



**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  
respecting Rate Design for Universal Compulsory Automobile Insurance

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

January 9, 2008

**ORDER**

**WHEREAS:**

- A. On March 16, 2007 the Insurance Corporation of British Columbia ("ICBC") submitted an application to the British Columbia Utilities Commission (the "Commission") for approval of the 2007 Revenue Requirements for Universal Compulsory Automobile Insurance ("Basic") including a filing of Information relating to matters referenced in the Commission's Decision of July 13, 2006 (the "Revenue Requirements Application" or "RRA"); and
- B. By letter dated March 16, 2007, ICBC advised the Commission that on or before March 30, 2007 ICBC would be filing with the Commission an application relating to the design and structure of ICBC's Basic insurance rates and requested that the Revenue Requirements Application and the rate design application be reviewed in a combined process; and
- C. On March 29, 2007 ICBC submitted to the Commission an Application Respecting Rate Design for Basic Insurance (the "Rate Design Application" or "RDA"). The RDA presents a multi-year plan that sets out ICBC's vision for the future Basic insurance rate structure; proposes replacement of the driver penalty point premium ("DPP") with a Driver Risk Premium ("DRP") program; seeks implementation of a new rating variable commencing May 1, 2008, that will require that Other Operator information be provided and will include an amendment to Basic insurance rates to allow an additional premium of \$25 to be charged as detailed in the RDA; requests Commission approval to implement actuarially indicated adjustments to the base rates of customer groups without further order of the Commission, with the implementation of adjustments commencing May 1, 2008, with certain conditions as detailed in the RDA; and seeks Commission approval, effective June 1, 2007 of the Basic Insurance Tariff ("Tariff") in Appendix 18B of the RDA; and

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- D. By Order No. G-32-07, the Commission established that ICBC was to lead a Workshop with respect to the RRA and the RDA on April 23, 2007. The Order also established a Pre-hearing Conference to be held on the same date following the Workshop; and
- E. Following the Pre-hearing Conference held on April 23, 2007, by Order No. G-48-07 dated April 27, 2007, the Commission Panel ordered that the RRA and the RDA would be reviewed in a combined regulatory process but each Application would have its own separate record of evidence, and that the RDA would be examined by way of one round of Intervenor Information Requests to ICBC and an Oral Public Hearing; and
- F. On April 30, 2007, ICBC filed an Errata with a revised version of the Tariff incorporating certain minor changes. On May 7, 2007, ICBC wrote to the Commission, calling attention to a change in the weight limitations for Rate Class 017; and
- G. On April 27, 2007, the Commission issued Order No. G-48-07, requesting comments from Intervenors by May 18, 2007, on ICBC's Tariff and the extent that it required review during the hearing established to review the RDA and on May 11, 2007, the Commission issued a letter inviting comments on ICBC's proposed amendment to Rate Class 017 by May 18, 2007; and
- H. Following a review of Intervenor comments and consideration of the issues the Commission Panel, on May 30, 2007, issued Order No. G-57-07, which approved the Tariff effective June 1, 2007, including the subsequent Errata, except for the change applied for separately to amend the weight class limitations on Rate Class 017; and
- I. The Oral Public Hearing into the RDA commenced on July 31, 2007 and concluded on August 2, 2007; and
- J. ICBC filed its Argument for the RDA on August 27, 2007. Registered Intervenors filed their Final Argument on September 10, 2007 and ICBC filed its Reply Argument on September 20, 2007; and
- K. During the Hearing, ICBC indicated that in order to undertake a communications campaign to ensure that the public is aware of changes regarding ICBC's proposed transition from the DPP program to the DRP, a decision by the Commission on this matter would be required by approximately the end of October 2007; and
- L. By Order No. G-126-07 dated October 17, 2007, the Commission Panel approved the DRP program as being necessary and in the public interest; and
- M. The Commission Panel has reviewed and considered all the evidence on the record for the RDA proceeding.

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

1. The Commission Panel considers that the Plan is consistent with specific government direction and accepts the Plan as presented by ICBC in the Application, subject to specific Plan component implementation details and related decisions of the Commission Panel dealt with in the Decision issued concurrently with this Order.
2. The Other Operator premium program is approved as filed, and shall be implemented in two phases as described in the Application as Phase One and Phase Two.
3. The proposal to implement the actuarially indicated adjustments to the base rates of customer groups, including the proposal for symmetrical application of the adjustments is approved, subject to the restrictions stated in the Decision
3. The change to Rate Class 017, as proposed by ICBC in its letter to the Commission of May 7, 2007, is approved.
4. ICBC is directed to comply with all determinations and instructions set out in the Decision issued concurrently with this Order.
5. 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      9<sup>th</sup>      day of January 2008.

**BY ORDER**

*Original signed by:*

L.F. Kelsey  
Panel Chair and Commissioner