

# Toward Fair Compensation

## Evaluating Towing and Storage Rates under ICBC and the RSBC Vehicle Impoundment Program.

This report explores the evolving dynamics of towing and impoundment compensation in British Columbia, with a focus on the divergence between the Insurance Corporation of British Columbia's (ICBC) towing rates and RoadSafetyBC's (RSBC) updated Vehicle Impoundment Program (VI Program) rates. It argues that ICBC should adopt a revised towing and storage rate structure more closely aligned with the fair market rates identified in the RSBC-commissioned Deloitte report.

Drawing on Deloitte's third-party market analysis (*RoadSafetyBC Vehicle Impoundment Program Rate Alignment Project*, March 2024), this paper presents a case for updating ICBC's rates while also considering counterarguments concerning affordability, policyholder impact, and regulatory constraints. A set of policy pathways is proposed to reconcile the interests of industry, ICBC, and the public.

### 1. Introduction

In 2010, ICBC ceased negotiating towing and storage rates with industry stakeholders, citing changes to the federal *Competition Act*. Since then, it has unilaterally set rates for services under its accident-related insurance towing program without meaningful consultation with industry. RoadSafetyBC (RSBC), which had previously harmonized its own Vehicle Impoundment (VI) Program with ICBC's rates, has since diverged from this after commissioning Deloitte to assess whether the rates were reflective of fair market value. The Deloitte study found the existing rate structure to be significantly below market comparables, prompting RSBC to recommend substantial rate increases across multiple service categories.

This report evaluates whether ICBC should follow RSBC's lead and adopt rates aligned with Deloitte's findings. It does so by presenting the central arguments from all parties involved, evaluating economic, regulatory, and ethical dimensions, as well as offering constructive recommendations for moving forward.

### 2. Central Position of the Towing Industry

The towing and recovery industry contends that ICBC's current rate schedule is outdated, unreflective of inflation or operational costs, and fails to compensate operators fairly. Deloitte's study confirms that RSBC rates—previously aligned with ICBC's—were significantly lower than equivalent services across Canada. Towing fees under RSBC were up to 80% below comparable jurisdictions, while storage rates trailed by 75% on average, with Deloitte concluding that “current zoning storage rates under the RSBC VI Program are significantly below a fair market rate.”<sup>1</sup>

Moreover, Deloitte's cost modelling showed that operators under the existing ICBC-aligned rate structure could incur monthly losses ranging from approximately \$2,000 to \$18,000, depending on company size and call volume.<sup>2</sup> Storage services, which account for over 50% of impoundment revenue, were highlighted as particularly underpriced.<sup>3</sup>

From the industry's perspective, ICBC's continued adherence to outdated rates and rate setting methodology effectively subsidizes insurance affordability at the expense of small business operators, many of whom now struggle with sustainability amid rising fuel, labour, and property costs.<sup>4</sup>

### 3. ICBC's Position and Supporting Rationale

ICBC maintains that towing services under its purview differ fundamentally from those governed by RSBC. Accident-related tows, ICBC claims, are not punitive in nature and typically involve drivers not at fault. Therefore, applying RSBC's proposed punitive-level rates to these scenarios would unfairly penalize policyholders and could result in increased insurance premiums.<sup>5</sup>

ICBC also argues that it provides unique advantages to operators, including guaranteed payment, consistent call volumes, and reduced administrative burden. These features lower the financial risk for operators and thus justify a lower rate schedule. Additionally, ICBC cites the federal *Competition Act* as a barrier to direct negotiation, creating regulatory constraints that complicate rate changes.<sup>6</sup>

Finally, ICBC warns that matching RSBC's updated rate structure could lead to widespread public backlash if passed on to consumers through premium increases.

### 4. Counterarguments from the Towing Industry

While ICBC raises several legitimate considerations, the assumptions underpinning its continued adherence to the current rate structure warrant further scrutiny.

The towing industry challenges the assumptions underlying ICBC's rationale:

**Fair Market vs. Punitive Logic:** Deloitte's recommendations were based on market comparables, not a punitive philosophy. The same equipment, personnel, and service standards are required whether the tow is for an accident or a roadside impoundment.

One of ICBC's central claims is that RSBC's Vehicle Impoundment Program (VI Program) is punitive in nature, and thus its rates should not be used as a benchmark for insurance-related towing. However, while the purpose of the RSBC VI Program is indeed behavioral deterrence—targeting high-risk drivers such as those involved in street racing, impaired driving, or driving while prohibited—the rates recommended by Deloitte were not based on punitive intent. Instead, Deloitte explicitly concludes that its proposed rates are designed to align with fair market value, considering service costs, industry comparables, and macroeconomic conditions.

The report makes clear distinctions between punitive program goals and the economic basis for rate reform. For instance, the executive summary states:

“Deloitte will analyze the RSBC VI Program’s current approach to establishing rates and *recommend a proposed rate structure that aligns with the fair market for towing and storage*” (emphasis added).<sup>7</sup>

This is reiterated in Deloitte’s cost modeling and recommendations, which demonstrate that the harmonized RSBC rates were significantly below fair market levels when measured against other Canadian jurisdictions, police contracts, and private sector towing agreements.

Moreover, even within the context of RSBC’s punitive policy framework, Deloitte recommends higher rates without proposing any functional changes to the towing service itself, further reinforcing the point that the service costs are constant regardless of payment source.

ICBC’s argument that RSBC rates are inherently “punitive” thus fail to acknowledge this key distinction: RSBC’s purpose may be behavioral correction, but the rates are justified on cost-recovery principles and market benchmarks—not as a punishment unto themselves.

**Cost Is Cost:** Labour, equipment, fuel, and storage do not vary based on who pays the bill. A vehicle of 2,500 kg costs the same to tow and store regardless of whether ICBC or RSBC is invoiced.<sup>8</sup>

**Economic Sustainability:** The current ICBC rate model has not been meaningfully adjusted to reflect over 25% inflation in B.C. since 2015.<sup>9</sup> Small and medium operators are absorbing these cost pressures while still being held to an outdated rate schedule.

**Regulatory Precedent:** Ontario’s Tow Zone Pilot Program has shown that it is possible to maintain fair, transparent, and performance-based compensation models within existing regulatory frameworks.<sup>10</sup> Towing and storage rates for impounded vehicles are not fixed in legislation or regulations in Ontario, and towing companies are able to charge their private rates.

### Summary of Positions

Position	ICBC	Towing Industry
<b>Rates</b>	Current rates are justified based on payment guarantees and non-punitive nature of ICBC services.	Current rates are outdated and under-compensate operators.
<b>Risk</b>	Financial risk is lower under ICBC contracts.	Operational and physical risks remain constant.
<b>Inflation</b>	Premium affordability is paramount.	Rates must reflect 25% inflation since 2015.
<b>Regulatory Constraints</b>	Competition Act prevents negotiation.	Alternatives like third-party arbitration exist.

## 6. Conclusion and Recommendations

The divergence between ICBC and RSBC's revised approach to rate-setting has laid bare a systemic tension between affordability for the public and sustainability for service providers. While ICBC's caution regarding insurance premiums is warranted, the evidence from Deloitte's independent study strongly suggests that current rates are not reflective of real-world costs.

To reconcile these interests, a compromise approach should be pursued:

1. **Implement Indexed Increases:** Adjust towing and storage rates annually using B.C.'s Consumer Price Index (CPI).<sup>11</sup>
2. **Engage Independent Oversight:** Appoint a neutral body or auditor to oversee rate-setting processes and ensure transparency.
3. **Revise Storage Zone Pricing Based on Real Costs:** Deloitte found existing zone designations did not reflect real cost differentials between urban and rural areas.<sup>12</sup>

Aligning ICBC's rates with fair market benchmarks is not only about industry fairness—it is about ensuring the long-term viability of essential public safety infrastructure.

## Footnotes

1. Deloitte, *RoadSafetyBC Vehicle Impoundment Program Rate Alignment Project*, commissioned by RoadSafetyBC, (March 2024), 3.

2. *Ibid.*, 38.

3. *Ibid.*, 37.

4. *Ibid.*, 21.

5. Statement by ICBC representative at a General Industry Meeting, Langley, B.C., March, 2025. Notes in author's possession.

6. *Ibid.*, 3.

7. *Ibid.*, 2–3.

8. *Ibid.*, 21.

9. *Ibid.*, 32.

10. *Ibid.*, 25.

11. *Ibid.*, 54.

12. *Ibid.*, 24. "Although the Deloitte study offers a comprehensive market-based evaluation of towing and storage rates, it does not address potential environmental risks or regulatory responsibilities that may be associated with long-term vehicle storage—particularly in cases of fluid leakage, contamination, or disposal."