

A COMPILATION OF SIX YEARS OF ICBC OPERATIONAL DATA TO 2022/23

For a vital Crown corporation, with \$5.4 billion in revenue and a monopoly on compulsory Basic sales, ICBC does a poor job of informing the public about its operation of its Basic insurance program and provides practically no information about its near-monopoly Optional program. Neither the corporation's three-year service plan nor its annual report includes service (quantitative) measures, and the few performance (qualitative) measures provided are abstracted to the corporate level.

Another monopoly insurer, WorkSafe BC, annually publishes a comprehensive summary of operational statistics to provide a high degree of accountability to its member agencies and the public.¹ BC Hydro includes a five-year summary of operational statistics in its annual reports.

The writer has attempted to fill the ICBC information gap by compiling and posting multi-year statistical summaries.² This new summary extends most of the data series using actual data for the 2022/23 fiscal year, including information recently obtained from ICBC through a Freedom of Information request (FOI) and the current Basic insurance rate request.

¹ <file:///C:/Users/user/Downloads/statistics-2021-pdf-en.pdf>

² 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 and https://www.bcpolicyperspectives.com/media/attachments/view/doc/occasional_paper_no_81_icbc_seven_years_data_11_april_2022_2/pdf/occasional_paper_no_81_icbc_seven_years_data_11_april_2022_2.pdf

Information on Data Sources

Most of the key financial information was provided by ICBC in its annual reports, while some service and performance measures were provided in response to specific questions by BCUC staff or interveners during the BC Utilities Commission's Basic rate application reviews, or through freedom of information requests.

ICBC produces a report entitled "Basic Insurance Information Sharing" which provides some detailed information on the Basic program.³ ICBC also has statistical information on its corporate website.⁴ 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

1.0 THE BC 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 2022 some 3.8 million people held a drivers license, with an annual average increase during the last three years of 6.0%. Individuals with a licence to drive do not necessarily own and insure a vehicle.

³ <https://www.icbc.com/about-icbc/company-info/Documents/bcuc/Basic-insurance-information-sharing.pdf#search=basic%20information%20sharing>

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

TABLE 1.1 – ACTIVE DRIVER’S LICENCES (000’s)

	2017	2018	2019	2020	2021	2022
DRIVER’S LICENCES	3,485	3,535	3,595	3,645	3,753	3,813
% Change	1.9	1.4	1.7	1.4	3.0	1.6

Source: <https://public.tableau.com/app/profile/icbc/viz/PublicDatasetDashboard-ActiveDriverLicencesRoadTestsandKnowledgeTests/ActiveDLCount-2022#1>

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 2016/17 to 2021/22. The number of Optional policies are estimated by the writer as ICBC does not provide this information to the public. Written policies were flat during 2019/20 due to the effects of the pandemic, while the increase in policies written in 2021/22 was greater due to the economic recovery.

TABLE 1.2 – WRITTEN POLICIES/EXPOSURES (000’s)

	2017/18	2018/19	2019/20	2020/21	2021/22	f2022/23
BASIC PERSONAL	3,024.7	3,081.5	3,078.6	3,153.9	3,281.9	3,301.4
% Change	2.1%	1.8%	(0.1)%	2.5%	4.0%	0.6%
BASIC COMMERCIAL	255.0	264.2	265.7	274.0	293.1	297.1
% Change	3.5%	3.6%	0.6%	3.1%	7.0%	1.4%
BASIC TOTAL	3,279.7	3,345.7	3,344.3	3,427.9	3,575.0	3,598.8
% Change	2.2%	1.9%	(0.1)%	2.6%	4.3%	0.7%
OPTIONAL -- % of BASIC PERSONAL (est.)	85.0%	85.0%	85.0%	85.0%	87.0%	85%
Estimated Number	2,570.0	2,616.0	2,616.0	2,679.5	2,855.3	2,806.0
% Change	0%	2.6%	0%	2.4%	6.6%	(1.7)%

Note: Excludes off-road vehicles and commercial trailers.

Source: ICBC 2023 RRA, Appendix B.2 https://docs.bcuc.com/Documents/Proceedings/2022/DOC_69311_B-1-ICBC-2023-RRA.pdf pdf 130/781; 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 1.4 show the number of written exposures (policies) by major age group of the policyholder (where known) from 2010 to 2021/22. Those aged 65 and older are the fastest growing demographic, rising 79.2% during this period, while those under 25 actually declined by 2.7%. By 2021/22, those under 25 represented only 4.8% of the policyholders while those over 65 years rose to 23.8% of the total where ages were known.

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

	Under 25	25-39	40-64	65 Plus	Total
2010	158.0	588.7	1,380.8	423.7	2,551.2
2014	158.6	608.8	1,413.8	522.3	2,700.5
2017/18	153.0	665.4	1,466.8	639.6	2,924.8
2019/20	155.5	721.4	1,494.4	699.3	3,070.5
2021/22	153.7	751.1	1,527.0	759.3	3,191.1
% Change	(2.7)	27.6	10.6	79.2	25.1

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 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. FY 2019/20 from https://www.bcuc.com/Documents/Proceedings/2021/DOC_62143_B-6-ICBC-Responses-to-Intervener-IRs-No1.pdf pdf 665/720. For 2021/22 from https://docs.bcuc.com/Documents/Proceedings/2023/DOC_70508_B-5-ICBC-response-Interveners-IR1.pdf pdf 293/322.

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

	Under 25	25-39	40-64	65 Plus	Total
2010	6.2	23.1	54.1	16.6	100.0
2014	5.9	22.4	52.4	19.3	100.0

2017/18	5.2	22.7	50.2	21.9	100.0
2019/20	5.1	23.5	48.7	22.8	100.0
2021/22	4.8	23.5	47.9	23.8	100.0

Source: Table 1.3.

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 actual 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 and 2021/22 compared to the prior three years. The change from a full tort to a hybrid-tort liability model as of 1 April 2019 resulted in a significant drop in injury claims costs, primarily due to the \$5,500 cap on pain and suffering for minor injury claims. 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, and the positive results continued through 2021/22. In 2022/23, however, physical damage costs rose significantly, as did the prior year adjustment for pending tort-based liability claims. Investment income suffered from losses in the value of equity and fixed income investments. For a more detailed review of the 2022/23 results at the corporate level see

<file:///C:/Users/user/Documents/COMMENTARY/Commentary%20ICBC%202022%20to%202023%20AR%2031%20August%202023.pdf> , and at the program level see

<file:///C:/Users/user/Documents/COMMENTARY/Commentary%20Basic%20and%20Optional%204%20September%202023.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.⁵ Government orders to

⁵ 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.

limit economic activity 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. The government also ordered ICBC (and the BC Utilities Commission BCUC) to provide a \$396 million cost of living Basic rebate in 2021/22.⁶

The decline in premiums earned during last two years reflects a decline in the average rate for Basic and Optional products resulting from the adoption of the hybrid-tort liability, and the no-fault model as of 1 May 2021. The government ordered ICBC to provide a cost of living rebate in 2021/22 of \$110 for private vehicles and \$125 for commercial because of ICBC's high capital reserves. There was little change in the 2022/23 net premiums earned (gross) compared with the prior year because the government ordered a rate freeze.

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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
BASIC Gross	3,149.3	3,390.0	3,564.6	3,465.1	3,149.7	3,183.8
Less Rebate				(520.0)	(396.0)	
NET BASIC	3,149.3	3,390.0	3,564.6	2,945.1	2,753.7	3,183.8
% change	7.6	7.6	5.2	(17.4)	(6.5)	15.6
OPTIONAL	2,179.6	2,433.5	2,721.6	2,861.9	2,030.0	2,106.4
Less Rebate				(430.0)		
NET OPTIONAL	2,179.6	2,433.5	2,721.6	2,431.9	2,030.0	2,106.4
% change	9.6	11.6	11.8	(10.6)	(16.5)	3.8
COMBINED	5,328.9	5,823.5	6,286.2	5,377.0	4,783.7	5,290.2
% change	8.4	9.3	7.9	(14.5)	(11.0)	8.9

Source: ICBC annual reports. Rebate information estimated from <https://www.icbc.com/about-icbc/company-info/Documents/bcuc/Basic-insurance-information-sharing.pdf> pdf 4/108.

⁶https://www.bcpolicyperspectives.com/media/attachments/view/doc/commentary_icbc_capital_build_6_march_2022_2/pdf/commentary_icbc_capital_build_6_march_2022_2.pdf and https://www.bcpolicyperspectives.com/media/attachments/view/doc/commentary_icbc_rebate_27_march_2022/pdf/commentary_icbc_rebate_27_march_2022.pdf

Table 2.2 shows that from 2016 to 2022 Basic rates decreased by a cumulative 3.5%, while the estimated Optional decrease was 1.9%⁷. 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.

TABLE 2.2 – AVERAGE RATE INCREASES (Per Cent)

	2017	2018	2019	2020	2021	2022	2023
BASIC	6.8	0	6.3	0	(15.0)	0	0
OPTIONAL	9.6	0	e12.0	e6.0	e(25.0)	e0	e0

Source: ICBC annual reports. For 2019 and 2020 the change was effective on April 1st; previously it was November 1st. For 2021 the rate reduction was effective 1 May 2021.

In 2020/21 and 2021/22 ICBC enjoyed strong investment income, which led to high net income and reinflated the capital reserves. 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 decline as a result of the pandemic. A major rebound in the value of the equity investments occurred in 2020/21 and 2021/22, which mirrored the improvement in the economy and the financial markets. The sharp increase in interest rates in 2022/23, together with weak equity markets resulted in a major decline in investment income.

TABLE 2.3 – INVESTMENT INCOME by PROGRAM (\$=million)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
BASIC	324.6	413.5	734.1	696.3	981.6	265.1
Impairment Loss			(220.0)			(216.3)
OPTIONAL	137.6	167.7	323.7	315.1	436.5	135.6
Impairment Loss			(97.0)			(110.6)

⁷ ICBC did not make the average Optional rate increase public after 2017.

COMBINED	462.2	581.2	1,057.8	1,011.4	1,418.0	400.7
Impairment Loss			(317.0)			(326.9)
NET	462.2	581.2	740.8	1,011.4	1,418.0	73.8
% change	(26.0)	25.7	27.5	36.5	40.2	(94.8)

Source: ICBC annual reports.

The Basic and Optional claims costs for the last six years are shown in Table 2.4. The claim costs from 2017/18 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 liability model.⁸ The major drop in 2020/21 primarily reflects the significant decline in claims and claims costs as a result of the social restriction measures enacted to combat the pandemic. The decline in claims costs in 2021/22 reflects the change to the no-fault/enhanced care model. The increase in 2022/23 reflects an increase in material damage claims costs and a large increase in the Optional adjustment for prior years claims costs for pending tort injury claims.

From 2017/18 to 2019/20, ICBC significantly increased the provision for prior years injury claims, presumably to reflect higher recent actual settlement costs under the tort model. For 2020/21 and 2021/22, ICBC's actuaries determined that the reserve for prior years claims could be reduced by almost \$800 million (Basic reduced by \$283 million and Optional by \$514 million).

The significant decline in current year claims costs—especially for the Optional program—for 2021/22 reflects the change to the no-fault/enhanced care liability model, where most claims for pain and suffering are no longer permitted.

TABLE 2.4 – CLAIMS COSTS (\$=million)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
BASIC						
Current Yr. Incurred	3,451.2	3,621.0	2,899.7	2,172.2	1,848.9	2,160.5

⁸

http://www.bcpolicyperspectives.com/media/attachments/view/doc/commentary_icbc_feb_6_announcement_8_feb_2018/pdf/commentary_icbc_feb_6_announcement_8_feb_2018.pdf

Prior Years Adjust.	218.2	718.2	757.2	(126.8)	(156.5)	(64.3)
Total	3,669.4	4,339.2	3,656.9	2,045.4	1,692.4	2,096.2
Change %	19.5	18.3	(16.0)	(44.1)	(17.3)	23.9
OPTIONAL						
Current Yr. Incurred	1,633.0	1,686.9	1,828.6	1,536.3	1,073.1	1,541.2
Prior Years Adjust.	344.8	503.2	422.7	(240.5)	(273.5)	483.3
Total	1,977.8	2,190.1	2,251.3	1,295.8	799.6	2,024.5
Change %	15.8	10.7	2.8	(42.4)	(38.3)	253.2
TOTAL						
Current Yr. Incurred	5,084.2	5,307.8	4,728.3	3,708.5	2,922.1	3,701.8
Prior Years Adjust.	563.0	1,221.4	1,179.9	(367.3)	(429.9)	419.0
Total	5,647.2	6,529.2	5,908.2	3,341.2	2,492.2	4,120.8
Change %	17.3	15.6	(9.5)	(43.4)	(25.4)	65.3

Source: ICBC annual reports.

In 2017/18 and 2018/19, 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 and 2021/22 reflects improved investment income and a reversal of the provision for adjustments to the reserves for prior years claims. As noted earlier, the 2022/23 results reflect a sharp reduction in investment income, and an increase in the adjustment for tort injury claims pending from prior years.

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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
BASIC	(1,096)	(868)	(263)	926.4	1,301.7	389.2
From Optional	99	0	0	0	0	0
Reported	(997)	(868)	(263)	926.4	1,301.7	389.2
OPTIONAL	(230)	(285)	(112)	611.7	914.9	(583.9)
To Basic	(99)	0	0	0	0	0
Reported	(329)	(285)	(112)	611.7	914.9	(583.9)
TOTAL	(1,325)	(1,153)	(376)	1,538.1	2,216.6	(194.7)

Source: ICBC annual reports.

Reviewing the change in the number and the average age of pending injury 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.

Growth in the unpaid injury claim liability puts pressure on rates, as additional assets are required to cover these liabilities. The discount rate is an important factor in determining the annual unpaid claim liability (UCL), as a lower discount rate increases the cash value of the liability while a higher rate decreases the value of the 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. The lowering of the UCL since 2019/20 reflects the impact of the switch to the hybrid-tort liability model, then to the no-fault model. The near elimination of pain and suffering claims is reflected in the decline in the liability.

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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
BASIC	8,608	10,338	11,318	10,802	9,748	8,995

	% change	9.6	20.1	9.5	(4.6)	(9.7)	(7.7)
	OPTIONAL	3,288	3,950	4,686	4,718	3,956	4,038
	% change	23.3	20.1	18.6	0.7	(16.2)	2.1
	COMBINED	11,896	14,288	16,004	15,520	13,704	13,033
	% change	13.1	20.1	12.0	(3.0)	(11.7)	4.9
	DISCOUNT RATE	3.1%	3.7%	2.9%	2.5%	3.7%	4.7%

Source: ICBC annual reports. The discount rate applies to unpaid claims; a lower rate increases the UCL, while an increase in the discount rate decreases the liability.

Table 2.7 shows the dramatic decline in ICBC's once healthy equity between 31 March 2019 (\$119 million) 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. The financial turnaround in 2020/21 and 2021/22, together with the reversal of the practice of reserving large sums for prior years claims, is reflected in the jump in equity during these years. The \$3.7 billion in equity as of 31 March 2022 is net of the \$369 million in rebates ordered by the government. Despite a \$195 million operating loss in 2022/23, the combined equity rose slightly due to higher market value of assets.

TABLE 2.7— YEAR-END EQUITY as of 31 MARCH (\$=million)

		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	BASIC	826	166	(301)	1,228	2,274	2,821
	% change	(44.3)	(80.0)	n/a	n/a	85.2	24.1
	OPTIONAL	161	(48)	(246)	639	1,441	938
	% change	(83.7)	n/a	n/a	n/a	125.5	(39.4)
	COMBINED	987	119	(547)	1,867	3,715	3,759

Source: ICBC annual reports.

The Minimum Capital Test (MCT) is used by the property and casualty industry to measure the capital adequacy. 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.⁹ 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. 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 2.8. ICBC now reports the MCT ratios by program in its quarterly financial summaries.

TABLE 2.8 – YEAR-END MCT RATIO

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
BASIC	50	6	(18)	e60	92	116
OPTIONAL (est.)	18	e(9)	e(25)	e47	115	70
COMBINED	31	(7)	(30)	51	99	102

Source: To 2020/21 see

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. For 2021/22 and 2022/23 see <https://www.icbc.com/about-icbc/company-info/Documents/StmtofOperations-Mar23.pdf>

The government has not yet allowed the BC Utilities Commission to amend the old tort era capital target for the Basic program. The no-fault/enhanced care model results in less volatility in claims costs, which should allow for a reduction in the MCT management target of 145%. The public insurer in Manitoba operates with a target of 100%.

3.0 CLAIMS INFORMATION

Basic claims arise from crashes and comprise bodily injury and property (or material) damage claims. Under the full tort model (in place until 31 March 2019), injury claimants generally sought payment for personal expenses over and above

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

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.

Beginning in 2019/20 and ending on 30 April 2021, ICBC’s injury liability model was based on a hybrid-tort system, where the pain and suffering claims for minor injuries was limited to \$5,500. This change resulted in a significant decline in claims costs. The 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, which reflects the fewer vehicles travelling due to the pandemic. The 15.5% increase for calendar 2021 shows a return to near pre-pandemic levels.

TABLE 3.1 – TOTAL CRASHES by LOCATION REPORTED TO ICBC (000’s)

	2016	2017	2018	2019	2020	2021	2022
INTERSECTION	115	115	110	105	74	87	97
OTHER	210	220	205	195	151	176	190
TOTAL CRASHES	325	335	315	300	225	263	287
Per Cent Change	8.3	3.1	(6.0)	(4.8)	(25.0)	16.9	9.1

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

ICBC does not report the number of Basic injury claims or exposures (as more than one claim exposure can be received for each crash) in its annual or quarterly reports. Basic injuries include all parties with a claim or who receive 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.

Beginning in 2021/22, ICBC no longer collects claim data as it now collects only claim exposure data.

ICBC does not report the number of Basic and Optional injury or property damage claims in its annual report or in its three-year service plan. ICBC asserts that this actual Optional 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 in 2020/21 dropped by a 31%, while property damage claims dropped by 28%, reflecting the effect of fewer crashes resulting from the pandemic restrictions. Under the no-fault regime the largest reduction in new injury claim exposes is for pain and suffering claims.

TABLE 3.2—NEW INJURY CLAIM/EXPOSURES BY LIABILITY MODEL

	Tort	----- Hybrid-Tort -----				----- No-Fault -----	
	2018/19	2019/20	2020/21	2021/22	2022/23	2021/22*	2022/23
Medical Rehab.	95,000	93,000	61,000	7,000	300	68,000	72,000
Weekly Benefits	4,000	5,000	5,000	2,000	300	7,000	9,000
Perm. Impairment	--	--	--	--	--	200	2,600
Death Benefits	500	500	500	100	0	600	900
Bodily Injury (P&S)	75,000	66,000	47,000	11,000	2,400	500	800
Total Injury	174,500	164,500	113,500	20,100	3,000	76,300	85,300
Property Damage	161,600	150,300	107,800	41,100	13,700	71,800	114,100

*for 11 months

Source: FOI CFT 331154, Figure 8F.1, PD from Figure 8.

Notes

1 No-Fault was implemented on May 1, 2021. FY 2020/21 newly opened exposures reflect only 11 months.

3 Weekly Benefits refer to first party claims for injury that compromise a customer's ability to function.

4 Permanent Impairment is a new coverage under Enhanced Care. Previously such claims were handled as part of Medical Rehabilitation and under BI claims handling.

5 Under Enhanced Care, ICBC opens up three Death Benefit exposures (funeral costs, survivor benefits and grief counselling) rather than just one.

6 BI exposures from crashes occurring on or after May 1,2021 consist mainly of out-of-province claims.

Tables 3.3 to 3.5 show the number of tort and hybrid-tort claims and exposures received, pending, and settled (with a payment). The 2021/22 fiscal year is for one month, as the no-fault model began on 1 May 2021. The residual in 2022/23 are mostly for out-of-province claims where the tort-based system is still in effect.

TABLE 3.3 – NEW TORT BASIC CLAIMS OPENED

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
INJURY CLAIMS						
BASIC TORT CLAIMS	50,025	47,997	41,531	27,306	n/a	n/a
TOTAL EXPOSURES	66,561	64,116	54,411	35,793	6,033	2,720
PROPERTY DAMAGE						
BASIC CLAIMS	161,180	149,934	139,230	99,910	n/a	n/a
TOTAL EXPOSURES	174,078	161,552	150,268	107,805	41,142	13,710

Sources: 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 (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 (pdf 669/720).

2020/21 data from FOI request CFT 315501. FOI CFT 323135 provided the exposure data, excluding those with no amount paid or with no financial transaction, from 2017/18 to 2021/22. FOI CFT 331154 provided exposure data for 2018/19 to 2022/23.

Table 3.4 shows the number of Basic claims and exposures that are pending settlement as of 31 March of each fiscal year. Pending injury claims steadily increased until 2020/21, then both the number of pending claims and exposures declined.

TABLE 3.4 – BASIC TORT CLAIMS PENDING

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
INJURY CLAIMS						
BASIC CLAIMS	81,875	92,524	96,968	81,752	n/a	n/a

EXPOSURES	102,670	116,554	121,439	101,014	69,786	51,972
PROPERTY DAMAGE						
BASIC CLAIMS	6,029	6,379	7,437	5,865	n/a	n/a
EXPOSURES	6,515	6,764	7,964	6,363	2,636	2,080

Sources: See Table 3.2.

Settled tort claim exposures began to decline in 2018/19.

TABLE 3.5 – BASIC TORT CLAIMS SETTLED/CLOSED

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
INJURY CLAIMS						
BASIC CLAIMS	45,483	37,391	37,072	42,620	n/a	n/a
EXPOSURES	61,179	50,217	49,510	56,195	37,219	20,501
PROP. DAMAGE						
BASIC CLAIMS	163,101	149,560	138,172	101,514	n/a	n/a
EXPOSURES	176,207	161,300	149,068	109,406	44,868	14,265

Sources: See Table 3.2.

Table 3.6 shows that the average cost to settle an injury claim (claim severity) continued to increase until 2019/20, then rose again in 2021/22 and 2022/23 when the more complex (expensive) claims were being settled.

Except for one year, the average cost of property damage claims and exposures has increased over the last six years.

TABLE 3.6 – BASIC SETTLED CLAIMS SEVERITY (\$)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
INJURY CLAIMS						

TORT CLAIMS	41,810	44,056	42,752	37,464	n/a	n/a
EXPOSURES	32,894	34,268	33,898	29,053	45,365	75,584
PROPERTY DAMAGE						
CLAIMS	4,015	3,959	4,149	4,599	n/a	n/a
EXPOSURES	3,806	3,774	3,944	4,368	4,820	5,120

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 (pdf 666/720). The 2017/18 exposures are from FOI CFT 323135, and the 2018/19 to 2022/23 data are from FOI CFT 331154.

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 3.7 shows the representation status for settled injury claims in the 48% to 50% range from 2016/17 to 2019/20, but declined to 40% for 2020/21, the second year of the hybrid-tort liability model. Last year, while the number of exposures settled decreased, the percentage represented by a lawyer increased to approximately 54%, reflecting the number of more complex (represented) claims.

TABLE 3.7 – SETTLED TORT INJURY EXPOSURES BY REPRESENTATION STATUS (\$)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
INJURY EXPOSURES						
NO REPRESENTATION	30,000	30,000	25,000	26,000	34,000	17,000
REPRESENTED	14,000	15,000	11,000	9,000	7,000	3,000
REPRES. & LITIGATED	15,000	17,000	14,000	15,000	16,000	17,000
TOTAL SETTLED	59,000	62,000	50,000	50,000	57,000	37,000
REPRESENTED %	49.2%	51.6%	50.0%	48.0%	40.4%	54.1%

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 (pdf 660/720). Data for 2020/21 from FOI request CFT 315501, while data for 2021/22 is from FOI request CFT 323135.

Table 3.8 shows the average tort 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 2021/22 and 2022/23 severity increased significantly reflecting the cost of the more complex claims, although fewer claims, being settled.

TABLE 3.8 – AVERAGE TORT SEVERITY by REPRESENTATION TYPE (\$)

	2018/19	2019/20	2020/21	2021/22	2022/23
NO REPRESENTATION	8,300	9,800	15,000	17,900	28,400
REPRES. & LITIGATED	81,500	89,900	91,000	117,700	141,600
OVERALL	44,700	61,200	79,200	112,600	139,000

Source: FOI CFT 331154, Figure 8F.4.

Table 3.9 shows the average hybrid-tort injury exposure settlement amount (severity) by representation status. The hybrid-tort system ended on 30 April 2021, therefore the increased severity in 2022/23 reflects the cost of settling more complex injury claims incurred in the hybrid-tort period.

3.9 – AVERAGE HYBRID-TORT SEVERITY by REPRESENTATION TYPE (\$) Y

	2018/19	2019/20	2020/21	2021/22	2022/23
NO REPRESENTATION	--	3,200	4,800	6,200	15,300
REPRES. & LITIGATED	--	7,500	20,600	23,500	42,500
OVERALL	--	3,300	6,100	9,100	30,400

Source: FOI CFT 331154, Figure 8F.4.

Table 3.10 shows the average time to reach a settlement where there was a payment. The settlement times for litigated exposures have increased significantly in the last two 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 2019.¹⁰

3.10 – AVERAGE MONTHS to SETTLE (with Payment)

	2017/18	2018/19	2019/20	2020/21	2021/22
INJURY EXPOSURES					
NO REPRESENTATION	7	n/a	n/a	n/a	n/a
REPRESENTED	16	n/a	n/a	n/a	n/a
REPRESENT. & LITIGATED	40	41	42	44	50

Source: For 2017/18 see 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 (pdf 673/720). Data for 2020/21 from FOI response CFT 315501, while the 2021/22 data is from the response to FOI CFT 323135.

THE NO-FAULT INFORMATION

To represent the no-fault results, I chose three of the key injury coverages, the medical and rehabilitation, income replacement and permanent impairment. These are shown with the new claims, the closed claims, and the average claim severity.

Table 3.11 shows the new and closed exposures for the no-fault program, where 2021/22 was for 11 months and 2021/22 was the first full year of the new model. There is not enough data to draw conclusions about the injury trends. Vehicle damage claims increased significantly in 2022/23 compared to the prior year, even accounting for the one month difference.

¹⁰ See https://www.bcuc.com/Documents/Proceedings/2019/DOC_53549_B-2-ICBC-Responses-to-BCUC-Intervener-IR1.pdf Pdf 791/1357.

TABLE 3.11—NO-FAULT NEW CLAIM/EXPOSURES (000's)

	2021/22*	2022/23	Per Cent
Med/Rehab.	50,600	48,580	(4.0)
Income Replacement	5,478	6,696	22.2
Perm. Impairment	156	2,194	1,400.0
Vehicle Damage	71,822	114,137	58.9

*for 11 months

Source: FOI CFT 331154

The large increase in completed medical and rehabilitation and income replacement claims in 2022/23 probably reflects more experience of ICBC claims staff with the new no-fault model.

TABLE 3.12—NO-FAULT CLAIM/EXPOSURES COMPLETED (000's)

	2021/22*	2022/23	Per Cent
Med/Rehab.	17,748	51,296	289.0
Income Replacement	2,194	4,705	214.4
Perm. Impairment	10	238	2,380.0
Vehicle Damage	69,254	114,166	64.9

*for 11 months

Source: FOI CFT 331154

Again, more experience is required before any conclusions can be drawn from the average severity data in Table 3.13. The increasing cost of vehicle damage claims reflects more expensive construction, including sensors and cameras.

TABLE 3.13—NO-FAULT AVERAGE SEVERITY (\$=000's)

	2021/22*	2022/23	Per Cent
Med/Rehab.	941	2,192	232.9
Income Replacement	3,580	6,185	72.8
Perm. Impairment	82,511	14,746	(82.0)
Vehicle Damage	4,518	5,717	26.5

*for 11 months

Source: FOI CFT 331154

4.0 COST OF CLAIMS

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, resulted in a large reduction in the cost of current Basic claims in 2019/20 to 2020/21.

The no-fault injury costs for 2021/22 and 2022/23 show a continuing decrease in claims costs and a sharp increase in property damage costs. One must presume that the elimination of most pain and suffering claims has resulted in the relatively stable injury claim costs during the last two years. Property or vehicle damage costs rebounded to pre-pandemic levels in 2020/21, and increases another 38% last year.

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

	2017/18	2018/19	2019/20*	2020/21*	2021/22**	2022/23**
BODILY INJURY	2,558	2,642	1,723	1,335	(36)	
PART 7 BENEFITS	220	336	566	382	1,259	
TOTAL INJURY	2,778	2,978	2,289	1,717	1,223	1,297
% change		7.2	(23.1)	(25.0)	(28.8)	6.1

	PROP. DAMAGE	673	643	611	455	626	863
	% change	19.1	(4.5)	(5.0)	(25.5)	37.6	37.9
	TOTAL COST	3,451	3,621	2,900	2,172	1,849	2,160
	% change	9.6	4.9	(19.9)	(25.1)	(14.9)	16.8

Note * capped or hybrid tort for injury claims; ** no-fault (Enhanced Care) model.

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

https://www.bcpolicyperspectives.com/media/attachments/view/doc/commentary_icbc_basic_and_optional_12_september_2022/pdf/commentary_icbc_basic_and_optional_12_september_2022.pdf

Claims costs for the Optional program show a sharp decline in injury costs with the introduction of the higher Basic coverage limits in the no-fault model. Property damage cost increases in 2021/22 and 2022/23 reflect a similar pattern as the Basic program.

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

		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	BODILY INJURY	752	782	945	642	(14)	38
	% change	20.7	15.7	20.8	(32.1)	--	--
	PROP. DAMAGE	881	905	884	894	1,087	1,504
	% change	4.9	2.7	(2.3)	1.1	21.6	38.4
	TOTAL COST	1,663	1,687	1,829	1,536	1,073	1,542
	% change	13.8	8.3	8.4	(16.0)	(30.1)	43.7

Source: ICBC annual reports.

From 2017/18 to 2019/20 ICBC significantly increased its allowance for the cost of unpaid claims incurred in prior years. Table 4.3 shows that for these three years the initial claims estimates were increased by total of almost \$3.0 billion based on the advice of ICBC's actuaries. During the last two years ICBC lowered the adjustment by almost \$800 million. Then in

2022/23, ICBC significantly increased the provision for Optional unpaid injury claims resulting from the disposition of pending tort claims.

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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
BASIC PROGRAM	218	718	757	(127)	(156)	(64)
OPTIONAL PROGRAM	345	503	423	(240)	(274)	483
TOTAL CHANGE	563	1,221	1,180	(367)	(430)	419

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 reviews of ICBC’s and BC Hydro’s rate requests.