

**A COMPILATION OF SEVEN YEARS OF ICBC OPERATIONAL DATA TO 2020/21**

For an important Crown corporation, with over \$6.2 billion in revenue and investment income, ICBC does a poor job of informing the public about the operation of its monopoly Basic insurance program and provides practically no information about its near-monopoly Optional program. Neither the corporation's annual report nor its three-year service plan provides the reader with service (quantitative) measures, and the few performance (qualitative) measures provided are abstracted to the corporate level.

The writer has attempted to fill the ICBC information gap by compiling and posting multi-year statistical summaries in September 2019,<sup>1</sup> while Occasional Paper 74a covers the period 2013 to 2019/20.<sup>2</sup> This new summary extends most of the data series using actual data for the 2020/21 fiscal year, including information recently obtained from ICBC through a Freedom of Information request (FOI).

**Information on Data Sources**

Most of the key financial information was provided by ICBC in its annual reports, while service and performance measures to 2019/20 were provided in response to specific questions by BCUC staff or interveners during the 2019 and

---

<sup>1</sup>  
[https://www.bcpolicyperspectives.com/media/attachments/view/doc/occasional\\_paper\\_no\\_79\\_icbc\\_stats\\_15\\_december\\_2021\\_10/pdf/occasional\\_paper\\_no\\_79\\_icbc\\_stats\\_15\\_december\\_2021\\_10.pdf](https://www.bcpolicyperspectives.com/media/attachments/view/doc/occasional_paper_no_79_icbc_stats_15_december_2021_10/pdf/occasional_paper_no_79_icbc_stats_15_december_2021_10.pdf)

<sup>2</sup>  
[https://www.bcpolicyperspectives.com/media/attachments/view/doc/occasional\\_paper\\_no\\_74a\\_icbc\\_stats\\_3\\_may\\_2021/pdf/occasional\\_paper\\_no\\_74a\\_icbc\\_stats\\_3\\_may\\_2021.pdf](https://www.bcpolicyperspectives.com/media/attachments/view/doc/occasional_paper_no_74a_icbc_stats_3_may_2021/pdf/occasional_paper_no_74a_icbc_stats_3_may_2021.pdf)

2021 Basic rate application reviews. These data would have been updated with the actual 2020/21 data during the 2023 rate request, but the government decided to have ICBC file a 23-month “policy year” request, therefore the 2020/21 data was not available when the review concluded.

Certain actual claims results for fiscal year 2019/20 was provided in response to Freedom of Information requests, and were later included in responses to requests made in the BC Utilities Commission’s 2021 rate review. In 2020, ICBC initially requested a payment of \$480 for the actual data, but agreed to waive the fee as it agreed that the release of the data was in the public interest. However, in September 2021 ICBC rejected a request to waive a \$180 dollar fee for the same information ( FIO file CFT 315501) for 2020/21 based on the assertion that public interest in ICBC matters had waned.

The public auto insurer reversed its initial decision after the matter was referred to the Office of the Information and Privacy Commissioner. This summary replaces Occasional Paper No. 79.

ICBC produces a report entitled “Basic Insurance Information Sharing” which provides some detailed information on the Basic program.<sup>3</sup> ICBC also has statistical information on its corporate website.<sup>4</sup>The data is of most benefit to those who are interested in crash information.

This paper attempts to fill the ICBC information/accountability gap. The data provided are primarily quantitative measures, although some qualitative measures are also available. The information is grouped as:

1. The Auto Insurance Market – driver’s licences and policies sold
2. Financial Summaries – revenue, expenditure, net income, etc.
3. Claims Information – number, type, representation status, etc.
4. Cost of Claims – by program and type of claim

---

<sup>3</sup> <https://www.icbc.com/about-icbc/company-info/Documents/bcuc/Basic-insurance-information-sharing.pdf>

<sup>4</sup> <https://www.icbc.com/about-icbc/newsroom/Pages/2020-july28.aspx>

## 1.0 THE AUTO INSURANCE MARKET

This section reviews the number of annual drivers licenses, and the number of policies purchased, both for the compulsory Basic coverage and for the additional Optional coverage.

Table 1.1 shows that by 31 December 2020 some 3.6 million people held a drivers license, with an annual average increase during the last three years of 1.5%. Individuals with a licence to drive do not necessarily insure a vehicle.

### 1.1 – ACTIVE DRIVER’S LICENCES (ooo’s)

	2014	2015	2016	2017	2018	2019	2020
DRIVER’S LICENCES	3,280	3,360	3,420	3,485	3,535	3,595	3,645
% Change	0.6	2.4	1.8	1.9	1.4	1.7	1.4

Source: <https://public.tableau.com/app/profile/icbc/viz/QuickStatistics-ActiveDrivers/ActiveBCDriversLicencesbyRegion>

Table 1.2 shows the actual number of Basic insurance policies (policies earned) for personal use (excluding off road vehicles) and commercial use (excluding trailers) vehicles for the period 2013 to 2017/18. The number policies for Optional insurance are estimated by the writer as ICBC does not provide this information to the public. The rate of increase in the annual number of policies earned increased faster than the growth in the number of drivers licenses during this period.

### 1.2 – WRITTEN FTE POLICIES SOLD/EARNED (excluding off road vehicles and trailers)

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
BASIC PERSONAL	2,893.8	2,961.1	3,023.7	3,077.4	3,074.4	3,152.3
% Change	2.4%	2.3%	2.1%	1.8%	(0.1)%	2.5%
BASIC COMMERCIAL	237.8	246.3	254.9	264.0	265.3	274.0
% Change	3.5%	3.6%	3.5%	3.6%	0.5%	3.3%
BASIC TOTAL	3,131.6	3,207.4	3,278.6	3,341.4	3,339.7	3,426.3

% Change	2.5%	2.5%	2.2%	1.9%	(0.1)%	2.6%
OPTIONAL -- % of BASIC PERSONAL (est.)	86.4%	86.8%	85.0%	85.0%	85.0%	85.0%
Estimated Number	2,460.0	2,570.0	2,570.0	2,616.0	2,616.0	2,679.5
% Change	2.5%	4.5%	0%	2.6%	0%	2.4

Source: Basic 2020/21 from FOI request CFT315501; earlier data from RRA 2021, Chapter 3, figures B.0.2 and B.0.3 [https://www.bcuc.com/Documents/Proceedings/2020/DOC\\_60191\\_B-1-ICBC-2021-Revenue-Requirements-Application.pdf](https://www.bcuc.com/Documents/Proceedings/2020/DOC_60191_B-1-ICBC-2021-Revenue-Requirements-Application.pdf) (pdf 132); Optional percentage from rate requests; 2017 from RRA2019 p. 83-3, 2016 from RRA2017 p. 6B.4, 2015 from RRA2016 p. 6.3 and 2015 from RRA2015 p. 5.4, based on number of responses from those who did or did not purchase Optional insurance.

Tables 1.3 and 1.5 show the number of written exposures (policies) by major age group of the policyholder. Those aged 65 and older are the fastest growing demographic, rising from 16.6% of earned policies in 2010 to 22.8% in 2019/20. Those under 25 dropped from 6.2% of exposures in 2010 to 5.1% in 2019/20.

### 1.3 – PERSONAL WRITTEN EXPOSURES by POLICYHOLDER (Principal Operator) AGE (000's)

	<b>Under 25</b>	<b>25-39</b>	<b>40-64</b>	<b>65 Plus</b>	<b>Total</b>
<b>2010</b>	158.0	588.7	1,380.8	423.7	2,551.2
<b>2014</b>	158.6	608.8	1,413.8	522.3	2,700.5
<b>2017/18</b>	153.0	665.4	1,466.8	639.6	2,924.8
<b>2019/20</b>	155.5	721.4	1,494.4	699.3	3,070.5
<b>% Change</b>	(1.6)	22.5	8.2	65.0	20.4

Source: For 2010 and 2014 are from RRA2015, IR2, RM 4.2-3 (pdf 418/449) [https://www.bcuc.com/Documents/Proceedings/2016/DOC\\_45605\\_B-11\\_ICBC-IR-Response.pdf](https://www.bcuc.com/Documents/Proceedings/2016/DOC_45605_B-11_ICBC-IR-Response.pdf) and for 2017/18 from RRA2019, IR1, RM 3.12 (pdf 794/1357) [https://www.bcuc.com/Documents/Proceedings/2019/DOC\\_53549\\_B-2-ICBC-Responses-to-BCUC-Intervener-IR1.pdf](https://www.bcuc.com/Documents/Proceedings/2019/DOC_53549_B-2-ICBC-Responses-to-BCUC-Intervener-IR1.pdf) and [https://www.bcuc.com/Documents/Proceedings/2021/DOC\\_62143\\_B-6-ICBC-Responses-to-Intervener-IRs-No1.pdf](https://www.bcuc.com/Documents/Proceedings/2021/DOC_62143_B-6-ICBC-Responses-to-Intervener-IRs-No1.pdf) pdf 665/720.

**1.4 – RATIO of BASIC PERSONAL WRITTEN EXPOSURES by POLICYHOLDER  
(Principal Operator) AGE**

	<b>Under 25</b>	<b>25-39</b>	<b>40-64</b>	<b>65 Plus</b>	<b>Total</b>
<b>2010</b>	6.2	23.1	54.1	16.6	100.0
<b>2014</b>	5.9	22.4	52.4	19.3	100.0
<b>2017/18</b>	5.2	22.7	50.2	21.9	100.0
<b>2019/20</b>	5.1	23.5	48.7	22.8	100.0

Source: Table 1.4.

**2.0 FINANCIAL SUMMARIES**

ICBC produces a significant amount of financial information at the corporate level in its annual reports, but not at the program level. Only one summary shows revenue and expenditures separated between the compulsory Basic monopoly program, the Optional program, and the Non-Insurance program. These tables summarize seven years of financial data for certain key indicators.

ICBC’s finances recorded a significant positive turnaround in 2020/21 compared to the prior three years. The change from a full tort to a hybrid-tort liability model as of April 2019 resulted in a significant drop in injury claims costs. The COVID-19 pandemic resulted in a decline in the value of the investment portfolio in March 2020, which lowered ICBC’s assets and equity, although 2020/21 saw a significant rebound. The first quarter and first half-yearly results for 2020/21 were discussed in summary reports.<sup>5</sup>

---

<sup>5</sup>

[https://www.bcpolicyperspectives.com/media/attachments/view/doc/commentary\\_icbc\\_program\\_financials\\_2021\\_5\\_august\\_2021/pdf/commentary\\_icbc\\_program\\_financials\\_2021\\_5\\_august\\_2021.pdf](https://www.bcpolicyperspectives.com/media/attachments/view/doc/commentary_icbc_program_financials_2021_5_august_2021/pdf/commentary_icbc_program_financials_2021_5_august_2021.pdf) and [https://www.bcpolicyperspectives.com/media/attachments/view/doc/commentary\\_icbc\\_q2\\_report\\_24\\_november\\_2021/pdf/commentary\\_icbc\\_q2\\_report\\_24\\_november\\_2021.pdf](https://www.bcpolicyperspectives.com/media/attachments/view/doc/commentary_icbc_q2_report_24_november_2021/pdf/commentary_icbc_q2_report_24_november_2021.pdf)

Table 2.1 shows the earned premium (sales) revenue at the program level. The net premium earned is comprised of changes in the number of policies sold, the average price per policy and general rate increases.<sup>6</sup> Government orders to combat the pandemic resulted in fewer vehicles on the road, fewer crashes and claims in 2020/21. The government ordered ICBC to provide a total of \$950 million in premium rebates for 2020/21, which is reflected in the 14.5% decline in combined premiums earned last year compared to 2019/20. The decline in premiums earned last year may also reflect a further decline in claims costs resulting from the switch to the hybrid-tort model.

**2.1 – NET PREMIUMS EARNED by PROGRAM (\$=million)**

	2014	2015	2016/17	2017/18	2018/19	2019/20	2020/21
BASIC	2,457.8	2,656.0	2,925.7	3,149.3	3,390.0	3,564.6	2,945.1
% change	5.7	8.1	10.1	7.6	7.6	5.2	(17.4)
OPTIONAL	1,700.8	1,792.0	1,988.0	2,179.6	2,433.5	2,721.6	2,431.9
% change	6.1	5.4	10.9	9.6	11.6	11.8	(10.6)
COMBINED	4,156.7	4,447.9	4,913.7	5,328.9	5,823.5	6,286.2	5,377.0
% change	5.8	7.0	10.5	8.4	9.3	7.9	(14.5)

Source: ICBC annual reports. From 2014 to 2015 the fiscal year was January to December; after 2015 it became April to March.

Table 2.2 shows that during the seven years from 2013 to 2020 Basic rates increased by a cumulative 32%, while the estimated Optional increase was 36.6%<sup>7</sup> (ICBC does not disclose this information). In theory, the BCUC approves changes to the price of the monopoly Basic program, but its discretion to approve rate changes has been restricted by cabinet order since 2013. In February 2020, the government ordered the BCUC to agree to a zero Basic rate increase for the 2020/21 policy year without a review.

<sup>6</sup> The average price per vehicle reflects changes to the age of the fleet, the relative numbers in different rating territories and the experience factor of the policyholders/drivers.

<sup>7</sup> ICBC did not make the average Optional rate increase public after 2017.

## 2.2 – AVERAGE RATE INCREASES (Per Cent)

	2013	2014	2015	2016	2017	2018	2019	2020	2021
BASIC	5.2	5.2	5.5	4.9	6.8	0	6.3	0	(15.0)
OPTIONAL	(4.0)	0	2.2	2.8	9.6	0	e12.0	e6.0	e(25.0)

Source: ICBC annual reports. For 2019 and 2020 the increase is effective on April 1<sup>st</sup>; previously it was November 1<sup>st</sup>. For 2021 the rate reduction was effective 1 May 2021.

Investment oncome rebounded substantially as ICBC restructured its investment portfolio with the shift in management of its investments to BC Investment Management Corporation. ICBC recorded a major “impairment loss” in 2019/20 to reflect the downturn in the value of its investments in March 2020 due to financial markets restriction as a result of the pandemic. A major rebound in the value of the equity investments occurred in 2020/21, which mirrored the improvement in the economy and the financial markets.

## 2.3 – INVESTMENT ICOME by PROGRAM (\$=million)

	2014	2015	2016/17	2017/18	2018/19	2019/20	2020/21
BASIC	558.6	606.7	421.6	324.6	413.5	734.1	700.8
Impairment Loss						(220.0)	(4.5)
OPTIONAL	293.4	312.2	202.5	137.6	167.7	323.7	317.1
Impairment Loss						(97.0)	(2.0)
COMBINED	852.0	919.9	624.0	462.2	581.2	1,057.8	1,017.9
Impairment Loss						(317.0)	(6.5)
NET	852.0	919.9	624.0	462.2	581.2	740.8	1,011.4
% change	27.0	8.0	(32.2)	(26.0)	25.7	27.5	36.5

Source: ICBC annual reports. For 2014 and 2015 the fiscal year was January to December; after 2015 it became April to March.

The Basic and Optional claims costs for the last seven years are shown in Table 2.4. The claim costs from 2013 to 2018/19 were incurred under the full tort liability model, while the 2019/20 decline reflects the 1 April 2019 move to a hybrid-tort

model.<sup>8</sup> The major drop in 2020/21 primarily reflects the significant decline in claims and claims costs as a result of the measures enacted to combat the pandemic. From 2014 to 2018/19 current year Basic claims cost rose by 57.6% (\$1.32 billion), while the Optional current year claims costs rose by 56% (approximately \$0.6 billion). From 2015 to 2019/20, ICBC significantly increased the provision for prior years injury claims, presumably to reflect higher recent actual settlement costs. Last year, ICBC's actuaries determined that the reserve for prior years claims could be reduced by \$367 million (Basic reduced by \$126.8 million and Optional by \$240.5 million).

#### 2.4 – CLAIMS COSTS (\$=million)

	2014	2015	2016/17*	2017/18	2018/19	2019/20	2020/21
<b>BASIC</b>							
Current Yr. Incurred	2,297.7	2,620.3	3,149.1	3,451.2	3,621.0	2,899.7	2,172.2
Prior Years Adjust.	97.3	237.7	(78.4)	218.2	718.2	757.2	(126.8)
Total	2,395.0	2,858.0	3,070.7	3,669.4	4,339.2	3,656.9	2,045.4
Change %	10.6	19.3	7.4	19.5	18.3	(16.0)	(44.1)
<b>OPTIONAL</b>							
Current Yr. Incurred	1,080.9	1,177.9	1,462.5	1,633.0	1,686.9	1,828.6	1,536.3
Prior Years Adjust.	84.2	6.4	281.0	344.8	503.2	422.7	(240.5)
Total	1,165.1	1,184.3	1,707.5	1,977.8	2,190.1	2,251.3	1,295.8
Change %	22.8	1.6	44.2	15.8	10.7	2.8	(42.4)
<b>TOTAL</b>							
Current Yr. Incurred	3,378.6	3,798.2	4,611.6	5,084.2	5,307.8	4,728.3	3,708.5
Prior Years Adjust.	181.5	244.1	202.6	563.0	1,221.4	1,179.9	(367.3)
Total	3,560.1	4,042.3	4,814.2	5,647.2	6,529.2	5,908.2	3,341.2
Change %	14.4	13.5	19.1	17.3	15.6	(9.5)	(43.4)

Source: ICBC annual reports. From 2014 to 2015 the fiscal year was January to December; after 2015 it became April to March.

\*The 2016/17 year is April to March.



Beginning in 2015 for the Basic program, and 2016/17 for the Optional program, ICBC recorded significant losses in its annual operating income. This was primarily the result of claims costs increasing faster than premium and other revenue.

The Basic program, established as a compulsory monopoly, was intended to break even, while historically the Optional program has earned a healthy profit. In a classic case of poor policy choices, the government imposed a “rate smoothing” (price control) scheme on the Basic program in 2013. Starting in 2015 the annual growth in injury claims costs began to increase substantially. The politically-imposed limit on rate increases resulted in large operating losses, as shown in Table 2.5. The losses were much smaller in 2019/20, which coincided with the implementation of the hybrid tort liability model and the financial limit on general damage (pain and suffering) claims. The profit recorded for 2020/21 reflects improved investment income and a reversal of the provision for adjustments to the reserves for prior years claims.

### 2.5 – NET OPERATING INCOME (LOSS) (\$=million)

	2014	2015	2016/17	2017/18	2018/19	2019/20	2020/21
BASIC	87	(257)	(329)	(1,096)	(868)	(263)	926.4
From Optional			201	99	0	0	0
Reported	87	(257)	(128)	(997)	(868)	(263)	926.4
OPTIONAL	285	387	(283)	(230)	(285)	(112)	611.7
To Basic			(201)	(99)	0	0	0
Reported	285	387	(484)	(329)	(285)	(112)	611.7
TOTAL	372	130	(612)	(1,325)	(1,153)	(376)	1,538.1
% change							

Source: ICBC annual reports. From 2014 to 2015 the fiscal year was January to December; after 2015 it became April to March.

Reviewing the change in the number and the average age of pending claims is a method of assessing the efficiency of the claims adjudication process. ICBC does not publish data on the number of pending claims or the average age. Data on the total value of the unpaid claims is provided in the annual report as shown in Table 2.6.

The total unpaid claim liability (UCL) during the last seven years increased by \$7.3 billion (89%). The growth in the unpaid claim liability is a pressure on rates, as additional assets are required to cover these liabilities. The discount rate is an important factor in determining the annual UPL, as a lower discount rate increases the value of the liability while a higher rate decreases the value of the liability. The decline in the discount rate in recent years has increased the value of the unpaid claim liability. ICBC does not separate the impact of the change in the discount rate from other factors, such as the change in the absolute number of claims or the average severity of the claims, in its reports.

### 2.6 – UNPAID CLAIM LIABILITY (\$=million)

	2014	2015	2016/17	2017/18	2018/19	2019/20	2020/21
BASIC	6,245	6,947	7,851	8,608	10,338	11,318	10,802
% change	9.1	11.2	13.0	9.6	20.1	9.5	(4.6)
OPTIONAL	1,960	2,146	2,667	3,288	3,950	4,686	4,718
% change	9.4	9.5	24.3	23.3	20.1	18.6	0.7
COMBINED	8,205	9,093	10,518	11,896	14,288	16,004	15,520
% change	9.2	10.8	15.7	13.1	20.1	12.0	(3.0)
DISCOUNT RATE	3.1%	3.0%	2.8%	3.1%	3.7%	2.9%	2.5%

Source: ICBC annual reports. The discount rate applies to unpaid claims; a lower rate increases the UCL.

Table 2.7 shows the dramatic decline in ICBC's once healthy equity between 31 December 2014 (\$3.6 billion) and 31 March 2020 (minus \$547 million). Annual changes are primarily the result of operating gains or losses and the change in the value of investment assets and pension assets. From 2015 to 2019/20, most of the loss of equity was the result of major operating losses, especially the provision for prior years claims, in the last four years (see Table 2.4).

The financial turnaround in 2020/21, together with the reversal of the practice of reserving large sums for prior years claims, is reflected in the jump in equity for 2020/21.

## 2.7– YEAR-END EQUITY as of 31 MARCH (\$=million)

	2014	2015	2016/17	2017/18	2018/19	2019/20	2020/21
BASIC	1,633	1,071	1,456	826	166	(301)	1,228
% change	(4.8)	(34.4)	35.9	(44.3)	(80.0)	n/a	n/a
OPTIONAL	1,983	2,075	990	161	(48)	(246)	639
% change	2.9	4.6	(52.3)	(83.7)	n/a	n/a	n/a
COMBINED	3,616	3,146	2,446	987	119	(547)	1,867

Source: ICBC annual reports.

The Minimum Capital Test (MCT) is used by the property and casualty industry to measure the capital adequacy of an insurer. An adequate reserve MCT protects policyholders from financial risk and measures long-term financial stability. It is the ratio of capital available to capital required as calculated for specific risks.<sup>9</sup> The BC government had required that ICBC operate with a minimum of 100% for the Basic and 200% for the Optional programs, but this regulation was suspended in February 2018 for four years. ICBC no longer reports this vital measure in its annual service plan, nor in its annual report for the Basic and Optional programs, hence I have had to estimate some of the program MCT ratios in Table 8.

## 2.8 – Year-End MCT Ratio

	2014	2015	2016/17	2017/18	2018/19	2019/20	2020/21
BASIC	135	82	103	50	6	(18)	e60
OPTIONAL (est.)	298	300	132	18	e(9)	e(25)	e47
COMBINED	193	155	112	31	(7)	(30)	50

Source: Basic for 2013 to 2017/18 from, while Optional estimate derived from ICBC annual reports; combined from annual service plans until 2018/19 when MCT was dropped as a performance measure. [https://www.bcuc.com/Documents/Proceedings/2019/DOC\\_53549\\_B-2-ICBC-Responses-to-BCUC-Intervener-IR1.pdf](https://www.bcuc.com/Documents/Proceedings/2019/DOC_53549_B-2-ICBC-Responses-to-BCUC-Intervener-IR1.pdf) Pdf 711/1357.

<sup>9</sup> <https://www.icbc.com/about-icbc/company-info/Documents/Service-Plan-201718-201920-updated-Sept2017.pdf> p. 10.

### 3.0 CLAIMS INFORMATION

Basic claims arise from crashes and are for bodily injury and property (or material) damage claims. Under the full tort model (in place until 2018/19), injury claimants generally sought payment for personal expenses over and above that allowed for the no-fault Accident Benefits (Part 7 benefits), and for general damages (pain and suffering). Optional insurance pays for third-party liability beyond the \$200,000 (raised to \$300,000 for 2019/20) Basic limit, and property damage for the at-fault party.

The significant decline in claims in 2020/21 primarily reflects the impact of the reduction in driving and crashes as a result of the measures to combat the pandemic.

Table 3.1 shows that a large percentage of the crashes reported to ICBC occurred in intersections. It also shows a steep decline in crashes in calendar 2020 compared to the prior year.

#### 3.1 – TOTAL CRASHES by LOCATION REPORTED TO ICBC (000's)

	2015	2016	2017	2018	2019	2020
INTERSECTION	n/a	115	115	110	105	74
OTHER	n/a	210	220	205	195	151
TOTAL CRASHES	300	325	335	315	300	225
Per Cent Change		8.3	3.1	(6.0)	(4.8)	(25.0)

Source: <https://public.tableau.com/app/profile/icbc/viz/QuickStatistics-Crashandcasualtycrashes/CrashesCasualtyCrashes>

ICBC does not report the number of injury claims or exposures (as more than one exposure can be received for each crash) in its annual or quarterly reports. Basic injuries include all parties with a claim or who receive no-fault accident benefits. Optional claims show the number who qualify for payments beyond the Basic monetary limit. Therefore, a paid injury exposure over \$200,000 (\$300,000 starting 2019/20) will show as a Basic exposure and as an Optional exposure.

ICBC does not report the number of Optional injury or property damage claims in its annual report or in its three-year service plan. ICBC asserts that this actual information for previous years is commercially sensitive; that is a private insurer may somehow gain some advantage by knowing the average cost of ICBC’s scores of thousands of claims.

Table 3.2 shows the number of new Basic injury claims dropped by approximately 4% in 2018/19 compared to the prior year, and dropped by a further 13.5% in 2019/20 when the hybrid-tort liability model went into effect. Total exposures fell by 4% in 2018/19 and 12% in 2019/20.

Basic property damage claims declined by 7% in 2018/19 compared to the prior year, and a further 7.1% in 2019/20. New claims dropped by 14,225, or 34.3%, in 2020/21 as the public restrictions to combat COVID-19 resulted in fewer crashes. Total exposures, however, declined by only 3,000 or 4.5%. Basic property damage claims dropped by 36,658, or 26.5% last year compared to 2019/20, and has declined significantly from the peak in 2017/18.

### 3.2 – NEW CLAIMS OPENED

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>INJURY CLAIMS</b>							
BASIC CLAIMS	39,268	43,513	47,372	50,025	47,997	41,531	27,306
EXPOSURES	n/a	n/a	n/a	n/a	n/a	n/a	n/a
OPTIONAL CLAIMS	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EXPOSURES	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL EXPOSURES	65,034	67,547	74,000	78,000	75,000	66,000	63,000
<b>PROPERTY DAMAGE</b>							
BASIC CLAIMS	110,567	146,455	143,847	161,180	149,934	139,230	99,910
OPTIONAL CLAIMS	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Sources:

Basic injury and property damage claims (new, closed and pending) FY2021 RRA, IR 1, RM 4.9  
[https://www.bcuc.com/Documents/Proceedings/2021/DOC\\_62143\\_B-6-ICBC-Responses-to-Intervener-IRs-No1.pdf](https://www.bcuc.com/Documents/Proceedings/2021/DOC_62143_B-6-ICBC-Responses-to-Intervener-IRs-No1.pdf) (pdf 666/720).

Exposures opened and pending 2013/14 to 2016/17 from RRA 2017, IR1, RM 4.11  
[https://www.bcuc.com/Documents/Proceedings/2017/DOC\\_50367\\_B-2\\_ICBC-Responses-to-IR-1.pdf](https://www.bcuc.com/Documents/Proceedings/2017/DOC_50367_B-2_ICBC-Responses-to-IR-1.pdf) (pdf 1206). The 2017/18 data from RRA 2019, IR1, RM 3.14 [https://www.bcuc.com/Documents/Proceedings/2019/DOC\\_53549\\_B-2-ICBC-Responses-to-BCUC-Intervener-IR1.pdf](https://www.bcuc.com/Documents/Proceedings/2019/DOC_53549_B-2-ICBC-Responses-to-BCUC-Intervener-IR1.pdf) (pdf

797). The 2018/19 and 2019/20 data from RRA 2021, IR1, RM 4.10 [https://www.bcuc.com/Documents/Proceedings/2021/DOC\\_62143\\_B-6-ICBC-Responses-to-Intervener-IRs-No1.pdf](https://www.bcuc.com/Documents/Proceedings/2021/DOC_62143_B-6-ICBC-Responses-to-Intervener-IRs-No1.pdf) (pdf 669/720).

2020/21 data from FOI request CFT 315501.

Table 3.3 shows the number of Basic injury and property damage claims settled or closed. ICBC had been settling more claims until 2018/19 when the numbers of settled injury and property damage claims declined. However, the number of pending injury claims continues to increase (see Table 3.4).

The decline in settled property damage claims in 2020/21 reflects the reduction in claims due to COVID-19. The increase in settled injury claims last year may reflect the lower intake of new claims which allowed ICBC staff to focus on the pending claims.

### 3.3 – CLAIMS SETTLED/CLOSED

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>INJURY CLAIMS</b>							
BASIC CLAIMS	35,364	36,082	43,176	45,483	37,391	37,072	42,620
EXPOSURES	n/a	n/a	n/a	n/a	n/a	n/a	n/a
OPTIONAL CLAIMS	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EXPOSURES	n/a	n/a	n/a	n/a	n/a	n/a	n/a
COMBINED EXPOSURES	48,000	49,000	59,000	62,000	50,000	50,000	57,000
<b>PROPERTY DAMAGE</b>							
BASIC CLAIMS	121,181	148,869	144,947	163,101	149,560	138,172	101,514
OPTIONAL CLAIMS	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Sources: See Table 3.2.

Table 3.4 shows the number of Basic claims and exposures that are pending settlement as of 31 March of each fiscal year. Injury claims have steadily increased while the number of pending property damage claims increased in 2019/20 despite a 17% decline in the number of new claims in the last two years (see Table 3.2).

Pending claims declined in 2020/21, reflecting the decline in new claims mostly due to fewer vehicles traveling causing fewer crashes because of the COVID-19 restrictions.

### 3.4 – CLAIMS PENDING

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>INJURY CLAIMS</b>							
BASIC CLAIMS	65,748	73,164	77,344	81,875	92,524	96,968	81,752
EXPOSURES	n/a	n/a	n/a	n/a	n/a	n/a	n/a
OPTIONAL CLAIMS	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EXPOSURES	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL EXPOSURES	84,902	93,538	98,686	105,000	119,000	122,000	n/a
<b>PROPERTY DAMAGE</b>							
BASIC CLAIMS	11,465	9,051	7,951	6,029	6,379	7,437	5,865
OPTIONAL CLAIMS	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Sources: See Table 3.2.

Table 3.5 shows that the average cost to settle an injury claim (claim severity) remained relatively constant from 2014/15 to 2016/17, but began to escalate in 2017/18 and 2018/19. The average cost of settled injury claims in 2019/20 declined compared to the previous year, reflecting the lower cost of the new hybrid-tort model. The decline for 2020/21 (down 12.4%) was even more pronounced.

The average cost of property damage claims declined last year compared to an annual increase during the previous three years.

### 3.5 – SETTLED CLAIMS SEVERITY – INJURY AND PROPERTY (\$)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>INJURY CLAIMS</b>							
BASIC CLAIMS	37,677	38,280	38,390	41,810	44,056	42,752	37,464
EXPOSURES	n/a	n/a	n/a	n/a	n/a	n/a	n/a

OPTIONAL CLAIMS	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EXPOSURES	n/a	n/a	n/a	n/a	n/a	n/a	n/a
PROPERTY DAMAGE							
BASIC CLAIMS	2,768	3,289	3,460	4,015	3,959	4,149	4,599
OPTIONAL CLAIMS	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: ICBC RRA PY 2021, IR1, RM 4.9 [https://www.bcuc.com/Documents/Proceedings/2021/DOC\\_62143\\_B-6-ICBC-Responses-to-Intervener-IRs-No1.pdf](https://www.bcuc.com/Documents/Proceedings/2021/DOC_62143_B-6-ICBC-Responses-to-Intervener-IRs-No1.pdf) (pdf 666/720). The 2020/21 data from FOI CFT 315501.

ICBC has noted that injury claims that are legally represented cost more to settle, which is logical as most personal injury lawyers find it uneconomic to represent clients with small claims. Table 3.6 shows the representation status for settled injury claims in the 50% range from 2016/17 to 2018/19, but declined to 48% for 2019/20, which was the first year of the hybrid-tort liability model. Last year, while the number of exposures settled increased, the percentage represented by a lawyer declined to approximately 40%. This conforms to the expectation that the cap on minor injury pain and suffering claims, and the requirement to use the Civil Resolution Tribunal for claims up to \$50,000, would reduce the number of claimants represented by a lawyer.

### 3.6 – SETTLED INJURY EXPOSURES BY REPRESENTATION STATUS

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
INJURY EXPOSURES							
NO REPRESENTATION	24,000	26,000	30,000	30,000	25,000	26,000	34,000
REPRESENTED	10,000	10,000	14,000	15,000	11,000	9,000	7,000
REPRES. & LITIGATED	14,000	13,000	15,000	17,000	14,000	15,000	16,000
TOTAL SETTLED	48,000	49,000	59,000	62,000	50,000	50,000	57,000
REPRESENTED %	50.0%	46.9%	49.2%	51.6%	50.0%	48.0%	40.4%

Source: ICBC RRA PY 2021, IR1, RM 4.5 [https://www.bcuc.com/Documents/Proceedings/2021/DOC\\_62143\\_B-6-ICBC-Responses-to-Intervener-IRs-No1.pdf](https://www.bcuc.com/Documents/Proceedings/2021/DOC_62143_B-6-ICBC-Responses-to-Intervener-IRs-No1.pdf) (pdf 660/720). Data for 2020/21 from FOI request CFT 315501.



Table 3.7 shows the average injury exposure settlement amount (severity) by representation status. Those exposures that are litigated (filed in court) cost significantly more to settle compared to exposures that are not legally represented, reflecting the greater degree of injury and cost associated with resolving the claim (the averages include the defense costs and disbursements). The average 2020/21 severity declined by \$9,080 (or 20%) compared to the prior year.

### 3.7 – AVERAGE EXPOSURE SEVERITY by REPRESENTATION TYPE (\$)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
INJURY EXPOSURES							
NO REPRESENTATION	7,237	7,320	7,343	8,019	7,824	6,260	5,868
REPRESENTED	22,100	23,410	22,930	26,486	26,462	23,390	21,212
REPRES. & LITIGATED	92,250	101,507	102,940	107,427	124,152	128,652	107,511
TOTAL SETTLED (average)	35,145	35,590	35,345	39,690	44,860	45,150	36,070

Source: See Table 3.6.

Table 3.8 shows the average time to reach a settlement where there was a payment. The settlement times for litigated exposures have increased marginally in the last three years. This increase in the time to settle a litigated claim comes after a 45% (or 266 FTE) increase in injury claims staff from 31 December 2015 to 31 March 2019,<sup>10</sup> and little change in the total number of injury claims settled (see Table 3.3).

### 3.8 – AVERAGE MONTHS to SETTLE (with Payment)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
INJURY EXPOSURES							
NO REPRESENTATION	7	7	7	7	n/a	n/a	n/a
REPRESENTED	17	17	17	16	n/a	n/a	n/a
REPRESENT. & LITIGATED	39	41	40	40	41	42	44

<sup>10</sup> See [https://www.bcuc.com/Documents/Proceedings/2019/DOC\\_53549\\_B-2-ICBC-Responses-to-BCUC-Intervener-IR1.pdf](https://www.bcuc.com/Documents/Proceedings/2019/DOC_53549_B-2-ICBC-Responses-to-BCUC-Intervener-IR1.pdf) Pdf 791/1357.

Source: For 2014/15 to 2017/18 see [https://www.bcuc.com/Documents/Proceedings/2019/DOC\\_53549\\_B-2-ICBC-Responses-to-BCUC-Intervener-IR1.pdf](https://www.bcuc.com/Documents/Proceedings/2019/DOC_53549_B-2-ICBC-Responses-to-BCUC-Intervener-IR1.pdf) Back to FY2013/14 Data for 2018/19 and 2019/20 from ICBC RRA PY2021, IR1, RM 6.2; [https://www.bcuc.com/Documents/Proceedings/2021/DOC\\_62143\\_B-6-ICBC-Responses-to-Intervener-IRs-No1.pdf](https://www.bcuc.com/Documents/Proceedings/2021/DOC_62143_B-6-ICBC-Responses-to-Intervener-IRs-No1.pdf) (pdf 673/720). Data for 2020/21 from FOI response CFT 315501.

Table 3.9 shows the number of no-fault Part 7 exposures opened. The number of no-fault injury exposures declined by 1,000 in 2019/20 compared to the prior year despite a major increase in the monetary limit (\$300,000 compared to \$200,000) and the total Part 7 injury cost rising by \$230 million or 68% (see Table 4.1).

### 3.9 – ACCIDENT BENEFIT (Part 7) EXPOSURES OPENED

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
EXPOSURES	93,000	94,000	100,000	103,000	100,000	99,000

Source: Data from 2014/15 to 2017/18 from ICBC 2019 RRA, IR1, TLA 4.111-131 see; [https://www.bcuc.com/Documents/Proceedings/2019/DOC\\_53549\\_B-2-ICBC-Responses-to-BCUC-Intervener-IR1.pdf](https://www.bcuc.com/Documents/Proceedings/2019/DOC_53549_B-2-ICBC-Responses-to-BCUC-Intervener-IR1.pdf) (pdf 1002). Data for 2018/19 and 2019/20 from ICBC RRA PY2021, IR1, RM 6.2; [https://www.bcuc.com/Documents/Proceedings/2021/DOC\\_62143\\_B-6-ICBC-Responses-to-Intervener-IRs-No1.pdf](https://www.bcuc.com/Documents/Proceedings/2021/DOC_62143_B-6-ICBC-Responses-to-Intervener-IRs-No1.pdf) (pdf 674/720).

### 4.0 COST OF CLAIMS

The primary reason cited for ICBC’s financial deterioration has been the rapid increase in the cost of claims, especially the cost of injury claims under the tort model. Table 4.1 shows that from FY2014 to FY2018/19 total Basic claims costs rose by approximately \$1.32 billion, or 57.4%. Injury claims costs rose \$1.08 billion (57.0%), and the cost of property damage claims increased by \$242 million (60.3%).

In 2019/20, the new hybrid-tort model introduced a \$5,500 cap on pain and suffering claims for minor injuries. This limitation, together with a decline in crashes (see Table 3.2), resulted in a large reduction in the cost of current Basic claims. The Part 7 no-fault injury benefits increased by 68% in FY2019/20, reflecting the increase in the compensation limits.

The results for 2020/21 show a continuing decrease in current year bodily injury claims costs and a sharp decrease in property damage costs. One must presume—as ICBC did not provide any detailed explanation—that the decline in the cost of current year claims for last year was due to the pandemic related drop in crashes. ICBC provided \$950 million in rebates to policyholders to reflect the lower costs.

#### 4.1 – BASIC PROGRAM – COST of CURRENT CLAIMS (\$=million)

	2014	2015	2016/17	2017/18	2018/19	2019/20	2020/21
BODILY INJURY	1,732	2,004	e2,374	2,558	2,642	1,723	1,335
% change	5.9	15.7	18.5	7.8	3.3	(34.8)	(22.5)
PART 7 BENEFITS	165	183	e210	220	336	566	382
TOTAL INJURY	1,897	2,187	e2,584	2,778	2,978	2,289	1,717
PROP. DAMAGE	401	433	e565	673	643	611	455
% change	5.0	8.0	30.5	19.1	(4.5)	(5.0)	(25.5)
TOTAL COST	2,298	2,620	e3,149	3,451	3,621	2,900	2,172
% change	5.6	14.0	20.2	9.6	4.9	(19.9)	(25.1)

Source: Derived from annual reports using program totals less the amounts shown for accident benefits and material damage in the management discussion section.

For 2020/21, bodily injury claims costs for the Optional program declined by \$198 million (-21.0%), while property damage claims declined by \$95 million (-10.7). Total Optional current claims costs peaked in 2019/20.

#### 4.2 – OPTIONAL PROGRAM – COST of CURRENT CLAIMS (\$=million)

	2014	2015	2016/17	2017/18	2018/19	2019/20	2020/21
BODILY INJURY	444	455	e623	752	782	945	747
% change	12.7	2.5	36.9	20.7	15.7	20.8	(21.0)
PROP. DAMAGE	637	723	e840	881	905	884	789
% change	6.5	13.5	16.2	4.9	2.7	(2.3)	(10.7)
TOTAL COST	1,081	1,178	e1,463	1,663	1,687	1,829	1,536

	% change	9.0	9.0	24.2	13.8	8.3	8.4	(16.0)
--	----------	-----	-----	------	------	-----	-----	--------

Source: Derived from annual reports using program totals less the amounts shown for accident benefits and material damage in the management discussion section.

From 2016/17 to 2019/20 ICBC significantly increased its allowance for the cost of claims incurred in prior years which have yet to settle. Table 4.3 shows that for these years the initial claims estimates were increased by total of almost \$3.0 billion based on the advice of ICBC’s actuaries. Last year ICBC reversed the adjustment by \$367 million.

**4.3 – ADJUSTMENT for PRIOR YEARS CLAIMS (\$=million)**

	2014	2015	2016/17	2017/18	2018/19	2019/20	2020/21
BASIC PROGRAM	97	238	(78)	218	718	757	(127)
OPTIONAL PROGRAM	84	6	281	345	503	423	(240)
TOTAL CHANGE	181	244	203	563	1,221	1,180	(367)

Source: ICBC annual reports.

The next revision to this statistical summary with the 2021/22 data will be circulated (assuming ICBC continues to agree that the update to the FOI data is in the public interest) in August or September of this year.

©Richard McCandless April 11, 2022.

<http://www.bcpolicyperspectives.com/>

The writer is a retired senior BC government public servant whose paper describing the BC government’s manipulation of the finances of BC Hydro from 2008 to 2014 was published by *BC Studies* in November 2016. *BC Studies* published his paper on the 40-year financial history of ICBC in 2013. He is an intervener in the BC Utilities Commission’s recent reviews of ICBC’s and B.C. Hydro’s rate requests.

