



LETTER NO. L-39-09

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VIA E-MAIL

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June 11, 2009

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

Dear Ms. Elder:

Re: Insurance Corporation of British Columbia ("ICBC")
Letter of July 9, 2008 - Update on Other Operator and Year 2 Rate Design Adjustments

The British Columbia Utilities Commission received a letter from ICBC, dated May 1, 2009 (the "Update Letter"), concerning the status of the Other Operator initiative, and implementation of the second year of adjustments to the base rates of certain rate class/territory customer groups (the "Year 2 Adjustments").

By letter to the Commission dated March 17, 2008, ICBC had advised that enactment of necessary amendments to the Insurance (Vehicle) Regulation were required before Other Operator could be implemented. In the Update Letter, ICBC advised that those amendments have yet to be enacted. The Update Letter states that if the status of the proposed amendments changes ICBC will advise the Commission, and provide an update on the implementation of Other Operator. The Commission considers this an appropriate course of action, as the necessary regulation is not yet in place.

Regarding the Year 2 Adjustments, the Update Letter proposes that implementation not proceed. ICBC gives several reasons: the majority of personal rate classes are already at or near their 2007 indicated rate level; certain commercial rate classes appear to be shifting away from their 2007 indicated rate level; there is significant uncertainty about how changes in the economy will influence claims costs.

The Commission does not accept the proposal that ICBC not proceed with implementation of the Year 2 Adjustments. The Commission is not persuaded that the Rate Design Decision, dated January 9, 2008, and accompanying Order G-4-08, should effectively be reconsidered. ICBC is to proceed with the directives in the Decision regarding the Year 2 Adjustments.

Yours truly,

Original signed by:

Erica M. Hamilton

TR/yl

cc: Mr. Donnie Wing, CA
Senior Vice President, Insurance, Marketing and Underwriting
Insurance Corporation of British Columbia
(Via Email: donnie.wing@icbc.com)