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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-119-10**

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

and

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

and

**An Application by the Insurance Corporation of British Columbia
for Approval of Basic Insurance Year 3 Rate Design Adjustments to Base Rates**

BEFORE: L. F. Kelsey, Commissioner July 15, 2010
A. A. Rhodes, Commissioner

ORDER

WHEREAS:

- A. On January 9, 2008, the British Columbia Utilities Commission (Commission) issued Order G-4-08 with Reasons for Decision with respect to the Insurance Corporation of British Columbia (ICBC) 2007 Rate Design application. Order G-4-08 approved ICBC's proposal to implement actuarially-indicated base rate adjustments over a three-year period specifying that the Commission would accept, subject to timely filing, amended Basic insurance rate schedules in accordance with the terms of the Order; and
- B. By letter to the Commission dated May 1, 2009, ICBC proposed to forego the second year of basic insurance rate adjustments (Year 2 Adjustments) specified in the approved implementation plan. ICBC advised the Commission that certain rate design elements could not proceed as some necessary amendments to the Insurance (Vehicle) Regulation had not been enacted. ICBC further commented that the majority of personal rate classes had reached their 2007 indicated rate level; that certain commercial rate classes appeared to be shifting away from their 2007 indicated rate level; that there was significant uncertainty about how changes in the economy might influence claims costs; and
- C. By letter L-39-09 dated June 11, 2009, the Commission informed ICBC that it did not accept the proposal to forego the Year 2 Adjustments, as it amounted to a reconsideration of Order G-4-08. The Commission instructed ICBC to implement the Year 2 Adjustments, as approved under Order G-4-08; and
- D. By letter dated July 17, 2009, ICBC submitted the proposed Year 2 Adjustments for Commission approval; and

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- E. By letter L-55-09 dated August 5, 2009, the Commission approved the proposed Year 2 Adjustments, effective October 1, 2009; and
- F. By letter to the Commission dated June 1, 2010, ICBC submitted the proposed Year 3 Adjustments for Commission approval. The Year 3 Adjustments included corrections for rate reversals in base rates of customer groups (rate class/territory combinations) and amendments to Manual Basic coverage for Schedule L (Garage Policy Premiums) and Schedule R (Temporary Operating Permit and Owner's Certificate of Insurance Premiums). ICBC proposed that the amendments take effect on November 1, 2010; and
- G. The Commission has reviewed the Year 3 Adjustments and finds that they fulfill the requirements of the 2007 ICBC Rate Design Decision and Order G-4-08.

NOW THEREFORE the Commission approves the proposed Year 3 Adjustments to base rates in the ICBC Basic Insurance Tariff, effective November 1, 2010.

DATED at the City of Vancouver, in the Province of British Columbia, this 19th day of July 2010.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner