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**Via Email**

British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC V6Z 2N3

**Attention: Ms. Marija Tresoglavic, Acting Commission Secretary**

Dear Sirs/Mesdames:

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

We enclose ICBC's Reply Submissions in the above noted matter, in accordance with Order G-143-20.

Yours truly,

**FASKEN MARTINEAU DuMOULIN LLP**



Matthew Ghikas  
Personal Law Corporation

MG/lh  
Enclosure.

**BRITISH COLUMBIA UTILITIES COMMISSION**

**IN THE MATTER OF**

**THE UTILITIES COMMISSION ACT**

**RSBC 1996, CHAPTER 473**

**and**

**THE INSURANCE CORPORATION ACT, RSBC 1996, CHAPTER 228, AS AMENDED**

**and**

**INSURANCE CORPORATION OF BRITISH COLUMBIA**

**APPLICATION IN RESPONSE TO THE COVID-19 PANDEMIC**

**Final Submissions of ICBC**

**June 25, 2020**

FASKEN MARTINEAU DuMOULIN LLP  
Matthew Ghikas and Madison Grist

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## **A. INTRODUCTION**

1. These Reply Submissions answer the arguments of BCOAPO, Mr. Landale, and Mr. Ennis. We focus on the main themes in the intervener submissions, as opposed to providing a line-by-line rebuttal.<sup>1</sup> The Insurance Corporation of British Columbia (“ICBC”) submits that its June 16, 2020 Final Submission already articulates compelling reasons for the BCUC to approve the amended Application.

## **B. REPLY TO BCOAPO**

2. BCOAPO “agree[s] that the insurer has brought forward three proposals that have some benefit to affected policyholders....”<sup>2</sup> However, BCOAPO notes the challenges that would be faced by certain segments of the population by having to cancel their insurance and hence the associated usefulness of the cancellation charge waiver. BCOAPO expresses support for “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.”<sup>3</sup> BCOAPO “ask[s] 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....”<sup>4</sup>

3. ICBC acknowledges the challenges faced during the pandemic by the elderly, persons with disabilities, and others with limited transportation options. It recognizes that not all customers may benefit from the waiver of cancellation charges. However, the intent of these initiatives is to provide quick temporary financial relief to customers, whereas implementing the types of proposals advocated by BCOAPO would involve an in-depth analysis and forecast of the overall impacts from COVID-19 and system changes. These have been identified as an impediment to prompt implementation of temporary relief.<sup>5</sup>

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<sup>1</sup> ICBC’s silence should not be interpreted as agreement.

<sup>2</sup> BCOAPO Final Argument, p. 2.

<sup>3</sup> BCOAPO Final Argument, p. 5.

<sup>4</sup> BCOAPO Final Argument, p. 6.

<sup>5</sup> See ICBC Final Submissions, para. 20.

4. ICBC must also consider the financial implications of any relief measures, particularly in the context of its current capital position and the uncertainty regarding the impacts of COVID-19 on its premiums, investments and costs. ICBC must ensure that it has enough premium to cover its costs. If certain customers are granted additional discounts, other customers would need to pay more unless the decrease in costs is sufficient to offset the foregone premium. ICBC addressed the financial challenges associated with immediate rebates;<sup>6</sup> immediate waiver of premiums could be expected to have a similarly detrimental impact on ICBC's finances.

5. ICBC has indicated that customers will benefit - potentially by way of future rebate, building capital or both - if its financial position is better than anticipated as a result of COVID-19.<sup>7</sup> ICBC has stated that "Any decisions on the use of additional net income of ICBC for the year due to lower claims resulting from the pandemic will be made at the end of the fiscal year."<sup>8</sup> While ICBC understands BCOAPO's desire to accelerate that review by requiring immediate reporting, ICBC submits that the planned timing of ICBC's review (i.e., at fiscal year-end) best recognizes ICBC's practical and financial constraints. It also provides more time for ICBC to understand the full financial impact from the COVID 19 Pandemic – both the positive impacts (lower number of crashes and claim payments) and the negative impacts (ICBC's investment portfolio returns, decrease in written premium, and potential impact on claim severity). A financially healthy public insurer is in the long-term interest of policyholders generally.

### **C. REPLY TO MR. ENNIS**

6. Mr. Ennis's Final Argument advocates retroactive application of the measures. As indicated above, ICBC is very cognizant of the challenges faced by its customers, both financial and otherwise, during the COVID-19 pandemic. ICBC must nonetheless follow the law. The law requires ICBC to follow the Basic Insurance Tariff provisions in effect at the time of a customer transaction. In recognition of this fact, ICBC acted promptly in bringing its Application and sought interim approval to ensure the earliest possible effective date for the relief measures.

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<sup>6</sup> See ICBC Final Submissions, para. 20.

<sup>7</sup> See ICBC Final Submissions, para. 21.

<sup>8</sup> 2020.1 COVID19 IBC.3.2.

**D. REPLY TO MR. LANDALE**

7. Mr. Landale supports the measures.<sup>9</sup> However, he is critical of the pace and scope of the proposed measures.<sup>10</sup> ICBC must work collaboratively with Government on initiatives of this nature. ICBC filed its Application promptly after the public announcement by the Minister.<sup>11</sup> ICBC was also undertaking other COVID-19-related initiatives during that time.<sup>12</sup> Government amended the *Motor Vehicle Fees Regulation* to provide other COVID-19 relief.<sup>13</sup> ICBC has also been undertaking unrelated work on rate design and product reform (to which other Orders in Council referenced by Mr. Landale relate)<sup>14</sup> that also benefits customers.

8. Mr. Landale also takes issue with the process that the BCUC has followed in considering this Application.<sup>15</sup> We make several points in response:

- First, the type of process adopted in this case is explicitly contemplated in section 91 of the *Utilities Commission Act*.<sup>16</sup>
- Second, there was a sound rationale for the BCUC adopting the expedited section 91 process in this case. As explained above, ICBC's proposed measures could only apply to transactions concluded after the date of the interim order. Thus, a process that facilitated the BCUC issuing an interim order as soon as possible was desirable from the perspective of customers.
- Third, in many instances, the BCUC issues interim orders without *any* process, based on the evidence put forward by the applicant. The process adopted by the BCUC here allowed the BCUC to gather, on an urgent basis, additional information

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<sup>9</sup> Landale June 15, 2020 Amended Final Argument, para. 4.1.4.

<sup>10</sup> Landale June 8, 2020 Final Argument, para. 1.2 to 1.8.

<sup>11</sup> See ICBC Final Submissions, para. 22.

<sup>12</sup> 2020.1 COVID19 IBC.3.4.

<sup>13</sup> OIC 175/20, April 16, 2020. See ICBC Final Submissions, para. 24.

<sup>14</sup> Landale June 8, 2020 Final Argument, paras. 1.1.2 to 1.1.4.

<sup>15</sup> Landale June 8, 2020 Final Argument, e.g., paras. 1.3, 1.6; June 15, 2020 Amended Final Argument, section 5.

<sup>16</sup> Section 91 provides in part: "91(1) If the special circumstance of a case so requires, the commission may, without notice, make an interim order authorizing, requiring or forbidding anything to be done that the commission is empowered to authorize, require or forbid on application, notice or hearing."

it required to make a decision on the interim order. The BCUC has provided interveners with a full opportunity to participate prior to making its final decision.

- Fourth, the BCUC is an independent regulator, and ICBC and the BCUC have acted accordingly.

9. In short, it was in the best interest of Basic insurance customers for the BCUC to adopt the process it did. The process has been fair, efficient and effective.

**E. CONCLUSION**

10. ICBC submits that, with the benefit of the evidence that ICBC has filed during this timely, full and fair process, the BCUC should approve the orders sought.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

Dated:	June 25, 2020	<i>[original signed by Matthew Ghikas]</i>
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		Matthew Ghikas
		Counsel for ICBC

Dated:	June 25, 2020	<i>[original signed by Madison Grist]</i>
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		Madison Grist
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