

**ICBC STATISTICAL SUMMARY**

ICBC does a poor job of informing the public about the operation of its compulsory Basic insurance program, and provides practically no information about its 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.<sup>1</sup>

ICBC does provide a wealth of financial and operational data respecting the Basic program as part of the annual rate request to the B.C. Utilities Commission process. The data is either scattered through out the submission or is found piecemeal in responses to information requests from Commission staff or interveners. No service or performance measures are provided for the Optional program because ICBC believes this information may be used by private insurers to gain market share from ICBC.

Often ICBC and the government will release selective information or performance ratios to justify a rate design or coverage decision. For example, Attorney General Eby discussed the average severity payment for litigated bodily injury claims to help explain the increase in the 2018/19 operating deficit. Yet ICBC claimed potential financial harm as justification for withholding the forecast severities by legal representation status for 2019/20.

This paper attempts to fill the ICBC information gap. The data provided are primarily service measure (quantitative), although some qualitative measures are also listed. The information is listed as:

1. The Market – driver's licences and policies sold
2. ICBC's Finances – revenue, expenditure, net income, etc.
3. Claims Information – number, type, representation status, etc.
4. Cost of Claims – by program and type of claim

**1.0 THE AUTO INSURANCE MARKET**

ICBC provides the number of active driver's licences as part of the limited statistical information on its web site.

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<sup>1</sup> Three other self-sufficient public entities – B.C. Hydro, the Liquor Distribution Branch and the B.C. Lotteries Corporation – provide service measure information in their annual reports. ICBC does provide limited service measure information on its web site.

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

	2013	2014	2015	2016	2017
DRIVER’S LICENCES	3,260	3,280	3,360	3,420	3,480
% Change		0.6	2.4	1.8	1.8

Source: <https://www.icbc.com/about-icbc/newsroom/Documents/active-BC-driver-licences.pdf>

How many insurance policies are sold each year? The detail for Basic private and commercial sales is provided in the annual rate application, but care must be exercised to ascertain whether the 400,000-plus trailer polices are included. Because these policies are relatively inexpensive their inclusion would deflate average cost comparisons. I have excluded the trailers.

ICBC does not report the number of Optional policies sold, but an estimate can be made from the response to an annual customer survey question. ICBC intends to not gather this information in future, which will close off any further estimating of the Optional coverage.<sup>2</sup>

### 1.2 – FTE POLICIES SOLD/EARNED (excluding trailers)

	2013	2014	2015	2016/17	2017/18
BASIC PERSONAL	2,715.5	2,763.4	2,837.7	2,926.3	2,999.3
% Change	1.6%	1.8%	2.7%	3.1%	2.5%
BASIC COMMERCIAL	223.1	227.1	243.7	277.1	291.7
% Change	1.5%	1.8%	7.3%	13.7%	5.3%
BASIC TOTAL	2,938.6	2,990.5	3,081.4	3,203.4	3,291.0
% Change	1.6%	1.8%	3.0%	4.0%	2.7%
OPTIONAL -- % of BASIC PERSONAL	e87.0%	86.4%	86.4%	86.8%	85.0%
Estimated Number	2,362.0	2,387.5	2,451.8	2,540.0	2,549.4

Source: RRA 2019, IR1, RM 1.9 (pdf 769)

[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 IR1, RM 1.3 back to 2010 (pdf 612/735)

[https://www.bcuc.com/Documents/Proceedings/2016/DOC\\_47830\\_B-2\\_ICBC-IR-No-1.pdf](https://www.bcuc.com/Documents/Proceedings/2016/DOC_47830_B-2_ICBC-IR-No-1.pdf) 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.

Table 1.2 shows that during the last four years the total number of Basic policies sold increased by 12%, the number of commercial policies sold increased by over 30%. The number of policies sold for personal vehicles increased by some 12%, which was a larger increase than the number of driver’s licences (Table 1.1).

<sup>2</sup>

[http://www.bcpolicyperspectives.com/media/attachments/view/doc/commentary\\_sask\\_auto\\_coverage\\_30\\_may\\_2019/pdf/commentary\\_sask\\_auto\\_coverage\\_30\\_may\\_2019.pdf](http://www.bcpolicyperspectives.com/media/attachments/view/doc/commentary_sask_auto_coverage_30_may_2019/pdf/commentary_sask_auto_coverage_30_may_2019.pdf)

Tables 1.3 and 1.3.1 show the age of the policyholder or principal operator by four age groupings. The fastest growing age group are those 65 years and older. This is important because government policy requires ICBC to provide most drivers 65 and older with a discount on their Basic insurance. This demographic shift has been adding pressure on the Basic rates.

**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>% Change</b>	(3.2)	13.0	6.2	51.0	14.6

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).

**1.3.1 – 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	22.5	52.4	19.3	100.1
<b>2017/18</b>	5.2	22.8	50.2	21.9	100.1

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)

**2.0 FINANCIAL SUMMARIES**

ICBC produces a large amount of financial information at the corporate level in its annual reports. Only one summary separates revenue and expenditures at the program level. This report will only summarize five years of data for certain key indicators.

## 2.1 REVENUE

ICBC generates revenue from the sale of policies, from the annual net investment income and from service fees and financial driving penalties linked to traffic convictions. The largest component is the revenue from premiums. As written premium income can span two fiscal years the premium earned shows the proportion applied to the fiscal risk period.

### 2.1.1 – NET PREMIUMS EARNED by PROGRAM (\$=million)

	2013	2014	2015	2016/17	2017/18
BASIC	2,324.9	2,457.8	2,656.0	2,925.7	3,149.3
% change	6.7	5.7	8.1	10.1	7.6
OPTIONAL	1,602.8	1,700.8	1,792.0	1,988.0	2,179.6
% change	(1.8)	6.1	5.4	10.9	9.6
COMBINED	3,927.7	4,156.7	4,447.9	4,913.7	5,328.9
% change	3.1	5.8	7.0	10.5	8.4

Source: ICBC annual reports. From 2013 to 2015 the fiscal year was January to December; after 2015 it became April to March.

Net premiums earned are primarily a function of the number of policies sold (see Table 1.2) and the price per policy. Table 2.2 shows the average increase in premiums. From 2013 to 2017 the anniversary date was November 1<sup>st</sup>, but this changed by cabinet order to April 1<sup>st</sup> for 2019. No increase was sought for the transition year of 2018.<sup>3</sup> The 2019 Basic increase is subject to approval of the B.C. Utilities Commission while the Optional increase is an estimate because ICBC did not make this information public.

### 2.1.2 – AVERAGE RATE INCREASES (Per Cent)

	2013	2014	2015	2016	2017	2018	2019
BASIC	5.2	5.2	5.5	4.9	6.8	0	6.3
OPTIONAL	(4.0)	0	2.2	2.8	9.6	0	e12.0

Source: ICBC annual reports.

## 2.2 EXPENDITURES

Claims costs are the largest single expenditure item for ICBC, comprising approximately 80% of total expenditures in 2017/18. In the last few years our public auto insurer has experienced a rapid deterioration in its financial health. The large increases in both

<sup>3</sup>

[http://www.bcpolicyperspectives.com/media/attachments/view/doc/commentary\\_icbc\\_new\\_policy\\_year\\_12\\_august\\_2018/pdf/commentary\\_icbc\\_new\\_policy\\_year\\_12\\_august\\_2018.pdf](http://www.bcpolicyperspectives.com/media/attachments/view/doc/commentary_icbc_new_policy_year_12_august_2018/pdf/commentary_icbc_new_policy_year_12_august_2018.pdf)

current year incurred claims and the adjustments for prior claims has been the primary reason for this loss of the Basic and Optional capital reserves.

Table 2.2.1 shows that in the 3.25 years from 31 December 2015 to 31 March 2018, Basic claims costs increased by 53% (\$1.27 billion), while Optional claims costs jumped almost 70% (\$0.81 billion). The combined claims costs during this period increased by almost 59% (\$2.09 billion).

### 2.2.1 – CLAIMS COSTS (\$=million)

	2013	2014	2015	2016/17*	2017/18
<b>BASIC</b>					
Current Yr. Incurred	2,175.8	2,297.7	2,620.3	3,149.1	3,451.2
Prior Years Adjust.	(11.3)	97.3	237.7	(78.4)	218.2
Total	2,164.5	2,395.0	2,858.0	3,070.7	3,669.4
<b>OPTIONAL</b>					
Current Yr. Incurred	991.7	1,080.9	1,177.9	1,462.5	1,633.0
Prior Years Adjust.	(43.1)	84.2	6.4	281.0	344.8
Total	948.6	1,165.1	1,184.3	1,707.5	1,977.8
<b>TOTAL</b>					
Current Yr. Incurred	3,167.6	3,378.6	3,798.2	4,611.6	5,084.2
Prior Years Adjust.	(54.4)	181.5	244.1	202.6	563.0
Total	3,113.2	3,560.1	4,042.3	4,814.2	5,647.2

Source: ICBC annual reports. From 2013 to 2015 the fiscal year was January to December; after 2015 it became April to March. The 2016/17 year is April to March.

The Basic program, being established as a compulsory monopoly, is not intended to earn a profit, 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. The growth in injury claims costs began to increase substantially in 2015, resulting in growing net operating losses.

Table 2.3 also shows that beginning in 2016/17 the Optional program began to record substantial losses, made worse by the government-ordered transfer to the Basic program to maintain the minimum capital ratio.

### 2.3 – NET INCOME (\$=million)

	2013	2014	2015	2016/17	2017/18
<b>BASIC</b>	3	87	(257)	(329)	(1,100)
From Optional				201	99
Reported	3	87	(257)	(128)	(1,001)
<b>OPTIONAL</b>	365	285	387	(283)	(225)

To Basic					(201)	(99)
Reported	365	285	387		(484)	(324)
<b>TOTAL</b>	<b>368</b>	<b>372</b>	<b>130</b>		<b>(612)</b>	<b>(1,325)</b>
% change						

Source: ICBC annual reports. From 2013 to 2015 the fiscal year was January to December; after 2015 it became April to March.

Table 2.4 shows the increase in the value of pending unpaid claims recorded on ICBC's financial statements. A growing unpaid claims liability requires an equal growth in zero risk assets (such as government bonds) to maintain the Minimum Capital Test (MCT) ratio. The operating losses and reductions in the fair value of its assets rapidly depleted ICBC's once healthy capital reserves, as shown by Table 2.5.<sup>4</sup>

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

	2013	2014	2015	2016/17	2017/18
BASIC	5,722	6,245	6,947	7,851	8,608
% change	8.1	9.1	11.2	13.0	9.6
OPTIONAL	1,791	1,960	2,146	2,667	3,288
% change	4.7	9.4	9.5	24.3	23.3
COMBINED	7,513	8,205	9,093	10,518	11,896
% change	7.3	9.2	10.8	15.7	13.1
DISCOUNT RATE	3.5%	3.1%	3.0%	2.8%	3.1%

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

The decline in ICBC's year-end equity is shown in Table 2.5.

#### 2.5 – Year-End EQUITY (\$=million)

	2013	2014	2015	2016/17	2017/18
BASIC	1,716	1,633	1,071	1,456	826
% change	20.2	(4.8)	(34.4)	35.9	(44.3)
OPTIONAL	1,927	1,983	2,075	990	161
% change	5.9	2.9	4.6	(52.3)	(83.7)
COMBINED	3,643	3,616	3,146	2,446	987
% change	12.2	(0.7)	(13.0)	(22.3)	(59.6)

Source: ICBC annual reports.

<sup>4</sup>

[http://www.bcpolicy Perspectives.com/media/attachments/view/doc/commentary\\_icbc\\_capital\\_17\\_december\\_2018/pdf/commentary\\_icbc\\_capital\\_17\\_december\\_2018.pdf](http://www.bcpolicy Perspectives.com/media/attachments/view/doc/commentary_icbc_capital_17_december_2018/pdf/commentary_icbc_capital_17_december_2018.pdf)

### 3.0 CLAIMS INFORMATION

Basic claims arise from crashes and are for injuries and /or property (or material) damage. Under the full tort model injury claimants generally sought payment for out-of-pocket costs 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 Basic limit and property damage for the at-fault party.

Recently, ICBC has been reporting that some 350,000 crashes occur each year, which suggests a high degree of carnage on our roads. However, on closer inspection it turns out that almost 45% of these crashes occurred in parking lots – minor fender benders.

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

	2012	2013	2014	2015	2016	2017
PARKING LOTS	124.8	128.6	124.5	133.9	143.5	155.6
INTERSECTION	116.6	115.0	115.1	135.2	147.9	148.8
OTHER	30.0	29.6	51.5	46.3	47.1	52.5
TOTAL CRASHES	271.4	273.2	291.1	315.4	338.5	356.9

Source: RRA 2019, Chapter 5, Appendix 5A;

[https://www.bcuc.com/Documents/Proceedings/2018/DOC\\_53062\\_B-1-ICBC-2019-RRA.pdf](https://www.bcuc.com/Documents/Proceedings/2018/DOC_53062_B-1-ICBC-2019-RRA.pdf) (pdf 840/1419).

ICBC reports injury claims and exposures, as more than one exposure can be paid for each crash. ICBC does not report Basic and Optional injury claims separately. The difference is how the claim will be paid, not the nature of the injury. Therefore, a paid injury exposure over \$200,000 will show as a Basic and an Optional exposure.<sup>5</sup>

ICBC does not report the number of Basic or Optional injury or property damage claims in its annual report or in its three-year service plan. ICBC asserts that this information for the Optional program is commercially sensitive.

#### 3.2 – NEW CLAIMS OPENED

	2013/14	2014/15	2015/16	2016/17	2017/18
INJURY CLAIMS					
BASIC CLAIMS	36,258	39,268	43,513	47,372	50,025
EXPOSURES	n/a	n/a	n/a	n/a	n/a

<sup>5</sup> If the \$200,000 Basic third-party limit remains fixed, and average settlement costs continue to increase, eventually all the growth in expenditures will be charged to the Optional program.

OPTIONAL CLAIMS	n/a	n/a	n/a	n/a	n/a
EXPOSURES	n/a	n/a	n/a	n/a	n/a
TOTAL EXPOSURES	60,890	65,034	67,547	74,000	78,000
PROPERTY DAMAGE					
BASIC CLAIMS	131,041	110,567	146,455	143,847	161,180
OPTIONAL CLAIMS	n/a	n/a	n/a	n/a	n/a

Sources:

Basic injury and property damage claims (new, closed and pending) FY2010/11 to FY2017/18 see RRA2019, IR1, RM 3.13 [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 795).

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).

Combined injury exposures settled 2011/12 to 2017/18 with total paid and severity by representation status see RRA2019, IR1, RM 3.8 (back to FY2011/12) [https://www.bcuc.com/Documents/Proceedings/2019/DOC\\_53742\\_B-4-ICBC-Response-to-McCandless-Request.pdf](https://www.bcuc.com/Documents/Proceedings/2019/DOC_53742_B-4-ICBC-Response-to-McCandless-Request.pdf)

The trend in the number of claims or exposures settled indicates the attention paid by management to resolving claims. In the last two years ICBC has been adding claims adjudication staff in an effort to better manage the claim backlog. Table 3.3 shows the number of injury claims/exposures settled increasing in 2016/17 and 2017/18.

### 3.3 CLAIMS SETTLED/CLOSED

	2013/14	2014/15	2015/16	2016/17	2017/18
INJURY CLAIMS					
BASIC CLAIMS	35,055	35,364	36,082	43,176	45,483
EXPOSURES	n/a	n/a	n/a	n/a	n/a
OPTIONAL CLAIMS	n/a	n/a	n/a	n/a	n/a
EXPOSURES	n/a	n/a	n/a	n/a	n/a
COMBINED EXPOSURES	47,000	48,000	49,000	59,000	62,000
PROPERTY DAMAGE					
BASIC CLAIMS	133,595	121,181	148,869	144,947	163,101
OPTIONAL CLAIMS	n/a	n/a	n/a	n/a	n/a

Sources: See Table 3.1.

Despite the increased in the number of claims/exposures settled, the number of pending injury claims/exposures continues to increase.



### 3.4 – CLAIMS PENDING

	2013/14	2014/15	2015/16	2016/17	2017/18
<b>INJURY CLAIMS</b>					
BASIC CLAIMS	61,858	65,748	73,164	77,344	81,875
EXPOSURES	n/a	n/a	n/a	n/a	n/a
OPTIONAL CLAIMS	n/a	n/a	n/a	n/a	n/a
EXPOSURES	n/a	n/a	n/a	n/a	n/a
TOTAL EXPOSURES	79,709	84,902	93,538	98,686	105,000
<b>PROPERTY DAMAGE</b>					
BASIC CLAIMS	22,079	11,465	9,051	7,951	6,029
OPTIONAL CLAIMS	n/a	n/a	n/a	n/a	n/a

Sources: See Table 3.1.

The average cost to settle an injury claim remained relatively constant from 2014/15 to 2016/17, but began to escalate in 2017/18. The average cost of property damage claims continued to increase, as shown in Table 3.5.

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

	2013/14	2014/15	2015/16	2016/17	2017/18
<b>INJURY CLAIMS</b>					
BASIC CLAIMS	33,195	37,677	38,280	38,390	41,810
EXPOSURES	n/a	n/a	n/a	n/a	n/a
OPTIONAL CLAIMS	n/a	n/a	n/a	n/a	n/a
EXPOSURES	n/a	n/a	n/a	n/a	n/a
<b>PROPERTY DAMAGE</b>					
BASIC CLAIMS	2,815	2,768	3,289	3,460	4,015
OPTIONAL CLAIMS	n/a	n/a	n/a	n/a	n/a

Sources: Settled/Closed Severity from RRA 2019, IR1, RM 3.8 (back to 2011/12); [https://www.bcuc.com/Documents/Proceedings/2019/DOC\\_53742\\_B-4-ICBC-Response-to-McCandless-Request.pdf](https://www.bcuc.com/Documents/Proceedings/2019/DOC_53742_B-4-ICBC-Response-to-McCandless-Request.pdf) (pdf 769).

ICBC has claimed that injury claims that are legally represented cost more to settle, which is logical as most personal injury find it uneconomic to represent clients with small claims. Table 3.6 shows the representation status in the 50%-52% range for the last four years.

### 3.6 – SETTLED INJURY EXPOSURES BY REPRESENTATION STATUS

	2014/15	2015/16	2016/17	2017/18
INJURY EXPOSURES				
NO REPRESENTATION	24,000	26,000	30,000	30,000
REPRESENTED	10,000	10,000	14,000	15,000
REPRES. & LITIGATED	14,000	13,000	15,000	17,000
TOTAL SETTLED	48,000	49,000	59,000	62,000

Source: [https://www.bcuc.com/Documents/Proceedings/2019/DOC\\_53742\\_B-4-ICBC-Response-to-McCandless-Request.pdf](https://www.bcuc.com/Documents/Proceedings/2019/DOC_53742_B-4-ICBC-Response-to-McCandless-Request.pdf) (back to FY2011/12).

Table 3.6.1 shows the average injury exposure settlement amount by representation status. Those claims that are litigated (filed in court) cost about 7.5 times 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).

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

	2014/15	2015/16	2016/17	2017/18
INJURY EXPOSURES				
NO REPRESENTATION	7,238	7,378	7,466	8,019
REPRESENTED	16,780	22,692	23,682	26,486
REPRES. & LITIGATED	92,250	100,924	100,798	107,427
TOTAL SETTLED (average)	34,958	35,346	36,690	45,548

Source: [https://www.bcuc.com/Documents/Proceedings/2019/DOC\\_53742\\_B-4-ICBC-Response-to-McCandless-Request.pdf](https://www.bcuc.com/Documents/Proceedings/2019/DOC_53742_B-4-ICBC-Response-to-McCandless-Request.pdf) (back to FY2011/12).

Table 3.7 shows that the average months to settle an injury exposure by representation status has remained fairly constant during the last four years despite the increase in claims adjudication staff during the last two years. The reducing the average time to settle injury claims has not been a priority with ICBC, or the adversarial tort-based system generally.

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

	2014/15	2015/16	2016/17	2017/18
INJURY EXPOSURES				
NO REPRESENTATION	7	7	7	7
REPRESENTED	17	17	17	16
REPRESENT. & LITIGATED	39	41	40	40

Source: [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 Back to FY2013/14 (pdf 1004).

The Basic coverage includes coverage for certain medical payments, wage loss, home care and death benefits. This no-fault benefits have maximum caps (such as \$300/week for wage loss) and are known as Accident Benefits, or Part 7 benefits. Table 3.5 shows the number of exposures opened during the last four years.

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

	2014/15	2015/16	2016/17	2017/18
EXPOSURES	93,000	94,000	100,000	103,000

Source: 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) Back to FY2013/14 (pdf 1002).

## 4.0 COST OF CLAIMS

The primary reason for ICBC's financial deterioration in recent years has been the rapid increase in the cost of claims, especially the cost of injury claims. Table 4.1 shows that from 2014 to 2017/18 Basic claims costs rose by approximately \$1.0 billion, or 44.5%. Injury claims costs rose \$763 million (40.0%), and the cost of property damage claims increased \$267 million (66.9%).

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

	2013	2014	2015	2016/17	2017/18
BODILY INJURY	1,582	1,730	1,948	2,141	2,438
% change	4.6	9.4	12.6	9.9	13.9
PART 7 BENEFITS	159	165	183	212	220
TOTAL	1,741	1,895	2,131	2,353	2,658
PROP. DAMAGE	379	399	431	566	666
% change	2.7	5.3	8.0	31.3	17.7

	TOTAL COST	2,120	2,294	2,562	2,919	3,314
	% change	4.6	8.2	11.7	13.9	13.5

Source: 2013 to 2015 from RRA 2017, IR1, RM 4.1

[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 1,192). FY2016/17 and FY2017/18 from RRA 2019, IR1, RM 3.1

[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 780).

ICBC does not disclose the details on Optional claims costs. I have prepared Table 4.2 based on information derived from a number of sources. The cost of Optional claims increased by \$520 million (50%) from 2014 to 2017/18, with injury claims costs rising by \$276 million (69%) and property damage claims costs rising \$244 million (38%).

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

		<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016/17</b>	<b>2017/18</b>
	BODILY INJURY	348	400	432	557	676
	% change	1.2	14.9	8.0	28.9	21.4
	PROP. DAMAGE	598	637	723	849	881
	% change	nil	6.5	13.5	17.4	3.8
	TOTAL COST	946	1,037	1,155	1,406	1,557
	% change	0.5	9.6	11.4	21.7	10.7

Source: Derived from subtracting the Basic expenditures reported in the rate requests -- 2013 to 2015 from RRA 2017, IR1, RM 4.1 [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 1,192); and FY2016/17 and FY2017/18 from RRA 2019, IR1, RM 3.1 [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 780) – from the combined Basic and Optional expenditures reported in the annual reports (2017 Annual Report, p. 24).

An area of concern is the estimate for changes in the estimate for unpaid claims from prior years. In recent years ICBC has been dramatically increasing the adjustment for prior years claims to reflect the significant increase in claim settlement costs in recent years.

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

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016/17</b>	<b>2017/18</b>
BASIC PROGRAM	(11)	97	238	(78)	218
OPTIONAL PROGRAM	(43)	84	6	281	345
TOTAL CHANGE	(54)	181	244	203	563

Source: ICBC annual reports.

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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 current review of ICBC's 2019 rate request.