

ROBERT J. PELLATT
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>



LETTER NO. L-2-04

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

Log No. 4014, 4762

VIA FACSIMILE

January 9, 2004

Mr. Donnie Wing, CA
Vice-President, Investments and Corporate Development
Insurance Corporation of British Columbia
PO Box 2606
349 West Georgia Street
Vancouver, B.C. V6B 3W8

Dear Mr. Wing:

Re: Insurance Corporation of British Columbia ("ICBC")
Applications to be filed with the Commission in 2004

Commission staff have apprised the Commission Panel responsible for the review of ICBC's applications in 2004 of the results of the meeting which occurred on Thursday, December 11, 2003. At that meeting, ICBC proposed two applications to be filed by it in 2004. There was general support for the ICBC proposal.

The Commission Panel accepts the ICBC proposal with the following variations. ICBC is to file an application by Friday, February 27, 2004 with respect to proposed performance measures, methods and terms for information sharing with other parties and the allocation of past retained earnings between the Basic and Optional Insurance businesses. In addition, that filing should include a proposal with respect to competitive business practices by ICBC to ensure fair competition with other private insurers. Following receipt of the application, the Commission Panel will issue an Order with respect to the review process. It is anticipated that the process may include workshops and educational venues to discuss the application with intervenors and the potential for parties to agree on any appropriate adjustments. Following this process, if a settlement of the issues cannot be achieved the Commission will initiate a more formal hearing process to resolve any outstanding issues prior to ICBC filing its 2005 Revenue Requirements Application.

The second application by ICBC will address issues with respect to cost allocation and the 2005 Revenue Requirement. Issues with respect to "branding" of the ICBC name will be addressed as part of the cost allocation filing. ICBC is to file that application by Monday, July 5, 2004. The Order of the Commission with respect to that application is expected to include an oral public hearing in September-October of 2004.

Some parties indicated an interest in issues of rate design. The Commission anticipates that it will be in a position to review rate design matters in 2005, after the issues in the 2004 proceedings have been resolved.

Yours truly,

Original signed by:

Robert J. Pellatt

RJP/chm

cc: The Insurance Brokers of British Columbia

B.C. Chiropractic Association
McCarthy & Associates
Pemberton Insurance Corporation
HSBC Canadian Direct Insurance Inc.
Coalition Against No-Fault in BC
BCAA Traffic Safety Foundation
BC Public Interest Advocacy Centre
Mr. Russell Sykes
Family Insurance Solutions Inc.
Insurance Bureau of Canada
Office & Professional Employees' International Union Local 378