

# Insurance Corporation of British Columbia Fourteenth Annual Report

For the 12 months ended  
December 31, 1986



British Columbia is a province of bridges — 2,650 of them, from the old Indian crossing at Haguelget to the 2,525 metre Alex Fraser Bridge opened on September 22, 1986.

In this 1986 Annual Report, we view the province from its bridges. Not only because these often unique structures are the focus of striking landscapes, but because the Insurance Corporation builds bridges, too: Bridges to insurance protection, wherever B.C. drivers travel; bridges to improved safety standards; bridges to compensation and rehabilitation. Our bridges are invisible. But they support every B.C. driver.



*Bedspring Suspension Bridge curves through Vancouver Island forest on a logging road between Port Renfrew and Shawnigan Lake.*



# *The year at a glance.*

Claims — nearly 540,000.

— The highest number ever reported in one year: An increase over 1985 of 20% in injury-related claims; an increase of 10% in physical damage claims.

Claims Incurred — \$742.1 million.

Earned Premiums — \$757.7 million.

— Despite a premium rate reduction, income was up, as policyholders purchased increased coverages and reduced deductibles in collision and comprehensive coverages.

Investment Income — \$171.2 million.

— A new high for the Corporation — accounted for 18.4% of total revenue.

Investments — over \$1.5 billion.

— \$465 million in British Columbia, an increase of \$173 million over 1985.

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The year 1986 was memorable for residents of British Columbia. It brought Expo 86 and millions of visitors to the province. It brought an improved economy, particularly for the young employed in service industries. It brought a buoyancy to the mood of the province.

For the Insurance Corporation of British Columbia, also, the year was memorable, for a number of reasons.

Though rate changes were expected to result in a decrease of 6.5% in the average premium, earned premium income actually rose by \$15 million as most motorists used the savings to buy increased protection.

More motorists purchased collision coverage than in 1985, and many reduced their deductible. Many purchased higher third party limits. For the first time, the number of policyholders who had \$1 million or more third party protection reached 69%, compared with 65% in 1985.

Increased coverage led to more claims. During 1986, more claims were reported to the Corporation than in any year in the past — over 539,000. The decline in injuries and deaths on

B.C. roads in 1985, combined with good financial results that year, prompted the premium reduction; but 1986 followed a pattern closer to 1984 and earlier years.

Injury-related claims reported were up 20% over 1985, and physical damage claims were up over 10%. This led to a total claims-incurred cost of \$742 million, \$88 million higher than in 1985. Even after adjusting for the number of claims which were related to the unusual traffic volume created by Expo 86, the claims trends indicated the need for an increase in rates for 1987. A 4.5% increase in the average premium was announced November 13, 1986.

Though an increase in claims reported of about 5% over 1985 was anticipated, the actual level of claims received was higher. As a result, claims operations expenses were \$5 million greater. Administrative expenses were \$1 million more than in 1985, but were less than expected, largely due to increased collection of interest on overdue accounts and a reduction in provisions for doubtful accounts.

Average staffing increased over 1985 by 105 to 2,415. The increased staff is mainly involved in the claims settlement process — 90 in claims operations and 15 in administration. This trend is likely

to continue through 1987.

Commissions earned during the year by the independent agents who handle Autoplan transactions increased by more than \$6 million over 1985. This was due mainly to increased purchases of new coverages, reduced deductibles in collision and comprehensive coverages, and higher limits of third party coverage. Agents also received a modest fee for the new plate replacement program of the Motor Vehicle Department.

Most of the Corporation performance standards showed improvement over 1985, but some improved at the expense of customer service. It is intended that service will be returned to appropriate standards in 1987.

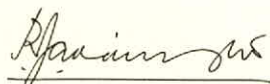
The investment portfolio at December 31, 1986 rose to \$1.546 billion, of which over \$465 million is invested in the province of British Columbia, \$360 million in B.C. based institutions. Investment income for the year rose to \$171 million, 18% of total revenue. Because of the investment income, the cost of the average policy was reduced by \$81.

Activities in traffic safety education continued during the

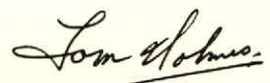


year, with integration of safety-related programs for schools, homes, the workplace and the general community. The Corporation continues to commit over \$3 million annually to these and other loss prevention programs, including Counter-Attack and increased seat belt usage. Corporation research indicates that every increase of 1% in the seat belt wearing rate (currently 75%) results in a potential saving of \$1.5 million in injury and related costs.

The Board of Directors is particularly grateful for the dedication and achievements of Corporation staff and management in a year when unusually heavy workloads were handled with a minimum reduction in service. It is confident that the continuing challenges of 1987 will be as successfully met.



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 1987



*I, to r. back row: Donald N. Watson, Thomas E. Holmes, Lawrence B. Eberhardt, F. David Radler, front row: Hon. Lyall F. Hanson, Isabelle Chisholm, Raymond J. Addington, W. Robert Wyman, Walter H. Dyck.*

## BOARD OF DIRECTORS

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Minister of Labour and Consumer Services  
Province of British Columbia

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F. David Radler\*♦‡  
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Formerly President and Chief Executive  
Officer Canadian Cellulose Ltd. and  
Pacific Western Airlines  
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Chairman  
Pemberton Houston Willoughby Bell  
Gouinlock Inc.  
Vancouver, B.C.

## MAJOR COMMITTEES OF THE BOARD

- \* Executive Committee
- ♦ Audit Committee
- † Budget Committee
- ‡ Investment Committee



## P reventing losses, reducing costs

Traffic accidents have become an everyday occurrence in the fast-moving world of the '80s. They are so commonplace that only the most horrendous are even reported. However, as their numbers and costs continue to climb, they become a matter of concern to every citizen — motorist and pedestrian alike.

Here in British Columbia, the elements of rainy weather, wet roads and mountainous terrain add to the many causes of crashes that contribute to a traffic accident record that is one of the worst in Canada.

*The Insurance Corporation of British Columbia pays out an average of \$2 million in claims every working day of the year. The bulk of these payments comes from the premiums paid by B.C.*

motorists, and, as the cost of claims increases, the cost of auto insurance also increases.

The following pages of this report tell you what the Insurance Corporation and its people are doing to prevent losses and reduce costs.

## R ehabilitation: New directions on the long road back

The rehabilitation of injured traffic accident victims is one of the most meaningful and effective of the many "bridges" of the Insurance Corporation of British Columbia.

ICBC is the only insurance company in North America with a fully integrated Rehabilitation Department established for the purpose of assisting people who have been severely injured in traffic accidents. The department is actively involved in the development of programs to increase the mobility and independence of seriously disabled persons. This development of independence includes education in new job skills.

Since its start in 1974, this unique ICBC department has helped thousands of accident victims. A great many of these have progressed from a stage of high dependency to active participation in society. Others, more seriously

*David Gilmore, working on his parents' Pemberton farm, is visited by ICBC rehabilitation representative Colleen Bell. Mr. Gilmore, injured on Labour Day, 1984, spent months in hospital and at the G.F. Strong Rehabilitation Centre, where he learned to walk again.*



*Erich Eissler (on right) is director of orthotics at the G.F. Strong Rehabilitation Centre in Vancouver. Orthotics is a branch of medical and mechanical science dealing with the support and bracing of joints and muscles. With Director Eissler are ICBC rehabilitation representatives Maureen Sangha, Anita Gill and Dave McInnes.*



injured, will require continuous care and financial assistance for the remainder of their lives.

The Corporation maintains over \$50 million in reserve funds for the rehabilitation needs of these people. It's an expensive program, but less expensive than the extended care that would be required without the help and retraining it provides.

In 1986, the department participated in rehabilitation programs for more than 1,200 victims of motor vehicle accidents. Although the rate of new cases has declined significantly since legislation made the wearing of seat belts mandatory in B.C., about 250 are added each year. While there has been a notable decline in spinal cord injuries, the incidence of head injuries is increasing. Because of the long periods of time in which the injured remain in therapy, the department's caseload continues to grow.



## Special cases, special people

ICBC's rehabilitation department has a staff of 20, including eight rehabilitation reps. These carefully selected and trained specialists travel to all areas of the province, coordinating medical treatment, financial assistance, physical and occupational therapy, and providing psychological encouragement. Each carries a caseload of about 95 injured people.

Colleen Bell was a claims adjuster before getting into rehabilitation. She now works with accident victims in North and West Vancouver, northern Vancouver Island, the Sunshine Coast and the Pemberton area.

"The hardest part for these people," she says, "is to recover enough to begin to accept what has happened and then find the motivation to put their lives back in order."

Anita Gill works in Northern B.C. and in Vancouver. Among her success stories is that of a young man who suffered head injuries, underwent rehabilitation therapy, and has since earned a master's degree in theology at Dalhousie University, Halifax.

Barbara Skingsley cares for injured victims in the Fraser Valley and the South Okanagan. "It's very difficult," she says, "to keep an emotional distance when you see young people's lives so severely disrupted. But if we let these things affect us in a personal way, we'd be no help at all."

Dave McInnes, a veteran in the Rehabilitation Department, works primarily in the Cariboo area of B.C. "One of the biggest responsibilities facing a rehabilitation representative," Dave says, "is to monitor the outflow of funds available and to ensure that maximum value is achieved for the injured person. With care and attention, \$100,000 can stretch a long way."

Joan Cave cares for accident victims in the Queen Charlotte Islands and the Prince Rupert area and some in the Lower Mainland. She recalls the impressive case of a young logger who suffered a severe leg injury. As he would never be able to return to the forests, a retraining program was required. He had dropped out of school after the tenth grade, but when a vocational test revealed a superior I.Q., he was persuaded to return. Studying between operations and hospitalization, he completed his

high school within a year and went on to work toward a degree in engineering.

Maureen Sangha works in the Kootenays. Among the victims in her care is a girl who suffered head injuries, but is now progressing in the Early Childhood Education Program at the East Kootenay Community College in Cranbrook.

Joan Hunter works in Richmond and in the communities of southern Vancouver Island. Her special interest is Camosun College in Victoria, where some injured are placed in the Basic Vocational Skills Development Program. The ten-month retraining program leads to pre-apprenticeship training in auto mechanics, auto body repairs and electrical work.

Joan says, "People develop skills which might never have been discovered and move toward careers they had never considered. Their lives change completely."

Deborah Hanna works with accident victims in the Lower Mainland and the Okanagan and finds the work rewarding. "Helping these unfortunate people to improve their capabilities," she says, "gives me a real sense of accomplishment."

Tod Millard of Prince George is visited on the campus of New Caledonia College by ICBC's Joan Cave. Mr. Millard is a quadriplegic with limited use of his hands, but his independence and mobility are reinforced through additions and equipment supplied by ICBC for his house and van.



Rudy Maarsman, a Lillooet rancher, suffered his injuries in April, 1985. Since then, ICBC has built an addition to his house and furnished it with ramp, lift, wheelchair, special bed and other equipment. Mr. Maarsman is seen at his home on Texas Creek Road with ICBC representative Barbara Skingsley.



Camosun College, Victoria, offers a vocational skills development program in which ICBC has enrolled many of its rehabilitation clients. In this picture, automotive student Vern Milton displays his work for ICBC's Joan Hunter.



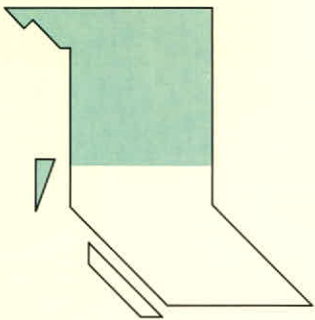
ICBC presents two \$5,000 scholarships annually to students in Rehabilitation Medicine at UBC: one in physical therapy, the other in occupational therapy. Among 1986 UBC graduates were scholarship winners Lynn Brandon, Courtenay and Pamela Miller, Cranbrook. Last year's new scholarship winners were Susan Gadsby, Nanaimo, and Harald Simmerling, Clearwater.



ICBC insures over 150,000 vehicle owners in the vast area of Northern British Columbia. Sixty-seven Autoplan agents are located throughout the territory to handle new and renewal insurance requirements in even the most remote village. Their commissions in 1986 totalled about \$4.7 million.

From claim offices located at Fort St. John, Dawson Creek, Prince George, Prince Rupert, Smithers and Terrace, 74 ICBC employees processed about 50,000 claims in 1986. Settlements for the year were just over \$33 million.

Grants paid to the municipalities in lieu of taxes totalled over \$42,000.



*Deep in the canyon below this spectacular modern bridge near Hazelton lie the remnants of the first Bulkley River crossing — a bridge built by the Carrier Indians of Haguelget — "The Home of the Quiet People." Native builders used rocks, tree trunks, cedar lashings and abandoned telegraph wire to create what has been called "a marvel of primitive engineering." It served for more than half a century.*



*The Parsnip River Bridge, south of Chetwynd, is part of the John Hart Highway, connecting Prince George and Dawson Creek.*



# T

## raffic Safety: leading the world in research and education

As one of its loss prevention "bridges," the Insurance Corporation has made a major commitment to traffic safety. As a result of its programs, major savings are being realized — in lives and in dollars.

Traffic safety activities are directed by two departments within the Insurance Corporation: Traffic Safety Planning and Research, which identifies the causes of accidents, and Traffic Safety Education, which develops programs to counter them.

*Students from schools all over British Columbia attended last fall's Youth Leadership Conference in Vancouver. The three-day conference, co-ordinated by Danae Dagg of ICBC Traffic Safety Education, was designed to help participants establish or maintain safety committees in their schools.*



# G

## etting at the roots of accidents

"ICBC is on the leading edge of driver behavior research," says Peter Rothe of Traffic Safety Planning and Research. Dr. Rothe, manager of research and evaluation, traveled to Amsterdam last year to present a paper at the International Symposium on Young Drivers' Alcohol and Drug Impairment. His presentation led to invitations to address other groups in Germany and Switzerland, and the research method used by ICBC has been adopted by universities in New Zealand and New Mexico. Reports published by the

Insurance Corporation are being given worldwide distribution.

In its research, ICBC collates its own statistics on accidents and claims, reports of police, hospitals and coroners' offices, and other relevant data. The department monitors traffic accidents throughout the province and identifies problems to be targeted for safety education programs.

Five principal objectives have been established:

- Increasing the use of seat belts;
- Reducing the number of drinking drivers;
- Creating traffic safety awareness in young children;
- Developing student leadership in traffic safety.
- Assisting communities in identifying and addressing local traffic safety problems.

Once educational programs have been put into operation, their effectiveness is monitored and assessed. Surveys in the field gather information which may lead to modifications. Thus, the two Traffic Safety departments, Planning/Research and Education, work together in the continuing process of problem identification and program development.

# S

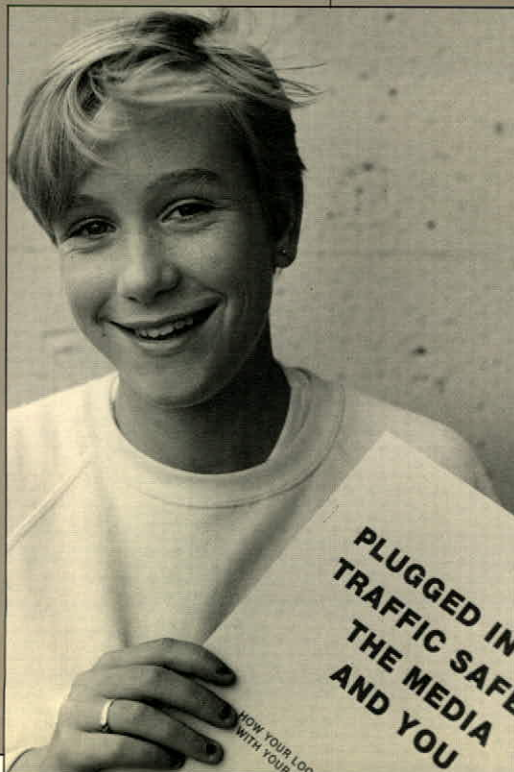
## aving money, saving lives

The Insurance Corporation introduced its Traffic Safety Education program in 1981. Five years later, the program is widely regarded as a model for safety education elsewhere. It is a program that requires a substantial commitment — more than \$3 million a year. But the savings are equally substantial. For example, the rate of seat belt use in British Columbia increased from 58 per cent in 1981 to 75 per cent in 1986. This was due primarily to the campaign led by ICBC. Every increase of 1 per cent results in a potential saving of \$1.5 million, and rehabilitation authorities point to a significant decline in spinal cord injuries since 1981.

ICBC Traffic Safety Education takes place in school rooms, seminars and workplaces; in print, on radio and television, and on the road. Programs reach into every community and involve community leaders, teachers, students and parents; police and law enforcement agencies; doctors, nurses and the province's health care system; business, industry and the communications media.

Part of the stated philosophy of the Insurance Corporation is to "pursue programs to reduce the severity and frequency of accidents and claims." Traffic Safety Education is one of the vehicles for those programs.

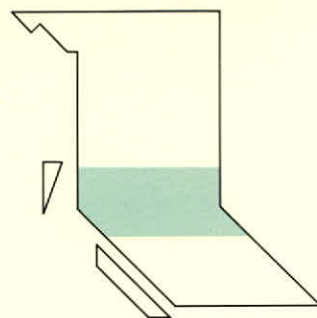
*Carla Worcester of Lansdowne Junior Secondary School, Victoria, was one of the participants at ICBC's Youth Leadership Conference. Theme of the conference: "Steer Yourself Right."*





From claim offices in Williams Lake, 100 Mile House and Quesnel, 18 ICBC employees processed over 12,000 claims in 1986. Settlements paid totalled approximately \$10 million.

Sixteen Autoplan agents wrote policies for 43,000 vehicles, bringing combined commissions of more than \$1 million to the Cariboo.



*Twin bridges cross the Fraser River between Quesnel and West Quesnel. The original 1929 foot bridge is now used for pedestrian traffic, while vehicles drive over the Moffat Bridge.*



*Original home of the Soda Creek Bridge was Alaska; but a Cariboo rancher dismantled it, brought it south, and reconstructed it 25 miles northwest of Williams Lake — despite engineers' warnings that it wouldn't work.*



# T

## raffic Safety: a shared responsibility

Insurance Corporation safety education "bridges" reach British Columbians from tiny tots to truckers. Programs provide instruction aids for teachers, information on drinking and driving for integration in school curricula, health kits and workplace packages promoting correct use of seat belts and child restraints, seminars and conferences on traffic behavior and modification, and advertising support for police campaigns. Included are those directed toward pedestrian safety, a reduction in the number of drinking drivers, and the successful investigation of hit-and-run incidents.

# P

## reparing a safety- conscious generation

A major thrust of ICBC traffic safety education begins in the classroom. From the earliest level, students are taught traffic safety through a variety of imaginative programs. Teachers are provided with materials which can be integrated into existing subject areas; e.g., language arts, social studies, arithmetic and music in elementary schools, and science, social studies, law, consumer education, chemistry and biology at the secondary level.

In both elementary and secondary schools, traffic safety clubs are formed to organize, lead, implement and assess activities. ICBC takes part in the development of leaders for these clubs. Last year, 500 student leaders from all over British Columbia were brought to Vancouver for a conference organized by the Traffic Safety Education Department. The Corporation's goal: a traffic safety committee in every high school in the province.

# A

## wards for student safety programs

In 1981, ICBC and the Ministry of Attorney General introduced the Traffic Safety Award program to 2,000 schools. In 1986, winners were announced in 27 elementary schools and 26 secondary

ICBC has led the way in campaigning for seat belt use in British Columbia. The rate of seat belt usage is now 75 per cent, highest in North America.



Captain Click Choir at Victoria's Cordova Bay School shows safety education can be entertaining and effective. Captain Click is the cartoon character created by ICBC to remind children to buckle their seat belts.



schools. Each received certificates, plaques and cash prizes of \$300 to finance further safety programs.

Winning entries included booklets, posters, audio cassettes and video tapes. Most elementary school entrants focused on seat belt use and bicycle safety. Most secondary school entrants concentrated on drinking-driving prevention.

# A

## adult drivers targeted through special groups

To reach adult drivers, ICBC works right in the community and directs traffic safety programs through business and industry, volunteer organizations, local government and police activities, and professional drivers' groups. Among the Corporation's community programs:

### CounterAttack

Since 1977, ICBC and the Ministry of Attorney General have worked to reduce deaths and injuries caused by drinking drivers through CounterAttack. This partnership enters its tenth year with an expanded effort highlighted by the first-ever province-wide Spring Blitz.

ICBC Traffic Safety personnel work closely with community groups to support police enforcement efforts with high profile publicity and public education. CounterAttack's continuing success is reflected by its tenth anniversary theme: "A Decade Down A Safer Road."

### Fleet Safe Driving Awards

This program, the first exclusively for professional drivers in B.C., is sponsored by ICBC, the B.C. Motor Transport Association and the Canadian Association of Fleet Supervisors. Drivers eligible for the awards are those who spend more than 60 per cent of each work day behind the wheel, e.g., truckers, coach operators, taxi drivers, ambulance drivers, fire department and police officers.

### Living Proof

Traffic accident survivors who were saved by seat belts receive certificates and decals that declare "I'm Living Proof" that seat belts work.

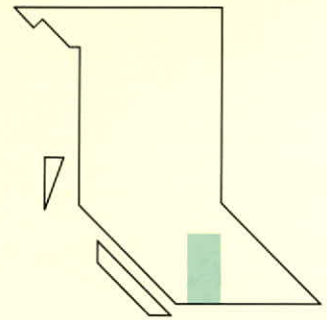
To reach its audiences, ICBC uses every community resource and every medium of communication. The goal: To continually raise the standards of traffic safety in British Columbia — reducing the incidence and severity of accidents, saving lives and dollars.



ICBC employs 104 people in its Okanagan offices, where some 63,000 claims were filed in 1986. The Insurance Corporation paid out \$42 million in settlements to residents of the Okanagan district during the year.

Commissions in excess of \$6.8 million were earned by 97 agents who provided information and advice and transacted Autoplan business for nearly 250,000 vehicle owners in the area.

The cities of Kamloops, Kelowna, Vernon and Penticton received grants totalling over \$115,000, paid by ICBC in lieu of taxes.



*"I drove the Coquihalla" reads the bumper sticker on countless vehicles. This bridge through the Coquihalla Pass is part of the new highway linking the lower mainland with the interior of B.C., taking drivers through spectacular scenery few had seen before.*



*It was the summer of 1958 when Princess Margaret cut the ribbon to open the Okanagan Lake Bridge. That is the formal name of the crossing between Kelowna and the lake's west bank, but it is popularly known as the Okanagan floating bridge. To suit sub-surface conditions, the bridge was designed with floating piers, concrete pontoons and a steel-decked lift span.*



## Taking the lead in hi-tech training

In its commitment to loss prevention and control in the area of material damage and repairs, the Insurance Corporation maintains on-going programs that provide extensive benefits to both the motoring public and the automotive repair and service industry. With a major involvement in research and training, ICBC is the only Canadian member of the Research Committee for Automobile Repairs, a worldwide organization of automobile insurers dedicated to increasing the safety and cost effectiveness of collision repairs.

program in the field of accident reconstruction. The results of crash barrier tests conducted with salvage vehicles are being analyzed and used in a computerized accident reconstruction program.

It is now the practice of major American insurance companies to rate vehicles on the basis of damageability and to provide premium discounts or surcharges in accordance with a vehicle's repairability. Because of this, design engineers are listening to the insurance industry's suggestions for design changes to make cars more crash-resistant and economical to repair, and ICBC is actively involved in these

are featured in ICBC's training workshops.

Designed to be used in conjunction with seat belts, the airbag is considered excellent protection in front end collisions. In an impact exceeding 15 mph, it inflates in a twenty-fifth of a second.

The ICBC involvement in training bodyshop employees is unique. Very few insurance companies anywhere in the world can do this, because they have only a small percentage of the market. If one company were to train bodyshop technicians, their competitors would benefit. Because ICBC is virtually the only auto insurer in B.C., direct cost benefits are derived from well-trained bodyshops.



*Airbag demonstrations by ICBC surprise participants and amuse onlookers, but airbags have been proven effective in providing almost total upper body protection in vehicle collisions. Airbags are computer-controlled and deliver immediate, automatic protection on impact. The bag balloons from the steering wheel, filling with nitrogen gas. The entire operation takes a twenty-fifth of a second.*

Through this "bridge," the Corporation keeps its staff up-to-the-minute on high-tech developments and, in special training sessions, teaches these to technicians in bodyshops around the province. The result is more efficient and economical methods of repair, and as the yearly cost of insurance is directly related to the total cost paid by the Corporation to repair damaged vehicles, a considerable saving to motorists is realized.

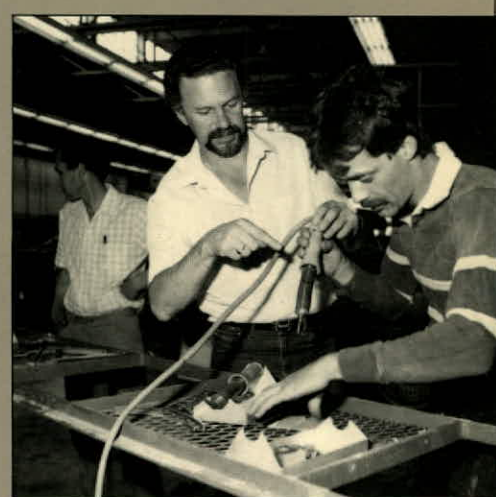
ICBC pioneered plastic repairs in British Columbia and spearheaded the training programs of the Inter-Industry Conference on Auto Collision Repairs (I-CAR) in the province. This international body works with regional councils to improve the cost effectiveness and safety of vehicle repair by updating the technical skills of bodyshop staff. The Insurance Corporation and the University of B.C. are engaged in a joint research

concerns. For example, when the requirement for bumpers to withstand impacts of 5 mph was lowered to 2.5 mph in the United States, ICBC submitted a brief to the Canadian government urging that the higher standard be maintained in Canada.

Changes being recommended by insurance companies include designing fenders so that when they are crumpled in a collision they don't push back into the windshield and break it; moving the battery and computers away from the front of the car to prevent them from being smashed in a low-speed collision; improving theft resistance of stereo systems. Even changes such as these would reduce repair costs significantly.

Apart from the cost factor, one of the main goals of the designers and manufacturers is the protection of car occupants. Passive restraints — safety equipment that requires no action by the occupant — are high on the list of developments for the balance of this decade. The airbag system is foremost among these and demonstrations of the way it operates and repair requirements

*ICBC Research and Training organizes conferences, seminars and workshops for the vehicle repair industry, providing hands-on training in new techniques. "We do our best to educate," says instructor Bob Wilson, shown here with a group of Okanagan body repair specialists. "Down the road it saves us a bundle of money."*

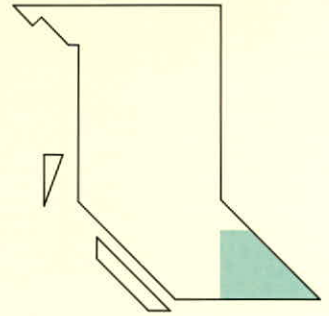


*Instructor Bob Wilson, a former body shop owner himself, works with Darren Jones at ICBC's Fiero and Plastic Repair Workshop in Kelowna.*



Claim offices at Cranbrook, Nelson and Trail serve the needs of nearly 88,000 vehicle owners in the large Kootenay area. There were nearly 18,000 claims reported in 1986, claim payments of \$14 million, and municipal grants of \$38,000 in lieu of taxes.

Autoplan agents in the area number 52. Their commissions were about \$2.6 million. The ICBC payroll for 35 employees in the Kootenay offices brought a further \$1 million into the community.



*Trail has two bridges, each with four arches, known locally as "the old bridge" and "the new bridge." This bridge — newer of the two — is part of Victoria Street, the smelter city's main thoroughfare, and Highway 3B. It connects the east and west sections of Trail, separated by the Columbia River.*



*A CPR train curves through a snowy canyon below the Paulson Bridge. The bridge over McRae Creek is part of Highway 3, leading through one of the Kootenays' many one-time mining areas, between Castlegar and Christina Lake.*



# M

illions a year  
in false claims

It is estimated that Autoplan losses due to fraudulent claims may be as high as \$40 million a year.

Fraud is defined as an act of deceit by which one person attempts to benefit at the expense of another. It occurs in many areas of daily life, but it seems to be particularly tempting in the insurance industry and is growing at an alarming rate.

Some people find a challenge in attempting by whatever means to gain settlements that would exceed their loss. The challenge to ICBC is to see that this doesn't happen. It is the responsibility of the Insurance Corporation to pay a fair settlement — no more, no less!

This is not always an easy, straightforward matter. The architects of fraudulent schemes are often clever, creative people who are prepared to devote time, energy and patience toward achieving their unjust ends. And there is often a fair amount of drama involved. For instance, participants in a planned accident will set the scene late at night, position a car in the centre of a quiet intersection and drive another vehicle into it. Several players then get into the damaged car and all claim to be injured. Because the extent of some types of injuries is difficult to determine, these fraud artists often get away with their crime. Many recently detected frauds have not been the acts

of only one or two people. Investigations have revealed large numbers of criminal conspiracies bent on gaining tens of thousands of dollars, or more.

Many fraudulent claims are made by motorists who were impaired at the time the loss occurred or who don't have collision coverage. After an accident, the driver will abandon the car and report it stolen to escape civil or criminal liability. Others who need new parts for their vehicle will remove the damaged parts, report them stolen and claim for replacements.

"Hit-and-Run" is another area which seems to hold particular appeal for those who would indulge in false claims. The number of claims for Hit-and-Run loss or damage decreased dramatically in some areas last year, when the claimants were instructed to remain at the scene until a police officer arrived. Unfortunately, most police forces do not have the manpower required to cover every reported incident.

In addition to fake accidents and sham injuries, fraudulent claims range from thefts, fires, and hit-and-run reports to the person who wants a new paint job and simply scratches the car with his keys.

To investigate suspicious claims, ICBC maintains a Special Investigation Unit composed mainly of former police officers. Following leads provided by adjusters, the police and the public, their work takes them to all areas of the province.

A major crackdown on growing instances of insurance fraud led to several successful prosecutions in 1986 and prevented significant losses that would have been experienced if the false claims had not been discovered. This effort will continue and will grow in 1987.

Investigators say no particular type of individual can be singled out when it comes to insurance fraud. The average person who would never steal anything is not against ripping off ICBC. The attitude seems to be that because the Insurance Corporation is big, a little bit here and there won't hurt. But all the little bits add up to a significant total which inevitably affects every motorist in the form of increased premiums. Therefore, they aren't stealing from ICBC, but rather from the public of British Columbia.

The Automark program, an effective way of curbing theft, has been actively supported by the Insurance Corporation. ICBC has made its facilities available for the engraving of easily removed objects, such as radios and tape decks. Jim Hayashi of the Nanaimo Claims Centre is seen engraving a driver's license number on his car door. With him are RCMP Constable Steven Boos and ICBC Nanaimo manager Pat Johnson.



The largest motorcycle salvage operation in ICBC history followed a fire at Vernon's Yamaha Shop. On sale went 77 bikes and all-terrain vehicles, seen here at the ICBC salvage compound with manager Sam Roozendaal. Most of the bikes would be stripped for parts. "Intense heat could have penetrated the casings," said Alex McKenna, manager of ICBC salvage operations. "You can't always see the extent of the damage." McKenna's department annually salvages approximately 20,000 vehicles, with a total value of more than \$15 million.



# S

alvage saves  
millions

Salvage recovery operations are another area of loss control at ICBC. In 'total loss' situations — where the cost of repairs is greater than the current market value of a vehicle — the Corporation stores the wrecked cars in salvage yards for sale to licenced wreckers and bonded dealers, who will strip them for reusable parts or, in some cases, rebuild them.

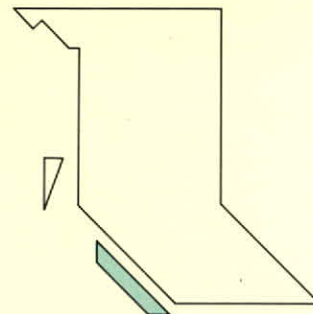
Seat belts are retrieved from wrecked cars, cleaned and sent to B.C. schools where they are used as an instruction aid in encouraging children to buckle up.

In 1986, salvage recovery added about \$15,000,000 to the Autoplan Fund.



ICBC maintains claim offices at Campbell River, Courtenay, Duncan, Nanaimo, Port Alberni and Victoria. A force of 159 agents handles Autoplan insurance requirements for the 375,000 vehicles on the Island. In 1986, they earned commissions of \$9.6 million.

During 1986, 66,000 claims were processed by 162 employees. The total of settlements to Island residents was \$56.6 million, and, in lieu of taxes, municipalities received grants of almost \$116,000.



*The Chemainus River Bridge crosses what must be one of the last of the old swimming holes. The wooden bridge is part of the back road into this Vancouver Island city south of Nanaimo.*



*Victoria's sky-blue Johnson Street Bridge, crossing the Gorge Inlet from the downtown core to Esquimalt, was designed by Joseph Strauss, whose other structures include San Francisco's Golden Gate. The 1922 bridge has sections raised by electric motor to permit water traffic to pass beneath.*



# R

## educing costs and problems through communications

The degree to which communications are successful largely affects the success of the Corporation's efforts in every area. Consequently, the communication "bridge" is a vital part of its loss prevention programs.

professionals with exceptional writing, speaking, promotional and research skills, whose sound instincts identify potential public concerns and emerging issues.

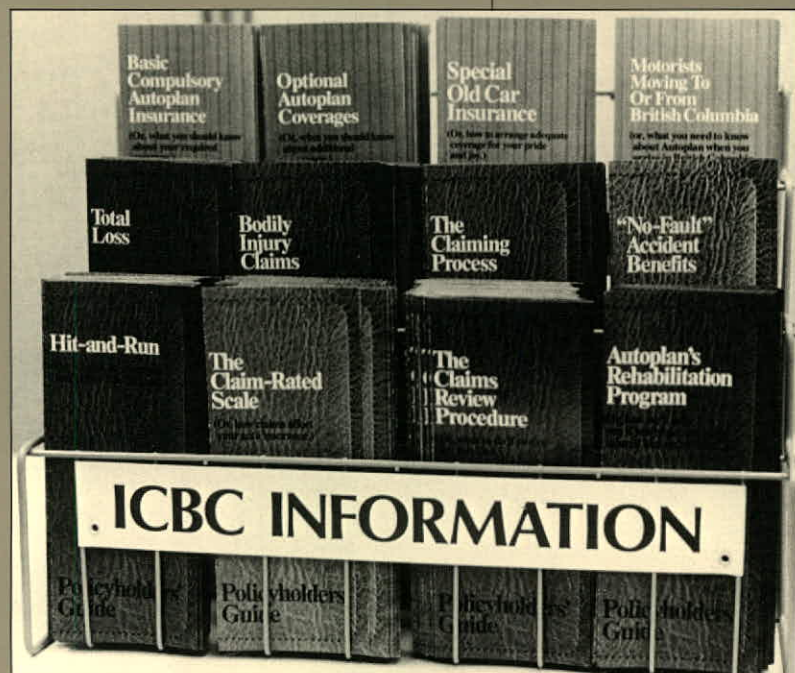
The responsibilities, objectives and activities involved in the public information function are many and varied.

- To assure that B.C. motorists have the

insurance protection they need, coverages are explained in a manner which is understandable to those who know little about insurance.

- To avoid conflict and controversy in the settling of claims, information about the claiming process and entitlements is made easily available.
- To assure that Autoplan agents are advised of changes to regulations and procedures and understand the reason for them, complete and clear explanations are provided promptly.
- To reduce the incidence of motorists forgetting to renew their insurance before it expires, reminder messages are published regularly through advertisements and the news media.
- To assist government in making well-informed decisions affecting auto insurance in B.C., information is provided regarding new technology, trends and required changes.

Tools used in ICBC's communication programs include employee and agency newsletters, news releases, booklets, pamphlets, brochures, posters, speeches, workshops, seminars, research reports and advertising. Speaking tours and open line radio programs provide a popular forum to respond to questions from all segments of the public, with surveys conducted regularly to assure the right response to public opinion.

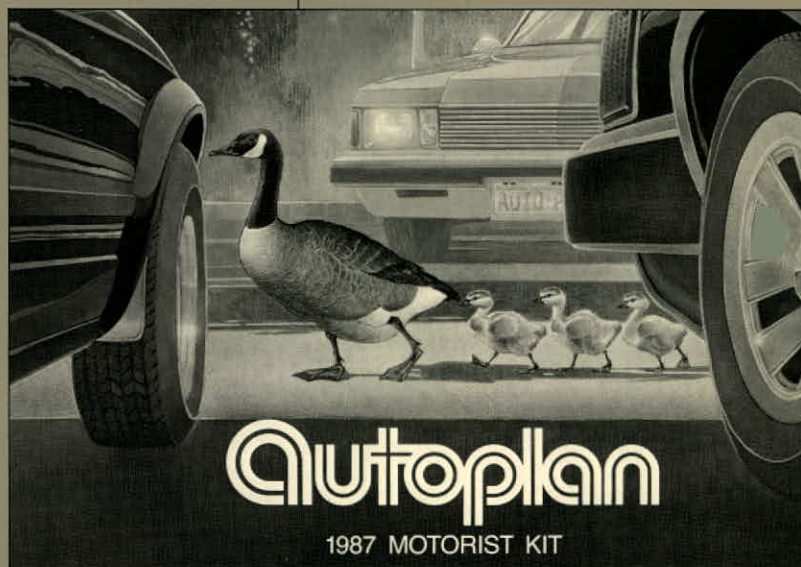


The ICBC Public Information Department produces "plain language" pamphlets focusing on various aspects of Autoplan coverage, benefits and claim settlement procedures. Pamphlets are offered free of charge, by mail from ICBC and in displays at Autoplan agencies.

For example, continual promotion, advertising and media support resulted in convincing 75% of B.C. motorists to use their seat belts (that's one of the highest degrees of use in North America); publicity and active community and media support proved to be invaluable in the detection and prevention of fraudulent claims and in identifying hit-and-run drivers; and the effective presentation of research results influenced auto manufacturers in areas of safety and repairability.

The Corporation supports its programs with teams of highly qualified

The Autoplan Motorist Kit, provided annually to every policyholder, is one of the projects of ICBC Public Information. The 1987 cover illustration — traffic pausing to let a family of geese cross — carries the message of driving with consideration for others on the road.

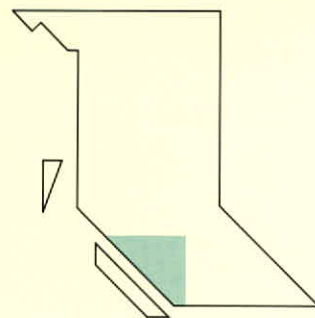


Your questions and suggestions are invited. Please address them to:  
Public Information Department  
Insurance Corporation of B.C.  
151 West Esplanade  
North Vancouver, B.C. V7M 3H9

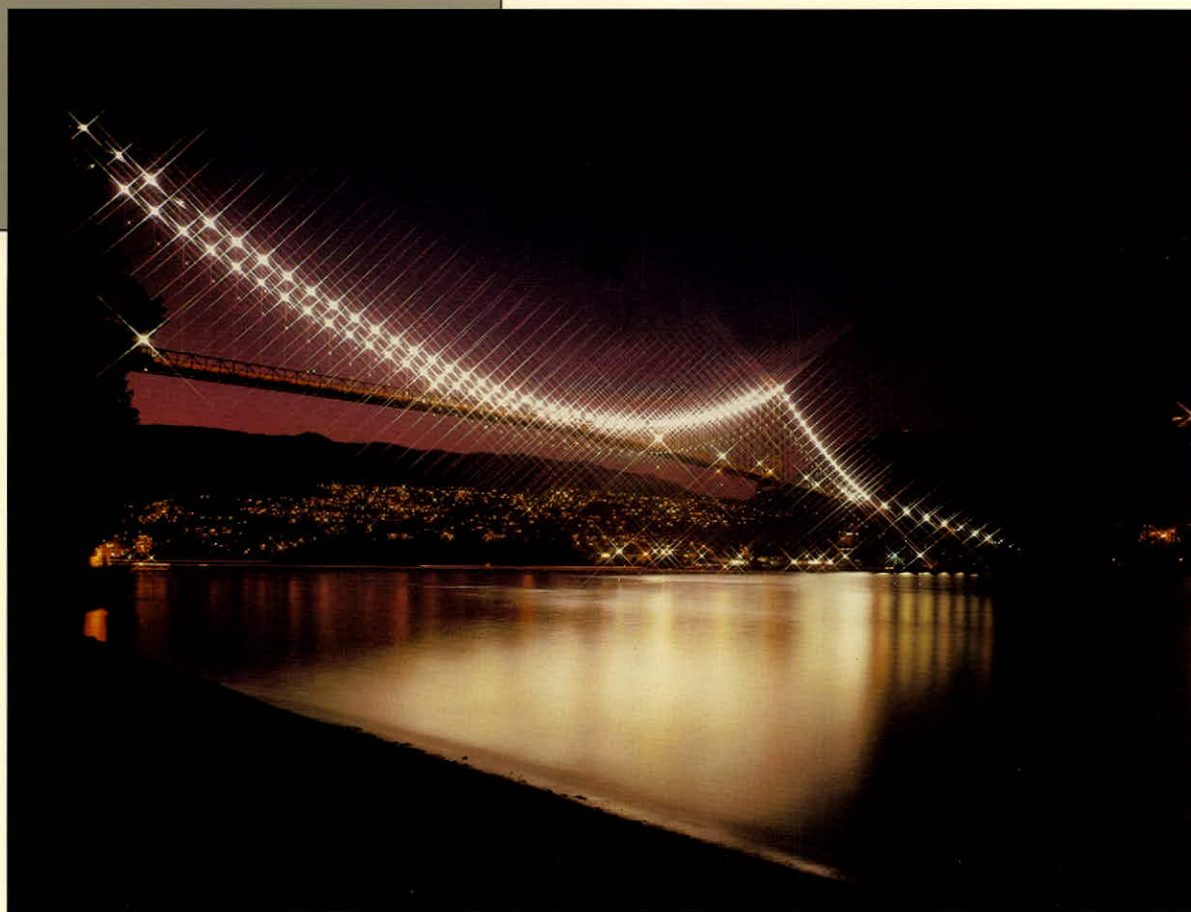


Nearly \$300 million was paid in claim settlements in the Lower Mainland in 1986. With approximately one million vehicles insured, the ratio of claims to insured vehicles was about one claim for every three vehicles. The majority of these were property-related; 66,000 were injury-related.

In addition to the input of millions of dollars paid in commissions to Autoplan agents and the salaries paid to over 2,000 ICBC employees, the Insurance Corporation boosted the Lower Mainland economy with more than \$2 million in grants, paid to municipalities in lieu of taxes.



The Lions Gate Bridge, spanning the Burrard Inlet's first narrows between Vancouver and the North Shore, is arguably Western Canada's most heavily travelled bridge. Opened in 1939 by King George VI and Queen Elizabeth, it was given its tiara of lights in 1986 for EXPO 86 and the Vancouver Centennial.



The Alex Fraser Bridge, named for the Minister of Transportation and Highways at the time of its construction, was opened in September, 1986. It is part of a highway/interchange network known as the Annacis System. At 2,500 metres, the Fraser River crossing is the longest cable-stayed structure in the world.





## **I** nvestments: A program to reduce premium costs

Investment income of \$171 million in 1986 accounted for 18.4% of total revenue, up from 17.6% in 1985. Both this percentage and the total investment income are new highs for the Corporation.

A large number of the Corporation's liabilities are short term, with unearned premiums applying to the next 12 months and the majority of individual claim payments made during that period. Some bodily injury claims, however, remain as liabilities for much longer periods. Claims involving infants, for example, may not be settled until the infants reach the age of majority.

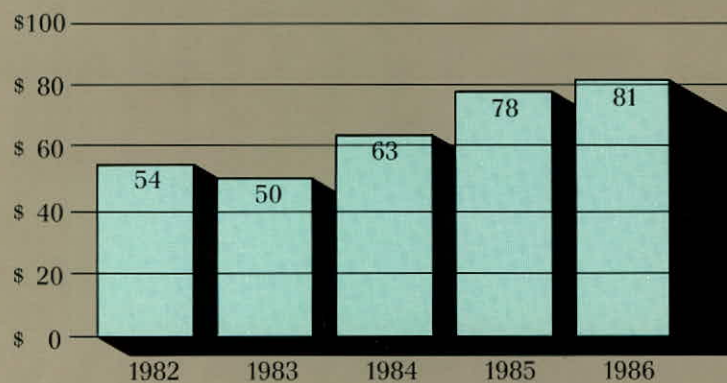
To meet these liabilities, Corporation policy, until 1986, was to buy only securities which would mature in ten years or less. The policy was changed last year to allow up to \$250 million in investments maturing in periods longer than ten years. Due to the Corporation's policy, over \$465 million of investments is attributable to the province of British Columbia, of which \$360 million is directly invested in securities of British Columbia based institutions.

Investment income in 1986 resulted in a reduction of premiums by an average of \$81 per policy.

The average yield on investments during 1986 was 10.8%, compared to 11.7% in 1985.

### *Investment income and the policyholder*

Every investment income dollar the Insurance Corporation earns is a dollar the motorist does not have to pay in Autoplan premiums. The following table illustrates average saving based on policies written in each of the years.



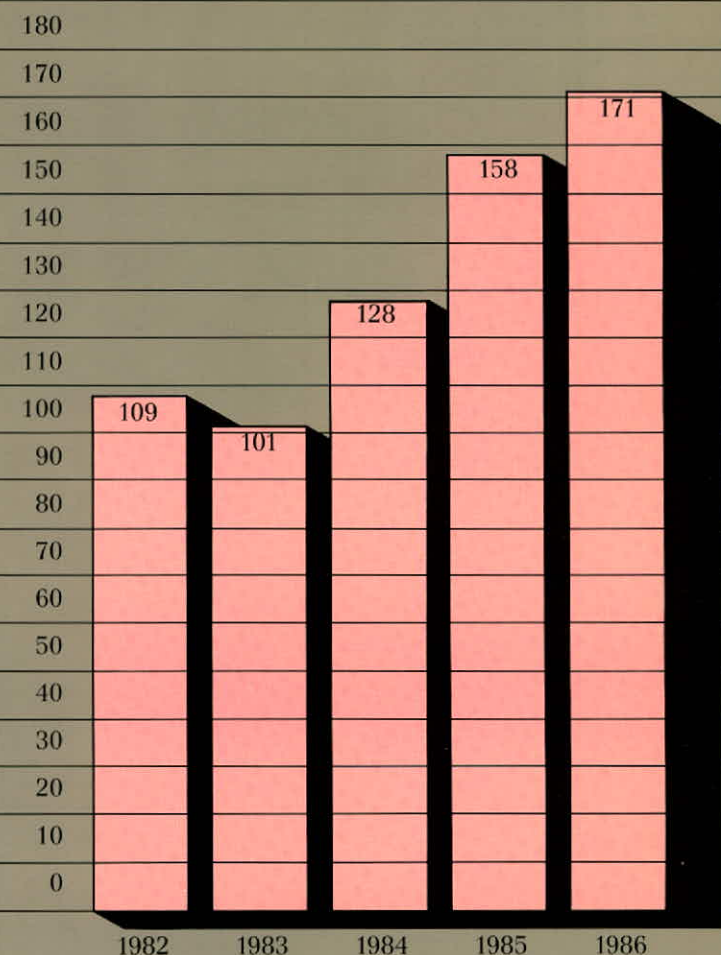
(In previous years this data was presented on the basis of policies in force during each year.)

### *Investment portfolio as at December 31, 1986*

	\$ Million	%
Federal	\$ 802.2	51.9
Provincial – British Columbia	310.1	20.0
– Others	81.8	5.3
Municipal – British Columbia	44.1	2.9
Corporation – British Columbia	6.5	0.4
– Others	243.5	15.7
All Others	58.2	3.8
	\$1,546.4	100.0%

### *Autoplan investment income 1982-1986*

Millions of Dollars





# H

*ow the costs  
break down*

The Insurance (Motor Vehicle) Act Fund (Autoplan) showed a modest profit of \$1.1 million for the year 1986.

Over 539,000 claims were reported during the year. This required an increase in claims operations staff of over 90 people and raised expenses to \$70.3 million, \$5.4 million over 1985.

All categories of claims recorded increases, as indicated by the following:

Type of Claim	% Increase over 1985
Bodily Injury	21.5
Property Damage	7.3
Death Benefits	19.9
Accident Benefits	19.2
Collision	9.4
Windshield	13.3
Comprehensive	15.7
Special Coverages	20.8

The average cost of each 1986 recorded claim increased by 9.3% over 1985.

The total of incurred claims

for 1986 was \$742 million, compared with \$654 million in 1985 – an increase of over \$88 million.

Because premiums for 1986 were reduced by an average of about \$25 or 6.5%, it was expected that premium income would decline. This did not occur, because many policyholders converted the savings into increased optional coverages and lower deductibles. This resulted in an actual increase in earned premium income of \$15 million to \$758 million.



The Cove Bridge near Port Renfrew on the west coast of Vancouver Island crosses from the town area to San Juan Beach.



## Percentages of optional coverages purchased

	1986	1985
Extended Third Party (over \$200,000)	<b>84.8%</b>	83.7%
Underinsured Motorist	<b>64.6%</b>	60.0%
Collision	<b>50.8%</b>	49.2%
Comprehensive	<b>72.8%</b>	72.5%

Administrative expenses at \$58.7 million were \$1 million higher than 1985, with the increase being less than the rate of inflation. While the average administrative staff increased by 15 in 1986, productivity also improved in almost all areas. As an example, policies handled per employee increased to 1,932 from 1,908 in the previous year.

The marketing costs to the Corporation, evidenced by agents' commissions, rose significantly over 1985 to \$56.7 million. There was a modest increase in rates of commission in 1986. Most of the remaining increase resulted from greater purchases of optional coverages and lower deductibles. A small part of the increase came from fees paid agents for handling license plate replacements. The average commission cost, expressed as a percentage of vehicle premiums written, was 7.5%, compared to 6.8% in 1985.

## Autoplan income

	\$ Millions	%
Vehicle premiums earned	742.1	80
Driver premiums earned	15.6	2
Investment income	171.2	18
	<b>\$928.9</b>	<b>100</b>

## Autoplan income use

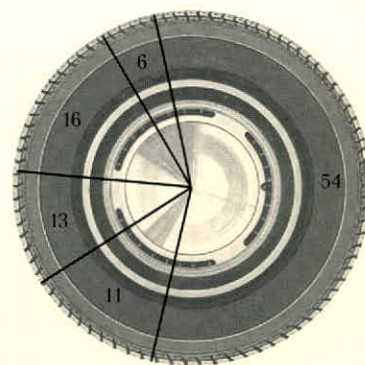
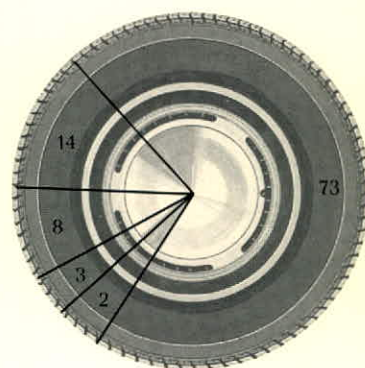
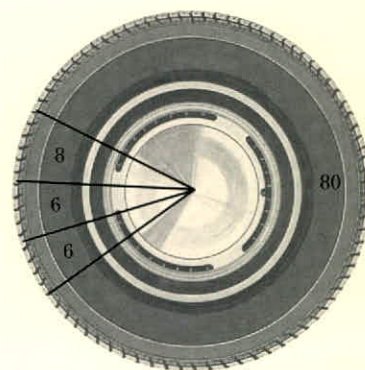
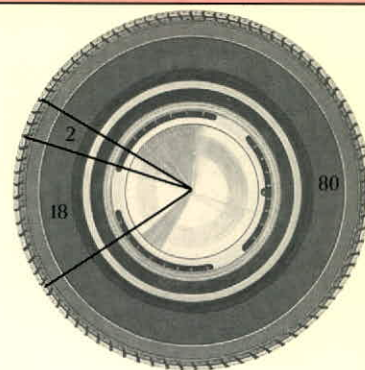
	\$ Millions	%
Claims incurred	742.1	80
Claims operation expenses	70.3	8
Administrative expenses	58.7	6
Commissions	56.7	6
Sub-total	927.8	100
Income for the year	1.1	—
	<b>\$928.9</b>	<b>100</b>

## Vehicle premiums written by category

	\$ Millions	%
Private passenger	549.7	73
Light commercial	107.0	14
Heavy commercial	56.8	8
Recreational	24.3	3
Special coverage	15.0	2
	<b>\$752.8</b>	<b>100</b>

## Autoplan claims incurred

	\$ Millions	%
Bodily injury	399.4	54
Accident benefits	46.8	6
Total injury related claims	446.2	60
Property damage	121.1	16
Collision	94.7	13
Comprehensive and other	80.1	11
Total physical damage claims	295.9	40
	<b>\$742.1</b>	<b>100</b>





# F I V E Y E A R C O M P A R I S O N

Year Ended December 31

	1986	1985	1984	1983	1982
Policies written	<b>2,109,000</b>	2,040,000	2,019,000	2,026,000	2,002,000
Premium income (\$000)	<b>757,754</b>	742,372	715,254	695,090	657,566
Average premium (\$)	<b>362</b>	371	361	353	345
Claims reported during year	<b>539,000</b>	482,000	448,000	447,000	519,000
Cost of claims incurred (\$000)	<b>742,139</b>	653,883	660,353	625,674	608,599
Expense ratio %	<b>15</b>	15	15	15	14
Investment income (\$000)	<b>171,241</b>	158,385	128,032	100,616	108,536
Investments at year end (\$000)	<b>1,546,432</b>	1,359,802	1,125,965	871,546	703,355
Unpaid claims (\$000)	<b>1,245,488</b>	1,090,958	951,812	762,057	623,914
Total assets (\$000)	<b>1,702,603</b>	1,529,505	1,289,573	1,064,338	897,003
Income (Loss) (\$000)	<b>1,120</b>	73,562	9,564	3,111	(355)
Average number of employees	<b>2,415</b>	2,310	2,366	2,592	2,684

## U N P A I D C L A I M S

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

Year of Loss	1986	1985
	(\$ Millions)	
1982 and prior	<b>\$ 102.2</b>	\$ 199.7
1983	<b>89.8</b>	182.0
1984	<b>175.1</b>	263.4
1985	<b>288.2</b>	445.9
1986	<b>590.2</b>	—
Total unpaid claims at December 31	<b>\$1,245.5</b>	\$1,091.0



# I

## nsurance (Motor Vehicle) Act Fund

### Statement of Operations

Year Ended December 31, 1986

1986

1985

(\$ Thousands)

Revenue		
Vehicle premiums written	\$752,844	\$744,662
Driver premiums written	15,644	16,203
	<b>768,488</b>	760,865
Vehicle premiums earned	<b>742,123</b>	723,445
Driver premiums earned	15,631	18,927
	<b>757,754</b>	742,372
Claims costs		
Claims incurred	742,139	653,883
Claims operation expenses	70,272	64,908
	<b>812,411</b>	718,791
Expenses		
Administrative	58,693	57,678
Commissions	56,771	50,726
	<b>115,464</b>	108,404
Total claims and expenses	<b>927,875</b>	827,195
Underwriting loss	(170,121)	(84,823)
Investment income	171,241	158,385
Income for the year	<b>1,120</b>	73,562
Unappropriated surplus — beginning of year	<b>10,890</b>	17,328
Appropriation to:		
Catastrophe Reserve	—	(20,000)
Rate Stabilization Reserve	—	(60,000)
Unappropriated surplus — end of year	<b>\$ 12,010</b>	\$ 10,890

This early twentieth century railbridge near Keremeos is said to be one of only four covered bridges left in North America. Known locally as 'the red bridge,' it crosses the Similkameen River on the route to Cathedral Lake.





# B

**alance Sheet**  
As at December 31, 1986

1986

1985

(\$ Thousands)

**Assets**

Cash in hands of agents	\$ 5,098	\$ 3,571
Investments (Note 3)	1,546,432	1,359,802
Accrued interest receivable	34,560	38,962
Accounts receivable	12,767	21,634
Deferred premium acquisition expenses	24,817	22,290
Property and equipment (Note 4)	78,929	83,246

**\$1,702,603****\$1,529,505**

Approved by the Board:

Director:

Director:



# F I N A N C I A L

	1986	1985
	<i>(\$ Thousands)</i>	
<b><i>Liabilities</i></b>		
Cheques outstanding	\$ 2,106	\$ 9,203
Accounts payable and accrued charges	21,317	17,599
Due to Motor Vehicle Department	5,656	4,294
Due to the Province of British Columbia	—	8,694
Deferred investment gains and losses	20,585	8,848
Premiums in advance	27,230	21,542
Unearned premiums	288,211	277,477
Unpaid claims	1,245,488	1,090,958
	<b>1,610,593</b>	<b>1,438,615</b>
<b><i>Insurance (Motor Vehicle) Act Fund Surplus</i></b>		
Catastrophe Reserve (Note 5)	20,000	20,000
Rate Stabilization Reserve (Note 5)	60,000	60,000
Unappropriated	12,010	10,890
	<b>92,010</b>	<b>90,890</b>
	<b>\$1,702,603</b>	<b>\$1,529,505</b>

An unusual view of the Coquihalla Bridge, cutting through the old fur trapper, gold prospector wilderness between the lower mainland and the interior of British Columbia.





# S

## atement of Changes in Financial Position

Year Ended December 31, 1986

## F I N A N C I A L

1986

1985

(\$ Thousands)

### Operating Activities

#### Cash received from:

Agents for vehicle and driver premiums, licence fees  
and social service taxes

\$ 969,966

\$ 947,117

Interest and net gains on investments

185,008

152,864

Collections

39,597

37,197

Salvage sales

14,840

13,319

All other sources

—

1,233

1,209,411

1,151,730

#### Cash paid to:

Claimants or third parties on behalf of claimants

616,152

544,571

Province of British Columbia for licence fees and  
social service taxes collected

147,039

134,331

Suppliers of goods and services

56,601

72,274

Employees for salaries and benefits

73,776

69,037

Agents for commissions

58,743

54,514

Policyholders for premium refunds

50,986

44,698

All others

2,166

—

1,005,463

919,425

Increase in cash and investments from operating activities

203,948

232,305

#### Other Activities

Payment of retained earnings from general insurance  
operations to Province of British Columbia

8,694

—

Increase in cash and investments during the year

195,254

232,305

Cash and Investments — beginning of year

1,354,170

1,121,865

Cash and Investments — end of year

\$1,549,424

\$1,354,170

#### Represented by:

Cash in hands of agents

5,098

3,571

Investments

1,546,432

1,359,802

Cheques outstanding

(2,106)

(9,203)

\$1,549,424

\$1,354,170



## **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. The Corporation also operates and administers the Insurance (Motor Vehicle) Act Fund. The revenues and expenses attributable to the operation of this Fund are required, by legislation, to be reported separately from other operations of the Corporation, if any.

## **2. Summary of Significant Accounting Policies**

### ***BASIS OF REPORTING***

The financial statements of the Corporation are prepared in accordance with generally accepted accounting principles, and in accordance with the requirements of the Insurance Corporation Act. The more significant accounting policies adopted are noted below.

### ***INVESTMENTS AND INVESTMENT INCOME***

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

Income on interest bearing securities is accrued daily. Gains and losses on sales of securities are deferred and amortized over the shorter of the term to maturity of the security sold and 60 months. This treatment, which is followed by other companies in the insurance industry, is under consideration by the Accounting Standards Committee of the Canadian Institute of Chartered Accountants for inclusion in its Handbook recommendations.

### ***DEFERRED PREMIUM ACQUISITION EXPENSES***

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 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.

### ***UNEARNED PREMIUMS***

Unearned premiums is that portion of premiums that relates to the unexpired term of each vehicle policy or driver's point penalty 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. Investments**

	Dec. 31, 1986		Dec. 31, 1985	
	Cost	Market	Cost	Market
	(\$ Thousands)			
Short-term deposit receipts, call loans and notes	\$ 675,937	\$ 675,937	\$ 148,423	\$ 148,423
Bonds	870,495	981,927	1,211,379	1,324,265
	<b>\$1,546,432</b>	<b>\$1,657,864</b>	<b>\$1,359,802</b>	<b>\$1,472,688</b>

**4. Property and Equipment**

	Dec. 31, 1986		Dec. 31, 1985	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
	(\$ Thousands)			
Land	\$ 13,772	\$ —	\$13,772	\$13,558
Buildings	74,493	23,906	50,587	52,590
Furniture and equipment	33,601	19,289	14,312	16,805
Leasehold improvements	912	654	258	293
	<b>\$122,778</b>	<b>\$43,849</b>	<b>\$78,929</b>	<b>\$83,246</b>

Depreciation has been charged at the following rates — buildings 5-10%; furniture and equipment 10-33.3%. Depreciation expense for the year ended December 31, 1986 amounted to \$9,878,000 (1985 — \$10,349,000).

**5. Insurance (Motor Vehicle) Act Fund Surplus**

From time to time the Corporation appropriates funds from the Insurance (Motor Vehicle) Act Fund surplus to a catastrophe reserve and a rate stabilization reserve. The catastrophe reserve has been established, in accordance with industry practice, to provide financial and reinsurance stability. The rate stabilization reserve has been established to lessen the impact on premiums arising from significant variations in claims loss experience in future years.

**6. Reinsurance**

The Corporation underwrites policies of insurance and has obtained reinsurance on those policies which protects the Corporation against losses of up to \$100,000,000 and limits the Corporation's liability to \$4,000,000, in the event of a series of three or more claims arising out of a single occurrence. These reinsurance arrangements do not discharge the Corporation's obligation as primary insurer.



### 7. 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 Department regarding the collection of motor vehicle licence fees and for the Ministry of Finance and Corporate Relations regarding the collection of social service taxes on privately sold used vehicles.

### 8. Pension Plans

The Corporation maintains two contributory defined benefit best years' average pension plans which cover more than 90% of all regular employees. The plans provide pensions based on length of service and best years' average earnings. The plans are, to all intents and purposes, identical and are funded through a single fund — ICBC Employees' Retirement Trust Fund.

An actuarial report prepared as at December 31, 1986, which was based on projections of employees' compensation levels to the time of retirement, the rate of inflation and the rate of return on the Fund's assets, indicates that the present value of the accrued pension benefits and the net assets available to provide for these benefits, at market value, are as follows:

	1986	1985
	(\$ Thousands)	
Accrued pension benefits	\$43,625	\$33,841
Retirement Fund assets at market value	\$61,083	\$51,356

The Corporation's pension contribution of \$2,393,000 (1985 \$2,929,000) matches the employee contribution, which have both been established taking into account the amortization of experience and investment gains and losses over the average service life of the employees in the plans. Reducing contributions in recent years are due to favourable experience and investment gains.

The unamortized surplus of the fund is for the benefit of eligible employees and is not recognized in determining the Corporation's operating results.

### Auditors' Report

THE HONOURABLE LYALL F. HANSON  
MINISTER OF LABOUR AND CONSUMER SERVICES  
PROVINCE OF BRITISH COLUMBIA

We have examined the balance sheet of the Insurance Corporation of British Columbia as at December 31, 1986 and the statements of operations of the Insurance (Motor Vehicle) Act Fund and changes in financial position 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, 1986 and the results of its operation of the Insurance (Motor Vehicle) Act Fund and the changes in its financial position 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 16, 1987



T.E. Holmes  
President and  
Chief Executive Officer

J.W. Bardua  
Vice-President  
Claims

M.B. McCarthy  
Vice-President  
Insurance Operations

D.J. McLean  
Vice-President  
Information Services

C.B. Penhall  
Manager  
Public Information

R.H. Power  
Vice-President  
Finance and Planning

H.G. Reid  
Vice-President  
General Counsel and Secretary

### ***Claim Service Locations***

#### ***Lower Mainland***

Burnaby, Chilliwack, Coquitlam,  
East Vancouver, Kingsway,  
Langley, Maple Ridge, 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,  
Salmon Arm, Vernon

#### ***Kootenays***

Cranbrook, Nelson, Trail



*President's Committee:*

*Back row — l. to r.: H.G. Reid, M.B. McCarthy, D.J. McLean,  
J.W. Bardua, C.B. Penhall.*

*Front row: R.H. Power, T.E. Holmes.*

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Touche Ross & Co.,  
Chartered Accountants  
Vancouver, B.C.

BANKER  
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Vancouver, B.C.