

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



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-141-13**

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
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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 the Revenue Requirements for Universal Compulsory Automobile Insurance
for the Policy Year Commencing November 1, 2013 and
for Approval of a New Basic Insurance Capital Management Plan

BEFORE: B.A. Magnan, Panel Chair and Commissioner
L.A. O'Hara, Commissioner
R.D. Revel, Commissioner
September 5, 2013

O R D E R

WHEREAS:

- A. By Order G-49-13 dated April 4, 2013, the British Columbia Utilities Commission (Commission) approved an extension request by the Insurance Corporation of British Columbia (ICBC) to file the ICBC 2013 Revenue Requirements Application on or before August 30, 2013;
- B. On August 30, 2013, ICBC submitted an application to the Commission for approval of the Revenue Requirements for Universal Compulsory Automobile Insurance (Basic Insurance) for the policy year commencing November 1, 2013, and for approval of a new Basic Insurance Capital Management Plan (the Application);
- C. In the Application, ICBC seeks Commission approval of a new Basic Insurance Capital Management Plan in accordance with Special Direction IC2 to the BC Utilities Commission/BC Regulation 307/2004 as amended (Special Direction IC2), the Government directive of March 19, 2013 with respect to Rate Smoothing, and Order G-49-13;

- D. In the Application, ICBC seeks Commission approval for a 4.9 percent increase in Basic Insurance rates to apply as follows:
- Pursuant to section 89 of the *Utilities Commission Act*, and section 15 of the *Administrative Tribunals Act*, the rate increase to apply on an interim basis for all new or renewal policies with an effective date on or after November 1, 2013 that have: (i) premiums determined through the use of the Schedule of Basic Insurance Premiums (Schedule C) as filed with the Commission, excluding rate class 800, rate classes 900 to 906, and policies relating to vehicles located on isolated islands; and (ii) premiums determined under a Fleet Reporting Policy. Collectively, policies under (i) and (ii) are referred to as the "Plate Owner Basic and Fleet Reporting Policies";
 - ICBC applies for the 4.9 percent increase to be made on a permanent basis for Plate Owner Basic and Fleet Reporting Policies and all other new and renewal policies on or after the first day of the first month that is at least 60 days following the Commission's final decision on the Application;
- E. In the Application, ICBC requests that if the Commission's final decision determines that the Basic Insurance rate increase is other than the interim rate sought, any refunds or billing required will be dealt with in the manner set out in Appendix 1A of the Application;
- F. The Commission has reviewed the Application regarding the refundable interim rate request and considers that setting an interim rate is in the public interest;
- G. The Commission also considers that establishing an Initial Regulatory Timetable including a Workshop and a Pre-hearing Conference for the review of the Application is warranted;
- H. The jurisdiction of the Commission with respect to the regulation of ICBC's revenue requirements and rates is restricted by legislation to Basic Insurance. The Commission has no jurisdiction over ICBC's Optional Insurance business.

NOW THEREFORE the Commission orders as follows:

1. Pursuant to section 89 of the *Utilities Commission Act*, the requested 4.9 percent interim refundable Basic Insurance rate increase is approved for implementation with an effective date on or after November 1, 2013, for all new and renewal policies that have: (i) premiums determined through the use of the Schedule of Basic Insurance Premiums (Schedule C) as filed with the Commission, excluding rate classes 800 and 900 to 906, and excluding policies relating to vehicles located on isolated islands; or (ii) premiums determined under a Fleet Reporting Policy. The interim rate increase is subject to refund with interest calculated for the refund period at an average prime rate of the principal bank with which ICBC conducts its business. The Commission will determine the manner by which any variance between the approved interim rate and the approved permanent rate, will be refunded or collected at the time it renders its Decision on the Application.

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2. ICBC must provide notice to all Basic Insurance policyholders affected by the interim rate increase and the conditions under which it is subject to refund or additional billing. The notice will be given with the Renewal Reminder or other similar form issued by ICBC to Basic Insurance policyholders in the ordinary course of business for renewal policies, and at the time of purchase for new policies.
3. The Commission will accept, subject to a timely filing, amended Basic Insurance rate schedules in accordance with the terms of this Order.
4. The Initial Regulatory Timetable for the Application is as set out in Appendix A to this Order.
5. The Commission will hold a Workshop with respect to the Application, commencing at 9:00 a.m. Tuesday, September 24, 2013, in the Commission's Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, BC V6Z 2K8.
6. A Pre-hearing Conference will be held on Tuesday, November 19, 2013, commencing at 9:00 a.m., in the Commission's Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, BC V6Z 2K8, at which the remainder of the Regulatory Timetable and the nature of the hearing process will be addressed.
7. ICBC will publish, by Wednesday, September 18, 2013, in display-ad format, the Notice of Application and Workshop, attached as Appendix B, in the following local news publications so as to properly provide adequate notice to the public: Cranbrook Daily Townsman/Kimberley Daily Bulletin, Dawson Creek Daily News, Fort St. John Alaska Highway News, Kamloops Daily News, Kelowna Daily Courier, Alberni Valley Times, Nanaimo Daily News, Nelson Star, Penticton Herald, Prince George Citizen, Prince Rupert Northern View, Trail Daily Times, Victoria Times Colonist, Vancouver 24 Hours, Vancouver Metro News, Vancouver Sun, and Vancouver Province.
8. Interveners and Interested Parties are to register with the Commission, in writing or by electronic submission, by Friday, September 20, 2013. Interveners are to state the nature of their interest in the proceeding and identify generally the nature of the issues they may intend to pursue during the proceeding and the nature and extent of their anticipated involvement in the review process.
9. The Application and supporting material will be made available for inspection at ICBC locations including Kelowna, Prince George, and the Head Office of ICBC at 151 West Esplanade, North Vancouver, BC, on ICBC's website and at the Commission Office, Sixth Floor, 900 Howe Street, Vancouver, BC V6Z 2N3.
10. ICBC must provide a copy of this Order and the Initial Regulatory Timetable attached as Appendix A to this Order, to all participants of the 2012 Revenue Requirements Application proceeding.

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11. Interveners intending to apply for participant assistance must submit a budget estimate by Thursday, November 28, 2013, consistent with the Commission's Participant Assistance/Cost Award Guidelines and Order G-72-07. Copies of the Guidelines are available upon request or can be downloaded from the Commission's website at <http://www.bcuc.com>.

DATED at the City of Vancouver, in the Province of British Columbia, this 5th day of September 2013.

BY ORDER

Original signed by:

B.A. Magnan
Commissioner

Attachments

An Application by the Insurance Corporation of British Columbia
for Approval of the Revenue Requirements for Universal Compulsory Automobile Insurance
for the Policy Year Commencing November 1, 2013 and
for Approval of a New Basic Insurance Capital Management Plan

INITIAL REGULATORY TIMETABLE

ACTION:	DATE
Intervener and Interested Party Registration Deadline	Friday, September 20, 2013
Commission Workshop*	Tuesday, September 24, 2013 commencing at 9:00 a.m.
Commission Information Request No. 1	Monday, October 7, 2013
Intervener Information Request No. 1	Friday, October 11, 2013
ICBC Information Request No. 1 Responses	Friday, November 8, 2013
Pre-hearing Conference*	Tuesday, November 19, 2013 commencing at 9:00 a.m.
Filing of Participant Assistance/Cost Award Budgets	Thursday, November 28, 2013

*Location: Commission Hearing Room
12th Floor, 1125 Howe Street
Vancouver, BC V6Z 2K8

PUBLIC NOTICE

WORKSHOP & PRE-HEARING CONFERENCE

BRITISH COLUMBIA UTILITIES COMMISSION



**INSURANCE CORPORATION OF BRITISH COLUMBIA
AN APPLICATION FOR APPROVAL OF THE REVENUE REQUIREMENTS
FOR UNIVERSAL COMPULSORY AUTOMOBILE INSURANCE
FOR THE POLICY YEAR COMMENCING NOVEMBER 1, 2013 AND
FOR APPROVAL OF A NEW BASIC INSURANCE CAPITAL MANAGEMENT PLAN**

On August 30, 2013, ICBC filed a Revenue Requirements Application for Universal Compulsory Automobile (Basic) Insurance seeking a 4.9 percent increase in Basic Insurance rates on an interim and permanent basis for all new and renewal Plate Owner Basic and Fleet Reporting Policies with an effective date on or after November 1, 2013. For the balance of Basic Insurance policies, ICBC also seeks a 4.9 percent permanent increase for those policies that have an effective date on or after the first day of the first month that is at least 60 days following the Commission's final decision on ICBC's Application. ICBC's Application also seeks Commission approval of its new Basic Insurance Capital Management Plan.

The Commission by Order G-141-13 has approved the requested 4.9 percent interim refundable rate increase for implementation with an effective date on or after November 1, 2013 for all new and renewal Plate Owner Basic and Fleet Reporting Policies. The disposition of any variances between the approved interim rate and the approved permanent rate to be refunded or collected from customers will be addressed in the Commission's final decision on the Application.

The Commission is initiating a review of ICBC's Application. To view the timetable for this hearing and the Application go to www.bcuc.com select "Current Applications" under "Quick Links" and scroll to "ICBC 2013 Revenue Requirements".

	Workshop	Pre-hearing Conference
	ICBC will explain the Application and answer questions	The Commission will consider the process to review the Application.
Date:	Tuesday, September 24, 2013	Tuesday, November 19, 2013
Time:	9:00 a.m.	9:00 a.m.
Location:	Commission Hearing Room 12 th Floor, 1125 Howe Street Vancouver, BC V6Z 2K8	

HOW TO GET INVOLVED

If you wish to participate actively in the review process, you may register as an Intervener or as an Interested Party with the Commission in writing by Friday, September 20, 2013 with the Commission Secretary, using the contact information at the end of this notice. Interveners should identify the issues they intend to pursue as well as the nature and extent of their anticipated involvement in the review process indicating whether they plan to attend the Pre-Hearing Conference. Interveners will receive email notice of all correspondence and filed documents. An e-mail address should be provided if available.

Persons not expecting to actively participate, but who have an interest in the proceeding, should register as Interested Parties with the Commission in writing, by Friday, September 20, 2013 identifying their interest in the Application. Interested Parties will receive a copy of the Commission's Decision when issued.

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

If you wish to attend the public Workshop or the Pre-hearing Conference please register with the Commission Secretary using the contact information provided at the end of this notice.

HOW TO REGISTER

You may apply to register to the Commission Secretary by email, electronic submission on the Commission's website, by fax, or by mail using the Commission contact information provided below.

For more information, please visit www.bcuc.com or contact the Commission Secretary at Commission.Secretary@bcuc.com.

VIEW THE DOCUMENTS

The Application and all supporting documentation are available on the Commission's website under "Current Applications" and at the locations below:

British Columbia Utilities Commission Sixth Floor, 900 Howe Street Vancouver, BC V6Z 2N3 Phone: 604-660-4700 Toll Free: 1-800-663-1385 www.bcuc.com	Insurance Corporation of British Columbia Head Office - 151 West Esplanade, North Vancouver, BC Kelowna - 1720 Springfield Road, Kelowna, BC Prince George - 4001 - 15th Avenue, Prince George, BC www.icbc.com
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