

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-125-08

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

**IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**A Proposal by the Insurance Corporation of British Columbia ("ICBC") for
Amendment of Its Basic Insurance Tariff for Implementation of Driver Risk Premium**

BEFORE: L.F. Kelsey, Commissioner
P.E. Vivian, Commissioner August 28, 2008

O R D E R

WHEREAS:

- A. On March 29, 2007 ICBC submitted to the Commission its first Application Respecting Rate Design for Basic Insurance (the "Rate Design Application" or "RDA"). The RDA presented a multi-year plan to replace the ICBC Driver Penalty Point premium ("DPP") program with a Driver Risk Premium ("DRP") program; and
- B. By letter dated July 20, 2007 ICBC proposed amendments to the Basic Insurance Tariff (the "Tariff") with respect to implementation of the DRP; and
- C. The ICBC 2007 Rate Design Hearing commenced on July 30, 2007, and concluded on August 2, 2007. The Commission Panel determined that approval of DRP is necessary and in the public interest; and
- D. On October 19, 2007 the Commission issued Order G-126-07, and Reasons for Decision, approving the DRP program for ICBC in advance of the general Rate Design Application Decision; and
- E. By letter to the Commission dated March 17, 2008 ICBC advised of its intention to delay the implementation of the "fourth category" of DRP: three or more convictions for any motor vehicle offence. Instead of the three-year scan period for the fourth category starting at January 1, 2008, it will commence at January 1, 2009; instead of fourth category-based premiums commencing at January 1, 2009, they will commence at January 1, 2010; and
- F. By letter to the Commission dated June 27, 2008, ICBC proposes (the "Proposal") certain Tariff amendments related to the implementation of DRP; and

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2

- G. The Proposal recommends modifying Tariff Schedule E to include driver roadside suspensions for inclusion in DRP. ICBC states that non-inclusion of roadside suspensions in the Tariff pages submitted as part of the RDA filing was an omission. Roadside suspensions were part of the research behind DRP, are included in the program description submitted for the RDA, and should have been included in the Tariff; and
- H. The Proposal recommends modifying the definition of "MVA Convictions" in Tariff Schedule E. The existing definition refers to specific sections of the *Motor Vehicle Act* and the *Motor Vehicle Act Regulations*. The Proposal recommends a more general definition: "any driving-related offence, for which a police officer issues a ticket, and indicates that the offence was committed while the person was operating a motor vehicle other than a cycle." The purpose is to make the definition consistent with the research on which the DRP program is based. ICBC states that the amended definition will not affect the expected number of drivers that will be subject to DRP; and
- I. Included with the Proposal are revised Tariff pages, incorporating the recommended modifications and reflecting the delayed implementation of the fourth category of DRP; and
- J. The Commission Panel has reviewed and considered the amendments described in the ICBC Proposal.

NOW THEREFORE the Commission orders as follows:

- 1. The proposed amendment to the ICBC Basic Insurance Tariff, Schedule E, to include Roadside Suspensions, is approved.
- 2. The proposed amendment to the ICBC Basic Insurance Tariff, Schedule E, concerning the definition of MVA Conviction, is approved.
- 3. The proposed delay in implementation of the fourth category of offences for driver inclusion in DRP is approved. The scan period for driver inclusion into DRP will commence at January 1, 2009. Drivers amassing three offences in the fourth category will be included into DRP commencing January 1, 2010.

DATED at the City of Vancouver, in the Province of British Columbia, this 28th day of August 2008.

BY ORDER

Original signed by

Len Kelsey
Commissioner