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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-49-13**

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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 Extend the 2013 Revenue Requirements Application Filing Date

BEFORE: L.F. Kelsey, Commissioner
C.A. Brown, Commissioner
N.E. MacMurchy, Commissioner
B.A. Magnan, Commissioner April 4, 2013
D.M. Morton, Commissioner
R.D. Revel, Commissioner
C. van Wermeskerken, Commissioner

O R D E R

WHEREAS:

- A. By Order G-165-12 dated November 5, 2012 in relation to an application by the Insurance Corporation of British Columbia (ICBC) to vary Order G-109-12 relating to the revenue requirements for universal compulsory automobile insurance (Basic Insurance) for the policy year commencing February 1, 2012, the British Columbia Utilities Commission (Commission) directed ICBC to file a revenue requirements application by May 31 of each year if ICBC's rate indication estimate is above the upper threshold for the Streamlining process, or at such other time as may be directed by the Commission if the Basic Minimum Capital Test (MCT) level as at the most recent quarter or year-end is below the regulatory minimum;
- B. On March 18, 2013, the Lieutenant Governor in Council issued Order in Council No. 152 to amend *Special Direction IC2 to the British Columbia Utilities Commission (Special Direction IC2)*;
- C. On March 18, 2013, the Lieutenant Governor in Council also issued Order in Council No. 153 approving a letter of direction issued by the Minister of Transportation and Infrastructure to ICBC, which informed that ICBC should bring forward to the Commission for approval by May 31, 2014 a revised Basic Capital

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-49-13

2

Management Plan that continues to protect the solvency of Basic Insurance while also improving ICBC's ability to use Basic capital to promote more stable and predictable Basic rates;

- D. On March 20, 2013, ICBC filed with the Commission an extension request to file its 2013 Revenue Requirements Application (RRA) from May 31, 2013 to August 30, 2013. ICBC submits that there have been two developments that warrant updating the filing deadline for the 2013 RRA to August 30, 2013:
- a capital transfer of \$372.5 million from Optional to Basic Insurance, which raised the year-end 2012 Basic MCT from the original forecast of 89% to 137.3%;
 - a new legislative framework designed to improve ICBC's ability to smooth year to year rate changes, which the implementation will necessitate ICBC and the Commission to revisit ICBC's Basic Insurance Capital Management Plan;
- E. ICBC submits that extending the 2013 RRA filing date to August 30, 2013 will allow sufficient time for ICBC to develop a new Capital Management Plan proposal as part of the 2013 RRA;
- F. The Commission has reviewed the extension request by ICBC with the amendments to *Special Direction IC2* and the government directive. The Commission considers that based on the new legislative framework, the Basic MCT level at year-end 2012, and stakeholder comments in the last RRA proceeding in relation to the timing of ICBC RRAs, an extension to file the 2013 RRA by August 30, 2013 is reasonable.

NOW THEREFORE the Commission orders as follows:

1. The extension request to file the ICBC 2013 Revenue Requirements Application is approved. ICBC must file the 2013 Revenue Requirements Application on or before August 30, 2013.
2. ICBC must include a Basic Capital Management Plan proposal in the 2013 Revenue Requirements Application for the Commission's review.

DATED at the City of Vancouver, in the Province of British Columbia, this 4th day of April 2013.

BY ORDER

Original signed by:

D.M. Morton
Commissioner