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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-32-07

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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

and

An Application by Insurance Corporation of British Columbia
respecting Rate Design for Universal Compulsory Automobile Insurance

BEFORE: L.F. Kelsey, Panel Chair and Commissioner March 19, 2007
A.W.K. Anderson, Commissioner
P.E. Vivian, Commissioner

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 is applying 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 classes 800 and 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

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- C. In the Revenue Requirements Application ICBC also applied, pursuant to section 89 of the Utilities Commission Act, for the 3.3 percent increase 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
- D. In the Revenue Requirements Application ICBC requests, if the Commission's final decision determines that a portion of the interim increase should be refunded, that 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 by Order No. G-31-07 has approved the application for the interim increase of 3.3 percent; and
- F. By letter dated March 16, 2007 ICBC advised the Commission that on or before March 30, 2007 ICBC will file with the Commission a separate application relating to the design and structure of ICBC's Basic Insurance rates (the "Rate Design Application") and has requested that the Revenue Requirements Application and the Rate Design Application be reviewed in a combined process.

NOW THEREFORE the Commission orders as follows:

- 1. ICBC is to lead a Workshop with respect to the Revenue Requirements Application and the Rate Design Application, commencing at 9:00 a.m. Monday, April 23, 2007, in the Commission's Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, B.C.
- 2. The Revenue Requirements Application and the Rate Design Application will be reviewed in accordance with a Regulatory Agenda and Timetable to be established following a Pre-hearing Conference to be held on Monday, April 23, 2007, commencing at 1:30 p.m., in the Commission's Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, B.C.
- 3. ICBC will publish, by Wednesday, March 28, 2007 or as soon as possible thereafter, in display-ad format, the Notice of Pre-hearing Conference, attached as Appendix A, in the business sections or other appropriate sections of local news publications as may properly provide adequate notice to the public.
- 4. The Revenue Requirements Application, the Rate Design Application once it is filed with the Commission, and supporting material will be made available for inspection at major ICBC locations including, Campbell River, Cranbrook, Fort St. John, Kelowna, Nanaimo, Nelson, Prince George, Terrace, Victoria, Burnaby, Surrey, the Head Office of ICBC at 151 West Esplanade, North Vancouver, B.C., on ICBC's website, and at the Commission Offices, Sixth Floor, 900 Howe Street, Vancouver B.C. V6Z 2N3.

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5. Intervenor or Interested Parties should register with the Commission, in writing or electronic submission, by Monday, April 16, 2007, and advise whether they intend to attend the Pre-hearing Conference. Intervenor should specifically state the nature of their interest in the Revenue Requirements Application, or the Rate Design Application, or both applications, and identify generally the nature of the issues that they may intend to pursue during the proceeding and the nature and extent of their anticipated involvement in the review of the two applications.
6. Intervenor intending to apply for participant assistance must submit a budget estimate by Friday, May 4, 2007, consistent with the Commission's Participant Assistance/Cost Award Guidelines and Order No. G-15-04. Copies are available upon request or can be downloaded from the Commission's web site at <http://www.bcuc.com>.

DATED at the City of Vancouver, in the Province of British Columbia, this 19th day of March 2007.

BY ORDER

Original signed by:

L.F. Kelsey
Panel Chair and Commissioner

Attachment



NOTICE OF PRE-HEARING CONFERENCE

INSURANCE CORPORATION OF BRITISH COLUMBIA

An Application by Insurance Corporation of British Columbia
for approval of the 2007 Revenue Requirements for Universal Compulsory Automobile Insurance, including a
Filing of Information Relating to Matters Referenced in the Commission's July 13, 2006 Decision

and

An Application by Insurance Corporation of British Columbia
respecting Rate Design for Universal Compulsory Automobile Insurance

Date of Workshop:

Monday, April 23, 2007

Time:

Commencing at 9:00 a.m.

Date of Pre-hearing Conference:

Monday, April 23, 2007

Time:

Commencing at 1:30 p.m.

Location:

12th Floor, 1125 Howe Street
Vancouver, B.C. V6Z 2K8

THE APPLICATIONS

On March 16, 2007, the Insurance Corporation of British Columbia ("ICBC") filed an application 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 relating to ICBC (the "Revenue Requirements Application").

In the Revenue Requirements Application ICBC applied for a 3.3 percent increase in Basic Insurance rates on an interim and permanent basis for most policies with an effective date on or after May 1, 2007 and a 3.3 percent permanent increase for the balance of policies to be effective following the Commission's final decision on ICBC's application for a rate increase. In the Revenue Requirements Application ICBC requested, if in the Commission's final decision determines that a portion of the interim increase should be refunded, that any refunds be dealt with in the manner set out in Appendix A to the Revenue Requirements Application.

The Commission has approved by Order No. G-31-07, pursuant to section 89 of the Utilities Commission Act, on an interim basis an increase in Basic Insurance rates by 3.3 percent for most new and renewal policies with an effective date on or after May 1, 2007. 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.

ICBC has advised the Commission that on or before March 30, 2007 ICBC will file with the Commission a separate application relating to the design and structure of ICBC's Basic Insurance rates (the "Rate Design Application") and has requested that the Revenue Requirements Application and the Rate Design Application be reviewed in a combined process.

THE REGULATORY PROCESS

The Commission wishes to ensure that all parties affected by the Revenue Requirements Application or the Rate Design Application have an opportunity to understand the basis for the Applications. The Revenue Requirements Application and the Rate Design Application will be reviewed in accordance with a Regulatory Agenda and Timetable to be established following a Pre-hearing Conference to be held on Monday, April 23, 2007, commencing at 1:30 p.m., in the Commission's Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, B.C. A Workshop with respect to the two Applications will be held on the same date and location commencing at 9:00 a.m.

PUBLIC INSPECTION OF THE APPLICATIONS

The Revenue Requirements Application, the Rate Design Application once it is filed with the Commission, and supporting material will be made available for inspection at the following ICBC field office locations:

- Campbell River Claim Services, 820 - 12th Avenue, Campbell River, B.C.
- Cranbrook Claim Centre, 126 Briar Avenue, N.W., Cranbrook, B.C.
- Fort St. John Claim Centre, 10507 - 100 Street, Fort St. John, B.C.
- Kelowna Claim Centre, 1720 Springfield Road, Kelowna, B.C.
- Nanaimo Claim Centre, 6460 Applecross Road, Nanaimo, B.C.
- Nelson Claim Centre, 114 McDonald Drive, Nelson, B.C.
- Prince George Claim Centre, 4001 - 15th Avenue, Prince George, B.C.
- Terrace Claim Centre, 4612 Keith Avenue, Terrace, B.C.
- ICBC/Victoria Operations, 910 Government Street, Victoria, B.C.
- Lower Mainland Regional Office, 501 - 4180 Lougheed Hwy, Burnaby, B.C.
- Fraser Valley Regional Office, 207 - 7565-132nd Street, Surrey, B.C.

The Applications and supporting material will also be made available at the ICBC Head Office at 151 West Esplanade, North Vancouver, B.C., on the ICBC website at <http://www.icbc.com>, and at the Commission Offices, Sixth Floor, 900 Howe Street, Vancouver B.C. V6Z 2N3.

REGISTERING TO PARTICIPATE

Persons who expect to attend the Pre-hearing Conference and actively participate in the hearing process should register as Intervenors with the Commission. Intervenors will receive copies of the filings, all correspondence and filed documents.

Persons with an interest in the proceedings but who are not expecting to actively participate should register as Interested Parties and will receive a copy of the Executive Summaries of the filings, all Orders issued, and the Commission's Decision.

Intervenors and Interested Parties should inform the Commission Secretary, in writing or electronic submission, by Monday, April 16, 2007 of their intentions, and advise whether they intend to attend the Pre-hearing Conference. Intervenors should specifically state the nature of their interest in the Revenue Requirements Application, or the Rate Design Application, or both applications, and identify generally the nature of the issues that they may intend to pursue during the proceeding and the nature and extent of their anticipated involvement in the review of the two applications. Notification by courier delivery, fax or e-mail is acceptable.

All submissions and/or correspondence received from active participants or the public relating to the applications will be placed on the public record and posted to the Commission's web site.

FURTHER INFORMATION

A copy of the document "Understanding Utility Regulation: A Participants' Guide to the British Columbia Utilities Commission" is available on the Commission's website at <http://www.bcuc.com> >Guidelines & Resources>Guidelines.

For further information, please contact Mr. Robert J. Pellatt, Commission Secretary as follows:

Telephone: (604) 660-4700
Facsimile: (604) 660-1102

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