

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-3-08

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**IN THE MATTER OF**

the Utilities Commission Act, R.S.B.C. 1996, Chapter 473, as amended  
and  
the Insurance Corporation Act, R.S.B.C. 1996, Chapter 228, as amended  
and

An Application by Insurance Corporation of British Columbia  
for approval of the 2007 Revenue Requirements for Universal Compulsory Automobile Insurance  
and

A Filing of Information Relating to Matters Referenced in the British Columbia Utilities Commission Decision  
dated July 13, 2006

**BEFORE:** L.F. Kelsey, Panel Chair and Commissioner January 9, 2008  
A.W.K. Anderson, Commissioner  
P.E. Vivian, Commissioner

**O R D E R**

**WHEREAS:**

- A. On March 16, 2007 the Insurance Corporation of British Columbia (“ICBC”) submitted an application to the British Columbia Utilities Commission (“Commission”) for approval of the 2007 Revenue Requirements for Universal Compulsory Automobile Insurance (“Basic Insurance”) including a filing of Information relating to matters referenced in the Commission’s Decision of July 13, 2006 (the “Revenue Requirements Application” or “RRA”); and
- B. ICBC requests for approval a 3.3 percent rate increase on a permanent basis for all new or renewal policies with an effective date on and after May 1, 2007 that (i) have premiums determined through the use of the Schedule of Basic Insurance Premiums as filed with the Commission, excluding rate class 800 and rate classes 900 – 906 and excluding policies relating to vehicles located on isolated islands; or (ii) have premiums determined under a Fleet Reporting Policy (together the “Plate Owner Basic and Fleet Reporting Policies”); and
- C. ICBC applied for a rate increase of 3.3 percent on an interim basis for all new and renewal Plate Owner Basic and Fleet Reporting Policies with an effective date on and after May 1, 2007. By Order No. G-31-07, the Commission approved on an interim basis the rate increase of 3.3 percent for all new and renewal policies with an effective date on or after May 1, 2007 for Plate Owner Basic and Fleet Reporting Policies. The interim increase is subject to refund with interest; and

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- D. ICBC requests for approval a 3.3 percent rate increase on a permanent basis, effective the first day of the first month that is at least 60 days following the Commission's final decision respecting this application for an increase in Basic insurance rates, for all new and renewal policies other than the Plate Owner Basic and Fleet Reporting Policies; and
- E. On March 29, 2007 ICBC submitted its first application to the Commission respecting rate design for Basic Insurance (the "Rate Design Application" or "RDA"); and
- F. By Order No. G-32-07, the Commission established that ICBC was to lead a Workshop with respect to the RRA and the RDA on April 23, 2007. The Order also established a Pre-hearing Conference to be held on the same date following the Workshop; and
- G. The Commission by Order No. G-48-07 established that the RRA and the RDA would be reviewed in a combined regulatory process but each Application would have its own separate record of evidence. The RRA would be examined in a Written Hearing process for the non-actuarial matters and actuarial matters from the RRA would be examined in an Oral Public Hearing as per the Regulatory Agenda and Timetable attached as Appendix A to Order No. G-48-07; and
- H. The Commission subsequently issued Letters No. L-42-07 and L-76-07 dealing with various aspects of the Application; and
- I. An Oral Public Hearing was held in Vancouver, B.C. and commenced on July 30, 2007 and concluded on July 31, 2007; and
- J. ICBC filed its Argument for the RRA on September 14, 2007. Registered Intervenors filed their Final Argument on September 28, 2007. Subsequently, ICBC filed its Reply Argument on October 9, 2007; and
- K. The Commission Panel has reviewed and considered all the evidence on the record for the RRA proceeding.

**NOW THEREFORE** the Commission orders as follows:

- 1. The increase in Basic Insurance rates of 3.3 percent for all new and renewal policies with an effective date on or after May 1, 2007 that (i) have premiums determined through the use of the Schedule of Basic Insurance Premiums as filed with the Commission, excluding rate class 800 and rate classes 900 – 906 and excluding policies relating to vehicles located on isolated islands; or (ii) have premiums determined under a Fleet Reporting Policy, is approved on a permanent basis. Also, the increase in Basic Insurance rates of 3.3 percent to be effective the first day of the first month that is at least 60 days following the date of this Decision, for all new and renewal policies other than the Plate Owner Basic and Fleet Reporting Policies, is approved on a permanent basis.

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2. Policyholders who renewed or purchased new policies in the period between May 1, 2007 and the effective date of this Order, are to be notified of the permanent increase in the most cost effective manner, which is to be determined by ICBC. The notice must be reviewed by the Commission in advance of its release. For policyholders renewing or purchasing new policies after the effective date of this Order, notice of the permanent increase will be given with the Notice to Renew 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 timely filing, amended Basic Insurance rate schedules in accordance with the terms of this Order.
4. The Basic Insurance Capital Management Plan, as set out in Chapter 6.2 of the Application, is approved subject to the modifications set forth in the Decision issued concurrently with this Order.
5. ICBC is directed to comply with all determinations and instructions set out in the Decision that is issued concurrently with this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 9<sup>th</sup> day of January 2008.

BY ORDER

*Original signed by:*

L.F. Kelsey  
Panel Chair and Commissioner