

IBABC disputes IBC-sponsored report

The Insurance Bureau of Canada (IBC), an advocacy group for private insurance companies, released a report Tuesday from MNP, one of Canada's largest accounting firms, analyzing the cost of auto insurance in B.C. versus Alberta. However, no two provinces are alike in their driving exposure or auto insurance system in Canada, and an "apples to apples" comparison doesn't exist.

The IBC-commissioned report, reflects that disparity while at the same time trying to still make the comparison. MNP states, "Our review of the insurance systems in BC and Alberta suggests that as of September 2019 the system in BC is substantially similar to the system in Alberta (see Table A)." However, if you look at Table A on page 3, there are significant differences that reflect B.C.'s superior auto insurance product.

Throughout the report you will find the qualifier of "information available" used to disguise that fact that in many cases their tables don't reflect the current reality of January 2020. Because the ICBC reforms are still quite fresh, they have yet to produce current data. And as MNP states themselves in a footnote on page 12 of the report submitted to the media and others in advance:

Please also note that there was a cap of five percent on cumulative annual rate increase in auto insurance premiums in Alberta between December 2018 and August 2019 ... The impact of the removal of the cap may not be reflected in the premiums used for the comparisons.

Alberta has for years had a fractured auto insurance market where thousands of consumers have often been left scrambling to find coverage. It's free-market system means that insurers are also free to leave if they don't want to provide coverage to the consumers in that area. The hard-working insurance professionals at all levels in Alberta have worked diligently to correct this crisis and it is improving but with significant and yet to be realized premium increases.

This point calls out another misrepresentation of the examples cited. In all cases the lowest Alberta premium was used to compare to ICBC's price, which may not have been ICBC's best price available. Alberta's lowest premium may not necessarily be widely available to all or any identifiable number of consumers. ICBC premiums and coverage, by comparison, are predicated on universal access for all British Columbians.

IBC, again, an organization that represents private insurance companies, has been expending a lot of effort to advance their one-sided point of view. And it is perhaps telling that MNP included in the Limitations section of their report:

MNP has relied upon the completeness, accuracy and fair representation of all information and data obtained from IBC, brokers in Alberta and B.C., public sources, believed to be reliable.



It is a tenet of our Canadian insurance industry to operate in all things with **utmost good faith**. However there have been examples, pointing to an alarming trend in the last year, of IBC promoting questionable or outright false data to advance its agenda.

In March 2019, Celyeste Power, IBC vice president of Western Canada, said in a Global News report, “Right now we have a very unhealthy market here in Alberta. Claims costs have been spiraling out of control for the past few years. Insurers are losing up to **\$0.30 on every single dollar** that they’re bringing in.” (<https://globalnews.ca/news/5271512/alberta-insurance-roadblocks-future/>)

However, she is quoted in a Global New story in November 2019 using different figures:

“Insurers have actually been losing about **12 cents, on average, on every dollar** that they’ve been taking in right now. So they’ve been paying \$1.12 for every \$1 they’re taking in.”

(<https://globalnews.ca/news/6164527/alberta-drivers-car-insurance-premiums-2020/>)

Here are a few other instances where IBC has been called on their questionable data:

- Auto insurers keep quiet on large rate hikes in N.B. during campaign in N.L.
<https://www.cbc.ca/news/canada/new-brunswick/insurance-campaign-nb-nl-1.5057318>
- CBC admits it wrongly reported hyped-up insurance ‘climate risks’
<https://business.financialpost.com/opinion/terence-corcoran-cbc-admits-it-wrongly-reported-hyped-up-insurance-climate-risks>
- March 2019 MNP Report *Comparison of Auto Insurance in BC and Alberta*
<http://assets.ibc.ca/Documents/Auto%20Insurance/BC-Auto/Comparison-of-Auto-Insurance-in-BC-and-Alberta.pdf>
- ICBC statement regarding the March 2019 MNP Report
<https://www.icbc.com/about-icbc/newsroom/Pages/2019-mar19.aspx>

About IBABC

The Insurance Brokers Association of B.C. serves as the voice of the general insurance brokerage industry and promotes its members as the premier distributors of insurance products and services in British Columbia. IBABC is the primary provider of pre-licensing and continuing professional education for the general insurance brokers in B.C. IBABC represents the interests of the public and its member brokers to government and to industry stakeholders.

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