

Letter from the Board Chair & CEO

ICBC, owned collectively by all British Columbians, is committed to moving all forward, working alongside customers, brokers, the repair industry, medical professionals and service providers. We are here to support all British Columbians to go where they need to on B.C.'s roads. ICBC worked with Government to accomplish the priorities in the [2020/21 Mandate Letter](#) and continues to focus on meeting financial targets and Government's public policy objectives.

ICBC experienced recent consecutive years of net losses of more than a billion dollars. In 2020/21, ICBC turned a financial corner as a result of actions taken by government and ICBC to reform public auto insurance in B.C. The system before reforms were introduced in April 2019 was based on a full tort model where the not-at-fault driver could seek damages through an adversarial, often legal, process from the at-fault driver, whom ICBC had a duty to defend. Claims costs increased unsustainably, resulting in significant upward pressure on the cost of insurance for all drivers, even the vast majority of customers who weren't getting into crashes.

When government introduced important reforms to the auto insurance system in 2019, ICBC moved to a modified tort system. Significant rate increases were avoided and accident benefits were improved. Despite these changes, affordability was still a major challenge for customers, with the premiums collected in B.C.'s auto insurance system still funding hundreds of millions of legal costs every year, including lawyer fees and expert reports.

In 2020, government and ICBC took more action to provide significantly better care and recovery benefits to anyone injured in a crash and to make rates more affordable through its work toward the implementation of Enhanced Care coverage. Enhanced Care coverage legislation received royal assent in the B.C. Legislature in August 2020 and is in effect for all British Columbians, including non-policyholders like pedestrians and cyclists, as of May 1, 2021.

The COVID-19 pandemic had a significant impact on ICBC and drivers alike in 2020/21. Fewer claims and reduced claims costs, as a result of customers following guidance of the Provincial Health Officer (PHO) to stay home, contributed to ICBC's strong financial results. ICBC and the provincial government committed that any positive net impacts to ICBC's financial results due to COVID-19 would benefit customers. ICBC subsequently announced two premium rebates to customers totaling \$950 million.

So, reforms to the insurance system had a positive impact on ICBC's finances in 2020/21, as did the effects of the COVID-19 pandemic. Enhanced Care coverage goes further to make auto insurance in B.C. more affordable. Customers with full ICBC Basic and Optional coverage will save on average more than 20 per cent on their annual premiums. With strong financial results, ICBC can rebuild its capital to sufficient and healthy levels to better absorb unanticipated risks and minimize the need for higher rate increases.

Operationally, ICBC adapted quickly when the pandemic struck in March 2020 to keep customers and employees healthy and safe, while continuing to provide British Columbians with the insurance products and services that they rely on.

Also in 2020, ICBC embarked on a new five-year Corporate Strategy which defines the specific priorities we need to focus on to 2025. It centers on being affordable, customer driven, smart & efficient and future focused, and will help us deliver on our promise to move all British Columbians forward.

The Board Directors continues to receive ongoing education and evaluation opportunities intended to expand members' individual and collective understanding of ICBC and their role in overseeing its operations. In 2020/21, this included a number of presentations to the Board of Directors by Government and ICBC staff.

ICBC will continue to work with Government to meet all objectives set out in the Mandate Letter.

Sincerely,

Joy MacPhail



Chair of the Board of Directors ICBC
August 6, 2021

Nicolas Jimenez



President and Chief Executive Officer ICBC
August 6, 2021