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**Proceeding name:** ICBC 2019 Revenue Requirements

**Are you currently registered as an intervener or interested party:** No

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**Comment:**

To the BCUC: I am a BC driver licence holder and owner of a vehicle registered and insured in BC, therefore I am an ICBC policy holder. Professionally I am a traffic safety expert specialised in driver vision and vehicle lighting. I am writing in regard to ICBC's Revenue Requirements Application, filed with the BCUC on 14 December, 2018. The application seeks approval of a 6.3% rate increase to basic automobile insurance, with effect from 1 April 2019. I am alarmed and dismayed to learn ICBC wants to increase auto insurance rates yet again, which they rationalise by asserting they are losing significant money. I beg their pardon (and yours), but ICBC's financial troubles are not my fault, yet I am forced to pay for them because ICBC, Canada's only for-profit public auto insurance company, has the monopoly on auto insurance in this province. BC drivers pay the highest auto insurance premiums in the country, according to figures released this past July by GISA (the General Insurance Statistical Agency). While driving conditions, traffic density, rates of impaired driving, rates of property crime, laws related to adjudication of collisions, and other factors that affect insurance claim frequency and cost will differ from place to place, it is difficult to imagine them differing enough to create the extreme insurance premium differences in various jurisdictions across Canada. One of the things I looked forward to, in advance of my move to BC seven years ago, was public auto insurance—I assumed it would be less usurious and predatory than the laxly-regulated private insurance industry in my previous province. That has not at all been my experience. Instead, every year I get a disingenuous suckerpunch in a letter from ICBC: the first page goes on at length about the giant discounts and savings I'm enjoying for being a good, safe, careful, claims-free driver. The second page tells me my rates, which are always substantially higher than the previous year, far out of line with the rate of inflation or any other reasonable metric. In short: "We \_could\_ charge you a whole lot more, so be glad we're not, and don't complain". It appears ICBC is now taking this same disingenuous suckerpunch approach with their rate-hike application to BCUC: they say without the reforms they claim to have made, the rate hike would have to be over 40%. We are supposed, then, to be relieved that they intend to raise rates by "only" 6.3%. It is a difficult challenge to see this as credible or reasonable; it seems like further evidence of poor decisions on ICBC's part, over and above the following: ICBC has not acted to harvest some of the lowest-hanging fruit in terms of reducing claim costs. For example:

Canada has what is called the "15-year rule" allowing vehicles over 15 years old to be imported despite noncompliance with Canada Motor Vehicle Safety Standards, and used vehicles from Japan are quite popular in this province. Models and configurations are available from Japan that weren't originally offered for sale in Canada, and Japan's very strict and expensive periodic motor vehicle inspection makes it cost-prohibitive to keep a car long-term in Japan, so vehicles in good condition with low kilometres are sent overseas en masse. Western Canada is a major market for these vehicles, by dint of geographic proximity. Japan is a country with left-hand traffic—that is, cars keep to the left side of the road. Therefore, these are right-hand drive vehicles—that is, the driver sits in the right front seat, rather than the left front seat as in vehicles designed and intended for use in Canada's right-hand traffic. This has several significant and substantial implications for traffic safety: Headlamps on Japanese-specification vehicles are not safely compatible with Canadian right-hand traffic. All low beam headlamps, by definition, produce an asymmetrical beam designed to project most of their light down the driver's own side of the road while minimising glare by strictly limiting the amount of light sent towards oncoming drivers. Low beam headlamps for right-hand traffic, therefore, send most of their light down the right side of the road while limiting light sent leftward. Low beam headlamps for left-traffic lamps, including all headlamps on Japanese-specification vehicles, are opposite: they send most of their light leftward, while sharply limiting rightward light. This is built into the optics of the lamp and cannot be compensated by any adjustment; lamp aim is a wholly separate matter. So the driver of a Japanese-specification vehicle at night has inadequate seeing distance down their own side of the road while simultaneously creating unsafe levels of glare for oncoming drivers. Both of these safety hazards substantially increase the risk of a collision, especially the risk of a collision with a pedestrian or other VRU (vulnerable road user). Right-hand traffic headlamps exist for some Japanese-market vehicles, but for many such vehicles there are no right-hand traffic headlamps. ICBC has failed to refuse registration and insurance of vehicles equipped with wrong-side-of-road headlamps. ICBC's own rigorous research in 2007 found that right-hand drive vehicles are over 40% more likely to be involved in a collision than comparable left-hand drive vehicles. This is likely due to sight line and visibility issues created by driving a right-drive vehicle in a traffic environment designed and configured for left-drive vehicles. For example, while driving on the right side of the road in a right-drive vehicle it is often not possible to safely see past leading vehicles for an adequate distance along the oncoming-traffic lane to make an appropriate judgement of whether it is safe to pull out and overtake the leading vehicle(s). That 2007 ICBC research is available at <http://www.delica.ca/manuals/Satellite.pdf> . In 2009, Quebec's auto insurer, Société de l'assurance automobile Quebec, researched the issue and came to comparable findings: right-drive vehicles are 30% more likely to be involved in collisions than comparable left-drive vehicles. That research is at <https://saaq.gouv.qc.ca/fileadmin/documents/publications/analysis-accident-risk-right-hand-drive.pdf> . Japanese-specification vehicles do not come equipped with conspicuity devices including amber front and red rear sidemarker lights and reflectors required since 1970 on Canadian-market vehicles, centre high-mount stop lights required since 1986 on Canadian-market vehicles, and daytime running lights required since 1990 on Canadian-market vehicles. All of these can readily be added to a vehicle, but most vehicles imported from Japan are not retrofitted (or are not retrofitted in a technically sound or adequate manner). The reduction of collision-related costs brought by sidemarker lights alone is very substantial; please see <https://crashstats.nhtsa.dot.gov/Api/Public/ViewPublication/806430> for a rigorous cost-benefit analysis done by NHTSA (the US National Highway Traffic Safety Administration). There is a category of vehicles in Japan, the so-called "kei cars", which are very small cars and trucks designed, intended, regulated, and registered for low-speed use in Japanese cities. These vehicles are substantially inferior to non-kei vehicles in terms of the safety standards they must meet in Japan for crash avoidance, crashworthiness, and postcrash survivability. This is in recognition of their constraint to use only in low-risk, low-speed service. Because ICBC has failed to act, no such constraint exists once those vehicles enter BC traffic, and they can be seen regularly in ordinary high-speed traffic. A large proportion of Japan-market vehicles are models that were not offered for sale in Canada (or anywhere else in North America), so parts to repair a vehicle damaged in a collision (or even just replace a windshield) are necessarily very expensive, as they must be sourced and shipped from overseas -- elevating the cost of paying a claim for such a vehicle. Despite all of these factors and all of this sturdy research -- including in-house research done by ICBC themselves -- demonstrating that wrong-side-drive vehicles cause more collisions and incur disproportionately high repair costs, ICBC has failed to take even the slightest action

to control these costs. ICBC's failure to act in a reasonable and proper manner to control costs is not limited to their failure to respond appropriately to vehicles imported from Japan. There is no periodic roadworthiness inspection of vehicles in BC, and this has consequences directly related to the likelihood, frequency, and cost of claims: Mechanical failure of brakes, tires, steering, etc, is no longer as common as it was in the past, because in most ways vehicles are more durable, and safety-related systems are built to more stringent safety standards. However, one area in which today's vehicles require more careful attention is lighting. Plastic headlamp lenses, which have been overwhelmingly the most common type for approximately 25 years, degrade severely with age. This is readily perceptible by walking through any parking lot and observing the clouded, hazed lenses on the headlamps of vehicles with many years' service life remaining. Headlamps degraded in this manner provide only about 20% of the intended amounts of light in directions relevant to obstacle detection and avoidance, while also producing significantly more glare for oncoming drivers. Publicly-viewable research done by AAA (the US equivalent of CAA) this year on this matter can be had at <https://newsroom.aaa.com/2018/12/dangers-driving-cloudy-headlights/> . Another study done three or four years ago by a reputable US scientist provided a robust, unbroken evidentiary chain between headlamp lens degradation and pedestrian deaths; regrettably you will not be able to view that research because it has not been released for general publication beyond its original intended audience. Nevertheless, ICBC has failed to act in any way to address this cause of crashes. Headlamp aim is by far the primary determinant of how well a driver can (or can't) see at night with any given set of lamps. Lamps made in the last twenty years are both easier to aim and much more sensitive to aim than past designs. Lamps aimed too low give inadequate seeing distance. Lamps aimed too high cause unsafe levels of glare. Both of these faults lead directly to crashes, especially to pedestrian fatalities. Nevertheless, ICBC has failed to act; most vehicles in BC never have their headlamp aim checked or corrected. Today's headlamps with their replaceable bulbs are unfortunately prone to tampering. There is wide and easy availability of a large variety of improper bulbs: halogen bulbs with coloured rather than clear glass, so-called "HID kits" for installing a high-intensity discharge bulb in headlamps meant to use halogen bulbs, so-called "LED bulbs" designed to fit in place of halogen bulbs, and other suchlike. None of these products are legitimate. In every case they cause the headlamps to produce an improper light distribution which provides inadequate seeing for the driver and unsafe levels of glare for all other road users, yet they are marketed fraudulently as "upgrades" and many private, commercial, and for-hire vehicle owners install them. Halogen lamps can work safely, effectively, and in compliance with applicable Canadian safety standards only if they are equipped with appropriate halogen bulbs using colourless glass. Canada Motor Vehicle Safety Standards do not apply to aftermarket equipment, so enforcement of maintenance of compliance falls to the provinces and their assigns and agents. Nevertheless, ICBC has failed to act to stop this rampant tampering with vehicle safety equipment; the only possible result is increased collision (and therefore insurance claim) frequency and severity. Instead of addressing factors contributing to elevated claims frequency and costs, such as these I've just described, ICBC appears to prefer spending money and resources on selfgratulatory publicity campaigns, surveys, special websites, and pretend-driving-test games that don't appear to offer any realistic potential for reducing the frequency or severity of collisions (and therefore insurance claims). If ICBC is in fact caught in a crunch between claim payouts due to policyholders and dividend payouts to the province, perhaps it is time for ICBC's basic auto insurance operation to be restored to its original not-for-profit basis. Or perhaps some other package of reforms is more appropriate. Either way, your approval of this or any other requested rate hike would serve to reinforce ICBC's bad behaviour and disincentivise any meaningful, effective, appropriate reform. I respectfully request that you decline ICBC's application for a rate increase. Respectfully submitted, -Daniel J. Stern