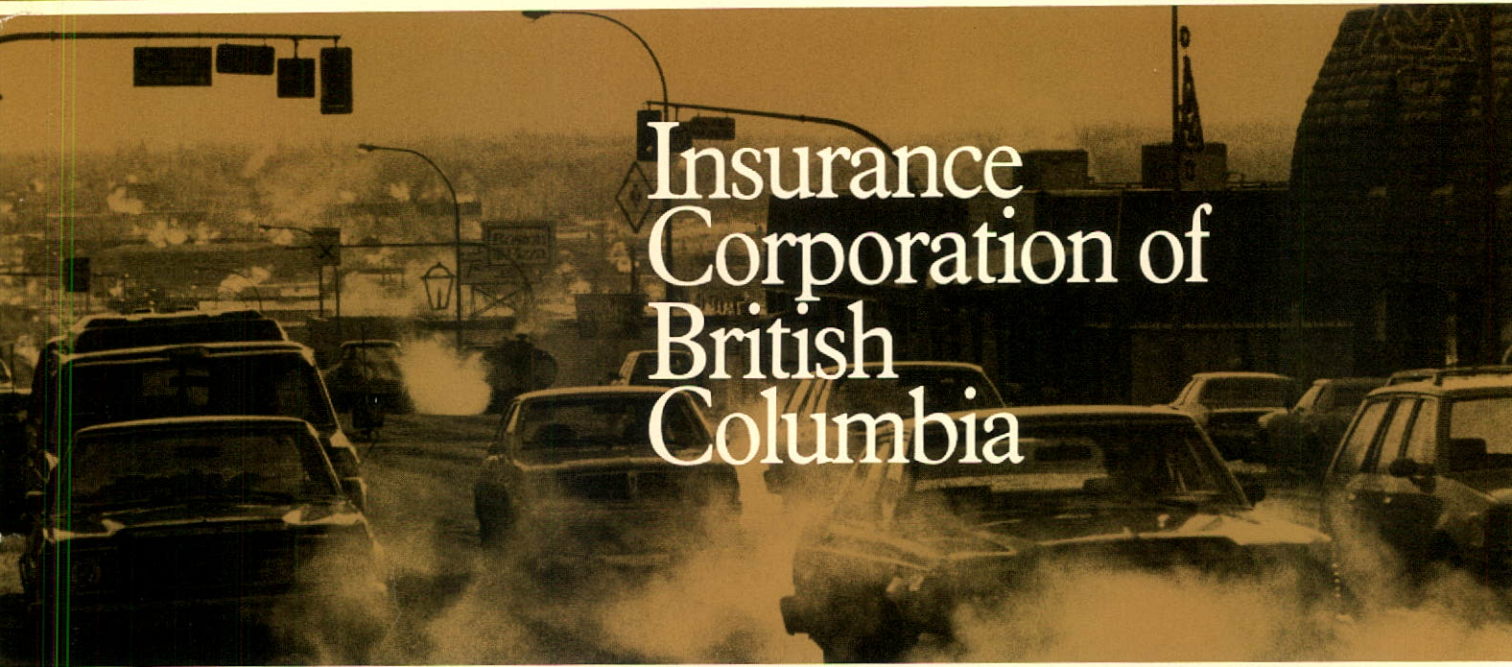


# Twelfth Annual Report 1984

For the 12 months ended December 31, 1984

## Insurance Corporation of British Columbia





Front Cover

- *Traffic moves on Fort St. John's busiest thoroughfare in spite of intense cold.*
- *A victim of the Pemberton Valley flood.*
- *Claims Adjuster, Jim Lamoureux, referees hockey in Prince George.*
- *Receptionist Joanne Cassidy leads Campbell River's Girl Guides.*

Back Cover

- *Larry McLelland and Terry Olson of Kamloop's Dearborn Motors, repair a bent body.*
- *A dramatic, industrial backdrop in downtown Trail.*
- *Dave Battison, Autoplan agent in Penticton.*
- *Castlegar RCMP spot-check seat belts.*

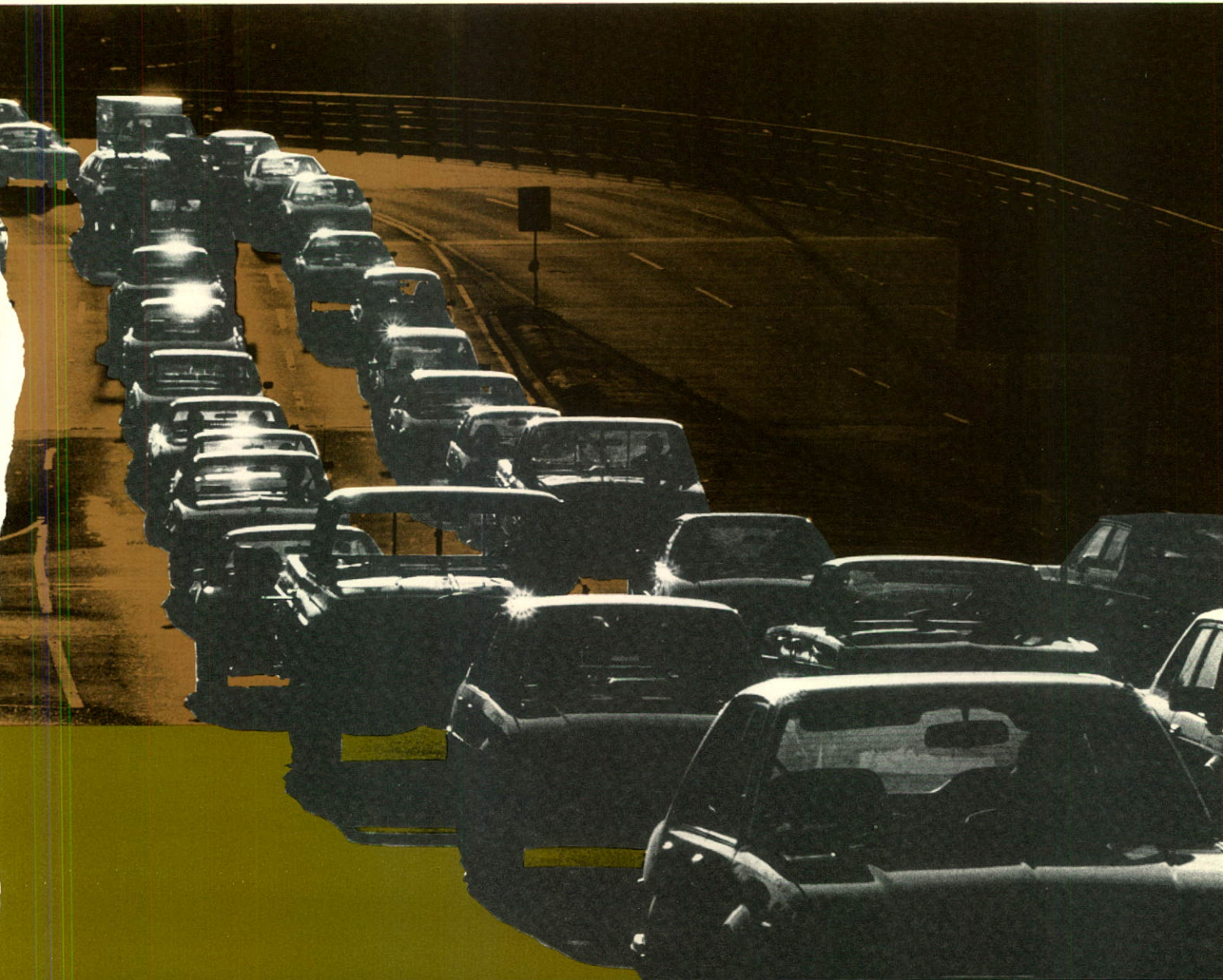


Ensuring a  
Safer B.C.

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B.C.  
Annual Report*

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*Terrace basks in early morning sunshine.*

## Report of The Board of Directors

The Insurance Corporation of British Columbia operates under a mandate to provide automobile insurance coverage to the motorists of British Columbia at cost, with revenue and expenses in balance. During 1984, as in most earlier years, this mandate was achieved. Total revenue amounted to \$844 million while claims incurred and operating expenses totalled \$834 million. The net income for the year of \$9.9 million represents about 1% of revenue for the year.

Fiscal restraint programs and procedures which commenced in 1983, continued into the current year. The discontinuation of certain programs and improved productivity in many areas resulted in a 9% reduction in average staff compared to the previous year.

The economy of the province continued to have a bearing on the motoring public. Though the number of Autoplan policies in force at 1.8 million remained unchanged from the previous year, there was a decline in the level of coverages purchased, and an increase in the number of vehicles without Own Damage coverage. Total premiums earned were \$715 million, an increase of 2.9% over 1983.

Claim costs totalled \$660 million, 5.5% higher than the previous year. The number of physical damage claims remained virtually the same as in 1983 while the cost per claim increased 2%. In injury-related claims the number of claims increased, particularly in accident benefits, and the cost per claim continued to increase.

However, there was a 7% decline in the number of motor vehicle-related deaths reported in 1984, the third consecutive year in which a decline has occurred. The Corporation believes that its traffic safety education programs on seat belts and its participation in CounterAttack, contributed to saving lives.

Administrative expenses increased by \$1.1 million





*An evening shower makes Vancouver streets glisten.*

from 1983. Though increased productivity together with the discontinuation of certain programs, resulted in a reduction of 144 in the average number of administrative employees for the year, it was necessary to fully provide for unpaid finance plan receivables at an expense of \$8 million.

Claim operations expense at \$63.1 million declined by \$0.4 million compared to the previous year. The average number of employees involved in claim settlements declined by 82, 6% less than in 1983, while the number of claims during the policy year remained virtually unchanged from the previous year.

Commissions paid to agents increased by \$7.0 million over the previous year and reflect the increased volume of business transacted by commissionable agents, following the discontinuance of most Autoplan transactions at Motor Licence Offices, and the closure of Government Agent Offices at the beginning of 1984.

Investment income continued to make a significant contribution toward limiting the premiums paid by the motorists of British Columbia. The Autoplan investment portfolio earned income of \$128.3 million during 1984 which was the equivalent of about \$70 for every Autoplan policy.

General Insurance operations during the year produced a modest profit, but with volumes lower than in 1983.

In May the provincial government announced its intention to find a buyer for the General Insurance Division. The Corporation immediately initiated a program to identify a suitable purchaser and commenced negotiations for a sale late in 1984. Concurrently, the Corporation chartered a wholly-owned subsidiary, Canadian Northern Shield Insurance Company. This Company, licenced under

the Canadian and British Insurance Companies Act, acquired in January 1985, the assets and liabilities of the General Insurance Division, in exchange for common and preferred shares.

The Cumis Group, operating nationally with both life and general insurance products, purchased the outstanding shares of Canadian Northern Shield Insurance Company from the Corporation on February 18, 1985. Since the decision to discontinue General Insurance operations was made during 1984, the impact of these transactions is accounted for in the 1984 financial statements.

The buyer's declared intention to establish its head office in B.C. and to employ all of the existing staff was particularly gratifying. Both the provincial government and the Corporation believe the saving of the jobs and the continuance of operations headquartered in B.C. were well worth the difference between the sale proceeds, invested at market rates, and the expected return from discontinuing General Insurance operations.

The Board of Directors acknowledges the achievements of all the Corporation's management and staff during 1984 and is confident that their continued efforts will successfully meet the challenges of the year ahead.

RAYMOND J. ADDINGTON  
*Chairman of the Board*

THOMAS E. HOLMES  
*President and Chief Executive Officer*

*On behalf of the Board of Directors*  
Insurance Corporation of British Columbia  
February 18, 1985



# PEOPLE and PLACES

## The Corporation and the Community

The automobile insurance industry, as exemplified by the Insurance Corporation of B.C., constitutes one of the province's major industries. The Insurance Corporation does business totalling about \$730 million annually, and has over \$1 billion in investments. Each year it pays out hundreds of millions of dollars in claim settlements, hospital and medical fees, legal fees, rehabilitation programs and municipal grants which are paid in lieu of taxes. Further millions of dollars are released into the economy of B.C. communities through employees in offices of Autoplan agents, body shops, and ICBC service offices in every area of the province.

In this age when good business citizenship is regarded as a fact of life, ICBC is in a unique position. Since it creates no tangible product on which to build a corporate image, it has built its positive position on service to claimants, and participation in community life. The place of respect it has won throughout British Columbia, is due not only to the economic benefits which result from its presence in a community, but also to the generous contributions which many of its employees make through personal participation in community activities.

This report reviews the economic impact of the Insurance Corporation and the diversified contributions of its people throughout the province.

# YWCA

*Jan Wilson,  
a person of warmth  
and understanding.*



### Prince George

The Insurance Corporation in Prince George serves an area of approximately 31,000 square miles, encompassing the towns of Fort St. James, Fraser Lake, Mackenzie, McBride and Vanderhoof.

The terrain is rugged and off-road vehicles used for both business and pleasure constitute an unusually high percentage of the 65,000 vehicles registered in the area. Twenty-three Autoplan agents and their 84 employees handle all of the insurance transactions required for these vehicles.

The Prince George Claim Centre is one of the largest regional centres in the province, and with a ratio of 33% claims to vehicle registrations, it is one of the busiest. Claim settlements in 1984 brought more than \$12 million into the local economy through payments to hospitals, body shops and a municipal grant. Agents' commissions and the ICBC payroll brought the estimated total to \$15 million.

Jan Wilson is one of the 33 ICBC employees in Prince George. As Bodily Injury Manager for the region, she directs a highly experienced team in assisting people who are injured in automobile accidents. Constant exposure to the pain and sorrow that result from serious injuries and death, made Jan Wilson keenly aware of a need for care beyond the monetary relief provided by insurance.

Reaching out to help women who had lost their husbands in car crashes, she organized "Caring and Sharing"—a widow's support group which meets weekly at the local 'Y' and provides the opportunity for these women to share experiences and develop friendships.

"Many of these people have no one to turn to," Jan says. "Often, all they need is someone who cares and will listen. If someone is not happy with life, I would urge them to involve themselves with helping others. That is where true happiness lies."

Jan Wilson and ICBC's Bodily Injury unit in Prince George make a significant contribution.





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## Penticton

The emotions arising from a serious traffic accident, attributed to pain and suffering and outright frustration, seem strangely at odds with the peaceful setting of the Penticton Claim Centre, standing as it does at the heart of one of the most picturesque areas of the Province. Its service extends north to Summerland, south to the Canadian/American border, west to Princeton and east to Rock Creek.

There are 29,120 vehicles in the territory which because of its size, requires extensive travel by the staff. Direct

caused by automobile accidents and speaks regularly to high school graduating classes on the subject of drinking and driving. A popular figure in the area, Bill is called upon by numerous service clubs to emcee their various social functions.

He is a member and past president of the local Gyro Club, which restored the stern-wheeler 'Sicamous'. It used to ply the waters of Okanagan Lake from Vernon to Penticton and is now a landmark and a tourist attraction. Bill is also Secretary of the Okanagan School of



*The S.S. Sicamous provides an ideal backdrop in Penticton for community-minded Bill Slessor.*

economic benefits flow to the region from some 21 body shops and their employees, and 14 Autoplan Agents who employ sixty people. The Penticton Claim Centre with a staff of 16 handled 7,900 claims in 1984 for which settlements totalled about \$5 million. A further economic benefit was the \$11,000 municipal grant paid to the City of Penticton.

As Bodily Injury Adjuster at Penticton, Bill Slessor has a better than average grasp of the tragedy and suffering

Fine Arts, Chairman of the Fund Raising Committee and Vice-Chairman, Board of Directors. He is a Director of the B.C. Youth Soccer Association, Camp Director of Okanagan Anglican Summer Camp, and a member of the local Rube band, a non-profit society serving the community for all local functions.

Bill Slessor is regarded, by his ICBC colleagues as well as the community at large, as one of the busiest and most dedicated people in Penticton.



## Cranbrook

Cranbrook is located in an area which contains much of the early history of the province. It has always been regarded as an important town by CP Rail since the building of the railroad and many of the communities it serves – such as Creston, Elkford, Fernie, Golden, Kimberly and Sparwood – are historic mining, farming and lumbering centres. Because of the great distances, the automobile plays an important role in the lives of the inhabitants.

Over 9,000 claims in 1984 resulted in payments of about \$5.7 million. An additional benefit was the \$8,000 paid

facility. Speaking of this facility Bob Frame comments, "As a result of our terminal and the Corporation's computer installation, there has been a dramatic change in the way we run our business. We can now verify vehicle and policy information at the time the customer is in our office. In the past, we had to compute the

*Autoplan agent, Bob Frame, enthuses about ICBC's computerized service.*



*Louis Klepaychuk repairs damage at North Star Motors body shop.*

to the City of Cranbrook by the Corporation in lieu of taxes.

There are eighteen employees in the Cranbrook Claim Centre, many of whom travel extensively throughout the territory. Twenty-nine body shops and 18 Autoplan agents with 64 employees, service the 43,000 vehicles in the area.

One of these Agents is Bob Frame. Through leading edge technology, all 835 Autoplan agents in the province are now linked by special telephone network or by terminal to the Corporation's province-wide computer

premiums manually. Now with the 'Autoplan Processing Service,' as it's called, we can get premium costs on various types of coverage in seconds. And if our people happen to enter the wrong information, for whatever reason, such as incorrect vehicle registration number or name, the system identifies the error and corrects it immediately."

The Corporation is regarded as a pace setter, sharing its state-of-the-art technology with the Autoplan agents. This innovative use of the on-line computer responds to the changing needs of motorists.



## Kamloops

The communities of Cache Creek, Clearwater, Lillooet, Merritt, and Valemont are all served by the Kamloops Claim Centre. Although the area registers 8,000 fewer vehicles than Prince George, its 1984 claim settlements were about the same. There is fierce competition among more than 100 autobody repair shops in the region. With the exception of Greater Vancouver, Kamloops has the highest number of body shops of any area in the province: 1.8 per thousand of vehicle population, whereas Kelowna has .8 per thousand and Greater

Don Harlock is a Claim Supervisor in the Kamloops Centre. He came to ICBC after a long career with the RCMP. Because of that background and his present work with the Corporation, Don knows, better than most, the tragic effects on his community of drinking and driving. His concern has taken him to high schools throughout the area to speak on behalf of the "Counter-Attack" program.

Don says, "I have kids of my own and, like most parents, I realize that sometimes they pay more attention to a



*Don Harlock with a group of Kamloops' students.*

Victoria has only .4. There are 37 employees at the Kamloops Claim Centre, making it one of the larger operations in the province. The annual local payroll together with agent commissions and a municipal grant was over \$2 million in 1984.

message when it comes from someone other than their own folks. So I set out to tell as many young people as possible about the consequences of drug and alcohol abuse and driving." Don concluded, "You know I think it really sunk in for a lot of them."



## Terrace Prince Rupert

The town of Terrace in the northwest corner of B.C. is one of the province's most picturesque places. However, the quiet beauty of this mountainous terrain is often disturbed by severe weather conditions that create the most treacherous highway hazards and account for one of the highest accident fatality records in the province.

The Terrace office of the Insurance Corporation serves 32,000 vehicle owners in the area, which includes the surrounding communities of Prince Rupert, Kitimat and Smithers. There was an auto insurance claim for nearly one of every three of these motorists in 1984.

Not surprisingly, ICBC employees in this area are especially interested in accident prevention activities. Bill Schwartz is a resident Bodily Injury adjuster in the Terrace branch office at Prince Rupert. His involvement with accident prevention began in his early years as a police officer in Ontario, and has taken on priority proportions in his work with victims of traffic accidents in Prince Rupert.

He has organized the Traffic Safety Committee, a group of concerned citizens who are working to make this a traffic accident-free zone. Officially sanctioned by the Mayor of Prince Rupert and funded by the city and community organizations, the Committee coordinates community programs with those of the Insurance Corporation and the province, and works closely with ICBC's Traffic Safety Education Department and the Attorney General's CounterAttack. The first week of December was National Traffic Safety Week, with all-out cooperation in Prince Rupert, but Bill Schwartz says, "We won't stop there. We intend to make this a continuous year-round program."

A measure of the economic impact of the Insurance Corporation's presence in the Terrace area in 1984, was the distribution of more than \$8.5 million in payments to claimants, hospitals, body shops, agents, and employees.

*In Terrace, Wightman and Smith  
Autoplan agent Doug McLeod,  
examines damage with  
ICBC estimator, Herbert Buss.*





## Fort St. John

The automobile maintains a vital lifeline in the rugged countryside of Fort St. John. The ICBC office here, handles claims for about 50,000 vehicles in the enormous triangle bound by the Alaska highway on the west, the Alberta border on the east and the Yukon/Northwest Territories boundary to the north.

The seven employees at the Centre finalized claim settlements amounting to more than \$3 million in 1984. In addition to payments to hospitals and auto body shops, far reaching benefits to the local economy are realized through ICBC salaries and the commissions paid to 11 Autoplan agents. The Corporation's total economic contributions to this area in 1984 are estimated at \$4 million.

Murray Robertson is the Manager of the Fort St. John Claim Centre, and is extremely active in the life of his community. He joined the Kinsmen's Club in 1983 and has been involved in most of the Club's projects since. To quote Murray is to gain some measure of his commitment: "I'm a Director of the Club as well as Chairman of the Cystic Fibrosis Committee. In addition to selling Christmas trees and canvassing for annual fund raising projects, I was auctioneer for the Kin Radio Auction this year. The money goes to various projects, such as Kin-Park, a ten-year development soon to be completed for the use of all the people of Fort St. John."



*Murray Robertson and John Kohuch discuss Fort St. John's accident statistics.*

*Robertson, on the Peace River Valley; "While the simplicity of B.C.'s frontier days is gone, working amidst the majestic surroundings of the valley of the Peace River is still inspiring."*



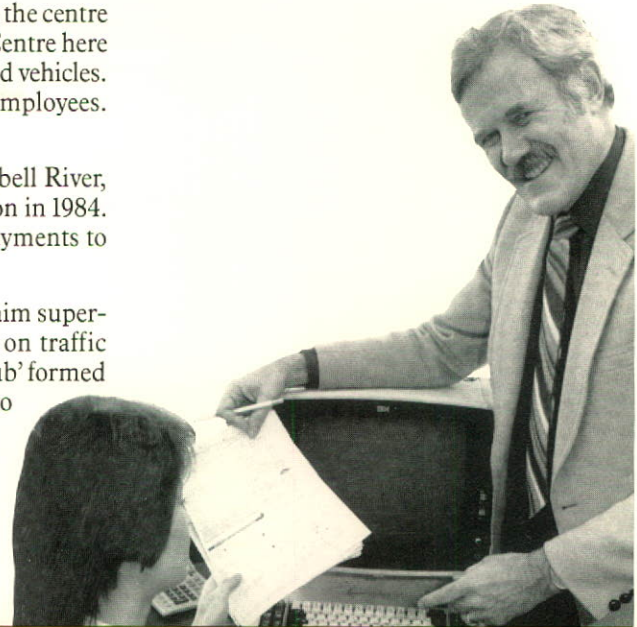


## Campbell River

Campbell River, commonly referred to as a "fisherman's paradise," is the centre of an extremely active north island tourist area. The ICBC Claim Centre here serves all of the North Island communities and about 19,000 registered vehicles. Auto insurance needs are handled by 10 Autoplan agents and their employees. Vehicle damage is repaired by 22 body shops in the area.

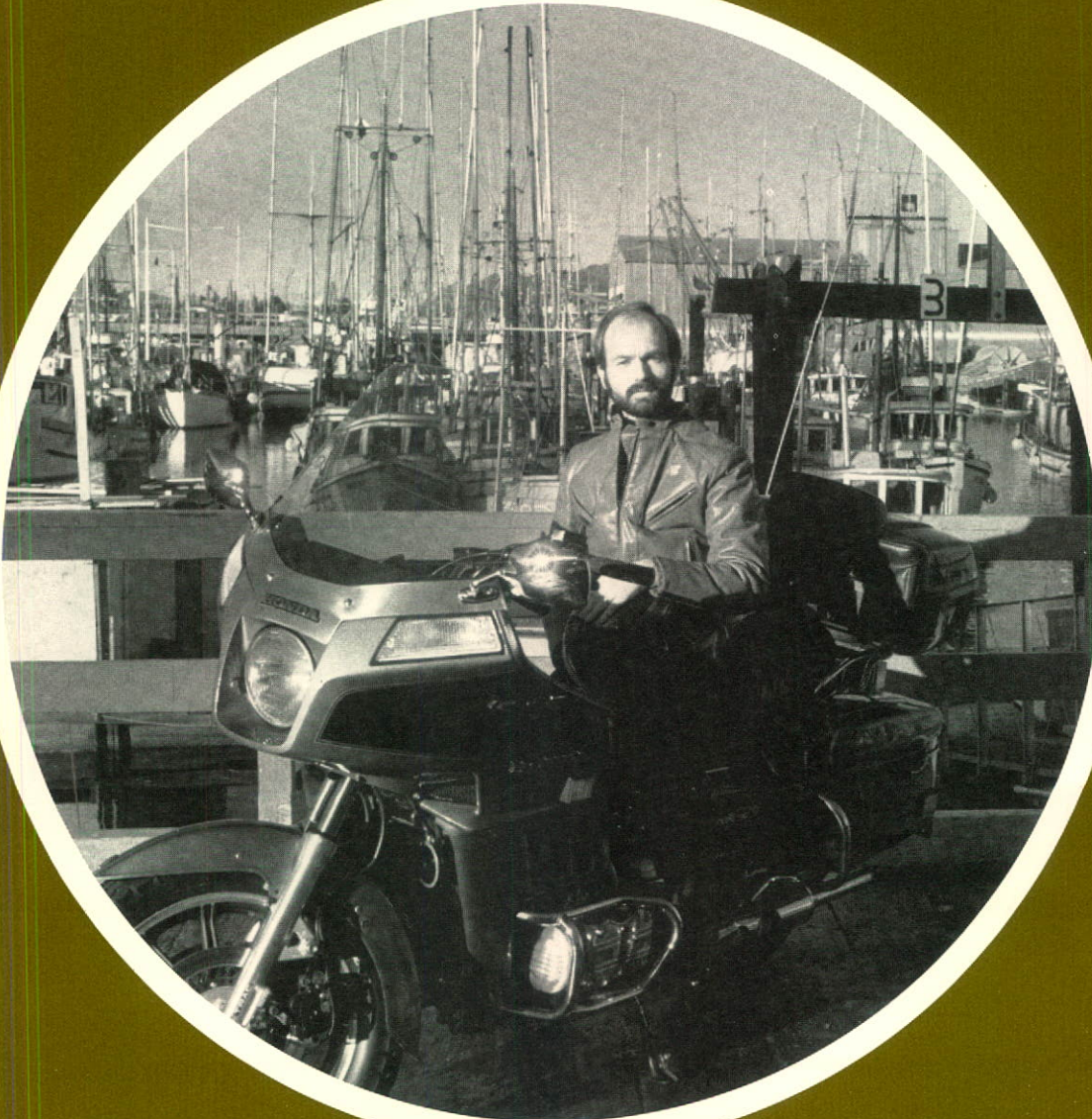
As a result of the presence of the Insurance Corporation in Campbell River, the community realized economic benefits estimated at \$5.5 million in 1984. This includes agents' commissions, hospital and medical fees, payments to body shops, a municipal grant and salaries to ICBC employees.

Dan Burnett is one of ICBC's people in Campbell River. He is a claim supervisor whose hobby ties in well with the Corporation's emphasis on traffic safety. He is active in the Campbell River 'Recycles Motorcycle Club' formed by local businessmen to promote safety in motorcycle riding and to improve the image of motorcyclists in the community. In addition to organizing a shopping mall display of special bikes and showing videos on motorcycle safety in 1984, the Club sponsored lectures by members of the B.C. Safety Council. Courses on motorcycle riding skills and safety will be offered in the Spring of 1985.



*Autoplan agent Bill Matthews  
of Coastline Insurance,  
Campbell River.*

*Dan Burnett, seen on his  
"top-of-the-line" Honda,  
lectures on safety standards  
for motorcyclists.*





## Greater Victoria

Although Victoria has the second greatest vehicle population in the province, its 17.9% ratio of claims to vehicles is one of the lowest. There are sixty-eight staff members in Victoria, and the area is served by 57 insurance agents handling Autoplan coverage. In 1984 Victoria received from the Corporation the sum of \$51,000 in lieu of taxes. Further contribution to Victoria's economy, including payments to hospitals, body shops, Autoplan agents and employees, exceeded \$26 million.

Peter Thompson and Heather Freeman of the Victoria Claim Centre are typical of many ICBC employees whose contributions to the community extend beyond the expected. Peter and Heather are deeply involved in Victoria's Special Olympics for the Mentally Handicapped.

Heather is treasurer for this organization which provides opportunities for handicapped children to participate in a variety of athletic activities including floor hockey, bowling, swimming, gymnastics, basketball and skating.

Peter Thompson, a claim supervisor, coaches floor hockey with a team of some thirty-two mentally handicapped athletes. Peter says, "The athletes have shown great improvement and the joy they obtain from their participation is never ending. Everyone is a winner in the Special Olympics."



*Karen Beck, saved by her seat belt in a serious car accident, receives a Living Proof Award from Anton Larsen, ICBC's Bodily Injury Unit Manager in Victoria.*

*Heather Freeman organizes Victoria's Special Olympics for Handicapped Children. Peter Thompson coaches floor hockey.*





## Kelowna

It is a paradox that Kelowna, with some of the highest traffic patterns in B.C., has a ratio of 25% claims to vehicle population, one of the lowest in the province.

There are 50,000 vehicles in the area and in 1984, more than 12,000 claim settlements totalled \$8 million. Kelowna has 25 ICBC employees and 20 Autoplan Agents with a total of 91 employees – a further contribution of more than \$2.7 million to the local economy.

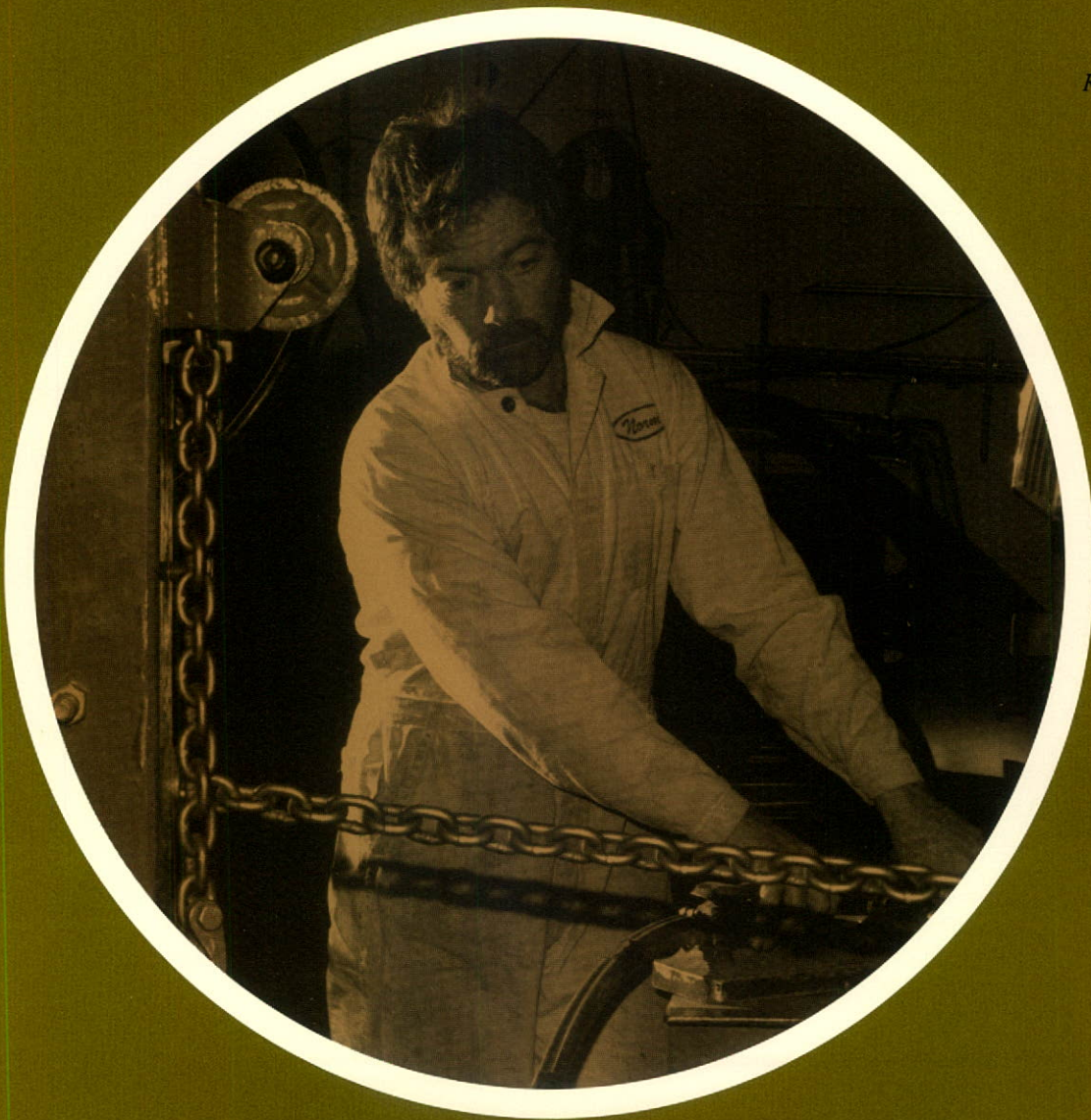
Claim Centre personnel have focussed community relations on initiatives and interaction with programs in the schools and colleges. Consumer education classes cover such subjects as claim procedures, various types of insurance coverage and the history of ICBC. They have participated in a "Grad Awareness" program, where panel members exposed local graduating classes to the perils of drinking and driving.

The Centre's involvement in the Traffic Safety School program is coordinated by Regional Manager, Isabelle Reinertson. Presentations to local school classes cover Autoplan insurance, seatbelts and the hazards of drinking and driving. Barry Ringham, Kelowna Claim Centre Manager, comments, "It is important to note that all our staff are committed to this type of community involvement. In fact, it is built into their individual personal development plans."

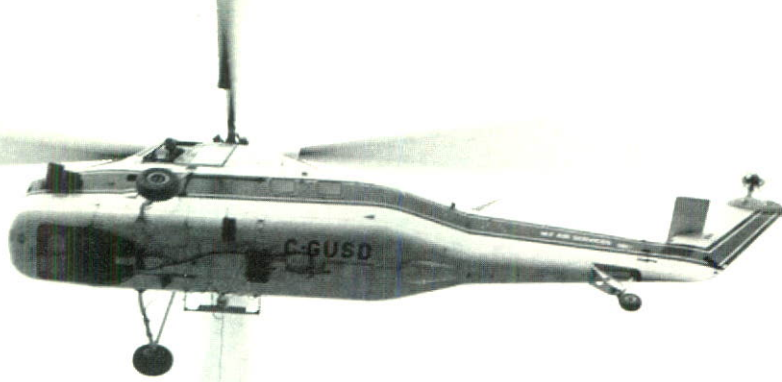


*Isabelle Reinertson presents safety statistics to school principals.*

*Norman Horsfield of Kelowna's Jacobsen Collision straightens a frame.*







## Greater Vancouver and The Lower Mainland

From its location on the Lonsdale Quay in North Vancouver, the head office of the Insurance Corporation directs the business of settling auto insurance claims in 47 service offices around the province, from Fort St. John in the north, to Trail in the south.

Twenty-six of these offices are situated in Vancouver and the Lower Mainland where approximately half of B.C.'s motor vehicles are registered. 2,039 employees in these offices settled 270,000 Autoplan claims in 1984, for a total amount in excess of \$190 million.

The handling of claims in the Lower Mainland begins with the report of an accident to Dial-a-Claim Central—one telephone number that serves a network of claim centres. This one call records the basic information required to process the claim, and expedites the settlement procedure. Calls to Dial-a-Claim in 1984 totalled 310,000. The greatest number in one day was recorded November 13, when 2065 calls were received.

In addition to the daily 'fender-bender' claims, highly trained and efficient claim centre employees are geared to handle crisis situations, special injury cases and unusually large property damage claims.

Their ability to work fast and effectively was dramatically demonstrated in the handling of the disastrous October flash flood in the wilderness area of Pemberton, where vacationing motorists found their vehicles trapped and damaged in the ravaging waters. Only the ingenuity and skills that

*A unique helicopter operation organized by ICBC estimators and adjustors, rescued vehicles valued at \$250,000 from the fierce flood waters of Pemberton last October.*





organized a unique helicopter operation lifting 20 of the vehicles to dry ground, prevented total loss.

The North Vancouver Claim Centre, managed by Mike Flick, was responsible for the operation which was carried out swiftly, keeping losses to a minimum.

Claim Supervisor Wes Thompson headed the rescue team. "We'd seen T.V. coverage, but the area was far worse when we saw it ourselves. The valley residents were thankful to see us, since we were first on the scene, ready to pay for insured losses and help get their cars running again. People were impressed, and very warm in their appreciation. All in all, we were proud of our adjusters and estimators. They did a great job under terrible conditions."

When it comes to performing as good corporate citizens, ICBC Head Office people provide excellent role models. Tom Holmes, the President of ICBC, was the 1984 Chairman of the United Way Campaign of the Lower Mainland and with \$9,803,650, took the campaign over the top for only the second time in fourteen years. With a generous \$85,771, ICBC employees led all Crown Corporations in staff donations to the United Way.

In addition to about \$90 million circulated in the community by Autoplan agents and ICBC employees, further benefits to local economies come in the form of grants paid to municipalities in lieu of taxes. The largest amount in 1984 – \$914,829 – was received by the City of North Vancouver. The total amount paid by the Corporation to all Greater Vancouver municipalities in 1984, was \$1,978,196.





# Investments

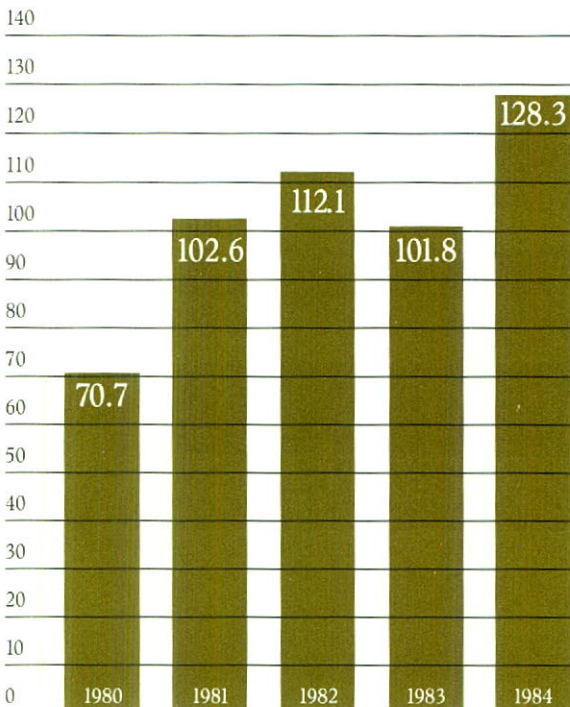
## Investment Portfolio as at December 31, 1984

	\$ Million	%
Federal	\$ 880.3	76.2
Provincial	133.8	11.6
Municipal	22.1	1.9
Corporations	70.7	6.1
Canadian Dollar Eurobonds	6.9	0.6
Call Loans	4.9	0.4
Canadian Bonds in U.S. Dollars	37.1	3.2
	<u>\$1,155.8</u>	<u>100.0</u>



## Autoplan Investment Income 1980-1984

Millions of Dollars



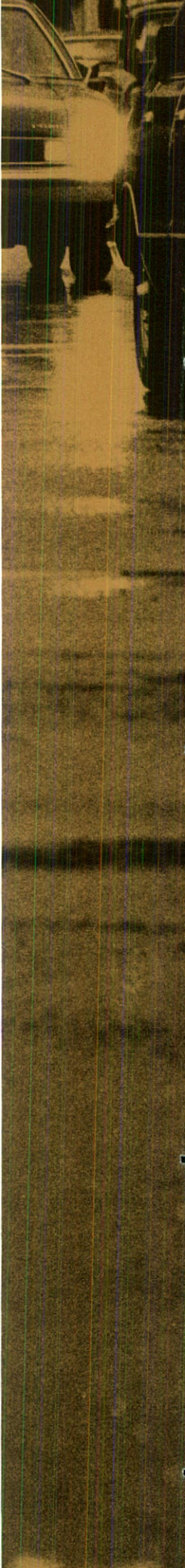
The investment fund of the Corporation is invested in trust on behalf of the policyholders and claimants. It consists of amounts required to meet claims, and premiums received for coverage which extends into the future.

Each dollar of investment income substitutes for a dollar of premium income. For 1984 the Autoplan investment income of \$128.3 million meant that the policyholders did not have to pay that amount in premiums – a saving, on average, to each policyholder of about \$70.

Interest rates were volatile during the year, rising in the first half before commencing a decline in July which carried through to December. The Corporation's average yield on investments during 1984 was 11.89%. Included were net capital gains of nearly \$9 million realized on the sale of some medium term bonds during the year.

The Corporation invests only in Canadian organizations, trying to earn the best available return on short and medium term government, bank and corporate debt instruments. The Corporation is committed to the continuation of its policy of giving preference to B.C. based organizations and to borrowers who conduct a substantial part of their business in British Columbia.

Investment income, at \$128.3 million, up from \$101.8 million in 1983 is 15.2% of the Autoplan Fund's revenue for 1984.







# Autoplan Fund

Operations of the Insurance (Motor Vehicle) Act Fund for the year ended December 31, 1984 produced an income of \$9.9 million. Total revenues including investment income of \$128 million were \$844 million while claim costs and operating expenses totalled \$834 million.

Net premiums written during the year were \$734 million, up from \$711 million in 1983. Premiums earned were \$715 million. The average premium per policy was \$390. Policyholders' patterns of buying insurance coverage and deductible levels continued to change slightly compared to 1983. Only 51% of policyholders purchased Collision coverage compared to 53% in the previous year. Extended Third Party and Comprehensive coverage purchases remained virtually unchanged while the purchase of Underinsured Motorist Protection increased 6% over 1983. The trend away from low collision deductibles continued, though at a slower pace than the previous year. The average premium paid, for the majority of British Columbia vehicle owners, increased by less than 3% in 1984.

The total cost of claims incurred in 1984 was \$660 million. Overall there was a 4% increase in the average cost of a claim reported in 1984.

The cost of physical damage claims increased 2% in 1984. The actual number of claims recorded was virtually the same as the previous year while continued severity control procedures contributed in holding the average cost of a claim to within 2% of the 1983 cost. This was largely due to the Corporation's Auto Parts Price Control program.

In total, the cost of injury-related claims (bodily injury, accident and death benefits) continued to rise although less dramatically than in the 1981-83 period. The number of deaths declined 7% but bodily injury claims remained the same, while accident benefit claims increased 7% over 1983. Bodily injury severity is 6% higher than the previous year.

Claim operations expense totalled \$63 million, unchanged from the previous year.

Administrative expenses totalled \$63 million, up 2% from 1983. Reduced staffing and improved productivity enabled the Corporation to reduce actual expenditures, but it was considered necessary to fully provide, at a cost of \$8 million, for unpaid Finance Plan accounts. The Finance Plan was discontinued effective January 1, 1984.

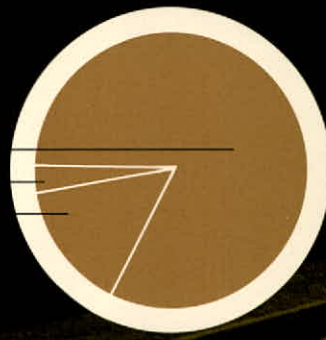
Commission expense, which increased by 17% over 1983, amounted to \$48 million. Agents who are paid commission handled more business due to the withdrawal from most Autoplan business by Motor Licence Offices and government agents at the beginning of 1984.



12 Months Ended December 31, 1984

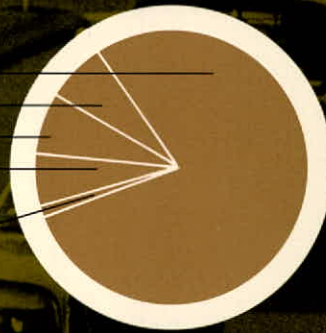
AUTOPLAN INCOME

	<i>\$ Millions</i>	%
Vehicle premiums earned	693.5	82
Driver premiums earned	21.8	3
Investment income	128.3	15
	<u>\$843.6</u>	<u>100</u>



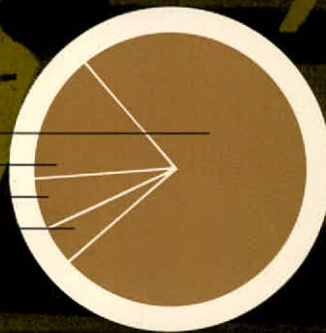
AUTOPLAN INCOME USE

	<i>\$ Millions</i>	%
Claims incurred	660.4	79
Claim operations costs	63.1	7
Administrative costs	62.5	7
Commissions	47.7	6
	<u>833.7</u>	<u>99</u>
Income for the year	9.9	1
	<u>\$843.6</u>	<u>100</u>



VEHICLE PREMIUMS WRITTEN BY CATEGORY

	<i>\$ Millions</i>	%
Private passenger	535.6	75
Light commercial	105.6	15
Heavy commercial	46.4	6
Recreational	25.7	4
	<u>\$713.3</u>	<u>100</u>



AUTOPLAN CLAIMS INCURRED

	<i>\$ Millions</i>	%
Bodily injury	399.6	61
Accident benefits	21.0	3
Property damage	98.2	15
Collision	83.9	13
Comprehensive	48.7	7
Other	9.0	1
	<u>\$660.4</u>	<u>100</u>





# Unpaid Claims

Unpaid claims includes a provision for reported and unpaid claims and related expenses, based on the claim settlement experience of the Corporation, current trends and a detailed review of claim files. Also included is an estimate for unreported claims.

Year	Insurance (Motor Vehicle) Act Fund (\$ Thousands)
1980 and prior	\$ 94,084
1981	85,645
1982	149,314
1983	243,215
1984	<u>379,554</u>
Total unpaid claims at December 31, 1984	<u>\$951,812</u>

## Five Year Comparison

	Year Ending Dec. 31				
	1984	1983	1982	1981	1980
<b>AUTOPLAN INSURANCE</b>					
Vehicle policies	1,834,000	1,833,000	1,821,000	1,873,000	1,805,000
Premium income (\$000)	715,000	695,000	658,000	562,000	419,000
Average premium (\$)	390	379	361	300	232
Number of claims for policy year	443,000	443,000	476,000	480,000	477,000
Cost of claims incurred (\$000)	660,000	626,000	609,000	553,000	450,000
Unpaid claims (\$000)	952,000	762,000	624,000	578,000	450,000
Expense ratio %	15	15	14	13	17
Investment income (\$000)	128,300	101,800	112,100	102,600	70,700
Investments at year end (\$000)	1,156,000	898,000	737,000	670,000	554,000
Total assets (\$000)	1,290,000	1,064,000	897,000	837,000	629,000
Income (loss) (\$000)	9,900	4,300	3,200	600	(68,000)
Average number of employees	2,366	2,592	2,684	1,406*	2,228
<b>GENERAL INSURANCE</b>					
Policies written	107,000	121,000	117,000	101,000	106,000
Net premiums earned (\$000)	28,800	29,300	26,300	23,500	21,800
Number of claims recorded	12,000	12,000	13,000	10,000	10,000
Cost of claims incurred (\$000)	19,000	18,000	19,000	17,000	13,000
Investment income (\$000)	4,200	4,300	5,000	4,400	3,100
Income (\$000)	200	1,200	100	1,300	1,800
Average number of employees	124	132	169	104*	159

\*For 5 months of 1981 about 2,200 employees were involved in a labour dispute with the Corporation.



# Insurance (Motor Vehicle) Act Fund

## Statement of Operations

year ended December 31, 1984

	<u>1984</u>	<u>1983</u>
	<i>(\$ Thousands)</i>	
Revenue		
Vehicle premiums written	\$713,295	\$686,765
Driver premiums written	<u>20,994</u>	<u>23,777</u>
	<u>734,289</u>	<u>710,542</u>
Vehicle premiums earned	693,456	670,621
Driver premiums earned	<u>21,798</u>	<u>24,469</u>
	<u>715,254</u>	<u>695,090</u>
Claim costs		
Claims incurred	660,353	625,674
Claim operations expense	<u>63,130</u>	<u>63,502</u>
	<u>723,483</u>	<u>689,176</u>
Expenses		
Administrative	62,550	61,418
Commissions	<u>47,689</u>	<u>40,726</u>
	<u>110,239</u>	<u>102,144</u>
Total claims and expenses	<u>833,722</u>	<u>791,320</u>
Underwriting loss	118,468	96,230
Investment income	<u>128,330</u>	<u>101,841</u>
	9,862	5,611
Non-recurring expense	<u>—</u>	<u>1,275</u>
Income for the year	9,862	4,336
Unappropriated surplus		
—beginning of year	<u>12,544</u>	<u>8,208</u>
Unappropriated surplus		
—end of year	<u>\$ 22,406</u>	<u>\$ 12,544</u>



# Statement of General Insurance and Other Operations

year ended December 31, 1984

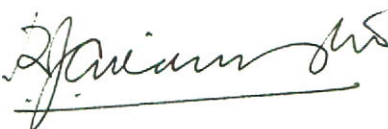
	<u>1984</u>	<u>1983</u>
	<i>(\$ Thousands)</i>	
Revenue		
Gross premiums written	<u>\$30,703</u>	<u>\$34,839</u>
Net premiums written	<u>27,100</u>	<u>31,107</u>
Net premiums earned	<u>28,780</u>	<u>29,280</u>
Net claim costs	<u>19,913</u>	<u>19,335</u>
Expenses		
Administrative	5,470	5,786
Commissions	6,489	6,346
Premium taxes	909	951
	<u>12,868</u>	<u>13,083</u>
Total claims and expenses	<u>32,781</u>	<u>32,418</u>
Underwriting loss	4,001	3,138
Investment income	<u>4,236</u>	<u>4,346</u>
Income from General Insurance operations	235	1,208
Loss from other operations	—	(122)
Non-recurring expense	—	(108)
Loss on sale of General Insurance operations (Note 12)	<u>(5,329)</u>	<u>—</u>
Income (loss) for the year	<u>(5,094)</u>	<u>978</u>
Unappropriated retained earnings		
— beginning of year	1,872	1,394
Appropriation from (to):		
Catastrophe reserve	6,500	(500)
Rate Stabilization reserve	<u>5,100</u>	<u>—</u>
Unappropriated retained earnings		
— end of year	<u>\$ 8,378</u>	<u>\$ 1,872</u>



# Balance Sheet as at December 31, 1984

	<u>1984</u>	<u>1983</u>
	<i>(\$ Thousands)</i>	
<b>ASSETS</b>		
Cash in hands of agents	\$ 1,496	\$ 1,175
Investments (Note 5)	1,155,808	933,973
Accounts receivable	25,155	64,181
Deferred premium acquisition expenses	17,830	19,705
Property and equipment (Note 6)	89,284	90,475

Approved by the Board:

Director: 

Director: 

<u>\$1,289,573</u>	<u>\$1,109,509</u>
--------------------	--------------------



	<u>1984</u>	<u>1983</u>
	<i>(\$ Thousands)</i>	
<b>LIABILITIES</b>		
Bank indebtedness	\$ 5,596	\$ 6,863
Accounts payable and accrued charges	23,030	23,752
Motor Vehicle Department	1,186	3,433
Premiums in advance	18,181	14,095
Unearned premiums (Note 8)	258,984	255,955
Unpaid claims (Note 9)	<u>951,812</u>	<u>779,395</u>
	1,258,789	1,083,493
Insurance (Motor Vehicle) Act Fund unappropriated surplus	<u>22,406</u>	<u>12,544</u>
	<u>1,281,195</u>	<u>1,096,037</u>
<b>RETAINED EARNINGS</b>		
Rate Stabilization reserve (Note 4)	—	5,100
Catastrophe reserve (Note 4)	—	6,500
Unappropriated retained earnings	<u>8,378</u>	<u>1,872</u>
	<u>8,378</u>	<u>13,472</u>
	<u>\$1,289,573</u>	<u>\$1,109,509</u>



# Statement of Changes in Financial Position

year ended December 31, 1984

	<u>1984</u>	<u>1983</u>
	<i>(\$ Thousands)</i>	
Resources provided:		
From Insurance (Motor Vehicle) Act Fund operations (Note 10)	\$ 19,558	\$ 12,143
From General Insurance and other operations (Note 10)	235	978
Increase in unearned premiums	3,029	17,279
Increase in unpaid claims	172,417	136,547
Decrease in finance plan receivables	29,803	5,929
Increase in premiums in advance	4,086	4,761
Sale of property and equipment	3,967	504
Net decrease in other assets and liabilities	10,376	917
	<u>243,471</u>	<u>179,058</u>
Resources applied:		
Purchase of property and equipment	12,472	22,750
Decrease in fees payable to Motor Vehicle Department	2,247	1,068
Loss on sale of General Insurance operations (Note 12)	5,329	—
	<u>20,048</u>	<u>23,818</u>
Increase in resources for year	223,423	155,240
Investments and net cash – beginning of year	928,285	773,045
Investments and net cash – end of year	<u>\$1,151,708</u>	<u>\$ 928,285</u>



# Notes to Financial Statements

December 31, 1984

## 1. STATUS OF THE CORPORATION

The Insurance Corporation of British Columbia (the Corporation) is a Crown corporation incorporated under the Insurance Corporation Act, R.S.B.C. Chapter 201. The Corporation has the power and capacity to act as an insurer and reinsurer in all classes of insurance and to operate and administer the Insurance (Motor Vehicle) Act Fund.

The Insurance (Motor Vehicle) Act Fund is, by legislation, a separate entity for financial reporting purposes. A statement showing the results of the operation of the Fund is included with the financial statements of the Corporation. The balance of the Fund, which represents its accumulated unappropriated surplus, is reflected in the balance sheet of the Corporation. The Fund consists of the revenues and expenses attributable to the Insurance (Motor Vehicle) Act Fund operations. All assets and liabilities are held by the Corporation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Basis of Reporting**

As prescribed by Section 21(4) of the Insurance Corporation Act, the financial statements of the Corporation are presented in accordance with generally accepted accounting principles.

### **Investments and Investment Income**

Investments are carried at amortized cost plus accrued interest. Premiums or discounts on bond purchases are amortized over the term to maturity of each bond.

Income on interest bearing securities is accrued on a daily basis. Capital gains and losses on sales of securities are recognized as they occur.

### **Deferred Premium Acquisition Costs**

Commissions are expensed over the terms of the insurance policies to which they relate.

### **Depreciation and Amortization**

Depreciation is provided on a straight-line basis commencing in the month following

that in which assets are placed in services, at rates which will depreciate the original cost over the useful life of each asset. Leasehold improvements are amortized over the term of each lease plus the first renewal period where appropriate.

### **Leases**

Leases are classified as capital or operating leases. A lease which transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases whereby rental payments are expensed as incurred. The capitalized lease obligations reflect the present value of future rental payments discounted at the interest rates implicit in the leases. The corresponding amounts are capitalized and depreciated over the assets' estimated useful lives.

### **Unearned Premiums**

The liability for unearned premiums is the portion of premiums that relates to the unexpired term of each vehicle policy or driver's premium.

### **Unpaid Claims**

Unpaid claims includes a provision for reported and unpaid claims and related expenses, based on the claim settlement experience of the Corporation, current trends and a detailed review of claim files. Also included is an estimate for unreported claims.

## 3. REINSURANCE

The Corporation underwrites and reinsures policies of insurance which, in the main, limit the liability of the Corporation to the maximum amount on any one loss of \$1,000,000. In addition the Corporation has obtained reinsurance providing coverage of \$80,000,000 which limits the Corporation's liability to \$2,412,500 in the event of a series of claims arising out of a single occurrence. These reinsurance arrangements do not discharge the Corporation's obligation as primary insurer.



#### 4. RESERVES

Due to the decision to sell the General Insurance and Rate Stabilization reserves have been returned to the operations, the funds appropriated to the Catastrophe and unappropriated retained earnings.

#### 5. INVESTMENTS

	<i>Dec. 31, 1984</i>		<i>Dec. 31, 1983</i>	
	<i>Cost</i>	<i>Market</i>	<i>Cost</i>	<i>Market</i>
	<i>(\$ Thousands)</i>			
Short-term deposit receipts, call loans and notes	\$ 189,688	\$ 189,688	\$ 213,974	\$ 213,974
Bonds	966,120	969,440	719,999	696,560
	<u>\$1,155,808</u>	<u>\$1,159,128</u>	<u>\$ 933,973</u>	<u>\$ 910,534</u>

#### 6. PROPERTY AND EQUIPMENT

	<i>Dec. 31, 1984</i>		<i>Dec. 31, 1983</i>	
	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	<i>Net Book Value</i>
	<i>(\$ Thousands)</i>			
Land	\$ 14,286	\$ —	\$ 14,286	\$ 14,010
Buildings	72,572	16,648	55,924	58,934
Furniture and equipment	20,870	9,502	11,368	12,314
Computers under capital lease	8,257	783	7,474	4,889
Leasehold improvements	747	515	232	328
	<u>\$ 116,732</u>	<u>\$ 27,448</u>	<u>\$ 89,284</u>	<u>\$ 90,475</u>

Depreciation has been charged at the following rates – buildings 5-10%; furniture and equipment 10-50%; computers under capital lease 25-40%.

Depreciation expense for the year ended December 31, 1984 amounted to \$9,696,000 (1983 – \$7,807,000).

#### 7. OBLIGATION UNDER CAPITAL LEASES

The following is a schedule of future minimum lease payments under capital leases.

<i>Year Ended December 31</i>	<i>(\$ Thousands)</i>
1985	\$ 2,861
1986	2,844
1987	2,164
1988	995
Total minimum lease payments	8,864
Less: Amounts representing interest	(1,847)
Present value of the minimum lease payments	<u>\$ 7,017</u>

Interest expensed in the year ended December 31, 1984 amounted to \$719,000 (1983 – \$536,000).

#### 8. UNEARNED PREMIUMS

	<i>Dec. 31, 1984</i>	<i>Dec. 31, 1983</i>
	<i>(\$ Thousands)</i>	
Insurance (Motor Vehicle) Act Fund	\$ 258,984	\$ 240,696
General Insurance	—	15,259
	<u>\$ 258,984</u>	<u>\$ 255,955</u>

#### 9. UNPAID CLAIMS

	<i>Dec. 31, 1984</i>	<i>Dec. 31, 1983</i>
	<i>(\$ Thousands)</i>	
Insurance (Motor Vehicle) Act Fund	\$ 951,812	\$ 762,057
General Insurance	—	17,338
	<u>\$ 951,812</u>	<u>\$ 779,395</u>



## 10. CASH FLOW FROM OPERATIONS

	<i>Twelve Months Ended</i>	
	<i>Dec. 31, 1984</i>	<i>Dec. 31, 1983</i>
	<i>(\$ Thousands)</i>	
Insurance (Motor Vehicle) Act Fund		
Income for the year	\$ 9,862	\$ 4,336
Depreciation and amortization	9,696	7,807
Cash flow from operations	<u>\$ 19,558</u>	<u>\$ 12,143</u>
General Insurance and other operations		
Income from General Insurance operations	\$ 235	\$ 1,208
Other operations and non-recurring item	—	(230)
Cash flow from operations	<u>\$ 235</u>	<u>\$ 978</u>

## 11. PENSION PLAN

Certain employees participate in a contributory pension plan and are entitled to vested interests prior to retirement.

Employees contribute a specified percentage of salaries. The Corporation contributes to the plan all amounts as actuarially determined, over and above employee contributions, to fund the benefits earned by employees under the plan.

The plan is subject to an actuarial evaluation at least once in every three years. The most recent evaluation, effective December 31, 1984, determined the Plan to be actuarially sound.

Contributions by the Corporation for the year ended December 31, 1984, were \$3,429,000 (1983 - \$3,292,000).

## 12. SALE OF GENERAL INSURANCE OPERATIONS

In May 1984, the government of the province of British Columbia announced its intention to find a buyer for the general insurance operations of the Corporation.

To facilitate a potential sale the Corporation incorporated and federally licensed Canadian Northern Shield Insurance Company, to which certain assets and liabilities of the General Insurance Division were transferred

in January 1985 in exchange for common and preferred shares.

On February 18, 1985, the Corporation sold the shares of Canadian Northern Shield Insurance Company for \$9,000,000. The estimated loss on the sale, including the costs to sell and General Insurance operating results after December 31, 1984, has been reported in the statement of General Insurance and Other Operations. The proceeds of the sale are included in the Corporation's investments.

The Corporation remains contingently liable under policies of insurance issued by the General Insurance Division, and under contracts of reinsurance placed with unlicensed reinsurers covering the period to December 31, 1984.

## 13. RELATED PARTY TRANSACTIONS

The Corporation is the sole provider of compulsory automobile insurance in British Columbia and, therefore, insures vehicles owned or leased by the government of the province and its controlled entities. The Corporation also acts as agent for the Motor Vehicle Branch regarding the collection of motor vehicle licence fees and the Ministry of Consumer and Corporate Affairs regarding the collection of the social services tax on privately sold used vehicles.

# Auditors' Report

The Honourable James J. Hewitt  
Minister of Consumer and  
Corporate Affairs  
Province of British Columbia

We have examined the balance sheet of the Insurance Corporation of British Columbia as at December 31, 1984, the statements of general insurance and other operations and changes in financial position of the Corporation and the statement of operations of the Insurance (Motor Vehicle) Act Fund for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1984, the results of its operations and the changes in its financial position and the results of the operations of the Insurance (Motor Vehicle) Act Fund for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Touche Ross & Co.*

CHARTERED ACCOUNTANTS  
Vancouver, British Columbia  
February 18, 1985



## BOARD OF DIRECTORS

Raymond J. Addington (\*)  
*Chairman of the Board*  
*President*  
*Kelly, Douglas and Company Limited*

Thomas E. Holmes (\*)  
*President and Chief Executive Officer*

The Honourable James J. Hewitt (\*) (†)  
*Minister of Consumer and Corporate Affairs*  
*Province of British Columbia*

Isabelle Chisholm (††)  
*President*  
*Chisholm Industries Limited*  
*Vancouver, B.C.*

Walter H. Dyck (\*\*)(†)  
*Senior Partner*  
*Pannell Kerr Forster, Chartered Accountants*  
*Vancouver, B.C.*

Lawrence B. Eberhardt (\*\*)(†)  
*Cobble Hill, B.C.*  
*Formerly Chairman, President and*  
*Chief Executive Officer*  
*Neon Products Canada Ltd.*

F. David Radler (\*) (\*\*)(††)  
*President*  
*Sterling Newspapers Ltd.*  
*Vancouver, B.C.*

Donald N. Watson (†)  
*Vice Chairman of the Board*  
*B.C. Resources Investment Corporation*  
*Vancouver, B.C.*

W. Robert Wyman (\*) (†)(††)  
*Chairman*  
*Pemberton Houston Willoughby Inc.*  
*Vancouver, B.C.*

## MAJOR COMMITTEES OF THE BOARD

(\*) *Executive Committee*  
(\*\*) *Audit Committee*  
(†) *Budget Committee*  
(††) *Investment Committee*

## PRESIDENT'S COMMITTEE

T. E. Holmes  
*President and Chief Executive Officer*

J. W. Bardua  
*Vice-President, Administration*

M. B. McCarthy  
*Vice-President, Insurance Operations*

D. J. McLean  
*Manager, Information Services*

B. F. Pearson  
*Vice-President, Claims*

C. B. Penhall  
*Manager, Public Information*

R. H. Power  
*Vice-President, Finance and Planning*

H. G. Reid  
*Corporate Secretary and General Counsel*

## CLAIM SERVICE LOCATIONS

### Lower Mainland

Burnaby  
Chilliwack  
Coquitlam  
East Vancouver  
Kingsway  
Langley  
Matsqui  
North Vancouver  
Powell River  
Richmond  
South West Marine  
Squamish  
Surrey  
West Broadway

### Vancouver Island

Campbell River  
Courtenay  
Duncan  
Nanaimo  
Port Alberni  
Port Hardy  
Victoria

### Northern B.C.

Dawson Creek  
Fort St. John  
Prince George  
Prince Rupert  
Smithers  
Terrace

### Cariboo

100 Mile House  
Quesnel  
Williams Lake

### Okanagan

Kamloops  
Kelowna  
Penticton  
Revelstoke  
Salmon Arm  
Vernon

### Kootenays

Cranbrook  
Nelson  
Trail

**ADMINISTRATIVE OFFICE:** 151 West Esplanade, North Vancouver, B.C. V7M 3H9

**AUDITORS:** Touche Ross & Co., Chartered Accountants, Vancouver, B.C.

**BANKER:** The Royal Bank of Canada, Vancouver, B.C.