



**ORDER NUMBER
G-163-16**

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

the Insurance Corporation Act, R.S.B.C. 1996, Chapter 228, as amended

and

Insurance Corporation of British Columbia
An Application for Approval of the Revenue Requirements for Universal Compulsory Automobile Insurance
Effective November 1, 2016

BEFORE:

D. A. Cote, Commissioner/Panel Chair
B. A. Magnan, Commissioner

on November 10, 2016

ORDER

WHEREAS:

- A. On August 25, 2016, the Insurance Corporation of British Columbia (ICBC) filed an application to the British Columbia Utilities Commission (Commission) for its 2016 Revenue Requirements for Universal Compulsory Automobile Insurance (Basic insurance), seeking a Basic insurance rate increase of 4.9 percent for the policy year commencing November 1, 2016 (Application);
- B. On September 2, 2016, by Order G-142-16, among other matters, the Commission established a Regulatory Timetable for the review of the Application which included a timetable for Information Request (IR) No. 1 and a Procedural Conference to be held on Friday, October 28, 2016;
- C. On October 20, 2016, ICBC filed its responses to IR No. 1 to the Commission and interveners;
- D. On October 20, 2016, the Commission issued a letter to ICBC and interveners regarding the Procedural Conference and sought written submissions from interveners who will not be able to attend the Procedural Conference (Exhibit A-7);
- E. On October 21 and October 24, 2016, respectively, the Commission received written submissions from Mr. Landale and Mr. McCandless;
- F. Pursuant to Order G-142-16, a Procedural Conference was held on October 28, 2016, in Vancouver, BC. The following participants made appearances and submitted comments for consideration by the Panel:
 - i. ICBC;

- ii. British Columbia Old Age Pensioners' Organization *et al.*;
- iii. Toward Responsible Educated Attentive Driving;
- iv. Movement of United Professionals;

G. The Commission considers that establishing the remaining Regulatory Timetable is warranted.

NOW THEREFORE, and for the reasons set out in Appendix A to this order, the British Columbia Utilities Commission orders as follows:

- 1. A written public hearing process with one additional round of information requests is established for the review of the Application.
- 2. The Regulatory Timetable is attached as Appendix B to this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of November, 2016.

BY ORDER

Original signed by:

D. A. Cote
Commissioner/Panel Chair

Attachments

An Application by the Insurance Corporation of British Columbia
for Approval of the Revenue Requirements for Universal Compulsory Automobile Insurance
Effective November 1, 2016

REASONS FOR DECISION

1.0 BACKGROUND

On August 25, 2016, the Insurance Corporation of British Columbia (ICBC) filed an application to the British Columbia Utilities Commission (Commission) for its 2016 Revenue Requirements for Universal Compulsory Automobile Insurance (Basic insurance), seeking a Basic insurance rate increase of 4.9 percent for the policy year commencing November 1, 2016 (Application).

On September 2, 2016, by Order G-142-16, the Commission established a Regulatory Timetable for the review of the Application which included a timetable for Information Request (IR) No. 1 and a Procedural Conference to be held on Friday, October 28, 2016.

On October 20, 2016, ICBC filed its responses to IR No. 1 to the Commission and interveners.

Also, on October 20, 2016, the Commission issued a letter to ICBC and interveners regarding the Procedural Conference (Exhibit A-7). Participants were advised that substantive matters are not to be discussed at the Procedural Conference as the full Panel was not available to attend. If warranted, the Panel would seek written submissions from the interveners and the applicant regarding any substantive matters. The Panel also sought written submissions from interveners who would not be able to attend the Procedural Conference.

On October 21 and October 24, 2016, respectively, the Commission received written submissions from Mr. Landale and Mr. McCandless.

Pursuant to Order G-142-16, a Procedural Conference was held on October 28, 2016, in Vancouver, BC. The following participants made appearances and submitted comments for consideration by the Panel:

- ICBC;
- British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO);
- Toward Responsible Educated Attentive Driving (TREAD);
- Movement of United Professionals (MoveUp);

2.0 SUBMISSION BY THE PARTIES

The Procedural Conference addressed procedural matters for the Application. ICBC and interveners submitted comments on the regulatory review process. The following section summarizes the submissions received by ICBC and interveners.

2.1 Oral, written, or combination hearing

ICBC's position is that a written process is appropriate for the review of the Application as this process is effective when the information sought is quantitative in nature, as is the case in this proceeding.¹ ICBC submits

¹ Transcript Volume 1, p. 15.

that the first round of IRs has already resulted in a thorough evidentiary record² and an additional round of IRs is not necessary. ICBC referenced the various requirements under *Special Direction IC2*, including the ± 1.5 percent rate band, and the cost drivers of the Policy Year 2016 rate indication to support its position.³ Alternatively, if the Commission determines that an oral hearing is necessary, ICBC submits that a second round of IRs should not be required and the oral process should be confined to specific issues.⁴

Mr. McCandless states in his written submission that further information gained from a second round of IRs or oral hearing will not materially affect the outcome of the proceeding.⁵

Mr. Landale, in his written submission, as well as BCOAPO and MoveUP at the Procedural Conference, submit they would like an opportunity for a second round of IRs and do not oppose an oral hearing.⁶ BCOAPO indicates that a second round of IRs is necessary for clarification purposes while MoveUP agrees and strongly opposes any limitation of scope on IRs.⁷

Mr. Landale in his written submission also indicates that he has prepared a report to be submitted as intervener evidence.⁸ BCOAPO submits that if it turns out that there is no intervener evidence, BCOAPO would be open to rolling back the process provided that there isn't a compression of the remaining components of the hearing.⁹

TREAD indicates a very strong preference for an oral hearing. TREAD's submissions, among other points, focus on public awareness and education of the regulatory framework set out by *Special Direction IC2*. In particular, TREAD discusses the effects of the rate band over the next three years.¹⁰ To TREAD, a public oral hearing provides "the potential for more access, more attention and more customer understanding and perhaps customer acceptance on that point [regulatory framework]."¹¹ TREAD's preference is to have a second round of IRs and an oral hearing pending the Commission's ruling on scope.¹²

Commission staff submit that based on the review of IR No. 1 up to the time of the Procedural Conference, they do not have any remaining issues to explore. Staff do not require further IRs and believe that an oral hearing is not needed to determine ICBC's requests in the Application. However, if there is an opportunity for IR No. 2, staff will also ask clarification questions on certain topics.¹³

ICBC agrees with MoveUP that a full and adequate body of evidence is necessary but believe that IR No. 1 already provides that evidence.¹⁴ ICBC submits that further IRs will not materially affect the outcome of the proceeding. With respect to TREAD's submissions regarding future rate changes and the rate band, ICBC submits that the Government's decision on legislation and those impacts that follow are not issues for the Commission to determine in this proceeding.¹⁵ Furthermore, with regard to having an oral hearing, ICBC submits:

² Ibid.

³ Ibid., pp. 13–14.

⁴ Ibid., pp. 17–18.

⁵ Exhibit C1-3, p. 1.

⁶ Exhibit C2-1, p. 4; Exhibit C2-3, p. 1; Exhibit C2-4, p. 2; Transcript Volume 1, pp. 19, 34–35.

⁷ Transcript Volume 1, p. 37.

⁸ Exhibit C2-4, pp. 2, 4.

⁹ Transcript Volume 1, pp. 19–20.

¹⁰ Ibid., pp. 21–34.

¹¹ Ibid., p. 26.

¹² Ibid., pp. 29, 41.

¹³ Ibid., pp. 39–40.

¹⁴ Ibid., p. 44.

¹⁵ Ibid., p. 46.

... public education would be a novel reason to hold an oral hearing in this proceeding... the purpose is to have a full and adequate body of evidence to enable the Commission to make a decision on the application. The oral hearing should be aimed for that purpose, not a public education exercise. If public education is something that is needed... there [are] other avenues...¹⁶

3.0 PANEL DETERMINATION

In the view of the Panel, the primary issue is to determine a regulatory process that will provide an evidentiary record which is complete yet do so in an efficient and cost effective manner.

The parties are split in terms of how this can best be accomplished. ICBC, Mr. McCandless and Commission staff are satisfied that one round of IRs is sufficient although Commission staff noted that if a second round is scheduled, it will be used for clarifying questions on certain topics. For the most part, the interveners were in agreement there was a need for a second round of IRs and did not support the need for establishing an oral hearing. The one exception to this was TREAD who strongly supported an oral hearing process submitting that it provided potential for more access, attention and customer understanding.

The Panel has considered the submissions received and establishes a written public hearing process with one additional round of information requests for the review of the Application. The Regulatory Timetable is attached as Appendix B to this order. In the interest of regulatory efficiency, the Panel has expedited some of the dates from the draft timetable provided by Commission staff in Exhibit A-7.

The Panel accepts that providing the parties the opportunity for a second round of IRs is common regulatory practice in the interests of providing a robust evidentiary record. Moreover, most of the interveners requested the opportunity to provide additional evidence for the record. Therefore, the Panel finds there is reasonable support for a second round of IRs and it is in the public interest. The Panel sees there is no reason to refine the scope of the second round of IRs noting that scope was not an issue in IR No. 1.

The Panel agrees with ICBC that public education is not a valid reason to establish an oral hearing. Further, the Panel is not persuaded there is a need for an oral hearing as proposed by TREAD as there is insufficient evidence indicating that an oral hearing will result in a more complete evidentiary record. Therefore, given the lack of evidence and in consideration of the costs and potential disruption to ICBC related to an oral process, the Panel does not believe such a process is warranted.

¹⁶ Ibid., p. 47.

An Application by the Insurance Corporation of British Columbia
for Approval of the Revenue Requirements for Universal Compulsory Automobile Insurance
Effective November 1, 2016

REGULATORY TIMETABLE

ACTION	DATE (2016)
Commission and Intervener Information Request (IR) No. 2	Tuesday, November 29
Participant Assistance/Cost Award (PACA) Budget ¹⁷	Tuesday, December 6
ICBC IR No. 2 Response	Tuesday, December 20
	DATE (2017)
Intervener Evidence	Monday, January 9
IR on Intervener Evidence	Tuesday, January 17
Intervener Response to IR	Wednesday, January 25
ICBC Rebuttal Evidence	Thursday, February 2
ICBC Written Final Argument	Wednesday, February 8
Intervener Written Final Argument	Thursday, February 23
ICBC Written Reply Argument	Tuesday, March 7

¹⁷ As per section 14.1.1 of the PACA Guidelines established under Order G-143-16, participants who intend to apply for a cost award exceeding \$10,000 must file a completed Participant Assistance/Cost Award Budget Estimate form.
<http://www.ordersdecisions.bcuc.com/bcuc/orders/en/item/179994/index.do?r=AAAAAQAIzy0xNDMtMTYB>