



**LETTER L-2-11**

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**VIA EMAIL**

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February 3, 2011

Ms. June Elder  
Manager  
Regulatory Affairs  
Insurance Corporation of British Columbia  
339 - 151 W Esplanade  
North Vancouver, BC V7M 3H9

Dear Ms. Elder:

Re: Insurance Corporation of British Columbia  
Streamlined Regulatory Process Application

On April 6, 2010, the British Columbia Utilities Commission (BCUC or the Commission) issued its Decision on an Application by the Insurance Corporation of British Columbia (ICBC) for an Order Specifying the Form and Content of, and Review Process for ICBC Universal Compulsory Automobile Insurance Revenue Requirements Applications Meeting Specified Criteria (the Streamline Regulatory Process Application) in Order G-65-10.

In the Streamline Regulatory Process Application, ICBC proposed that within five years of the date of any Order approving the streamlined review process, ICBC would make an application to the Commission proposing a review of the process. The Commission Panel accepted ICBC's proposal; however, noted that the Commission will monitor the process to ensure that it, as well as interested parties, are adequately informed of ICBC's filings and will take steps to change the process should there be shortfalls or inadequacies.

ICBC filed its first revenue requirements application under the streamlined regulatory process on May 31, 2010 (2010 SRRA). During the 2010 SRRA process, three of the six Interveners commented in some regard on the streamlined review process itself.

In response to these comments, after the 2010 SRRA Reasons for Decision were released, the Commission issued a letter dated November 25, 2010 requesting comments on the streamlined review process. The Commission received comments from Family Insurance (FI), the Insurance Bureau of Canada (IBC), the British Columbia Public Interest Advocacy Centre (BCPIAC), Frank Duck and ICBC who further filed a subsequent letter in response to the Interveners comments.

FI supported the process and made no further suggestions. IBC commented that there is no process when ICBC provides non-responsive answers to Information Requests (IRs) and expressed concerns that the five-year interval between full revenue requirements applications is too long. IBC also believes the streamlined review process limits the ability of Interveners to question ICBC in order to garner evidence on issues and also precluded Interveners from presenting their own evidence in any meaningful way. BCPIAC commented that the initial "information presentation" was of no value and could be dispensed with while Mr. Duck believes that although the informal presentation was an important part of the process ICBC could have distributed the slides electronically without a presentation. Mr. Duck also commented that the BCUC's Matters of Interest (MOI) at the Review Working Session were nothing but veiled information requests and all parties should have the opportunity to submit a round of IRs at the Review Working Session.

### **Non-responsive answers to IRs**

The Commission notes the Interveners concerns and strongly encourages ICBC to continue to make every effort possible to respond to all IRs in a fulsome and meaningful way. The approved streamlined timeline specifically allows for ICBC to dispute any IRs that it regard as outside the boundaries of the streamlined process and the Commission recommends ICBC to use that time to also identify any IRs where a limited response is anticipated. ICBC has stated that it welcomes Interveners to fist contact them directly if they feel any IRs are not answered to their satisfaction - the Commission encourages this process. In the event that an Intervener is still not satisfied with ICBC's response, a complaint to the Commission Secretary can be filed which the panel will rule on. Given the safeguards already in place the Commission does not consider it necessary at this time to amend the approved streamlined timetable to provide additional time for Interveners to dispute IR responses.

### **Five-year full revenue requirements interval**

The Commission appreciates IBC concerns especially in light of the growing excess capital balance and the Government Directive issued in May 2010 and will continue to monitor ICBC's filings; however, the Commission still considers the five-year full revenue requirements application interval to be sufficient at this time.

### **Information Presentation**

The Commission appreciates the benefits of the Information Presentation to ICBC but encourages ICBC to make better use of this time. ICBC should consider having a more interactive dialogue with the Interveners and Commission staff in addition to briefly summarizing the key issues in the Application.

### **Review Working Session**

The Commission considers the Review Working Session to be extremely helpful and assisted greatly in reducing the number of IRs. The approved streamlined timetable provides for both Interveners and the BCUC to submit MOI's to ICBC in advance of the Review Working Session - the Commission encourages Interveners to take full advantage of this provision in future Applications.

**Limits ability to question ICBC**

The streamlined review process allows for Interveners to submit MOI's to ICBC prior to the Review Working Session in addition to a round of Information Requests. Given the small rate change range that applies to the streamlined review process the Commission continues to be of the view that the approved process is adequate for Interveners to gather sufficient evidence on issues. The Commission notes that the approved streamlined timeline does not provide for Interveners to submit evidence and strongly encourages any concerned parties to address this issue when ICBC makes an Application to the Commission to review the streamlined review process.

**Public Notice**

The approved streamlined timeline requires ICBC to advise the public of the Application, including the date and location of a Review Working Session, by means of notices in appropriate newspapers that will appear within three working days from the date ICBC files the Application with the Commission. For the 2010 SRRA, ICBC posted the notice as required; however, did not identify the amount of the applied for basic insurance rate change. ICBC explained to the Commission at the time that the newspapers required a certain amount of lead time to print the advertisement which was prior to the 2010 SRRA being filed with the Commission. The Commission accepted this for the 2010 Application but will require ICBC to disclose in the public notice the applied for basic insurance percent rate change in all future streamlined revenue requirements applications. The Commission considers this information critical to parties in determining if they are interested in registering in the process.

Overall, the Commission believes the streamlined review process has been successful in maintaining efficiencies but agrees with ICBC that the 939 page 2010 SRRA with over 200 IRs was greater than the 'streamlined' description would imply but was necessary given the requirement to address excess capital and the amount of time that had passed since the previous revenue requirements application.

In order to continuously improve the Streamline Application process the Commission encourages ICBC to consider focusing more attention on anticipating the participant's potential concerns. For example with respect to fluctuations (up or down) in costs which fall outside an appropriate range, say inflation, ICBC should anticipate these types of questions and provide analysis and explanations in the Application in order to reduce the number of IRs and expedite the 'streamlined' process.

The Commission expects that ICBC will be able to reduce the volume of material filed in future streamlined applications while providing sufficient information.

Yours truly,

Erica M. Hamilton

CMcM/ac

cc: Registered Interveners  
(ICBC-RR-RI)