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BRITISH COLUMBIA UTILITIES COMMISSION

ORDER NUMBER G-109-12

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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
for Approval of the Revenue Requirements for Universal Compulsory Automobile Insurance
for the Policy Year Commencing February 1, 2012

BEFORE: A.W.K. Anderson, Panel Chair/ Commissioner
M.R. Harle, Commissioner
R.D. Revel, Commissioner

August 16, 2012

O R D E R

WHEREAS:

A. On December 1, 2011, the Insurance Corporation of British Columbia (ICBC) submitted an application to the British Columbia Utilities Commission (Commission) for approval of the Revenue Requirements for Universal Compulsory Automobile Insurance (Basic Insurance) for the policy year commencing February 1, 2012 (the Application);

B. The Application seeks Commission approval for a permanent 11.2 percent increase in Basic Insurance rates, pursuant to sections 59 to 61 of the *Utilities Commission Act*, and *the Insurance Corporation Act*, to apply:

   i. to all new and renewal policies with an effective date on or after February 1, 2012 that have: (i) premiums determined through the use of the Schedule of Basic Insurance Premiums (Schedule C) as filed with the Commission, excluding rate classes 800 and 900 – 906 and excluding policies relating to vehicles located on isolated islands; and (ii) premiums determined under a Fleet Reporting Policy, (together the Plate Owner Basic and Fleet Reporting Policies);

   ii. to all new and renewal policies other than the Plate Owner Basic and Fleet Reporting Policies effective on the first day of the first month that is at least 60 days following the Commission's final decision on the Application;

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C. The Application also sought interim relief, pursuant to section 89 of the *Utilities Commission Act* and section 15 of the *Administrative Tribunals Act*, to allow a rate increase of 11.2 percent to apply on an interim refundable basis for all new and renewal Plate Owner Basic and Fleet Reporting Policies with an effective date on or after February 1, 2012, pending the hearing of the Application and orders subsequent to the hearing;

D. By Order G-221-11, the Commission approved the requested 11.2 percent interim refundable rate increase for implementation with an effective date on or after February 1, 2012 for all new and renewal Plate Owner Basic and Fleet Reporting Policies. The Commission also established an Initial Regulatory Timetable for the review of the Application, which included a Workshop held on January 23, 2012 and a Pre-hearing Conference held on February 23, 2012;

E. By Order G-21-12, subsequent to the Pre-hearing Conference, the Commission established a Revised Regulatory Timetable to review the Application. The Revised Regulatory Timetable included: (i) an Oral Public Hearing for actuarial matters only and (ii) ICBC and Intervener Oral Final Arguments, and ICBC Oral Reply Argument;

F. By letter dated May 15, 2012, the Commission invited comments from ICBC and Interveners to amend the Revised Regulatory Timetable regarding the necessity of a limited Oral Public Hearing on actuarial matters only, and potentially replacing the oral argument process with written arguments;

G. By Order G-62-12, subsequent to comments received from ICBC and four Interveners, the Commission established an Amended Regulatory Timetable for the remaining regulatory process. The Amended Regulatory Timetable comprised: (i) Commission Panel Information Requests, if any, on actuarial matters; (ii) ICBC and Intervener Written Final Arguments; and (iii) ICBC Written Reply Argument. The Amended Regulatory Timetable replaced both the limited Oral Public Hearing on actuarial matters and the oral argument process;

H. On June 8, 2012, ICBC filed its Final Argument;

I. Six Interveners filed Final Argument by June 18, 2012: Canadian Direct Insurance, Pemberton Insurance Corporation, the Automobile Insurance Committee of the Canadian Bar Association, Mr. Frank Duck, Insurance Bureau of Canada, Voice for Economic Justice, and BC Old Age Pensioners Organization *et al.*;

J. On June 22, 2012, ICBC filed its Reply Argument; and

K. The Commission has considered the Application, the evidence and submissions all as set forth in the Decision issued concurrently with this Order.

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NOW THEREFORE pursuant to sections 59 to 61 of the *Utilities Commission Act*, the Commission orders as follows:

1. A permanent 11.2 percent Basic Insurance rate increase is approved, to apply:

   (i) to all new and renewal policies with an effective date on or after February 1, 2012 that have: (i) premiums determined through the use of the Schedule of Basic Insurance Premiums (Schedule C) as filed with the Commission, excluding rate classes 800 and 900 – 906 and excluding policies relating to vehicles located on isolated islands; and (ii) premiums determined under a Fleet Reporting Policy, (together the Plate Owner Basic and Fleet Reporting Policies);

   (ii) to all new and renewal policies other than the Plate Owner Basic and Fleet Reporting Policies effective on the first day of the first month that is at least 60 days following the date of this Decision;

2. Policyholders who renewed or purchased new policies in the period between February 1, 2012 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. ICBC is directed to comply with all determinations and directives 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 16th day of August 2012.

BY ORDER

Original signed by:

A.W.K. Anderson
Panel Chair and Commissioner