



VIA EMAIL

regaffairs@icbc.com

May 19, 2016

LETTER L-11-16

CONFIDENTIAL

Ms. June Elder
Manager, Corporate Regulatory Affairs
Insurance Corporation of British Columbia
339 - 151 West Esplanade
North Vancouver, B.C. V7N 3H9

Dear Ms. Elder:

Re: Insurance Corporation of British Columbia
Submission of Confidential Filing of the Online Claims Services Project IT Capital Report

On April 27, 2016, the Insurance Corporation of British Columbia (ICBC) filed an Online Claims Services Project Information Technology (IT) Capital Report (Report) on a confidential basis, in accordance with British Columbia Utilities Commission (Commission, BCUC) Order G-86-06 and July 13, 2006 Decision; Letter L-82-06; Order G-3-08 and January 9, 2008 Decision; and Order G-189-11.

ICBC states that the Report is being filed on a confidential basis because negotiations and contracts with the vendors associated with the project have not yet concluded. The public disclosure of information contained in the Report could adversely affect ICBC's negotiations, with resulting negative impact for Basic Insurance customers.

By this letter, the Commission acknowledges receipt of the Report and will keep the Report confidential as it contains commercially sensitive information.

The Commission has identified several questions regarding the Report, as follows:

- The OCSV project is now scheduled to incur capital costs of \$7.1 million in 2016/17, versus the \$4.6 million in 2016/17 that was projected in the 2016 IT Capital Plan. This increase of \$2.5 million represents approximately 10 percent of the total amount projected for Business Change Projects (\$25.7 million as reported on page 13 of ICBC's 2016 IT Capital Plan). Does the amount forecast for the OCSV project represent a net increase in IT capital spending, or is other spending correspondingly reduced? Is there a revised total projected for Business Change Projects?
- The OCSV IT Capital Report shows on page 5 that the \$7.1 million budget will be completely spent in the 2016/17 fiscal year but also states that the project won't be complete until the first quarter of fiscal 2017/18. Why is there no capital spending projected in 2017/18 if the project will not complete until Q1 2017/18?

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- ICBC has analyzed the risks of the OCSV project going over budget, outlined them on page 6 of the OCSV IT Capital Report and proposed mitigation strategies. Is one of the mitigation strategies a fixed-price contract with the systems integrator? If not, why not?
- The benefits of completing the project listed on pages 4 and 5 of the OCSV IT Capital Report include a reduced number of call centre calls and elimination of duplicate data entry. What is the quantitative savings associated with these benefits?

The Commission notes that ICBC is to file a rate change application by August 31 of each year. Accordingly, the Commission requests ICBC provide a progress and spending-to-date report on the OCSV project and address the Commission's questions regarding the project in ICBC's August 2016 revenue requirements application.

Yours truly,

Original signed by:

Laurel Ross

AT/cms