



ICBC Rate Fairness Engagement

Public Engagement
March 5 – April 5, 2018

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EXECUTIVE SUMMARY

Background

The BC Ministry of Attorney General (The Ministry) and the Insurance Corporation of British Columbia (ICBC) endeavor to make insurance rates fairer for British Columbians. The current model used by ICBC to help determine insurance rates is over 30 years old. While it has seen some improvements over the years, it is in need of updating to more fairly recognize the insurance fees based on driving record and risk.

The Ministry has engaged citizens and stakeholders, and sought feedback on a variety of proposals for changes to the current insurance rating system used by the ICBC to determine Basic insurance rates for the drivers of British Columbia (BC). Feedback on proposals to improve rate fairness was sought, including those related to:

- How Basic insurance rates should be determined;
- The move towards a driver-based system;
- How driving convictions should impact how insurance rates are determined;
- If the distance a vehicle is driven should impact insurance rates;
- Discounts for certain groups, such as senior drivers; and
- Annual transition caps for those impacted by the implementation of the proposals.

The feedback provided on these rate fairness propositions will assist in designing an improved auto insurance rating system for British Columbians, and help inform ICBC's application on Basic insurance rate design to the British Columbia Utilities Commission (BCUC).

Methodology

Citizens as well as experts and organizations were asked to provide feedback as part of the *ICBC Rate Fairness Engagement*.

Over 34,700 submissions were received, including:

- Completed *ICBC Rate Fairness Surveys* (n=34,277);
- Individual emails submissions from the general public (n=494); and
- A small number of stakeholder submissions from organizations and experts (n=7).

An *ICBC Rate Fairness Engagement Website* provided information on each of the proposals and presented educational pieces on topics relevant to the current insurance rating model. This included a background of Basic and Optional insurance, how rates are currently designed, and what factors influence Basic insurance rates. Also provided was information on a variety of proposals that the government and ICBC are considering and the influence of each of these factors on rate fairness and who would pay more for each proposal. These factors include claims, driving experience, minor and serious driving convictions, discounts for low-risk drivers, and how outdated territory (where a driver lives) and rate class (how a driver uses his/her vehicle) ratings have created large price gaps.

Survey responses were examined mainly at the aggregate level, but also further examined by relevant demographic variables where appropriate.

Comments provided as part of the survey and the email submissions were examined for emerging themes. A representative subset of the comments was coded and the top emerging themes are presented.

Stakeholder submissions were posted on the *ICBC Rate Fairness Engagement Website* in full.

Survey Respondents' Demographics and Driving Demographics

Survey responses were received from a wide variety of British Columbians. Representation of BC residents across all regions, age groups, and income levels was achieved in the survey.

Information was also collected regarding respondents' driving histories and characteristics.

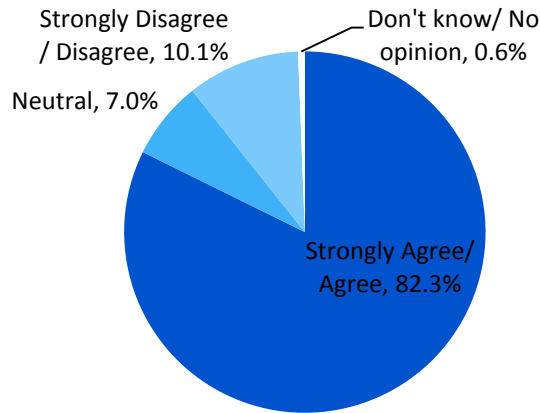
- Nearly all respondents reported having a valid driver's licence and driving at least a few times a week.
- The majority of respondents reported driving more than 5,000 kilometres per year.
- Nearly two-thirds of respondents (64.8%) reported having over 20 years of driving experience, and over one-half of respondents (53.3%) reported that they have over 20 years or more driving experience in BC.
- Slightly less than one-half of respondents (49.2%) reported that they have paid for car insurance for over 20 years.
- The majority of respondents (70.6%) reported that they got their first drivers license in British Columbia.
- Over one-half of respondents (52.3%) reported that one additional driver uses their personal vehicle, and over one-third of respondents (35.5%) reported that they are the only driver of their vehicle.
- Over three-quarters of respondents (78.6%) reported that they did not have any young drivers (i.e., under 25 years of age) in their household.

Key Findings

Drivers who cause crashes should pay more for Basic insurance than they currently do.

Over three-quarters of respondents (82.3%) believed that drivers who are found to be at-fault in crashes should pay more. Older respondents, as well as those with longer driving histories in BC (more than 20 years), were more likely to agree with this statement, although agreement was quite high across all demographic and driving factors examined. Comments from respondents indicated that they believe that the current system does not penalize high-risk drivers appropriately. Conversely, many comments also emphasized the need to reward, or provide better discounts for, low-risk drivers.

Figure 1 - Drivers who get into at-fault crashes should pay more for auto insurance, while those who do not should pay less

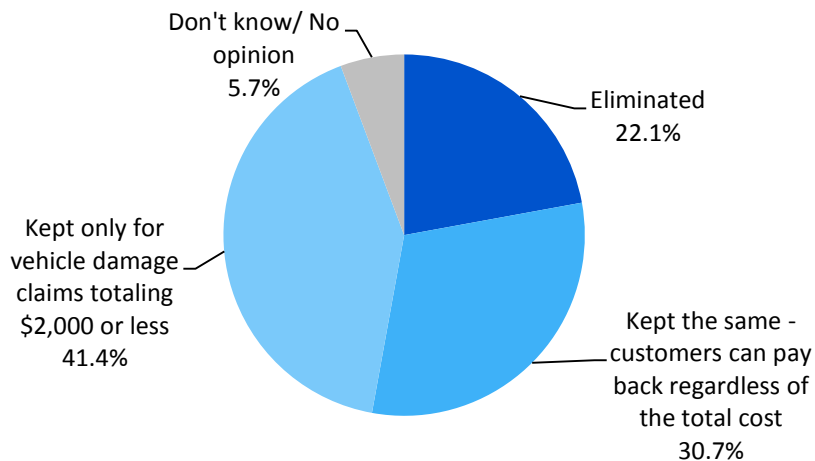


Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

The option to pay back at-fault vehicle damage should be changed.

Almost two-thirds of respondents (63.5%) believed that the option to pay back at-fault vehicle damage claims should be either modified or eliminated. Between these two options, the more popular was modifying the option to include only vehicle damage claims that total \$2,000 or less (41.4% supported, compared to 22.1% support for eliminating entirely). Modification of the pay-back option was the most popular response option across all income groups, however there was significant divergence by income level in support for the other two items; respondents with lower incomes were more in favour of eliminating the pay-back option entirely, whereas those with higher incomes were more in favour of keeping it as-is. Comments related to the pay-back option indicated that respondents were most concerned about the issue of a paid-back claim not being included in the driver’s record as an at-fault crash, despite the fact that they represent as much of a risk as an at-fault driver who did not, or could not afford to, pay back the damages.

Figure 2 - What should happen to the option to pay back at-fault vehicle damage claims?

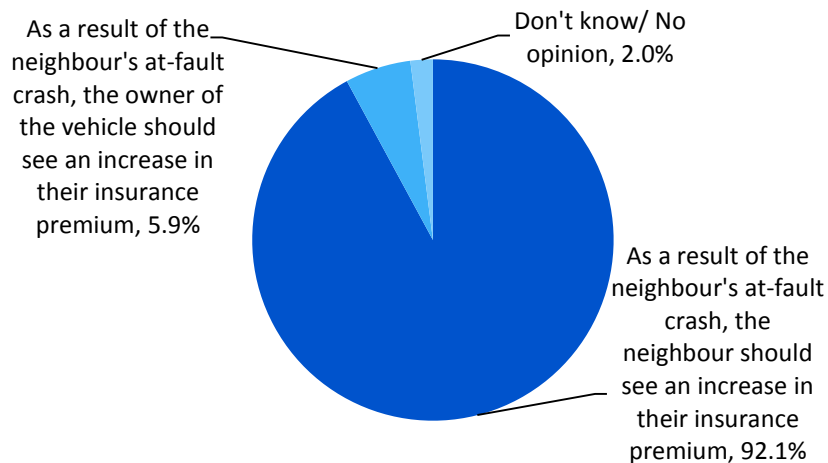


Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

Drivers who cause crashes, not the registered owners of the vehicles that were crashed, should be penalized by increases in Basic insurance rates.

An overwhelming majority of respondents (92.1%) indicated that, in cases where an unlisted driver borrows a vehicle and causes a crash, the unlisted driver and not the registered owner of the vehicle should be responsible for paying an increase in Basic insurance premiums. Comments related to this issue suggest two upsides to holding drivers, rather than registered owners, accountable for at-fault crashes. First, it places responsibility and risk assessment appropriately, as the drivers are the ones causing the risk and not the vehicle or vehicle’s registered owner. Second, some respondents also indicated that they would feel freer to let others borrow their car or support the “sharing economy”, knowing that their risk of being held responsible in the event of an at-fault crash would be minimized.

Figure 3 - In a situation where a vehicle owner lends their car to an unlisted driver and the unlisted driver is involved in an at-fault crash, what should the insurance rate consequence be?

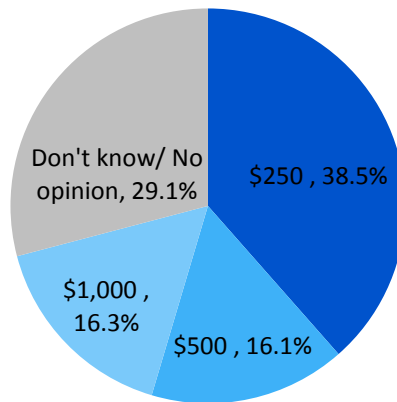


Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

Opinions were mixed about the amount of one-time penalties for the registered owners of vehicles in the event an unlisted driver (of their vehicle) caused a crash.

Respondents were asked what an appropriate one-time fee for the owner of a vehicle involved in an at-fault crash by an unlisted driver would be and asked to choose between three dollar amounts (\$250, \$500, or \$1,000) and a fourth option, “Don’t Know/No Opinion.” The most popular option was \$250 (38.5% of all respondents), followed by “Don’t know / No opinion” (29.1% of all respondents).

Figure 4 - What do you think is the appropriate one-time fee a vehicle owner should have to pay if a crash was caused by an unlisted driver who doesn't live in the same household as the owner?

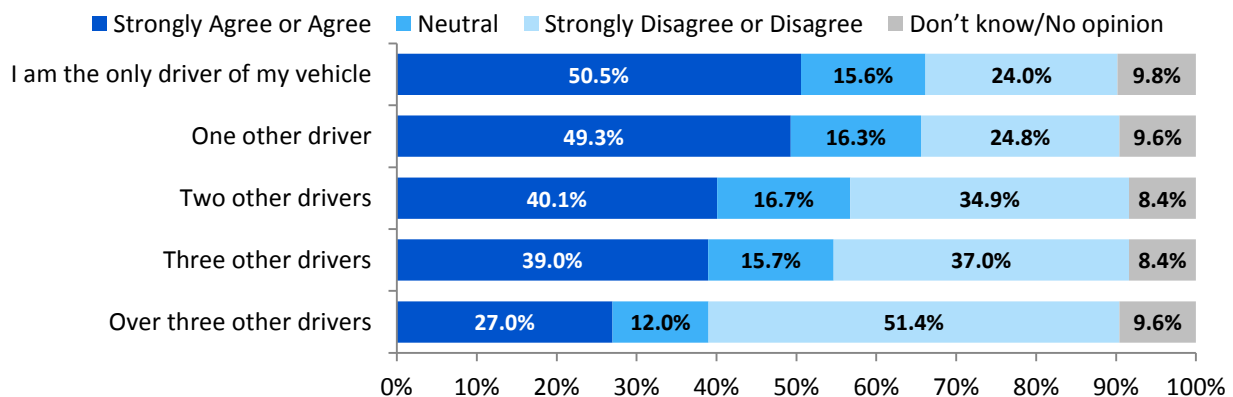


Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

In the open-ended comments, 40 respondents (8.0% of all respondents who provided a comment at the end of the survey) identified this question as being too restrictive, and that they felt forced to choose between two options (the lowest fee option, \$250, or “Don’t know”) that didn’t represent their views. Most wanted either a ‘no fee’ option or a lower amount than \$250.

The suggestion that the fee should be higher for household members received support from almost one-half of respondents (48.6%), but roughly one-quarter opposed (25.8% against), and roughly one-quarter indicated either “Neutral” or “Don’t know” responses (25.6%). However, there was support (65.9%) for the suggestion that such a fee should increase with each additional crash caused by an unlisted driver. Respondents who reported more drivers of their vehicles, or had more drivers aged 25 or younger in their households, indicated lower levels of agreement with all of these items.

Figure 5 - Agreement with Higher Fees for Unlisted Drivers in the Same Household, by Number of Additional Drivers



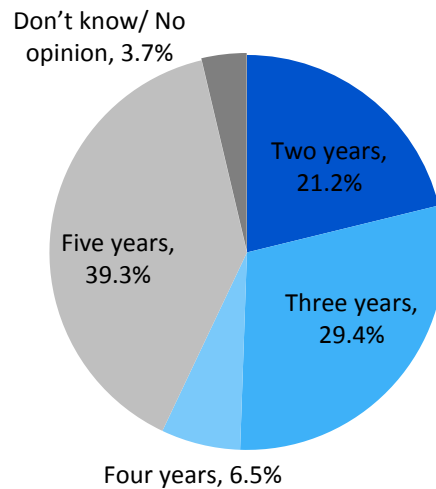
Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

There is broad support for driving convictions having an impact on insurance premiums.

Nearly three-quarters of respondents (74.3%) agreed that drivers with one *serious* conviction within a three-year period should pay higher insurance premiums. More than one-half of respondents (58.7%) also agreed that higher insurance premiums should be applied to drivers with two or more *minor* convictions within a three-year period. Comments broadly supported premium penalties for serious driving convictions, but concerns were raised about minor convictions. The concerns suggested unfair or targeted policing in certain areas, or the discretionary nature of ticketing, that could result in an unfair distribution of risk and insurance premiums among BC drivers.

Regarding the length of the scan period for driving-related convictions, a wide variety of responses were received. The most popular option was five years (39.3% supported), but a slim majority (50.6%) supported a scan period of two or three years (21.2% and 29.4% support, respectively). Both age and driving experience had a strong influence on responses, with older respondents and those with more driving experience favouring the longest scan period (five years), while younger respondents favoured scan periods of two or three years.

Figure 6 - Appropriate Scan Periods for Driving Convictions

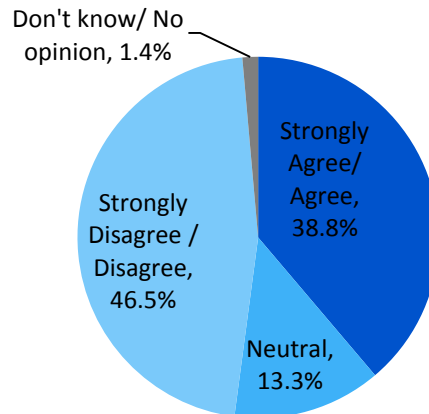


Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

Respondents were somewhat split on whether the annual distance driven should have a greater impact on insurance rates.

Almost one-half of respondents (46.5%) disagreed, while 38.8% agreed with the proposal. Respondents who reported driving more, in terms of kilometres driven annually, were less likely to support the suggestion while those who drove less were more in favour of it. Response patterns also differed by region, with respondents from more urban areas of the province (Mainland / Southwest / Fraser Valley and Vancouver Island) being more likely to support this proposal than those from other areas of BC.

Figure 7 - Agreement – Annual Distance Driven by a Vehicle Should Impact Insurance Rates



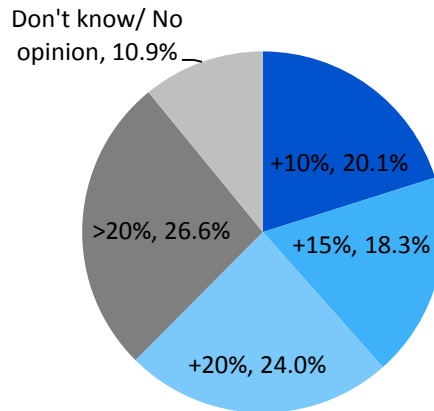
Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

Comments on this issue tended to identify one of two objections. First, some respondents believed that distance driven was a poor estimator of risk because it could not account for highway kilometres versus city kilometres, and did not take into account professional driving experience that was felt to contribute to safer driving. Second, many comments addressed the driving needs of people living in rural and remote areas – these individuals often drive many more kilometres annually just due to the distance from their homes to basic amenities and services like grocery stores and doctor’s offices. There were concerns that insurance rates that take into account distance driven would unfairly penalize these drivers.

There is no clear consensus on transition rates, but many respondents indicated that they are anxious for “good drivers” to receive discounts.

A slim majority of respondents (50.6%) supported transition caps of 20% or more annually (24.0% in favour of 20% caps, 26.6% in favour of caps higher than 20%). Over one in ten respondents (10.9%) selected “Don’t know / No opinion” for this question, while roughly one in five respondents endorsed caps of 15% (18.3% of respondents) and 10% (20.1% of respondents).

Figure 8 - What do you think would be a fair annual transition cap for insurance rate increases for higher risk drivers?



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

Comments about a potential transition cap tended to come from individuals who endorsed high rate caps, and suggested that higher rates for high-risk drivers are broadly seen as “deserved” by these drivers and so little consideration should be given to easing the transition. Many of these same comments also indicated that respondents believed the transition would result in low-risk drivers paying lower insurance premiums than they are currently, and they believed that these low-risk drivers again “deserved” to receive their discounts as soon as possible.

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ICBC RATE FAIRNESS ENGAGEMENT

SECTION 1: OVERVIEW

The BC Ministry of Attorney General (The Ministry) and the Insurance Corporation of British Columbia (ICBC) are reviewing the current automotive insurance rating system used by ICBC to determine Basic insurance rates for the drivers of British Columbia (BC). As part of this effort, the Ministry engaged citizens and stakeholders by asking them for feedback on a number of different proposals for changes that could improve rate fairness including: how Basic insurance rates should be determined; the move towards a driver-based system; how driving convictions should impact how insurance rates are determined; if the distance a vehicle is driven should impact insurance rates; and annual transition caps for those impacted by the implementation of the proposals.

SECTION 2: BACKGROUND

ICBC is regulated by the British Columbia Utilities Commission (BCUC) to provide universal compulsory (Basic) vehicle insurance to all drivers in BC. This Basic insurance coverage provides private passenger vehicle owners and certain commercial vehicle owners with third-party liability protection, no-fault medical and rehabilitation costs and underinsured motorist protection.

The Ministry and ICBC are assessing the way Basic insurance rates are determined for all vehicle owners (excluding fleet vehicle owners), by holding drivers more accountable for their decisions and driving behaviour. This aims to make insurance rates fairer for British Columbians by more accurately reflecting a driver's history and risk. The current model used by ICBC to help determine Basic insurance rates has seen some improvements, but remains out of date at over thirty years old. This is resulting in some drivers paying more, with others paying less, than the risk they represent.

The Ministry and ICBC believe that currently, most high-risk drivers are not paying enough to cover the future risks they represent on BC roads. The proposals are believed to result in the majority of BC drivers (approximately two-thirds) seeing lower Basic insurance premiums, and one-third (high-risk drivers) seeing increased rates. This would lead to a move away from the current vehicle-based system as under one of the proposals, at-fault crashes would follow the driver rather than the registered vehicle owner. Drivers who cause crashes represent a higher risk, and the Ministry and ICBC believe they should pay more.

Under the proposal of a driver-based model, vehicle owners would also be asked to list the drivers who will operate the vehicle during the policy term. Government and ICBC believe that this would allow for fairer and more accurate pricing as it better reflects the risk for each vehicle and holds at-fault drivers more accountable for their actions. This would include drivers with more at-fault crashes experiencing premium increases with each at-fault crash over the previous ten years. Other proposals take into consideration drivers whose vehicles are driven less than 5,000 kilometres per year, or those who have vehicles with original manufacturer-installed automatic emergency braking systems.

The Ministry and ICBC sought feedback from the public on the above topics and other rate fairness propositions to assist in designing an improved auto insurance rating system for British Columbians, and help inform ICBC's application on Basic insurance rate design to the BCUC.

SECTION 3: METHODOLOGY

As part of the review process, the Ministry and ICBC engaged citizens as well as experts and organizations, asking them for feedback about ways to improve fairness in the way Basic insurance rates are determined. The *ICBC Rate Fairness Engagement* was open to everyone. Over 34,700 submissions were received via the *ICBC Rate Fairness Survey* (n=34,277) along with written comments provided by the general public via individual submission emails (n=494) and stakeholder submissions from organizations and experts (n=7).

Before responding, individuals were asked to review the *ICBC Rate Fairness Engagement Website* which contained detailed information on each of the proposals under consideration and definitions. The website expanded on each of the following topics:

- A background of Basic and Optional insurance;
- Who will pay more if the proposals were implemented;
- How rates are currently designed;
- Information on proposals related to claims, driving experience, drivers with minor or serious convictions, discounts for low-risk drivers, and how outdated territory and rate class ratings have created large price gaps.

Brief educational summaries were also included within the body of the *ICBC Rate Fairness Survey*. Each section provided respondents with some of the most pertinent context for each proposal before they were asked questions.

Survey responses were first examined at the aggregate level in Section 5 of this report. Breakouts by demographics (i.e., Region; Age; Gender; and Income) and certain “driving demographics” (i.e., years driving experience in BC; distance driven each year; reported number of drivers operating a personal vehicle; and drivers under aged 25 in the household) were also examined where appropriate. Only patterns of results which notably differed from the overall aggregate results are highlighted in this report.

Comments provided as part of the *Rate Fairness Engagement* as well as written email submissions were stored in a separate database for coding. Inductive content analysis of the qualitative responses was performed, allowing for identification of key themes. Due to the large response to this engagement survey, a randomly selected sample of 16% (n=5,506) of all surveys was selected for thematic coding of qualitative responses. The sampling error of the sample of comments coded was estimated to be very low at $\pm 1.1\%$ (19 times out of 20). All individual email submissions (n=494) were thematically coded. Comments are provided throughout the report to support the results of the survey. The most frequent themes are also presented in greater detail in Section 6 of this report.

When reviewing the information presented, the following caveats should be kept in mind:

1. The results from this engagement should not be considered a statistically valid representation of BC’s population because the online survey was open to anyone who wished to participate.
2. The survey was anonymous thus survey participants may have completed more than one submission.
3. Writing campaigns may have been launched by various groups, providing identical or very similar submissions.
4. Respondents were asked to read substantial background information on the *ICBC Rate Fairness Engagement Website* prior to responding to the survey. If respondents chose not to read the

educational component, they may not have not been fully informed of the context and details of each proposal prior to responding.

SECTION 4: RESPONDENTS' DEMOGRAPHICS AND DRIVING DEMOGRAPHICS

The *ICBC Rate Fairness Engagement Survey* included several demographic questions, as well as questions about the respondents' driving background. This information was used to help provide context as to who was engaged in this issue. Additionally, each question was examined and broken out by relevant demographic variables to determine if patterns of results differed substantially across respondent groups.

Subsection 4.1 and 4.2 highlight the breakdown of respondents' demographics and respondents' driving demographics respectively.

4.1 Respondent Demographics

The vast majority of respondents were from across BC, with the largest concentration of participants residing in the Mainland / Southwest / Fraser Valley (52.5%) and on Vancouver Island (21.6%). Table 4.1 depicts the breakdown of region of residence across all respondents. These respondent characteristics were compared against ICBC driver statistics for 2016, as published on ICBC's website.¹ Due to differences in categorization between the driver statistics report and the survey questionnaire, comparisons could not be made for all regions although the data suggests that the responses received are broadly comparable to the proportional make-up of drivers in BC.

Table 4.1 Respondent Region of Residence

Region – Survey Respondents	Survey Completions	Proportion of Total Completions	Region – ICBC Statistics	Number of Valid Drivers' Licenses (2016)	Proportion of Total Valid BC Licenses
Mainland / Southwest / Fraser Valley	1,7985	52.5%	Lower Mainland	2,000,000	58%
Vancouver Island	7,403	21.6%	Vancouver Island	610,000	18%
Thompson / Okanagan	4,881	14.2%	Southern Interior	550,000	16%
Kootenay	1,417	4.1%	North Central	230,000	7%
Cariboo	1,059	3.1%	Unknown	41,000	1%
North Coast	450	1.3%	Total	3,420,000^a	-
Nechako	430	1.3%			
Northeast	390	1.1%			
Prefer not to answer	207	0.6%			
Lives outside of BC	55	0.2%			
Total	34,277	-			

^a Total does not equal the sum of above rows due to rounding.

Source: *ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277*

The majority of respondents to this engagement survey were aged 30 and over, although a minimum of 100 survey responses were received from each age group. The table below summarizes the age breakdown of

¹ *Quick Statistics* (2017). Retrieved from <http://www.icbc.com/about-icbc/newsroom/Documents/quick-statistics.pdf>

respondents within the survey. A comparison to the population of valid BC driver's license (as of 2016) is given for comparison purposes. Due to differences in categorization between the driver statistics report and the survey questionnaire, comparisons could not be made for all age groups. However, the data broadly suggest that younger drivers (those under 30) were underrepresented in this survey, while older drivers (those aged 60 and older) were overrepresented.

Table 4.2 Respondent Age

Age Group – Survey Respondents	Survey Completions	Proportion of Total Completions	Age Group – ICBC Statistics	Number of Valid Drivers' Licenses (2016)	Proportion of Total Valid BC Licenses
Under 19	106	0.3%	Under 19	99,000	2.9%
19 to 24	1,796	5.2%	19 to 25	330,000	9.6%
25 to 29	3,419	10.0%	26 to 35	580,000	16.9%
30 to 39	7,707	22.5%	36 to 45	560,000	16.4%
40 to 49	5,971	17.4%	46 to 55	630,000	18.4%
50 to 59	6,134	17.9%	56 to 65	610,000	17.8%
60+	8,178	23.9%	66+	600,000	12.0%
Prefer not to answer	966	2.8%	Other	2,300	0.0%
Total	34,277	-	Total	3,420,000^a	-

^a Total does not equal the sum of above rows due to rounding.

Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

Over one-half of the respondents were male (53.5%). The remaining respondents were female (43.1%), non-binary (0.4%), or Other (0.1%). Approximately 2.8% of respondents preferred not to answer. Gender breakdowns of valid drivers' licenses in BC were not available, but comparisons to Statistics Canada's population estimates for BC² suggest that males were slightly overrepresented and females were underrepresented (population proportion estimates indicated 49.6% male and 50.4% female).

Respondents' annual household income (before taxes), by category, ranged from less than \$30,000 to \$125,000 and over. Estimates of population parameters (i.e., income breakdowns for all holders of valid BC drivers' licenses) were not available, but comparisons have been made to Statistics Canada's data on individual income earnings in BC³. Data are not easily comparable due to the difference in unit of measurement (household income vs. individual income) and differences in grouping categories. However, broadly, the data suggest that households with higher incomes were overrepresented in the survey, while those with lower incomes were underrepresented.

² CANSIM Table 051-0001 (2017). Retrieved from <http://www5.statcan.gc.ca/cansim/a47>

³ CANSIM Table 111-0008 (2017). Retrieved from <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=1110008&&pattern=&stByVal=1&p1=1&p2=37&tabMode=dataTable&csid=>

Table 4.3 Respondent Household Income

Household Income – Survey Respondents	Survey Completions	Proportion of Total Completions	Individual Income – Statistics Canada	Number of Individuals Earning at Income Level	Proportion of Individuals Earning at Income Level
Less than \$30,000	2,519	7.3%	Less than \$35,000	1,885,220	52.5%
\$30,000 to \$49,999	4,344	12.7%	\$35,000 to \$49,999	1,124,050	31.3%
\$50,000 to \$79,999	6,692	19.5%	\$50,000 to \$74,999	296,160	8.2%
\$80,000 to \$99,999	4,373	12.8%	\$75,000 to \$99,999	192,630	5.4%
\$100,000 to \$124,999	4,462	13.0%	\$100,000 to \$149,999	49,560	1.4%
\$125,000 and over	5,909	17.2%	\$150,000 and over	46,020	1.3%
Don't know	221	0.6%	Total	3,593,640	-
Prefer not to answer	5,757	16.8%			
Total	34,277	-			

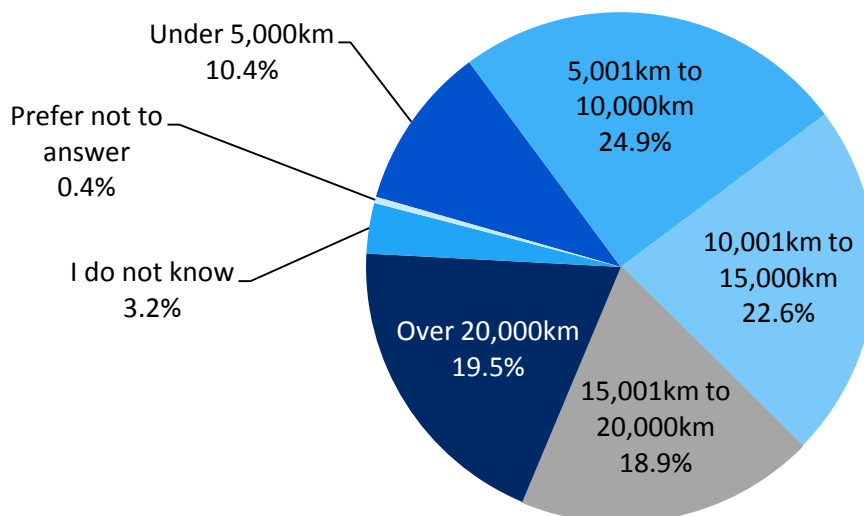
Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

4.2 Respondents’ Driving Demographics

Respondents were asked to report their current status with respect to driving in BC. The overwhelming majority of respondents (91.4%) have a valid driver’s license and drive at least a few times a week. Fewer than one in ten respondents (6.9%) reported having a BC driver’s license but driving less than a few times per week, and less than one percent of respondents (0.6%) reported having a valid license but not driving at all. Less than one percent did not have a driver’s license (0.6%) and 0.5% of respondents preferred not to answer.

Respondents were asked to report the average distance they drive each year. Figure 4.1 depicts the breakdown of average distance driven each year in kilometres. Approximately 86% of respondents reported driving more than 5,000 kilometres per year.

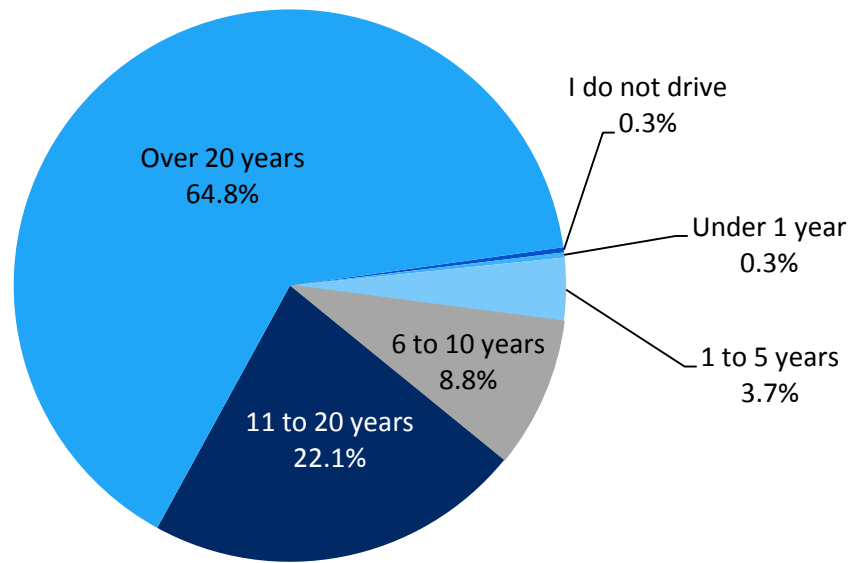
Figure 4.1 Average Distance (KMs) Driven Each Year



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

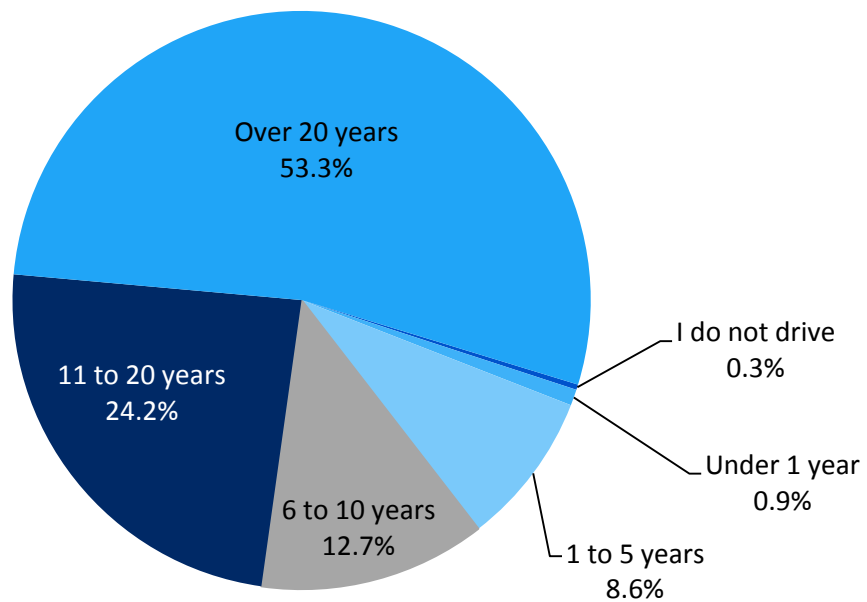
Figure 4.2 and Figure 4.3 depict the breakdown of respondents by years of driving experience. Nearly two-thirds of respondents (64.8%) reported that they have over 20 years or more of total driving experience, and approximately one-half (53.3%) of respondents reported that they have over 20 years or more driving experience specifically in BC.

Figure 4.2 Respondent Driving Experience (Years)



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

Figure 4.3 Respondent Driving Experience in BC (Years)



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

Respondents were also asked to report how many years they have paid for car insurance in BC. Roughly one-half of respondents (49.2%) reported that they had paid for car insurance for over 20 years. Nearly a quarter (22.7%) reported that they had paid for insurance for 11 to 20 years, and another quarter reported having paid for insurance for 1 to 10 years (25.1%). Less than 3% reported that they had been paying for insurance less than one year (1.4%) or not paying for insurance at all (1.5%).

Respondents were asked to report where they got their first driver's license. The majority of respondents (70.6%) reported that they got their first driver's license in British Columbia, and nearly a quarter more (21.1%) reported getting their license in Canada but outside of BC. Fewer than one in ten (7.6%) had received their first license outside of Canada, and negligible proportions of respondents reported never having one, in the process of obtaining one, or "Prefer not to answer".

Respondents were asked to report on how many additional drivers use their personal vehicle. Just over one-half of respondents (52.3%) reported that one additional driver uses their personal vehicle and just over one-third of respondents (35.5%) reported that they are the only driver of their vehicle. Roughly one in ten (10.1%) reported two or more other drivers of their personal vehicle, and 2.1% of respondents stated that they don't have a personal vehicle.

Respondents were also asked about the number of young drivers (i.e., drivers aged 25 or younger) who reside in their household. Over three-quarters of respondents (78.6%) reported that they did not have any young drivers in their household. Roughly one in five (18.3%) reported having one or two drivers aged 25 or younger in their home, and 1.7% reported having three or more drivers aged 25 or younger in their household.

SECTION 5: RESPONDENTS' VIEWS ON ICBC RATE FAIRNESS

The findings presented in this section of the report are based on completed responses to the *ICBC Rate Fairness Survey* (n=34,277). This section presents respondent views on the various proposals to the current ICBC insurance rating system. It includes results related to the following topic areas:

- How at-fault crashes should impact Basic insurance rates (i.e., high-risk drivers should pay higher insurance rates, and low-risk drivers should pay lower insurance rates);
- The shift towards a driver-based system;
- If driving convictions should impact how insurance rates are determined;
- If the distance a vehicle is driven should impact insurance rates;
- Discounts for senior drivers; and
- Annual transition caps for those impacted by the implementation of the proposals.

5.1 Should At-Fault Drivers Pay More for Insurance?

At present, experiencing an at-fault crash has a limited impact on an individual's Basic insurance premiums. However, the more at-fault crashes a customer has, the higher their risk of causing another crash. One proposal for consideration is that premiums should increase with each at-fault crash a driver has experienced over the previous 10 years.

This section of the report presents respondents’ opinions regarding whether drivers who cause more at-fault crashes should pay more; and whether the current claim-repayment options for at-fault crashes should be modified.

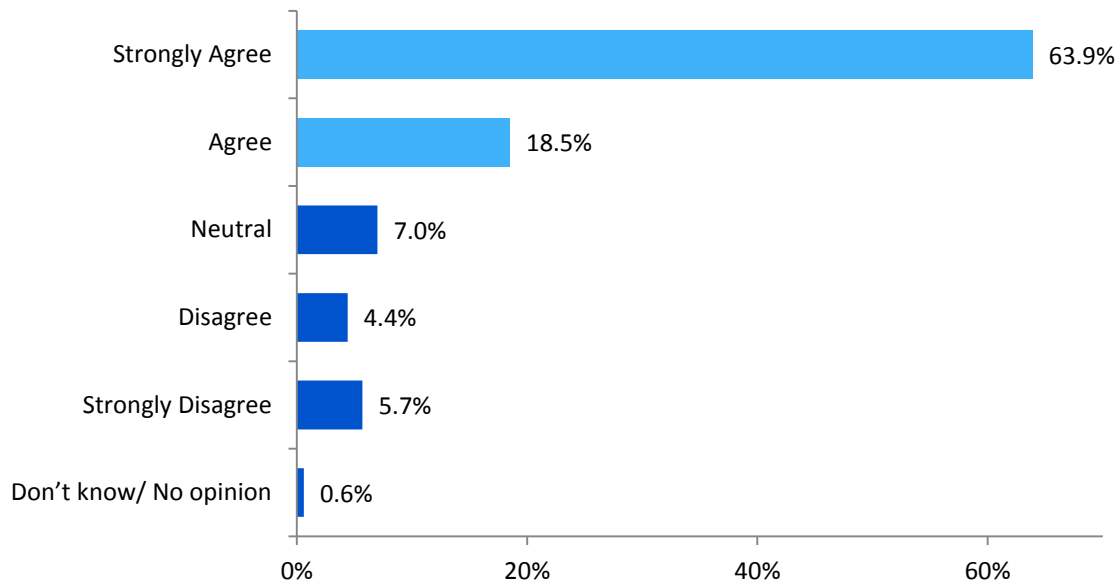
STATEMENT:

Drivers who get into at-fault crashes should pay more than they do today for their auto insurance, while drivers who do not cause crashes should pay less.

5.1.1 Aggregate Results

The overwhelming majority of respondents (82.3%) Agreed or Strongly Agreed with the above statement, suggesting that there is strong public support for the proposal that drivers who get into at-fault crashes should pay more, while other drivers, who do not cause crashes, should pay less. Figure 5.1 depicts the response breakdown.

Figure 5.1 Drivers who get into at-fault crashes should pay more for auto insurance, while those who do not should pay less

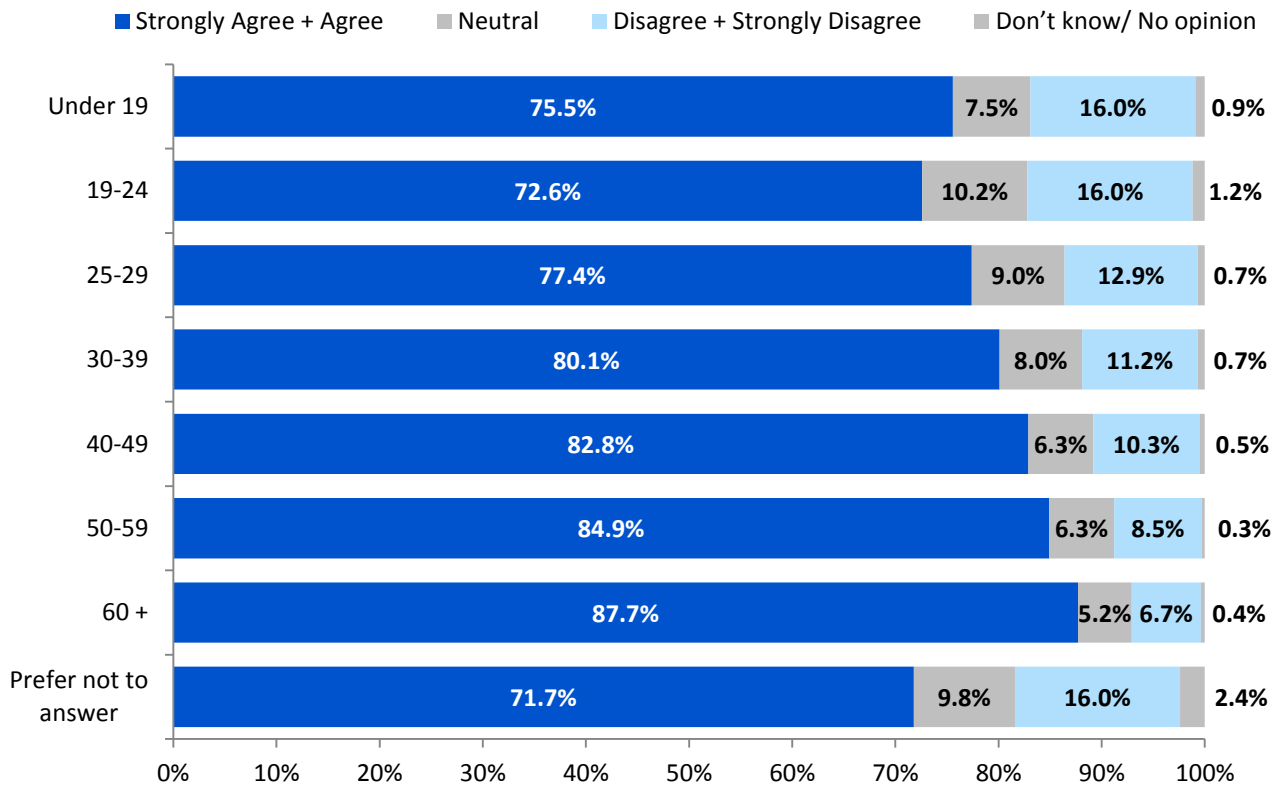


Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

5.1.2 Demographic Differences

Results varied according to respondent age; the older the respondent, the more likely they were to support the statement that drivers who get into at-fault crashes should pay more for their insurance (see Figure 5.2).

Figure 5.2 Response Breakout by Age



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

The more experience a respondent reported with driving in BC, the more likely they were to agree that drivers with at-fault crashes should pay more (79.5% among those with 1 to 5 years of experience, and 77.8% with 6 to 10 years of experience, 80.4% with 11-20 years of experience, 84.7% of drivers with over 20 years of driving experience). Notably, respondents with very little experience driving in BC (less than one year) also showed strong support for the idea that drivers who cause crashes should pay more for insurance (84.5% agreed).

5.2 Comments Related to At-Fault Drivers Paying More for Insurance

Seventeen percent of qualitative comments coded (n=910) agreed that rates or penalties (Driver Penalty Point [DPP] or Driver Risk Premium [DRP]) should be increased for high-risk drivers or drivers who exhibit “poor driving behaviours”. Examples of poor driving behaviours cited in comments included a history of at-fault claims, and minor or serious driving convictions such as distracted driving or speeding.

The drivers who cause an accident should have their insurance increased.

Vancouver Island, Male, Age 60+, Income \$30,000 to \$49,999, Over 20 years driving in BC

Anyone who has 3 or more at-fault crashes in a 5 year period should definitely be paying much higher premiums!

Mainland / Southwest / Fraser Valley, Male, Age 60+, Income \$80,000 to \$99,999, Over 20 years driving in BC

Similarly, 10.8% of comments coded (n=598) suggested that rates/premiums should be decreased (or discounts applied) for low-risk drivers. Examples of low-risk driver characteristics cited in comments included a claims-free driving history, no driving convictions (minor or serious), and additional driving education or training.

It only makes sense that drivers with no at-fault accidents or claims should be granted lower rates.

Mainland / Southwest / Fraser Valley, Female, Age 40-49, Income \$100,000 to \$124,999, 1 to 5 years driving in BC

I believe that ALL safe drivers that do not have at-fault accidents should not be paying higher rates for their insurance.

Vancouver Island, Female, Age 60+, Income \$50,000 to \$79,999, Over 20 years driving in BC

Overall, the quantitative findings and the qualitative feedback received indicate that there was agreement around the idea that high-risk drivers should pay more, and low-risk drivers pay less in BC.

QUESTION:

What should happen to the option to pay back at-fault vehicle damage claims?

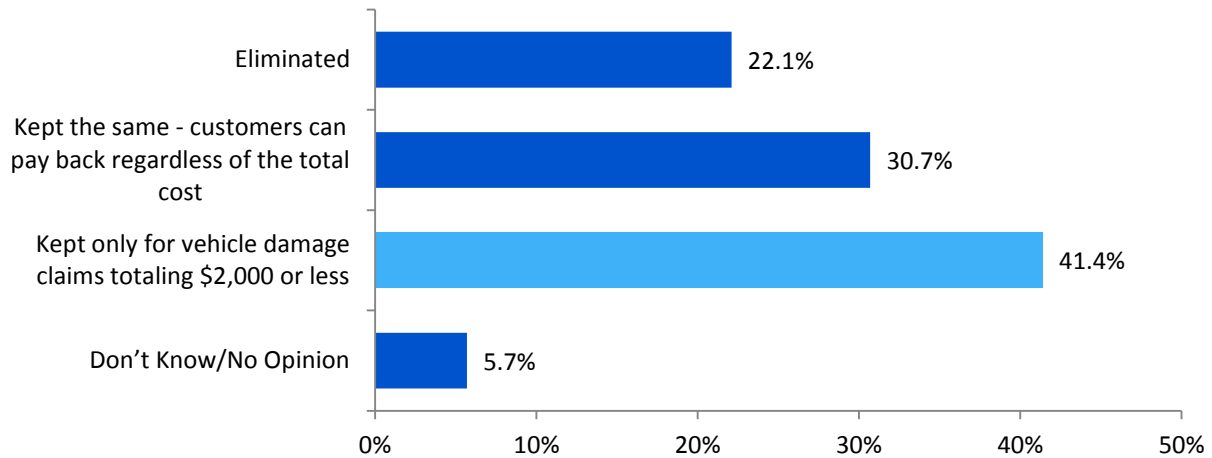
5.2.1 Aggregate Results

Respondents were presented with the above question, and asked to choose between the following four options:

- Eliminate the option.
- Keep the same option (customers can pay back regardless of the total cost).
- Keep this option only for vehicle damage claims totalling \$2,000 or less.
- Don't Know/ No Opinion.

Figure 5.3 depicts the response breakdown. While public opinion appeared to be mixed, most support (41.4%) was to keep the current option to pay back at-fault vehicle damage claims, but only for vehicle damage claims totalling \$2,000 or less.

Figure 5.3 - What should happen to the option to pay back at-fault vehicle damage claims?



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

5.2.2 Demographic Differences

A consistent trend in agreement over age categories emerged; older drivers were more likely to believe that the pay-back option should be eliminated than younger drivers.

Lower-income respondents were more likely to support the elimination of the pay-back option (24.9% among those with incomes less than \$30,000) than higher-income respondents (18.9% among those with incomes of \$125,000 and over). Conversely, higher income respondents were more likely to favour keeping the pay-back option the same.

Those with more years of experience driving in BC were more likely to support keeping the pay-back option as-is compared to those who do not drive or who drive less.

5.3 Comments Related to the Option to Pay Back At-Fault Vehicle Damage Claims

Comments regarding the option to pay back at-fault damage claims were broadly supportive of making a change to the option, which was consistent with the findings of the closed-ended survey item. Respondents who provided a comment on this issue indicated that they were mainly concerned with the crash not appearing on the at-fault driver’s record when the option to pay back damage was chosen. This results in an unfair representation of the risk that driver poses, and allows the driver to avoid paying insurance rates that are more appropriate to the level of risk that he/she poses.

The payback should remain, i.e. customers can pay back regardless of the total cost, SO LONG AS the at-fault driver's insurance premium also goes up.

Mainland / Southwest / Fraser Valley, Male, Age 30-39, Income \$50,000 to \$79,999, 6-10 years driving BC

I believe drivers should be able to pay back for their at-fault accidents, but the accident should still be on record.

Mainland / Southwest / Fraser Valley, Female, Age 50-59, Income \$125,000 and over, Over 20 years driving in BC

Overall, the quantitative and qualitative results suggest moderate levels of support for changing the payback option for at-fault drivers. Further, there is evidence that BC drivers believe that changes to the current option could help improve fairness.

5.4 Shifting to a Driver-Based System

Under the present system, at-fault crashes are attached to the vehicle and impact the registered vehicle owner's insurance premium. The individual operating a vehicle the majority of the time is declared as the principal operator. However, approximately 20% of crashes are caused by someone other than the principal operator, and in these cases, the crash impacts only the vehicle owner and not the driver.

This section of the report presents respondents' views on whether the current ICBC system should move away from a vehicle-based system and towards a driver-based system that takes into account the driving experience and claims history of all drivers listed as operators of the vehicle, and how the system should implement fees and penalties when unlisted drivers are responsible for at-fault crashes.

QUESTION:

In a situation where a vehicle owner lends their car to an unlisted driver (e.g., a neighbour) and the unlisted driver is involved in an at-fault crash, what should the insurance rate consequence be?

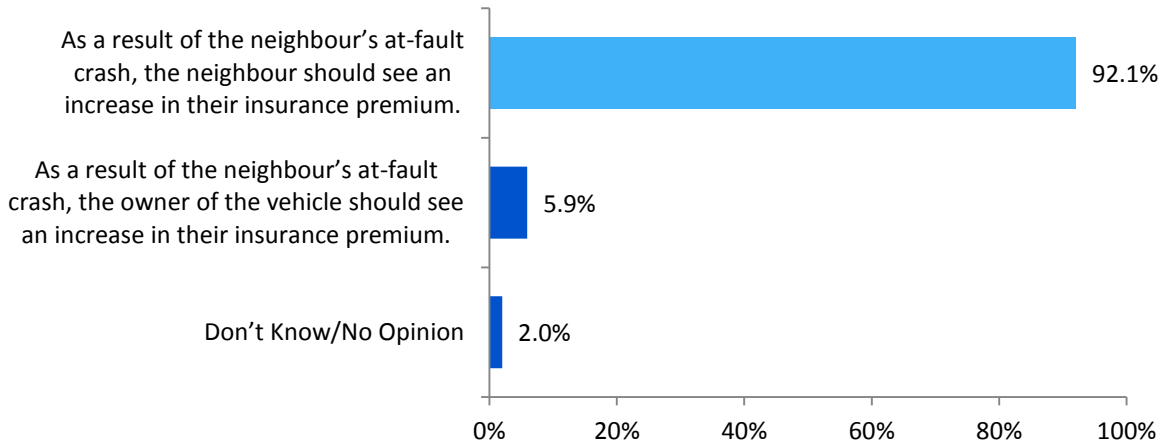
5.4.1 Aggregate Results

Respondents were presented with the above question and asked to choose between the following three response options:

- As a result of the neighbour's at-fault crash, the owner of the vehicle should see an increase in their insurance premium.
- As a result of the neighbour's at-fault crash, the neighbour should see an increase in their insurance premium.
- Don't know/No Opinion

Figure 5.4 depicts the response breakdown. The overwhelming majority of respondents (92.1%) agreed that the other driver in the scenario (i.e., the neighbour), not the vehicle owner, should see an increase in his or her insurance premiums. These results strongly suggest that the public would support a shift to a driver-based insurance system.

Figure 5.4 - In a situation where a vehicle owner lends their car to an unlisted driver and the unlisted driver is involved in an at-fault crash, what should the insurance rate consequence be?



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

5.4.2 Demographic Differences

High levels of agreement that the other driver in the scenario should see an increase in his or her insurance premiums were seen across all age groups and income levels.

5.4.3 Comments Related to the Insurance Consequence of an At-Fault Crash by an Unlisted Driver

Comments regarding the insurance consequence of an at-fault crash by an unlisted driver generally supported the quantitative findings: respondents believed the neighbor should see an increase in their insurance premium.

The neighbour should see an increase in their insurance premium. However, they may not have insurance but it should be added to their profile and use this information whenever he buys insurance and he will need to pay extra because of what he has done in the past.

Mainland / Southwest / Fraser Valley, Female, Age 50-59, Income prefer not to answer, Over 20 years driving in BC

Should consider NOT penalizing owner if their vehicle and unlisted driver is involved in an at-fault accident. The at-fault driver should preferably be made to bear all cost.

Mainland / Southwest / Fraser Valley, Male, Age 30-39, Income \$50,000 to \$79,999, 6-10 years driving in BC

Overall, the quantitative and qualitative results suggest BC residents support the idea that as a result of the unlisted driver's at-fault crash, the unlisted driver should see an increase in their insurance premium rather than the vehicle owner.

QUESTION:

What do you think an appropriate one-time fee/penalty that a vehicle owner should have to pay if a crash was caused by an unlisted driver who doesn't live in the same household as the owner?

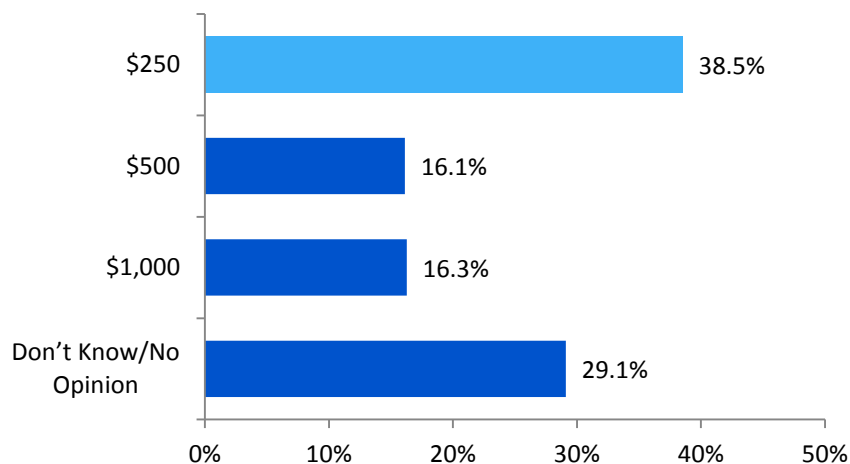
Under the proposed driver-based system, if a driver is at-fault for a crash, the claim would be attached to that driver's profile for the following 10 years. However, if the at-fault driver *was not listed as an operator* of the vehicle, one proposal suggested that the vehicle owner would also be charged a one-time fee (per occurrence) for not listing that driver as an operator. This is in addition to the at-fault driver being penalized on any policy he/she is listed on over the next 10 years.

The intent of the fee is to provide customers an incentive to declare the drivers of their vehicle to better reflect the risk and enable them to bear some of the responsibility of lending their vehicle to someone. ICBC would allow for some exemptions to recognize extraordinary events, such as an unlisted driver using a vehicle to drive a family member or neighbour to the hospital.

5.4.4 Aggregate Results

Respondents were presented with the above question and asked to choose between three dollar amounts (\$250, \$500, or \$1,000) and a fourth option, "Don't Know/No Opinion." Figure 5.5 depicts the breakdown of responses. Almost one-third of respondents (29.1%) indicated that they did not know, or had no opinion. Of the remaining respondents, over one-third (38.5%) selected "\$250" as the appropriate one-time fee that a vehicle owner should have to pay if an unlisted driver, who does not live in the same household as the vehicle owner, causes a crash while driving the owner's vehicle. These findings should be interpreted with caution, as the options provided did not allow respondents to propose a fee/penalty amount. In the open-ended comments, 40 respondents (8.0% of all respondents who provided a comment at the end of the survey) identified this question as being too restrictive because it forced the respondent to choose between two options (the lowest fee option, \$250, or "Don't know") that didn't represent their views. Most of these comments suggested they wanted either a 'no fee' option or an amount less than \$250.

Figure 5.5 - What do you think is the appropriate one-time fee a vehicle owner should have to pay if a crash was caused by an unlisted driver who doesn't live in the same household as the owner?



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

5.4.5 Demographic Differences

Respondents from the Mainland / Southwest / Fraser Valley region were more likely (18.4%) to support the highest one-time fee of a \$1,000 as a penalty for an at-fault crash by an unlisted driver than those from other regions (10% to 14% for most other regions).

Females were slightly more likely to support the lowest fee level (42.3%) of \$250, than males (35.5%). Males reported stronger support for the highest fee level of \$1,000 (19.0%) than females (13.1%).

Younger drivers (roughly just over one-half) were more likely than older drivers (roughly one-third) to support the lowest one-time fee of \$250 following an at-fault crash by an unlisted driver.

Respondents who had either one other driver or no other driver of their vehicle were more likely to endorse the highest fee penalty of \$1,000 (18.4% and 15.8%, respectively, compared to a range of 7.3% to 11.7% among respondents with two or more drivers).

Respondents who had one or more drivers under the age of 25 who also used their vehicle were more likely to support the lowest fee levels (range from 42.3% to 61.5%) than those who had no drivers under the age of 25 using their vehicle (37.4%).

In the proposal for a driver-based system, the fee for the vehicle owner could be greater if the unlisted at-fault driver lives with the vehicle owner; for example, a son or a daughter. This would encourage vehicle owners to ensure that they list household members who will drive the vehicle during the policy term. Respondent level of agreement was reported for whether the proposed fee should be higher for at-fault unlisted household members compared to unlisted friends or neighbours; and if the proposed fee should increase with each additional at-fault crash by an unlisted driver.

5.5 Comments Related to The One-Time Fee/Penalty

Although the closed-ended survey question restricted responses to either endorsing a proposed fee level, or selecting “Don’t know / No opinion,” comments (n=40) suggested opposition to the idea of one-time fees applied to the owners of vehicles when an unlisted driver is involved in an at-fault crash.

I do not agree that a car owner should be required to register everyone who could drive their car. I also do not agree that they should face a fine if they fail to provide that information.

Thompson / Okanagan, Male, Age 19-24, Income don't know, 6 to 10 years driving in BC

Penalizing an insured person because they let their neighbour or family member drive their car is ludicrous.

Kootenay, Female, Age 60+, Income \$80,000 to \$99,999, Over 20 years driving in BC

Overall, the quantitative results show some support for a one-time fee of \$250 that the vehicle owner should have to pay if a crash was caused by an unlisted driver who does not live in the same household as the owner. Almost similar proportions of respondents selected ‘Don’t know/No opinion’ as selected a fee of

\$500 or \$1,000. The qualitative responses revealed some objections to paying a one-time fee with 40 of the respondents suggesting that vehicle owners should not face a fee for not listing all drivers of their vehicles. Due to the restrictive response options available for this question, as well as the opposition to the implementation of a fee from those who provided open-ended comments, conclusions regarding public support for this particular proposal should be considered with caution.

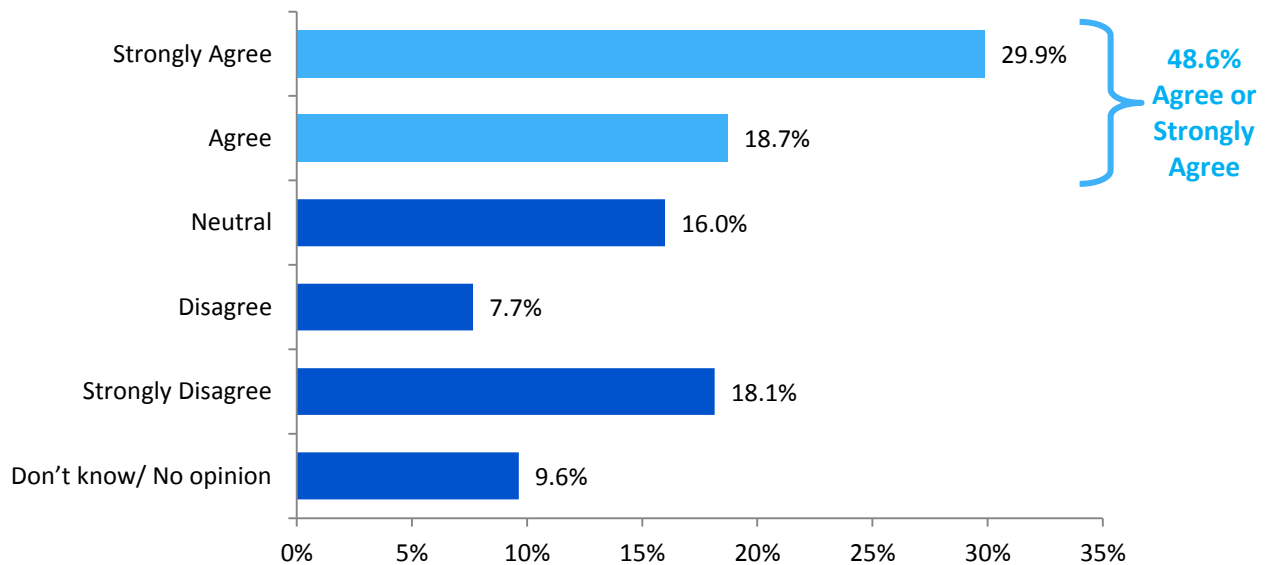
STATEMENT:

It would be more fair if the vehicle owner were required to pay a significantly higher fee for not listing a household member as compared to the fee (from the previous question) that would result were the at-fault unlisted driver was a friend or neighbour.

5.5.1 Aggregate Results

Nearly one-half of respondents (48.6%) Agreed or Strongly Agreed with the above statement, while one-quarter (25.8%) of respondents Disagreed or Strongly Disagreed (see Figure 5.6). This suggests that there is moderate public support for vehicle owners paying higher penalties when the at-fault, unlisted driver is a member of his or her own household, than when the at-fault, unlisted driver is not from the same household.

Figure 5.6 Agreement – Higher Fees for Unlisted, At-Fault Drivers from the Same Household

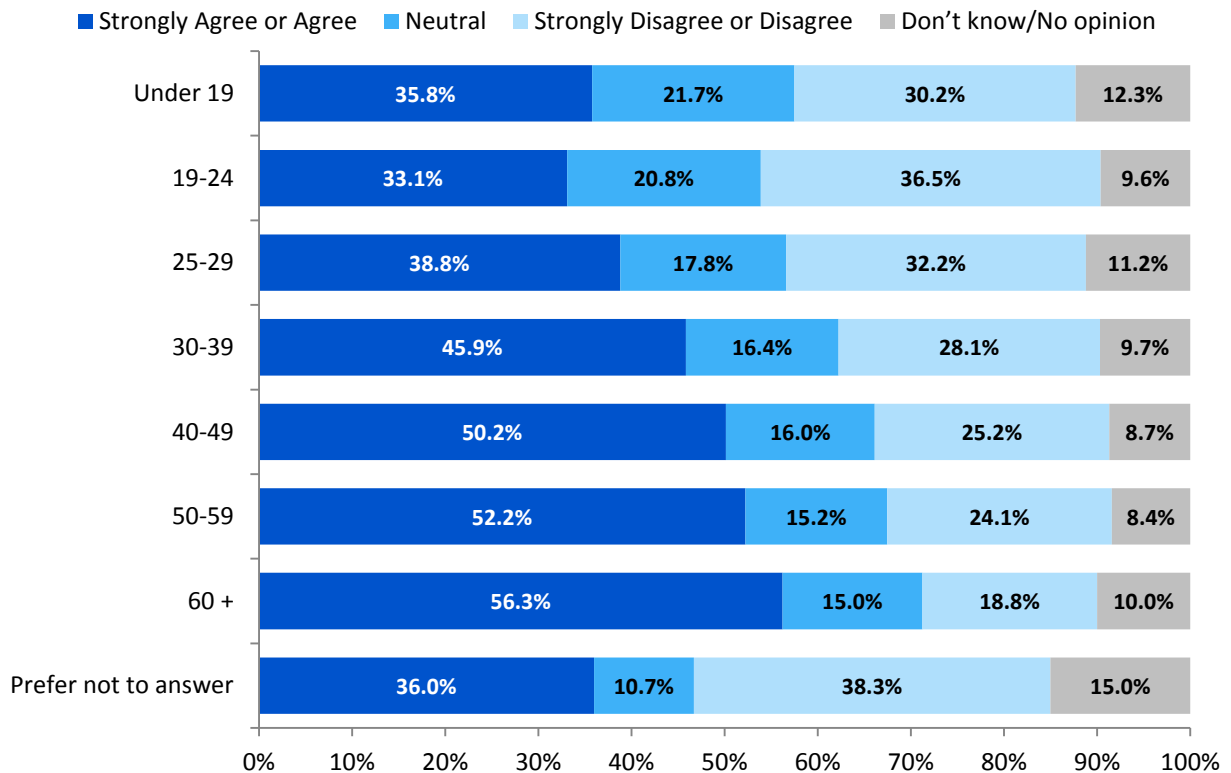


Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

5.5.2 Demographic Differences

Across age groups, a trend in attitudes towards this issue emerged: the older a respondent was, the more likely they were to endorse the statement that unlisted drivers of the same household should be subject to a higher one-time fee than unlisted drivers who were not household members. Roughly one-third of those in each of the under 19 and 19 to 24 age cohorts agreed with instating higher fees in this situation. In contrast, over one-half of respondents in the highest age categories (40 to 49; 50 to 59; and 60 and over) agreed with the statement (see Figure 5.7).

Figure 5.7 Agreement with Higher Fees for Unlisted Drivers in the Same Household, by Age

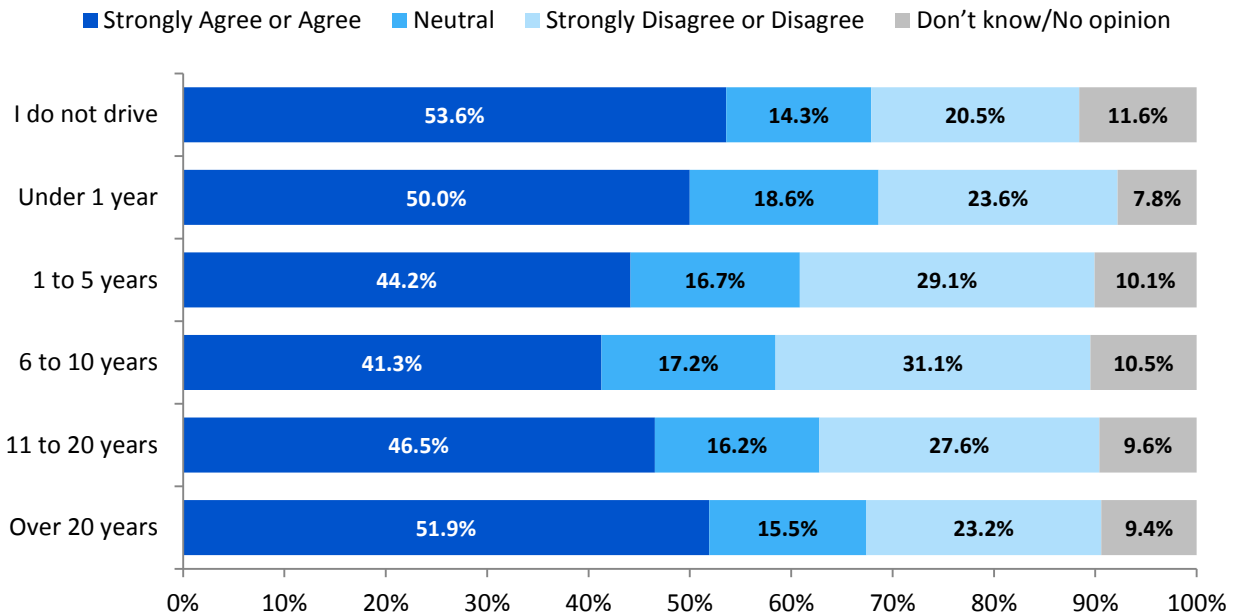


Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

A similar trend emerged over income categories: respondents with higher annual incomes were more likely to agree (53.3% of respondents with incomes of \$125,000 or more) with the proposed difference in fees, compared to those with lower incomes (42.6% of respondents making under \$30,000 annually).

Among those with driving experience, agreement that this proposal would be more fair was highest among those with less than one year of driving experience and more than twenty years compared to other experienced drivers (see Figure 5.8).

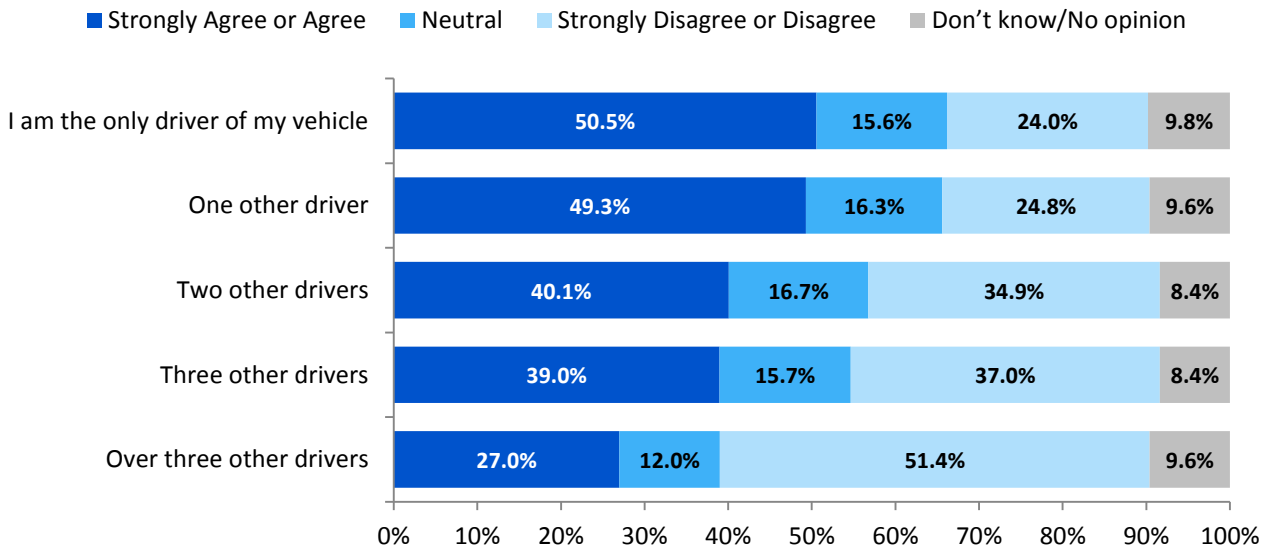
Figure 5.8 Agreement with Higher Fees for Unlisted Drivers in the Same Household, by Driving Experience in BC



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

The more drivers of a personal vehicle that a respondent reported, the less likely they were to support the proposed fee difference (see Figure 5.9).

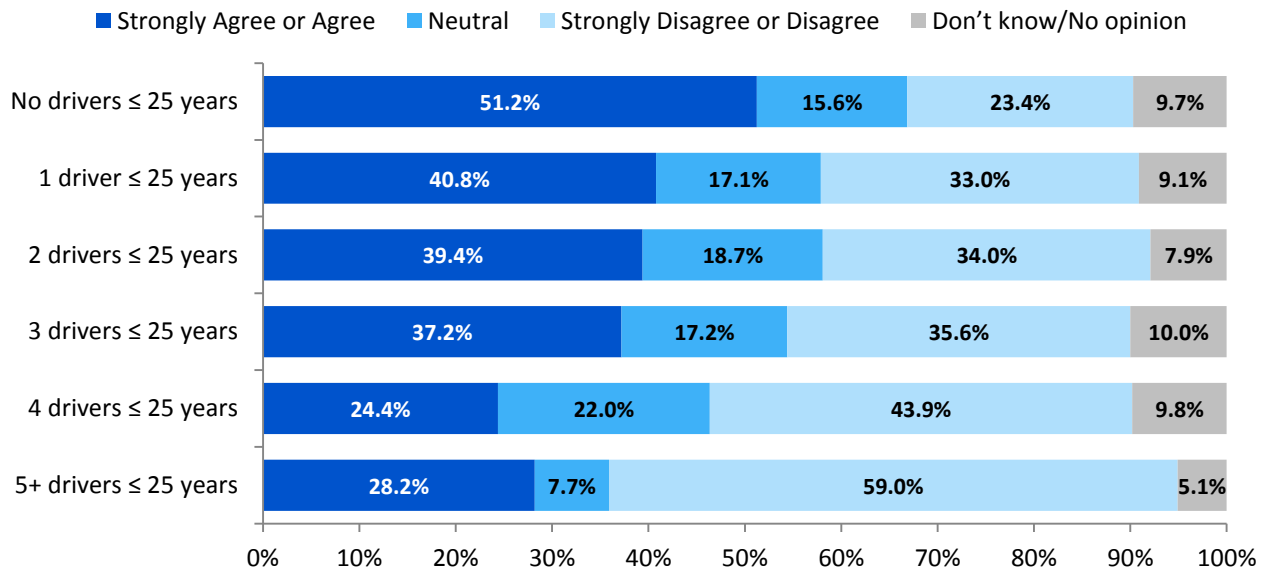
Figure 5.9 Agreement with Higher Fees for Unlisted Drivers in the Same Household, by Number of Additional Drivers



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

Similarly, agreement with this item decreased with the number of drivers under the age of 25 reported to be using a respondent’s vehicle. Roughly one-half of respondents with no other drivers aged 25 or younger supported the statement, while only approximately one-quarter (28.2%) of those with five or more drivers aged 25 and under supported the statement (see Figure 5.10).

Figure 5.10 Agreement with Higher Fees for Unlisted Drivers in the Same Household, by Number of Drivers ≤25 in Household



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

5.5.3 Comments Related to Higher Fees for Unlisted Drivers in the Same Household

Similar to the closed-ended responses, comments indicated debate surrounding whether it would be more fair if a vehicle owner were required to pay a significantly higher fee for not listing a household member, as compared to the fee (from the previous question) that would result were the at-fault unlisted driver a friend or neighbor.

I agree with penalizing the owner for not listing household members who may drive the vehicle

Mainland / Southwest / Fraser Valley, Female, Age 30-39, Income \$80,000 to \$99,999, 6-10 years driving in BC

The proposal to penalize vehicle owners more for not listing household members as drivers on their policy vs penalizing them less for not listing neighbours or friends doesn't seem fair.

Mainland / Southwest / Fraser Valley, Female, Age 50-59, Income \$125,000 and over, Over 20 years driving in BC

Both quantitative and qualitative evidence indicates public support for the idea that it would be fairer if the vehicle owner were required to pay a significantly higher fee for not listing a household member as

opposed to a friend or neighbor. Although there was generally support for the proposal, a number of respondents disagreed or provided comments debating the fairness of this proposal under consideration.

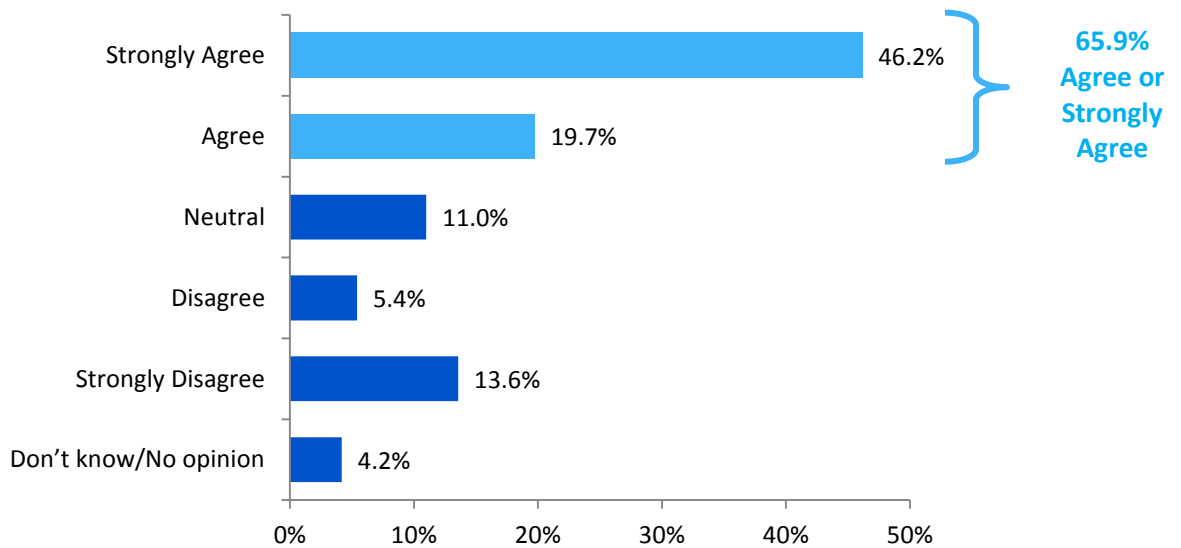
STATEMENT:

The fee should increase with each additional at-fault crash by an unlisted driver over a five year period to hold the vehicle owner accountable for who they allow drive their vehicle.

5.5.4 Aggregate Results

Approximately two-thirds of respondents (65.9%) Agreed or Strongly Agreed with the above statement, while just under one-fifth (19.0%) Disagreed or Strongly Disagreed (see Figure 5.11). This suggests that there is public support for the proposition that the fee should increase with each additional at-fault crash caused by an unlisted driver over a period of five years.

Figure 5.11 Agreement – Fees for Unlisted, At-Fault Drivers Should Increase with Each Subsequent Crash



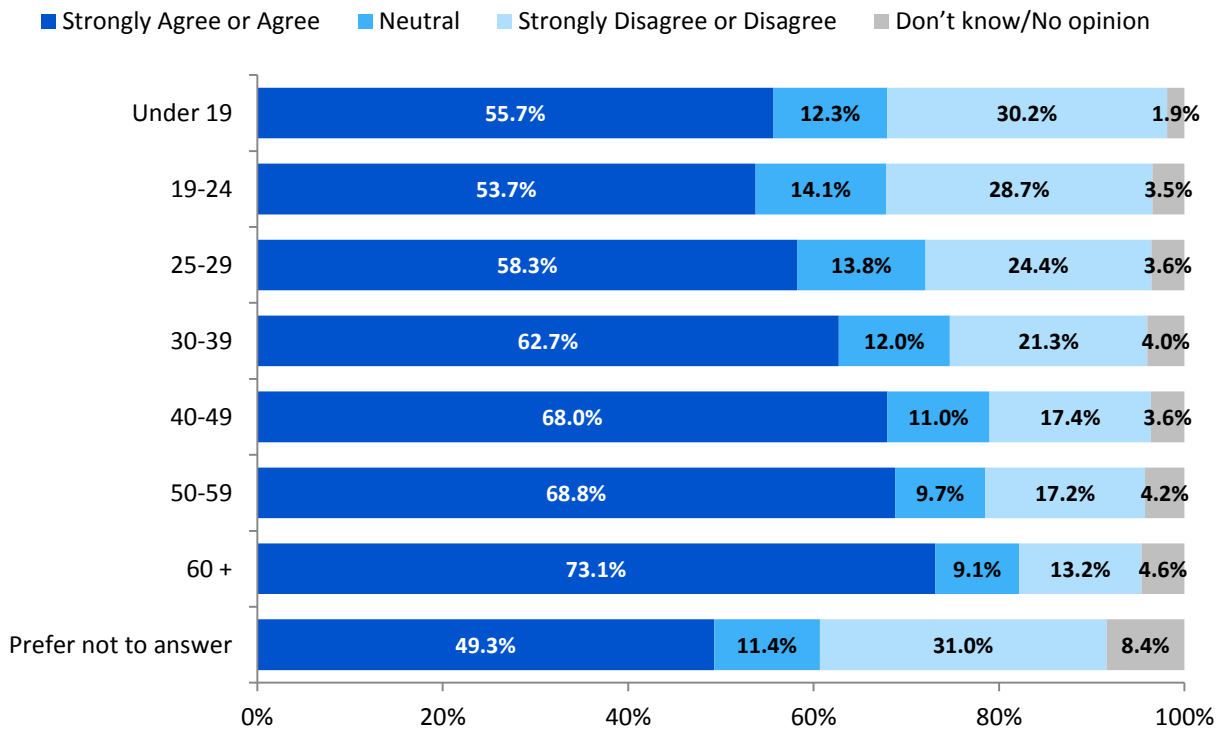
Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

5.5.5 Demographic Differences

Respondents in the Mainland / Southwest / Fraser Valley and Vancouver Island regions were more likely than those from other regions of BC to agree that fees should increase with each additional at-fault crash by an unlisted driver. Over two-thirds of respondents from these regions agreed with the statement, compared to a range of 58.8% to 64.1% in other regions throughout the province.

Agreement with this item increased with respondents' age: 55.7% of respondents under 19 years of age agreed with the item, compared to 73.1% of respondents aged 60 and over (see Figure 5.12).

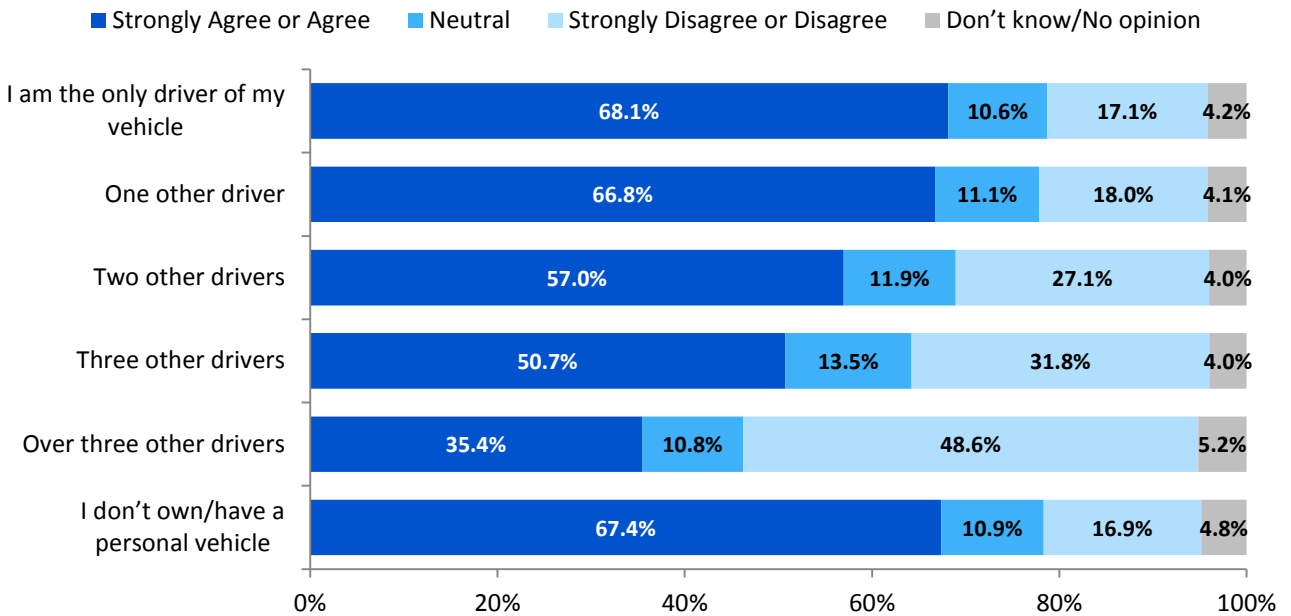
Figure 5.12 Agreement with Increasing Unlisted At-Fault Driver Fees for Subsequent Crashes, by Age



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

The more drivers that a respondent reported using their personal vehicle, the less likely they were to agree with the proposed incremental fee increase for additional at-fault crashes by unlisted drivers. Agreement with this proposal ranged from 68.1% among respondents who were the only drivers of their vehicles, down to 35.4% among those who had four or more additional drivers using their vehicles.

Figure 5.13 Agreement with Increasing Unlisted At-Fault Driver Fees for Subsequent Crashes, by Number of Additional Drivers



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

Similarly, the more drivers aged 25 or younger that a respondent reported using their personal vehicle, the less likely they were to agree with the proposed incremental fee increase for additional at-fault crashes by unlisted drivers. Agreement with this item ranged from a high of 68.0% among those with no drivers aged 25 or under using their vehicle, to a low of 42.3% among respondents with four drivers aged 25 or under using their vehicle.

5.5.6 Overall Comments Supporting the Shift to a Driver-Based System From the Vehicle-Based System

Open-ended comments tended to support the findings of the closed-ended survey questions. Respondents were broadly supportive of a change to a driver-based insurance system, where the individuals who cause crashes are charged higher rates rather than the individuals who own the vehicles that were crashed.

Accidents should follow the driver's license as well as the car so that the person who has the accident is responsible.

Mainland / Southwest / Fraser Valley, Female, Age 50-59, Income prefer not to answer, Over 20 years driving in BC

Switch to insuring drivers not vehicles.

Thompson / Okanagan, Male, Age 30-39, Income \$125,000 and over, 6 to 10 years driving in BC

Both quantitative and qualitative survey data provide evidence that there is public support for the introduction of a driver-based insurance system in BC, but the proposal to apply one-time fines to owners of vehicles who lend their cars to unlisted drivers (who are then involved in an at-fault crash) faces some opposition, as indicated by open-ended comments.

5.6 Driving Convictions Impacting Insurance Rates

Under the current ICBC system, customers with driving convictions only see separate charges under the Driver Penalty Point (DPP) premium, or the Driver Risk Premium (DRP) programs. The amounts collected under these programs are used to offset the overall Basic insurance rate. These have not been updated in 10 years, and as a result, ICBC has stated that they are not accurately reflective of an individual's risk. For the majority of North American insurers, driving convictions are a key factor in estimating a driver's risk.

One proposal to address this issue was to introduce driving convictions into Optional insurance pricing. This proposal suggested that minor and serious (i.e., major) driving convictions should be considered when setting rates for ICBC's Optional insurance, so as to better differentiate risks between customers with frequent or serious convictions and those without. To assess this proposal, respondents were asked a series of questions about how different types of driving convictions should impact insurance rates, and about how many years (i.e., scan period) should be reviewed when considering past driving convictions.

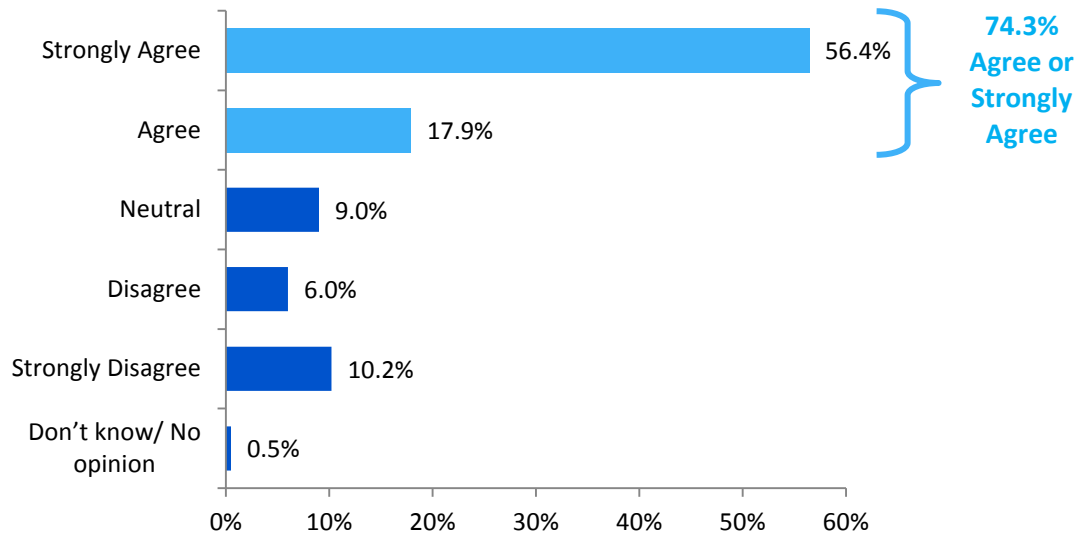
STATEMENT:

Drivers who have one serious conviction in a three-year period (e.g., excessive speeding, impaired driving or distracted driving) should pay higher insurance premiums.

5.6.1 Aggregate Results

Nearly three-quarters of respondents (74.3%) Agreed or Strongly Agreed that drivers who have one serious conviction in a three-year period should pay higher insurance premiums. Figure 5.14 depicts the response breakdown.

Figure 5.14 Agreement – Serious Driving Convictions within a Three-Year Period Should Impact Premiums



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

5.6.2 Demographic Differences

Females were more slightly likely to agree with the proposal (77.1% agreed) than males (72.8%) or non-binary respondents (63.8%).

5.6.3 Comments Supporting Higher Insurance Premiums for Serious Convictions

Although the closed-ended survey questions strongly supported the increase in insurance premiums for drivers with one serious conviction in a three-year period, qualitative responses indicated some debate regarding the number of serious convictions within the three year period that should affect a driver’s insurance premiums.

First serious conviction fines should be increased, especially for distracted driving.

Vancouver Island, Male, Age 60+, Income \$125,000 and over, Over 20 years driving in BC

Drivers who have TWO or more minor/serious convictions in a three-year period should pay higher insurance premiums

Mainland/ Southwest / Fraser Valley, Female, Age 30-39, Income \$100,000 to \$124,999, Over 20 years driving in BC

Overall, both quantitative and qualitative data provide support that drivers with serious convictions in a three-year period should pay higher insurance premiums. However, a number of qualitative responses

provided discussion around the number of serious convictions as well as the time-frame in which these convictions occurred with regards to the effect on a driver’s insurance premiums.

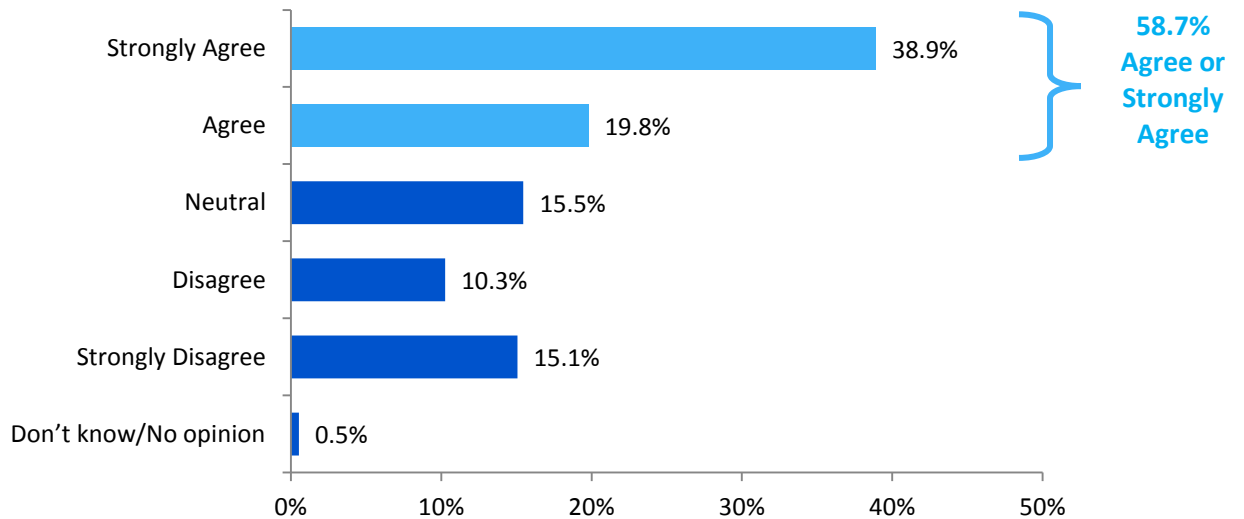
STATEMENT:

Drivers who have two or more minor convictions in a three-year period (e.g., speeding, turning violations, seat belt violations, or unsafe lane changes) should pay higher insurance premiums.

5.6.4 Aggregate Results

More than one-half of respondents (58.7%) Agreed or Strongly Agreed that drivers who have two or more minor convictions in a three-year period should pay higher insurance premiums (see Figure 5.15) depicts the response breakdown.

Figure 5.15 Agreement – Two or More Minor Driving Convictions within a Three-Year Period Should Impact Premiums

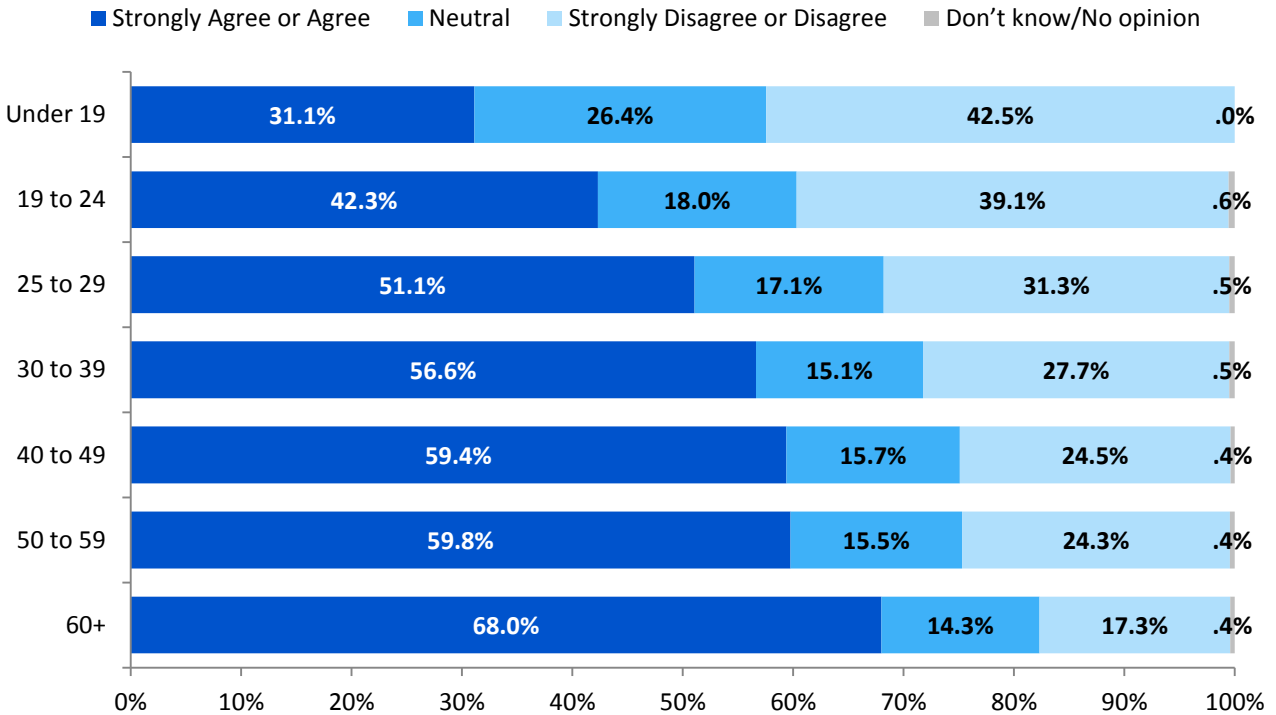


Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

5.6.5 Demographic Differences

More agreement for increasing insurance premiums for those with two or more minor convictions was associated with increases in age (see Figure 5.16).

Figure 5.16 Two or More Minor Driving Convictions Impacting Premiums Agreement, by Age



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

Slightly more females (62.0%) than males (56.8%) agreed with this proposal.

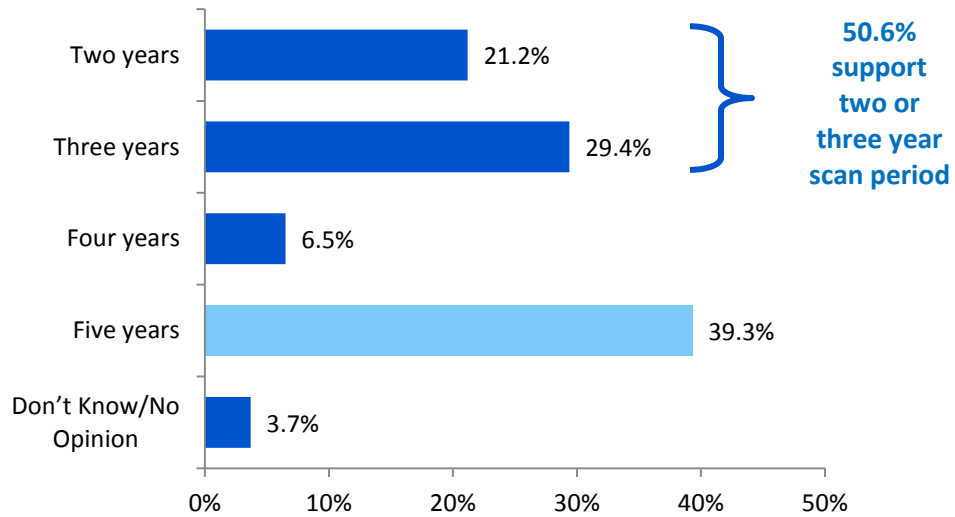
QUESTION:

What do you think the scan period (the number of the most recent years that are reviewed) for serious driving convictions should be?

5.6.6 Aggregate Results

Respondents were presented with the above question and asked to choose between four periods (Two years; Three years; Four years; or Five years) and a fifth option: “Don’t Know/No Opinion.” Figure 5.17 depicts the breakdown of responses. Public opinion appears to be mixed on how many years should be reviewed for serious driving convictions, with approximately one-half (50.6%) supporting a shorter scan period of two or three years, and just under one-half (45.8%) supporting a somewhat longer scan period of four or five years.

Figure 5.17 Appropriate Scan Periods for Serious Driving Convictions



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

5.6.7 Demographic Differences

Respondents from Vancouver Island (43.4%) were most strongly in support of the longest scan period of five years; only one-third (33.3%) from the Nechako region supported this same scan period.

Older respondents were more strongly in support of the longest scan period (gradual increase in support from 21.7% for under 19 to 45.5% for 60 years of age and older).

5.6.8 Comments Regarding the Scan Period for Serious Driving Convictions

Open-ended comments were divergent on this issue, with support being expressed for both longer and shorter scan periods.

I think that the scan period for major and minor crashes should be longer than the 5 year option presented.

Vancouver Island, Male, Age 30-39, Income \$100,000 to \$124,999, 6 to 10 years driving in BC

There should be two or more convictions (minor or major) and at-fault crashes during a scan period of two years before an increase in premiums.

Mainland / Southwest / Fraser Valley, Female, Age 50-59, Income prefer not to answer, Over 20 years driving in BC

Quantitative and qualitative evidence show some debate surrounding the scan period for serious driving convictions, although more than one-half of respondents support a scan period of less than four years.

5.6.9 Comments Related to Driving Convictions Impacting Insurance Rates

Of comments coded, 3.3% (n=181) related to high-risk driving in general (including enforcement and penalties). There was some dissension within this subset of comments regarding which behaviours should be considered “high-risk” enough to have an impact on insurance rates.

Some believed that all driving convictions should have a negative impact:

I would like to not be punished for people who choose to drink and drive, and lose their licenses or crash their vehicles, or drive dangerously and cause accidents.

Kootenay, Female, Age 19-24, Income less than \$30,000, 6-10 years driving in BC

All misdemeanours, speeding tickets, parking tickets, distracted driving infractions, poor lane changes...etc., should have an impact on one's insurance rates, and a definite large enough increase to deter repeat offenders.

Mainland / Southwest / Fraser Valley, Male, Age 60+, Income \$50,000 to \$79,999, Over 20 years driving in BC

Others, however, differentiated between “serious” driving convictions and “minor” ones, and advocated for stronger penalties for the serious convictions such as impaired driving (2.3% of comments, n=128) and distracted driving (5.4% of comments, n= 297). Some examples of these comments include:

Drunk or distracted drivers who have caused accidents should have much higher insurance than those who have minor accidents in the past three years such as minor rear-ending or single vehicle accidents due to hydroplaning or black ice as those are weather caused.

Vancouver Island, Female, Age 19-24, Income \$100,000 to \$124,999, Distance a year 10,001km to 15,000km, 1 to 5 years driving in BC

Significantly increase the fines for distracted and drunk driving.

Thompson / Okanagan, Male, Age 60+, Distance a year 10,001km to 15,000km, Over 20 years driving in BC

A number of respondents (8.4% of comments, n=460) suggested that some leeway or consideration should be given to the severity of the conviction (with minor convictions having lesser or no impact on rates) as well as the length of time between convictions when calculating premiums.

An at-fault crash could be an anomaly and not necessarily an indicator of someone's general driving habits. 3 years seems fairer to me. 10 years would probably cause a lot more disputes about who was at-fault and/or just cause more hit and run incidents.

Thompson/Okanagan, Male, Age 60+, Income prefer not to answer, Distance a year 10,001km to 15,000km, Over 20 years driving in BC

I think that the type of at-fault accident should be considered. A rear ending in rainy weather should NOT carry the same weight as reckless driving causing an accident. Rate increases should reflect this.

Mainland / Southwest / Fraser Valley, Female, Age 19-24, Income less than \$30,000, 1 to 5 years driving in BC

5.7 Distance Driven Influencing Insurance Rates

Another proposal currently under consideration includes the introduction of a discount for customers whose vehicles are driven infrequently. More specifically, a 10% discount may be offered to customers whose vehicles were driven less than 5,000 kilometres in the prior year. To be eligible for the discount, customers would need to provide proof of their odometer reading to their insurance broker at the beginning and end of their annual policy period. Respondents were asked questions to determine the level of support for this proposal and the proposed methods of implementation.

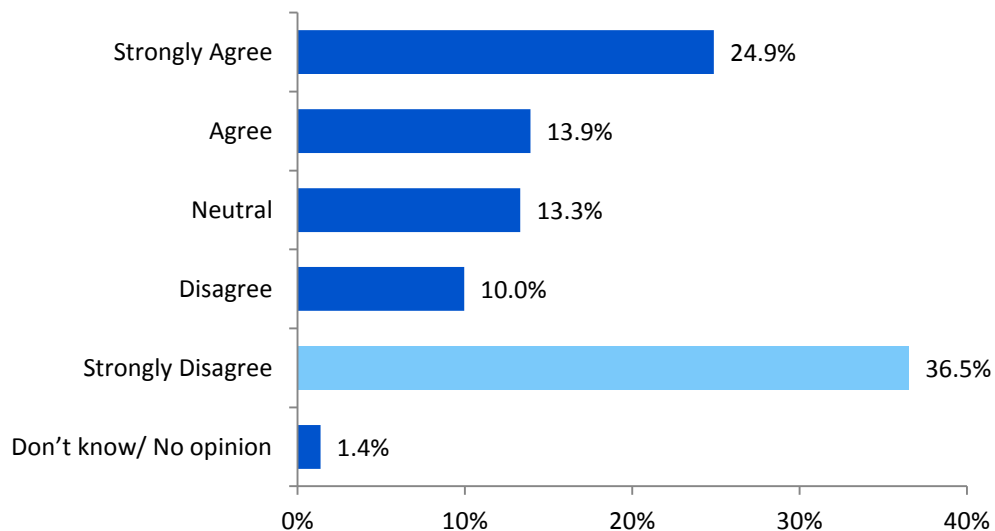
STATEMENT:

The distance a vehicle is driven each year should play a greater role in determining insurance rates.

5.7.1 Aggregate Results

Almost one-half of respondents Disagreed or Strongly Disagreed (46.5%) with the above statement (see Figure 5.18).

Figure 5.18 Agreement – Annual Distance Driven by a Vehicle Should Impact Insurance Rates



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

5.7.2 Demographic Differences

Respondents from the Mainland / Southwest / Fraser Valley (40.7%) and Vancouver Island (40.8%) regions were much more likely to support the suggestion that the distance a vehicle is driven annually should play a larger role in determining insurance rates. Roughly 41% of respondents from each of these regions agreed with this statement, compared to a range of 29.5% (Nechako) to 35.3% (Kootenay) in other regions of BC.

Almost half of respondents (48.3%) in the oldest age group, 60+, were more likely to agree that the distance a vehicle is driven annually should play a larger role in insurance rates, compared to a range of 34.5% to 37.1% of respondents in other age groups.

Respondents who reported driving less (in terms of kilometres driven) annually were more likely to support this proposal. Support for this proposal ranged from a high of 69.1% among respondents who drove less than 5,000 km annually, to a low of 20.8% among respondents who drove more than 20,000 km annually.

5.7.3 Comments Related to Distance Driven Impacting Insurance Rates

A number of comments related to distance impacting insurance rates voiced opposition to the proposal. Five percent of comments coded (n=276) argued that those who drive long distances should not be penalized or treated differently; similarly, 2.8% of comments (n=156) suggested that those who drive fewer than 5,000 kilometres annually should *not* receive a discount. Concerns were raised over some specific issues that would make such a change unfair to some drivers in BC, including people who drive considerable distances as part of their jobs, people who live in rural areas and are required to drive considerable distances just to reach basic amenities and services, and the suggestion that those who drive less may be less experienced and therefore pose a *greater* risk.

10% discount for driving under 5,000km/year can also be considered to be a risk due to reduced skills and experience on the road.

Mainland / Southwest / Fraser Valley, Age 60+, Income \$50,000 to \$79,999, Over 20 years driving in BC

Basing insurance rates on number of kilometres driven per year will ding small business owners who use their vehicles for work and employment, creating another disadvantage for small business owners in BC.

Kootenay, Female, Age 30-39, \$125,000 and over, Distance a year 10,001km to 15,000km, 11 to 20 years driving in BC

QUESTION:

If you were to consider applying for the 10% discount, which of the following activities would you be open to participate in to provide documentation of your vehicle’s odometer?

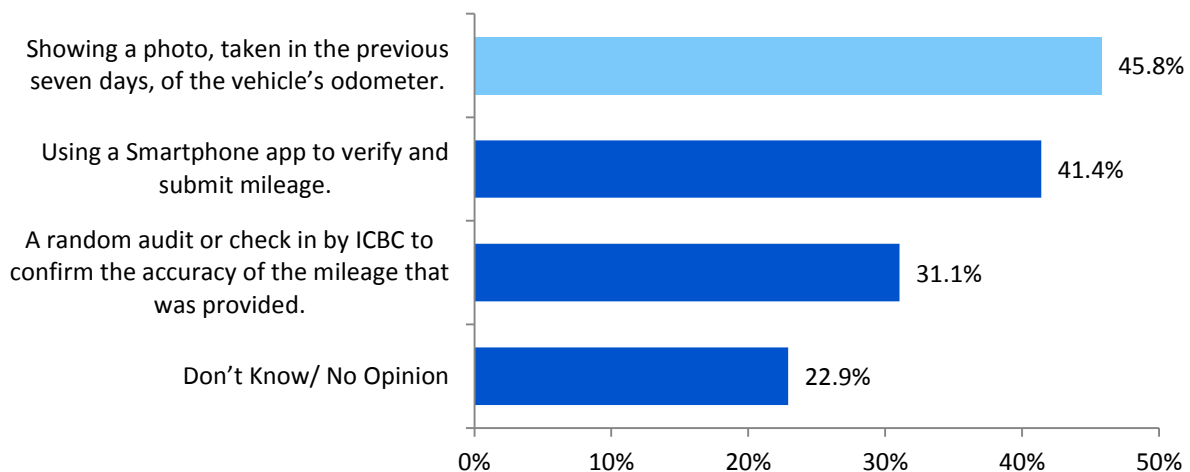
5.7.4 Aggregate Results

Respondents were asked to select one or more of the following options they would prefer to identify the number of kilometres driven in a year:

- Showing a photo, taken in the previous seven days, of the vehicle’s odometer;
- A random audit or check in by ICBC to confirm the accuracy of the mileage that was provided; or
- Using a Smartphone app to verify and submit mileage.
- Don’t Know/No Opinion

Figure 5.19 depicts the response breakdown. The most popular options were *showing a recent photo, of the vehicle’s odometer* or *by using a Smartphone app*.

Figure 5.19 Preferred Methods to Confirm Annual Mileage



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277. Please note, the total percent will sum to greater than 100% due to respondents being able to select multiple responses.

5.7.5 Demographic Differences

Across all regions, using a photo to document mileage was the most popular response. Use of a smartphone app to track mileage was the most popular option among respondents aged 25 to 49 (25 to 29, 55.6%; 30 to 39, 50.4%; 40 to 49, 45.0%).

Examining responses by income group, use of a smartphone app to track mileage was the preferred option only in the \$125,000 and up cohort. All other income groups had higher rates of support for using a photo to document mileage.

5.8 Comments Related to Preferred Methods to Confirm Annual Mileage

Although closed-ended questions supported showing a photo, taken in the previous seven days, of the vehicle's odometer, a few open-ended comments suggested some concern surrounding the reliability of such confirmations. Other comments supported the close-ended question and approved of using a Smartphone app or photo for verification of kilometres driven.

A system based on driving distance as recorded by an odometer is open to further fraud and manipulation of the odometer by dishonest people.

Mainland / Southwest / Fraser Valley, Gender other, Age 40-49, Income \$80,000 to \$99,999, Over 20 years driving in BC

Insurance rates should be based in part of a sliding scale of KM driven in a year, as verified by Smartphone app, or photo evidence of odometer reading.

Vancouver Island, Female, Age 60+, Income \$50,000 to \$79,999, Over 20 years driving in BC

5.9 Discounts for Senior Drivers

Certain drivers, such as seniors, new residents and inexperienced drivers, currently receive additional discounts or considerations in determining their rate. A discount is provided to those who are aged 65 or older and insuring their vehicles for pleasure use only. This is over and above any regular discount they may have for crash-free driving. One proposal under consideration is that the policies related to seniors, new residents and inexperienced drivers should be adjusted to more accurately reflect risks. ICBC is interested in gauging the public's knowledge of senior drivers' insurance rates.

QUESTION:

What do you know about senior drivers' insurance rates?

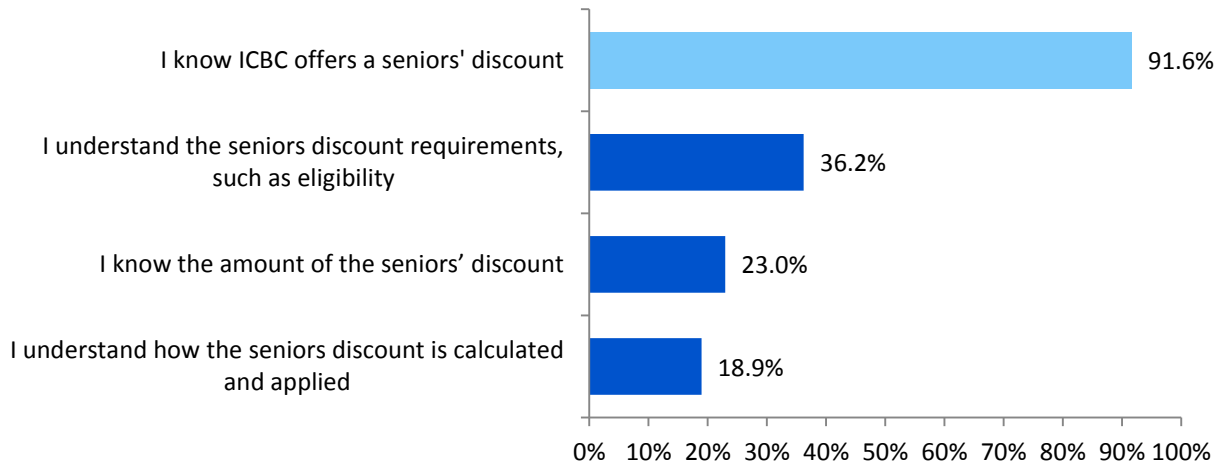
5.9.1 Aggregate Results

Respondents were presented with the above question and asked to select all that apply from the following list of options:

- ICBC offers a seniors' discount;
- I know the amount of the seniors' discount;
- I understand how the seniors' discount is calculated and applied; or
- I understand the seniors' discount requirements, such as eligibility.
- None of the above.

Over two-thirds of respondents (67.3%) knew nothing about senior drivers' insurance rates. Of the remaining respondents who knew something of the senior drivers' discount, nearly all (91.6%) indicated that they were aware of the discount.

Figure 5.20 – Knowledge of senior drivers’ insurance rates by respondents who reported knowing something about seniors’ discount



Source: ICBC Rate Fairness Public Engagement Survey, 2018; Please note - the above figure represents responses from the subset of those respondents who did not choose “None of the above” (n=11,225); additionally, the total percent will sum to greater than 100% due to respondents being able to select multiple responses.

5.9.2 Demographic Differences

Not surprisingly, respondents aged 60 and over were significantly more aware of the existence of the seniors’ discount (45.1% aware) than respondents from other age groups (range from 23.1% to 35.8% among other groups). Respondents from this age group also had higher awareness of some of the details of the discount, including the amount of the discount and the requirements for the discount, than other age groups. Notably, all age groups – including those aged 60 and over – reported low awareness of how the discount is calculated and applied (overall awareness of this item was 11.9%).

5.9.3 Comments Related to Discounts for Senior Drivers

Some comments regarding seniors’ discount mentioned a minimal knowledge of the discount. However, 2.1% of comments coded (n=113) suggested that senior drivers should *not* receive discounted insurance premiums.

Are there actually senior discounts? I feel they should be subjected to the same reprimands as everyone else and only earn discounts for good driving not age.

Vancouver Island, Female, Age 30-39, Income \$100,000 to \$124,999, 11 to 20 years driving in BC

Eliminate senior’s discounts and have seniors driving records based on merit not age.

Vancouver Island, Male, Age 60+, Income \$80,000 to \$99,999, Over 20 years driving in BC

5.10 Annual Transition Cap for Rate Increases

Government and ICBC have indicated that if all the proposals outlined as part of the *ICBC Rate Fairness Engagement* were to be implemented, it is expected that one-third of customers would see an increase in their Basic Insurance rates based on their risk factors, while the remaining two-thirds would see a decrease.

For the one-third of drivers who would experience a rate increase, one of the proposals outlined a potential cap on annual rate increases to transition high-risk drivers to higher premiums over time. This transition cap would impact low-risk customers because their discount would also be capped and they would transition to lower premiums over time. The amount of total discounts available for low-risk drivers is directly related to how fast higher-risk drivers are transitioned to the higher premiums. This is because ICBC still needs to collect the overall required premium amount each year from all drivers in total.

QUESTION:

What do you think would be a fair annual transition cap for insurance rate increases for higher risk drivers?

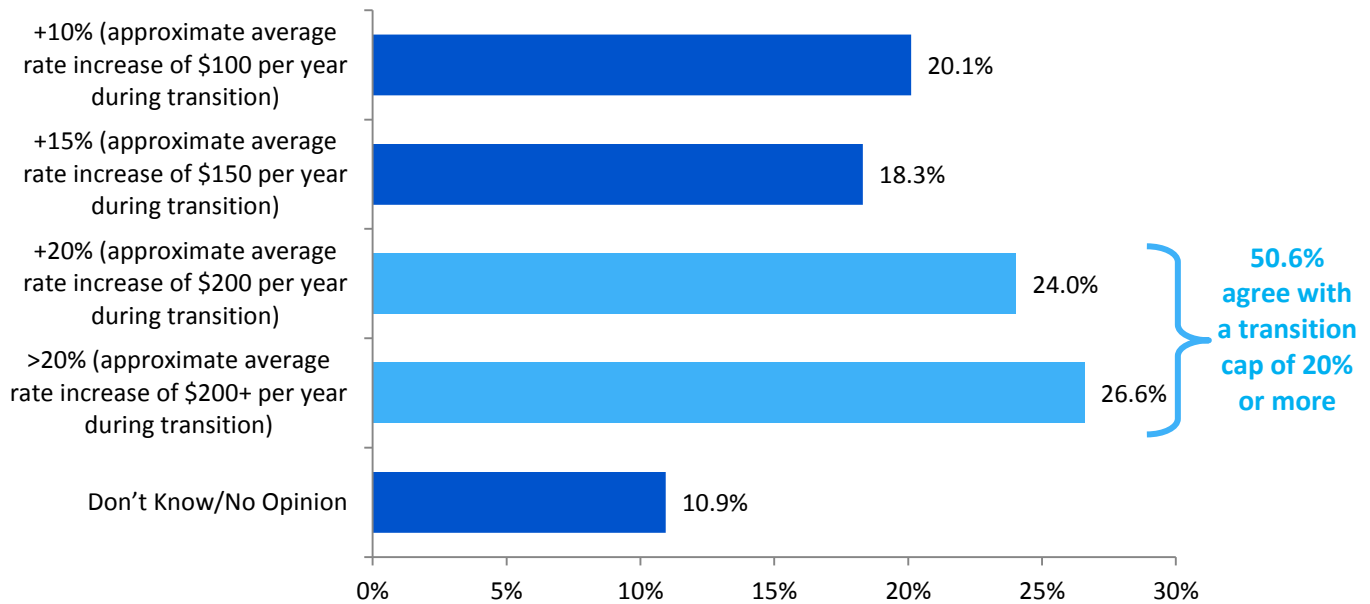
5.10.1 Aggregate Results

Respondents were presented with the above question and asked to choose between the following four annual transition caps:

- +10% (approximate average rate increase of \$100 per year during transition);
- +15% (approximate average rate increase of \$150 per year during transition);
- +20% (approximate average rate increase of \$200 per year during transition); or
- >20% (approximate average rate increase of \$200+ per year during transition).
- Don't Know/No Opinion

Figure 5.21 depicts the response breakdown. One-half of respondents (50.6%) indicated that an annual transition cap of 20% or more would be a fair annual transition cap for insurance rate increases for higher risk drivers, while only approximately 38% of respondents supported the lower annual transition rates (+10% or +15%).

Figure 5.21 – What do you think would be a fair annual transition cap for insurance rate increases for higher risk drivers?



Source: ICBC Rate Fairness Public Engagement Survey, 2018; n=34,277

5.10.2 Demographic Differences

Respondents from the Mainland / Southwest / Fraser Valley and Vancouver Island regions had higher support for transition rate increases of greater than 20% than respondents from other regions; 27.5% of respondents from the Mainland, and 26.7% of respondents from Vancouver Island supported transition rates of greater than 20%, compared to a range of 18.1% (Nechako) to 25.9% (Thompson / Okanagan) elsewhere in the province.

Younger respondents reported greater support for the lowest transition rate (+10% annually), while older respondents reported greater support for the highest transition rate (>20% annually).

Respondents with incomes less than \$30,000 annually were more supportive of the lowest transition rate than any other income group (25.2% in this group, compared to 20.1% overall).

Males were more supportive of the highest transition rate (>20% annually) compared to females (31.1% of males endorsed this rate, compared to 21.1% of females).

5.10.3 Comments Related to Annual Transition Cap for Rate Increases

Respondents also provided comments related to the annual transition cap for rate increases. Most of the comments suggested that there should be no transition cap at all; these comments tended to identify rate increases as being “deserved” by high-risk drivers, and respondents did not think that the higher fees needed to be phased in for these drivers.

I don't think that there should be a transition cap for high risk drivers. They need to pay immediately.

Mainland/Southwest/Fraser Valley, Female, Age 60+, Income \$125,000 and over, Over 20 years driving in BC

I'm not sure why the previous question only asks what level of transition cap higher risk drivers should be given. I support NO transition cap - if the idea is to move to more fair rates, then move them now.

Mainland/Southwest/Fraser Valley, Female, Age 30-39, Income \$50,000 to \$79,999, 1 to 5 years driving in BC

SECTION 6: GENERAL PUBLIC'S COMMENTS ON THE ICBC RATE FAIRNESS ENGAGEMENT

The *ICBC Rate Fairness Survey* included one open-ended question to allow respondents to provide feedback and comments about the topics in the survey or about the proposals listed on the engagement website. When selecting themes for inclusion in this report, an 8% cut-off level was selected; only those themes where 8% or more of all comments had that code applied were reported.

QUESTION:

Are there any other comments or feedback you would like to add on the topics covered in the survey, or about any of the proposals listed on the engagement website?

A random representative sample of 16% of all surveys was selected for thematic coding of open-ended responses. The sample (n=5,506) was selected to ensure a low sampling error (+/- 1.1%).

Inductive content analysis was conducted. Comments were initially reviewed to identify emerging themes and areas of concurrence or divergence within and across the selected feedback. This approach used inductive reasoning, whereby themes and categories emerged directly from the responses through careful examination and continual comparison. The final thematic framework included 35 themes (see Appendix A), which after careful review, were applied to the total sample of open-ended responses, with up to four codes applied per response.

For reporting purposes, the themes were further broken down into "on-topic" themes and "off-topic" themes. Comments that were related to the *ICBC Rate Fairness Engagement* (i.e., topics and proposals included on the engagement website and within the survey) were considered "on-topic," and are reported on separately from comments that were "off-topic" (i.e., topics and proposals not *explicitly* discussed on the engagement website, or as part of the survey). It should be noted that many of the "off-topic" themes identified are still directly or indirectly related to the issue of rate fairness.

6.1 Comments Related to the ICBC Rate Fairness Engagement

Of the 20 themes that were considered to be related to the current *ICBC Rate Fairness Engagement*, the top three most frequent themes (see Table 6.1) are summarized in this section of the report.⁴ The three most frequent themes above that threshold that emerged suggest strong public opinion that ICBC should adjust its rates and insurance premiums based on a driver’s driving habits and driving record.

Table 6.1 Three Most Common Themes Related to the ICBC Rate Fairness Engagement

Theme/Code Description	Number of Comments (of those coded)	Proportion of Total # Comments
Rates/premiums or penalties should be increased for high-risk / poor drivers	910	17%
Rates/premiums should be decreased for low-risk / good drivers	598	11%
Comment regarding driving convictions (e.g., severity, length of time between) and their impact on rates/premiums	460	8%

6.1.1 Comments Supporting Raising Rates for High-Risk Drivers

The most frequent theme reflected comments that suggest ICBC should *increase* its rates, premiums and penalties (i.e., Driver Penalty Point [DPP] and Driver Risk Premium [DRP]) for high-risk drivers or those who exhibit “poor driving behaviours” (16% of comments coded, n=910). Below are some examples of these comments.

All high risk drivers should be hit hard right off the bat. What does a \$100 or \$200 increase in premium mean to these high offenders? Absolutely nothing.

Mainland / Southwest / Fraser Valley, Female, 50-59, \$80,000 to \$99,999; Over 20 years driving in BC

As it stands, I strongly agree insurance rates should increase for drivers who have convicted 2 or more driving violations a year.

Mainland / Southwest / Fraser Valley, Male, 19-24, \$30,000 to \$49,999, 1 to 5 years driving in BC

6.1.2 Comments Supporting Reduced Rates for Low-Risk Drivers

The second most frequent theme reflected comments that suggest ICBC *decrease* their rates and premiums for low-risk drivers (11% of comments coded, n=598). Below are some examples of comments suggesting ICBC should decrease rates for those considered low-risk or “good” drivers.

⁴ Proportions are calculated based on the number of codes over the total coded sample (n = 5,506) and as a result proportions will total to over 100%.

Drivers with good records should be rewarded a decrease in insurance payment every 5 years of no accidents.

Vancouver Island, Female, 19-24, \$30,000 to \$49,999, 6 to 10 years driving in BC

As a person with a perfect driving record and someone who has been driving for 24 years, I believe I should not be paying anywhere near what someone who has had many infractions is paying.

Mainland / Southwest / Fraser Valley, Female, 40-49, \$50,000 to \$79,999, Over 20 years driving in BC

A number of comments showed some positive responses towards the proposal to decrease insurance rates for “good” drivers, and increase rates for “bad” drivers. Examples of these comments include:

I am happy that someone is finally trying to make insurance rates lower for us "good drivers".

Mainland / Southwest / Fraser Valley, Female, Age 50-59, Income less than \$30,000, Over 20 years driving in BC

This change is long overdue. I'm glad to see ICBC finally doing something to reward safe drivers and punish bad ones.

Mainland / Southwest / Fraser Valley, Male, Age 40-49, Income \$125,000 and over, Over 20 years driving in BC

6.1.3 Comments Suggesting ICBC Adjust Premiums Based on Severity of Driving Convictions

The third most frequent theme related to concerns about how driving convictions and at-fault crashes would affect insurance rates. These comments advocated a balanced approach that took into account factors such as the severity of the conviction or seriousness of a crash. Comments also identified the length of time between convictions as relevant to how severe any premium increases or penalties should be. Examples of these comments are provided below.

Just being in one at-fault accident does not mean a person is a bad driver. Accidents can happen for many reasons. Just because someone gets into one at-fault accident, you should not increase the premium. Maybe if someone is in an at-fault accident twice within three years, the rates should go up for that person.

Cariboo, Male, 25-29, \$50,000 to \$79,999, 1 to 5 years driving in BC

Accidents do happen. If a driver has a 10 or 20 year at-fault claim free period, then they should not be penalized. No forgiveness for drunk or drugged driving or distracted driving. Possibly there could be a sliding scale for degree of at-fault.

Mainland / Southwest / Fraser Valley, Male, 50-59, \$30,000 to \$49,999, Over 20 years driving in BC

Some comments disagreed with the idea that minor driving convictions should have a negative impact on insurance rates.

I do not think minor violations should cause increases to insurance rates. I think the serious violations should have an impact on insurance rates.

Thompson / Okanagan, Female, 30-39, \$50,000 to \$79,999, Over 20 years of driving in BC

Comments corroborated survey data on the issue of serious driving convictions; respondents to this engagement strongly agreed that serious driving convictions should have severe penalties.

For serious offences such as distracted driving, impaired driving, excessive speed, etc. the rates should triple or quadruple. Repeat offenders should have even more punitive penalties.

Vancouver Island, Male, 60 +, \$50,000 to \$79,999, 11 to 20 years driving in BC

The more serious driving infractions should be more harshly dealt with... If a person has been driving without any infractions for decades they should not lose their discount over a minor accident or infraction. Those who drive recklessly, impaired or use their phone should pay more.

Mainland / Southwest / Fraser Valley, Female, 60 +, \$50,000 to \$79,999, Over 20 years of driving in BC

Other comments included those that reflected respondents' views on what should or should not be considered a serious driving conviction. An example is illustrated below:

I think classifying a serious conviction such as impaired driving the same as distracted driving and excessive speeding is a little much. Looking at your phone and drinking and driving are very different things, obviously none should be acceptable but they shouldn't necessarily carry the same sentence or punishment. Also having one serious conviction such as distracted driving I don't think should result in a 3 year penalty for one mistake.

Mainland / Southwest / Fraser Valley, Male, 25-29, \$30,000 to \$49,999, 6 to 10 years of driving in BC

6.2 Comments Not Related to the ICBC Rate Fairness Engagement

Many respondents provided comments that were not directly related to the *ICBC Rate Fairness Engagement* topics. A review of these "off-topic" comments is provided in this section.

Of the 15 themes that were considered to be unrelated to the current *ICBC Rate Fairness Engagement*, the most frequent (above the 8% threshold), included: recommendations to introduce privatization of vehicle

insurance coverage, and higher insurance premiums for those who drive luxury or very expensive vehicles.⁵ The following table lists these themes in order of frequency of appearance.

Table 6.2 ‘Off-Topic’ Themes

Theme/Code Description	Number of Comments (of those coded)	Proportion of Total # Comments
Introduce privatization of driver insurance coverage	829	15%
Drivers who insure luxury or very expensive vehicles should pay higher insurance premiums	464	8%

6.2.1 Introduction of Privatization of Auto Insurance Coverage

Some comments provided in the survey specifically discussed private vehicle insurance, with the vast majority of these in support of introducing private competition to ICBC. Examples of comments demonstrating the support for the introduction of privatization of auto insurance coverage include:

Basic insurance coverage should be opened up to competition. That is the only way to find out what premiums are "fair" and accurately reflect insurer risk.
 Vancouver Island, Male, Age 60+, Income \$50,000 to \$79,999, Over 20 years driving in BC

Allow private insurance companies to offer the same insurance as ICBC to open up the market to competition.
 Cariboo, Male, Age 19-24, Income \$125,000 and over, 11-20 years driving in BC

Among coded comments relating to privatization of vehicle insurance, 14% (n=114) also discussed the privatization of auto insurance in regards to a monopoly.

As a quasi-government monopoly, ICBC management are not incentivised to keep costs down, are not accountable to shareholders or other interested parties, and are susceptible to political interference. Even though self-interested unions and political parties think monopolies are great, ICBC needs competition to provide better service and lower premiums.
 Kootenay, Male, Age 60+, Income prefer not to answer, Over 20 years driving in BC

⁵ Proportions are calculated based on the number of codes over the total coded sample (n = 5,506) and as a result proportions will total to over 100%.

I believe that there should NOT be a monopoly on insurance in the province. The fact that ICBC is our ONLY option is a complete travesty. I would love to see other options given to British Columbians in regards to public insurance companies.

Vancouver Island, Female, Age 30-39, Income less than \$30,000, 6-10 years driving in BC

6.2.2 Drivers Who Insure Luxury or Very Expensive Vehicles Should Pay Higher Insurance Premiums

Another theme highlighted within off-topic comments focussed on drivers who insure luxury or expensive vehicles for which the vast majority suggested that these owners should pay higher insurance rates, due to the high expense of repairs or replacements when these vehicles are involved in crashes. Examples of comments include:

High-cost/premium car owners should pay significantly more for insurance. If they can afford a \$100K car, they can afford more insurance, and the costs of repairing these cars are too high for the rest of us to pay for.

Vancouver Island, Female, Age 40-49, Income \$50,000 to \$79,999, 11-20 years driving in BC

Vehicles of a higher value (any vehicle over \$100,000) should have a higher insurance rate, as they cost more to repair.

North Coast, Female, Age 40-49, Income prefer not to answer, over 20 years driving in BC

A few comments also connected the ownership or drivership of luxury vehicles, and/or expensively modified vehicles, to increased risk of being in a crash and higher rates of risky driving behaviours. Some examples of these types of comments are included below:

Luxury vehicles in certain price ranges should be priced substantially higher than all other models. With the exclusion of "regular pickups" this should also apply to altered vehicles such as lowered and lifted vehicles and vehicle that exceed certain speeds using modifications either permanently attached or computer overridden. Stereos must also be taken into consideration for noise. Age restriction on horsepower, size of vehicle, and altered vehicles with the graduated licence program needs to monitored or clearly defined and limited.

Northeast, Male, Age 40-49, Income \$125,000 and over 11-20 years driving in BC

I believe people who choose to drive high end vehicles should be paying much higher rates than someone who drives a modest vehicle. People who drive modest vehicles have been subsidizing the higher priced vehicles. I see so many young drivers with very expensive vehicles driving way too fast and carelessly.

Nechako, Female, Age 60+, Income \$50,000 to \$79,999, Over 20 years driving in BC

6.3 Summary of Email Comments ‘On Topic’

Potential respondents were provided with an opportunity to provide further comments or feedback via email submission. Many provided comments that were related to topics covered within the Rate Fairness Survey. A review of these on-topic comments is provided below.

All comments submitted through email were thematically coded (n=494). A total of 19 “on-topic” (i.e., relevant to the issues of rate fairness and the various proposals) themes were identified.⁶ Table 6.3 below identifies the four themes that were the most common in email submissions. These four themes have been included in the discussion due to their frequency of appearance at 8% or greater, classifying these themes as ‘major’. Deeper discussion of each of these four themes is provided in Sections 6.3.1 through 6.3.4.

Table 6.3 Most Common ‘On-Topic’ Themes through Email Submission

Code Description	Number of Comments	Proportion (out of total # of cases)
Increased rates/premiums/penalties for high-risk/poor drivers and decreased for low-risk/ good drivers	158	32%
General negative comment/related	92	19%
Comment regarding driving convictions (severity, length of time between)	40	8%
Comment regarding speed limits or speeding	38	8%

6.3.1 Increased Rates/Premiums/Penalties for High-Risk/Poor Drivers and Decreased for Low-Risk/Good Drivers

The most common theme highlighted within the ‘on-topic’ comments submitted through email was support for an increase in insurance rates for high-risk drivers, *and* a decrease in rates for low-risk drivers. Some examples of comments are provided below.

Drivers who have no accidents in a year, if they don't pay less at least not to pay more every year for insurance like what happens in last few years. Drivers with a good record should be rewarded and pay less for insurance. This discount will encourage the drivers to drive more carefully to avoid the accident and pay less than normal rate rather than pay more in case of careless driving. Motivation can help a lot. Good drivers will pay less and less and bad ones will pay more and more.

⁶ Proportions are calculated based on the number of codes over the total coded sample (n = 494) and as a result proportions will total to over 100%. Comment themes were considered to be “major” if their frequency of appearance was 8% or greater.

ICBC rates seem to be very much stuck in the past. Why should we all 'basically pay the same'? Why would an excellent driver with no speeding tickets/accidents have to pay the same rate as someone who has these infractions? Don't make me pay for someone else's problems.

Some email submissions also noted that annual increases are outpacing the discounts available for safe drivers, and as a result they feel that they are not being appropriately rewarded or incentivized for their safe driving behaviours.

Every time I think my insurance is going to go down due to being crash free for years, the rates rise, and I'm back where I started. It's frustrating, because with constant rises in rates, I never feel like I'm being rewarded for being a safe driver.

Next year will be my 40th year driving in BC and I have never had to use my ICBC insurance. I've never had a speeding ticket or any other moving violation (knock on wood), but my rates keep going up. I feel I've been punished for good driving. I think you should receive a discount for every year of safe driving, or not an increase when there is one. I know there's not a lot of people in my category, but we should be compensated for our good driving.

6.3.2 General Negative Comment Related to Rate Fairness

The second most common theme identified within the 'on-topic' email submissions was general negative comments related to rate fairness. Most of these comments highlighted the high cost of insuring vehicles in BC, and many included comparisons of BC to other jurisdictions. Some examples of these types of comments are included below.

I am very unhappy about the situation with ICBC's new rates. Over the years, the public's perception and experiences with ICBC have not been positive. Based on the money that we spend on car insurance, the levels of services that we receive are inadequate. It is not fair for ICBC to keep increasing insurance rates for everyone due to a few bad drivers who drive luxury cars. More needs to be done to improve ICBC's poor customer service and rate fairness.

It is ridiculous to raise car insurance again. It keeps rising for past years and became so expensive already. I have been in other countries and provinces but ICBC in BC is the most expensive one!

6.3.3 Comment Regarding Driving Convictions (Severity, Length of Time Between Convictions)

Some of the email submissions mentioned driving convictions, including penalties for at-fault crashes. Of these, most identified issues with what they perceived as overly harsh penalties for relatively minor driving convictions or at-fault crashes. Some examples of these comments are listed below.

I think severity of at-fault accident should be considered when considering at fault insurance increases. Backing into a pole and causing \$2,000 is different than causing a major accident with tens or hundreds of thousands damage. There should be a sliding scale for at fault premium increases based on cost of settling the at fault claim.

Consideration of driving records (including infractions) need to be averaged over the full duration of an accident-free record. That is, 2 infractions over 20 years is not the same as 2 infractions over 3 years. Ditto regarding accidents. Not all infractions are created equal, i.e. missing a stop sign. This infraction could be handed out all day at most stop signs and means very little regarding driver competence. One or two speeding tickets over a 20 year driving career are no indication of a bad driver. You need to be much more sophisticated than that.

6.3.4 Comments Regarding Speed Limits or Speeding

Lastly, comments regarding speed limits or speeding was highlighted as a major theme within the email submissions. These submissions showed mixed attitudes towards speed limits. Some comments suggested that speed limits are set too low, and so driving faster than the posted limit is not so dangerous as to warrant insurance penalties. Others identified speed as a major risk factor and recommended increased enforcement of speed limits in the interests of increased safety and reduced damage caused by crashes. A mix of these comments is provided below.

The idea of increasing charges for drivers with speeding tickets is idiotic. Premiums should be increased only for drivers that have a history of at-fault crashes or etc. Going 40 km/h over the arbitrarily low speed limits...is not something that's high risk in and of itself. (Speaking specifically about highways).

Speeders are not the top of the list when it comes to our problems here. Speeding is just the low hanging fruit of revenue generation. Please don't make the license penalties reflect this stance. The fines are bad enough but attacking the driver's record and insurance rates is rarely called for. A modern car is far safer at 120km than cars is the 1980s were at 60kmh, yet we attack speeding more now than ever before. It's ridiculous.

SECTION 7: SUMMARY OF KEY FINDINGS

7.1 Should At-Fault Drivers Pay More for Insurance?

The overwhelming majority of respondents agreed that drivers who get into at-fault crashes should pay more than they do today for their auto insurance, while drivers who do not cause crashes should pay less.

7.2 Pay Back Options for At-fault Vehicle Damage Claims

Most respondents (63.5%) supported a change to the pay-back option for vehicle damage claims; 41.4% supported modifying it to include only claims for \$2,000 or less, and 22.1% supported eliminating it entirely. Comments on this issue suggest that many respondents believe that the pay-back option allows high-risk drivers to avoid a driving record that reflects the true risk they represent. Modification of the pay-back option was the most popular response option across all income groups, however there was significant divergence by income level in support for the other two items; respondents with lower incomes were more in favour of eliminating the pay-back option entirely, whereas those with higher incomes were more in favour of keeping it as-is.

7.3 Shifting to a Driver-Based System

The overwhelming majority of respondents (92.1%) supported the proposal that drivers, not vehicle owners, should be primarily responsible for increased insurance premiums in cases of at-fault crashes. Comments related to this issue were also broadly supportive of this suggested change. Respondents indicated that this change would more fairly place responsibility and risk for crashes on the truly high-risk drivers, and that it would encourage sharing of vehicles by reducing the consequences to vehicle owners in the event of an at-fault crash.

7.4 Fees for Unlisted Drivers

Opinions were mixed as to whether a one-time fee should be imposed against the registered vehicle owner for at-fault crashes by unlisted drivers (e.g., neighbours). Of the three fee options proposed, 38.5% supported the lowest amount of \$250, while 32.4% selected \$500 or \$1,000 and a substantive number of respondents selected "Don't know/No opinion" (29.1%). However, 40 respondents who provided comments on this issue indicated that they did not feel able to express their opinion that there should be *no* fee, and felt forced to choose between the "No opinion" and the "\$250" response options. Other comments on this issue indicated that it was unrealistic to be required to list all possible or potential drivers, such as neighbours, friends, and extended relatives, who may borrow the vehicle at some point.

Support was stronger for the proposal of imposing a higher penalty when an at-fault, unlisted driver *is a member of the registered owner's own household*, than when the at-fault, unlisted driver is *not from the same household* (48.6% supported). However, there was considerable public support for the idea that the proposed fee should increase with each additional at-fault crash by an unlisted driver over a period of five years. Approximately two-thirds of respondents (65.9%) agreed with this statement. This suggests that a middle ground approach, which offers a very low fee or crash forgiveness for the first crash caused by an unlisted driver, could gain more public support.

7.5 Should Driving Convictions Impact Insurance Rates?

Nearly three-quarters of respondents (74.3%) agreed that drivers who have one *serious* conviction in a three-year period (e.g., excessive speeding, impaired driving or distracted driving) should pay higher insurance premiums. More than one-half of respondents (58.7%), also agreed that higher insurance premiums should apply to drivers with two or more *minor* convictions within the same period. One-quarter of respondents (25.4%) disagreed with this suggestion. Comments on these issues were consistent with the survey findings: respondents indicated they were strongly in favour of serious driving convictions having an impact on insurance premiums, but there were many concerns noted regarding minor convictions impacting insurance rates. The concerns tended to suggest what respondents perceived as unfair or targeted policing in certain areas, or the discretionary nature of ticketing, that would result in an unfair distribution of risk and insurance premiums among BC drivers.

Scan periods of two or three years were the most popular (50.6% support combined), while 39.3% of respondents supported a scan period of five years. Older respondents, and respondents with longer driving histories in BC, tended to support the longest scan period, while younger respondents and those with shorter driving histories were more in favour of the shorter scan period.

7.6 Distance Driven Influencing Insurance Rates

Support for the proposal that the distance a vehicle is driven each year should play a greater role in determining insurance rates was polarized. Almost one-half of respondents disagreed with this proposal (46.5%); conversely, 38.8% of respondents agreed with this proposal. Respondents who reported driving less (in terms of kilometres driven) annually were more likely to support this proposal. Comments on this topic tended to identify one of two objections. First, some respondents believed that distance driven was a poor estimator of risk because it could not account for highway kilometres versus city kilometres, and did not take into account professional driving experience that was felt to contribute to safer driving. Second, many comments were related to the driving needs of people living in rural and remote areas. These individuals often drive many more kilometres annually just due to the distance from their homes to basic amenities and services like grocery stores and doctors' offices. There were concerns that insurance rates that take into account distance driven would unfairly penalize these drivers.

7.7 Annual Transition Cap for Rate Increases

A slim majority of respondents (50.6%) supported transition caps of 20% or more annually (24.0% in favour of +20% caps, 26.6% in favour of caps higher than 20%). Over one in 10 respondents (10.9%) selected "Don't know / No opinion" for this question, while roughly one in five respondents endorsed caps of +15% (18.3% of respondents) and +10% (20.1% of respondents). Comments about the transition cap issue tended to come from individuals who endorsed high rate transition caps, and suggested that higher rates for high-risk drivers were broadly seen as "deserved" by these drivers and so little consideration should be given to easing the transition. Many of these same comments also indicated that respondents believed the transition would result in low-risk drivers paying lower insurance premiums than they are currently, and they believed that these low-risk drivers again "deserved" to receive their discounts as soon as possible.

APPENDIX A: CODING SCHEME FOR OPEN-ENDED RESPONSES

Description of Theme	Number of Comments	Proportion (out of total # of cases)
Rates/premiums or penalties (DPP or DRP) should be increased for high-risk drivers or “poor drivers” or drivers who exhibit “poor driving behaviours” (This could include drivers who have a history of at-fault claims or minor or serious driving convictions)	910	17%
Introduce privatization of vehicle insurance coverage (Comments that suggest ICBC should be abolished; a desire for more competition; a desire for more consumer choice with regards to insurance options)	829	15%
Rates/premiums should be decreased (or discounts applied) for low-risk drivers or “good drivers” or drivers who exhibit “good driving behaviours” (This could include drivers who have claims free driving/a clean track record or no driving convictions)	598	11%
General suggestion	520	9%
Drivers who insure luxury or very expensive vehicles should pay higher insurance premiums	464	8%
Comment regarding severity of driving conviction (minor vs. serious driving convictions) and/or length of time between infractions and recommendations for calculating premiums	460	8%
Comment related to survey design or survey question	404	7%
General negative comment (related to rate fairness/changes in insurance rates)	392	7%
Suggestions for improving or increasing the frequency of driver education (e.g., regular testing to ensure safe driving habits are retained; regular testing for high-risk drivers; suggestions on what to include or emphasize in driver education and road tests)	380	7%
Increase road safety/ enforce traffic laws/ greater use of enforcement tools (e.g., photo radar, red light cameras, vehicle impoundment)	378	7%
Comment about ICBC fund appropriation / management of ICBC funds	372	7%
Comment regarding speed limits or speeding (may include suggestions for enforcement, penalties)	362	7%
Comment supporting the shift to a driver-based system from the current vehicle-based system; for example, if an unlisted (e.g., neighbour) or alternate listed driver (e.g., household member) is in an at-fault accident, then the driver (not the vehicle owner) should pay the increased insurance premium	345	6%
Comment against the implementation of fees for unlisted drivers	326	6%
Comment regarding distracted driving (may include suggestions on enforcement, penalties)	297	5%

Description of Theme	Number of Comments	Proportion (out of total # of cases)
Drivers who drive longer distances (e.g., including long distance drivers, drivers with long commutes, business-related drivers [e.g., taxi drivers], drivers that exceed 5,000 KM, etc.) should not be treated differently nor should they be penalized	276	5%
Support for changes to policies related to inexperienced drivers (young or new drivers) or new residents or seniors. Changes suggested are restrictive in nature, and do not support discounted rates for these groups	273	5%
General negative comment (unrelated to rate fairness/changes in insurance rates)	246	4%
Comment suggesting that BC insurance rates and policies should be better aligned with other provinces	218	4%
Comment that suggest the at-fault determination / at-fault policy framework needs to be reformed	206	4%
Comment about drivers' geographic territory/region and insurance rates/premiums	197	4%
Drivers who insure multiple vehicles (e.g., more than one vehicle) OR specialty vehicles (electric vehicles, RVs, motorcycles, antique/collector cars, etc.) should receive a discount or pay lower premiums or be granted more flexibility in how the rates for these vehicles are determined or applied	190	3%
Unclassified / Unique comment	182	3%
Comment regarding high-risk driving-general (may include enforcement, penalties)	181	3%
More active investigation of potential claim abuse / more penalization for claim abuse	158	3%
Customers whose vehicles are driven less than 5,000 KM in a year should not receive a discount	156	3%
Support for discounted rates for inexperienced drivers (young or new drivers) or new residents or seniors	147	3%
Comment regarding impaired driving (may include suggestions for enforcement, penalties)	128	2%
Seniors should be subjected to regular testing to ensure safe driving habits are retained	121	2%
Senior drivers should not receive discounted insurance premiums	113	2%
Customers whose vehicles are driven less than 5,000 KM in a year should receive a discount	110	2%
Drivers should pay lower insurance premiums for inexpensive vehicles (e.g., vehicles with low replacement value)	101	2%

Description of Theme	Number of Comments	Proportion (out of total # of cases)
General positive comment (unrelated to rate fairness/changes in insurance rates)	70	1%
Support for a discount or reduced insurance premiums for drivers insuring automobiles with safety technology (including dash cams, “crash reduction vehicle technology” [e.g., automatic emergency breaking], anti-theft, etc.)	61	1%
General positive comment (related to rate fairness/changes in insurance rates)	37	1%
Total # of Coded Comments	10,208	-

Note: Proportions are based on the total number of themes or codes applied over the total number of open-ended comments analyzed (n = 5,506) and thus do not total to 100%. Up to four codes/themes were applied to each analyzed comment.

APPENDIX B: CODING SCHEME FOR EMAIL SUBMISSIONS

Description of Theme	Number of Comments	Proportion (out of total # of cases)
General suggestion	119	24%
Introduce privatization of vehicle insurance coverage (Comments that suggest ICBC should be abolished; a desire for more competition; a desire for more consumer choice with regards to insurance options)	112	23%
Rates/premiums or penalties (DPP or DRP) should be increased for “high-risk drivers” or “poor drivers” or drivers who exhibit “poor driving behaviours” (This could include drivers who have a history of at-fault claims or minor or serious driving convictions)	93	19%
General negative comment (related to rate fairness/changes in insurance rates)	92	19%
Comment about ICBC fund appropriation / management of ICBC funds	84	17%
Rates/premiums should be decreased (or discounts applied) for low-risk drivers or “good drivers” or drivers who exhibit “good driving behaviours” (This could include drivers who have claims free driving/a clean track record or no driving convictions)	65	13%
General negative comment (unrelated to rate fairness/changes in insurance rates)	50	10%
Drivers who insure luxury or very expensive vehicles should pay higher insurance premiums	48	10%
Comment related to survey design or survey question	48	10%
Increase road safety/ enforce traffic laws/ greater use of enforcement tools (e.g., photo radar, red light cameras, vehicle impoundment)	47	10%
More active investigation of potential claim abuse / more penalization for claim abuse	46	9%
Suggestions for improving or increasing the frequency of driver education (e.g., regular testing to ensure safe driving habits are retained; regular testing for high-risk drivers; suggestions on what to include or emphasize in driver education and road tests)	44	9%
Comment suggesting that BC insurance rates and policies should be better aligned with other provinces	42	9%
Comment regarding severity of driving conviction (minor vs. serious driving convictions) and/or length of time between infractions and recommendation for calculating premiums	40	8%
Comment regarding speed limits or speeding (may include suggestions for enforcement, penalties)	38	8%
Support for changes to policies related to inexperienced drivers (young or new drivers) or new residents or seniors. Changes suggested are restrictive in nature, and do not support discounted rates for these groups	35	7%

Description of Theme	Number of Comments	Proportion (out of total # of cases)
Comment regarding high-risk driving-general (may include enforcement, penalties)	34	7%
Drivers who insure multiple vehicles (e.g., more than one vehicle) OR specialty vehicles (electric vehicles, RVs, motorcycles, antique/collector cars, etc.) should receive a discount or pay lower premiums or be granted more flexibility in how the rates for these vehicles are determined or applied	29	6%
Comment regarding distracted driving (may include suggestions on enforcement, penalties)	27	5%
Comment against the implementation of fees for unlisted drivers	21	4%
Comment supporting the shift to a driver-based system from the current vehicle-based system (e.g., If an unlisted (e.g., neighbour) or alternate listed driver (e.g., household member) is in an at-fault accident, then the driver (not the vehicle owner) should pay the increased insurance premium	21	4%
Comment that suggest the at-fault determination / at-fault policy framework needs to be reformed	20	4%
Drivers should pay lower insurance premiums for inexpensive vehicles (e.g., vehicles with low replacement value)	19	4%
Comment about drivers' geographic territory/region and insurance rates/premiums	16	3%
Unclassified / Unique comment	16	3%
Support for discounted rates for inexperienced drivers (young or new drivers) or new residents or seniors	11	2%
Customers whose vehicles are driven less than 5,000 KM in a year should receive a discount	11	2%
Drivers who drive longer distances (e.g., including long distance drivers, drivers with long commutes, business-related drivers [e.g., taxi drivers], drivers that exceed 5000 KM, etc.) should not be treated differently nor should they be penalized	9	2%
Comment regarding impaired driving (may include suggestions for enforcement, penalties)	7	1%
General positive comment (related to rate fairness/changes in insurance rates)	6	1%
Seniors should be subjected to regular testing to ensure safe driving habits are retained	5	1%
Support for a discount or reduced insurance premiums for drivers insuring automobiles with safety technology (including dash cams, "crash reduction vehicle technology" (e.g., automatic emergency breaking) anti-theft, etc.)	5	1%
Customers whose vehicles are driven less than 5,000 KM in a year should not receive a discount	5	1%

Description of Theme	Number of Comments	Proportion (out of total # of cases)
General positive comment (unrelated to rate fairness/changes in insurance rates)	5	1%
Senior drivers should not receive discounted insurance premiums	3	1%
Total # of Coded Comments	1,273	-

Note: Proportions are based on the total number of themes or codes applied over the total number of email submissions analyzed (n = 494) and thus do not total to 100%. Up to four codes/themes were applied to each analyzed email.