

EXPANDING ICBC'S ROLE AS THE GOVERNMENT'S DEBT COLLECTOR

On 12 May 2021, the government introduced Bill 11 to allow ICBC to refuse to issue a driver license or to process an application for vehicle insurance if the applicant has an unpaid fine for a violation of the COVID-19 restrictions. The new powers will be in place by 1 July 2021, and will be retroactive.

As of May 8, ICBC had processed 1,679 COVID-19 violation tickets totaling nearly \$1.18 million but only 14 per cent of that total, just under \$173,000, has been paid.¹

Using the threat of withholding a driving license, or of vehicle insurance, has become common practice in the government's debt collection strategy. Minister responsible Mike Farnworth commented that using ICBC as the province's prime debt collector has proven to be "particularly effective."² And why not, because the consequence for driving without insurance is very severe, and the government receives a free service by off-loading the fine collection costs to Basic policyholders.

ICBC as a Debt Collector

The government has been using ICBC as its key collector of outstanding provincial fines, including child support, for many years.³ ICBC's driver licencing staff, and the private appointed agents, check the ICBC computer system to ensure that there are no outstanding fines before issuing the driver license.

During the last four years ICBC reported that it collected \$313 million in fines and other fees during the last four fiscal years.⁴

Government Subsidized by Policyholders

By adding more unpaid ticket violations to be recovered by the refuse to issue process at ICBC the current government is continuing to benefit from the free service. A private

¹ <https://vancouversun.com/news/local-news/covid-19-have-unpaid-covid-fines-icbc-may-not-renew-your-drivers-licence-or-insurance>

² CKNW interview with Simi Sara at 9:48 am on May 13, 2021.

³ <https://acumenlaw.ca/fail-pay-fines-icbc-can-take-drivers-licence/>

⁴ BCUC, ICBC RRA F2021, IR 1, RM 6.1

https://www.bcuc.com/Documents/Proceedings/2021/DOC_62143_B-6-ICBC-Responses-to-Intervener-IRs-No1.pdf pdf 672/720.

collection agency would charge a significant commission on successful collections, but the government does not reimburse ICBC for its costs.

The process of refusing to issue a driver's license or vehicle insurance does involve some cost in delayed transactions and extra cost in the form of broker commissions. These costs are borne by Basic policyholders, while the government transfers much of the fine revenue to municipalities.

Using ICBC as the government's primary debt collector is not the only example of where the government has required policyholders to subsidize the taxpayer. Included in the cost of insurance are millions of dollars for police traffic enforcement, funding for intersection and highway improvements, and for speed camera enforcement.⁵

The largest direct subsidy involves the issuing of driver licenses, where ICBC spends approximately \$135 million annually to administer this program. Since 1998, the government has enjoyed a free ride as the public auto insurer is required to transfer all of the approximately \$75 million (2019/20) in driver licensing fee revenue to the province. The cost of this "non-insurance" portion of ICBC's operation is paid by Basic policyholders, while the government continues to pocket the fee revenue.⁶

The use of the refuse to issue aspect of driver and vehicle licencing is an effective way to collect outstanding provincial fines. But the government should be more transparent and not expect ICBC's Basic policyholders to subsidize the government by shouldering all of the administrative cost. The government should follow the Manitoba government's example and fund the public auto insurer for these costs.

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https://www.bcpolicyperspectives.com/media/attachments/view/doc/commentary_icbc_traffic_safety_30_nov_2018/pdf/commentary_icbc_traffic_safety_30_nov_2018.pdf

⁶ This is probably contrary to the Supreme Court's ruling on the difference between a fee and a tax.