

Shortt, Amanda PREM:EX

From: Clark, Layne PREM:EX
Sent: Tuesday, February 6, 2018 9:19 AM
To: Lloyd, Evan GCPE:EX; Oreck, Mira PREM:EX; Dewar, Bob PREM:EX; Bain, Don PREM:EX; Sanford, Donna L GCPE:EX; Moran, Roseanne LASS:EX; Van Meer-Mass, Kate PREM:EX; Holmwood, Jen PREM:EX; McConnell, Sheena PREM:EX; Cavanagh, Judy PREM:EX; Meggs, Geoff PREM:EX; Hannah, Matt GCPE:EX
Cc: Aaron, Sage PREM:EX
Subject: FW: Release and Backgrounders
Attachments: NR - ICBC Product Changes - Feb6 -FINAL.docx; BK - ICBC Minor Injury Claims - 02FEB18 - DRAFT.DOCX; BK - ICBC enhanced accident benefits - 02FEB18 - DRAFT.DOCX

Information regarding today's AG announcement.

Thanks,

Layne

From: Smith, George AG:EX
Sent: Tuesday, February 6, 2018 9:04 AM
To: Clark, Layne PREM:EX; Aaron, Sage PREM:EX
Subject: Release and Backgrounders

NEWS RELEASE

For Immediate Release
[release number]
Feb. 6, 2018

Ministry of Attorney General

Government directs changes to make ICBC work for B.C. drivers again

VICTORIA — The B.C. government is directing changes for the Insurance Corporation of British Columbia (ICBC) to bring about an end to its financial crisis while keeping rates affordable for B.C. drivers, Attorney General David Eby announced today.

“ICBC was created to provide affordable insurance to all BC drivers but years of reckless decisions by the previous government have thrown the corporation into financial chaos,” said Eby. “Today we start making the tough decisions that will stem ICBC’s losses, keep insurance affordable and provide enhanced care for people injured in automobile accidents – we’re going to make ICBC work for people again.”

Today’s changes come in the wake of multiple revelations about harmful decisions and inaction by the previous government leading to ICBC projecting a 2017/2018 net loss of \$1.3 billion. B.C. drivers could face premium increases averaging \$400 or more if no action is taken.

“For too long, difficult decisions have been put off and growing financial problems at ICBC hidden from the public. The changes we’re initiating today will reduce ICBC’s claims costs by more than \$1 billion every year, helping make it sustainable for decades to come,” said Eby.

Taking effect April 1, 2019, the changes include:

- A new limit of \$5,500 on pain and suffering for minor injury claims, after the cost of those claims has increased 265% since 2000. B.C. is the last province in Canada to take this kind of action.
- The first major improvements in accident benefits in 25 years, dramatically increasing the care available for anyone injured in a crash, regardless of fault. The overall medical care and recovery cost allowance will be doubled to \$300,000. This change will be made retroactive to Jan. 1, 2018, so it will effectively be in place to protect injured drivers and passengers immediately. See more on this benefit below.
- An independent dispute resolution process for minor injury claims.

Together, these changes will reduce the amount ICBC spends on legal fees and expenses – which have grown to consume 24 percent of ICBC’s budget. The savings from this initiative, when coupled with other planned initiatives, will restore ICBC to financial sustainability and finance the planned accident benefit improvements.

Disputes over certain motor vehicle injury claims, including the classification of an injury, will be adjudicated by B.C.’s Civil Resolution Tribunal, an independent tribunal that already adjudicates strata and small claims disputes in the province.

“We’re putting ICBC’s priority back where it should be — providing fair, affordable rates for British Columbians, and giving drivers peace of mind with appropriate care if they are in a collision,” said Eby.

Eby also announced that ICBC will be consulting with customers on major revisions to the corporation's rate structure with the goal of ensuring good drivers pay less, and bad drivers pay more. The consultation will ensure rate structure changes are responsive to the interests of British Columbians and done with full transparency.

Additional Quotes:

"British Columbians can no longer afford to keep paying more and more for their auto insurance every year, and this is the decisive and immediate action which is needed to relieve the pressure on ICBC's rates," said Joy MacPhail, Chair, ICBC Board of Directors. "These changes make the injured customer our top priority, by redirecting payments away from legal costs into significantly enhancing the care and treatments for anyone who is injured in a crash."

"Unbelievably, accident benefits haven't been increased since 1991," said Giovanna Boniface, national director of professional affairs for the Canadian Association of Occupational Therapists. "B.C. occupational therapists have been helping injured drivers return to activities of daily living for decades and have seen declines in access to vital and necessary treatments for years. By raising the amount covered, and expanding the variety of treatments that are eligible, these changes will allow more people to have access to the treatment and adaptive equipment they need, thereby fostering quicker recovery and return to meaningful daily activities."

"Disability Alliance BC has been advocating for improvements to accident benefits for 12 years," said Executive Director Jane Dyson. "The doubling of the overall allowance for medical care and recovery is a significant improvement. We welcome these long overdue changes that will mean that people who are catastrophically injured in motor vehicle accidents have better supports available to help them rebuild their lives. Moving forward, DABC looks forward to continued dialogue with ICBC and government to help ensure that British Columbians accessing accident benefits receive the treatment and financial support they need."

Accident Benefit Details:

- Doubling the lifetime allowance for medical care and recovery costs for those catastrophically injured in a car accident from \$150,000 to \$300,000. Legislation will be introduced with the intention of making this benefit retroactive to Jan. 1, 2018, in order to start immediately helping seriously injured British Columbians.
- Covering a greater variety of treatment services.
- Significantly increasing the amount covered for treatments, so customers don't have to pay out-of-pocket.
- More than doubling wage loss payments to \$740 per week, almost doubling home support benefits to \$280 per week, tripling funeral cost coverage to \$7,500, and increasing death benefits to \$30,000.

Quick Facts:

- Injury claims totalled \$2.7 billion in 2016 – an increase of 80 percent in just the last seven years.
- The average claim paid out for minor injuries has risen from \$8,200 in the year 2000 to \$30,038 in 2016 – an increase of 265 percent.

- At the same time, the average pain and suffering awards paid out for minor injuries have risen from \$5,004 in 2000 to more than \$16,499 in 2016.
- Vehicle damage claims costs have increased 30 percent in just two years, to a total of \$1.5 billion in 2016 alone.
- Use of the CRT for minor injury dispute resolution means claimants who don't use a lawyer will get to keep their entire settlement rather than paying a portion of it to lawyer fees.
- The use of the CRT for these disputes will also reduce ICBC's legal costs, which account for 24 per cent of the corporation's total annual costs – greater than the cost of running ICBC.

Learn More:

ICBC icbc.com/change

B.C.'s Civil Resolution Tribunal civilresolutionbc.ca

Backgrounders on limits to minor injury claims and enhanced accident benefits are located here: [\[add newsroom link\]](#)

Media contacts:

Ministry of Attorney General
778 678-1572

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604 250-1155

Backgrounder 1:

Enhanced accident benefits

As of April 1, 2019, everyone injured in a crash will have access to greatly enhanced accident benefits that improve care and support for recovery.

More money for treatments

- The overall allowance for medical care and recovery expenses will double to \$300,000 from \$150,000 to better support those most catastrophically injured in a crash.
 - This includes necessary medical, surgical, dental, nursing or physical therapy services, as well as costs for chiropractic treatment, occupational therapy or speech therapy.
 - Legislation will be introduced to make this benefit retroactive so that it will apply to anyone injured in a crash on or after Jan.1, 2018 in order to start helping British Columbians sooner.
- Significantly greater treatment costs will be covered.
 - Customers will no longer be out-of-pocket for most expenses.
 - ICBC will pay more for treatments based on current fair market rates. These rates have not been updated since 1991.

More services covered

- More types of service providers will be covered by ICBC, so that customers have more choice about the treatments they are able to receive.
- Kinesiology, acupuncture, counselling and massage therapy visits will be added to the list of pre-approved services that already include doctor visits, physiotherapy, occupational therapy and chiropractic treatment.

Other enhancements

- Customers who are unable to work due to their injury will receive wage loss support of up to \$740 per week, a 147 per cent increase from \$300 per week. This will be indexed to keep up with the cost of living.
- If an injury prevents a customer from completing household tasks they are primarily responsible for (e.g. cooking, cleaning and other activities in the home), they will receive \$280 per week in homemaking benefits – a 93 per cent increase from \$145 per week.
- In the event of death, up to \$7,500 will be reimbursed for funeral costs – a 200 per cent increase from \$2,500; and, up to \$30,000 will be available in death benefits, up from the previous rate which ranged from \$17,580 - \$20,080.
- ICBC will review other accident benefits (funeral, homemaker, death and accident benefits limits) on an ongoing basis.

Backgrounder 2:

Limits to minor injury claims

Massive increases in injury claim costs and payouts are a primary cause of soaring costs at ICBC and the biggest pressure on insurance rates. In 2016, payouts for injury claims reached a record \$2.7 billion, an increase of 80 per cent or \$1.2 billion since 2009. The average claim paid out for minor injuries has risen from \$8,220 in 2000 to \$30,038 in 2016 – an increase of 265 per cent.

As of April 1, 2019, a \$5,500 limit will be applied to pain and suffering payouts for minor injuries in B.C. Any compensation provided by accident benefits, such as benefits for medical treatments, wage loss and home care support, is completely separate from pain and suffering.

Claims that have already occurred – or that occur between now and the implementation of the changes – will stay in the current system.

Drivers will have an option to purchase additional coverage for a higher limit in pain and suffering compensation. The limit would be set at \$75,000 and would cost approximately \$1,300 a year on top of the cost of their basic and other optional insurance. Charging for this optional coverage means the customers who stand to benefit from increased coverage will pay for it, rather than every B.C. driver.

Currently, customers not at-fault for a crash are usually paid an amount for pain and suffering, which is in addition to compensation provided by accident benefits that includes medical treatments, wage loss and home care support.

By introducing a limit to pain and suffering, along with other changes, ICBC will save more than \$1 billion in claims costs annually.

Minor injury definition

ICBC will develop a clear, legal definition of what constitutes a minor injury in B.C. The new legal definition will include things like sprains, strains, mild whiplash, cuts and bruises, anxiety and stress from a crash. It does not include broken bones, brain injuries (concussions) or other more serious impairments.

A medical professional – 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.

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

New dispute resolution model for minor injury claims

As of April 1, 2019, the Civil Resolution Tribunal (CRT) will resolve certain disputes concerning motor vehicle injury claims.

These adjudicators are independent of ICBC and will provide fair, fast resolution, without requiring the involvement of a lawyer. Currently, the CRT aims to resolve claims in 60-90 days, on average, whereas the average legal claim with ICBC can take up to 30 months.

The CRT currently helps people resolve strata and small claims disputes quickly and affordably. It also encourages a collaborative approach to dispute resolution and is available 24/7.

Hendry, Jackie PREM:EX

From: Arora, Jasleen MCF:EX
Sent: Thursday, February 22, 2018 11:15 AM
To: LP Executive Assistants
Subject: TLABC Issues Summary
Attachments: Briefing document - TLABC Issues summary - caucus.docx

Hi everyone,

The attached TLABC Issues Summary has been sent out by Susan to CAs. I wanted to ensure you all have it on hand as well.

Best,
Jasleen

Jasleen Arora
Executive Assistant to the Honourable Minister Eby | Ministry of the Attorney General
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