists in the province and handles vehicle licensing, enabling ICBC to ensure each vehicle has at least the minimum insurance before it is licensed for on-road use. This system has resulted in an extremely low rate of uninsured vehicles on British Columbia's roads compared to other jurisdictions. It is also important to note that only the minimum Third Party Liability coverage is mandatory from ICBC. Optional insurance coverages can be purchased from private insurers.

Our government has been clear that we want to create a sustainable auto insurance system which strikes a balance between increased care for the injured, and affordable and fair rates for all. Clearly, unaffordable auto insurance rate hikes are not acceptable and ongoing losses at ICBC are not sustainable.

It is very public knowledge that ICBC is under extreme financial pressure, in particular from the rising cost of injury claims and the associated legal expenses. The escalating cost of injury claims is by far the single biggest pressure on ICBC's finances, having soared by 43 per cent in just five years.

Our government has already taken several steps to improve ICBC's financial situation. For example, there is a focus on enhancing care for the injured while spending less on legal costs. This has been done by significantly increasing accident benefits for those injured in a crash, by implementing a \$5,500 limit on pain and suffering payouts for minor injuries and leveraging a new dispute resolution process for minor injury claims. These changes are anticipated to save ICBC \$1 billion per year.

The limit on pain and suffering payouts for minor injuries applies to accidents that occur on or after April 1, 2019. It does not apply to major and catastrophic injuries. In addition, if an injury impacts a person's life for more than 12 months – for example, if they are still not able to go to work or school, have to modify their work hours or duties, or they are unable to care for themselves – it will no longer be subject to the limit on pain and suffering. In the case of concussions or mental health conditions, there will be no limit on pain and suffering if there is a significant impact beyond four months.

It is also important to emphasize that the limit is only on the pain and suffering portion of a claim. The pain and suffering payment is the amount which recognizes the inconvenience and emotional distress of being in a crash. It is just one part of a claim and is separate from the medical treatments and benefits to help an injured person get better.

I can also share that a medical professional chosen by the customer – not ICBC – will determine the nature of an injury, and this will determine whether it falls under the definition of a minor injury. An injury initially diagnosed as minor may also be determined to become non-minor over time, based on the diagnosis by a medical professional.

British Columbia is the last Province in Canada to introduce some form of restriction on pain and suffering payouts for minor injuries. Other Provinces have made changes which have helped lower claims costs and insurance rates while improving care for the injured.

Prior to our government's actions, none of the actions ICBC could take within the auto insurance system in British Columbia would have closed the gap between the insurance premiums they collected and the cost of the claims they were paying out, which has contributed to rates going up every year. Only systemic changes, such as the reforms that we are implementing, will make a dramatic impact on keeping the cost of auto insurance down for British Columbians.

Please be assured, government continues to work and take the actions needed in order to help ensure ICBC is viable and efficient and the costs of vehicle insurance to British Columbians are both fair and reasonable.

I appreciate your taking the time to write.

Yours truly,

David Eby, QC
Attorney General

bc: ICBC Customer Relations

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s.22

Dear s.22

Thank you for your February 20, 2019 email, regarding the Insurance Corporation of British Columbia (ICBC). I am also in receipt of your February 20 and 21, 2019 emails addressed to Mr. Nicholas Simons, MLA for Powell River-Sunshine Coast. As the Minister responsible for ICBC, I welcome the opportunity to respond to your concerns.

At this time, our government does not have any plans to privatize ICBC or allow private insurance companies to sell the mandatory Basic insurance coverage. As ICBC provides Basic compulsory auto insurance coverage to all motorists in the province and handles vehicle licensing, they can ensure each vehicle has at least the minimum insurance before it is licensed for on-road use. This system has resulted in an extremely low rate of uninsured vehicles on British Columbia roads compared to other jurisdictions. It is also important to note that only the minimum Third Party Liability coverage is mandatory from ICBC. British Columbia residents are able to purchase Optional coverages, like excess Third Party Liability, Collision and Comprehensive insurance, from any private insurance company.

More information on ICBC auto insurance, including Basic Autoplan and Optional coverage products, can be found on ICBC's website at:

<https://www.icbc.com/autoplan/Pages/Default.aspx>.

I can assure you our government is taking a comprehensive approach to fixing ICBC's current financial situation. Changes have been made to make the injured customer ICBC's top priority and redirect payments away from expert and legal costs toward significantly enhancing the care and treatment to those who are injured in a crash. For example, we have significantly increased accident benefits for those injured in a crash from \$150,000 to \$300,000, and are implementing a \$5,500 limit on pain and suffering payouts for minor injuries and leveraging a new dispute resolution process for minor injury claims. Doctors, not ICBC, will be making the medical decisions. Once fully implemented, these changes are anticipated to deliver to ICBC \$1 billion in savings per year.

To be clear, the limit on pain and suffering payouts for minor injuries which will be introduced as of April 1, 2019, on any new claims, does not apply to major and catastrophic injuries, and is

separate from any treatment or benefits required for recovery. In addition, if the injury impacts your life for more than 12 months - for example, if you are still not able to go to work or school, have to modify your work hours or duties, or you are unable to care for yourself - it will no longer be subject to the limit on pain and suffering. In the case of concussions or mental health conditions, there will be no limit on pain and suffering if there is a significant impact beyond four months.

I can also share that a medical professional chosen by the customer - not ICBC - will determine the nature of an injury and this will determine whether it falls under the definition of a minor injury. An injury initially diagnosed as minor may also be determined by a medical professional to become non-minor over time.

In addition, ICBC will also pay more money per treatment so injured people should not be out of pocket. As well, more types of treatments will be covered, including acupuncture, chiropractic care, counselling, kinesiology, massage therapy, occupational therapy, and physiotherapy.

British Columbia is the last province in Canada to introduce some form of restriction on pain and suffering payouts for minor injuries. Other provinces have made changes which have helped lower claims costs and insurance rates, while improving care for the injured. None of the actions ICBC can take within the current auto insurance system in British Columbia will close the gap between the insurance premiums they collect and the cost of the claims they are paying out, which is contributing to rates going up every year. Only system changes will make a dramatic impact on keeping the cost of auto insurance down for British Columbians.

Claims are increasing and ICBC must be appropriately staffed to handle those claims, so there are no plans to reduce the size of ICBC's workforce. As a Crown Corporation, ICBC has an obligation to be fiscally responsible; at the same time and as with any employer, they must ensure employee compensation is set at appropriate and affordable levels. ICBC sets compensation within a framework established by government to maintain a competitive total compensation program with comparable external labour markets.

The escalating cost of injury claims is by far the single biggest pressure on ICBC's finances, having soared by 43 per cent in just five years. These costs are being driven by litigated injury claims, higher settlement demands and greater reliance on expert reports. ICBC does not involve lawyers on their own and only involves a lawyer in response to a legal action started by the injured party. Since March 2017, the dollar value of settlements demanded by plaintiff lawyers for litigated files has increased by 30 per cent. In addition, the average costs ICBC has had to pay to plaintiff lawyers for their disbursements has increased by 21 per cent this fiscal year to cover the increased use of medical reports to bolster their case.

Please be assured, ministry staff and I are working collaboratively with ICBC, the Ministry of Public Safety and Solicitor General, the Ministry of Transportation and Infrastructure, and the Ministry of Finance to explore and determine the actions needed in order to help ensure ICBC is viable and efficient and the cost of vehicle insurance to British Columbians is both fair and reasonable.

Thank you for writing.

Yours truly

David Eby, QC
Attorney General

pc: The Honourable Carole James

bc: ICBC Customer Relations

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