



**ORDER NUMBER
G-230-23A**

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

the *Insurance Corporation Act*, RSBC 1996, Chapter 228, as amended

and

Insurance Corporation of British Columbia
Disability Discount Factor Pilot Program Evaluation Report

BEFORE:

E. B. Lockhart, Panel Chair
B. A. Magnan, Commissioner

on August 28, 2023

ORDER

WHEREAS:

- A. On July 31, 2023, the Insurance Corporation of British Columbia (ICBC) filed its Disability Discount Factor Pilot Program Evaluation Report (Evaluation Report) for May 1, 2022 to April 30, 2023, in accordance with British Columbia Utilities Commission (BCUC) Order G-65-22 and Letter L-27-22;
- B. In its Evaluation Report, ICBC requests that the BCUC consider approving the Disability Discount Factor pilot program on a permanent basis (Application) ahead of the scheduled final evaluation report, due by December 31, 2024;
- C. On December 22, 2021, ICBC filed an application with the BCUC seeking approval to extend the eligibility of the Disability Discount Factor to customers having ownership interest in a vehicle;
- D. By Order G-65-22 dated March 7, 2022, the BCUC approved ICBC to extend the eligibility of the Disability Discount Factor on a pilot basis, effective May 1, 2022 and ending on April 30, 2025;
- E. By Letter L-27-22 dated July 4, 2022, the BCUC accepted ICBC's proposed parameters and reporting to review and measure the success of the Disability Discount Factor pilot program. ICBC was scheduled to file an initial report by July 31, 2023, and the final report by December 31, 2024; and
- F. The BCUC has reviewed the Evaluation Report including the Application and makes the following determination.

NOW THEREFORE for the reasons attached as Appendix A to this order, the BCUC denies ICBC's Application to make the Disability Discount Factor pilot as permanent ahead of schedule. The BCUC confirms Directive 1 of Order G-65-22 for ICBC to continue the Disability Discount Factor pilot until April 30, 2025.

DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of August 2023.

BY ORDER

Original signed by:

E. B. Lockhart
Commissioner

Attachment

Insurance Corporation of British Columbia
Disability Discount Factor Pilot Program Evaluation Report

REASONS FOR DECISION

1.0 Background

On July 31, 2023, the Insurance Corporation of British Columbia (ICBC) filed its Disability Discount Factor (DDF) Pilot Program Evaluation Report (Evaluation Report) for May 1, 2022 to April 30, 2023, in accordance with British Columbia Utilities Commission (BCUC) Order G-65-22 and Letter L-27-22.

In its Evaluation Report, ICBC requests that the BCUC consider approving the DDF pilot program on a permanent basis (Application) ahead of the scheduled final evaluation report, due by December 31, 2024.

On December 22, 2021, ICBC filed an application (Original Application) with the BCUC seeking approval to extend the eligibility of the DDF to customers having an ownership interest in a vehicle. The Original Application proposed to extend the DDF eligibility criteria to align with the eligibility criteria for the Ministry of Finance's Fuel Tax Refund Program for Persons with Disabilities, which recognizes individuals with an ownership interest in a vehicle in addition to those who are registered owners or lessees of a vehicle.¹

The DDF, formerly the Disability Discount, has been in existence since 1977 and was codified in the *Insurance (Motor Vehicle) Regulations* in 1997. ICBC explained that a 25 percent discount has been in place since it was first introduced in 1977.² ICBC indicates that approximately 26,000 Basic insurance certificates had the DDF applied on an annual average.³

By Order G-65-22 dated March 7, 2022, the BCUC approved ICBC to extend the eligibility of the DDF as a three-year pilot, effective May 1, 2022 and ending on April 30, 2025. The BCUC approved the Original Application as a pilot because it was concerned about uncertainties around measurable benefits to persons with disabilities and the rate impact to all Basic insurance customers. The BCUC directed ICBC to set out parameters that will later be used to review and measure the success of the DDF pilot.⁴

By Letter L-27-22 dated July 4, 2022, the BCUC accepted ICBC's proposal to evaluate the DDF pilot, including its proposal to file an initial report by July 31, 2023 to provide ICBC's first year experience, and a final report by December 31, 2024.

2.0 Evaluation Report

The Evaluation Report covers the first year of the DDF pilot for May 1, 2022 to April 30, 2023. ICBC submits that the overall impact of the pilot on Basic rates is minimal, and the enrollment and application of the DDF remain stable.⁵

¹ Order G-65-22, Appendix A, p. 1.

² Order G-65-22, Appendix A, p. 1.

³ Exhibit B-1, p. 1-2.

⁴ Order G-65-22, Appendix A, p. 4.

⁵ Exhibit B-1, p. 1-2.

ICBC reports that it had conducted an audit between May 2022 and October 2022 and found that brokers were inconsistent in noting which certificates involved applications for the DDF under the ownership interest eligibility. Thus, ICBC had to devise a method to determine which customers applied for the DDF under the extended eligibility requirements versus those who applied under the standard eligibility criteria.⁶

ICBC estimates that the number of certificates qualifying as having an ownership interest is 50 certificates.⁷ This equates to an annual financial impact of \$9,833 (or 0.001 percentage point impact on the Basic rate indication), compared to ICBC's original estimate of \$600,000 annual impact on premiums (or less than 0.02 percentage points on the Basic rate indication).⁸ Also, ICBC has not identified any claims resulting in a breach of the application for DDF in the period of May 1, 2022 to April 30, 2023.⁹

ICBC concludes that the estimated costs associated with the DDF extension to include ownership interest are minimal. ICBC does not expect an increase in enrollment and application of the DDF due to the inclusion of ownership interest under the program. In the interest of regulatory efficiency, ICBC requests that the BCUC consider approving the DDF pilot program on a permanent basis, which would preclude the need for any further DDF pilot compliance reports.¹⁰

3.0 Panel Determination

The Panel denies ICBC's Application to make the DDF pilot as permanent ahead of schedule. The Panel confirms Directive 1 of Order G-65-22 for ICBC to continue the Disability Discount Factor pilot until April 30, 2025. Consistent with Letter L-27-22, ICBC is expected to file its final report by December 31, 2024, where ICBC may apply for the DDF pilot program to become permanent or propose revisions.

The Panel is satisfied that ICBC has met its compliance reporting requirements by providing ICBC's first year experience in the three-year DDF pilot. However, we disagree with ICBC that this initial Evaluation Report provides sufficient evidence for the BCUC to assess whether the DDF pilot should become permanent. ICBC reported issues about recording DDF eligibility notations in its system. Although ICBC has investigated and addressed the issue, the Panel questions ICBC's analysis as it is based on at least five months of inconsistent data between May and October 2022. We find that continuing the DDF pilot will yield additional and better information that could help the BCUC determine whether the DDF pilot should become permanent in the future.

⁶ Exhibit B-1, p. 1-3.

⁷ Exhibit B-1, p. 1-3.

⁸ Exhibit B-1, p. 1-4.

⁹ Exhibit B-1, p. 1-5.

¹⁰ Exhibit B-1, p. 1-7.