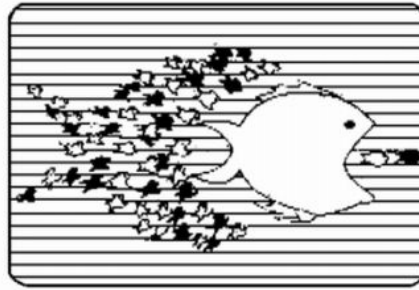


**The
British Columbia
Public Interest
Advocacy Centre**

208-1090 West Pender Street
Vancouver, BC V6E 2N7
Tel: (604) 687-3063 Fax: (604) 682-7896
email: bcpiac@bcpiac.com
<http://www.bcpiac.com>



Sarah Khan 687-4134
Patricia MacDonald 687-3017
James L. Quail 687-3034
Ros Salvador 488-1315
Leigha Worth 687-3044
Barristers & Solicitors
Zara Suleman
Articled Student

May 3, 2007

**ICBC 2007 REVENUE REQUIREMENTS
EXHIBIT**

C3-2

VIA E-MAIL

Mr Robert J Pellatt
Commission Secretary
BC Utilities Commission
Box 250, Sixth Floor, 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Mesdames/Sirs:

**Re: Insurance Corporation of British Columbia – Revenue Requirements 2007
Information Requests from BCOAPO
Non-Actuarial Issues**

Enclosed please find the Non-Actuarial Information Requests submitted by BCOAPO in this proceeding.

Yours truly

BC PUBLIC INTEREST ADVOCACY CENTRE

Jim Quail
Executive Director

Insurance Corporation of British Columbia – Revenue Requirements 2007

Information Requests from BCOAPO

Non-Actuarial Issues

BCOAPO 1-1

Reference: Application, Appendix A, Page vi, #3

1. Please provide further details of the expected functions of this system.
2. When is the system expected to be in place?
3. Relative to refund cheques that are issued by ICBC to policyholders (in general), what percent are not cashed. What percent are sent to addresses where the policyholder no longer resides.
4. In Manitoba, rebate cheques are issued related to excess retained earnings. What percent of those cheques are not cashed, or are sent to addresses where the policyholder no longer resides?

BCOAPO 1-2

Reference: Application, Appendix A, Page vi and vii, #5 through # 8

1. If the customer ceases to be a customer (policyholder) and the refund is less than \$20 how is the excess premium returned to the customer?

BCOAPO 1-3

Reference: Introduction and Executive Summary Page 2-1 #6

1. Please provide a table of changes in the compulsory coverage and no-fault benefits (by coverage) since the inception of the Corporation.

BCOAPO 1-4

Reference: Introduction and Executive Summary Page 2-3 #9

1. Please show the financial statements for basic (income statement and balance sheet) before and after the required transfer.
2. Please provide year end audited financial statements (income statement and balance sheet) for basic for 2004, 2005 and 2006, using the same level as used for whole of ICBC reporting in the annual report.

3. Please provide proforma income statements and balance sheets using the same level of detail as used for the reporting for the whole of ICBC for basic for 2007 and 2008 assuming no change in rates and assuming the 3.3% is approved.

BCOAPO 1-5

Reference: Introduction and Executive Summary Page 2-3 #11

1. Please provide further details on the process, including showing the organizational units that were involved in “management’s decision to the commission for the actuarially indicated rate increase of 3.3%”.
2. Please provide further details of the approval process, including the Board, BC Crown Agencies Secretariat and other organizations the Corporation reports to that were involved in “management’s decision to apply to the Commission for the actuarially indicated rate increase of 3.3%”.

BCOAPO 1-6

Reference: Introduction and Executive Summary Page 2-4 #14

1. Which organizational groups were involved in the investigation?
2. What was the role of the claims forecasting committee?
3. What reports were prepared? Please file executive summaries or full reports where they are less than 25 pages.

BCOAPO 1-7

Reference: Introduction and Executive Summary Page 2 -5 #19

1. Please provide further details on the process, including showing the organizational units that were involved in the decision to increase the MCT ratio to 130%?
2. Please provide further details of the approval process, including the Board, BC Crown Agencies Secretariat and other organizations the Corporation reports to that were involved in the decision to increase the MCT ratio to 130%.
3. Other than the MCT what other tests of capital requirements were used? Was ruin theory, earnings at risk or other stochastic models used?

BCOAPO 1-8

Reference: Introduction and Executive Summary Page 2-6 #28 and Chapter 8 Page 8.B-2.

1. Please provide legal representation rates, if available, for the property and casualty industry as a whole.
2. Does ICBC benchmark its claims costs against other jurisdiction (frequency, severity, duration etc.) by coverage?

BCOAPO 1-9

Reference: Introduction and Executive Summary Page 3-1 #1 and # 2

1. Did management rely solely on the actuarial rate level indication that generated 3.3% as the basis for proposed increase?
2. Please elaborate on management's interpretation of rate stability? (i.e. How does management know when rates are stable in the public's view?)
3. Please elaborate on management's interpretation of rate predictability? (i.e. How does management know when rates are predictable in the public's view?)

BCOAPO 1-10

Reference ICBC Response to Bodily Injury Claim Costs Page 5-4 #12 and Chapter 8.B.4 #10.

1. Please provide studies conducted at ICBC or elsewhere that support the belief that the approach suggested reduces representation rates.
2. Please comment on the fundamental equity and fairness of fast settlement of a claim. How does this ensure equity where there are equally adversely affected claimants?
3. Does the Corporation have any studies that indicate the degree of knowledge of claimants with respect to their rights and the Corporation's obligations when they are injured in an accident?

BCOAPO 1-11

Reference ICBC Response to Bodily Injury Claim Costs Page 5-4 #12

1. With respect to the Official Disability Guidelines please provide further details on the methodology used by the Work Loss Data Institute to develop the guidelines.
2. Please file the guidelines (or provide the link to the website for access to the guidelines).
3. What are the recourses a claimant has, other than legal representation, where the outcome of their recovery plan falls outside the expected norms of the Official Disability Guidelines.

4. Please file any studies or additional materials that support the suggestion that the medical community is not performing “evidence based assessments” on ICBC claims.

BCOAPO 1-12

Reference ICBC Response to Bodily Injury Claim Costs Page 5-5 #13 and 5-6 #15

1. Is the criteria for a claim to be classified as high risk a total expected incurred of \$40,000 for bodily injury third party liability, excluding no fault benefits?
2. What other factors, if any, are used to define high risk claims?
3. How many and what percent of all claims are estimated to fall into this category?
4. What is the estimated claims incurred for this group?
5. For claims that are not handled by the Customer Service representative, and are less than \$40,000, what is the handling procedure?
6. How many and what percent of all claims are estimated to fall into this category?
7. What is the estimated claims incurred for this group?
8. How many and what percent of claims are estimated to fall into the category of being handled by the customer service representative only?
9. What is the estimated claims incurred for this group?
10. For claimants with claims in the high risk category how is service improved if they are no longer able to attend the regional claim centre?

BCOAPO 1-13

Reference ICBC Response to Bodily Injury Claim Costs Page 5-7 #19 through Page 5.8 #21

1. Please file sample copies of the reports.
2. What actions are managers and supervisors expected to take based on the reports?
3. Is it part of their performance evaluation system?
4. Does it affect their incentive based compensation?

BCOAPO 1-14

Reference ICBC Response to Bodily Injury Claim Costs Pages 5-11 #29

1. Please file the information indicating there has been a higher closure rate and levels of pending files and claims opened have decreased.

BCOAPO 1-15

Reference: Chapter 6, Page 6.1-3, #11 to #13

1. Please provide further details of the “sophisticated computer modeling used in DCAT”. Is it monte carlo simulation? scenario analysis? or other techniques?
2. Please provide a further elaboration of the statistical processes used in the DCAT models?
3. What computer language is used for these models?
4. Please confirm that different firms DCAT models will yield different results within the adverse scenarios.
5. At last years hearings ICBC indicated it was developing an in house DCAT model. Please advise on the status of this activity.
6. Is there anything in the actuarial standards of practice precluding the use of other techniques to assess capital adequacy?

BCOAPO 1-16

Reference: Chapter 6, Page 6.1-4 #14

5. With respect to selection of the 130% based on the average of the four scenarios, were probabilities assigned to the likelihood of each adverse scenario occurring?

BCOAPO 1-17

Reference: Chapter 6, Page 6.1-8, #26

1. Given the “imprecision” of later year forecast, please indicate the estimated reliability of forecast for the short term (three to five) years.

BCOAPO 1-18

Reference: Chapter 7, Page 7.1-3 # 3 and 2007-2009 Appendix 11B, Page 12

1. Has ICBC explored the impact of implementing reforms such as caps or deductibles related to injuries as a method of controlling bodily injury cost growth?

BCOAPO 1-19

Reference: Chapter 7, Page 7.1.5 # 15

1. For the 2006 year, please file the year end (or closest to year end) reports for each of the monitoring and reporting activities.

BCOAPO 1- 20

Reference: Chapter 7, Page 7.2-2 # 4 and Page 7.2-3 #10 and 7.8-10 to15

1. Please prepare a table showing total operating expenses per basic claim closed for 2005 to 2007 (projected).
2. Please prepare a table showing total operating expenses per basic claim opened for 2005 to 2007 (projected).
3. Please prepare a table showing total operating expenses per basic claim pending for 2005 to 2007 (projected).

BCOAPO 1-21

Reference: Chapter 7, Page 7.2-6 # 21

1. Please provide additional specifics of the criteria used to channel a bodily injury claim to the Litigation Centre.
2. Please provide comparative statistics as to the expected case load for bodily injury adjusters in the regional claim centres and those in the Litigation Centre.

BCOAPO 1-22

Reference: Chapter 7, Page 7.2-6 # 22

1. Please provide additional details of the Hospital Discharge Program related to the considerations used in determining eligibility for early discharge and the benefits to the claimant of the program.

BCOAPO 1-23

Reference: Chapter 7, Page 7.2-7 # 25

1. Please a listing of current road safety programs.
2. Please provide a list of programs that have been abandoned in the last 5 years along with a reasons for their abandonment.

BCOAPO 1-24

Reference: Chapter 7, Page 7.2-8 # 28

1. Please provide the benefit cost ratio for these activities, that is the actual savings versus the costs.

BCOAPO 1- 25

Reference: Chapter 7, Page 7.3-4 #15 and #18

1. Please provide more specific details related to the compensation increase
2. Please provide more specific details on the \$1 million increase in marketing expenses.

BCOAPO 1-26

Reference: Chapter 7, Page 7.3-5 #21

1. What basic products are manually underwritten?
2. What is the share of total underwriting operating costs due to this activity?

BCOAPO 1-27

Reference: Chapter 7, Page 7.3 A-2 #7

1. Does ICBC have an estimate of the average cost per policy for broker services in the private sector? If so please provide comparative statistics.

BCOAPO 1-28

Reference: Chapter 7, Page 7.4-3 #9 and #11

1. With respect to the \$1.7 million increase in compensation levels, how much was due to general increase described at Page 7.1.8 #22?
2. How many additional staff (by profession) are needed to fulfill these requirements?

BCOAPO 1-29

Reference: Chapter 7, Page 7.4.-6 #20

1. Please provide the organization chart for the corporate actuarial department in 2004, 2005, currently and proposed (if different than current).
2. Please provide a brief resume for professional and technical staff of the department (education, total years experience, level of professional accreditation).

3. Please provide details of the Corporation's training policy for staff seeking to become accredited actuaries.
 4. Please elaborate on the extent that actuaries are being used to address "operational needs"

BCOAPO 1-30

Reference: Chapter 7, Page 7.4-9 # 27

1. Please provide information on the effectiveness of collections staff in recoveries. For example dollars collected per policy, per employee, with comparatives to other public insurers.

BCOAPO 1-31

Reference: Chapter 7, Page 7.4.-11 #33

1. Please provide the organization chart for the supply department currently.
2. Please provide a brief resume for professional and technical staff of the department (education, total years experience, level of professional accreditation).

BCOAPO 1-32

Reference: Chapter 7, Page 7.4.A-3 #7

1. Please provide an itemized listing of the non insurance costs of \$97 million.

BCOAPO 1-33

Reference: Chapter 7, Page 7.6 -6 #14 #17, and 7.6.C-12

1. Please provide further details of any other metrics used outside those described in the benchmarking plan.
2. Please advise if the survey used has changed over the time period considered.

BCOAPO 1-34

Reference: Chapter 7, Page 7.6 -8 #27

1. What are the cost implications of subcontracting this work out? (how much greater or lower is the all cost of subcontracting for this work rather than hiring)?
2. What are the risk implications of subcontracting this work?

BCOAPO 1-35

Reference: Chapter 7, Page 7.6-13 #48

1. With respect to the new reports for bodily injury claim monitoring, are these reports standalone or generated from the Corporate Data Warehouse?
2. Is the Corporate Data Warehouse the source of data used in the rate level indication analysis?
3. What quality control/audit processes are used to ensure the accuracy of the data in the Corporate Data Warehouse?

BCOAPO 1-36

Reference: Chapter 8 Page 8-5 #22 and 8-6 #24

1. Has the Corporation undertaken any further research into the factors that result in the lower satisfaction rate for accident benefit claimants? If so please file this information.
2. Is it anomalous that the overall satisfaction rate for accident benefits is less than the satisfaction rate for the individual items?

BCOAPO 1-37

Reference: Chapter 8, Page 8-8 #28

1. What are the targets used by comparable companies such as MPI or SGI?

BCOAPO 1-38

Reference: Chapter 8, Page 8-9 #31

1. Does the Corporation have a target for the percent of calls answered within 90 seconds. What is it?
2. What is the target for a comparable company such as MPI or SGI?

BCOAPO 1-39

Reference: Chapter 8 Page 8-9 #34

1. Does ICBC have information on the approval rating for other comparable corporations? If so please file this information.

BCOAPO 1-40 Chapter 8, Page 8-15 and Investment Performance Information Page 6-3-2.

1. If the Corporation had held the tactical maximum for equities with the change taken from respective fixed income accounts, what would the actual return in 2006 be compared to the benchmark?
2. Why did cash holdings increase in 2006?
3. Please prepare a table providing the average month end asset rather than year end asset mixes for 2005 and 2006.

BCOAPO 1-41

Reference: Chapter 8, Page 8-15 #50 and Chapter 6, Exhibit A.1.0 Page 5

1. Please provide further discussion related to why the average return from the investment portfolio is not used for discounting in the actuarial rate level analysis.

BCOAPO 1-42

Reference: ICBC website "ICBC zero tolerance to fraud"

4. What is the overall "ball park" estimate of claims fraud that ICBC experiences?
5. What is the industry general rule of thumb estimate related to fraud?
6. What is the industry rule of thumb estimate related to claims "puffery"?

BCOAPO 1-43

Please file the Public Utilities Board of Manitoba rulings 156/06 and 150/05 related to Manitoba Public Insurance.