

GOVERNMENT FINANCIAL BENEFIT FROM ICBC

The provincial government receives both direct and indirect financial benefits from ICBC. The direct benefits include the ‘excess’ Optional capital transfer, and the revenue collected from drivers’ license fees, where ICBC Basic policyholders pay the administrative cost as an add-on to the Basic premium rates. The 4.4% insurance tax is not included as this applies to all insurers in BC. ICBC’s equity, which totaled \$3.1 billion for 2015, shows as a government asset.

DIRECT BENEFIT (\$=millions)

	2010	2011	2012	2013	2014	2015	TOTAL
‘Excess’ Capital	576	101	nil	273	139	138	1,227
Divers’ Licences	48	48	48	50	55	60	309
Total	624	149	48	323	194	198	1,536

Source: ICBC annual reports, drivers’ license fee revenue estimated.

The government began to benefit from ICBC incurring the full cost of drivers’ licensing in 1998, after it cancelled an agreement to allow ICBC to deduct its costs from the fine revenue it collected. The provincial drivers’ license fee appears to contradict the Supreme Court of Canada’s 1998 ruling respecting the difference between fees and taxes.

The governments of Saskatchewan and Manitoba followed BC’s lead and transferred the drivers’ licensing function to their public auto insurers, however the Manitoba government pays their public insurer to administer this function.

Saskatchewan Government Insurance pays a dividend from its Optional auto and property insurance profits (where about 50% is derived from non-provincial policies). The Manitoba government does not collect any dividend (or ‘excess’ capital) from the Manitoba Public Insurance corporation, which only sells auto insurance.

In addition to the direct financial benefit, the government also benefits indirectly through a variety of programs. These include enhanced policing (approximately \$24 million), highway improvements (\$2 million), and speed cameras and fine collection (approximately \$6 million). Most of these costs are paid from the Road Safety component of ICBC’s Basic program.

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The writer is a retired senior BC government public servant who’s paper on the 40-year financial history of ICBC was published by *BC Studies* in 2013. The same academic journal will be publishing his paper describing the BC government’s manipulation of the finances of BC Hydro from 2008 to 2014 in the fall. He has been an intervener in the BC Utilities Commission’s 2014 and 2015 reviews of ICBC’s rate requests.

