

The Future of Auto Insurance in B.C.

IBABC believes any discussion about the future of auto insurance in B.C. must begin with one question: What system will continue to provide effective, affordable and available auto insurance today and for the long term for **all residents** of B.C.? B.C. Brokers serve more than 4 million drivers across the province in over 900 locations, serving consumers with all their insurance needs.

Having extensively studied alternatives to B.C.'s public auto insurance system, to date we have yet to see a universally available, consumer-friendly private-market or hybrid tort option that provides greater long-term and sustainable value for B.C. drivers than the existing framework.

This does not mean that changes are without merit. ICBC must continue to evolve, improve service, control costs, deliver effective claims service and hold all drivers accountable for their behaviour by affecting rates of those drivers who cause accidents. We believe the current reforms are moving the system in the right direction, with a greater share of the financial burden being placed on those whose driving behaviour contributes to increased claims and rewards responsible drivers with better rates. The current model does still assign fault in all claims.

For more than 50 years, ICBC has provided mandatory auto insurance to British Columbians without making eligibility dependent on factors such as age, gender or marital status – factors that private insurers may consider when establishing rates. That is particularly important when considering the experience of private auto markets in other provinces. Across Canada, private insurers are facing significant challenges from rising claims costs, affordability pressures and changing regulatory environments.

In some jurisdictions, insurers have restricted physical damage coverage offerings, or withdrawn from segments of the market completely because they are facing significant pressure to increase premiums to break even in those markets. These for-profit companies must make sure that they create a return for their shareholders.

Opening B.C. to a fully private or a hybrid auto market would not eliminate these underlying challenges. It likely will change who bears the risk and could make affordability and accessibility more difficult for British Columbians. The private market would need to do a full assessment of the B.C. marketplace to consider opening up in the province. Most markets would consider whether tort was in the marketplace or not. The markets without tort are more attractive to the private for-profit insurers when they make a decision to move into a province like B.C.

IBABC supported the introduction and implementation of Enhanced Care and continues to believe the model delivers real benefits for British Columbians. Enhanced Care provides a stronger focus on treatment and recovery and moves away from the adversarial model that **previously directed significant premium dollars toward legal costs**. There are still thousands of claims open from more than five years ago in the old model. This is not a benefit to those injured and awaiting a settlement.

The current model is designed around a **care-first approach**, with injured people able to access treatment and recovery support more quickly and medical professionals playing a central role in determining appropriate care. It also provides a stable and accessible insurance system across the province. Rather than directing premium dollars toward prolonged legal disputes, the system places greater emphasis on returning those dollars to the people who have been injured.

Importantly, B.C. has maintained affordability while providing broad coverage offerings. There have been no basic rate increases since Enhanced Care's implementation, despite significant increases in overall claims costs. That record should be part of any serious discussion about the future of auto insurance in this province.

IBABC is not suggesting that ICBC should be immune from scrutiny or reform. **A public insurer must continually demonstrate** that it is operating efficiently, controlling costs, providing excellent service and delivering value to policyholders. British Columbians deserve an auto insurance system that is affordable, accessible and sustainable.

This year, as part of the government's review of the Enhanced Care system, IBABC provided feedback on how the model can continue to improve. Julie Skelton, Executive Director and COO of IBABC, also presented the brokers' perspective directly to the committee conducting the review. IBABC welcomes opportunities to discuss ICBC's Enhanced Care coverage and what brokers see as working or not working for their clients.

The experience of private-auto jurisdictions elsewhere in Canada deserves careful consideration. Alberta's planned Care-First reforms and Ontario's ongoing auto insurance reforms are responses to affordability, claims-cost and accessibility challenges within private-market, offerings and those that are rate capped by government. These provinces are grappling with many of the same pressures that led B.C. to introduce Enhanced Care. The lesson should not be that one model is perfect. It should be that auto insurance is complicated, and changing the structure of the market does not make the underlying challenges disappear.

B.C. should learn from the experiences of other provinces before dismantling a system that provides universal access. It is also important to recognize that B.C. does not have a completely

closed insurance market. Private insurers already compete in areas such as optional material-damage coverage and excess coverage, giving consumers choice where competition can provide meaningful benefits. Even with the open market option, few insurers have chosen to provide offerings in B.C. today.

IBABC supports maintaining the option for consumers to have access to private-market products. The question is therefore not whether British Columbians should have access to private insurers. They already do. The question is whether changing the public foundation of mandatory auto insurance with a fully private or hybrid system would produce better outcomes for **all** British Columbians.

Based on the evidence available today and the feedback of our broker association counterparts across Canada, we have not seen a compelling case that it would. Until there is clear evidence that another model can provide the outcomes we are seeing from ICBC for all British Columbians, we believe the public foundation of B.C.'s auto insurance system should remain in place, while continuing to improve and modernize the system for the benefit of all residents of B.C.

About IBABC

The Insurance Brokers Association of B.C. serves as the voice of the general insurance brokerage industry. It includes over 100 member organizations, employing over 12,500 licensed brokers in 900 locations across British Columbia. Its members are the premier distributors of insurance products and services in British Columbia. IBABC is the primary provider of pre-licensing and continuing professional education for the general insurance brokers in B.C. IBABC represents the interests of the public and its member brokers to government and to industry stakeholders.

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