

22 June 2020

VIA E-FILING

Marija Tresoglavic
Acting Commission Secretary
BC Utilities Commission
6th Floor 900 Howe Street
Vancouver, BC V6Z 2N3



Reply to: Leigha Worth
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Ph: 604-687-3034
Our File: 7600.610

Dear Ms. Tresoglavic,

**Re: Insurance Corporation of British Columbia (ICBC)
Application in Response to the COVID-19 Pandemic**

Please note that Ms. Mis and I continue to act on behalf of the intervener group known in this regulatory proceeding as BCOAPO et al. and we make the following submission in response to ICBC's June 16, 2020 Final Submission in accordance with the amended regulatory schedule as set out in Commission Order G-143-20.

INTRODUCTION

On April 16, 2020, ICBC submitted an application to the BC Utilities Commission in response to the Commission's March 23, 2020 letter requesting that ICBC consider ways to provide its Basic Insurance policyholders with relief above and beyond that which was already in place, "the ability for customers to complete a number of transactions by phone or email, improving the ability for ICBC employees and brokers to work from home, and allowing for customers who pay for their insurance on a monthly payment plan to defer payments for up to 90 days with no penalty."¹

In this application, ICBC was seeking approval of three additional temporary measures created in response to the impacts of COVID-19 on its policy holders' economic states, as well as driving behaviours. These measures included approval of ICBC to:

1. Wave cancellation charges on non-fleet owner's certificates (\$30 per policy);

¹ Application, page 1.

2. Permit fleet customers to suspend their basic insurance and obtain a refund without the need to cancel their Basic insurance by amending the Rate Class 919 and temporarily transferring fleet certificates to Rate Class 919; and
3. Permit customers currently insured in Rate Classes 001, 002, 003, 004, 005, 007, 021, 022, 023, 024, 027, 051, and 055 to temporarily use their vehicles for delivering food and medical products during the pandemic without charging additional premiums or changing rate classes.²

The Commission issued questions to the Insurer on April 17th regarding its Application and a virtual hearing on the matter was held on April 21, 2020 without public notice or participation. After that preliminary process, the Commission Panel determined in Order G-92-20 that further process was required, and the field for intervention was opened. After intervention and a statement of intent to participate in a discovery process, the Commission issued BCUC Order G-117-20 allowing for one round of IR's followed by ICBC filing its Final Argument on June 9, 2020 with Interveners and a Reply to follow. On June 8, 2020, ICBC filed an Application to extend its COVID-19 related relief measures to August 20, 2020 with an accompanying request to extend the interim order to allow for further consideration of that extension request³. On June 9th, the Commission issued Order G-143-20, amending the timetable to the iteration now in effect.

COMMENTS ON THE APPLICATION

At all times in this process, BCOAPO was aware that, prior to the Commission's March 23rd letter, the Insurer had instituted a number of measures intended to allay some policyholder concerns including those mentioned in passing on page 1 of its originating application. However, we, like the Commission did not see these as representative of the full scope of what the Insurer could do in the face of this unprecedented crisis, nor were we sure that those applied for fulfilled that requirement so we proceeded accordingly.

BCOAPO has reviewed the application and while we agree that the insurer has brought forward three proposals that have some benefit to affected policyholders, we disagree that these impacts will be material, that they adequately address the needs of ICBC's policyholders, and that they are clearly all the Insurer can do.

² Application, page 1.

³ Exhibit B-6.

PROPOSAL 1: THE CANCELLATION FEE

As an intervener representing individual, non-fleet drivers, BCOAPO notes the net benefit of the first proposal in this application to individual drivers is the avoidance of a \$30 cancellation fee should COVID-19 so negatively impact their financial situation that they can no longer afford their full basic compulsory insurance. The financial impact of this relief measure is that the Corporation is forgoing – not expending - \$2.0 to \$2.5 Million for the first 60 days of its operation with an additional \$2.0 Million in foregone monies resulting in the extension of this form of relief to August 20, 2020⁴.

Our clients do not take issue with the Insurer's position that the ability to cancel without paying the normal \$30 fee is a benefit, although it is not enough of one to earn our enthusiastic support.

The ability to cancel without penalty is better than nothing but its usefulness is limited by a number of factors. Many people in British Columbia do not live in areas or in circumstances where they can attend to even just their necessary tasks such as grocery shopping, medical appointments, etc. without a vehicle. Should we ask seniors, persons with disabilities, people with children, or even most able bodied persons to walk to the grocery store, shop for their necessities, and then carry them all home in rain, sun, sleet or snow? We also acknowledge that it might now be *somewhat* more safe for otherwise healthy people to use public transportation *in those places where it is available*, but are the routes and frequency of trains or busses sufficient to act as a realistic replacement for the access provided by their vehicles? Should the elderly or otherwise vulnerable people and those who live with them who are suffering the economic impacts of COVID be forced to put themselves and others at risk by using public transit if walking is not an option? Unfortunately, very few people in BC live in small towns where their service-providers and stores are all within easy walking distance of their homes so while there are those who could and did cancel their insurance, there are likely many who did not have the practical ability to do so – forcing them to choose between compromising themselves or their families by taking public transit or by forgoing other necessities like food or medications.

The IR's on the subject of what ICBC had considered in addition to those measures applied for were intended to allay our concerns that this was, by necessity, a hastily conceived and executed

⁴ Exhibit B-6, page 1.

application without true consideration of the public interest that could be served through alternative measures that would not, in our view, compromise ICBC.

PROPOSAL 2: FLEET OPERATORS INSURANCE SUSPENSION

Because our clients are ICBC's individual, non-fleet drivers, we did not focus on this aspect of ICBC's application and as such, we will forgo commentary on it.

PROPOSAL 3: PERMISSION TO DELIVER FOOD/MEDICAL PRODUCTS WITHOUT CHANGE TO RATE CLASS

ICBC's final proposal is to allow those in a variety of rate classes, including those accessed by our clients, to undertake food and medical delivery activities without upgrading their insurance to a delivery rate class. Our clients recognize that this is a benefit to those who choose to undertake these activities. Our businesses and community benefit when people are able to continue accessing the products and services provided by local businesses, either through paid or volunteer delivery services. An additional benefit is that there are presumably some who have used this form of relief to allow them to take on a new job delivering these products, helping them to avoid having to access other forms of relief, such as the CERB.

BCOAPO recognizes that there is an increased risk posed by allowing those who would otherwise not be driving for delivery purposes to do so, even for the limited purposes of delivering food and medical products but that ICBC's proposal is a balanced one, taking into account both that risk and the ratepayer cost to move these drivers to the delivery rate class (rate class 001 +104% = rate class 013) and insurer's effort required to create a new rate class for just this one exceptional purpose.⁵ We do not object to ICBC's assertion that practicality is a valid justification for this decision and we support it on that basis.

GENERAL COMMENTS

Our clients are not unrealistic. They have no expectation that ICBC or any of the BCUC-regulated energy utilities can or should solve all of their COVID-19 related financial woes. Instead, in all of our interventions on this subject, we have brought forward clear, realistic asks based on our experiences with the Applicants in the absence of persuasive evidence to the contrary. In this case, we have presented asks that we expect would allow the Insurer to continue to operate within

⁵ ICBC Final Argument, paras 18-19.

the requirements of accepted actuarial practice because our clients have no interest in seeing ICBC destabilized any further. Throughout this process, ICBC has made it clear that it did not consider any relief mechanisms like automatic rebates or similar measures due to its weak capital position.⁶

It is disappointing that an insurer as large and sophisticated as ICBC has failed to propose any sort of insurance discount reflecting the decreased risk of driving while many were and continue to 'shelter in place' or in other words, stay home. Surely their actuaries could calculate the impacts of such decreases and the company could have proceeded on that basis. However, it chose not to, citing its poor capital position as justification. BCOAPO et al. is no stranger to ICBC's current financial woes, nor the factors that have contributed to them. We do not agree, however, that citing the Insurer's depleted capital reserve is the *Alpha* and the *Omega* when determining whether it has done all it can in response to this pandemic.

Our clients prefer to rely on relevant evidence, not general statements when evaluating applications.

While we agree with ICBC that its current financial situation limits its ability to offer sweeping forms of relief such as full insurance credits for those who have lost their income as a result of COVID-19, there is no evidence on the record that the Insurer examined to any degree other forms of actuarially supported relief such as the discounts cited above or prorated insurance premiums for customers who agree to limit their driving (i.e. a specified day or two a week or using odometer readings provided at the time the relief is applied for and when the relief period ends) for the duration of ICBC's pandemic relief offerings. These compromise offerings would have represented a more realistic and comprehensive form of relief respecting both the needs of drivers and the Insurer than the ones offered while remaining, presumably, within the boundaries set by required actuarial practice. However, as the Insurer failed to engage in those examinations even after pressed in IR's we have no evidence one way or the other.

We did not engage in discovery inquiring into the Insurer's decision not to consider or apply for other measures ignorant of the full suite already offered. BCOAPO, with full knowledge of the Insurer's context and COVID-19 related actions, engaged in the discovery process necessary to answer non-fleet drivers' legitimate questions and to serve their best interests. It was disappointing that ICBC chose to head one of the sections of its argument, "THE FOCUS OF

⁶ Exhibit B-5, IBC1.3.2, ICBC Final Argument, paragraph 20

THIS APPLICATION SHOULD BE ON THE PROPOSED RELIEF". While we did not expect the Insurer to embrace or rejoice in the suggestion that there were other realistic options for driver relief they had left on the table, we did not expect to see its Argument include a statement that could be interpreted as implying that it was a waste of the Commission's time for groups like ours to explore whether this regulated service is providing the full spectrum of relief possible. We understand that it is convenient to assert a focus on just the applied for relief is appropriate, but there is nothing about the COVID-19 pandemic or its resulting economic effects that is convenient. The very purpose of an open, public process is to ensure that other perspectives regarding what has value can be brought forward and considered by the Commission in its determinations. Any assertion otherwise is particularly problematic in the context of a BCUC hearing – if the idea that we should focus only on an applicant's proposed relief in any regulatory hearing were to gain any traction, then we could see regulated entities seeking to decline to answer questions about reasonable alternatives: asserting instead that, given their financial circumstances or capacity constraints they did not consider any alternative and the focus should remain only on the applied-for project, rate, model, etc.

CONCLUSION

BCOAPO does not oppose approval of ICBC's applied-for policyholder relief measures. In fact, we support them. However, we ask this Commission Panel to order the Insurer to complete and file in short order an examination of additional forms of relief such as those we have suggested so ratepayers and the Commission can be assured that all reasonable forms of relief have been undertaken or to then have them implemented going forward.

ALL OF WHICH IS RESPECTFULLY SUBMITTED,

Original on file signed by

Leigha Worth
Executive Director | General Counsel

Original on file signed by

Irina Mis
Staff Lawyer