

**FACT CHECK: ICBC'S RATES ARE NOT THE HIGHEST IN CANADA**

Aaron Sutherland, the Pacific region's vice-president of the Insurance Bureau of Canada (IBC), has stated that British Columbians are paying more for auto insurance than anyone else in Canada.<sup>1</sup> This assertion is part of the IBC's continuing campaign to eliminate ICBC's monopoly on the compulsory Basic insurance program.

The canard that ICBC has the highest combined Basic and Optional rates in the country is based on a faulty methodology developed by the General Insurance Statistical Agency (GISA). As I noted in my 2017 paper "Taxpayer Federation Report is Wrong: BC Auto Rates Lower than Most,"<sup>2</sup> the financial statement-based approach to deriving average rates is not as compelling or useful as the quote-based approach.

**Saskatchewan Government Insurance (SGI) Comparison**

Table 1 is reprinted from the 2017 paper and shows the combined quote-based average price for certain provinces.

**TABLE 1—SGI AVERAGE PRICE RANKING**

|                          | <b>2013</b>  | <b>2014</b>  | <b>2015</b>  | <b>2016</b>  |
|--------------------------|--------------|--------------|--------------|--------------|
| <b>British Columbia</b>  | <b>1,431</b> | <b>1,511</b> | <b>1,527</b> | <b>1,611</b> |
| <b>Alberta</b>           | 2,127        | 2,283        | 2,352        | 2,376        |
| <b>Saskatchewan</b>      | 1,061        | 1,116        | 1,159        | 1,181        |
| <b>Manitoba</b>          | 1,013        | 1,034        | 1,081        | 1,102        |
| <b>Ontario</b>           | 3,782        | 3,279        | 3,092        | 3,160        |
| <b>Quebec</b>            | 1,316        | 1,439        | 1,555        | 1,510        |
| <b>New Brunswick</b>     | 1,741        | 1,694        | 1,621        | 1,347        |
| <b>Nova Scotia</b>       | 1,820        | 1,824        | 1,992        | 1,600        |
| <b>Ratio BC to Sask.</b> | 135%         | 135%         | 132%         | 136%         |

Source: <https://www.sgi.sk.ca/contact/index.html>

<sup>1</sup> <https://www.timescolonist.com/opinion/letters/icbc-s-changes-not-common-in-industry-1.23461056> and <https://www.newswire.ca/news-releases/bc-drivers-pay-the-highest-auto-insurance-premiums-in-canada-688517281.html>

<sup>2</sup>

[http://www.bcpolicyperspectives.com/media/attachments/view/doc/occasional\\_paper\\_no\\_40\\_8\\_september\\_2017/pdf/occasional\\_paper\\_no\\_40\\_8\\_september\\_2017.pdf](http://www.bcpolicyperspectives.com/media/attachments/view/doc/occasional_paper_no_40_8_september_2017/pdf/occasional_paper_no_40_8_september_2017.pdf)

The 2018 update from SGI is not yet available, but I was referred to average auto insurance by city comparisons published as part of the Saskatchewan government's budget presentation. The main city rates for 2015 and 2018 are shown in Table 2.

**TABLE 2—AVERAGE AUTO INSURANCE PRICE COMPARISON 2015 AND 2017**

|                   |    | Vancouver | Calgary | Regina | Winnipeg | Toronto | Montreal |
|-------------------|----|-----------|---------|--------|----------|---------|----------|
| <b>2018</b>       | \$ | 1,966     | 2,588   | 1,199  | 1,192    | 4,669   | 1,884    |
| <b>2015</b>       | \$ | 1,732     | 2,245   | 1,116  | 1,044    | 4,613   | 1,627    |
| <b>Difference</b> | \$ | 234       | 343     | 83     | 148      | 56      | 257      |
| <b>Per Cent %</b> |    | 13.5      | 15.3    | 7.4    | 14.2     | 1.2     | 15.8     |

Source: Saskatchewan provincial budgets for 2018/18 and 2015/16, intercity comparisons.

### Comparing the GISA Results

Comparing the GISA average derived auto insurance price between 2015 and 2017 raises a number of questions. In Table 3, for example, the average derived price declines 8.7% in Quebec, and 0.4% in Saskatchewan during these years, while the price jumps almost 28% in BC.

**TABLE 3—AVERAGE GISA PRICE COMPARISON 2015 AND 2017**

|                   |    | B.C.  | Alberta | Sask. | Manitoba | Ontario | Quebec |
|-------------------|----|-------|---------|-------|----------|---------|--------|
| <b>2017</b>       | \$ | 1,680 | 1,251   | 936   | 1,080    | 1,445   | 661    |
| <b>2015</b>       | \$ | 1,316 | 1,179   | 940   | 1,003    | 1,458   | 724    |
| <b>Difference</b> | \$ | 364   | 72      | (4)   | 77       | (7)     | (63)   |
| <b>Per Cent %</b> |    | 27.7  | 6.1     | (0.4) | 7.7      | (0.9)   | (8.7)  |

Source: 2017 from <https://www.newswire.ca/news-releases/bc-drivers-pay-the-highest-auto-insurance-premiums-in-canada-688517281.html> and 2015 from [http://www.bcpolicyperspectives.com/media/attachments/view/doc/occasional\\_paper\\_no\\_40\\_8\\_september\\_2017/pdf/occasional\\_paper\\_no\\_40\\_8\\_september\\_2017.pdf](http://www.bcpolicyperspectives.com/media/attachments/view/doc/occasional_paper_no_40_8_september_2017/pdf/occasional_paper_no_40_8_september_2017.pdf)

The increase for BC is far higher than the approved (subsidized) rate increases during these two years. The Alberta increase of only 6.1% does not conform to the rapid escalation in prices that forced the government to impose a 5% cap in the 2017/18 increase. In fact, the only province with some conformity between the GISA and the quote-based approach is Ontario, where the government has been attempting to assist the private insurers to reduce the high cost of auto insurance.

A second problem with the GISA series is the average for Quebec. The IBC report notes that the \$661 is for 2016, not 2017. Even so, the accuracy of the number is highly questionable, and the SGI number is more intuitively correct.

In summary, because of the deliberate government policy to recklessly deplete the ICBC's capital reserves, British Columbians do not pay the highest auto insurance rates.

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