

## TREASURY BOARD STAFF BRIEFING NOTE

REQUEST No.: TRAN TB 10/13

T.B. MAJOR MEETING DATE: NOVEMBER 22, 2012

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### TITLE: ICBC – ANNUAL PRESENTATION

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#### ISSUE SUMMARY:

- The Insurance Corporation of BC (ICBC) annual presentation to TB includes:
  - A request for approval of ICBC's financial forecast;
  - An overview of ICBC's operational issues and its actions in response to the Government review; and

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#### *Previous reviews of the proposal*

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#### *Timelines*

- ICBC has been directed by BCUC to file a plan to address the MCT shortfall by January 4, 2013

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#### RECOMMENDATION:

- Accept ICBC's financial forecast as provided.

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## CONTEXT:

- ICBC is a Commercial Crown corporation and its net income is consolidated into government's bottom line. In addition, excess cash from ICBC is transferred to the consolidated revenue fund (CRF) on an annual basis, reducing government's borrowing requirement. Since 2010, \$676M in cash has been transferred from ICBC to the CRF.
- ICBC runs two lines of insurance business, optional and basic. Additionally, they provide a range of non-insurance services including vehicle registration, driver licensing and fee/fine collection.
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- ICBC conducts a number of projects on behalf of government, primarily related to systems development and revenue collection. ICBC typically undertakes these projects on a cost recovery basis, with an aim not to impact insurance rates.

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## DISCUSSION:

*Financial Overview (for more detail, please see table in Appendix A)*

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## Treasury Board Submission Request for Decision

Minister: Mary Polak

Ministry: Transportation and Infrastructure

Date: November 22, 2012

Ministry Document #: TB 10/13

**Title: Insurance Corporation of BC – Financial Overview**

### Issue:

The Insurance Corporation of British Columbia's (ICBC) presentation provides Treasury Board with an overview of the Corporation's financial situation, including assumptions and risk factors, along with information on the main issues being addressed by the Corporation, especially those affecting the fiscal plan.

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**Request:**

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### **Background and Financial Forecasts**

- ICBC is a provincial Crown corporation established in 1973 to provide universal (Basic) auto insurance to B.C. motorists. ICBC also offers Optional auto insurance in the competitive marketplace. In addition, the Corporation provides driver licensing, vehicle registration and licensing, violation ticket administration and fees and fines collection on behalf of the provincial government.
- ICBC's customers consist of all licensed motor vehicle owners and licensed drivers in B.C. Our claimants include policyholders as well as pedestrians, cyclists and the non-driving public who use B.C.'s roads.

### **Insurance Services**

- ICBC offers insurance products to more than 3 million policyholders through a network of approximately 900 brokers, government agents and appointed agents. ICBC processes almost 900,000 claims per year through a telephone claims handling facility and a network of claims centres throughout B.C.
- Basic ICBC Autoplan insurance includes coverage for accident benefits, third party liability, underinsured motorist protection, and hit and run.
- Optional insurance provides additional coverage for vehicles (e.g. collision and comprehensive) and equipment, and additional coverages such as extended third party liability, excess underinsured motorist protection and loss of use.
- In setting Basic premiums, ICBC does not discriminate on the basis of age, gender, or marital status. ICBC also applies this model to its Optional insurance business.
- The B.C. Utilities Commission is responsible for approving ICBC's Basic insurance rates.

### **Non-Insurance Services**

- Non-insurance services include driver licensing, vehicle registration and licensing, and government fees and fines collection. The costs of non-insurance services are paid from Basic insurance premiums and were approximately \$113 million in 2011.



- On behalf of the Province, ICBC also collects over \$550 million annually in provincial licences and fines revenues, virtually all of which is transferred to the Province.

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# ICBC Performance and Evaluation Benchmarking Study

For the Fiscal Year Ended  
December 31, 2011



building trust. driving confidence.

## Table of Contents

	<u>Pages</u>
2011 Summary Performance and Evaluation Benchmarking Dashboard <sup>(1)</sup>	1
Dashboard Summary - Considerations	2
Summary of Results	3 / 4
Attachments:	
Attachment A: Definitions for Metrics	5
Attachment B: Summary of Comparators	6
Attachment C: Comparators per Metric	7

<sup>(1)</sup> In 2008, Deloitte was engaged to assist ICBC in developing a Performance and Evaluation Benchmarking Framework for use in annual reporting to Treasury Board. ICBC has updated this study on an annual basis for presentation to Treasury Board every Fall.

## 2011 Summary Performance and Evaluation Benchmarking Dashboard

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## Dashboard Summary - Considerations

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## Summary of Results

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## Summary of Results

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## Attachment A: Definitions for Metrics

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## Attachment B: Summary of Comparators

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## Attachment C: Comparators per Metric

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