

NEW INTERPROVINCIAL REPORT SHOWS ICBC RATES HIGHER THAN OTHER NO-FAULT PROVINCES

On 8 December 2022, ICBC released a report prepared by Ernst & Young (EY) consultants which compared ICBC's rates to those quoted for similar driver/vehicle characteristics in nine other provinces.¹ The comparisons show that the combined Basic and Optional insurance rates in BC are the third lowest of the provinces surveyed, behind the other no-fault Crown insurers in Manitoba and Saskatchewan.

The information gathered was based on seeking quotes from a number of insurers in different centres.² EY had the cooperation of the Saskatchewan and Manitoba public insurers in developing the report.

Interprovincial Comparisons

When comparing the rates for three different male driver ages in the large centres of Ontario and the four western provinces it is apparent that the no-fault jurisdictions – BC, Saskatchewan, and Manitoba—have lower rates than the hybrid tort provinces.

The no-fault jurisdictions of Saskatchewan and Manitoba have rates that are significantly lower than the ICBC rates, especially for young drivers with few years of driving. This is because these provinces rate the driver on his/her driving record, rather than rating on the basis of actuarial probability.

TABLE 1—RATES BY AGE (\$)

	Vancouver	Edmonton	Saskatoon	Winnipeg	Toronto
Male, 18 years	3,044	6,471	1,128	1,540	5,294
ICBC rates are	0	54% lower	170% higher	98% higher	43% lower
Male, 22 years	2,680	4,376	1,470	1,492	3,232
ICBC rates are	0	39% lower	82% higher	80% higher	17% lower

¹ <https://www.icbc.com/about-icbc/company-info/Documents/Canadian-Insurance-Rate-Comparisons-Oct-2022.pdf>

² https://www.bcpolicyperspectives.com/media/attachments/view/doc/occasional_paper_no_40_8_september_2017/pdf/occasional_paper_no_40_8_september_2017.pdf

Male, 50 years	1,163	1,490	878	1,001	1,008
ICBC rates are	0	22% lower	33% higher	16% higher	15% higher

Discrimination Based On Age

In September 2019, the BC government changed the rate design model to increase the cost of insurance for younger/inexperienced owners, while marginally lowering the cost for older/experienced drivers.³ The rates were to be based on prospective risk, rather than the actual driving record, then adjusted for at fault crashes. Saskatchewan and Manitoba rate based on driving record, with less emphasis on age.

This is shown in the results of the EY report when comparing the per cent variance between the 18 year old, the 22 year old and the 50 year old vehicle owner shown in Table 1.

- In BC, the 18 year old male pays 162% (\$1,881) more than the 50 year old, and 14% more than the 22 year old owner.
- In Saskatchewan, the 18 year old male pays 29% (\$250) more than the 50 year old, and 23% less than the 22 year old.
- In Manitoba, the 18 year old male pays 54% (\$539) more than the 50 year old, and 3% more than the 22 year old.

ICBC's rate differential more similar to the private hybrid-tort models of Alberta and Ontario.

- In Alberta, the 18 year old male pays 342% (\$4,981) more than the 50 year old, and 48% more than the 22 year old.
- In Ontario, the 18 year old male pays 425% (\$4,286) more than the 50 year old, and 64% more than the 22 year old.

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The writer is a retired senior BC government public servant whose paper describing the BC government's manipulation of the finances of BC Hydro from 2008 to 2014 was published by *BC Studies* in November 2016. *BC Studies* published his paper on the 40-year financial history of ICBC in 2013. He was an intervener in the BC Utilities Commission's current review of B.C. Hydro's rate request.

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https://www.bcpolicyperspectives.com/media/attachments/view/doc/occasional_paper_no_59_16august_2018/pdf/occasional_paper_no_59_16august_2018.pdf

