

**British Columbia Utilities Commission**

**Insurance Corporation of British Columbia (ICBC)  
2013 Revenue Requirements Application  
Project No.3698726**

**Information Request No. 2 from  
Toward Responsible Educated Attentive Driving (TREAD)**

**1.0 Reference: ICBC Response to TREAD IR No. 1 1.1  
Exhibit B-4**

TREAD's originally requested ICBC to provide a table comparing the fines, charges, premiums, penalty points, administrative sanctions and other punitive consequences resulting from contravention of hand-held phone bans in British Columbia, Alberta, Washington, Saskatchewan and Manitoba.

ICBC's Response stated:

"Fines, penalty points, or other punitive consequences resulting from contravention of hand-held phone bans in BC are set by the government of BC through legislation, not by ICBC.

Any inter-jurisdictional agreement with respect to recognition of convictions in other jurisdictions would have to be made by government, not by ICBC, and is outside the scope of this Application."

1.1 Does ICBC agree that Special Direction IC2 was set by the government of BC through legislation, not by ICBC? Please explain.

1.2 Does ICBC agree that government of BC legislation that would affect fines, charges, premiums, penalty points, administrative sanctions and other punitive consequences for specific driving behaviors, could lead to improved driving behaviors and road safety, which in turn could lead to reduced claims costs? Please explain.

**2.0 Reference: ICBC Response to TREAD IR No. 1 1.2  
Exhibit B-4**

TREAD's originally requested ICBC to consider whether the punitive consequences resulting from contravention of hand-held phone bans in Alberta and Washington to be more pertinent, due to the greater likelihood of ICBC

policyholders operating vehicles in those jurisdictions due to the shared borders and road connections?

ICBC's bare reference to the Response to TREAD IR No. 1 1.1 was unresponsive.

2.1 Please provide an adequate response to TREAD's original Information Request, recognizing that initiatives that may lead to improved driving behaviors and road safety, and thereby lead to lower claims costs, are within the scope of this Application.

**3.0 Reference: ICBC Response to TREAD IR No. 1 1.3  
Exhibit B-4**

TREAD's original request asked: Does ICBC have a reciprocal agreement with Alberta and Washington, or any other jurisdiction, under which violations in the other jurisdiction affect Driver Penalty Points or other punitive consequences within the home jurisdiction? For example, if an ICBC policyholder is convicted of a hand-held phone violation in Alberta, will that individual be given Driver Penalty Points in British Columbia? If so, please provide copies of those reciprocal agreements. If not, please explain why not.

ICBC avoided answering the questions by referring to the Response to TREAD IR No. 1 1.1.

3.1 Please provide an adequate response to TREAD's original Information Request, recognizing that initiatives that may lead to improved driving behaviors and road safety, and thereby lead to lower claims costs, are within the scope of this Application.

3.2 Has ICBC done any studies and analysis of the amount of incremental revenue that might be realized through the implementation of reciprocal agreements with bordering jurisdictions? If not, please explain why not.

3.3 Will ICBC commit to explore these incremental revenue opportunities and address them in its 2014 Revenue Requirements Application? If not, please explain.

3.4 Will ICBC commit to lobby the government of BC to pursue reciprocal agreements with Alberta and Washington, and fully cooperate to negotiate and implement such agreements? If not, please explain.

**4.0 Reference: ICBC Response to TREAD IR No. 1 3.1  
Exhibit B-4**

TREAD's original request asked: Given the new requirement of *Special Direction IC2* that subsequent rates must fall within a 1.5% plus/minus band of the previous year's rates, please confirm that if the Commission approves the requested 4.9% rate increase then rates in subsequent years will be subject to mandatory increases as follows:

3.1.1 a **minimum** rate increase of 3.4% and a **maximum** rate increase of 6.4% effective August 1, 2014;

3.1.2 a **minimum** rate increase of 1.9% and a **maximum** rate increase of 7.9% effective August 1, 2015; and

3.1.3 a **minimum** rate increase of 0.4% and a **maximum** rate increase of 9.4% effective August 1, 2016; and

3.1.4 a **minimum** rate increase of 0.1% and a **maximum** rate increase of 10.9% effective August 1, 2017.

ICBC's Response did not address requests 3.1.3 and 3.1.4 above.

ICBC's Response stated in part:

"However, ongoing consecutive rate increases at the top end of each year's allowable rate change band could result in unsustainably high Basic insurance rates. As discussed in response to information request 2013.1 RR BCUC.59.1-2 in the event of such a shift in ICBC's cost structure, ICBC would consider seeking an additional rate increase beyond the annual rate change addressed in Special Direction IC2."

4.1 Please provide adequate Responses to 3.1.3 and 3.1.4 above in respect of minimum and maximum rate increases in 2016 and 2017.

4.2 Please specifically explain what ICBC contemplates as "...unsustainably high Basic insurance rates". As that is ICBC's own phrasing, it must be possible for ICBC to define what it means with sufficient precision to give policyholders a reasonable expectation of how fast and high Basic insurance rates may rise

Toward Responsible Educated Attentive Driving (TREAD)  
Information Request No. 2  
ICBC 2013 Revenue Requirements  
December 2, 2013

before ICBC recognized the need to address the issue of unsustainable increases.

4.3 By way of examples, please identify which of the following scenarios would constitute "...unsustainably high Basic insurance rates" and provide ICBC's rationale for each determination:

4.3.1 rates rising by more than 10.0% in 1 policy period;

4.3.2 rates rising by more than 5% each year for 3 or more consecutive policy periods;

4.3.3 cumulative rate increases exceeding 20% over 3 consecutive policy periods;

4.3.4 average annual rate increases exceeding CPI by more than 100% over 3 consecutive policy periods; and

4.3.5 cumulative rate increases, exclusive of compounding, exceeding 39.5% over 5 consecutive policy periods;

4.4 For any of the above scenarios that ICBC would not consider to be "...unsustainably high Basic insurance rates", please specify the % increase and/or period of years that ICBC would be characterize as meeting that threshold.

4.5 Does ICBC agree that "... seeking an **additional rate increase** beyond the annual rate change addressed in Special Direction IC2" would only exacerbate, rather than mitigate, "...unsustainably high Basic insurance rates"? Please explain.

4.6 Please explain why the Response included a reference to BCUC IR 59.1-2, which deals exclusively with the potential for **additional rate increases**, in the context of discussing how "... ongoing consecutive rate increases at the top end of each year's allowable rate change band could result in unsustainably high Basic insurance rates".

4.7 Does ICBC contemplate possible circumstances in which it may seek "...an **additional rate increase** beyond the annual rate change addressed in Special Direction IC2" notwithstanding that it may result in "...unsustainably high Basic insurance rates"? Please explain.

4.8 Does ICBC agree that "... seeking an **additional rate increase** beyond the annual rate change addressed in Special Direction IC2" and "...unsustainably high Basic insurance rates" must be mutually exclusive outcomes? Please explain.

**5.0 Reference: ICBC Response to BCUC IR No. 1 59.1  
Exhibit B-3**

ICBC's Response stated in part:

"That is, the **rate smoothing framework** and new Basic insurance Capital Management Plan implemented to permit rate smoothing **may not be equipped to address extraordinary circumstances**.

ICBC retains the ability to seek, and the Commission retains the ability to grant, rate changes beyond the "annual rate changes" addressed in Special Direction IC2 to the BC Utilities Commission, BC Regulation 307/2004, as amended (Special Direction IC2). **ICBC would consider seeking a Basic insurance rate increase in addition to "annual rate changes" if there were signs that ICBC's rates and/or capital under rate smoothing was on an unsustainable path.** If Basic capital is projected to fall below the regulatory minimum requirement of 100% MCT in the near-term, the 2013 Government Directive regarding Rate Smoothing contemplates that ICBC would have to develop its response in conjunction with Treasury Board before filing it with the Commission." (emphasis added)

5.1 Does ICBC agree that the context of the referenced Response suggests that the "...extraordinary circumstances" and the "...signs that ICBC's rates and/or capital under rate smoothing was on an unsustainable path" are limited to concerns that Basic capital is projected to fall below the regulatory minimum requirement? Please explain.

5.2 Please explain why the Response fails to include any apparent recognition that "...extraordinary circumstances" and the "...signs that ICBC's rates and/or capital under rate smoothing was on an unsustainable path" might also arise in the context of rate increases that were unsustainable from a policyholder perspective.

5.3 Please explain why the Response fails to recognize that a Basic insurance rate **decrease** in addition to “annual rate changes” might have to be considered if rate increases became unsustainable from a policyholder perspective.

**6.0 Reference: ICBC Response to TREAD IR No. 1 3.2  
Exhibit B-4**

TREAD’s original request asked: Please provide a graph beginning with PY 2011 and ending with PY 2017, showing cumulative rate increases relative to PY 2011 rates. For PY 2014 through PY 2017 please represent both the minimum and maximum allowable rate increases, and ICBC’s best estimate of applied-for rate increases.

ICBC refused to provide a graph, stating:

“A graph of the cumulative Basic insurance rate increases as requested would show that the Basic insurance rate increase for the 2012 policy year was 11.2% and that the Basic insurance rate increase for the 2013 policy year is 4.9%, instead of the rate increase of 11.5% it would otherwise have been in the absence of rate smoothing. Please see the responses to the information requests 2013.1 RR TREAD.3.6 and 2013.1 RR BCUC.80.1 for a discussion of the likelihood of the magnitude of the rate change for the 2014 policy year given Requirement (B). For future years beyond 2015, ICBC is not in a position to estimate the potential Basic insurance rate increases as this depends on many unknown factors such as the changes in claims costs, economic conditions, etc.”

6.1 Please confirm that TREAD’s IR made no reference to the “...likelihood of the magnitude of the rate change for the 2014 policy year”.

6.2 The Response provides no grounds for ICBC’s refusal to provide a graph for PY 2011 through PY 2015, which the Response indicates is within ICBC’s knowledge or ability to estimate. What grounds, if any, does ICBC rely on to justify refusal to produce a graph limited to PY 2011 through PY 2015? Please provide such a graph.

6.3 Please confirm that ICBC recognizes and understands the plain meaning of “minimum and maximum allowable rate increases” and “best estimate of applied-for rate increases”. If not, please explain why ICBC chose to refuse the request rather than seek clarification from TREAD.

Toward Responsible Educated Attentive Driving (TREAD)  
Information Request No. 2  
ICBC 2013 Revenue Requirements  
December 2, 2013

- 6.4 Please provide an explanation that reconciles ICBC's statement that "For future years beyond 2015, ICBC is not in a position to estimate the potential Basic insurance rate increases..." with its preceding Response (to TREAD IR No. 1 3.1) that specified the minimum and maximum rate increases for 2015 and observed "one can repeat this year after year."
- 6.5 Please provide an explanation that reconciles ICBC's statement that "For future years beyond 2015, ICBC is not in a position to estimate the potential Basic insurance rate increases..." with its subsequent Response (to TREAD IR No. 1 3.3) asserting that "...the minimum Basic insurance rate increase for 2017 is 0%" and "For 2014 to 2017 policy years the cumulative Basic insurance rate increase would be 5.7% over four policy years or an average of 1.4% per annum."
- 6.6 Does the statement that "For future years beyond 2015, ICBC is not in a position to estimate the potential Basic insurance rate increases as this depends on many unknown factors such as the changes in claims costs, economic conditions, etc." indicate that ICBC has no idea whatsoever of the minimum and maximum allowable rate increases for PY2016 and PY2017? Please explain.
- 6.7 Why doesn't ICBC consider it possible to reflect "... unknown factors such as the changes in claims costs, economic conditions, etc." within TREAD's request for "ICBC's best estimate of applied-for rate increases".
- 6.8 Please a graph for PY 2011 through PY 2017 reflecting the data requested by TREAD in the first instance. If not, provide a full explanation of the grounds for ICBC's continuing refusal to provide the requested graph.
- 7.0 Reference: ICBC Response to TREAD IR No. 1 3.3  
Exhibit B-4**

ICBC's Response states in part:

"If the Commission approves the 4.9% Basic insurance rate increase, ICBC confirms that the **worst case scenario** is one where there are **a number of years where Basic insurance rate increases at the rate change ceiling are required, amounting to 39.5% over five policy periods**. This would be **considered an extraordinary circumstance** as discussed in the response to the information request 2013.1 RR TREAD.3.1." (emphasis added)

Toward Responsible Educated Attentive Driving (TREAD)  
Information Request No. 2  
ICBC 2013 Revenue Requirements  
December 2, 2013

- 7.1 Please confirm that the Response to TREAD IR No. 1 3.1 does not mention or discuss an “extraordinary circumstance”.
- 7.2 As the Response to BCUC IR No. 1 59.1 discusses only rate increases *in addition to* annual rate changes (i.e. over and above rate changes required by *Special Direction IC2*), please explain the significance and implications of ICBC characterizing a cumulative 39.5% rate increase over five policy periods as an “extraordinary circumstance”. Specifically, would such circumstances prompt ICBC to “develop its response in conjunction with Treasury Board before filing it with the Commission”? Would such a response potentially require a **rate decrease** below the level of rates required by *Special Direction IC2*?
- 7.3 If ICBC doesn’t contemplate that a response would require a **rate decrease** below the level of rates required by *Special Direction IC2*, what response would be required in the face of the extraordinary circumstance of a cumulative 39.5% rate increase over five policy periods?

**8.0 Reference: ICBC Response to TREAD IR No. 1 3.4  
Exhibit B-4**

TREAD requested ICBC to confirm that given a minimum cumulative rate increase of 10.7% and a maximum cumulative rate increase of 39.5%, exclusive of compounding, policyholders must anticipate an average cumulative increase of 21.1% over the next five years.

ICBC’s Response stated:

“An average cumulative increase of the magnitude referred to in the information request within the rate smoothing framework is unlikely given the response to the information request 2013.1 RR TREAD.3.1.”

- 8.1 Please explain how the Response to the information request 2013.1 RR TREAD.3.1 has any bearing on the *likelihood* of an average cumulative increase of 21.1% over the period from PY2013 through PY2017.
- 8.2 If an average cumulative rate increase of 21.1% from PY2013 through PY2017 is *unlikely*, as ICBC asserts, what is the *likely* average cumulative rate increase for that period? Please explain the rationale for that determination.

**9.0 Reference: ICBC Response to TREAD IR No. 1 3.5  
Exhibit B-4**

ICBC failed to calculate and provide the minimum and maximum compounded cumulative rate increases over the next five years (i.e. PY2013 through PY2017).

- 9.1 Please calculate and provide the minimum and maximum compounded cumulative rate increases over the period from PY2013 through PY2017, per TREAD's original request.
- 9.2 Please provide the grounds for ICBC's refusal to provide an adequate Response in the first instance.
- 9.3 Please explain why the Response acknowledged that "...ongoing consecutive Basic insurance rate increases at the top end of each year's allowable rate change band could result in unsustainably high Basic insurance rates", but then contemplates no response other than a *further* rate increase (in the Response to BCUC IR No. 1 59.1). Please explain how this discussion was in any way responsive to TREAD's request.

**10.0 Reference: ICBC Response to TREAD IR No. 1 8.3  
Exhibit B-4**

- 10.1 Please explain why ICBC has not consulted with the major network carriers to determine what other data pertinent to a claim investigation might be recorded on or through a PED. Identify all significant impediments to such consultation.
- 10.2 Does ICBC possess greater expertise regarding the data collection capability of PEDs than the major network carriers or independent experts in PED communications? Please explain.
- 10.3 Please confirm that ICBC could pursue effective consultations with major network carriers and/or independent experts in PED communications without the need to access customer-specific confidential information, obtain customers' consents or engage in any type of legal procedure. If not, please explain.
- 10.4 Please explain the basis for ICBC's confidence in its capability to "...thoroughly investigate a claim when there is evidence of distracted driving" despite being unaware of what data pertinent to a claim investigation might be recorded on or through a PED.

**11.0 Reference: ICBC Response to TREAD IR No. 1 8.7  
Exhibit B-4**

ICBC's Response stated:

“Because a customer has no obligation to provide personal electronic device (PED) information to ICBC, and could not be held accountable for the accuracy of the information provided, it cannot be said that a standard PED disclosure policy would provide more consistent and reliable information than relying solely on Traffic Accident System data.”

- 11.1 Please confirm that the assertion in the Response that a “...customer has no obligation to provide personal electronic device (PED) information to ICBC” is untrue as it contradicts the Response to BCPSO IR No. 1 9.1, which notes that access to phone records may be compelled by court order if relevance to the investigation is established.
- 11.2 Please explain why ICBC considers PED information provided by a driver to be less accurate than any other information the same driver may provide.
- 11.3 Please explain how a driver could be held more accountable for the accuracy of his/her witness statement, for example, than for the accuracy of his/her PED information.

**12.0 Reference: ICBC Response to BCPSO IR No. 1 9.1  
Exhibit B-4**

ICBC's Response stated in part:

“For example, the use of a smartphone while driving would not be relevant to that person's insurance coverage and would not be relevant to liability assessment if liability had already been admitted or assessed against one party.”

- 12.1 Is that view based on a specific legal opinion obtained by ICBC or case law? If so, please provide copies or references.
- 12.2 Please explain why an admission of liability would render evidence of the use of a smartphone while driving irrelevant to insurance coverage or liability

assessment. For example, if a driver admitted 50% liability, why would that make evidence of his/her use of a smartphone while driving irrelevant?

- 12.3 Does the reference to liability “assessed against one party” refer to a liability assessment made by ICBC or by a court?
- 12.4 Does ICBC assert that its own assessment of liability is the exclusive factor in determining the relevance of evidence of smartphone use while driving? Please explain.

**13.0 Reference: ICBC Response to TREAD IR No. 1 8.8  
Exhibit B-4**

ICBC’s Response states in part:

“ICBC expects it is possible that the publicizing of a personal electronic device (PED) disclosure/discovery policy if it existed may have a deterrent effect on PED use while driving. The degree of this deterrent effect is unknown.”

- 13.1 Please describe ICBC’s efforts to date to determine whether other jurisdictions and/or insurers have publicized a PED disclosure/discovery policy, and if so, the degree of the deterrent effect on PED use while driving.
- 13.2 Does ICBC agree that information regarding other jurisdictions and/or insurers PED disclosure/discovery policies and the extent of the deterrent effects on PED use while driving might be useful for contributing to a reduction of BI frequency in BC? If not, please explain.

**14.0 Reference: ICBC Response to TREAD IR No. 1 10.7, 10.8a, 108b, 10.9 and  
10.10  
Exhibit B-4**

ICBC’s Response stated in part:

“Any change to Schedule E that would impact the amount of DPP premium drivers are required to pay, ICBC views as a matter relating to rate design, and not the determination of the revenue requirements for Basic insurance.”

Toward Responsible Educated Attentive Driving (TREAD)  
Information Request No. 2  
ICBC 2013 Revenue Requirements  
December 2, 2013

- 14.1 Was the quoted passage meant to refer to Driver Risk Premium (DRP) as well as Driver Penalty Point (DPP)? Please explain.
- 14.2 Does ICBC agree that to the extent that DRP and/or DPP premiums may result in incremental revenue and/or improve driving behaviors they are related to the determination of the revenue requirements for Basic insurance, whereas increasing DRP and/or DPP premiums offset by equivalent decreasing premiums elsewhere (achieving no net change in total revenue) is related to rate design? Please explain.
- 14.3 If ICBC agrees with the above distinction between revenue requirements and rate design implications, please provide adequate Responses to TREAD's IR No. 1 10.7, 10.8a, 10.8b, 10.9 and 10.10.
- 15.0 Reference: ICBC Response to TREAD IR No. 1 12.3  
Attachment A – ICBC Response to the Review of the Insurance Corporation of British Columbia – August, 2012  
Exhibit B-4**

In the discussion of Recommendation No. 2 (p. 1 of the Response) ICBC states:

“The Corporation is undertaking steps to reduce operating budgets by \$50-million. The Corporation has already reduced spending, achieving \$26-million in savings last year, and expects to reduce budgeted costs by an additional \$15-million in 2012 and a further \$9-million in 2013.”

- 15.1 Please provide a table setting out the \$26 million of cost savings achieved in PY 2011 and identifying all cost categories of \$100,000 or more. If ICBC requires any clarification of this or any other TREAD information request, please don't hesitate to contact counsel for TREAD.
- 15.2 Please confirm whether the expected cost reductions in actual spending were achieved in PY2012, and provide a table setting out the \$15 million of cost savings achieved and identifying all cost categories of \$100,000 or more.
- 15.3 Please confirm whether the expected cost reductions in actual spending have been achieved in PY2013, and provide a table setting out the \$9 million of cost savings achieved and identifying all cost categories of \$100,000 or more.

Toward Responsible Educated Attentive Driving (TREAD)  
Information Request No. 2  
ICBC 2013 Revenue Requirements  
December 2, 2013

- 15.4 Please confirm that 1/3, or approximately \$16.7 million, of the \$50 million in total targeted cost savings is allocated to Optional insurance and has no bearing on Basic insurance rates and is therefore outside the scope of this revenue requirements Application. If not, please explain.
- 15.5 For Recommendations Nos. 3, 5, 6, 7, 9, 11, 12, 13, 15, 16, 17, 19, 20, 21 and 23 please provide a discussion of the corrective actions taken, in at least as much detail as provided in the balance of the Recommendations.
- 15.6 With respect to Recommendation No. 8 please:
- a) Provide the number and names of the management layers that have been removed;
  - b) Confirm whether or not ICBC reached its commitment of a further reduction of 65 positions by the end of 2013;
  - c) If further reductions of 65 have not or will not be achieved by the end of 2013, please explain why not and state when ICBC commits to reach the further reduction total of 65 positions;
  - d) Agree to include a status update regarding the further 30 to 40 management positions that will be eliminated by June of 2014 in the 2014 Revenue Requirements Application;
  - e) Provide the number of reductions in management positions to date and commit to a date by which the total reduction of 135 management positions will be achieved;
  - f) Confirm that all of the above Responses relate only to net reductions in positions (i.e. not reductions that have been or will be offset by creating new positions);
  - g) Confirm that ICBC submitted a plan to fully implement a new compensation philosophy was submitted to the PSEC by December 31, 2012, and provide a copy. If the plan was not submitted by that date, please explain why not.
  - h) Advise when ICBC's own deadline "to fully implement the new [compensation] philosophy within 18 months" will expire, describe

Toward Responsible Educated Attentive Driving (TREAD)  
Information Request No. 2  
ICBC 2013 Revenue Requirements  
December 2, 2013

the implementation steps, and advise of the current progress of implementation;

- i) Since the implementation of the hiring freeze for all vacancies, how many exceptions have been approved by the president and CEO? Please provide the titles and brief job descriptions for all such exceptions;
- j) Please identify the effective date at which compensation for all management positions, including current ICBC Executives, was frozen and provide a table showing the frozen level of compensation for each position. Confirm that compensation for all management positions remains frozen;
- k) Please provide an update of ICBC's progress in replacing short-term incentives for existing Executives with a built-in salary holdback of up to 20%, tied to financial and business results. Provide a copy of that plan and advise when it will be fully implemented;
- l) Please provide an update of ICBC's progress in transitioning to a compensation program which results in short-term incentive pay not being pensionable. Provide a copy of that plan and advise when it will be fully implemented;
- m) Identify and explain the significant changes made to overall corporate performance and the Short-Term Incentive Plan (STIP) in 2012.

15.7 With respect to Recommendation No. 10 please:

- a) Describe the extent to which zero-based budgeting has been implemented to date and any challenges to full implementation, and advise when full implementation will be achieved;
- b) Describe the reviews ICBC has conducted to ensure alignment to the Province of British Columbia's priorities and provide copies of the resulting final reports or other documents;
- c) Does ICBC's implementation of "... a stricter discretionary spending policy" include anything other than applying the same expense

reimbursement policy and rates as Government? If so, please explain.

**16.0 Reference: ICBC Response to TREAD IR No. 1 12.3  
Attachment B – Government Review Summary of  
Recommendation Status – November 4, 2013  
Exhibit B-4**

The Government Review Summary of Recommendation Status – November 4, 2013 characterizes Recommendation No. 3 “ICBC should develop and implement an overall strategy to more effectively manage bodily injury claims” and Recommendation No. 24 “ICBC should place a higher priority on replacing the legacy Driver Licensing systems” as currently “Partially Completed”.

16.1 Please provide explanations of ICBC’s progress in completing these two Recommendations, describing changes and improvements already implemented, the remaining objectives, and the expected completion date(s).

**17.0 Reference: ICBC Response to TREAD IR No. 1 12.5  
Exhibit B-4**

17.1 Did the one Senior Executive position that was eliminated as a result of combining the Insurance and Driver Licensing Divisions cause a net reduction in the total number of company employees, or was that individual given a position elsewhere in the Corporation? What net amount of cost savings resulted from the elimination of that position?

17.2 Please identify the specific cost savings that resulted from the merger of the Corporate Communications and Stakeholder Engagement Division and the Customer Strategy and Marketing Division.

17.3 Did the three Vice President positions that were eliminated in the Claims, Finance, and Information Services Divisions respectively cause a net reduction in the total number of company employees, or were those individuals given positions elsewhere in the Corporation? What net amount of cost savings resulted from the elimination of those three positions?

17.4 Does ICBC include the reclassification of the General Counsel role from a Vice President-equivalent to a Director-level position in the count of eliminated positions? If so, please explain. What net amount of cost savings resulted from the reclassification?

**18.0 Reference: ICBC Response to TREAD IR No. 1 13.1 and  
Attachment A – Response to IR 2012.2 RR BCOAPO 24.2  
Exhibit B-4**

ICBC's Response avoided the central purpose of TREAD's request – to explain why BI claims severity has had average annual increases of 6% over the last decade. The focus of ICBC's Response was on disputing any correlation with general inflation.

18.1 What specific action has ICBC taken to mitigate the major factors that have contributed to this very significant increase in BI claims severity over the past decade?

18.2 ICBC's attached Response to IR 2012.2 RR BCOAPO 24.2 notes that one of the three broad pressures driving up BI claims costs is the "...perception (and sometimes misperception) of ICBC's role" in the process of applying the tort system to settling BI costs.

a) Please describe the referenced perception of ICBC's role in the process of applying the tort system to settling BI costs, and if necessary, address to what extent different perspectives (e.g. plaintiff, defendant, counsel, general public, etc.) may alter that perception;

b) Please describe the misperceptions alluded to by ICBC; and

c) Please describe ICBC efforts to specifically identify such perceptions and misperceptions, understand the causes that give rise to them, and implement a plan to address them.

**19.0 Reference: ICBC Response to TREAD IR No. 1 13.3  
Exhibit B-4**

ICBC's Response does not identify any development or implementation of an overall strategy to more effectively manage bodily injury claims.

19.1 Does ICBC's overall strategy amount to only minor adjustments to a number of existing strategies? If not, please clearly describe the overall strategy and provide copies of documents that best articulate it.

Toward Responsible Educated Attentive Driving (TREAD)  
Information Request No. 2  
ICBC 2013 Revenue Requirements  
December 2, 2013

19.2 What position in the Corporation has the most direct responsibility for development or implementation of an overall strategy to more effectively manage bodily injury claims, as recommended in the Review?