



**Overview of Key Changes to B.C.'s Auto Insurance
Information for Auto Insurers**

Effective May 1, 2021

Table of Contents

Actions for vehicle damage and Basic Vehicle Damage coverage	3
When Basic Vehicle Damage coverage does not apply	3
Vehicle damage lawsuit ban	4
When Basic Vehicle Damage coverage is reduced or denied	5
Crashes in BC with out-of-province vehicles.....	5
A crash in another jurisdiction	5
A crash with a vehicle in another jurisdiction with a lawsuit ban	6
Optional own damage coverage and BVDC	6
BVDC model and Optional insurers	6
Recoupment from BVDC and subrogation for Optional insurers	6
Hit and run – vehicle damage coverage caused by an unidentified driver	9
Hit and run transition period	9
One-time hit and run transition process for customers of Optional insurers	9
Optional coverages	11
Optional Extension Third Party Liability.....	11
Enhanced Accident Benefits	12
Lawsuit ban and Enhanced Accident Benefits	12
Enhanced Accident Benefits entitlement	13
Reduced or denied Enhanced Accident Benefits	13
Enhanced Accident Benefits – impacts for Optional insurers.....	13
Overview of breaches	15
Types of breaches	15
Impact of a breach on a vehicle damage claim.....	15
Impact of a breach on Enhanced Accident Benefits	16
Frequently Asked Questions	17
General Questions	17
Basic Vehicle Damage coverage.....	18
Hit and run transition.....	19
Appendix	21
Enhanced Accident Benefits Key benefits comparison.....	21

On May 1, 2021, auto insurance in British Columbia fundamentally changed.

Government's top priority in transforming B.C.'s provincial auto insurance system was to improve affordability and ensure British Columbians have access to the care and recovery benefits they need after a crash, for as long as they need them.

Since Enhanced Care was first announced in February 2020, government has held several meetings with the Insurance Bureau of Canada and Optional auto insurers operating in B.C. The goal of these conversations was to provide open and transparent communication with Optional auto insurers, so they have access to information necessary to successfully operate in a competitive market for B.C.'s auto insurance needs.

This document represents a cumulative summary of the information that was shared between March 2020 and May 2021.

Actions for vehicle damage and Basic Vehicle Damage coverage

Basic Vehicle Damage coverage (BVDC) launched alongside Enhanced Accident Benefits on May 1, 2021, as part of the overall changes government made to British Columbia's auto insurance system under Enhanced Care. BVDC is first party vehicle damage coverage that is included in Basic mandatory coverage. Generally speaking, this means the cost of repairs or replacement of a B.C. insured's vehicle is covered under the customer's own policy when they are not responsible for a crash in B.C. with another vehicle. This is a change from the former system where, typically, the responsible driver's third party liability coverage paid for the cost of the repairs or replacement of the not-responsible driver's vehicle.

Moving to a first-party insurance model for vehicle damage coverage will ensure all policyholders have vehicle damage protection for not-at-fault crashes, without having to rely on the responsible driver's third party liability coverage. Most vehicle owners won't notice any change when they make a vehicle damage claim starting May 1, 2021.

The *Insurance (Vehicle) Act* (the Act/IVA) and the Basic Vehicle Damage Coverage Regulation together outline what is covered under Basic Vehicle Damage coverage. It includes the cost of repairs or replacement of the vehicle or permanently attached equipment with a maximum coverage limit of \$200,000. Coverage also includes the loss of the vehicle of the vehicle (e.g. cost of alternative transportation such as a rental vehicle while the damaged vehicle is being repaired). While the Act also allows for other types of damage or loss to be covered by regulation, at this time no additional damage or loss is covered over and above what is outlined in the Act.

When Basic Vehicle Damage coverage does not apply

Basic Vehicle Damage coverage will not apply under the following circumstances:

- To the extent that certain people, such as an owner, operator or unidentified person, are at fault for an accident.
- If the crash occurs on highway and doesn't involve at least two vehicles that fall within the definition of "included vehicle" (certain vehicles have been removed from the definition of "included vehicle" by the regulation).
 - NOTE: Example: A licensed and insured sedan parked on the street and is hit/damaged by a cyclist. BVDC will not respond to the damage to the sedan and the lawsuit ban respecting vehicle damage does not apply.
- If the crash occurs outside of B.C.

- If the crash occurs off highway and does not involve at least two licensed standard motor vehicles or licensed trailers (e.g., all-terrain vehicles (ATVs) crashing into each other off highway could not access BVDC. Another example where BVDC would not apply would be an ATV crashing into a car while in the back country).
- If the damage is to non-vehicle property.
 - Example: A fence is damaged in a crash. BVDC will not respond to the damage to the fence and the lawsuit ban respecting vehicle damage does not apply.
- Losses that do not meet the IVA's definition of vehicle damage. Two examples of losses not covered under BVDC and not subject to the ban on suing for vehicle damage:
 - Vehicle contents and cargo.
 - Business downtime due to vehicle loss or damage.

Note: Accelerated depreciation will not be covered under BVDC. However, it will be subject to the ban on suing for vehicle damage.

Vehicle damage lawsuit ban

With the introduction of BVDC, generally speaking, there is a ban on suing vehicle owners, occupants and operators (and certain other people), subject to some limited exceptions, for vehicle damage. Removing compensation for vehicle damage from the tort system—by banning suing for vehicle damage in the majority of cases—has contributed to the goal of reducing legal costs and helped make car insurance in British Columbia more affordable.

The IVA outlines where, and under what circumstances, the lawsuit ban applies. In general, it applies:

- On highway where the accident involves two or more “included vehicles” (e.g., most standard motor vehicles and trailers, as well as non-standard motor vehicles and excluded vehicles¹).
- Off highway where the accident involves two or more licensed standard motor vehicles or licensed trailers. Examples of exceptions to the lawsuit ban include:
 - Contents, cargo and downtime.
 - Off-highway crash between vehicles other than two licensed standard motor vehicles or licenced trailers. For example, a crash between an ORV and a car on a forest service road.

The IVA defines vehicle damage in relation to a vehicle for the purpose of the ban on suing for vehicle damage to mean:

- Damage to or loss of the vehicle.
- Loss of use of the vehicle.
- Damage to or loss of permanently attached equipment.
- Accelerated depreciation of the vehicle.
- Any other prescribed types of damage or loss.

¹ Definitions for standard motor vehicles, non-standard motor vehicles and excluded vehicles are found in the [FAQ](#) section of this summary.

When Basic Vehicle Damage coverage is reduced or denied

The IVA sets out the following situations in which BVDC coverage may be reduced or denied:

- The accident was wilfully caused by the insured.
- The vehicle damage was wilfully caused by the insured.
- The insured knowingly provides false or inaccurate information to the corporation.
- The insured fails to comply with a requirement of the corporation under s. 11 of the IVA.
- The insured fails to comply with prescribed requirements set out in the Regulation.
- Circumstances set out in Regulation.

Crashes in BC with out-of-province vehicles

BVDC only applies for accidents occurring within British Columbia. As in the former system, when B.C. vehicles are involved in crashes in other jurisdictions, local laws apply and ICBC insurance will respond as appropriate based on local laws. Owners of out-of-province vehicles (e.g., vehicles not insured in B.C.) who are involved in a crash in B.C. will not have the ability to sue the responsible owner or driver, with the same rules applying to the B.C. vehicle owner. The lawsuit ban also protects these individuals from being sued if the crash happened in B.C.

An insurer of an out of province vehicle will have the right to recover from certain people, for example an uninsured, responsible driver, the amount equivalent to BVDC paid to the owner of the not-responsible vehicle. Another example is a driver convicted of *Criminal Code* offences. The expectation is that insurers from other Canadian jurisdictions and also signatories of the Power of Attorney and Undertaking, will provide their insureds with BVDC-like coverage, should an eligible loss occur in B.C. This aligns with B.C.'s auto insurance matching the Canadian jurisdictions' compulsory insurance coverage for accidents in the respective jurisdictions.

Although it is expected that an insurer of an out of province insured rental vehicle or temporary substitute motor vehicle (TSMV) will provide BVDC-like coverage in B.C., ICBC will continue to recommend that customers ensure they have optional Collision/Comprehensive coverage to cover damage to a rental or TSMV (including a courtesy car) in the event of any kind of collision or comprehensive loss, for their own protection and to avoid potential delays in dealing with claims.

A crash in another jurisdiction

BVDC does not affect how vehicle damage sustained outside of B.C. is covered. All insurers would need to respond based on the local laws in the jurisdiction where the crash took place. What has changed is what happens when crashes take place in B.C.

A crash in another jurisdiction without a lawsuit ban. Just like the former system, when a B.C. insured vehicle is in a crash in another jurisdiction without a lawsuit ban for vehicle damage, such as Washington state, those jurisdiction's laws apply. If the driver of the B.C. insured vehicle is not responsible for the crash, the owner of the B.C. vehicle could first look to their own policy for Optional collision coverage to cover the loss. Their own-damage insurance provider could then subrogate against the responsible third party to have the losses paid out of the Washington driver's third party liability coverage.

If the B.C. driver is responsible for the crash, the B.C. insured vehicle would need to have Optional collision coverage in order for their own vehicle's damage to be covered. Additionally, the Washington insured vehicle can seek payment against the B.C. insured vehicle's third party liability/extended third party liability coverages.

[A crash with a vehicle in another jurisdiction with a lawsuit ban](#)

If the B.C. insured vehicle is in a crash in a jurisdiction with a lawsuit ban for vehicle damage that jurisdiction's laws apply. If the driver of the B.C. insured vehicle is not responsible for the crash, the B.C. insured vehicle's damage can be paid out of ICBC's Basic inverse liability coverage.

If the B.C. insured vehicle is responsible for the crash, the B.C. insured vehicle would need to have Optional collision coverage for their own vehicle damage to be covered. BVDC only applies for crashes in British Columbia, and only covers B.C. insured vehicles.

[Optional own damage coverage and BVDC](#)

Vehicle owners seeking broader protection will continue to purchase their own damage coverage through collision and comprehensive for vehicle damage not covered by BVDC. For example, where a crash involves split liability such as 50/50, 50 percent would be paid through BVDC, and the other 50 percent could be paid under collision coverage.

In the event that the not-responsible customer's vehicle damage exceeds the BVDC limit (e.g., \$200,000, including any attached equipment), an insured's own Optional damage coverage may respond to cover excess losses. For example, crashes involving high-value commercial vehicles where the customer is not responsible and the vehicle damage exceeds \$200,000, BVDC will pay up to the \$200,000 coverage limit, while the remainder may be covered by collision coverage.

[BVDC model and Optional insurers](#)

The BVDC model maintains the existing vehicle damage claim interactions between ICBC and Optional insurers without the need, expense and delays of litigation. It also creates a more streamlined process for handling vehicle repairs between ICBC and Optional insurers.

Most drivers shouldn't notice any difference after vehicle damage coverage shifts from third party to first party Basic coverage. Just like in the former system, if the driver was not responsible for a crash, the claim will not impact their insurance rates, whereas drivers who cause crashes will see their premiums go up.

Likewise, Optional insurers will continue to have the same pathways as in the former system to dispute liability and coverage decisions.

[Recoupment from BVDC and subrogation for Optional insurers](#)

Similar to the process of the former system, the BVDC Regulation authorizes ICBC to reimburse Optional insurers who have paid for their customer's vehicle damage up front. Optional insurers can recover eligible amounts directly from ICBC through the not-responsible customer's BVDC, if their customer chooses to have their Optional insurance pay for the vehicle damage upfront.

Where the lawsuit ban for vehicle damage applies, an insurer cannot subrogate on behalf of their insured as the insured will not have legal recourse to sue the responsible driver. Instead, when an Optional insurer's customer is not responsible for a crash and the insurer has paid for vehicle repairs upfront, the insurer will be able to recoup through their customer's BVDC directly from ICBC.

Recoupment will be to the extent that ICBC would have provided BVDC to the customer. This ensures, for example, that the customer does not have to wait for vehicle repairs while liability is being established.

In cases where the insured is 50 percent responsible (split liability) for the crash, the recoupment process does not change. However, the amount that the Optional insurer may recoup under the insured's BVDC will be limited to the extent the insured is not responsible for the crash. (e.g., 50 percent can be recovered under BVDC and the rest stays with Optional collision).

If the crash is subject to the lawsuit ban for vehicle damage, the recoupment is against the insured's own BVDC but when it is not subject to the lawsuit ban for vehicle damage, the subrogation is against the responsible driver's third party liability. The process is the same, what changes is which coverage responds to the subrogation/recoupment.

In the BVDC model, responsibility determination and settlement of vehicle damage for those customers who are not responsible for crashes will follow the same procedures as the past. This means that operationally:

- ICBC will communicate with other insurers on responsibility and coverage.
- ICBC will communicate with customers who have private Optional coverage to contact their insurers for the coordination of estimates and vehicle repairs.
- ICBC will communicate with customers when responsibility is determined and the applicable portion payable under BVDC.
- Optional insurers will be informed when the customer is less than 100 percent responsible to send their recoupment documents to ICBC (very similar to subrogation documents).
- ICBC will review and process payments up to the percentage the customer is not responsible for the crash (payable under BVDC).

Steps involved in the BVDC recoupment process:

1. Recoupment documents are submitted by the Optional insurer via their preferred method (email, fax, mail) to recoup the percentage the customer is not responsible. The recoupment documents are different depending on the Optional insurer. There is no template.
2. The ICBC recoupment centre will review the recoupment request and documents submitted.
3. The recoupment centre will process payments. A determination will be made as to whether a partial or full payment will be made to the request for payment.
4. If making a partial payment:
 - ICBC will document the reasons for the partial payment.
 - ICBC will complete a recoupment change notification form.
 - ICBC will notify the third-party insurer, via email, of the payment deduction and reasons.
5. If making a full payment:
 - ICBC records the outcome of the review.

It's important to note that BVDC provides for repair or replacement at actual cash value (ACV), not replacement cost – just as in the former system when claiming against the liable party. If the customer has purchased Optional replacement cost coverage with an Optional insurer, the insurer will not be able

to recover amounts paid in excess of what is covered under BVDC.

If the customer has purchased Optional loss of use coverage with an Optional insurer, the insurer may recoup eligible amounts for loss of use to the extent that ICBC would have provided loss of use coverage under BVDC.

Hit and run – vehicle damage coverage caused by an unidentified driver

As part of B.C.'s new insurance framework, the IVA stipulates that vehicle damage caused by an unidentified driver in B.C. is no longer included in statutory coverage. Effective May 1, 2021, coverage for vehicle damage caused by an unidentified driver (hit and run) is only available through Optional coverages.

This change will ensure that those who benefit from hit and run coverage for their vehicle are those customers who choose to pay for it, through either collision insurance or their Own Damage coverage. This approach better distributes the risk and costs associated with hit and runs causing vehicle damage more fairly across all auto insurance providers. It also makes B.C.'s auto insurance coverage for hit and run consistent with most other jurisdictions across Canada. Moving hit and run vehicle damage coverage to the Optional market provides all insurers the opportunity to sell new coverages to ensure their customers have the protection they choose.

Non-vehicle property damage continues to be covered through statutory coverage. Also, anyone injured in a hit and run crash that falls within the scope of Enhanced Care, will have access to Enhanced Accident Benefits, regardless if they have vehicle damage coverage or not.

What this change means for customers

For those drivers who already buy ICBC's Optional collision coverage, nothing changes as hit and run vehicle damage claims continue to be covered under ICBC's Collision coverage. However, this change could impact customers of Optional insurers if their collision coverage does not include coverage for a claim because of an unidentified driver. Customers who buy their collision coverage through an Optional insurer and those individuals who elect not to purchase collision coverage may want to talk to their broker about options if they are concerned about coverage from a hit and run incident.

Hit and run transition period

Had ICBC not taken further action, customers without any collision coverage could have been left with no source of coverage for a hit-and-run loss from May 1, 2021 until their policy term renews. For drivers who didn't purchase any collision coverage at their last renewal prior to May 1, 2021, and find themselves without any hit and run coverage for a claim that occurred during the transition period (May 1, 2021 and the customer's next renewal date), ICBC will provide a one-time coverage through its Optional fund.

For drivers who purchased collision coverage from an Optional insurer, ICBC anticipates that some Optional insurers may provide coverage for their own customers' hit and run claims. However, ICBC is prepared to extend their one-time transition coverage to customers with private collision coverage which excludes hit and run claims and which the Optional insurer does not agree to cover until Oct. 31, 2021. This is to allow Optional insurers the time required to make any necessary policy, procedural and pricing adjustments to their collision policies.

One-time hit and run transition process for customers of Optional insurers

- Customers with Optional collision coverage will continue to report their hit and run claims to the Optional insurer they purchased the coverage from.
- Optional insurers will advise their customer that ICBC's offer to cover their hit and run vehicle damage is only available once.

- For hit and run loss events that occur between May 1 and Oct 31, 2021, the customer will then contact ICBC to report a hit and run vehicle damage incident.
- Once ICBC has confirmed the eligibility of the claim as a hit and run, ICBC will complete the estimate and repairs for the customer without charging a premium. A \$750 deductible will apply, consistent with what was in place before May 1, 2021.
- The ICBC representative will reiterate to the customer that this was a one-time offer to cover their loss.
- ICBC will make payments for these losses out of its Optional funds to facilitate a successful transition to Enhanced Care for all customers.
- The customer would also be advised to contact their broker to evaluate their coverage options for similar losses in the future.

Optional coverages

The introduction of Enhanced Care removes most legal costs from the system eliminating financial burdens on all auto insurers in B.C. and creates an opportunity for all insurers to sell new Optional products to supplement what is available as part of Basic insurance. Some examples include:

- Income top up – to cover wage loss above the income replacement benefit limit based on maximum gross income of \$100,000 offered under Enhanced Accident Benefits. (Note: this limit is indexed and will change from year-to-year)
- Wage loss coverage for the waiting period before the income replacement benefit begins making payments.
- Coverage to extend funeral or death benefits above the benefit limits.
- Excess BVDC coverage for customers who want to extend the BVDC coverage limit beyond the \$200,000 under Basic.
- Accelerated depreciation for customers who would like protection from vehicle depreciation resulting from damage sustained in a vehicle accident.
- Coverage for hit and run incidents for customers who don't want to buy collision coverage.
- Off-Highway third party liability coverage for non-standard motor vehicles and excluded vehicles to provide indemnity against bodily injuries and death or vehicle damage caused by the insured.

In addition, Optional insurers can continue to sell their existing coverages to British Columbians including:

- Collision and comprehensive coverages.
- Extra equipment coverage.
- New vehicle replacement coverage.
- Extension third party liability coverage.

Optional Extension Third Party Liability

Since not all losses will be covered by the lawsuit bans for vehicle damage and bodily injury, Optional extension third party liability will still be required to protect against claims in excess of Basic third party liability limits. Some examples include:

- Accidents occurring outside B.C.
- Off-highway third party vehicle damage claims excluded from the lawsuit ban (e.g., ORV crashes into a car on an industrial road).
- Non-vehicle property damage, including contents and cargo carried in or on the third-party's vehicle.
- Environmental contamination claims.
- Business downtime due to vehicle loss or damage.

Enhanced Accident Benefits

As a care-based insurance system, Enhanced Care provides significantly improved care and recovery benefits to all British Columbians injured in a crash anywhere in Canada or the U.S. – whether they are a driver, passenger, cyclist or pedestrian – and regardless of fault. These Enhanced Accident Benefits – whether for serious or life-altering injuries, wage loss or a number of new and improved benefits – are geared toward better recovery outcomes.

Under Enhanced Accident Benefits, there is no overall limit to the medical and rehabilitation benefits available to British Columbians injured in a crash anywhere in Canada or United States. Subject to certain conditions, non-B.C. residents injured in a crash in British Columbia may have access to the same benefit limits.

Lawsuit ban and Enhanced Accident Benefits

Under Enhanced Care, there is a lawsuit ban respecting bodily injury (including death) caused by a vehicle arising out of an accident in B.C. With the introduction of the lawsuit ban, the IVA provides Enhanced Accident Benefits available to all British Columbians – drivers, passengers, cyclists and pedestrians. These benefits will be available to B.C. residents anywhere in Canada or the United States, regardless of fault.

Exceptions to the lawsuit ban

With respect to bodily injury, the lawsuit ban does not apply in certain circumstances, including the following:

- Accidents that occur off-highway and do not involve a standard vehicle (e.g., the accident only involves an ORV, golf cart, tractor, trailer not attached to a towing vehicle, etc.); and,
- Accidents outside of B.C.

In addition to receiving Enhanced Accident Benefits, a person injured in a crash in B.C. may sue certain people for certain types of damages not provided under Enhanced Accident Benefits, specifically for non-pecuniary damages (e.g., pain and suffering) and punitive, exemplary or other similar non-compensatory damages.

Those who may be sued by a person injured in a crash include:

- A responsible party who has been convicted of certain *Criminal Code* offences (e.g., where an impaired driver causes a crash).
- A vehicle manufacturer acting in their capacity as a vehicle manufacturer (e.g., where manufacturer's defects cause or contribute to a crash).
- A licensee under the *Liquor Control and Licensing Act* (e.g., a bar overserves a customer who drives impaired and causes a crash).
- A garage service operator acting in their capacity as a garage service operator (e.g., where defects in a vehicle repair cause or contribute to a crash).

It is important to note that in the scenarios described above, the at-fault party's ICBC Basic or Optional third party Liability coverage will not respond, where applicable.

Enhanced Accident Benefits entitlement

Enhanced Accident Benefits are available for all British Columbia residents who are injured or killed in a vehicle accident that occurs within Canada or the United States.

- For accidents occurring in B.C., Enhanced Accident Benefits are available to all injured in an accident regardless of residency.
- The insurance on the vehicle in which the injured person is an operator or occupant, or the vehicle that the pedestrian or cyclist was struck by, will be primary. B.C.'s compulsory vehicle insurance is primary for B.C. insured vehicles, and insurers of out-of-province vehicles are primary with respect to out-of-province vehicles.
- Where there is no vehicle insurance from a vehicle certificate (or out-of-province coverage) that can respond, Enhanced Accident Benefits may be accessed as a statutory coverage under Part 10 of the IVA. For crashes in B.C., non-residents who are eligible for statutory coverage under Part 10 will be entitled to Enhanced Accident Benefits to the extent that they are not responsible for the crash.

For persons injured in a crash in B.C., the insurer responsible for providing the benefits will depend on which vehicle insurance is primary. Generally, the insurance on the vehicle in which the injured person is an operator or occupant, or on the vehicle that strikes a pedestrian or cyclist, will be primary. As is the case today, insurers from other Canadian jurisdictions and signatories of the Power of Attorney and Undertaking will be required to pay the equivalent of Enhanced Accident Benefits or benefits in accordance with their own policy limits, whichever is higher.

Reduced or denied Enhanced Accident Benefits

Examples of situations in which Enhanced Accident Benefits will be denied include:

- A person who intentionally caused their own injuries or death.
- A person who intentionally caused the crash.

Examples of situations in which Enhanced Accident Benefits will be reduced include:

- A person who is convicted of a serious motor vehicle related *Criminal Code* offence, such as:
 - Murder or manslaughter.
 - Criminal negligence causing injury or death.
 - Operating a vehicle while impaired by alcohol or drugs.

Examples of situations in which Enhanced Accident Benefits may be reduced or denied include:

- A person who presents a fraudulent or exaggerated claim.
- A person who fails to provide the information that is necessary to establish their claim.

Enhanced Accident Benefits – impacts for Optional insurers

The introduction of the lawsuit ban for bodily injury caused by a vehicle arising out of a crash in B.C. significantly reduces the risk exposure for injuries and death covered under third party liability coverage. In circumstances where the lawsuit ban for bodily injury does not apply, Basic and extension third party liability coverage continues to indemnify the insured against claims seeking most damages stemming from the use or operation of a vehicle (in the same way they did in the former system).

For example, a B.C. resident drives her B.C. licensed and insured vehicle to Washington State and causes

a crash with a locally insured vehicle. In this scenario, the not-responsible party (e.g., the Washington State resident) can seek compensation against the B.C. resident's third party liability coverage. This situation has not changed from the former insurance system.

Another example of where third party liability will continue to respond to claims related to injury and death, is an off-highway crash in B.C. that involves a non-vehicle (e.g., a cyclist or pedestrian) and a non-standard motor vehicle that has Optional coverage.

Third party liability also continues to respond for other types of claims not subject to the lawsuit ban for bodily injury or the lawsuit bans for vehicle damage, such as claims for environmental clean-up, business downtime and contents or cargo carried in or on the other party's vehicle.

Overview of breaches

Types of breaches

Breaches can be split into two main categories: rating breaches and non-rating breaches.

Rating breaches include inaccurate or false declarations made by an insured that result in an inaccurate rating of their risk profile and result in the collection of incorrect insurance premium. Some examples of rating breaches include inaccurately declared vehicle rate class, territory and principal driver.

In contrast, **non-rating** breaches result from actions taken by an insured involved in a crash that are not related to rating declarations. Examples of non-rating breaches include:

- Driving without a valid driver's licence.
- Intentionally causing a crash with another vehicle.
- Committing fraud.
- Convictions under the *Criminal Code* for a motor vehicle-related offence such as impaired driving.

Impact of a breach on a vehicle damage claim

B.C.'s previous tort system

Under B.C.'s previous tort system, breaches had minimal impact on Optional insurers if their customer was not responsible for a crash since vehicle damage payments were covered by the responsible party's Basic third party liability coverage. In these cases, Optional insurers usually contacted ICBC to confirm responsibility and coverage. The Optional insurer may have paid for their customer's vehicle repairs up front and recovered their costs from the responsible party's third party liability coverage.

Customers of Optional insurers who were responsible for the crash requested coverage for vehicle damage through their own insurer. Optional insurers were subject to the same prescribed conditions in Schedule 10 of the Insurance (Vehicle) Regulation as ICBC, including prescribed breaches, but may have chosen to apply their own relief from forfeiture provisions.

Basic Vehicle Damage coverage

As of May 1, 2021 when Enhanced Care took effect, all customers (personal and commercial) who are not responsible for a crash are indemnified under their first party Basic Vehicle Damage coverage (BVDC) for the cost of repairs to, or replacement of, their vehicle and its permanently attached equipment, as well as loss of use costs incurred.

In cases where the insured is partly at fault (split liability) for the crash, generally, the amount that the Optional insurer may recoup under the insured's BVDC will be limited to the extent the insured is not responsible for the crash.

Entitlement to indemnity

Unlike third party liability coverage, BVDC is a first party coverage and its obligations are defined by the policy terms rather than common law principles. One impact of this change is that if an insured commits a breach, the breach may impact their entitlement to indemnity for the damage to their vehicle.

Optional insurers will not be able to recoup the BVDC portion of their customer's vehicle damage payment from ICBC if their customer has committed a breach for which ICBC does not provide relief

from forfeiture. Customers who commit non-rating breaches may forfeit their right to be indemnified under their BVDC, subject to exceptions where forfeiture is considered inequitable. This applies to both personal and commercial vehicles. Relief from forfeiture will continue to be available to ICBC customers in breach due to driving without a valid driver's licence if the customer successfully renews or obtains their driver's licence within ten days of being notified of the breach. If a customer is in breach of BVDC, they are also in breach of their Optional ICBC insurance because non-rating breaches of BVDC will apply equally to Optional coverage.

ICBC, by policy, will provide relief from forfeiture in relation to rating breaches under BVDC where the customer is not at-fault. However, not-at-fault customers with rating breaches will be instructed to contact their insurance broker to correct the mis-rating. If they fail to do so, ICBC may not provide relief from forfeiture of BVDC coverage in a subsequent claim.

Non-vehicle property damage claims

Non-vehicle property damage claims are not covered under BVDC. Where a customer's non-vehicle property is damaged in the course of a crash, the property loss will be paid under the at-fault motorist's third party liability coverage, as it was under the former system. In the event that an Optional insurer pays for damage to personal items, for example a non-permanently attached bicycle rack, a breach by the at-fault motorist will not impact the Optional insurer's ability to subrogate for the cost of repairs to or replacement of the item from the at-fault motorist's third party liability coverage with ICBC.

Transgressions that trigger recovery rights

Vehicle owners or drivers who are responsible for crashes that result in BVDC payments to others may be held accountable if they have committed a transgression that would be a breach of BVDC if it had been committed by an insured. Transgressions will trigger recovery rights for the insurer who has made a BVDC payment. As ICBC transitions to the new system, they are evaluating how best to apply transgressions. The change means insurers of out-of-province vehicles will be able to recover the equivalent to BVDC on the same terms as ICBC where they have made a payment for their non-responsible insured's vehicle damage and the at-fault motorist has committed a transgression.

Impact of a breach on Enhanced Accident Benefits

An insured's Enhanced Accident Benefits is not impacted by as many breaches as other coverages. Rating breaches will not impact an injured insured's entitlement to benefits, and most non-rating breaches such as driving without a valid driver's licence will not impact an injured insured's entitlement to benefits. Benefits may be impacted if the insured is convicted of a *Criminal Code* offence with respect to the crash.

However, an insured's entitlement to benefits will be forfeited if the insured is injured in a crash they caused intentionally. Benefits may also be impacted if the insured fails to comply with prescribed requirements such as undergoing medical examinations and participating in rehabilitation without reasonable excuse, or if the insured commits fraud.

Frequently Asked Questions

General Questions

What is considered a standard vehicle?

While standard motor vehicle is not defined in the *Insurance (Vehicle) Act*, in general terms it is a vehicle that conforms to Canadian standards for vehicles for on-highway use, and may be licensed for unrestricted on-highway use in B.C. Examples include: car, truck, motorcycle, motor home.

A trailer may be treated like a standard vehicle or a non-standard motor vehicle, depending on the circumstances of the crash. For more information see *Vehicle Damage Lawsuit Ban* and *Lawsuit Ban and Enhanced Accident Benefits*.

Note: Special rules apply to trailers in respect of vehicles they are attached to or operated in combination with.

What is a non-standard motor vehicle?

In general, a non-standard motor vehicle is a motor vehicle that, as manufactured, does not conform to Canadian standards for motor vehicles for on-highway use, but could be licensed for limited on-highway use in B.C. Examples include: all-terrain vehicle, golf cart, farm tractor, industrial vehicle.

What is an excluded vehicle?

In general, an excluded vehicle is a vehicle that could not be licensed for on-highway use in B.C., but in very limited circumstances, could be issued a permit for operation on a designated stretch of highway. Example: floats used on a parade route.

What happens if a B.C. resident in a B.C. licensed vehicle crashes into another B.C. resident in a B.C. licensed vehicle in a jurisdiction where there is no ban on suing -- will they be entitled to Enhanced Accident Benefits or do they seek damage through a tort claim?

As B.C. residents, the individuals involved in the crash will be entitled to Enhanced Accident Benefits as long as the accident happened in Canada or the U.S. or a vessel between the two. Since the accident happened in a jurisdiction where suing is permitted, the local laws in that jurisdiction apply. This means they can also sue the responsible party (although Enhanced Accident Benefits received may be deducted from the tort award in that jurisdiction).

Note: B.C. resident is defined in the Enhanced Accident Benefits Regulation, section 5.

Will out-of-province travelers to B.C. receive Enhanced Accident Benefits?

For crashes that occur in B.C. everyone will be entitled to Enhanced Accident Benefits whether they are a B.C. resident or not as long as the accident is within the scope of the new Part 10 of the IVA. Non-residents who are eligible for statutory coverage under Part 10 will be entitled to Enhanced Accident Benefits to the extent that they are not responsible for the crash. In terms of which insurer will provide those benefits, the vehicle insurance on the vehicle in which the injured person is an operator or occupant, or the vehicle that struck a person who was not an occupant of any vehicle, will be primary. As is the case today, insurers from other Canadian jurisdictions and signatories of the Power of Attorney and Undertaking Agreement, will be required to pay the equivalent of Enhanced Accident Benefits or benefits per their vehicle insurance, whichever is higher.

Basic Vehicle Damage coverage

What vehicles does BVDC apply to?

Most of the following insured B.C. licensed/permitted vehicles would be entitled to coverage under BVDC when the loss occurs on highway in B.C.:

- Standard motor vehicles
- Trailers
- Non-standard motor vehicles (Note: coverage only applies when operating where authorized)
- Excluded vehicles (Note: not licensable, coverage only applies when operating within the terms of a permit)

Most of the following insured B.C. licensed vehicles would be entitled to coverage under BVDC when the loss happens off highway in B.C.:

- Licensed standard motor vehicles
- Licensed trailers

(Note: off-highway bar only applies between all licensed standard motor vehicles and trailers involved in the accident)

Can a vehicle owner still sue for accelerated depreciation when a vehicle is damaged?

No. The ban on suing for vehicle damage applies to accelerated depreciation under the new model. In addition, BVDC does not provide coverage for accelerated depreciation. Optional insurers may offer an Optional product that provides this type of coverage on a first party basis.

When a B.C. vehicle is involved in a crash in another jurisdiction, what coverage will respond to the vehicle damage?

If the crash happened in a jurisdiction where a lawsuit ban does not apply, the vehicle damage of the not-responsible driver can be recovered against the at responsible driver's third party liability coverage.

- BVDC and the vehicle damage lawsuit ban do not apply outside B.C., so there are no changes from the former system. For example, if a B.C. insured with ICBC Collision coverage is struck in Alberta by an Alberta driver, there is no BVDC and no lawsuit ban.
- If the crash happened in a jurisdiction where a lawsuit ban applies, Basic inverse liability coverage will respond to vehicle damage to the extent the owner or operator is not at fault.

Why was the BVDC limit set at \$200,000?

The \$200,000 limit provides full vehicle damage coverage for 99 percent of private passenger and commercial vehicles. The figure also aligns with the minimum Basic third party liability coverage that most owners are required to carry in the former system.

Are there any circumstances where ICBC will refuse recovery requests against the insured's BVDC?

Some circumstances where ICBC might refuse a recovery request against an insured customer's BVDC are set in the IVA, while the remaining circumstances are set in regulation. For example, if the insured is convicted of impaired driving.

Why would some customers choose to have their Optional insurance pay for vehicle damage upfront?

Customers can choose to have their Optional insurance pay for vehicle damage upfront for a variety of reasons, examples include:

- The Optional Own Damage coverage provides broader benefits (e.g., OEM parts, replacement cost, etc.).
- Liability is unclear or contested.

Does BVDC apply to motorhomes, collector cars, and motorcycles?

- Yes. BVDC coverage will be available to these vehicles when insured under a Basic certificate.

How does ICBC determine liability with other insurers under Enhanced Care coverage? Will private insurance providers still be required to notify ICBC of a loss and will ICBC determine fault?

- There will be no change to how ICBC determines liability in a motor vehicle accident. Optional insurers will continue to notify ICBC of the loss and ICBC will determine responsibility.

Are the \$200,000 BVDC and \$200,000 Basic third party liability limits separate? Is there an example of a situation in which a crash could result in a claim against \$200,000 BVDC and \$200,000 Basic third-party liability? How would that work?

- Yes, the \$200,000 BVDC and the \$200,000 Basic third party liability limits are included separately in Basic Insurance.
- Vehicle damage losses subject to the lawsuit ban for vehicle damage, to the degree the driver is not responsible, will be paid under BVDC. In contrast, vehicle damage not included in the lawsuit ban for vehicle damage will be paid out of the responsible vehicle's Basic third party liability.
- For example, two B.C. insured vehicles (vehicle A and vehicle B) crash and vehicle A is 100 percent responsible. Vehicle B, a transport truck carrying a load of cargo, sustaining \$250,000 in vehicle damage can claim 100 percent of their vehicle repair costs under BVDC, up to the prescribed limit of \$200,000. As vehicle B sustains \$250,000 in damage, the remainder of vehicle B's repair costs can be paid against the vehicle B's Optional collision coverage (if available).
- Assume that in this crash, vehicle B also suffers damage to the cargo being carried. Contents and cargo lost or damaged in a motor vehicle accident are not subject to the lawsuit ban in B.C. For this loss of cargo, vehicle B can seek compensation against vehicle A's Basic third party liability coverage.

Can private insurance providers charge first dollar for vehicle damage coverage or only above \$200,000?

- BVDC coverage is part of Basic insurance which is only available under an ICBC Certificate.
- Optional insurers can offer Optional BVDC excess coverage that is over and above the \$200,000 BVDC limit included in Basic.

Transportation companies that opt out of B.C. Basic coverage and insure first dollar through private carriers – is this still allowed under the new model?

- Effective May 1, 2021, the vehicle damage lawsuit ban will apply to most crashes in B.C. Vehicle damage will need to be covered by their own first party coverage. Vehicles exempt from B.C. Basic coverage are permitted to opt out and get insurance from the first dollar through private carriers.

Hit and run transition

What is ICBC's hit-and-run transition provision?

- ICBC’s transition provision would allow eligible customers to have their hit and run vehicle damage loss covered between May 1 and October 31, 2021, subject to a standard hit and run investigation. The customer would be made aware of the terms and conditions for the one-time payment for their hit and run losses, including a requirement of the \$750 deductible.
- The customer would also be advised to contact their broker to evaluate their coverage options to protect against similar losses in future.

During the transition period, how will ICBC fund hit and run claims that previously would have been paid for through statutory coverage?

- For customers who report a hit-and-run vehicle damage claim during the transition period and find themselves without a source of coverage, ICBC’s interim provision will cover their loss through Optional funds.

Appendix

Enhanced Accident Benefits Key benefits comparison

Accident Benefits	Former model	Enhanced Accident Benefits <small>*Limits are inclusive of indexing for 2021, where applicable</small>
Overall care and recovery benefits	\$300,000	No limit
Income replacement	75% of gross income, up to \$740 per week	Up to 90% of net income based on a maximum of \$100,000 in gross income, with option to purchase higher limits
Loss of studies Kindergarten to grade 8 Grade 9 – 12 Select post-secondary studies	N/A	\$5,693 \$10,550 \$21,100
Family enterprise	N/A	Up to \$837/week up to 26 weeks
Permanent impairment compensation Catastrophic Non-catastrophic	N/A	\$264,430 \$836 to \$167,465 (depending on severity of impairment)
Assistance with Activities of Daily Living P Not-catastrophic Catastrophic Catastrophic - 24/hr care	Attendant care part of \$300,000 limit. Primary homemaker benefit up to \$280/week. Same as above. Same as above.	Up to \$5,033/month Up to \$6,018/month Up to \$10,000/month
Reimbursement of care expense benefit 1 person 2 people 3 people 4 or more people	N/A	Up to \$146/week Up to \$186/week Up to \$226/week Up to \$266/week
Caregiver benefit 1 person 2 people 3 people 4 or more people	N/A	\$584/week \$634/week \$684/week \$719/week
Recreation benefit	N/A	Up to \$500 to \$4,000/2 years (depending on severity of impairment)
Extended benefit for those with catastrophic Injuries	N/A	Up to \$1,229,910
Death Benefits Spouse Dependant Dependant with disabilities (additional amount) Non-dependant child or parent	\$30,000 6,000 each N/A N/A	\$66,987 minimum (maximum is limited by the cap on gross yearly employment income up to \$500,000) \$31,817 to \$60,000 each \$29,306 \$14,918 each
Funeral expenses	\$7,500	Up to \$9,130
Grief counselling	N/A	Up to \$3,818 per eligible person per deceased
Travel expenses to attend insured in critical care	N/A	Up to \$4,974 if 1 individual Up to \$2,487 per individual if 2