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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-160-10**

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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
to Standardize Trailer Basic Insurance Premiums

BEFORE: L.F. Kelsey, Commissioner
D.A. Cote, Commissioner
October 21, 2010

ORDER

WHEREAS:

- A. On January 28, 2010, the British Columbia Utilities Commission (the Commission) received an application from the Insurance Corporation of British Columbia (ICBC) requesting changes to universal compulsory automobile (Basic) insurance for Fleetplan vehicles (Fleetplan Application), including changes to Fleet Status Eligibility, Trailer Basic Insurance Rates, and the Fleet Rating Retrospective Program;
- B. On February 11, 2010, the Commission issued Order G-20-10, establishing that the Fleetplan Application would be reviewed via a written hearing process, and specifying the Regulatory Timetable for the proceeding;
- C. On April 22, 2010, the British Columbia Trucking Association (BCTA) provided its Final Submission with respect to ICBC's proposal to standardize trailer Basic Insurance premiums. In particular, the BCTA noted its concerns regarding the premium increases that some fleet operators would experience and recommended limiting annual premium increases to 20 percent of a customer's total Basic Insurance premium;
- D. On July 9, 2010, the Commission issued Order G-115-10 regarding the Fleetplan Application, which:
 - a. approved the proposed Fleet Status Eligibility amendments and the proposed Fleet Rating Retrospective Program amendments;
 - b. instructed ICBC to submit a report to the Commission by March 31, 2012, examining whether the approved Fleetplan Application proposals were revenue neutral from an overall premium perspective;
 - c. denied the standardization of trailer Basic Insurance premiums proposed in the Fleetplan Application;
- E. In the Reasons for Decision issued in Order G-115-10, the Commission:
 - a. noted that it believes that the general intent of the standardization of trailer Basic insurance premiums proposal is desirable;

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- b. noted that the total premium impact associated with standardization of trailer Basic insurance premiums for non-commercial fleet operators causes no concerns;
 - c. encouraged ICBC to re-examine whether an implementation which limits total annual premium increases may be feasible;
- F. On September 23, 2010, ICBC filed an Application to Standardize Trailer Basic Insurance Premiums (Application), which included a modified proposal for the implementation of standardized trailer Basic insurance premiums. This proposal limits the annual premium increases arising from standardizing Basic insurance trailer rates to the greater of \$300 or 20 percent of a customer's total Basic insurance premium;
- G. The Application also contains the following proposed amendments to ICBC's Tariff:
- a. Amendments to Schedule I of the Tariff in order to exclude trailer rates from fleet discounts and surcharges to implement the standardization of trailer basic insurance premiums;
 - b. Amendments to Section 2.D.7 of the Tariff to introduce the temporary capping provisions;
 - c. Amendments to Schedule C of the Tariff to change trailer Basic Insurance base rates to \$22, \$78 and \$96 for the applicable rate class and Third Party coverage. These rates are the same as presented in the Fleetplan Application, only adjusted to reflect the 2.4 percent Basic Insurance rate decrease, effective November 1, 2010, approved by Order G-137-10;
- H. ICBC in its Application includes Appendix B: BCTA letter regarding the amended proposal to standardize trailer Basic insurance premiums, in which the BCTA endorses ICBC's modified proposal;
- I. The Commission has considered the Application and finds its approval is warranted.

NOW THEREFORE the Commission approves the Application to standardize trailer Basic insurance premiums.

DATED at the City of Vancouver, in the Province of British Columbia, this 22nd day of October 2010.

BY ORDER

Original signed by:

D.A. Cote
Commissioner