

REPORT

Comparison of Auto Insurance rates in BC and Alberta

January 2020

Prepared for IBC by

MNP

ibc.ca



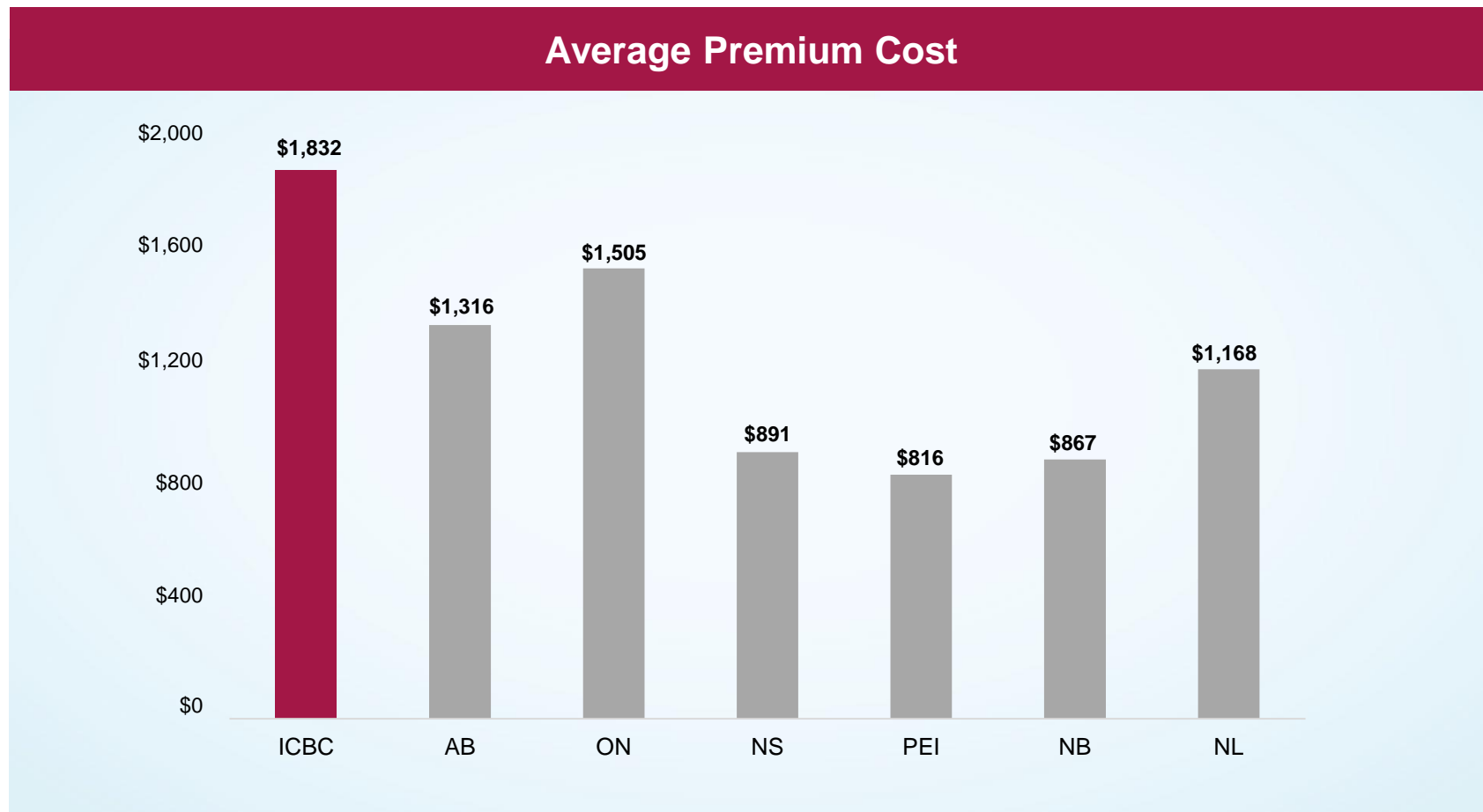


Auto Insurance in Canada





Situation Today: B.C. has Highest Premiums in the Country

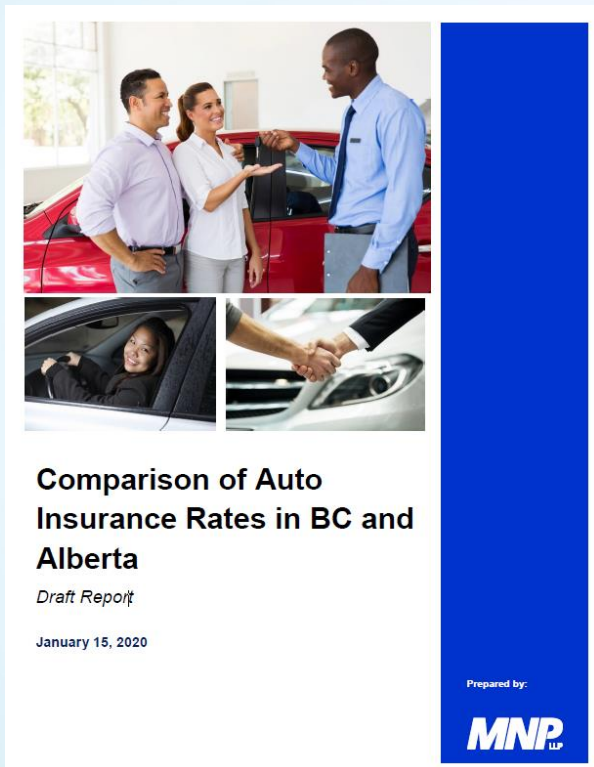


Source: GISA data for private insurers (as of December 31, 2018) and ICBC public financial statements (2019).



A comparison of auto insurance in BC and Alberta

IBC commissioned MNP to:



1. Compare the BC and Alberta auto insurance systems
2. Better understand the premiums drivers are paying in each province.



Auto insurance systems in BC and Alberta

Key Findings:

- 1 The BC and Alberta auto insurance system are substantially the same**

SIMILARITIES

- ✓ tort system with cap on minor injury pain & suffering damages
- ✓ premiums based on risk
- ✓ **Average payout for injury claims**

DIFFERENCE

ICBC monopoly vs. Alberta's competitive market

- 2 Drivers in BC pay significantly higher premiums for comparable coverage**



Auto insurance systems in BC and Alberta

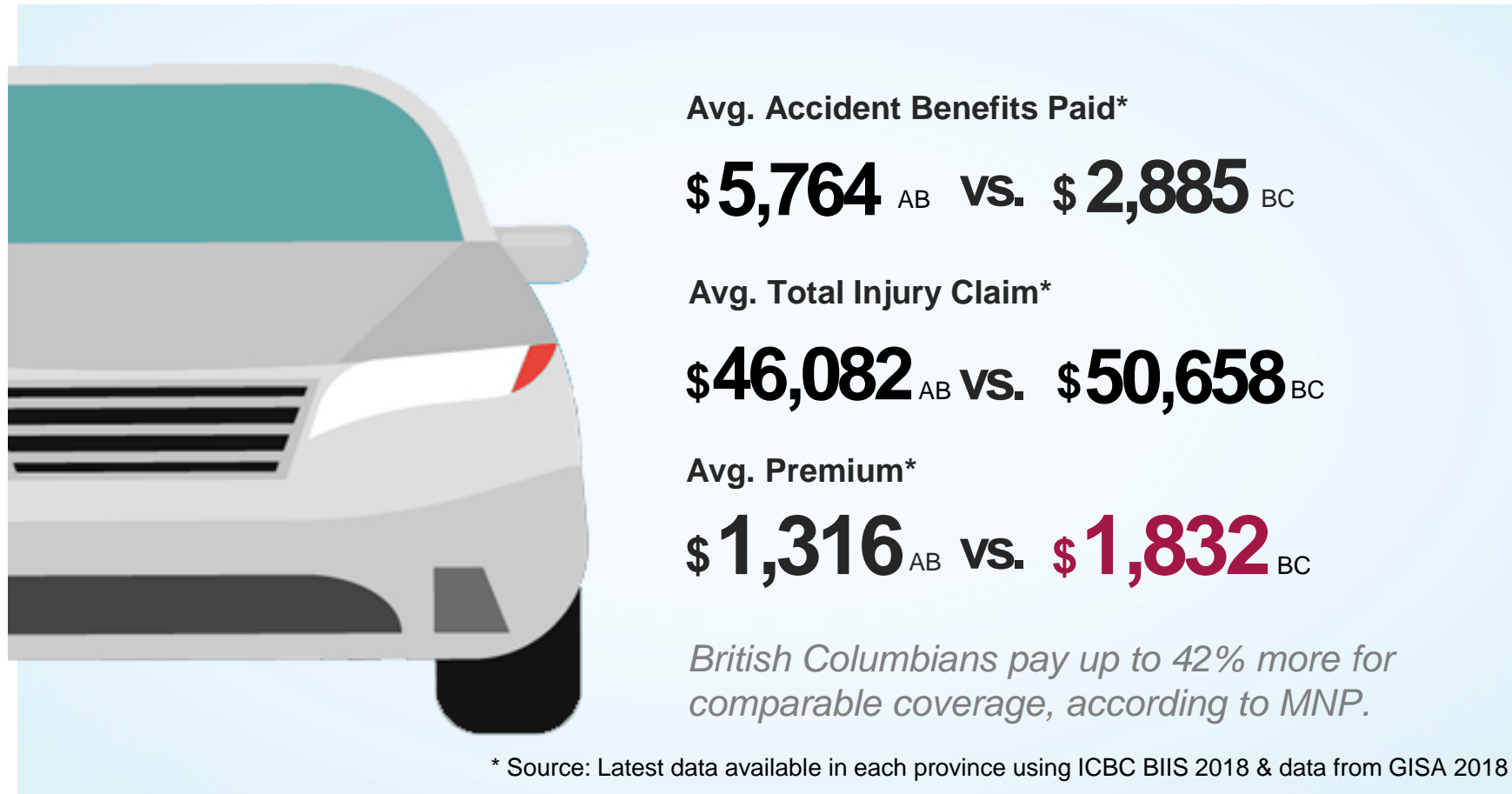
**Both systems are very similar,
except for market structure and average premiums**

	BC	ALBERTA
Insurance Model	Tort Based	Tort Based
Limit on payments for Minor Injuries	\$5,500	\$5,296
Mandatory Coverage:	Third-Party Liability (\$200,000), Accident Benefits coverages & uninsured motorist protection	Third-Party Liability (\$200,000) & Accident Benefits coverages & uninsured motorist protection
Average Injury Claim Size*	\$50,658	\$46,082
Market Structure	ICBC Monopoly on basic (mandatory); restricted competition in optional marketplace	Competitive Market
Average Premium Paid	\$1,832	\$1,316

* Source: ICBC BIIS 2018. For Alberta, values were calculated by IBC using data from GISA 2018.



BC Drivers Receive Similar Level of Coverage But Pay Substantially More





Determining the price impact of ICBC's monopoly vs. competition

MNP obtained pricing quotes for the **same drivers**, using the **same vehicles**, in **similar locations** in both provinces.

Prices also reflect identical coverage in each province, including:

- \$1 million third-party liability
- Collision coverage (\$500 deductible)
- Comprehensive coverage (\$300 deductible)
- Uninsured motorist protection



Small-business owner

JOSH, AGE 49



AT- FAULT ACCIDENTS

None

TYPE OF VEHICLE

2014 Ford F-150

TYPE OF USE

Business

Auto Insurance Premium



Surrey

\$1,953



Calgary

\$1,380

DIFFERENCE \$573



Young parents

PRINCIPAL DRIVER – JENNIFER, AGE 35



AT- FAULT ACCIDENTS

None

TYPE OF VEHICLE

2014 Honda Civic

TYPE OF USE

Commute to work*

*less than 15 km one-way

Auto Insurance Premium

OTHER DRIVER(S)

MICHAEL, age 34

No accidents



Vancouver

\$1,967



Calgary

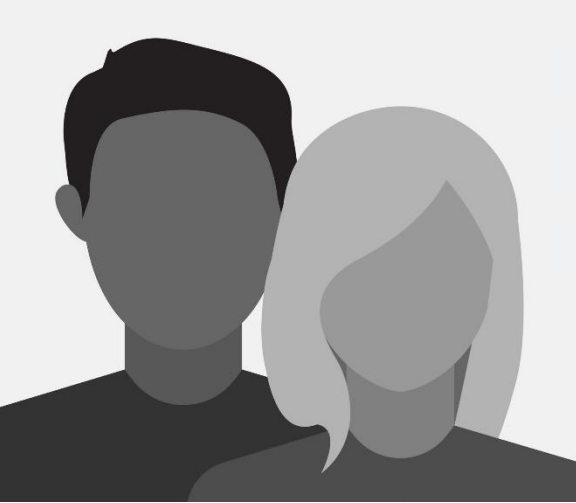
\$1,500

DIFFERENCE \$467



Family

PRINCIPAL DRIVER – SUSAN, AGE 54



AT- FAULT ACCIDENTS	None
TYPE OF VEHICLE	2012 Honda Accord
TYPE OF USE	Commute to work*

*less than 15 km one-way

Auto Insurance Premium

OTHER DRIVER(S)
John, age 59
No accidents



Langley
\$1,985



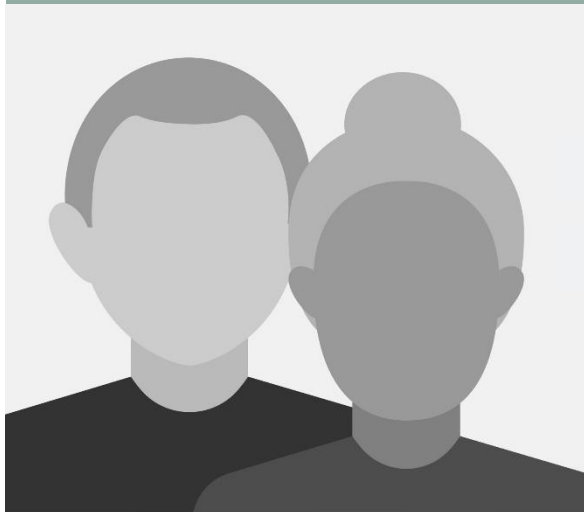
Calgary
\$1,516

DIFFERENCE \$469



Senior couple

PRINCIPAL DRIVER – HAROLD, AGE 64



AT- FAULT ACCIDENTS	None
TYPE OF VEHICLE	2014 Buick LaCrosse
TYPE OF USE	Pleasure

Auto Insurance Premium

OTHER DRIVER(S)
Violet, age 63
No accidents



North Vancouver

\$1,417



Calgary

\$1,130

DIFFERENCE \$287



New driver (City)

OLIVIA, AGE 24 (2 years driving experience)



DRIVING EXPERIENCE	2 years
TYPE OF VEHICLE	2008 Honda Civic LX
TYPE OF USE	Commute to school*

*less than 15 km one-way

Auto Insurance Premium



Burnaby

\$4,319



Calgary

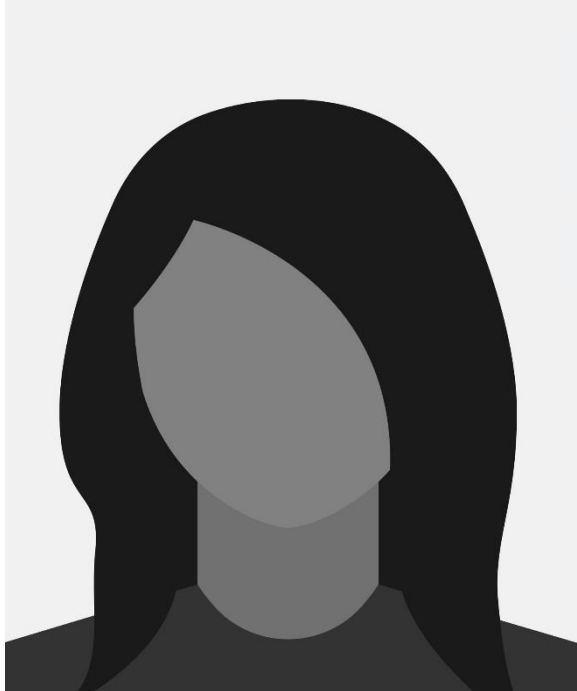
\$3,491

DIFFERENCE \$828



New driver (Rural)

HANNAH, AGE 24 (2 years driving experience)



DRIVING EXPERIENCE

2 years

TYPE OF VEHICLE

2008 Honda Civic LX

TYPE OF USE

Commute to school*

*less than 15 km one-way

Auto Insurance Premium



Kamloops

\$3,194



Medicine Hat

\$2,393

DIFFERENCE \$801



Young driver

DANIEL, AGE 26



DRIVING EXPERIENCE	9 years
TYPE OF VEHICLE	2010 Ford F-150
TYPE OF USE	Commute to work*

*less than 15 km one-way

Auto Insurance Premium



Prince George

\$1,757



Fort McMurray

\$1,340

DIFFERENCE \$417



Family with learner (City)

PRINCIPAL DRIVER – NANCY, AGE 59



AT- FAULT ACCIDENTS	None
TYPE OF VEHICLE	2012 Honda Accord
TYPE OF USE	Commute to work*

*greater than 15 km one-way

Auto Insurance Premium

OTHER DRIVER(S)
Charles, age 54 Jane, age 24
No accidents



Richmond

\$2,540



Edmonton

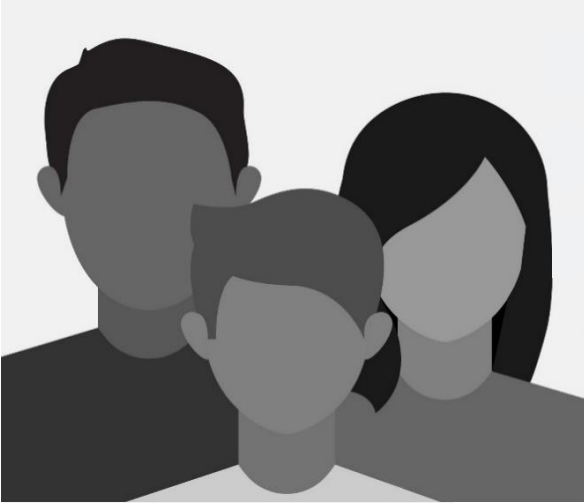
\$2,398

DIFFERENCE \$142



Family with learner (Rural)

PRINCIPAL DRIVER – KEN, AGE 59



AT- FAULT ACCIDENTS

None

TYPE OF VEHICLE

2012 Honda Accord

TYPE OF USE

Commute to work*

*greater than 15 km one-way

Auto Insurance Premium

OTHER DRIVER(S)

Laura, age 54
Kellie, age 24

No accidents



Kelowna

\$1,956



Red Deer

\$1,835

DIFFERENCE \$121



Experienced driver with an accident

DONOVAN, AGE 36



AT- FAULT ACCIDENTS	One (2016)
TYPE OF VEHICLE	2016 Toyota Camry
TYPE OF USE	Commute to work*

*greater than 15 km one-way

Auto Insurance Premium



Surrey

\$2,805



Calgary

\$3,090

DIFFERENCE \$285



Experienced driver

MADELEINE, AGE 51



DRIVING EXPERIENCE	33 years
TYPE OF VEHICLE	2016 Toyota Camry
TYPE OF USE	Commute to work*

*less than 15 km one-way

Auto Insurance Premium



Kelowna

\$1,499



Red Deer

\$1,448

DIFFERENCE \$51



Recreational vehicles

BETH, AGE 51



AT- FAULT ACCIDENTS	None
TYPE OF VEHICLE	2019 Tesla Model S
TYPE OF USE	Pleasure

Auto Insurance Premium



Burnaby
\$2,394




Calgary
\$1,730

DIFFERENCE \$664



Recreational Drivers

FRED, AGE 64

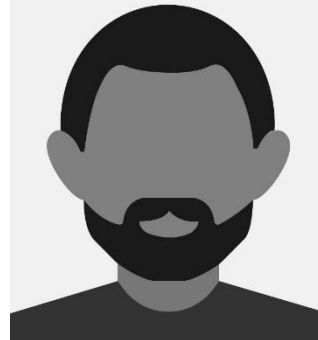


AT- FAULT ACCIDENTS
None

TYPE OF VEHICLE
2010 Class C Motorhome

TYPE OF USE
Pleasure

STEVE, AGE 49

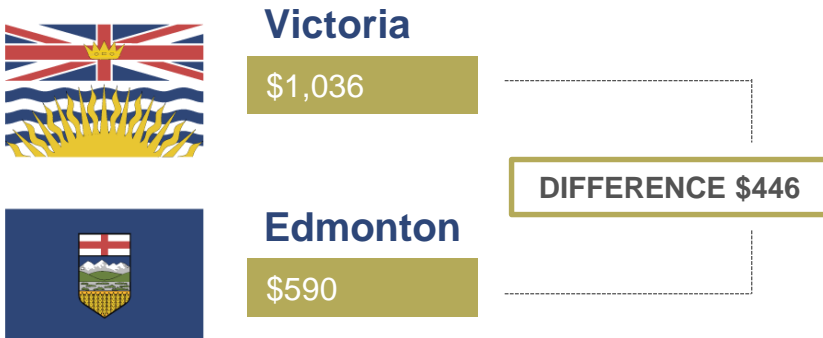


AT- FAULT ACCIDENTS
None

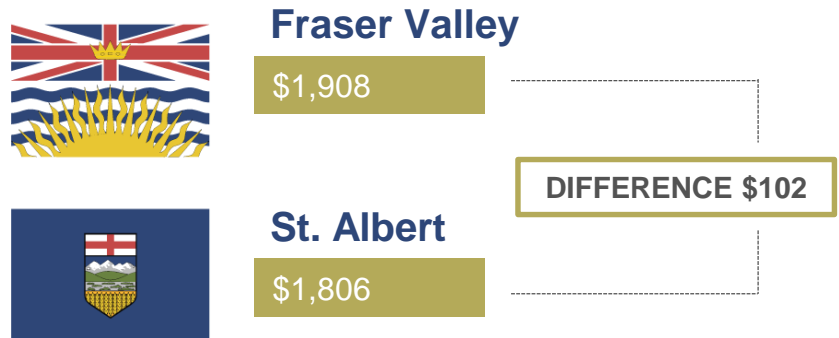
TYPE OF VEHICLE
2010 Harley Davidson

TYPE OF USE
Pleasure

Auto Insurance Premium



Auto Insurance Premium





Competition can help improve affordability in BC auto insurance

Conclusion:

- ✓ Similarity between the BC and Alberta auto insurance systems is further evidence of the benefits of competition
- ✓ Introducing competition and choice would save drivers up to \$325 annually in BC, through improved efficiency, more discounts, innovation, and claims handling
- ✓ Canada's insurers stand ready to better serve drivers in British Columbia