



January 13, 2017

The Ministry of Transportation and Infrastructure met with representatives from the taxi industry to discuss taxi insurance in BC and identify potential areas of improvement.

Attendees:

- British Columbia Taxi Association
- Vancouver Taxi Association
- Greater Victoria Taxi Association
- Ministry of Transportation and Infrastructure

Meeting Summary

Overall, taxi company representatives shared that they value the provincial ICBC model and services. The following is a high-level summary of the major themes identified as areas of improvement.

Downtime

Representatives indicated that the most significant issue facing the taxi industry with respect to insurance (and the ICBC claims process) is when a vehicle is off the road. Concerns were expressed with current compensation for downtime (when the taxi is not at fault), and the fact that downtime is currently compensated at the same rate across the province. Representatives have provided ICBC with downtime costs/expenses, and have requested a review of downtime compensation, and are waiting for a response and further dialogue with ICBC on the matter.

Issues were also raised with the length of time ICBC gives a taxi company (six days) to operationalize a vehicle after the vehicle has been involved in a motor vehicle incident. Representatives expressed that six days is not enough time as there can be unanticipated and anticipated delays in the repairs. For example, there is only one accredited company that can fit accessible vehicles, there can be delays in receiving car parts or the right paint color may not be available. Representatives requested a review of the six day timeline.

Express (Valet) repair shops can provide claims estimating services, whereas Base (non-Valet) shops must rely on ICBC Claims staff to provide an estimate. Taxi companies tend to use Base repair shops where their vehicles are fitted, as these repair shops have most major vehicle body parts stocked at all times. This means that they must go through ICBC for an estimate, and representatives expressed concern with the added time this requires.

Taxi Rate Class Setting

There are currently four taxi rate classes in the Lower Mainland. One representative indicated that taxi rate classes should be different in smaller more rural communities where the risk is lower, but suggested that the Lower Mainland rate classes could be reviewed and harmonized.



Vehicle Depreciation & Write Offs

Representatives indicated that the average life-cycle of a taxi vehicle is six to seven years, and ICBC depreciates a vehicle at 2%/month. Concern was expressed with the depreciation rate, and with an increase in the number of vehicles being written off due to the cost of repairs in relation to the depreciated value of the vehicle.

Customer Service

Representatives indicated that recent system changes have changed the ICBC single point of contact for the taxi industry when submitting a claim. It was suggested that consideration be given to dedicated adjusters who know the taxi industry.

Forward Facing Cameras (Dash cameras)

There is a desire among the industry to allow forward facing cameras in vehicles to eliminate the uncertainty of fault in motor vehicle incidents and to increase driver and passenger safety. The taxi industry is prohibited from using these cameras by current provincial privacy laws. Representatives requested further work and consideration by the province to allow this technology in taxi vehicles.

Transparency

ICBC's Vehicle Damage Manual contains important information pertaining to the taxi industry, which has not been widely publicized by ICBC. Taxi representatives expressed concerns with the lack of transparency of this information to new managers.

Out of Province Claims

Taxi representatives expressed a lack of consistency in dealing with motor vehicle incidents with out of province vehicles. Representatives also expressed concern that they do not receive downtime on incidents that involve out of province vehicles.

Forward Collision Avoidance Technology

The BC Taxi Association indicated that it was in the process of negotiating the installation of the FCAT technology. Other representatives noted that current uncertainty in the passenger transportation industry makes it difficult to consider asking or mandating its drivers to invest at this time.

ICBC Coverage

Taxi representatives expressed a significant level in trust in terms of ICBC coverage, and have confidence that their vehicles and operators are appropriately covered in the event of an accident. At least one representative cited choosing ICBC for their Optional coverage, even though they received a lower quote from a private insurance company.

Next Steps

- MoTI will provide taxi representatives with a summary of the January 9, 2017 meeting.
- MoTI will review the items raised at the January 9, 2017 meeting with ICBC, and schedule a follow-up meeting with taxi representatives.
- MoTI/ICBC would like to meet with taxi representatives the afternoon of January 18, 2017 in Vancouver (meeting details to follow).

Brownsey, Silas TRAN:EX

From: Tupper, Chris <Chris.Tupper@icbc.com>
Sent: Tuesday, February 28, 2017 6:32 PM
To: Brownsey, Silas TRAN:EX
Subject: Purchase of FCAT for all Taxis in British Columbia

Hi Silas:

Please see below some high level consideration points around purchasing of FCAT for all Taxi's in the province. Please note there are a number of assumptions in the document and the numbers provided are approximations only. At the bottom of the document are some key considerations. Total cost for all taxis in BC is \$2.1 to \$3.6 million.

Best - Chris

Installation of Crash Avoidance Technology in Taxis

Assumption: Cost to install Forward Crash Avoidance Technology (FCAT) would be covered for all vehicles used as taxis in British Columbia. Or if preferred, the Lower Mainland.

Background

Taxi fleets present a high cost to the Basic rate scheme in B.C. FCAT technology has proven that it works in reducing front-end crashes. Taxis have a high frequency of front-end crashes. By paying for the purchase and implementation of this technology, this initiative is designed to accelerate adoption of the technology into their fleet.

There are approximately 90 Taxi fleet operators in the Province representing approximately 3,000 taxis. This includes approximately 2,000 in the Lower Mainland, 500 on Vancouver Island and 500 throughout the remainder of British Columbia.

Anticipated Benefits

It is anticipated that with the use of FCAT, the province will see an improvement in overall road safety, fewer collisions and injuries, and ultimately, reduced claims costs (combined Basic and Optional). Over a five year period, ICBC could see a potential at-fault front-end crash savings of over \$13 million if FCAT is installed in all vehicles in all taxi fleets across the Lower Mainland and approximately \$17 million if installed in every vehicle used as a taxi in B.C.

Customer impacts

Taxi operators would realize an immediate benefit of installing the FCAT units. They would no longer incur as many deductible and down-time costs, as the number of crashes experienced would be significantly reduced. In addition, having fewer crashes would result in a higher Fleetplan discount and lower premiums over time.

Implementation Considerations

Eligibility:

ICBC's goal is to have FCAT installed in all vehicles, used as taxis, in British Columbia. This is being considered for traditional taxis only, not TNCs. We recognize smaller communities experience less congestion and a lower crash frequency rate, therefore individual owner/operators and small fleets located within these smaller jurisdictions are unlikely to realize the reduction in crashes required to justify the technology installation.

Anticipated Costs:

For the purposes of this discussion, it is assumed Taxi operators would not be responsible for the costs associated with implementing the FCAT units.

In 2014 as part of the pilot project ICBC was able to obtain a per unit price of **s.17** including installation. **s.17**
s.17

s.17

Procurement:

It remains ICBC's preference not to recommend a hardware or installation vendor, thereby providing taxi fleets with a choice in vendor selection. If, however ICBC became involved in the procurement process, the taxi industry could potentially seek to recover from the Corporation should installation and/or warranty issues arise.

Decision Considerations:

Directly below are additional factors requiring analysis prior to proceeding with the option of covering the implementation of the FCAT technology.

- If the implementation cost is covered for the Taxi industry what does that mean for non-taxi rate classes? Other industries may wish to participate and may expect subsidization.
- What is the capacity for installation and expected timeline - Are there currently enough vendors available across the province with the expertise to install the FCAT technology? If not, does the Corporations have a role in training additional vendors?
- Who bears the cost when new vehicles are added to the fleet? Is this a one-time agreement or will the cost continue to be absorbed until the technology is standard in every vehicle?
- How will possible changes to number of taxis and full time vs peak demand period be handled?
- How are taxis with relatively short remaining life expectancy and temporary substitute vehicles going to be handled?
- Prioritization – who gets technology first?

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The Ministry of Transportation and Infrastructure and the Insurance Corporation of BC met with representatives from the taxi industry to continue the discussion of taxi insurance and taxi claims handling in BC, and identify ways to move forward with the priority areas identified on January 9, 2017.

Attendees:

- British Columbia Taxi Association (BCTA)
- Vancouver Taxi Association (VTA)
- Greater Victoria Taxi Association (GVTA)
- Ministry of Transportation and Infrastructure (MoTI)
- Insurance Corporation of BC (ICBC)

Meeting Summary

ICBC Customer Service

ICBC met with the taxi industry in April 2016, and as a result of this meeting ICBC made changes to remove unnecessary administrative delays, including delays on weekends in claims services. It is understood that the taxi industry is overall good with ICBC's claims services and appreciative of the recent improvements such as email claims submission and expansion of the dedicated adjusting model for all taxi claims, however from time to time concerns do arise. ICBC has asked that taxi representatives connect directly with Alex Jansen, on an as needed basis so that ICBC can continue to assess and address any ongoing issues with service.

Estimate Handling & Express / Base Repair Shops

There are over 500 express repair shops across the province compared to 90 independent 'base-level' repair shops. Some taxi representatives expressed concerns regarding some express shops not giving taxi vehicles priority service, and as a result, they tend to use the non-express shops (adding an extra step of having to have an estimate completed at an ICBC Claims Centre, which increases the cycle time). As a potential solution to the cycle time, taxi representatives inquired if quasi-express shops could be utilized for minor damage, specifically in cases where cars are still driveable. ICBC has concerns with a potential quasi-express program, however, has committed to follow-up on the concern with respect to cycle-time for base shops. ICBC also committed to reaching out to the non-express repair shop used by the VTA to see if there are any opportunities / get a better understanding of the barriers of this shop becoming an Express repair shop. ICBC proposed a solution in their January 26, 2017 letter to the industry.

ICBC will increase available appointment times for taxis at the 5th and Cambie Claims Centre in Vancouver, will continue to monitor cycle time to ensure timely service.

Downtime Compensation

Compensation for downtime is a known issue and was acknowledged by ICBC. Downtime compensation is provided when the taxi is not responsible for the crash and compensates for their loss of business income. Clarity was provided on the financial details from the taxi industry and a decision on this matter will be provided within 60 days of the January 18, 2017 meeting. *Note: Decision was communicated to industry representatives on February 14, 2017.*



When the vehicle is a total loss and must be replaced, ICBC pays downtime for a reasonable timeframe (~10 days) to purchase a new vehicle. Taxi representatives expressed concerns with how *reasonable* was quantified at 10 days. ICBC committed to reviewing the 10 day turnaround of total loss vehicles within 60 days of the January 18, 2017 meeting. For instances where the downtime rate has not been applied accurately, taxi representatives were asked to connect directly with Alex Jansen.

Forward Facing Dash Cameras

ICBC welcomes information in any form that helps in assessing liability. The inability for the taxi industry to use forward facing dash cameras is a restriction enforced through the Passenger Transportation Board. The Ministry of Transportation and Infrastructure has committed to look into this matter and encourages the taxi industry to continue their work with the PT Board through the Passenger Directed Vehicle Advisory Committee (PDVAC), as the PT Board regulates this area.

Vehicle Value and Depreciation

ICBC is reviewing the vehicle and value depreciation model and has committed to completing a review by September 2017. In the interim, should there be disagreement regarding vehicle value ICBC has identified Kevin Lauguico as the industry line of communication.

Transparency

ICBC and taxi representatives acknowledge opportunity to open lines of communication by having more regular meetings and providing points of contact. A taxi representative requested the use of a dashboard.

At Fault Vehicles

ICBC does not have the authority to recover downtime costs for taxi vehicles that are in motor vehicle incidents with out of province/state vehicles. This leaves the taxi industry to deal with the issue directly. The issue arises when dealing with various third party insurers in claims from out of province/state.

Customer Service and Other Opportunities

It was noted that to continue to look for efficiencies and potential product gaps, it is important for the taxi industry and ICBC to work collaboratively. In support of this, ICBC is focused on ensuring claims and customer services, and insurance products continue to meet the needs of the industry.

Next Steps

- MoTI will provide taxi representatives with a summary of the January 18, 2017 meeting.
- MoTI will reach out to the taxi industry to schedule a follow up meeting, if required.
- ICBC followed up with the taxi industry on some of the short-term issues and solutions, letter dated January 26, 2017

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