

## FAQ

### B.C. Auto Insurance

#### Q: What is government insurance?

A: In Canada, depending on where you live, public and/or private options are available for auto insurance. In British Columbia, Saskatchewan and Manitoba, the government runs the auto insurance system. In Quebec, the public insurer manages the insurance regime for bodily injuries only.

All motor vehicles registered in B.C. are required to have basic auto insurance that can only be purchased from the government-run Insurance Corporation of British Columbia (ICBC).

In B.C., drivers can purchase optional extended insurance from ICBC or a private insurer. This is considered an add-on to the mandatory basic auto insurance policy. Due to the lack of a competitive environment, only two private companies offer most extended insurance outside of ICBC, representing only 9% of the market.

#### Q: How much does government insurance cost?

A: Drivers in B.C. pay the highest premiums in Canada, while receiving less when they make a claim than those in other provinces. [A new report by MNP](#), one of the largest full-service chartered accountancy and business advisory firms in Canada, found that B.C. drivers pay up to 60 per cent more for auto insurance than their neighbours in Alberta.

And it's only going to get worse. According to ICBC's own 2019 financial plan and 2019 rate application, auto premiums will rise 7.9% in 2019/20, 6.8% in 2020/21 and 6.6% in 2021/22.

That's an increase of \$387 over the next three years, driving the estimated average basic auto insurance premium to \$2,085 annually.

[Another report by MNP](#) also shows that drivers in BC could save up to \$325 annually if ICBC's monopoly were ended and the market opened to competition.

#### Q: Does government insurance offer better service?

A: Government insurance provides limited choice for consumers. It provides a one-size-fits-all solution with, for example, fixed deductibles and no discounts for multi-vehicle, policy-

bundling, loyalty or group programs. Private insurers compete to offer the lowest possible rates, strong service delivery and a wider range of policy options.

Government insurance companies like ICBC have a monopoly, so there is little incentive to develop new services. Privately run auto insurance companies competing in a competitive environment have created popular product innovations, such as first-accident forgiveness, usage-based insurance, replacement cost coverage and roadside assistance.

**Q: Would allowing private insurance into the BC market better serve consumers?**

A: Canada's private insurers want to serve B.C. drivers so they can take advantage of the benefits that competition and choice bring to auto insurance.

The best regulator of rates in any industry is healthy competition. The insurance industry supports the position that the private sector economy is the foundation to creating wealth, and the province's auto insurance market should be viewed and treated no differently.

The majority of products and services, including auto insurance, available in North America are sold in a competitive, free market system, where more choice delivers better value to consumers.

[Public polling undertaken by Maple Leaf Strategies](#) in 2019 found British Columbians are ready for change in the auto insurance market, with 82 per cent saying they want more competition and choice. Close to 70 per cent said they had an unfavourable or somewhat unfavourable impression of ICBC, and 74 per cent said increased competition would be positive for the provincial economy.

**Q. How are B.C. drivers treated by ICBC?**

A. Drivers in B.C. pay the highest premiums in Canada, while receiving less when they make a claim than those in other provinces with competition and choice.

Those premiums will continue to increase over the next three years according to ICBC's own 2018 financial plan and 2018 rate application. Auto premiums are expected to rise 8 per cent in 2018/19, 8.8 per cent in 2019/20 and 9.5 per cent in 2020/21.

In addition, ICBC has put up barriers to competition by refusing to share data on driver records (claims and infractions) and market trends (claims rates, locations, thefts, etc.), all while premiums continue to be the highest in the country.