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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-31-07

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**IN THE MATTER OF**

the Utilities Commission Act, R.S.B.C. 1996, Chapter 473, as amended

and

the Insurance Corporation Act, R.S.B.C. 1996, Chapter 228, as amended

and

An Application by Insurance Corporation of British Columbia  
for approval of the 2007 Revenue Requirements for Universal Compulsory Automobile Insurance

and

A Filing of Information Relating to Matters Referenced in the July 13, 2006 Decision

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

March 19, 2007

**O R D E R**

**WHEREAS:**

- A. On March 16, 2007 the Insurance Corporation of British Columbia ("ICBC") submitted an application to the British Columbia Utilities Commission ("Commission") for approval of the 2007 Revenue Requirements for Universal Compulsory Automobile Insurance ("Basic Insurance") including a filing of Information relating to matters referenced in the Commission's Decision of July 13, 2006 (the "Revenue Requirements Application"); and
- B. In the Revenue Requirements Application ICBC applied for a permanent 3.3 percent increase in Basic Insurance rates, to apply to all new and renewal policies with an effective date on or after May 1, 2007 that:  
(i) have premiums determined through the use of the Schedule of Basic Insurance Premiums as filed with the Commission, excluding rate class 800 and rate classes 900 – 906 and excluding policies relating to vehicles located on isolated islands; or (ii) have premiums determined under a Fleet Reporting Policy, (together the "Plate Owner Basic and Fleet Reporting Policies"); and to apply to all other new and renewal policies to be effective following the Commission's final decision on ICBC's Application; and
- C. In the Revenue Requirements Application ICBC also applied, pursuant to section 89 of the Utilities Commission Act, for the rate increase of 3.3 percent to apply on an interim basis for all new and renewal Plate Owner Basic and Fleet Reporting Policies with an effective date on or after May 1, 2007; and

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- D. In the Revenue Requirements Application ICBC requests that, if the Commission's final decision determines that a portion of the interim increase should be refunded, any refunds be dealt with in the manner set out in Appendix A to the Revenue Requirements Application; and
- E. The Commission has reviewed and considered the application for a refundable interim increase and finds that it is in the public interest.

**NOW THEREFORE** the Commission orders as follows:

1. The increase in Basic Insurance rates by 3.3 percent for all new and renewal policies with an effective date on or after May 1, 2007 that (i) have premiums determined through the use of the Schedule of Basic Insurance Premiums as filed with the Commission, excluding rate class 800 and rate classes 900 – 906 and excluding policies relating to vehicles located on isolated islands; or (ii) have premiums determined under a Fleet Reporting Policy, is approved on an interim basis. The interim increase is subject to refund with interest calculated for the refund period at the average prime rate of the principal bank with which ICBC conducts its business. The Commission will determine the manner by which a refund, if there is to be one, will be credited to affected Basic Insurance policyholders, at the time it renders its Decision on the Revenue Requirements Application.
2. ICBC is to provide notice to all Basic Insurance policyholders affected by the interim rate increase and the conditions under which it is subject to refund. The notice 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.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 19<sup>th</sup> day of March 2007.

**BY ORDER**

*Original signed by:*

L.F. Kelsey  
Panel Chair and Commissioner