

**INTACT FINANCIAL WANTS BC GOVERNMENT TO PROVIDE “OPTIONS”  
ON THE SALE OF BASIC AUTO COVERAGE**

The following is an article by Greg Meckbach published on 9 August 2021 in the *Canadian Underwriter* electronic magazine. Apparently, Intact Financial, which has the largest market share of Canadian private auto insurers, would consider re-entering the British Columbia market if the government amended the no-fault liability legislation to strip ICBC of its monopoly over the sale of Basic injury liability insurance.

Such a change in policy by the current government is highly unlikely. ICBC enjoyed an approximate 85% share of the Optional market before Intact announced its departure<sup>1</sup>, but exact numbers are not available because ICBC does not make this information public.

Currently, the no-fault public models operating in Saskatchewan and Manitoba offer the best coverage (except for pain and suffering payments) and the lowest average premiums.

## **Will Intact re-enter the B.C. auto market?**

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August 9, 2021 by **Greg Meckbach**

Intact Insurance could re-enter the British Columbia auto market but only if the provincial government provides “options and convenience” to motorists, says Intact Financial Corp. CEO Charles Brindamour.

It has been eight months since Intact announced it is leaving the B.C. auto market, where a provincial Crown corporation has had a monopoly on mandatory minimum auto coverage since 1973.

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[https://www.bcpolicyperspectives.com/media/attachments/view/doc/commentary\\_intact\\_financial\\_leaves\\_bc\\_6\\_nov\\_2020/pdf/commentary\\_intact\\_financial\\_leaves\\_bc\\_6\\_nov\\_2020.pdf](https://www.bcpolicyperspectives.com/media/attachments/view/doc/commentary_intact_financial_leaves_bc_6_nov_2020/pdf/commentary_intact_financial_leaves_bc_6_nov_2020.pdf)

Private-sector insurers may compete with Insurance Corporation of B.C. but only on optional additional coverages such as collision, excess liability and comprehensive. Basic AutoPlan is only available from ICBC.

“We are just fed up with competing with the [provincial] government and if the B.C. government wants to provide options, and convenience to drivers, we will be happy to come back in,” Brindamour said July 29, 2021 during a virtual fireside chat with Paul Holden, an equity analyst with CIBC Capital Markets.

Holden hosted the chat two days after Intact released its financial results for the three months ending June 30.

In response to a question from the audience, Brindamour suggested a major factor affecting Intact’s total auto policy count is Intact’s exit from B.C. auto.

Two years ago, B.C.’s opposition Liberal party started to advocate for open competition in auto insurance. This reversed the position the Liberals took when they held power from 2001 through 2017.

The provincial election held Oct. 24, 2020 returned the New Democratic Party to power. During the election campaign, the Liberals promised that if they were to form the provincial government, they would let B.C. motorists buy liability coverage from private insurers. The Liberals also said at the time they would give B.C. motorists the choice to purchase the best rate for accident benefits coverage for bodily harm and injury from either ICBC under a no-fault system or from the private market under a tort system.

It was Oct. 27 when Intact announced its withdrawal from B.C. auto. That was the subject of questions during a November, 2020 conference call discussing Intact’s results for the quarter ending Sept. 30, 2020.

“It’s probably the only part of the organization where hope was part of the strategy. And I would say in the last year, we lost hope,” Brindamour said of B.C. auto during the Q3 2020 earnings call.

The view that basic auto in B.C. should be open to competition is not shared by the Insurance Brokers Association of B.C.

“Brokers generally have come to grips with ICBC over the decades and have seen the value and the universality of it – not having to turn anyone away, or scramble to find a market or pricing that is reasonable. That can happen in Ontario, Alberta or the Maritimes,” IBABC CEO Chuck Byrne told *Canadian Underwriter* earlier.

“Brokers are pretty comfortable with the ICBC system. We certainly do not get compensated to the same level that we might in a private insurance market where we might have to navigate that much more for our client.”

Over the past few years, the B.C. NDP government has announced a series of auto reforms. One is a “care-based system” with accident benefit limits of \$7.5 million. Another is a series of reforms designed to reduce the cost to defend tort claims.

Meanwhile, the Insurance Bureau of Canada advocates for open competition.

“If ICBC is the best game in town, so be it. Nothing changes” if motorists have a choice of more than one carrier, said Aaron Sutherland, IBC’s vice president Pacific, in an earlier interview.

“But if they are not, then drivers can shop around and find savings. And that’s really what this is all about: How do we deliver the most affordable auto insurance possible?”

Richard McCandless August 10, 2021. <https://www.bcpolicyperspectives.com/>

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 is an intervener in the BC Utilities Commission’s recent reviews of ICBC’s and B.C. Hydro’s rate requests.