



## **Vancouver Board of Trade**

### **Greater Vancouver Board of Trade**

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**Check against delivery**



Good afternoon, everyone. Pop quiz: Let's get a show of hands.

How many of you, at one point in your life, stored your music in a CD tower? How many of you ever dropped off a roll of film for processing? Let me back up a step: How many of you know what a roll of film is?

We are all aware of the change happening around us. The innovation. The technological transformation. The explosion of choice. Every day, we are reminded of the pace of progress.

Only a little more than a decade ago, the fax machine was still a staple of business communication. The other day, I actually had someone ask for my fax number over the phone. It was like being asked to show my Blockbuster video card.

Just a few short years ago, we watched all our TV shows... on TV.

And we watched them when the networks told us to watch them. Isn't that crazy?

We live in an era of choice and innovation. Entire industries are being disrupted overnight.

Newspapers, travel agents, cab drivers, hotel owners – all are intimately familiar with the velocity of change and the consequences of not keeping pace.

When it comes to getting around by car back home, I now have an unprecedented range of options. I can lease or buy a vehicle. I can rent one. I can use a car sharing service like car2go. I can call a cab or use my phone to summon an Uber.

Yes, I know that's a four-letter word in BC – but Uber and other companies of its kind are now staples of cities around the world.

My point is: No one solution is right for everyone – so we have an array of options. Competition has allowed this to emerge.

And when it comes to car insurance, I can go with an established company or a newer one. I can compare rates and pick the coverage and the premium that is right for me – for the way I drive and the way I live.

*I can do that. But you can't.*

In an era defined by choice, your choice is between ICBC... and a bicycle.

I am here today to say the time has come for competition in the BC auto insurance market. The time has come for the new ways to sweep away the old.

Most important of all, the time has come to put British Columbians first – and give them what they get in almost every other aspect of their lives today: a choice.

Right from the get-go here today, I want to tell you something that I know to be true: Reforming a system of auto insurance is hard. In any province. At any time.

Every system of auto insurance in Canada is choking on too many rules. And every system is struggling against outside cost pressures that are pushing claims costs higher.

Distracted driving is on the rise in Saint John as much as it is in Surrey. And it costs just as much to fix your sensor-loaded car in Ottawa as it does in Vancouver.

As an organization, we at IBC applaud the BC government's recent efforts to improve ICBC – and the insurance system as a whole.

We see a number of their reforms as beneficial – because they are in the best interests of drivers.

And now here comes the “Yes, but...” sentence that you've been expecting.

Yes, some of the changes to ICBC are positive. BUT – In an era of choice, you still have a monopoly.

Here's the hard truth, and I apologize for any pain these words may cause in your pocketbook: If you live in BC and you are a driver, you pay the highest auto insurance premiums in Canada. Hundreds more than nearly all other Canadians, and double what Canadians in some provinces pay.

And your rates keep going up.

They're up 42 per cent since 2011. And they are expected to spike again.

And by the way, you also tend to get less in terms of benefits when you make a claim. Higher prices, fewer benefits: It's a lose-lose situation.

Here's an example to illustrate my point...

In Ontario, in 2016, insurers spent almost \$56,000 on the average injury claim. In BC, that number was just north of \$42,000. That's a huge discrepancy.

And here's another fact for you... British Columbia was the last province to adopt a system of public auto insurance. You did it in 1973 – and no one has done so since.

There are two possible reasons for this 45-year drought.

One: BC has the best system, and your policy makers have succeeded for almost half a century in keeping it a secret from the rest of us.

Or, two: the vast majority of other provinces have concluded that a competitive system puts drivers first and best serves their interests.

Let's talk about the benefits of a competitive insurance industry.

Earlier this year, we commissioned a report on the potential impact of introducing competition to the BC auto insurance marketplace.

The conclusion? Drivers here could save up to \$325 a year.

Competition will also allow insurers to offer the people of British Columbia discounts on bundled products that customers in other provinces enjoy.

Combining your home and auto policy with one insurer can save between \$85 and \$225.

Then there are group discounts. If you're a graduate of UBC, for instance, you would likely pay less. And competition might encourage renewal discounts to customers who keep their business with the same company.

A competitive marketplace would also spur an increase in efficiency, especially when it comes to how claims are managed and resolved. That means a less costly and adversarial approach that's shaped by decades of experience and expertise in provinces across the country.

But it's not only about rates and benefits. There's more to it. A monopoly lends itself to the status quo.

There is no incentive to innovate because there is no downside to failing to innovate. Whether or not ICBC comes up with new products or methods or technologies, you are going to remain a client so long as you own a car.

The drivers of British Columbia deserve better. They deserve a system that will deliver lower premiums and better coverage with greater benefits.

Let me be as plain as I can be. The companies that I represent... they want into the BC market because they want to earn a profit here.

This isn't an altruistic mission on their part.

But this *is* a win-win just waiting to happen. Choice means competition. Competition means lower rates. It means better service.

It means companies fighting for your business, for your loyalty. It means companies investing to create better tools and innovative new products.

Competition means putting people first. And that's what we're about at IBC – we advocate for the kinds of systems where drivers get more choice and better service.

You deserve the opportunity to choose your own insurance provider – to find the coverage and the premium that works best for you and how you live.

Because in every other aspect of our lives, we make decisions that reward choice.

When we talk about innovation, we're talking about real and tangible progress. Not just new ideas – but new products and services.

Things like usage-based insurance, where a device installed in the car – or an app downloaded on a smartphone – records and assesses driving behaviour. Good driving habits translate into a bigger discount. These tools are used now in Ontario and Alberta, and even by private insurers in the optional market here in BC, but not by ICBC.

And in Ontario, we're seeing the beginnings of a pay-per-kilometre product – a first in Canada. It allows motorists to monitor how much they drive – and pay for auto insurance based on mileage.

Or consider ride sharing. You live in the largest region in North America without ride-sharing services. If you want that to change, you're going to need an insurance product that covers ride-sharing operators and passengers.

I should, in fairness, take a moment to point out that even in provinces where there is robust competition, insurance is a highly regulated marketplace – and quite frankly, regulators and policy makers haven't been keeping up with the times.

As an organization, we at IBC have been calling on regulators and policy makers to give us even greater freedom to innovate – to cut some of the red tape so we can serve our customers better in changing times.

Today, many of us use our phones to bank. We transfer money. We pay bills. We make trades in the stock market.

But here in BC, consumers don't have the option to buy auto insurance online as they do across the country. You can use your phone to buy a plane ticket and go anywhere in the world, but you can't use it to buy auto insurance.

That just doesn't make any sense in 2018.

As an industry, we have a deep appreciation for the traditional ways in which we serve our customers. The importance of brokers. The value of a personal relationship. This is the foundation of what we do, and it will remain so.

But at the same time, we must adapt to the world as it is. That's why we are urging regulators across the country to put people like you first.

To give you the ability to arrange all your insurance matters online, if that's your preference.

The ability to turn on and off your insurance coverage based on when you intend to drive – and when you choose instead to bike, walk or travel.

The ability to pick and choose the insurance benefits you want to buy – the kind of customization we are now accustomed to in so many other aspects of our lives.

And the ability to influence your insurance rates by sharing data from your vehicle to demonstrate your good driving habits.

In an industry like ours, regulation is important. It protects people. But people want to be protected from risk, not from change.

As an industry, we seek the freedom to adapt and innovate – to use the ingenuity of our people to create a better way of doing business.

We seek the ability to be where consumers are. A generation ago, that was around the family kitchen table for an evening visit. Today, it's on electronic devices, 24/7.

We seek the flexibility to find new and modern ways to help our customers navigate the complexity of insurance – and make sure they buy the products that meet their needs.

In a nutshell, we believe that better regulation will mean better insurance for all Canadians.

So yes – the competitive insurance environments that we see in other provinces aren't perfect. There can be challenges. I am certainly not here to tell you that every driver to the east of BC gets giddy with excitement when the time comes to pay their annual premium.

But I *am* here to tell you this: Those drivers – millions of them – pay less than you do. They typically get more in benefits when they make a claim. And they have access to new and more innovative products and services.

Your fellow Canadians have companies fighting for their business. They have insurance firms investing in R&D to deliver better service. They have choice – because they have competition.

If someone treats them poorly, they can find another insurance provider.

If someone offers them a better coverage package, they can sign on – and save. It's what we expect today from any industry.

I will reiterate what I said at the outset of my remarks here today: the provincial government has undertaken some important reforms.

They are making some useful and beneficial changes. Which, to me at least, makes their defence of a monopoly system even more puzzling.

On one hand, the government seems committed to improving the auto insurance system so that it serves people better.

But on the other, it is ignoring one key reform that could do as much as any other to lower rates, improve choice and innovation, and put British Columbians first: Allowing competition.

A recent public opinion survey found that four in five people in BC want choice in auto insurance.

Try to name me one other issue that we can get almost 80 per cent of British Columbians – or any group of humans – to agree on.

The system of auto insurance in British Columbia is a relic. It denies choice. It handcuffs innovation. The world has passed it by. And the drivers of this province have been left to pay the price – figuratively and literally.

I would also encourage you to look to the future. The very nature of how we drive is changing. We are moving toward an era of autonomous cars. But for the next 20 years or so, we are going to be living in a strange middle ground – with quasi-self-driving vehicles sharing the road with traditional cars and trucks.

It's going to be a messy transition – with ever-changing questions of liability and responsibility. Private insurers recognize that managing this transition is going to require them to move swiftly, make changes on the fly and constantly come up with creative solutions to new challenges. Will ICBC be able to keep up?

As you consider the next two decades, you may well choose to ask yourself: Who is best suited to manage these revolutionary times in a responsive manner?

Ladies and gentlemen:

The world around us is changing rapidly. Every part of our lives is being impacted. This includes personal transportation – how we get from point A to point B.

The 21st century is an era of choice and customization. It demands a competitive environment.

Some of you remember keeping your music in a CD tower or dropping your film off at the photo lab. Some of you remember racing home so you wouldn't miss the start of your favourite TV show at the top of the hour.

It is my hope that you will one day remember a time when you had no choice but to buy car insurance from a single government-run institution. You will remember paying more and getting less.

And you will be relieved that it is all just memory.

Thank you.