



Issue 1

INTRODUCTION

HANS ISAACSON PHOTO

INTRODUCTION

In 1971 my girlfriend of the time sat me down on the sofa and told me that if I wanted a long-term relationship with her, I would have to do better than driving taxi for party money in Winnipeg's North End. I went to what was then chauvinistically known as Canada Manpower and registered as 'available for work'. Unbeknownst to me, the first ever NDP government in Manitoba had swept into power on the promise of lower car insurance premiums and fairer compensation through government owned auto insuranceⁱ.

It seemed at the time that anyone who knew anything about car insurance promptly left the Province. Those leaving didn't want to work for 'Moscow Mutual'. The newly minted Manitoba Public Insurance Corporation (MPI) was hiring anyone with a pulse. I had a pulse. So began a lifetime career in the world of public automobile insurance.

I tell this personal story because it is typical of how many of the original employees came to public automobile insurance. Nobody grows up wanting to be an insurance adjuster or other related bureaucrat! Need meets need.

It also gives a bit of insight into how, two years later, the Insurance Corporation of British Columbia (ICBC) was brought into existence in this Province; and following the lead of MPI, found its footing, not just as the 'new kid on the block' but as 'the only kid on the block' against all odds and a lot of opposition to its creation.

Finally, I tell it because, in an exploration of the history of ICBC, amongst facts and

figures, political and senior management decision making, and the ebb and flow of vehicular activity, I don't want to lose sight of the efforts of the people 'in the trenches,' the flesh and blood of ICBC. These are the people the public actually comes into contact with, hundreds if not thousands of times every day, face to face or phone to phone, when purchasing coverage or seeking compensation. It's where the rubber meets the road, pun intended.

This commentary on ICBC would not be complete without inclusion of how these people have been affected, both personally and professionally, and how they have in turn, affected others --- the public, connected professionals, and service providers --- through the twists and turns that are the history of the Insurance Corporation of BC.

Many people have asked me why I'm spending my gold and golden years writing this book. At this stage in the wider scope of my full career, I see ICBC not just as a government entity, and/or an insurance company, but more importantly, as the device through which we members of society fairly and efficiently pool resources to repair and restore, as far as money can, the significant damage done through motor vehicle activity. More than that, it is really a microcosm of how western societies deal with many of the major issues confronting us today.

Remember that, as opposed to a complex and opaque web of private sector companies, ICBC is a singular, Crown Corporation open to public scrutiny. Additionally, it has been under the full spectrum of BC based, political

administrations over a timeline that is now half a century long. Its successes and failures have affected us all, every time we venture on a roadway, whether as a motorist, cyclist, or pedestrian. Because of its transparency and longevity, it is something that can be carefully examined and hopefully, learned from. Because of its magnitude and relevance, its history is something worth the contemplation.

On a more personal level, writing seems to be in my blood. My grandfather wrote a book, as did my father as did an uncle. While I've never considered myself as a novelist, I've always enjoyed the writing aspect of my various roles in the claims business. Wherever possible, my reports have always taken the format of a narrative where my clients, as readers, could be entertained as well as informed. I hope that is what I've been able to do here. What good is a book nobody reads?

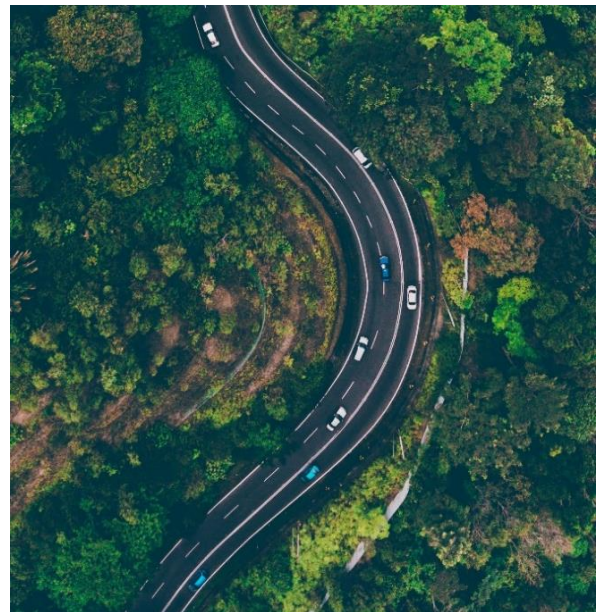
Finally, when ICBC first started up there was much discussion about unionization. I advocated that the adjusters should instead form a professional association separate from other staff elements. While I was unsuccessful on that issue, I've always felt that whether as an adjuster, or a manager of other adjusters, or as a mediator, claims resolution activity is rightfully seen as a profession. As a professional, I feel it's my responsibility, at this stage of my career, to contribute beyond the day to day demands of the job. This is my version of a 'pro-bono' act.

BEYOND COMPARISON

For those who grew up in this Province, it might be hard to imagine, now in 2023, what it was like to insure vehicles pre-ICBC. Few of

us are old enough to actually remember. Even for those who have immigrated here from elsewhere, BC is unique in its geography, economy, and culture. Thus, the goal of this book is not to pontificate upon the pros and cons of public vs private automobile insurance. By definition, the two cannot exist simultaneously in the same jurisdiction. Without a matching 'control' group, comparisons are inconclusive. I see such attempts as a fallacious game that people interested in furthering political goals often play.

I think the more productive endeavour is to travel that long and winding road, examine its successes and failures, and see what lessons we can draw from the journey.



(Image source Google)

The private sector didn't happen in any meaningful way between 1973 and now. This book is about how the societal device that actually did exist, ICBC, effectively played its part in the facilitation of the overall management of motor vehicle activity and

how it delivered compensation for the negative consequences of same

The assessment criteria for the former are effective and affordable coverage – the handmaiden of commerce as I was taught in one of my Insurance Institute courses many years ago. Of the latter, I'd sum it up as the delivery of financial support when it is most needed in an amount that provides the greatest possible and practical level of restoration of the pre-accident condition, be it in the context of physical damage or bodily injury.

A lot of the linear thinking over the years has been to assume that providing less expensive coverage means providing less adequate compensation. ICBC, in its purest form, was an attempt to approach the issue more broadly. Monopolistic ownership by the population it is mandated to serve, in its purest, public interest form, should have provided exceptional results. Some of the questions I will address are as follows:

Did the Corporation, as it aged, develop its own identity and self-interest?

Did politicians meddle in ICBC's affairs for advantage unrelated to affordability and compensation?

If so, did this affect ICBC's ability to provide less and less exceptional results?

As we move through ICBC's history, we will all be in a better position to answer those questions.

MORE THAN A LINE ITEM ON THE FAMILY BUDGET

Serious thought on the subject begs the proverbial question, uttered by every claimant whose expectations have not been met: *What did I buy insurance for?*

First let's quickly dispose with what it's not. It's not just 'car insurance'. It's not just a bill one pays every year and gets nothing out of but a very expensive sticker on a license plate (stickers have been phased out in 2023, so not even a sticker!). The fact is, we all benefit, immediately and personally, every time we buy car insurance, whether we have a claim or not, whether we drive for business or just for pleasure or even if we don't drive at all. This and more to follow.

A TALE OF TWO INTERESTS ... OR THREE

Our society runs on wheels. At one point or another, every single item we own had a ride on a motorized vehicle, be it on a truck delivering goods to a warehouse or retail outlet, or in the trunk of a car on the way home from Ikea. Every trades person or technician, from the plumber to the Amazon delivery person, the in-home care aide to the ambulance attendant or hearse driver, arrived at the point of service in a motorized vehicle. We take our kids to school, go to work, visit Grandma for Thanksgiving dinner, or go on a vacation, be it to the Okanagan or to the airport or cruise ship terminal, in a motorized vehicle. Even a walk in the park often involves driving to and from the park.

On any of those countless trips, a moment's inadvertence can potentially lead to personal

bankruptcy for the motorist. Even a vexatious lawsuit has the potential to lead to extreme legal bills and overwhelming stress. Liability insurance, whether privately or publicly funded, has traditionally provided a professional work force to step in between the motorist and the victim, to fund and direct the legal defense. In that context, through car insurance, the ongoing potential for a catastrophic judgement is replaced by the annual payment of a premium that can be managed financially.

For the injured person, whether a victim of another's negligence or not, accident benefits coverages, in theory at least, provide funding for the immediately incurred costs of medical treatment during the acute stage. Beyond that, it may fund the long-term phases of recovery as directed by health care professionals and the terms of coverage.

To misquote Jim Croce *"You don't tug on Superman's cape, you don't spit into the wind, you don't pull the mask off the old Lone Ranger and you "... don't drive without liability and accident benefits insurance.*

For those who, up until 1 May 2021, had suffered a compensable loss of capacity to earn income, or to maintain a household, or need a counterweight to pain and suffering, or require medical care and rehabilitation above and beyond what is provided for in accident benefits coverage, liability insurance had been the primary source of funding.

As of 1 May 2021, ICBC has been mandated with a different plan to address motorist protection with respect to personal injury compensation. That will be the subject matter of a further review, with the

perspective of the passage of time, by someone other than myself.

Beyond personal injury, there is also the material damage element to consider.

Next to the purchase of a home, the next greatest investment in a Canadian household usually involves a motor vehicle. According to ICBC's Annual Report, for the 2019/2020 fiscal year, about 1.61 billion dollars, or about 35% of total claims payouts, were for material damage itemsⁱⁱ. Given how intricately our vehicles are woven into our lives, and how expensive they have become, either to repair or replace, it makes sense to reduce our financial vulnerability to an affordable, annual premium for collision and comprehensive coverages. In the absence of same, there was sometimes recourse to the liability insurance of a negligent motorist. Given ICBC's position as the monopoly liability insurer for the first \$200,000, ICBC continued to be the first and usually only stop for third party recovery of vehicle damages.

DEFINING ICBC

In terms of death and dollars then, combined, injury and material damage incurred by British Columbians in any given year is indeed 'significant'. In 2019 for instance, there were 298,896 crashes resulting in 270 people being killed, 92,745 more suffering non-fatal injuries, and well over a billion dollars incurred in physical damage losses and more than twice that in terms of injury compensationⁱⁱⁱ. While you may have the good fortune to not be directly involved in a claim so far, someone you rely on in some way or other probably has. Be it damage to

cherished ones or to chattel, beyond protecting ourselves, we need to protect our families, our friends, our neighbours and all the other people and property that we all rely on to complete our world. Here in BC, the prime actor in this regard is ICBC. And it's funded by the premiums you and I pay each year.

Some see ICBC as either a political football kicked around by successive, cynical governments, or as a large, dysfunctional bureaucracy, or both! Others see it as an organization that, in addition to premium collection and claims payment, has made significant, positive contributions through, among other things, the elimination of discrimination in premium setting, advances in human resource hiring practices, an exploration of the wholesale automation of the internal processes of a large corporation, and the mechanization of the customer interface that other large, modern organizations, both public and private, have emulated, or at least learned from.

WHY READ ON?

To understand what this latest round of political tinkering with the 'universal compulsory plan of automobile insurance' may mean for its future operation (and our collective fate!), it's important to know and understand its history, which is the subject matter of this book.

I've made use of the access to information that is available through its nature as a publicly owned corporation, the legislation through which it derives its authority and its marching orders, the gathering of reporting and opinion pieces through news organizations, the reviewing of more

scholarly works, as well as tapping into my professional and personal relationships with individuals, both within and/or connected to, the 'Corporation' over the years, to lay out the events in an objective and documented chronology. From that you may draw your own conclusions. Hopefully through this and other means, we will all then be better prepared to deal with future political machinations at ICBC and more broadly within the Provincial, political world.

Fasten your seatbelts! It's a wild ride!

END NOTES

ⁱ The NDP was elected in 1969, winning 28 out of 57 seats. The Manitoba Public Insurance Corporation (MPI) officially opened for business on Nov. 1, 1971.

ⁱⁱ ICBC, *2021/22 Annual Service Plan Report* at page 23.< <https://www.icbc.com/about-icbc/company-info/Documents/ar-22.pdf>> accessed on July 9, 2023.

ⁱⁱⁱ For crash and injury data, see ICBC Statistics “Crashes, injuries, fatalities and contributing factors” section,< <https://www.icbc.com/about-icbc/newsroom/Pages/Statistics.aspx>> accessed on July 9, 2023. For financial data, see supra note 3 at page 23.