

THE ROAD WE'RE ON

ICBC'S YEAR IN REVIEW 2019/20



A BRIEF GUIDE OF
INITIATIVES AND RESULTS



INTRODUCTION

A MESSAGE FROM NICOLAS

This year we implemented some of the most significant changes to auto insurance in the province's history.

Even with the recent changes, British Columbians are still paying too much for auto insurance. Hence, a new auto insurance model for B.C. will launch in May 2021.

The new Enhanced Care model will significantly lower premiums, provide even more generous care and recovery benefits, and improve the long-term affordability and stability of auto insurance for British Columbians.

I'd be remiss if I didn't mention the impact of the COVID-19 pandemic. Although the pandemic had just begun as our 2019/20 fiscal year was ending, it had a significant impact on our bottom line.

On behalf of ICBC, I'm honoured to share a look back at our 2019/20 highlights. I hope this report clearly shows the work we do and how your premium dollars are spent – and it won't stop here. You can expect to receive more information from us, have opportunities to provide more input, and see us more visibly in your communities.

We're here for you. To move you forward.



Nicolas Jimenez, President & CEO



HIGHLIGHTS



BIG CHANGES

In April 2019, we significantly improved care and recovery benefits and in September, we changed the way that premiums are set to make a fairer system.

0% BASIC RATE INCREASE

In 2020/21, for the first time in almost a decade, you won't see an increase on your basic insurance.



ENHANCED CARE

We're making changes to make car insurance more affordable. Starting May 2021, drivers will save an average of 20% or approximately \$400 on their insurance.





TELEMATICS

We launched a telematics program to see if technology that tracks driving behaviour can make our roads safer.



SPEED CAMERAS

35 speed cameras were activated at high-risk intersections to help prevent crashes.



NEW SECURITY FEATURES

We've added new security features to most of our cards to protect drivers from fraud and identity theft.

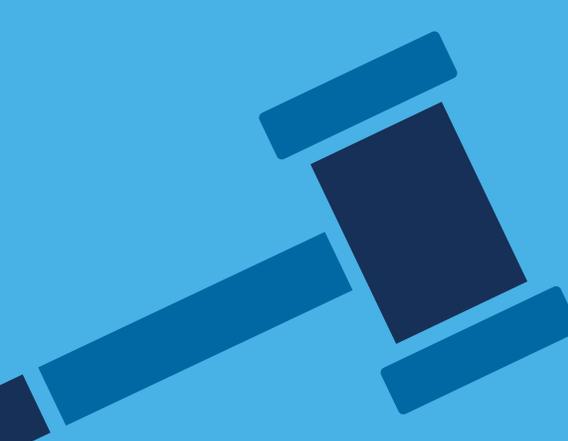
FINANCIALS



HOW YOUR PREMIUM DOLLARS ARE SPENT

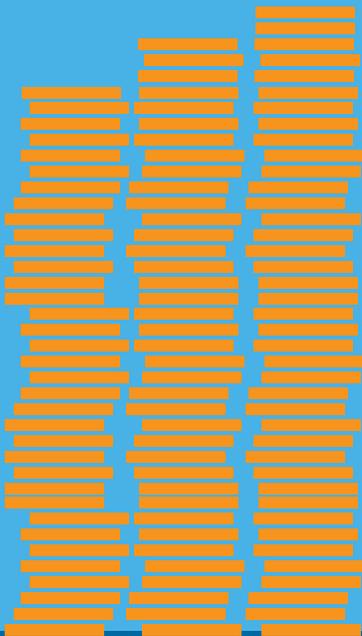
For every \$1.00 we collect in insurance premiums, we pay out \$1.27 for claims, operations and other expenses. Claims costs account for \$1.07, including car repairs, injury treatments and legal costs. Another \$0.05 goes to operating ICBC, and \$0.15 towards other expenses. Income from investments helps offset these expenses.





ANNUAL LEGAL COSTS

\$700M



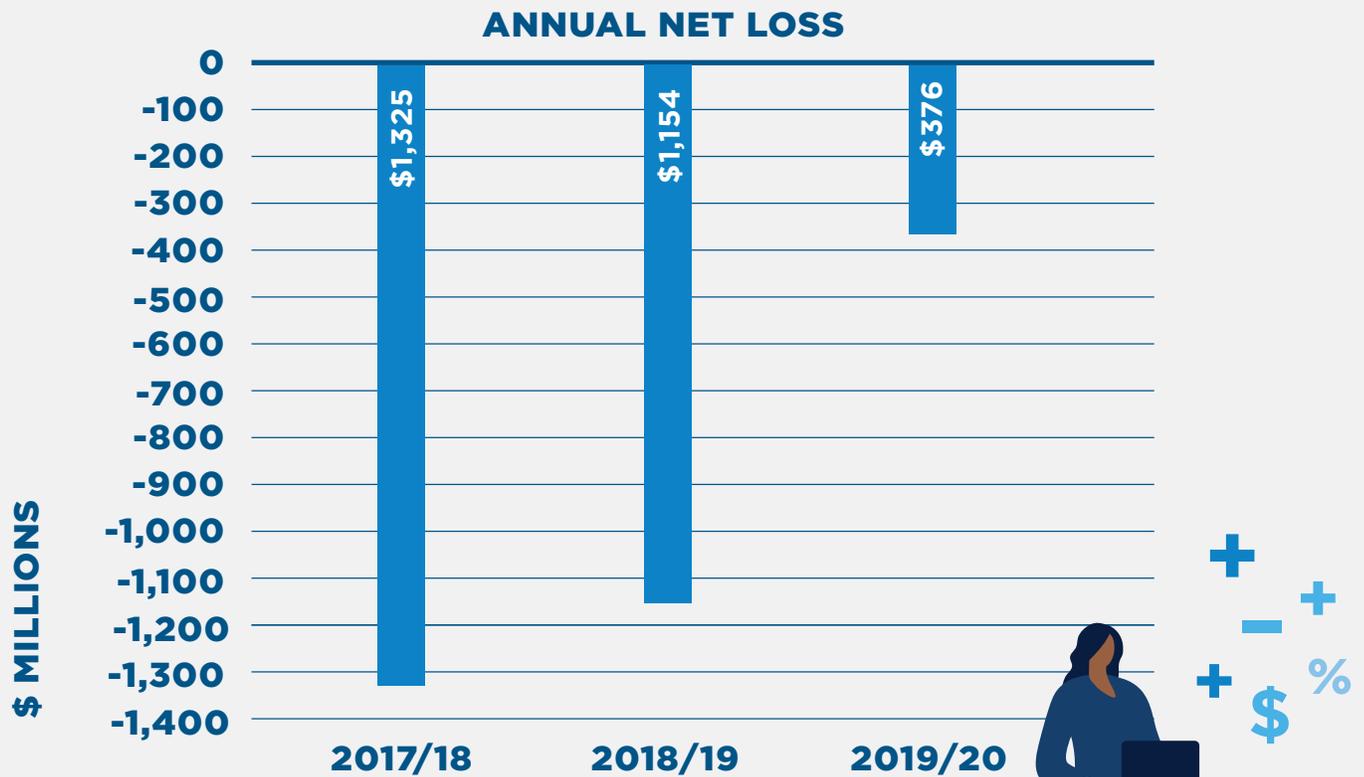
CLAIMS COST PRESSURES

This year's cost to settle claims is over \$5.9 billion, which is down \$621 million from last year mainly due to the April 2019 reforms and reduced crash frequency.

Despite these improvements, our current insurance system is still seeing far too much spent on legal costs - roughly \$700 million annually - and this is a major reason why our insurance rates have continued increasing every year. Costs associated with our current litigation-based system will be largely removed with Enhanced Care.

FINANCIAL HIGHLIGHTS

We're going in the right direction. The year-over-year improvement was mainly due to lower claims costs because of product reforms and fewer crashes, higher premiums earned, and higher investment income. However, like nearly everyone, the COVID-19 global pandemic had a significant negative impact on our bottom line.



2019/20 NET LOSS CALCULATION (\$ IN MILLIONS)

+ \$6,434	TOTAL EARNED REVENUES
- \$7,417	TOTAL CLAIMS AND EXPENSES
+ \$1,058	INVESTMENT INCOME
- \$134	NON-INSURANCE OPERATIONS EXPENSES
= - \$59	NET LOSS (BEFORE IMPAIRMENT LOSS)
- \$317	INVESTMENT IMPAIRMENT LOSS*
= - \$376	NET LOSS

*Decline in market value below the cost for investments, primarily due to COVID-19 global pandemic

TAKING ACTION

SOLID STEPS



Our latest reforms have been designed to increase care for the injured, make the way we set rates fairer and help put ICBC back on the path to financial stability – and they’re working! This year’s net loss of \$376 million was \$778 million lower than the \$1.154 billion net loss in 2018/19.

- 1** We’ve increased care and treatment available to customers.
- 2** We’ve set a limit on pain and suffering payouts for minor injuries.
- 3** There’s a new, independent dispute resolution process for minor injury claims.
- 4** We’ve changed the way we set premiums to ensure that the rates a customer pays better reflects their risk.
- 5** We’ve modernized our vehicle repair program.



HOW WE RESPONDED TO COVID-19

The provincial government deemed us an essential service and we took that challenge head on.

We took steps to support you, including:

1

Allowing you to defer your monthly payment plan up to 90 days.



4

Allowed you to renew your Driver's Licence by phone and introduced an online appointment booking system for in-person licensing transactions.

6

Waiving the plating fee when you choose to reinstate the policy.

2

Enabling you to add, renew and make adjustments to your insurance by phone and email.

5

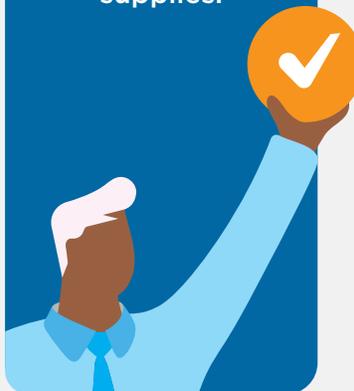
Provided an exemption to customers insured for personal use to allow delivery of food and medical supplies.

7

Expanded the funding for our Community Grant Program this year to provide more assistance to non-profit injury recovery groups who have been struggling during the COVID-19 pandemic. These groups play a critical role helping injured customers get better.

3

Waived the cancellation fee if you had to cancel your insurance.



If ICBC's net income is better than forecast in 2020/21, we'll use the surplus to benefit customers.

WE'RE LISTENING

Our goal is to deliver exceptional service for British Columbians, and we're working every day to be more trustworthy, transparent and approachable. We're headed in the right direction, but we've heard your feedback and we know we still have a lot of work to do.

WE'RE STRIVING TO BE MORE



TRUSTWORTHY



TRANSPARENT



APPROACHABLE

When it comes to transactions with ICBC, here's how you said we performed in 2019/20

INSURANCE SERVICES SATISFACTION	96%
DRIVER LICENSING SATISFACTION	92%
CLAIM SERVICES SATISFACTION	92%

ROAD IMPROVEMENTS

We invest in road improvements to help make our roads safer. Fewer crashes mean fewer injuries and wrecked cars — and fewer insurance claims. Why do we spend money on roads? Road improvements deliver results.

IN 2019/20
WE PARTICIPATED
IN OVER
370
ROAD IMPROVEMENT
PROJECTS

15%
FEWER COLLISIONS
CAUSING PROPERTY
DAMAGE

24%
FEWER SEVERE
COLLISIONS

EVERY \$1 SPENT
ON ROAD
IMPROVEMENTS
RESULTS IN
AN AVERAGE OF
\$4.70
IN SAVINGS



COMMUNITY INVOLVEMENT

COMMUNITY GRANTS PROGRAM

Our community grants program helps make a difference in the lives of British Columbians by supporting road safety and injury recovery initiatives of community organizations. In 2019/20, one of our community grants helped launch Pain BC's Peer Self-Management Program, to create support groups that connect people living with chronic pain, improving their quality of life and decreasing their sense of isolation.

DIVERSITY & INCLUSION

As part of our commitment to being a diverse and inclusive employer, we completed a review of our processes and practices to identify barriers to inclusion.

Actions we are taking to remove these barriers include:

Updated our Diversity & Inclusion Policy

•

Changing our recruitment practices to ensure that we are accessing a diverse pool of candidates

•

Diversity and inclusion based training available to all employees through LinkedIn Learning

INDIGENOUS OUTREACH

In 2019, we connected with 143 of 203 First Nations communities, a 38% increase over last year. Working with these communities and other partners, we're helping overcome barriers that in the past have prevented Indigenous people from getting their driver's licence.

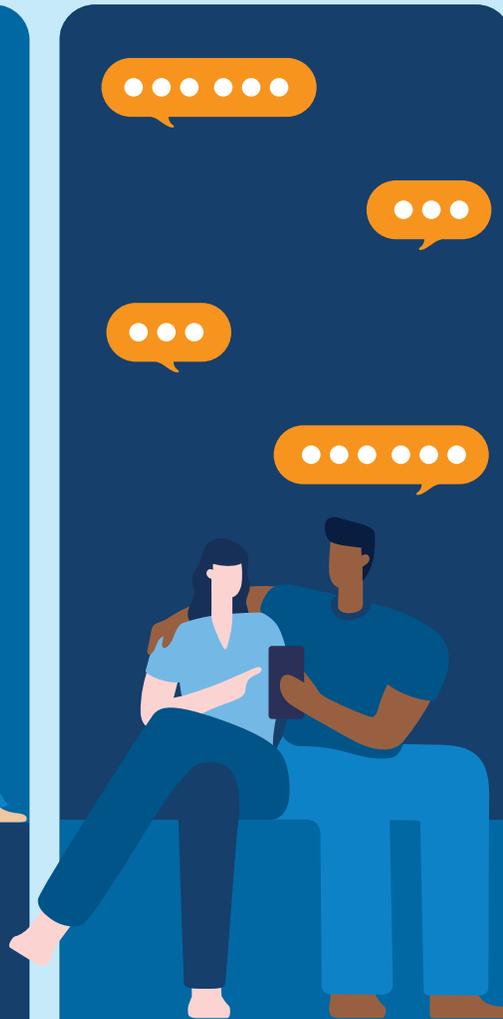


WHAT'S COMING IN 2021 AND BEYOND?



ENHANCED CARE

We are moving to a new way of doing auto insurance in the spring of 2021 - one that will lower the price of insurance by an average of 20% or approximately \$400, and provide British Columbians with significantly better care and recovery benefits if they're injured in a crash.



EXPANDED CUSTOMER SERVICE OPTIONS

To make communicating with us easier we'll be creating new ways to engage with us, including: via text, email and online chat.



MORE WAYS TO REDUCE COSTS

We'll be automating routine claims processes, like data collection, to help improve efficiency and ultimately lower overhead expenses.



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