

Report on Performance: Goals, Objectives, Measures and Targets

Goal 1: To Make Insurance Affordable

ICBC is committed to delivering an affordable and sustainable insurance system for British Columbians.

Objective 1.1: Reduce legal expenses and the costs to manage claims

Key Highlights

- Successfully implemented Enhanced Care, which is designed to improve rate affordability, in May 2021.
- Continued to improve the delivery of Enhanced Care Coverage through: establishing procedures to ensure consistent approach to customer recovery, engaging with advisory groups to understand and apply best practices, and enhancing relationships with health care providers.
- Managed and accelerated legal-based claims closures through the use of analytics and strategic initiatives.
- Undertook operational and strategic efforts to manage rising material damage costs, in order to ensure ongoing affordability for customers.

Performance Measure(s)	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target ⁵	2023/24 Target ⁵
1.1a ICBC rates are affordable					
Jurisdictional comparison of year over year rate changes ¹	ICBC's Rate Change is 15.5 percentage points lower compared to Provincial Benchmark	≤ Provincial Rate Change Benchmark	2021/22 comparison will be available in 2023 ²	≤ Provincial Rate Change Benchmark	≤ Provincial Rate Change Benchmark
1.1b ICBC helps British Columbians return to their lives after a loss					
Percentage of claims costs that goes to customers ³	80.8%	91.4%	95.0%	93.4%	93.4%
1.1c ICBC repairs vehicles in a cost effective manner					
Average cost for a vehicle related claim ⁴	\$4,718	\$4,941	\$5,080	\$5,220	\$5,518

¹Data source: Benchmark relies on publicly available rate information for Canadian jurisdictions; ICBC's Basic rate change is based on the government-directed zero percent Basic change effective April 1, 2020; and Optional rate changes are based on the accumulated rate changes that were implemented during the 12-month period. Note that any rebates provided to customers as a result of COVID-19 were excluded from this analysis.

²This result is unavailable now and will be reported in the 2022/23 Annual Service Plan Report after a complete year of data. However with Enhanced Care rate reductions effective May 1, 2021, ICBC is expected to perform better than the Provincial Rate Change Benchmark.

³Data source: Analysis of ICBC-incurred claims; plaintiff counsel contingency fees assumed at 25 percent of settlement amounts on average for represented claimants.

⁴Data source: ICBC claims database.

⁵Targets shown are from the 2021/22 – 2023/24 Service Plan. Targets for future years have been updated in the 2022/23 – 2024/25 Service Plan.

Discussion of Results

- ICBC successfully launched Enhanced Care on May 1, 2021. This care model was designed to improve rate affordability by removing legal costs from the system. As a result of Enhanced Care, ICBC reduced rates and a greater percentage of claims costs now goes back to customers.
- In 2021/22, a key focus for ICBC was making ongoing improvements to the delivery of Enhanced Care, with efforts made around the following:
 - Improving consistency and effectiveness of ICBC’s approach to customer recovery by implementing case and disability management best practices.
 - Creating a Clinical Advisory Group to further understand and recommend best practices in customer recovery.
 - Working with health-care providers throughout the province to identify and address service gaps.
- ICBC continues to manage the legal-based book of claims, estimated at approximately \$10 billion, and to monitor legal-based claims to control financial risk.
- ICBC continues to manage rising material damage costs through operational and strategic efforts.
- Several recent events and trends have increased vehicle damage costs in the past year, including supply-chain issues and high vehicle values. The November 2021 flood further increased high-severity claims.

Goal 2: To be Customer Driven

ICBC aims to be customer driven and more flexible and to have the needs of customers drive improvements in the design and delivery of its products and services.

Objective 2.1: Be more flexible, with customer needs driving improvements in the design and delivery of products and services

Key Highlights

- Successfully launched online auto-insurance renewals for personal policies in March 2022.
- Evolved our customer measurement framework to include additional insight and feedback to inform the evolution of product and service offerings.
- Explored options to introduce usage-based products in the coming years including expanding low-kilometre discounts in the short term.

Performance Measure(s)	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
2.1a Customers choose digital options to purchase and renew their insurance					
On-time delivery of defined digital capabilities	Foundational capabilities delivered	Project milestones on track to support online insurance renewals in 2022	Project was delivered on time and included foundational components	Online insurance renewals delivered	TBD ¹
2.1b Customers value their experience with ICBC					
Customer Satisfaction for Insurance Services ^{2,3}	96%	95%	96%	96%	96%
Customer Satisfaction for Claims Services ^{2,3}	92%	92%	89%	93%	94%
Customer Satisfaction for Driver Licensing Services ^{2,3}	92%	92%	91%	93%	94%

¹Digital capabilities for 2023/24 and beyond have yet to be identified.

²Data source: An independent firm is retained to conduct ongoing surveys of customers for the purposes of monitoring transactional satisfaction.

³Effective 2022/23, customer satisfaction will be measured based on the portion of customers who select the top two choices on a seven-point scale instead of the portion of customers who select the top two choices on a four-point scale; the ICBC Service Plan 2022/23 – 2024/25 contains a comprehensive description of the new scale. As a result of this change, targets for future years have been updated in Service Plan 2022/23 – 2024/25.

Discussion of Results

- To support online renewals, ICBC established foundational capabilities including electronic payment and two authentication services (BC Services Card app and Verified.Me). Other digital services can leverage these capabilities in the future.
- ICBC launched online renewals on March 17, 2022 for personal policies effective May 1, 2022, providing customers with another convenient option to renew their insurance in addition to in-person and phone transactions. All transaction types are supported by Autoplan brokers. This was completed in parallel with the elimination of licence plate validation decals from May 1, 2022 onwards.
- ICBC continues to explore ways to improve customer measurement, including piloting new survey programs to gather richer insights and better information from more customers.
- ICBC initiated plans to incrementally introduce usage-based insurance to British Columbian drivers in the coming years, including expanding low-kilometre discounts in the short term, and continues to explore options for design and delivery.
- Customer satisfaction for insurance services:

- Independent insurance brokers process more than three million Autoplan policies each year. The insurance services satisfaction measure evaluates customer experience when purchasing a new policy, renewing a policy or making a mid-term change to an existing policy.
- Insurance customer satisfaction remains strong, exceeding the target of 95 percent by 1ppt. High satisfaction scores continue to be supported by the reduced premiums introduced with Enhanced Care. Additionally, Autoplan brokers continue to support in-person and phone transactions, with consistent performance. On March 17, 2022, ICBC launched online renewals with brokers for personal policies expiring May 1, 2022 onwards.
- Customer satisfaction for claims services:
 - Claims are handled through ICBC’s claims contact centres and specialty departments such as commercial claims and rehabilitation services. Claims surveying includes customers with personal (non-commercial) claims when they first open a claim with ICBC or after the claim is closed.
 - Claims customer satisfaction scores did not achieve target. A number of challenges were encountered, including the number of claims returning to pre-COVID-19 levels faster than anticipated and the ability to hire staff to meet that increasing claims demand. This resulted in customers experiencing longer-than-normal response times and some service delays. Additionally, with the launch of Enhanced Care on May 1, 2021, some processes were completely redesigned, contributing to a steep learning curve for new Enhanced Care claims employees.
 - To address these challenges ICBC has focused on recruitment efforts to meet service demands including hiring relevant experience from outside the organization. Additionally, enhancements to training were made to optimize skill development needs. ICBC has also engaged in process and work segmentation improvements to streamline the customer experience and improve the overall responsiveness of our teams. ICBC is also adapting best practice standards in case management to the Enhanced Care business and is utilizing a quality assurance program to support understanding of the success of the execution to these standards.
- Customer satisfaction for driver licensing services:
 - ICBC conducts approximately 1.6 million driver licensing transactions every year, including renewing licences, administering driving tests and issuing identification cards.

ICBC achieved a CSAT score of 91 percent, narrowly missing its target of 92 percent. Satisfaction results were challenged by increasing transaction volumes at the time safety measures were in place, impacting appointment availability and wait times.

Goal 3: To be Smart & Efficient

ICBC will invest in data, analytics and technology to improve efficiency and make better decisions.

Objective 3.1: Invest in data, analytics and technology to improve efficiency and decision-making

Key Highlights

- Realized continuous improvement of the data governance program.
- Leveraged claims predictive analytics models to lower costs and create efficiencies.
- Developed an Enhanced Care data collection proposal.

Performance Measure(s) ¹	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target ²	2023/24 Target ²
3.1a The cost to run ICBC is below industry standards/average					
Operating Expense Ratio ³	22.5% ⁴	22.4%	23.4% ⁵	21.1%	21.0%
Loss Adjustment Expense Ratio	15.9%	14.0%	9.0% ⁵	12.9%	12.8%
Loss Adjustment Expense Ratio for post April 1, 2019 claims ^{6,7}	12.2%	14.0%	7.8%	12.9%	12.8%

¹Data Source: Financial performance measures are derived from actual financial information, forecasted trends and assumptions.

²Targets for future years have been updated in the Service Plan 2022/23 – 2024/25.

³The property and casualty industry benchmark for 2021 was 31.0 percent. Source: MSA Research Inc., MSA Benchmark Report, Property and Casualty, Canada, 2021. Benchmark name: Total Canadian Property Casualty Industry (including Lloyds, excluding ICBC and Saskatchewan Auto Fund).

⁴ICBC issued two COVID-19 rebates (totalling \$950 million for 2020/21); this resulted in lower earned premiums. Excluding the rebates, the 2020/21 operating expense ratio would be 19.2 percent.

⁵ICBC approved the Relief Rebate (\$396 million); this resulted in lower earned premiums. Excluding the rebate, the 2021/22 operating expense ratio would be on target (21.6 percent) and the 2021/22 Loss Adjustment Expense Ratio would be lower (8.3 percent).

⁶The 2021/22 Targets for post April 1, 2019 claims are the same as for all claims as the forecast cost to settle prior year claims is already held as a reserve. With the introduction of the Enhanced Care model, the ratio for legal-based claims after the April 1, 2019 reforms will no longer be measured separately.

⁷This measure was removed as of Service Plan 2022/23 – 2024/25.

Discussion of Results

- The operating expense ratio is 23.4 percent (1.0 percentage point off target); the target was missed mainly due to the payout of the \$396 million Relief Rebate.
- To support data-informed decision-making – a key strategy in improving efficiency, ICBC focused on the continuous improvement of its data governance program and implementation of a related operational model and processes to test and monitor the quality of key data across the organization, and the development of a multi-year plan to strengthen data-driven decision-making.
- ICBC is leveraging claims predictive analytics models to help lower costs and create efficiencies. The work done in 2021/22 included identifying risk within operational areas and developing a proposal for data collection on Enhanced Care Coverage.

- In 2021/22, ICBC built a foundation that will lead to future claims efficiencies, including systems enhancements and an operational excellence review of non-injury claims processes.

Goal 4: To be Future Focused

ICBC will help shape the future of insurance and mobility in B.C. through partnerships and workplace practices.

Objective 4.1: Shape the future of insurance and mobility in B.C. through partnerships and workplace practices

Key Highlights

- Launched new Employee Opinion Survey (EOS).
- Developed multi-year people strategy.
- Implemented flexible hybrid work model.
- Approved a crash prevention strategy.
- Completed telematics pilot and report.

Performance Measure(s)	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
4.1a ICBC’s workplace practices attract, engage and retain people to deliver service to our customers					
Employee Opinion Survey results ¹					
Aligned	83	Evolve EOS Engagement Methodology ³	New measure Employee Engagement Index is 63%	Employee Engagement Index at 65%	Employee Engagement Index at 67%
Enabled	73				
Motivated	71				
Accountable	88				
Leadership ²	N/A				

¹Data source: EOS conducted by an independent firm.

²Leadership Index can only be updated in a full survey year.

³ICBC has been evolving EOS methodology, starting in 2021/22, to integrate employee engagement more closely with Diversity, Equity & Inclusion goals.

Discussion of Results

- ICBC launched the newly designed EOS this year.
 - The new EOS performance measure will be the Employee Engagement Index.
 - Using a new survey means that the new scores do not align to previous targets. In 2022/23 new targets will be set against newly established benchmarks.
 - The new survey includes a DEI index to understand the employee experience of various groups.
 - The survey response rate was higher this year than in recent years.
 - Key insights from the survey included employees feeling supported by their immediate manager and understanding the company’s strategic goals. They expressed a desire for senior leaders to connect more with them and put people

first in decision-making. They also reported not experiencing a sustainable work environment.

- ICBC developed a multi-year people strategy — our commitment to support and invest in our people — which will be important in addressing feedback arising from the EOS. The strategy is framed around four focus areas: developing inspirational leaders, creating a future focused employee experience, focusing on workforce planning and resourcing, and redefining our performance and development approach.
- Recognizing that the pandemic has taken a toll on mental health, ICBC started a quarterly mental health series that all employees have the opportunity to participate in.
- ICBC implemented a flexible hybrid work model that gives most employees remote work options, lessening commute times, helping to reduce congestion and crashes on B.C. roads, and reducing the corporation’s carbon footprint.
 - By year-end, the model had enabled about 90 percent of employees (over 5,000) to work from home part-time; roles not eligible for work-from-home are mostly due to customer service requirements.
 - ICBC supported leadership in the transition to the flexible work program with the rollout of leadership development sessions on trust, collaboration, autonomy, leader mental health and resiliency, as well as through the provision of an approach to set up team agreements for hybrid work.
 - ICBC set up employees to work from home by providing access to resources such as laptops and peripherals for home office set up.
- Key to ICBC’s work in this area is the development of a multi-year cross-functional strategy to prevent crashes, with key components now being developed.
- ICBC completed a telematics pilot (“TechPilot”) to understand how giving people data about their driving and incentives can help improve driving behaviours for inexperienced drivers. The pilot provided important insights for ICBC’s journey toward offering more usage-based insurance options, which will make roads safer while giving customers more control over how much they pay for insurance. Findings included:
 - Participants who received data about their driving during the pilot showed immediate and sustained changes in driving behaviours: 11 percent less rapid acceleration, 14 percent less harsh braking, and 8 percent less speeding.
 - Participants shared some concerning norms and attitudes about speeding in B.C. and the negative impact it had on their own driving habits. In interviews, they talked about the unwritten rule of speeding, its acceptability, and the pressure they felt to conform based on expectations from other drivers.
- External partnerships will be critical to ICBC’s work in transforming transportation in B.C.; ICBC will be exploring future mobility partnerships in support of the Crash Prevention Strategy.