



Newsroom

ICBC files 2015 basic rate application

October 15, 2015

ICBC will submit the remainder of its 2015 basic rate application today with the British Columbia Utilities Commission (BCUC), asking for a 5.5 per cent increase to basic insurance rates – lower than the earlier potential for 6.7 per cent. If approved, this will mean an average increase of \$3.70 per month for customers' basic insurance coverage.

"In the best interest of our customers, we have worked alongside government during the last few weeks to identify strategies to help lower both this year's rate increase and to attempt to help alleviate the expected ongoing pressure injury claims will continue to put on insurance rates in future years," said Mark Blucher, president and CEO of ICBC.

As a first step, government has approved a \$450 million transfer of capital from ICBC's optional account to its basic account. This transfer helps make a positive difference to basic insurance rates by rebuilding ICBC's basic capital, which has come under increasing pressure in recent years.

ICBC will continue to work with government to explore options to further help alleviate the challenge of increasing injury claims costs and the impact on insurance rates in 2016 and beyond.

One immediate area of increased focus is on fraud prevention. ICBC is increasing its resources to help better prevent exaggerated and fraudulent claims, which includes moving forward with the adoption of a new fraud analytics tool in early 2016. The tool will use data, algorithms and statistical methods to help quickly flag patterns and high predictors of fraud at the beginning of the claims process.

"The overwhelming majority of customers make honest claims but exaggerated and fraudulent claims are an increasing issue for all insurers," said Blucher. "Analytics technology solutions are an emerging opportunity to help detect and further enhance investigation methods and will be a valuable asset in helping us prevent fraud."

The pressure from the rising number and cost of injury claims – commonly the biggest single factor driving rates for auto insurers across North America and beyond – is also putting pressure on ICBC's optional insurance rates as liability payouts above \$200,000 are covered under optional extended third-party liability.

The average personal insurance customer who purchases optional extended third-party liability coverage – plus collision and/or comprehensive insurance – can expect to pay an additional \$1.30 per month (a total of an extra \$5 per month for their full basic and optional coverage).

The number of injury claims being reported to ICBC has escalated in recent months – almost 68,000 new injury claims reported from July 2014 to June 2015, approximately 7,000 more than the preceding 12 months.

ICBC's bodily injury claims costs, which cover payouts for pain and suffering, future care and loss of wages, topped \$2 billion for the first time in 2014 and are anticipated to escalate to \$2.3 billion in 2015 – an increase of 64 per cent, or almost \$900 million, since just 2008.

ICBC is also working with government to enhance customer service and make it easier and more convenient for British Columbians to access ICBC services in communities across the province. Work is already underway to identify options which will make day-to-day interactions with ICBC easier, with a focus on more online services.

ICBC is working toward customers being able to access their driver record and claims history via icbc.com. Further online options being explored include insurance renewal reminders and enhanced online claims service.

Later this year, ICBC will also be adding a direct translation phone line for Mandarin and Cantonese speaking customers, following the success of its Punjabi translation service which launched in 2013.