

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-86-06**

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IN THE MATTER OF

the Insurance Corporation Act, RSBC 1996, Chapter 228, as amended
and

the Utilities Commission Act, RSBC 1996, Chapter 473, as amended
and

An application by the Insurance Corporation of British Columbia
for approval of the 2006 Revenue Requirements for Universal Compulsory Automobile Insurance
and

A filing relating to the Insurance Corporation of British Columbia's Universal Compulsory Automobile Insurance
Capital Management Plan
and

An application for approval of refinements to certain performance measures
and

A filing of information on seven financial allocation functions
and

An application for approval of changes to certain allocation functions

BEFORE: L.F. Kelsey, Commissioner and Panel Chair
A.W. K. Anderson, Commissioner
P.E. Vivian, Commissioner

July 13, 2006

O R D E R

WHEREAS:

- A. On August 22, 2005 the Insurance Corporation of British Columbia ("ICBC") submitted an application for approval of the 2006 Revenue Requirements for Universal Compulsory Automobile Insurance ("Basic Insurance"), a filing relating to ICBC's Basic Insurance Capital Management Plan, an application for approval of refinements to certain performance measures, a filing of information on seven financial allocation functions and an application for approval of changes to certain allocation functions (the "Application"). The Application is in response to the directive in Letter No. L-40-05 and directives issued by the British Columbia Utilities Commission ("Commission") in its Decision dated January 19, 2005 and includes additional information and applications. In the Application, ICBC advised that it is not applying for a change to Universal Compulsory Automobile Insurance rates; and

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- B. The Commission subsequently issued Orders No. G-78-05, G-85-05, G-108-05, G-117-05, G-125-05, G-142-05, G-2-06 and Letter No. L-88-05 dealing with various aspects of the Application and the October 24, 2005 and January 27, 2006 revisions thereto. The Orders and the Letter provide detailed information about the significant events and actions, which have occurred in the proceeding to-date; and
- C. In the January 27, 2006 revision ICBC applied for an increase in Basic Insurance rates of 6.5 percent for all new or renewal policies with an effective date after March 14, 2006. ICBC also applied for this increase in Basic Insurance rates for all new or renewal policies with an effective date after March 14, 2006, on an interim basis, pursuant to Section 89 of the Utilities Commission Act. ICBC also requested that, if in the Commission's final decision relating to its application it is determined that a portion of the interim increase be refunded, any refunds be dealt with in the manner set out in Appendix A of the January 27, 2006 revision; and
- D. The Commission Panel approved the requested interim increase by Order No. G-9-06; and
- E. An Oral Public Hearing was held in Vancouver, B.C. and commenced on April 3, 2006 and concluded on April 11, 2006; and
- F. ICBC filed its Submissions on April 25, 2006. Registered Intervenors filed their Final Submissions on May 3, 2006 and ICBC filed its Reply Submissions on May 10, 2006; and
- G. The Commission Panel has reviewed and considered all the evidence on the record for this proceeding.

NOW THEREFORE the Commission orders as follows:

1. The 6.5 percent increase in Basic Insurance rates for all new or renewal policies with an effective date after March 14, 2006, is approved on a permanent basis.
2. Policyholders who renewed or purchased new policies in the period between March 15, 2006 and the effective date of this Order, are to be notified of the permanent increase in the most cost effective manner, which is to be determined by ICBC. The notice must be reviewed by the Commission in advance of its release. For policyholders renewing or purchasing new policies after the effective date of this Order, notice of the permanent increase will be given with the Notice to Renew or other similar form issued by ICBC to Basic Insurance policyholders in the ordinary course of business for renewal policies, and at the time of purchase for new policies.
3. The Commission will accept, subject to timely filing, amended Basic Insurance rate schedules in accordance with the terms of this Order.

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4. ICBC is directed to comply with all determinations and instructions set out in the Decision that is issued concurrently with this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 13th day of July 2006.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner and Panel Chair