

## OOP FOI PREM:EX

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**From:** Howlett, Tim GCPE:EX  
**Sent:** December 12, 2019 3:40 PM  
**To:** Holmwood, Jen PREM:EX; Aaron, Sage PREM:EX; Smith, George PREM:EX; McKinnon, Michael PREM:EX  
**Subject:** FW: Premier leaving today  
**Attachments:** 2019.12.13 Issues Scan - Year End Media.docx

Updated scan for tomorrow's interviews

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**From:** Howlett, Tim GCPE:EX  
**Sent:** Thursday, December 12, 2019 3:40 PM  
**To:** Hagglund, Jarrett PREM:EX <Jarrett.Hagglund@gov.bc.ca>  
**Subject:** RE: Premier leaving today

tada

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**From:** Hagglund, Jarrett PREM:EX <Jarrett.Hagglund@gov.bc.ca>  
**Sent:** Thursday, December 12, 2019 3:13 PM  
**To:** Howlett, Tim GCPE:EX <Tim.Howlett@gov.bc.ca>  
**Subject:** Premier leaving today

FYI he is going to be leaving after his interview that ends at 4:15pm.

Hope we can make that work.

Jarrett

Jarrett Hagglund | Executive Coordinator to the Premier  
Office of the Premier  
Office: 236-478-1561 | Cell: 604-817-1458  
[Jarrett.Hagglund@gov.bc.ca](mailto:Jarrett.Hagglund@gov.bc.ca)

## **Issues Scan**

December 13

### **Year End Media Interviews**

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## ICBC - Rate Application Delay

### Background:

- The Attorney General announced on Dec. 12 that government is directing a delay in ICBC's 2020 basic rate application to the BCUC.
- ICBC will now have until February 16, 2020 to make their application.
- Q2 results showed ICBC is projected to lose \$91 million this year, up from \$50 million in Budget 2019 projections.
- Media reported widely that the \$91 million did not include the costs related to the Crowder court decision. Those costs have not been finalized, though the Finance Minister has said that \$400 million is a "worst case" scenario.
- The Attorney General has said he'll be introducing legislative changes in the spring to limit the number of expert reports in motor vehicle litigation to help mitigate the impacts of the Crowder decision - while leaving room for judicial discretion.

### Message:

- The mess the old government left at ICBC is incredibly frustrating for people in B.C. and it is frustrating for me.
- We're working very hard to clean it up.
- There's more to do, but the numbers we're seeing today are a far cry from the billions in losses under the old government.

s.13

s.13

We're going to keep working to clean up their mess and make auto insurance rates more affordable for all drivers in B.C.

### *Are you concerned that the rate application is delayed?*

- Not at all. The Attorney General has said many times that they're still doing a lot of financial analysis around the amount of savings we can expect from the legislation we'll be bringing in in the spring to respond to the Crowder decision.
- Until that analysis is finished, we can't responsibly ask ICBC to put forward its 2020 rate application based on an incomplete financial picture.

(cont...)

*Are you worried that impacts of the Crowder decision will push your next budget into the red?*

- The Attorney General is going to be bringing in changes this Spring to help offset the impacts of the Crowder decision. There's more work to do to put a number to that.
- But the old government's mess at ICBC is also one of the reasons Minister James has built prudence into the budget.

*You've said that all options are on the table. Are you contemplating no-fault?*

- I've said before that people are still paying too much for auto insurance.
- We know we need to keep finding ways to bring auto insurance premiums down and support people injured in crashes.
- Part of that is to make sure we get the issue of expert reports right. We've been focused on the Crowder decision, and it's still our focus right now going into the Spring.

## OOP FOI PREM:EX

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**From:** Howlett, Tim GCPE:EX  
**Sent:** December 11, 2019 3:56 PM  
**To:** Holmwood, Jen PREM:EX; Aaron, Sage PREM:EX; Smith, George PREM:EX; McKinnon, Michael PREM:EX  
**Subject:** FW: scan  
**Attachments:** 2019.12.12 Issues Scan - Year End Media.docx

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**From:** Howlett, Tim GCPE:EX  
**Sent:** Wednesday, December 11, 2019 3:56 PM  
**To:** Hagglund, Jarrett PREM:EX <Jarrett.Hagglund@gov.bc.ca>; Nash, Amber PREM:EX (Amber.Nash@gov.bc.ca) <Amber.Nash@gov.bc.ca>  
**Subject:** scan

Tim Howlett  
Executive Director of Issues Management  
250.208.4828

## **Issues Scan**

December 12

Year End Media Interviews

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## ICBC - Rate Application Delay

### Background:

- The Attorney General will be announcing at 10AM on Dec. 12 that government is directing a delay in ICBC's 2020 basic rate application to the BCUC.
- ICBC will now have until February 16, 2020 to make their application.
- Q2 results showed ICBC is projected to lose \$91 million this year, up from \$50 million in Budget 2019 projections.
- Media reported widely that the \$91 million did not include the costs related to the Crowder court decision. Those costs have not been finalized, though the Finance Minister has said that \$400 million is a "worst case" scenario.
- The Attorney General has said he'll be introducing legislative changes in the spring to limit the number of expert reports in motor vehicle litigation to help mitigate the impacts of the Crowder decision - while leaving room for judicial discretion.

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We're going to keep working to clean up their mess and make auto insurance rates more affordable for all drivers in B.C.

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- Until that analysis is finished, we can't responsibly ask ICBC to put forward its 2020 rate application based on an incomplete financial picture.

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*You've said that all options are on the table. Are you contemplating no-fault?*

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- We know we need to keep finding ways to bring auto insurance premiums down and support people injured in crashes.
- Part of that is to make sure we get the issue of expert reports right. We've been focused on the Crowder decision, and it's still our focus right now going into the Spring.



## OOP FOI PREM:EX

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**From:** Marriott, Sarah GCPE:EX  
**Sent:** December 10, 2019 4:46 PM  
**To:** Smith, George PREM:EX; Howlett, Tim GCPE:EX  
**Subject:** RE: FOR REVIEW: Draft MDE statement (before 4:30 if possible)

Happy to give you a full update if you come down or give me a ring – but we seem to have settled on our advice to MDE being on NO province-wide statement, but proactively sending the statement to a limited number of folks, likely gallery and a couple Vancouver folks. (Basically – trying to just reach journos who know Dec is rate filing time and are expecting it)

We decided we'd all have a quick huddle tomorrow to finalize exactly what we do.

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**From:** Smith, George PREM:EX  
**Sent:** December 10, 2019 4:23 PM  
**To:** Marriott, Sarah GCPE:EX ; Howlett, Tim GCPE:EX  
**Subject:** RE: FOR REVIEW: Draft MDE statement (before 4:30 if possible)

This would be a proactive statement then?

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**From:** Marriott, Sarah GCPE:EX <[Sarah.Marriott@gov.bc.ca](mailto:Sarah.Marriott@gov.bc.ca)>  
**Sent:** December 10, 2019 4:05 PM  
**To:** Smith, George PREM:EX <[George.Smith@gov.bc.ca](mailto:George.Smith@gov.bc.ca)>; Howlett, Tim GCPE:EX <[Tim.Howlett@gov.bc.ca](mailto:Tim.Howlett@gov.bc.ca)>  
**Subject:** FOR REVIEW: Draft MDE statement (before 4:30 if possible)

Hi George and Tim H.,

Jeff and Tim C. are meeting with MDE at 4:30 to discuss comms.

Are you broadly ok with the approach on the attached statement?

If so, we'll send to program area for approval, before sending to MDE for sign off.

Sarah Marriott  
Issues Manager  
250.361.8416

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## STATEMENT

For Immediate Release  
[release number]  
Dec. 12, 2019

Ministry of Attorney General

### **Attorney General's statement on ICBC's basic rate application timeline**

VANCOUVER – Attorney General David Eby has issued the following statement on ICBC:

“After years of the old government’s bad choices at ICBC, our government believes that ICBC premiums are already unaffordable for many British Columbians and we need to keep working to drive rates down.

“Right now, we’re continuing with the necessary financial analysis to help us understand the amount of savings we can expect from our plan to respond to the Crowder decision by bringing in limits on expert reports in the new year.

As a result, government has directed a delay in ICBC’s rate application until February.

“Until that financial analysis is finished, we cannot responsibly ask ICBC to put forward its 2020 rate application based on an incomplete financial picture.

We continue to work to clean up the old government’s mess at ICBC and make auto insurance rates more affordable for drivers in B.C.

**Contact:**

Ministry of Attorney General  
Media Relations  
778 678-1572

## OOP FOI PREM:EX

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**From:** Chu, Timothy GCPE:EX  
**Sent:** December 11, 2019 4:04 PM  
**To:** Smith, George PREM:EX; Marriott, Sarah GCPE:EX; Harder, Derrick AG:EX; Groot, Jeff GCPE:EX  
**Subject:** Products for Rate Application  
**Attachments:** QA - ICBC Basic Rate Application 2020\_FINAL MO.docx; STMT - ICBC Basic Rate Application\_11 Dec 19\_V5.docx

Hey folks,

Here are the products for rate application.

We had discussed distributing it to the Gallery in person. Wanted to touch base to see who wants to do that. I have no concerns doing it—just let me know if you folks think I'm the best person to do it.

Alternatively, we could also just send it electronically to the Gallery and leave it. We currently have a slot for 10am.

Let me know.

In any case, this will be posted online.

Cheers,

T

**ICBC Basic Rate Application 2020  
Questions & Answers**

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**1. Why are you directing a deferral?**

- Right now, we're continuing with the necessary financial analysis to help us understand the amount of savings we can expect from our plan to respond to the Crowder decision by bringing in limits on expert reports in the new year.
- Until that financial analysis is finished, we will not ask ICBC to put forward its 2020 rate application based on an incomplete financial picture.
- I expect to have more detail in February, about the corporation's basic insurance rate that will take effect Apr. 1, 2020.

**2. What was ICBC's deadline to file a rate application and what will it be now?**

- ICBC is required to file a basic rate application by Dec. 15 each year.
- With this deferral, the deadline for ICBC to file its rate application will be February 2020. ICBC also has to file a compliance report as part of this process.

**3. Isn't there a rate smoothing model forecast requirement? What rate does the rate smoothing model forecast for 2020?**

- This year, I am directing a delay to ICBC's basic insurance rate application for further financial analysis to be done.
- In general, rate smoothing limits the basic rate changes to be within 1.5 percentage points of the prior year's rate, whether as an increase or decrease.
- Last year's rate was 6.3%, so under rate smoothing, the 2020 rate would have been anywhere between 4.8 and 7.8%.
- But I will not ask ICBC to put forward its 2020 rate application based on an incomplete financial picture.

**4. When ICBC does file in February, the minimum increase we might see for 2020 is 4.8%?**

- Not necessarily.
- There is some discretion for rates outside of the rate smoothing model but, as I have said, we're continuing the necessary financial analysis.
- We won't ask ICBC to put forward its rate application based on an incomplete financial picture.

**5. What are the chances of a zero% (no) increase to basic rates next year?**

- It's too early to say, as we still need to do further financial analysis.
- My goal has always been to bring ICBC back on a stable financial footing and find ways to make rates more affordable.

**6. Have there been other times where ICBC has delayed its filing?**

- Yes, one example is in 2015 when ICBC had started its application that was due August 31st, but didn't file the full application until October 15th.

**7. How much money will ICBC lose as a result of this rate deferral?**

- This deferral doesn't change ICBC's financial situation as the rate application wouldn't take effect until April 1, 2020, regardless of whether there was a deferral or not.

**8. What about optional rates?**

- Those are set by ICBC and are not part of the basic rate application, as it does not require the BC Utilities Commission's approval.

**9. Will you still consider no-fault insurance as an option?**

- I've said previously that people are still paying too much for auto insurance.
- We know we need to keep finding ways to bring auto insurance premiums down and support people injured in crashes, and we continue to implement and explore ways to make that happen.
- Part of that is first making sure we get the issue of expert reports right and to that end, we intend to introduce legislation this spring with proposed changes to the Evidence Act.

-END-

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## STATEMENT

For Immediate Release  
[release number]  
Dec. 12, 2019

Ministry of Attorney General

### **Attorney General's statement on ICBC's basic rate application timeline**

VANCOUVER – Attorney General David Eby has issued the following statement on ICBC:

“After years of the previous government’s mismanagement of ICBC, British Columbians are paying too much for car insurance. We have much work ahead to get these costs down for families.

“As a result, government has directed a delay in ICBC’s rate application until February in order to do the necessary financial analysis of two sets of planned reforms currently underway to help reduce costs, and by extension, car insurance rates.

“First, we are working on reforms to respond to a recent court decision striking our limit on expert reports and associated costs. Second, we are working on additional reforms in the tort system that will help to reduce costs and have a positive impact on any required rate changes.

“We will not ask ICBC to put forward a 2020 rate application based on an incomplete financial picture. Instead, we will wait until that work is complete to ensure any rate changes are based on the actual costs anticipated in the year ahead.”

**Contact:**

Ministry of Attorney General  
Media Relations  
778 678-1572