

C1-3

ICBC 2007 RATE DESIGN
EXHIBIT

C1-3

ICBC 2007 RATE DESIGN HEARING

Documents for Non-Actuarial Panel

From Insurance Bureau of Canada

BC Old Age Pensioners Organization Information Request No. 2007.1 RD BCOAPO.47.1 Dated 04 June 2007 Insurance Corporation of British Columbia Response Issued 10 July 2007	Page 1 of 1
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2007.1 RD BCOAPO.47.1 Reference: Chapter 17.1-2, #5

What is the coverage provided to drivers for the minimum \$10 premium?

Response:

The minimum annual additional premium of \$10 was only in force for the period from 1974 to 1976. Since 1976 there has been no separate premium charge for the coverage provided.

Both non-DRP and DRP drivers are provided the same coverage and the coverage is provided to each driver with a valid BC driver's licence as each licence has embedded in it insurance coverage via a Driver's Certificate.

A BC resident who holds a valid BC driver's licence is insured throughout Canada and the United States for

- Up to \$200,000 Third Party Liability.
- Accident Benefits.
- \$1 Million Underinsured Motorist Protection.
- \$ 200,000 Hit and Run coverage.
- \$ 200,000 Uninsured Motorist Protection .

The insurance provided by the Driver's Certificate is not primary when a crash occurs. Instead, the insurance provided by an owner's certificate or other motor vehicle liability policy becomes primary insurance.

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IMPORTANT INFORMATION

B.C. Reg. 447/83
O.C. 1897/83

Deposited December 1, 1983

*Insurance (Vehicle) Act***INSURANCE (VEHICLE) REGULATION**

[includes amendments up to B.C. Reg. 132/2007, June 1, 2007]

Part 4 — Driver's Certificates**Interpretation**

42 (1) In this Part:

"insured" means

- (a) a resident named on a driver's certificate other than a person driving a vehicle that is exempted under section 43 or 44 of the Act, or
- (b) for the purpose of payment of insurance money, if the person referred to in paragraph (a) is deceased, the personal representative of that person;

"resident" means a person who is ordinarily resident in the Province, and includes

- (a) a student who is temporarily outside the Province for the purpose of studying at a school, college, university, institute or other similar educational, artistic or professional training facility, or
- (b) a member of the Canadian Armed Forces or the Royal Canadian Mounted Police who is regularly stationed in the Province but is temporarily posted outside the Province.

[en. B.C. Reg. 166/2006, s. 29.]

Certificate incorporated in licence

43 (1) For the purpose of the Act and this regulation,

- (a) a driver's certificate is deemed to be incorporated into every valid and subsisting driver's licence
 - (i) when the driver's licence is issued, and
 - (ii) subject to paragraph (a.1), at the beginning of the day following each subsequent

anniversary date of the driver's birth,

(a.1) unless suspended, cancelled or revoked under the Act or this regulation, a driver's certificate is valid and of effect until the earlier of

(i) the date on which the driver's licence expires, and

(ii) the end of the day on the next anniversary date of the driver's birth,

(b) the person named on a driver's licence shall be deemed to be the person named on the driver's certificate,

(c) the signature of the president of the corporation on a driver's licence shall be deemed to be the signature of the president of the corporation on the driver's certificate deemed to be incorporated in the driver's licence, and

(d) an application for the issue, renewal, replacement or reinstatement of a driver's licence shall be deemed to be an application to the corporation for the issue, renewal, replacement or reinstatement of a driver's certificate.

(2) Repealed. [B.C. Reg. 257/86, s. 10.]

[am. B.C. Regs. 257/86, s. 10; 312/96, s. 3; 441/98, s. 5.]

Repealed

44 to 44.2 Repealed. [B.C. Reg. 166/2006, s. 30.]

Notice of assessment

45 (1) If a premium is payable for a driver's certificate, the corporation must mail to the person named in the certificate a notice of assessment of premium for the period specified in the notice.

(2) Repealed. [B.C. Reg. 257/86, s. 12.]

(3) The total amount set out in the notice of assessment of premium under subsection (1) is payable to the corporation by the person named on the driver's certificate in accordance with that notice.

(4) Repealed. [B.C. Reg. 166/2006, s. 31 (b).]

[am. B.C. Regs. 257/86, s. 12; 408/87, s. 15; 491/95, s. 9; 292/2000, Sch. A, s. 5; 166/2006, s. 31.]

Repealed

45.1 to 46 Repealed. [B.C. Reg. 166/2006, s. 30.]

Rounding and prorating of premiums and refunds

47 (1) Any premium payable to or refundable by the corporation under this Part shall be rounded to the nearest dollar and an amount ending in 50¢ shall be raised to the next higher dollar, but no premium is payable or refundable if the rounded premium is less than \$2.

(2) Where the term remaining unexpired in a driver's certificate on the day it is issued is less than one year, the amount of premium payable by the applicant for the certificate is the amount established by the corporation prorated for the number of days remaining unexpired on the day the certificate is issued.

[am. B.C. Reg. 166/2006, s. 32.]

Application of other sections

48 Sections 7 and 15.7 apply in respect of a driver's certificate.

[am. B.C. Reg. 383/89, s. 7.]

Indemnity

49 (1) Subject to section 49.1, the corporation shall indemnify an insured who is not in default of premium payable under section 45 for liability imposed on the insured by law for injury or death of another or loss or damage to property of another that

(a) arises out of the use or operation by the insured of a vehicle not owned by or leased to the insured or a member of the insured's household, and

(b) occurs in Canada or the United States of America or on a vessel travelling between Canada and the United States of America

unless

(c) the insured is operating the vehicle without the consent of the owner and does not have reasonable grounds to believe that he has the consent of the owner,

(d) the insured is operating the vehicle in connection with the business of a garage service operator,

(e) the vehicle is owned or regularly operated by the insured,

(f) the vehicle is used for carrying passengers for compensation or hire or for commercial use,

(g) the vehicle is in fact not licensed under the *Motor Vehicle Act*, the *Commercial Transport Act* or similar legislation of another jurisdiction and the insured does not have reasonable grounds to believe the vehicle is licensed, or

(h) the insured is operating an all terrain vehicle licensed under section 24.04 of B.C. Reg. 26/58, the Motor Vehicle Act Regulations.

(2) Sections 70 to 76 apply in respect of indemnity under this section.

[en. B.C. Reg. 257/86, s. 13; am. B.C. Regs. 408/87, s. 16; 383/89, s. 8; 324/91, s. 13; 166/2006, s. 33, as am. by 46/2007, Sch. 1, s. 4.]

Limit of liability

49.1 (1) Subject to sections 18 (4) and 77 (1) of the Act, where an insured is liable for injury or death of

another or loss or damage to property of another, the liability of the corporation to the insured for payment of indemnity under section 49 in respect of all claims against the insured arising out of the same occurrence is limited to the applicable amount set out in section 1 (1.1) of Schedule 3.

(2) Repealed. [B.C. Reg. 166/2006, 34 (b).]

(3) In addition to the amount by which liability is limited under subsection (1), the corporation shall reimburse the insured for the payments and pay the costs referred to in section 69 that are within the limit set out in section 1 (1.1) of Schedule 3.

[en. B.C. Reg. 257/86, s. 1; am. B.C. Reg. 166/2006, s. 34.]

Priority of claims

49.2 For the purpose of payment of indemnity under section 49, claims arising out of injury or death have priority over claims arising from loss or damage to property to the extent of 90% of the amount by which liability is limited under section 49.1 and, subject to section 77 (1) of the Act, claims arising out of loss or damage to property have priority over claims arising out of injury or death to the extent of 10% of the amount by which liability is limited under section 49.1.

[en. B.C. Reg. 257/86, s. 13; am. B.C. Reg. 166/2006, s. 35.]

Other coverage

49.3 (1) In addition to indemnity under section 49, a driver's certificate evidences that an insured who is not in default of premium payable under section 45 has

(a) coverage under Part 7,

(b) coverage under section 148, and

(c) coverage under Division 2 of Part 10.

(2) Repealed. [B.C. Reg. 379/93, s. 3.]

[am. B.C. Regs. 379/93, s. 3; 166/2006, s. 36.]

Other insurance

50 (1) If a driver's certificate and an owner's certificate or vehicle liability policy evidence third party liability insurance coverage for the same occurrence, the third party liability insurance coverage evidenced by the owner's certificate or vehicle liability policy is primary insurance.

(2) Third party liability insurance coverage evidenced by a driver's certificate is available only to the extent of the amount by which the limit of liability specified in respect of the driver's certificate exceeds the total of the amounts specified in an owner's certificate or vehicle liability policy.

[en. B.C. Reg. 166/2006, s. 37, as am. by 46/2007, Sch. 1, s. 5.]

Repealed

51 Repealed. [B.C. Reg. 166/2006, s. 38.]

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Licence fees

Unless otherwise noted, all fees are free of GST.

Driver's Examinations

Knowledge tests	\$15
Road tests: passenger vehicles and motorcycles -	
Class 5, 6 (non-GLP)	\$50
Class 7, 8	\$35
Road tests: commercial vehicles -	
Class 1	\$60
Class 2	\$50
Class 3	\$40
All exams for seniors (drivers aged 65 years or older)	Free

Driver's Licences

5-year renewal or novice licence original	\$75
5-year renewal for seniors (drivers aged 65 years or older)	\$17
2-year original or re-instatement after prohibition	\$31
Replacement licence	\$17
Class 7 learner's photo licence	\$10

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Driver penalty points

[Paying points](#) | [Appealing points](#) | [How DPPs are calculated and recorded](#) | [How to reduce your DPP premium](#)

When you're ticketed for a traffic or driving violation under the B.C. *Motor Vehicle Act* or its regulations, driver penalty points (DPPs) will be recorded against your driving record.

You may also receive points against your driving record for certain *Criminal Code of Canada* convictions (such as impaired driving), or other offences, without getting a violation ticket.

The DPP premium

Depending on the number of points you've received, and when you receive them, you may be required to pay a driver penalty point (DPP) premium.

The premium is billed annually approximately four weeks before your birthday. See [How DPPs are calculated and recorded](#) for more information.

See the [Listing of fines and points](#) in the Tickets section for a table of DPP premium amounts associated with specific point totals.

Where the DPP premium goes

ICBC provides all holders of valid B.C. driver's licences, whether or not they own a vehicle, with third party liability insurance, accident benefits and underinsured motorist protection. Driver penalty point premiums are paid into the fund that provides this coverage.

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Driver penalty points

[Paying points](#) | [Appealing points](#) | [How DPPs are calculated and recorded](#) | [How to reduce your DPP premium](#)

How driver penalty points are calculated and recorded

When are driver penalty points calculated?

A bill for any driver penalty point (DPP) premium you owe will be sent to you once a year, approximately 4 weeks before your birthday.

The bill applies to driving offences committed during the 12-month period that ends 5 months before your birthday. This period is the **assessment period**.

The bill may also include driving offences committed during an earlier period that have now been recorded on your driving record.

Points are used only once to calculate your premiums. For example: if your birthday is June 15 and in the year 2000 you owe a DPP premium, the amount of your premium will be based on the points you accumulated between January 15, 1999 and January 15, 2000 (which is the 12-month period that ends 5 months before your birthday on June 15, 2000.)

How are driver penalty points recorded?

The date that penalty points are added to your driving record will be later than the date of the violation, due to the time required for recording and processing.

Here's an example of how driver penalty points (DPPs) and DPP premiums are assessed:

- **3 points** for one speeding offence added during an assessment period = **no DPP premium assessed**. (No premium is assessed for 1-3 points on your record.)
- 3 points for one speeding offence plus **2 points** for failing to yield, added during assessment period = **5 points = \$230 DPP premium assessed**.

See the Listing of fines and points in the Tickets section for a table of DPP premium amounts associated with specific point totals.

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Figure 14.2 – Alternate Claim-Rated Scale (ACRS) Currently Used in ICBC’s Rate Structure

	C.R.S. Level	Basic Insurance Surcharges and Discounts	Chargeable claim? Move up:
Surcharge Levels	+10	205%	6 steps
	+9	165%	6 steps
	+8	130%	6 steps
	+7	100%	6 steps
	+6	75%	6 steps
	+5	55%	6 steps
	+4	40%	6 steps
	+3	30%	6 steps
	+2	20%	6 steps
	+1	10%	6 steps
	0	Base Rate	6 steps
Safe Driving Discount	-1	5%	6 steps
	-2	10%	6 steps
	-3	15%	6 steps
	-4	20%	5 steps
	-5	25%	5 steps
	-6	30%	5 steps
	-7	35%	5 steps
	-8	40%	5 steps
RoadStar Discount	-9	43%	4 steps
	-10	43%	4 steps
	-11	43%	4 steps
	-12	43%	4 steps
	-13	43%	4 steps
	-14	43%	4 steps
RoadStar Gold Discount	-15	43%	3 steps
	-16	43%	3 steps
	-17	43%	3 steps
	-18	43%	3 steps
	-19	43%	3 steps
	-20	43%	3 steps

B.4 CHANGES TO TERRITORY RATING

20. In the early years at ICBC, the dominant territorial structure that was in place at the time and used by auto insurers was adopted by ICBC in 1974 (six territories plus one for vehicles operated out-of-province). ICBC started to re-examine its territorial structure in 1988 and put 15 new territories in place in 1990 (plus one for vehicles operated out-of-province), with rate changes caused by the changes in territorial boundaries being phased-in over time to avoid sudden, significant changes in insurance rates.¹⁹ Economic changes from Expo 86 and the

¹⁹ BC Reg 383/89.

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2007.1 RD BCOAPO.55.3 Reference: Page 17.2-14 #43

Once the DRP is implemented, what will be the approximate split in premiums written between drivers and vehicles?

Response:

In the future, driver based variables will be more prominent in the ICBC rating structure and at fault claims and driver record will play a key role. Currently, the Claim-Rated Scale provides for a maximum discount of 43% for drivers at one end of the range and unlimited surcharges for drivers incurring a number of at-fault claims. This driver based variable could have a large impact on a customer's premiums.

For DRP, ICBC is estimating that the premium will be in the range of \$40 to 60 million.

ICBC does not have an estimate for what the vehicle premium will be when DRP is fully implemented, however in 2006 the written premium from vehicles was \$1.879 billion. It should be noted that there are some driver impacts on vehicle premium so that a perfect distinction is not possible. The distinction in the annual report is based on Driver Premium being equal to DPP and Vehicle Premium being everything else.

Canadian Direct Insurance Information Request No. 2007.1 RD CDI.1.1 Dated 12 June 2007 Insurance Corporation of British Columbia Response Issued 10 July 2007	Page 1 of 1
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2007.1 RD CDI.1.1 Reference: Exhibit B-1-1, Chapter 17.1, Driver Risk Premium, p.17.1-4, paragraph 15

ICBC indicates that all revenues from the Driver Risk Premium (DRP) program will form part of Basic insurance premiums. This will moderate changes for policy holders who are not assessed Driver Risk premiums.

Once the DPP program has ended and the DRP program commences, will ICBC Basic be obtaining information concerning the date and type of Motor Vehicle Act or specific Criminal Code conviction(s) the driver has incurred over a three-year period?

Response:

The method currently in place for DPP will be utilized by DRP. The data for both DPP and DRP will be collected from Driver Licensing.

And as is the case with the DPP program, the DRP program will remain external to both the Claim-Rated Scale process and the sale of Basic insurance.

British Columbia Utilities Commission Information Request No. 2007.2 RD BCUC.80.1 Dated 11 June 2007 Insurance Corporation of British Columbia Response Issued 10 July 2007	Page 1 of 1
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2007.2 RD BCUC.80.1 Reference: ICBC Responses to Information Request, Exhibit B-9 IR 25.1, 27.0; Rate Design Application, Exhibit B-1-1, p. 17.1-18

“DRP drivers are at least twice as likely as non-DRP drivers to cause a crash and thus the additional premium charged to DRP drivers is a reflection of this differential in risk.” (B-9, IR 25.1)

“The average Basic insurance vehicle premium in 2006 (excluding the premium paid for trailers) was \$706 per year. This average annual premium is inclusive of Claim-Rated Scale discounts and surcharges. The analysis contained in Figure 17.1.2 illustrates that a driver who will be charged DRP is approximately twice as likely to have a crash as drivers who do not pay DRP. As such, a driver in this category could expect to have, on average, a Basic insurance premium twice as high as a non-DRP driver. On that basis, \$500 per year is a reasonable amount to charge so that the risk is closer to being properly priced.” (B-1-1, p. 17.1-18)

“The premium for the group as a whole was determined via the simple approach of doubling the basic insurance premiums for all drivers as a whole as DRP drivers have at least double the crash rate as non-DRP drivers. (B-9, IR 27.0)

“ICBC felt that charging 70% to 80% of [\$706] would provide sufficient margin and this resulted in an average bill of about \$500 per driver.” (B-9, IR 27.0)

Given that the average Basic insurance vehicle premium in 2006 was \$706 per year, and that DRP drivers are at least twice as likely to cause a crash, why limit the increase to 70 to 80 percent of \$700?

Response:

Point (b) of ICBC’s response to information request 2007.1 RD BCUC.27.0 indicates that the DRP program is a first step towards right pricing, as opposed to actuarially sound pricing. In order to phase in DRP, ICBC has proposed the approach found in Chapter 17.1 of ICBC’s 2007 Rate Design Application. As more data and experience is obtained, ICBC will continue to propose appropriate adjustments in the future.

The DRP program can not be viewed in isolation. The premium received from drivers who cause crashes may be reflected in changes to their CRS and potentially MCP. It is appropriate to view the revenue for high risk drivers in combination.

British Columbia Utilities Commission Information Request No. 2007.2 RD BCUC.87.1-3 Dated 11 June 2007 Insurance Corporation of British Columbia Response Issued 10 July 2007	Page 1 of 2
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2007.2 RD BCUC.87.1-3 Reference: ICBC Responses to Information Request, Exhibit B-9 IR 41.4

“A new resident who can not produce an insured history from their previous location will start at the Base CRS level.”

87.1 Please describe what ICBC will accept as an “insured history.”

87.2 In the event of a dispute between a customer and ICBC regarding their insured history, how will such a situation be resolved?

87.3 On whom is the onus for producing an extra-jurisdictional, previous driving record? If the onus is on ICBC, what is the average cost (per individual) of obtaining such records? How does ICBC intend to recover those costs?

Response:

87.1

To qualify for a discount, a claims history letter from all out-of-province insurers for the preceding eight years is required.

The following is required on the claims history letter:

- The letter must be an original or faxed directly from the insurance company to the broker's office.
- The letter must be from an insurance company on their letterhead.
- The principal operator of the ICBC policy must be specifically named in the letter.
- Dates of any liable claims must be noted, or the letter must state that no liable claims were incurred.
- Policy number must be noted.
- Dates of coverage must be noted.

87.2

Customers do and will continue to be able to raise any questions to the Fair Practices Department, Fairness Commissioner, Ombudsman or ultimately the courts.

British Columbia Utilities Commission Information Request No. 2007.2 RD BCUC.87.1-3 Dated 11 June 2007 Insurance Corporation of British Columbia Response Issued 10 July 2007	Page 2 of 2
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87.3

ICBC does not collect previous driving records. Any determination of CRS level for a customer who has moved to BC from outside of the province is based on the customer's insured history. Customers are required to provide their out-of-province experience letters and they bear the costs of acquiring these letters.

Insurance Bureau of Canada Information Request No. 2007.1 RD IBC.9.3 Dated 12 June 2007 Insurance Corporation of British Columbia Response Issued 10 July 2007	Page 1 of 1
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2007.1 RD IBC.9.3 Reference: Exhibit B-1-1, Chapter 15 Rate Design Principles, D.1 Fair, Just and Reasonable, p.15-13, paragraph 60

“In this context then ICBC considers it ‘fair’ that these Basic insurance customers pay premiums which are not fully reflective of their risk and cost of their anticipated claims.”

Is the amount of premium that should be assessed for drivers that are not paying the actuarial rate for Basic insurance (new drivers, seniors, disabled persons) being borne by other drivers?

Response:

Yes.

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2007.1 RD IBC.8.1 Reference: Exhibit B-1-1, Chapter 15 Rate Design Principles, C.1 Insurance Corporation Act, p.15-9, paragraph 43

Please provide, for drivers aged 16-20 and 21-25, the average basic insurance cost and the percentage of drivers at each level of the Claim-Rated Scale.

Response:

ICBC is prohibited from rating on the basis of age. *Special Direction IC2* ensures that Basic insurance rates do not make use of age, gender or marital status as rating variables. Specifically section 3(1)(d) requires that Basic insurance rates must not be based on age, gender or marital status (with the exception of discounts for seniors and disabled persons). ICBC has not undertaken the type of analysis requested in this information request and does not have a document that contains the analysis requested. Since the Commission cannot set Basic insurance ratings on the basis of age ICBC has not attempted to undertake such an analysis.

Insurance Bureau of Canada Information Request No. 2007.1 RD IBC.14.2.1-3 Dated 12 June 2007 Insurance Corporation of British Columbia Response Issued 10 July 2007	Page 1 of 1
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2007.1 RD IBC.14.2.1-3 Reference: Exhibit B-1-2, Chapter 16, ICBC Basic Insurance Rate Design Multi-Year Plan, p.16.1-9, paragraph 49

Does ICBC have a segmentation of the high-risk drivers by:

14.2.1 Age?

14.2.2 Sex?

14.2.3 New drivers?

Response:

ICBC does not have a segmentation of high-risk drivers. In regards to drivers captured by DPP, ICBC does not have segmentations by age, sex or new drivers.

Insurance Bureau of Canada Information Request No. 2007.1 RD IBC.18.1-4 Dated 12 June 2007 Insurance Corporation of British Columbia Response Issued 10 July 2007	Page 1 of 1
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2007.1 RD IBC.18.1-4 Reference: Exhibit B-1-1, Chapter 17.1 Driver Risk Premium, p.17.1-5, paragraph 21

18.1 Please explain how the scan of drivers' record is conducted?

18.2 Where does the information used for DRP purposes come from?

18.3 How is this information accessed by ICBC?

18.4 Is the information accessed only affecting Basic premiums?

Response:

18.1

The scan of drivers' record for the DRP program will be conducted in the same manner as is currently utilized for the existing DPP premium (please refer to Schedule E of the Basic Insurance Tariff, Appendix 18B of the Rate Design Application, for DPP information), except that the timeline will be extended from 12 months to 36 months. Once the DRP program is fully implemented, the scan period will start 41 months before the anniversary of the person's birth date.

18.2

The information that will be used for DRP purposes is from ICBC Driver Licensing Services, the same source as that currently used for the existing DPP premium.

18.3

This information is accessed in the same manner as it is currently utilized for the existing DPP premium, via a scan of the driver's licence record of each BC driver.

18.4

The additional premium from the information accessed affects only Basic insurance. The information accessed does not affect the vehicle policy premium at the point of sale.

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2007.1 RD CDI.4.3 Reference: Exhibit B-1-1, Chapter 17.2, Other Operator, pp. 17.2-9, paragraph 23 and 17.2-10, paragraph 26

Does ICBC allocate expense to ICBC Optional to obtain Basic claims information in order to determine the CRS level?

Response:

This information request appears to be based on the incorrect premise that there is claims information that "belongs" to the ICBC Basic insurance line of business.

ICBC operates its Basic insurance line of business and its Optional insurance line of business in an integrated manner. ICBC's information respecting its customers, including claims information, is maintained in a common database and in terms of storing customer information ICBC does not distinguish between Basic and Optional insurance customers. This Information request refers to "Basic claims information", which suggests an incorrect distinction between Basic information and Optional information. ICBC has customer data, but that data is not unique to the Basic insurance line of business.

ICBC does not specifically allocate an expense to the ICBC Basic line of business nor does it specifically allocate an expense to the ICBC Optional line of business to obtain ICBC information relating to a customer since the information is ICBC customer data that belongs to ICBC and is used in the integrated operations of ICBC.

The costs associated with the maintenance of customer information are allocated between the Basic and Optional lines of business in accordance with the allocation methodology approved by the Commission.

It also should be noted that a customer can access that customer's claims history information at no charge to the customer.

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2007.1 RD IBC.5.1 Reference: Exhibit B-1-1, Chapter 15 Rate Design Principles, C.1 Insurance Corporation Act, page 15-7, paragraph 36

ICBC states that the requirement to provide automobile insurance to all motorists sets ICBC apart from private insurers in other jurisdictions.

Please confirm that the same requirement sets ICBC apart from private insurers in British Columbia and sets ICBC's Basic product apart from its Optional product.

Response:

ICBC's statement on page 15-7 related to the delivery of mandatory products and compared ICBC to private insurers in other jurisdictions on that basis.

ICBC's Optional business does have the right to choose not to offer coverage to individual customers. However, ICBC has in all of its history never refused to sell at least some Optional coverage to a customer. Whenever possible, ICBC strives to provide coverage to most of ICBC customers resulting in few instances where ICBC refuses to sell Optional products.

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2007.1 RD IBC.6.1 Reference: Exhibit B-1-1, Chapter 15 Rate Design Principles, C.1 Insurance Corporation Act, p.15-7, paragraph 37

Please provide the study or research results that demonstrate that BC's model "minimizes the number of uninsured drivers."

Response:

Please see the response to information request 2007.1 RD IBC.19.1.

2007.1 RD IBC.19.1 Reference: Response to 2007.1 RD BCUC 5.3

Based on what information does ICBC believe that the rate of uninsured motorists to be at 2% in British Columbia. Please provide all supporting documents.

Response:

ICBC comes to this estimate based on a review of related uninsured claim files.

		Count	Proportion
2004	Property Damage - Other	143,106	99.3%
	Property Damage - Uninsured	970	0.7%
	Total	144,076	
2005	Property Damage - Other	144,586	99.4%
	Property Damage - Uninsured	931	0.6%
	Total	145,517	
2006	Property Damage - Other	146,018	99.4%
	Property Damage - Uninsured	923	0.6%
	Total	146,941	

The preceding numbers show the proportion of claim files where the at-fault party is identified as being uninsured. Over the three years, it ranges from 0.6% to 0.7%.

Although some uninsured drivers may flee the scene of an accident, based on the data, ICBC believes 2% is a conservative estimate of the proportion of motorists who are uninsured.

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2007.1 RD BCUC.5.3 Reference: Rate Design Application, Exhibit B-1-1, Tab 15, p. 15-7

“The requirement to provide automobile insurance to all motorists sets ICBC apart from private automobile insurers in other jurisdictions.”

In jurisdictions with no accessibility provisions, what is the average proportion of drivers who are uninsured?

Response:

In all Canadian jurisdictions, auto insurance is mandatory. In each Canadian province, accessibility is ensured. Provinces with Crown corporations provide mandatory coverage to all customers, which is the key difference. In the territories and other provinces, excluding Quebec, there is a Facility Association, which is required to provide coverage when private insurers will not. There is also a process for ensuring access in Quebec. Customers are insured through the Facility Association when the private insurers refuse to insure a specific risk.

ICBC has limited information on rates of uninsured motorists. However, the Insurance Information Centre of Canada's Annual Report for 2000 stated that "Six to eight percent of vehicles on Ontario roads today are uninsured." An August 12, 1999 press release from the Insurance Research Council stated that "The chances today are about 14 in 100 that if an insured car occupant is injured in an auto accident in the U.S., an uninsured motorist caused the accident." Although the numbers are difficult to estimate, ICBC believes that in BC, the number of claims caused by uninsured motorists is less than 2%.

Insurance is accessible in all Canadian jurisdictions. ICBC believes the differences flow from the tight link between plate, decal and insurance in BC. In other jurisdictions, a customer often needs to show proof of insurance to get a decal, but that does not mean that the customer maintains insurance for the vehicle. In BC, to cancel insurance, the customer needs to turn in his or her plates.

Canadian Direct Insurance Information Request No. 2007.1 RD CDI.4.1 Dated 12 June 2007 Insurance Corporation of British Columbia Response Issued 10 July 2007	Page 1 of 1
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2007.1 RD CDI.4.1 Reference: Exhibit B-1-1, Chapter 17.2, Other Operator, pp. 17.2-9, paragraph 23 and 17.2-10, paragraph 26

Is the Claims Rate Scale (CRS) level based solely on Basic at-fault claims and driving experience, or do optional at-fault claims also affect the CRS?

Response:

Yes, Optional at-fault claims affect CRS. The full definition of at-fault claims can be found in Schedule D of the Basic Insurance Tariff, under chargeable claim payment.

In part it says, it "means a payment made by ICBC or another insurer in respect of death or injury to another person or loss or damage to property of another person or to property to which own damage coverage applies."

Insurance Bureau of Canada Information Request No. 2007.1 RD IBC.4.2 Dated 12 June 2007 Insurance Corporation of British Columbia Response Issued 10 July 2007	Page 1 of 1
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2007.1 RD IBC.4.2 Reference: Exhibit B-1-1, Chapter 15 Rate Design Principles, B.3 Social Criteria, p.15-5, paragraph 24

“Therefore, using controllable rating variables serves a second purpose, as it encourages crash prevention.”

How does ICBC reconcile this statement with the experience in B.C. which has seen an increase in frequency and severity of claims from crashes?

Response:

ICBC has not seen an increase in frequency of claims from crashes. ICBC's statement refers to crash prevention which is most tightly connected to claim frequency. Controllable rating factors are not designed to address the issues that have been identified as being involved in severity increases, e.g., the size of general damage and future wage loss payments as well as the increased complexity of litigated claims. However, it is hoped that these changes will help in reducing the growth in total claim costs.

Exhibit D.1 of Chapter 4 in the Revenue Requirements Application shows the selected frequency trends from historic levels to current. Bodily injury, property damage, medical rehabilitation, and weekly benefits and death benefits, show reductions in frequency when comparing any of 2002, 2003, 2004, 2005 or 2006 to 2007 and the trend is expected to continue into 2008. (Death benefits are only expected to be stable into 2008.)

The second point is that the existing rating variables have been quite stable, so any effect from the encouragement of crash prevention is also likely to be stable. The secondary purpose of the introduction of Other Operator and Driver Risk Premium is to put more of the focus on driver behaviour, with the desired outcome being crash prevention.

Kate Best
604-982-2480

Doug Henderson
604-786-2579



ICBC reports first quarter net income of \$111 million — May 8

Bad weather pushes up claims costs

ICBC has reported net income of \$111 million for the three months ending March 31, 2007, which compares to \$85 million for the same period in 2006.

There were more than 64,300 crashes in the first three months of this year, which is an increase of almost four per cent over the same period last year. The increase in the number of crashes is the result of the worse-than-average weather conditions during the period. In addition, the average cost of injury claims continues to rise.

"All of these crashes affect tens of thousands of BC families," said Paul Taylor, ICBC's president and CEO. "The financial costs also impact auto insurance rates. Fortunately, in the first quarter of this year, these increased costs have been offset by increased premium revenue. The BC economy is very strong which means more vehicles are being insured and customers are increasing the level of coverage that they purchase."

Insurance premiums earned for the first three months of the year increased to \$826 million from \$765 million in 2006. The increase in rates for basic coverage implemented in 2006 and higher sales of optional coverage have resulted in a 4.8 per cent increase in the average premium. There was also an increase of approximately three per cent in the number of vehicles insured.

Rate changes that were announced in March take effect in the second quarter. "Rates are going down or staying roughly the same for half of BC motorists who buy their basic and optional coverage from ICBC," said Taylor.

Net claims costs for the quarter increased by approximately 5.4 per cent to \$669 million, which compares to \$634 million for the same period in 2006.

Increases in the average cost of claims, particularly crashes involving injuries, continue to be an issue for ICBC and its customers. Its impact is strongest on rates for basic insurance, because more than three-quarters of cost of all of the injury claims that ICBC handles are covered by basic insurance.

"ICBC has announced plans to charge additional premiums for high-risk drivers, which will help keep rates low and stable for good drivers and help manage the impact of rising claims costs," said Taylor. "Customers can do their part by driving safely. Bad driving habits affect everyone's insurance rates."

Operating costs continue to be well managed. ICBC's investments continue to perform well, with strong gains on equities recorded during the quarter.

[View statement of operations](#)

Media Contact

Doug McClelland
604-982-2476



ICBC reminds grads: Don't forget to plan for a safe ride home — May 7

Graduation celebrations aren't over, until you're home

Everything is set for the big celebration - a formal gown or tuxedo, flowers, a purse or wallet, and a camera. Grads around B.C. are gearing up for the big day, and ICBC is reminding young people to use their RoadSense.

"Graduation celebrations aren't over until everyone arrives home safely. We know how hard students have worked to complete school, don't let the excitement of this milestone lead to reckless driving behaviour," said Laurie Baker, ICBC road safety manager.

Car crashes are the number one killer of youth in B.C. In 2005, 76 young people (aged 13 to 21) were killed and 9,700 were injured in crashes. Unsafe speeds and alcohol were the top two contributing factors in fatal crashes involving young people. And according to Transport Canada, seatbelt wearing rates are the lowest among drivers under 25 years of age.

Suggestions to get home safely after graduation include booking a transportation service such as a limousine or a taxi, using public transit, or calling a friend or family member for a ride home.

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2007.2 RR BCUC.164.1 Reference: Exhibit B-11-1, ICBC IR Response to 2007.1 BCUC.71.2,

**Attachment A – Executive Summaries of Issues examined by Corporate Audit Services – January 1, 2006 to April 30, 2007, p. 5
Claims Rated Scale (CRS) (Jan 30/06)**

In Attachment A of page 5 the conclusion for Claims Rated Scale states: "...ICBC faces several challenges in relying on customer representation and that the accountability for monitoring CRS performance is not clear. Developing more effective preventative and detective controls to complement the existing primary control of forfeiture can reduce the magnitude of these challenges." Responses include implementing a principal operator definition, new claims history letter, and establishing a Broker Management Unit.

Please elaborate further on the challenges of "customer representation" and "accountability for monitoring CRS performance".

Response:

The comment "challenges of customer representation and accountability for monitoring CRS performance" included in the summary of audit reports filed in response to information request 2007.1 RR BCUC.71.2 are explained below. The comments are from the conclusion to the Claims-Rated Scale audit report dated January 30, 2006.

"Customer representation"

Given the difficulty and potential cost associated with confirming each and every material fact, the selling of insurance policies requires that all involved parties act with utmost good faith, and as a result, ICBC relies on the information supplied by customers. Although the vast majority of people do act in good faith, the possibility that required disclosures are misrepresented to minimize premiums is an inherent risk of selling insurance. Designing and implementing preventive controls that would completely eliminate this risk is simply not practical or cost effective. Consequently, when a misrepresentation or failure to disclose occurs, ICBC relies on the claims investigation process to identify the misrepresentation and then enforce the forfeiture of the policyholder's right to indemnification under that policy. Invoking forfeiture of insurance where evidence supports a misrepresentation reinforces the fact that there are consequences to misrepresentation and also serves as a deterrent for others.

British Columbia Utilities Commission Information Request No. 2007.2 RR BCUC.164.1 Dated 12 June 2007 Insurance Corporation of British Columbia Response Issued 10 July 2007	Page 2 of 2
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Elaboration of “accountability for monitoring CRS performance”

The conclusion in the audit report stated: “the accountability for monitoring the performance of the CRS is not definitively articulated. While the Insurance Division currently maintains authority for the overall business policies and the Operations Division performs some limited CRS monitoring activities, there is confusion as to who is accountable for ensuring that effective, risk-based controls for the CRS are in place and operating efficiently.”

This confusion arose because the business area responsible for executing the control processes over the CRS reported functionally to a different division than the Insurance Division which is accountable for the CRS. Subsequent to the audit, the control processes were revised and strengthened, in consultation with the Insurance Division. An informal service level agreement was established between the two divisions to clarify accountability and performance standards.

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2007.2 RR BCUC.164.2 Reference: Exhibit B-11-1, ICBC IR Response to 2007.1 BCUC.71.2,

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How many times in 2006 did ICBC exercise the primary control of forfeiture?

Response:

In response to information request 2006.1 BCOAPO.29.3, ICBC reported that it does not have a mechanism to accurately track when breaches of Basic insurance coverage have occurred. Therefore, ICBC does not know the number of times in 2006 that a breach, referred to above as the primary control of forfeiture, occurred. A count of a portion of the forfeitures can be found in information request 2007.2 RR PI.10.1.

British Columbia Utilities Commission Information Request No. 2007.2 RR BCUC.164.3 Dated 12 June 2007 Insurance Corporation of British Columbia Response Issued 10 July 2007	Page 1 of 2
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**2007.2 RR BCUC.164.3 Reference: Exhibit B-11-1, ICBC IR Response to 2007.1 BCUC.71.2,
Attachment A – Executive Summaries of Issues examined by Corporate Audit Services – January 1, 2006 to April 30, 2007, p. 5
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Does ICBC plan to develop and implement other responses in addition to the three cited responses? If so, please explain.

Response:

The three cited responses: implementing a Principal Operator definition, new claims history letter review process and the establishment of the Broker Risk Management unit, are in various stages of progress at this time.

Implementing the Principal Operator definition will include communication and training for both ICBC brokers and employees. ICBC is also developing exception reporting for when a person is a Principal Operator on multiple vehicles, requiring additional questions for the brokers and customers.

ICBC is currently conducting random audits of the out of province claims history letters to determine validity and accuracy of the information provided to ICBC. CGI is being utilized for validation of Canada wide experience. Written correspondence and telephone correspondence are being used for other jurisdictions. Premiums are adjusted if discrepancies are found.

Broker Risk Management is a unit that monitors brokers on a transactional basis (e.g., excessive mid-term changes, inappropriate overrides and multiple system enquires for the same vehicle but different Principal Operators). A series of reports are being developed and monitored by this group. If required, appropriate action is taken with the broker.

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In addition, in the Rate Design Application, ICBC is proposing the introduction of the Other Operator rating variable. The Other Operator variable will be an additional preventative control because it will require the customer's declaration of all operators for a given vehicle within the same household, not just the Principal Operator. This will provide ICBC with a more complete view of the risks associated with a given policy and specifically capture driver risks that were previously left undeclared by the owner of the vehicle. Please see the response to information request 2007.1 RD BCUC.33.3 for more on the Other Operator rating variable.

At this time, ICBC does not plan to develop and implement other responses in addition to the three cited responses: implementing a Principal Operator definition, new claims history letter review process and the establishment of the Broker Risk Management unit.

Pemberton Insurance Information Request No. 2007.1 RD PI.20.1 Dated 12 June 2007 Insurance Corporation of British Columbia Response Issued 10 July 2007	Page 1 of 1
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2007.1 RD PI.20.1 Reference: Appendix 18B, 2.B – General Terms and Conditions

Please file “ICBC’s form of Application” as it currently reads.

Response:

Please refer to Attachment A, Owner’s Certificate of Insurance and Vehicle Licence.

2007.1 RD PI.20.1 – Attachment A – Owner's Certificate of Insurance and Vehicle Licence

Owner's Certificate of Insurance and Vehicle Licence



Insurance Corporation
of British Columbia

DCID

Owner's BC driver's licence no.

Owner

Effective date
Expiry date
Registration no.
Decal no.
Plate no.
VIN
Fleet no.
Veh. insp. decal
Veh. insp. expiry
NSC no. and name

Unit no.

P.T. ref. no.
Driver's licence address change request

Proof of Insurance

The owner and/or the operator of the vehicle described herein is insured against liability for bodily injury and property damage by reason of the operation of such vehicle. The coverage provided by this certificate also satisfies the minimum limits set out by the respective legislation governing vehicle insurance in any area of Canada and the USA.

Vehicle use:

This card to be
signed and carried
in the insured
vehicle as proof of
insurance.

Declaration of
entitlement:

Conditional
factor:

By signing here, you:

- apply for a Vehicle Licence and Registration under the Motor Vehicle Act or Commercial Transport Act;
- apply for an Owner's Certificate of Insurance under the Insurance (Vehicle) Act and Regulation (the Regulation);
- apply for optional insurance for which a premium is shown, in accordance with the terms and conditions of the ICBC Autoplan Optional Policy (the Optional Policy);
- acknowledge receipt of a copy of the Optional Policy, if optional insurance is purchased;
- certify that the principal operator is correct for all new plate and renewal Autoplan transactions;
- certify that coverage, use, territory and where applicable, location address are correct;
- acknowledge that the description of vehicle use set out is a summary of permitted uses in the indicated rate class and that complete details are available to you from your Autoplan agent or ICBC;
- certify that you are a resident of British Columbia, and/or the vehicle is not currently required to be registered and licensed in another jurisdiction;
- certify that you, if under 18 years of age, have the consent of a parent or (legal) guardian to license and register this vehicle;
- certify that all information on all pages of this form is true and agree that you are responsible for any inaccuracies on any page or pages of this form.

Under section 75 of the Insurance (Vehicle) Act, your claim is invalid if at any time you fail to provide complete and accurate information, violate a term or condition of your policy or commit fraud. This is a summary. For full information, see section 75 of the Insurance (Vehicle) Act.

If the lessee signs this form, the lessee agrees to be jointly and severally liable with the lessor for all premium or premium-related debt.

NOT VALID UNLESS STAMPED BY
AUTHORIZED ISSUING OFFICE

OWNER'S SIGNATURE(S)

Vehicle Registration



Insurance Corporation
of British Columbia

Registered Owner

Registration no.
Plate no.
Year
Make
Model
Body style
VIC
Colour
VIN
Fuel type
Net weight (kg)
GVW(kg)/Disp.(cc)
Seating capacity
Vehicle type
Anti-theft device
Vehicle status
Import code
AirCare expiry

Number of owners:

When you sell the vehicle, the buyer must take the Registration and submit it with an application for transfer within 10 days of the purchase. Contact your Autoplan agent for details.

This certificate
must be carried in
the vehicle. This
certificate must be
signed by the
owner as seller if
the vehicle is
sold.

OWNER'S SIGNATURE(S)

APV250L (062007)

Owner's Certificate of Insurance and Vehicle Licence



Insurance Corporation
of British Columbia

DCID

Owner's BC driver's licence no.

Effective date

Expiry date

Registration no.

Decal no.

Plate no.

VIN

Fleet no.

Unit no.

Veh. insp. decal

Veh. insp. expiry

NSC no. and name

P.T. ref. no.

Driver's licence address change request

Proof of Insurance

The owner and/or the operator of the vehicle described herein is insured against liability for bodily injury and property damage by reason of the operation of such vehicle. The coverage provided by this certificate also satisfies the minimum limits set out by the respective legislation governing vehicle insurance in any area of Canada and the USA.

Vehicle use:

Declaration of
entitlement:

Conditional
factor:

This card to be
carried in the
insured vehicle as
proof of insurance.

By signing here, you:

- apply for a Vehicle Licence and Registration under the Motor Vehicle Act or Commercial Transport Act;
- apply for an Owner's Certificate of Insurance under the Insurance (Vehicle) Act and Regulation (the Regulation);
- apply for optional insurance for which a premium is shown, in accordance with the terms and conditions of the ICBC Autoplan Optional Policy (the Optional Policy);
- acknowledge receipt of a copy of the Optional Policy, if optional insurance is purchased;
- certify that the principal operator is correct for all new plate and renewal Autoplan transactions;
- certify that coverage, use, territory and where applicable, location address are correct;
- acknowledge that the description of vehicle use set out is a summary of permitted uses in the indicated rate class and that complete details are available to you from your Autoplan agent or ICBC;
- certify that you are a resident of British Columbia, and/or the vehicle is not currently required to be registered and licensed in another jurisdiction;
- certify that you, if under 18 years of age, have the consent of a parent or (legal) guardian to license and register this vehicle;
- certify that all information on all pages of this form is true and agree that you are responsible for any inaccuracies on any page or pages of this form.

Under section 75 of the Insurance (Vehicle) Act, your claim is invalid if at any time you fail to provide complete and accurate information, violate a term or condition of your policy or commit fraud. This is a summary. For full information, see section 75 of the Insurance (Vehicle) Act.

If the lessee signs this form, the lessee agrees to be jointly and severally liable with the lessor for all premium or premium-related debt.

NOT VALID UNLESS STAMPED BY
AUTHORIZED ISSUING OFFICE

Customer Copy

Signature(s) Not Required

Customer Copy

Signature(s) Not Required

OWNER'S SIGNATURE(S)

Vehicle Registration



Insurance Corporation
of British Columbia

Registered Owner

Registration no.

Plate no.

Year

Make

Model

Body style

VIC

Colour

VIN

Fuel type

Net weight (kg)

GVW(kg)/Disp.(cc)

Seating capacity

Vehicle type

Anti-theft device

Vehicle status

Import code

AirCare expiry

This certificate
must be carried in
the vehicle. This
certificate must be
signed by the
owner as seller if
the vehicle is
sold.

Number of owners:

When you sell the vehicle, the buyer must take the Registration and submit it with an application for transfer within 10 days of the purchase. Contact your Autoplan agent for details.

OWNER'S SIGNATURE(S)

APV250L (062007)

Insurance Bureau of Canada Information Request No. 2007.1 RD IBC.7.1 Dated 12 June 2007 Insurance Corporation of British Columbia Response Issued 10 July 2007	Page 1 of 1
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2007.1 RD IBC.7.1 Reference: Exhibit B-1-1, Chapter 15 Rate Design Principles, C.1 Insurance Corporation Act, p.15-8, paragraph 40, 5th bullet

What does ICBC consider to be “large rate increases or decreases” and how was this arrived at?

Response:

ICBC believes that changes greater than 10% could be considered “large rate increases or decreases”. The process for arriving at this value was described in paragraph 24 of Chapter 17.3 of the Rate Design Application. Please also refer to the response to information request 2007.1 RD BCUC.6.1.

British Columbia Utilities Commission Information Request No. 2007.1 RD BCUC.6.1 Dated 01 May 2007 Insurance Corporation of British Columbia Response Issued 01 June 2007	Page 1 of 1
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2007.1 RD BCUC.6.1 Reference: Rate Design Application, Exhibit B-1-1, Tab 15, p. 15-8

“ICBC believes the effect of this provision is that a change in ICBC’s rate structure that would result in large rate increases or decreases from one year to the next, otherwise known as “rate shock”, would not be permitted.”

How does ICBC define “rate shock”? (i.e., what amount of price change qualifies as “rate shock”?)

Response:

Rate shock as defined by ICBC is presented in Appendix 18 A, Glossary, page 18 A-7. Rate shock is defined in the Glossary as “large price swings in short periods of time”. ICBC queried Commission staff and the Intervenor at the October 30, 2006 Rate Design Working Session as to what would be an acceptable amount of increase in one year, and the consensus was 10%. ICBC has been guided by this figure of 10% in its Applications presently before the Commission, in that the 2007 Revenue Requirements Application is requesting a rate increase of 3.3% and the Rate Design Application proposes rate adjustments of no more than 6%. It should be noted, though, that the combined impact of the two Applications could potentially be more than a 10% increase in premiums for a given customer due to the additional impact of Other Operator and the Driver Risk Premium program put forth in the Rate Design Application.

While ICBC has limited the combined rate change and rate adjustment impacts of its Applications presently before the Commission to less than 10% for any individual customer, ICBC cannot at this time say how it would define rate shock in future applications, because it would depend on factors not known at this time (e.g., future inflation on claims costs).



Rate Analysis Example (continued...)

- Analysis = $\$1,130 / \$1,000 = 1.13$
=> rate increase of 13% for June
- What triggered the change?
- Should she receive the entire 13% increase?
- Should we cap her increase?



What triggered the change?

- More claims costs for June's group
- Possible reasons:
 - Vehicles used more frequently
 - Vehicles used more in rush hour
 - Territory becoming more urban than rural



13% increase?

- What represents a reasonable rate increase?
- What is too much?
- What represents a reasonable rate decrease?
- What is too little?
- Should personal and commercial rate classes follow the same logic?



13% increase (continued...)

- If a cap is imposed:
 - Should the full adjustment be phased in over time?
 - If so, over what period of time?
 - Same rules for personal and commercial?

BC Old Age Pensioners Organization Information Request No. 2007.1 RD BCOAPO.51.1 Dated 04 June 2007 Insurance Corporation of British Columbia Response Issued 10 July 2007	Page 1 of 1
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2007.1 RD BCOAPO.51.1 Reference: Page 17.2-3 # 12

Please file additional details on the overall rating for the policy proposed by ICBC where the other operator's driving record is worse than the PO/RO and vice versa.

Response:

Details concerning the rating of other operators for a given policy are described on pages 17.2-12 to 13, paragraphs 33 and 34 of the Rate Design Application. The proposed Basic Insurance Tariff wording to describe the Other Operator rating is currently under legal review and not yet finalized. ICBC will provide this wording to the Commission under separate cover on or before July 23, 2007, in advance of the oral hearing.

In Phase One, ICBC is proposing to introduce amendments to the *Insurance (Vehicle) Regulation* that would introduce the requirement to declare other operators of a vehicle. This change will be proposed to government in the Fall of 2007, to become effective in time for ICBC's planned introduction of the Other Operator rating variable, if approved by the Commission.

Insurance Bureau of Canada Information Request No. 2007.1 RD IBC.11.1-2 Dated 12 June 2007 Insurance Corporation of British Columbia Response Issued 10 July 2007	Page 1 of 1
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2007.1 RD IBC.11.1-2 Reference: Exhibit B-1-1, Chapter 15 Rate Design Principles, p.15-14, paragraph 67

11.1 Please explain what ICBC considers to be a dramatic fluctuation.

11.2 How did ICBC arrive at its conclusion as to what constitutes a dramatic fluctuation?

Response:

The passage to which reference is made in paragraph 67 of Chapter 15 is: "Rates that are relatively stable and predictable do not fluctuate dramatically from one year to the next."

In that passage the words "fluctuate dramatically" have their normal English language meaning.

The *New Shorter Oxford English Dictionary* defines "fluctuate" as: undulate; move like or (as) on waves; unsettle, cause to undulate; vary irregularly, be unstable or unsettled; vacillate, waver.

The same dictionary defines "dramatic" as: characteristic of drama or a play-actor, theatrical; fit for representation in a drama, striking, impressive; sudden, and defines "dramatically" as: "in a dramatic manner; with dramatic or theatrical effect".

ICBC considers a dramatic fluctuation to be one that is consistent with the dictionary definitions of the words "fluctuate" and "dramatic".

The referenced passage in paragraph 67 of Chapter 15 does not contain a specific conclusion of ICBC as to what constitutes a dramatic fluctuation. A dramatic fluctuation is one that is consistent with the dictionary definition of those words.