British Columbia Utilities Commission

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VIA EFILE

November 29, 2016

ICBC 2016 REVENUE REQUIREMENTS
EXHIBIT A-11

Ms. June Elder
Manager, Corporate Regulatory Affairs
Insurance Corporation of British Columbia
151 West Esplanade
North Vancouver, BC V7M 3H9

Dear Ms. Elder

Re: Insurance Corporation of British Columbia
2016 Revenue Requirements Application

Further to Commission Order G-163-16, which established a Regulatory Timetable with respect to the above noted Application, enclosed please find Commission Information Request No. 2.

In accordance with the Regulatory Timetable, please file your responses electronically with the Commission on or before Tuesday, December 20, 2016.

Yours truly,

Original signed by

Laurel Ross

/yl
Enclosure

A. APPLICATION

63.0 Reference: APPLICATION
Exhibit B-2, 2016.1 RR BCUC.2.1
Long term sustainability of Basic insurance

In response to 2016.1 RR BCUC.2.1, ICBC states:

> In summary, ICBC acknowledges there are many challenges that it must face to keep its Basic insurance business sustainable; ICBC will continue to work with government and other various stakeholders to address these challenges and mitigate costs for Basic insurance policyholders that are within its control.

63.1 The information request asked whether ICBC's Basic insurance could remain sustainable in the long run. Please expand ICBC's response to address whether Basic insurance would likely remain viable in the long run in its current form without annual subsidies from Government or Optional insurance.

63.1.1 What changes would best assist Basic insurance to mitigate cost pressures? For example, ICBC has identified that addressing distracted driving and legal representation are its two biggest challenges.

B. ACTUARIAL RATE LEVEL INDICATION ANALYSIS

64.0 Reference: ACTUARIAL RATE LEVEL INDICATION ANALYSIS
Exhibit B-2, 2016.1 RR BCUC.9.5
Bodily Injury Severity (Prior to Prospective Adjustments)

In response to 2016.1 RR BCUC.9.5, ICBC states:

> A short-term severity trend of 2.2% was selected to reflect ICBC's plan to increase its overall complement of injury claims staff to address the growth of pending injury claims as discussed in the Application, Chapter 2, paragraph 43. The 2.2% short-term bodily injury severity trend is ICBC's best estimate, and reflects the claims trend from the most recent years, which are most affected by the shift to an earlier closure pattern that is expected. Other trend rates lower than the long-term severity trend of 4.2% may also be reasonable if they reflect the benefit from hiring additional Claims staff, but may contain bias.

As per Appendix D.1.2 of the Application, ICBC's short-term Personal Bodily Injury severity trend of +2.2 percent is based on a 3 year simple regression.

Appendix D.1.2 also shows that Personal Bodily Injury severity (as estimated by ICBC) increased by 4.9 percent, 4.3 percent, and 0.2 percent over each of the last three accident years. Hence the +2.2 percent short-term severity trend is influenced by the essentially flat severity change (+0.2 percent) from 2014 to 2015.

64.1 As the short-term severity trend is influenced by essentially flat severity change (+0.2 percent) from 2014 to 2015, and, seemingly, ICBC is of the view that this change from 2014 to 2015 reflects the shift to an earlier closure pattern that is expected to continue over the near term, why does ICBC not select a lower (than +2.2 percent) severity trend?

64.1.1 Please explain what bias ICBC believes may exist in selecting a lower short-term severity trend.

64.2 Appendix D.1.2 also shows that Personal Bodily Injury frequency (as estimated by ICBC) increased by 2.3 percent, 4.6 percent, and 7.5 percent over each of the last three accident years. Hence, the period in which Bodily Injury severity remained essentially flat coincides with the period over which Bodily Injury claim frequency experienced its sharpest increase (+7.5 percent).

To what extent does ICBC believe that the modest Bodily Injury severity increase in 2015 is due to a higher incidence of smaller claims? Or does ICBC believe the modest severity increase in 2015 is entirely attributed to a shift to an earlier closure pattern that is unrelated to the increase in frequency? Please explain for either case.

64.2.1 If ICBC believes that to some extent the Bodily Injury Severity increase in 2015 is due to a higher incidence of smaller claims, why, then, does ICBC find it reasonable to consider the 2.2 percent severity trend a reasonable and unbiased reflection of the impact of ICBC's plan to increase its claim staff?

65.0 Reference: ACTUARIAL RATE LEVEL INDICATION ANALYSIS
Exhibit B-2, 2016.1 RR BCUC.6.1, 9.5 and 44.1
BI Severity

In response to 2016.1 RR BCUC.6.1, ICBC revises its loss cost projection to show that the increase in loss costs in 2015 was less unfavourable than the previous two years.

In response to 2016.1 RR BCUC.9.5, ICBC discusses its adjustment to BI Severity for the 2016 year and identifies that "Other trend rates lower than the long-term severity trend of 4.2% may also be reasonable if they reflect the benefit from hiring additional Claims staff, but may contain bias."

In response to 2016.1 RR BCUC.44.1, ICBC identifies that the BI paid severity from January to August 2016, was $33,730 compared to the Application forecast of $37,579 for the year.

65.1 Based on the experience in 2015 and to August 2016, would it be appropriate to reduce ICBC's forecast of BI Severity and Loss Cost for the 2016 year? Please explain any bias that may be of concern to ICBC.

66.0 Reference: ACTUARIAL RATE LEVEL INDICATION ANALYSIS
Exhibit B-2, 2016.1 RR BCUC.14.3.1
Prospective Adjustments

In response to 2016.1 RR BCUC.14.3.1, page 3 of 4, ICBC states:

> Due to the nature of the data captured, there are no official reports that accurately depict the total number of alerts. The following table outlines the approximate number of alerts recorded for the past three years.

	2013	2014	2015
Alert Count	5,525	6,013	6,238

> A simple linear regression was used to estimate the total baseline count of alerts at the time the new counter-fraud tool will be in place in 2017, which is seen in row (l).

As presented in Appendix E.3 of the Application, Row (l), the current "Baseline" annual alerts for possible fraud detection is 7,000.

66.1 Please explain why a linear regression was used to forecast the 7,000 alerts for accident year 2017.

66.1.1 Is the underlying trend rate in this alert regression different than the selected BI frequency trend rate? If so, explain why it is reasonable that they are different.

66.1.2 Explain why an average of the number of alerts over the period 2013 to 2015, was not selected instead.

66.1.2.1 What is the impact of instead selecting the average number of alerts on the Policy Year (PY) Rate Change to Cover Costs prior to income transfers from Optional?

66.1.2.2 Does ICBC consider this alternate approach to be within accepted actuarial practice? Why or why not?

66.1.3 Are the alerts for each of 2013 to 2015: (a) specific to BI only, or are alerts for other coverages included, and (b) specific to personal auto, or are alerts for commercial auto included?

66.1.3.1 If the alerts are not specific to personal BI, if possible, please provide the alerts that are specific to personal BI only.

66.2 What is the ratio of number of personal BI alerts to estimated personal BI claim counts for each of the three years, 2013 to 2015, and how do these ratios compare to the ratio of forecasted personal BI alerts to forecasted personal BI claim counts for accident year 2017? If personal BI alerts are not available, provide this information for personal and commercial BI combined.

66.2.1 How would the "Baseline" annual alerts of 7,000 and estimated prospective adjustment change if the "Baseline" were instead determined by applying the average of the ratios calculated above for years 2013 to 2015, to the 2017 year BI claim count estimate?

66.2.1.1 What is the impact of applying this alternate approach on the PY Rate Change to Cover Costs prior to income transfers from Optional?

66.2.1.2 Does ICBC consider this alternate approach to be within accepted actuarial practice? Why or why not?

66.2.1.3 Does ICBC expect the ratio of personal BI alerts to personal BI claims to be similar to that for commercial auto? Why or why not?

67.0 Reference: ACTUARIAL RATE LEVEL INDICATION ANALYSIS
Exhibit B-2, 2016.1 RR BCUC.13.4
Claims costs

In response to 2016.1 RR BCUC.13.4, ICBC provides a table of the costs of bodily injury payments for closed BI claims. The table shows that the costs of litigation are about 18 percent of the total costs of BI payments in 2015, and that payments for General Damages has risen by 23.4 percent in four years.

67.1 Please outline and explain ICBC's plans, if any, to mitigate the cost of General Damages.

67.2 Does ICBC estimate the litigation cost savings that ICBC expects to generate from its strategies to address litigation cost? If so, please provide the estimates. If not, why not?

68.0 Reference: ACTUARIAL RATE LEVEL INDICATION ANALYSIS
Exhibit B-2, 2016.1 RR BCUC.14.3.2
Prospective Adjustments

In response to 2016.1 RR BCUC.14.3.2, page 2 of 2, ICBC states:

> ICBC interviewed the following three reference companies that had implemented the same analytical fraud detection system as ICBC's pilot program:
>
> - One reference company, which prior to improving its analytical fraud detection program reviewed approximately 17,000 suspicious alerts per year, saw an increase in the number of alerts identified of approximately four times. This company had approximately $2.3 billion in personal lines written premium in 2015.
> - Another reference company, which initially had approximately 12 SIU [Special Investigation Unit] investigators, experienced a five times increase in the number of alerts. This company had approximately $2.3 billion in personal lines written premiums in 2015. The company's counter-fraud program is focused on personal auto claims fraud.
> - The final reference company experience a four times increase in the number of cases investigated. This company had approximately $2.1 billion in personal lines written premiums in 2015.

….Based on the comparison of ICBC's situation with these three reference companies, ICBC expects that it will also achieve similar results and has therefore applied a four times increase to the number of suspicious cases identified used in its estimate of savings for its counter-fraud program.

68.1 How were these three companies selected to be reference companies?

68.1.1 Were these three companies the only companies that were surveyed and interviewed by ICBC?

68.1.1.1 If not, please state how many other companies were surveyed, explain why the results of any other surveyed company were excluded (if any), and state whether any excluded company had also implemented the analytical tool.

68.1.1.2 If the three reference companies were the only companies surveyed, why were other companies not surveyed?

68.2 Please explain why ICBC finds its situation similar – and therefore expects similar results - to that of the first reference company, which had approximately 17,000 alerts prior to improving its counter-fraud program, as compared to ICBC's approximate average of 6,000 alerts per year.

68.2.1 What comparisons of operations and operational practices did ICBC perform and what were the results of those comparisons?

68.2.2 What reason does ICBC offer as to why the first reference company had relatively more annual alerts prior to implementing the same analytical fraud detection system as ICBC?

68.2.3 How long after the improvements to the company's fraud detection program did it take to achieve the cited increase in the number of alerts?

68.2.4 Are the 17,000 alerts, and the increase that was experienced, all related to personal and/or commercial bodily injury claims?

68.2.5 Is the increase in alerts solely attributed to the analytical tool, or did the first reference company implement other changes to its fraud detection program that may have contributed to the increase in alerts?

68.2.6 Can ICBC relate the approximate 17,000 alerts for the first reference company to claim frequency in a manner that can be compared to ICBC? If yes, what is the result of that comparison?

68.3 For each of the second and third reference companies, please explain why ICBC finds its situation similar –and therefore expects similar results - to that of these referenced companies for which no information is provided as to the number of alerts prior to the implementation of a counter-fraud program.

68.3.1 What comparisons of operations and operational practices did ICBC perform, and what were the results of those comparisons? Please answer for each second and third reference company, and do the same for the series of questions that follow.

68.3.2 What is the approximate number of alerts prior to and subsequent to, the implementation of the same analytical fraud detection system as ICBC's pilot program, and how long did it take to achieve these results?

68.3.2.1 Are these alerts, and the increase that was experienced, all related to personal and/or commercial bodily injury claims?

68.3.3 Is the increase in alerts solely attributed to the analytical tool, or did the second/third reference company implement other changes to its fraud detection program, that may have contributed to the increase in alerts?

68.3.4 How long after the improvements to the company's fraud detection program did it take to achieve the cited increase in the number of alerts?

68.3.5 Can ICBC relate the approximate number of alerts for the second/third reference company to claim frequency in a manner that can be compared to ICBC?

68.3.5.1 If yes, what is the result of that comparison?

69.0 Reference: ACTUARIAL RATE LEVEL INDICATION ANALYSIS
Exhibit B-2, 2016.1 BCUC.46.1.2
Full Tort System

In response to 2016.1 RR BCUC.46.1.1, ICBC states:

> As part of its annual revenue requirements application process, ICBC analyzes the actual data and the components of the bodily injury costs which are specific to a full tort system. ICBC's biggest cost driver is bodily injury claims costs. Two of the major components putting cost pressures on bodily injury claims costs are payments for non-pecuniary damages and the costs associated with legal representation and litigation.

In response to 2016.1 RR BCUC.46.1.2, ICBC states:

> To adequately estimate the cost savings to Basic insurance if BC was no longer operating under a tort system, ICBC would have to undertake a more comprehensive, manually intensive, and time consuming analysis, including a full closed claim study to understand the potential impact on Basic insurance rates. The analysis would require assumptions regarding the definition of a claim subject to caps, the amount of the cap, along with assumptions regarding changes in customer behavior, representation rates, and treatment patterns.

69.1 Please further explain what a closed claim study is and what it entails.

69.1.1 In response to BCUC.13.4, ICBC provided a breakdown of BI paid amounts on claims closed in each of years 2011 through 2015. As this detailed information is collected by ICBC, would a closed claim study be required? Why or why not?

69.2 Assuming that ICBC were provided with alternate definitions of claims subject to a cap, heads of damage to be subject to the cap, and various cap amounts to be tested, can ICBC provide an estimate as to the length of time and costs of a full analysis (including a closed claim study and analysis of the data collected) would take?

69.3 Recognizing that extensive studies are required to adequately estimate the cost savings to Basic insurance if a cap is in place, does ICBC have any preliminary analysis/testing that it had conducted in the past relating to injury caps? Or, is it possible to provide high level estimate using simple alternatives? Please provide information to the extent possible.

69.4 In ICBC's view, what are the advantages and disadvantages of moving away from a full tort system to a limited tort, optional tort, or no-fault system? Please explain.

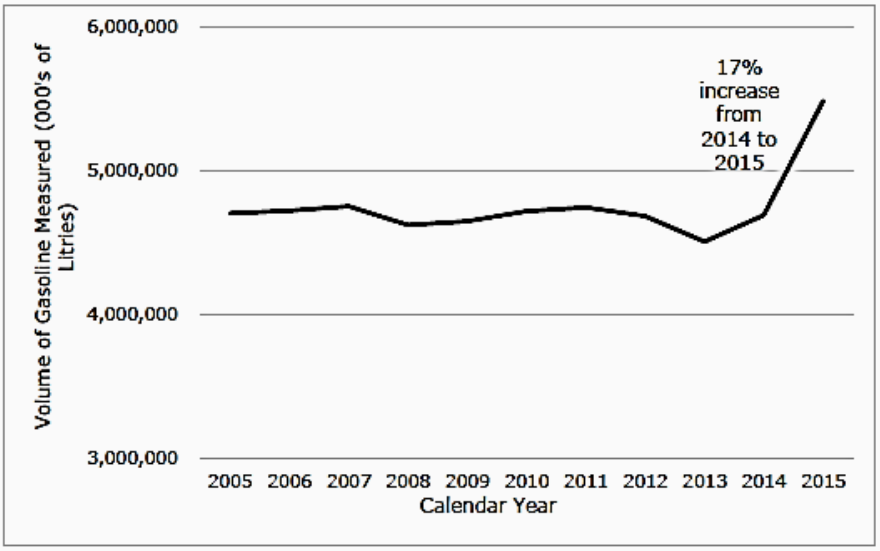
69.5 Does ICBC agree that moving away from a full tort system to a limited tort, optional tort, or no-fault system will likely mitigate claims costs pressures? Why or why not?

70.0 Reference: ACTUARIAL RATE LEVEL INDICATION ANALYSIS
Exhibit B-1, Chapter 2, pp. 2-16 and 2-17
BC Data

On pages 2-16 and 2-17 of the Application, ICBC states:

> Based on an analysis of PD [Property Damage] crash frequency by territory, the recent increase in PD frequency is occurring across BC and is not specific to any one location. BC's population is growing along with urban densification. Policy growth for Personal use vehicles written in 2015 increased by 3.4%, thus adding more vehicles on the road and resulting in more kilometers being driven within BC. Despite a trend to newer, generally more fuel efficient cars, gasoline consumption is increasing. As shown in Figure 2.10, gasoline sales have increased nearly 17% over the past year alone which relates to a relative increase in kilometers driven with an increase in the overall risk of a crash occurrence.

Figure 2.10 – Gasoline Sales in BC



In the 2015 RRA, ICBC provided a Road Improvement Program evaluation study that was completed in 2015. The study examined over 100 locations that had safety engineering improvements between 2008 and 2010. ICBC reported a 24 percent reduction in severe crashes (fatal and injury collisions combined) and a 15 percent reduction in property damage only crash, after the implementation of road improvements. ICBC reported that for every $1 ICBC invested in road improvements, there was a benefit of $4.70 in crash cost savings.

In the ICBC 2015 RRA Decision, the Commission stated:[1]

> … In particular, the Road Improvement Program evaluation indicated that there is a $4.70 in crash cost savings for every $1 spent. Although the Panel recognizes that ICBC is committed to hold controllable expenses flat to the 2014 budget, in light of the 4.7:1 payoff ratio of existing programs, it would appear to be in the best interests of both ICBC and the ratepayer for ICBC to spend more funds in this area. The Panel encourages ICBC to continue to find ways to effectively use Road Safety initiatives for the benefit of Basic policyholders.

70.1 What is the policy growth for vehicles written since 2005? Please show in tubular and graph format by year.

70.2 To the extent possible, please provide information regarding road investments in BC and/or the amount of roads (e.g. miles of road) available since 2005. Are there any studies/data relating to traffic congestion over time in BC?

70.3 Is it fair to say that traffic congestions (i.e. more cars on the road) may be a contributing factor to more crashes in BC? Why or why not?

70.3.1 If so, in light of the Commission's 2015 RRA Decision, has ICBC taken any initiatives, either with provincial partners or by itself, to mitigate the issue of traffic congestion (e.g. road improvements)? Please explain.

C. CAPITAL MANAGEMENT PLAN

71.0 Reference: CAPITAL MANAGEMENT PLAN
Exhibit B-2, 2016.1 RR TREAD.2.1.2 and 2.4
Optional transfers

In response to 2016.1 RR TREAD.2.1.2, ICBC states:

> Including the $472 million approved by the August 2016 Government Directive regarding Optional Transfers from ICBC's Optional insurance business to the Basic insurance business for policy years 2012 through 2016 will total $1.408 billion; which is made up of $1.108 billion of capital transfers and $300 million of income transfer.

In response to 2016.1 RR TREAD.2.4, ICBC states:

> These Optional transfers help make a positive difference to the Basic insurance rate applications and help keep Basic insurance rates low. ICBC operates in a competitive environment on Optional insurance coverages where customers have the ability to choose where they place their extension coverage.

[1] ICBC 2015 RRA Decision dated May 27, 2016, pp. 30-31.

It is possible that customers could perceive the Optional transfers, or their Optional insurance premium dollars, as supporting the Basic insurance portfolio. ICBC perceives no negative impacts to the Basic insurance business.

71.1 To what extent is ICBC concerned that these external capital transfers into Basic insurance may create unintended signals to Basic insurance policyholders about the real cost of providing Basic insurance? Please discuss.

D. INVESTMENTS

72.0 Reference: INVESTMENTS
Exhibit B-2, 2016.1 RR BCUC.23.1
Changes in the Statement of Investment Policy and Procedures (SIPP) – Real Estate

In the Application, on pages 16-17 in section 10.6 Real Estate of the black lined statement of SIPP dated May 12, 2016, ICBC shows:

Geographic Location

Location	~~Target~~ ~~%~~	Range %
British Columbia	~~20~~	10 – 30
Prairies	~~30~~	15 – 45
Ontario	~~45~~	30 – 60
Rest of Canada	~~5~~	0 – 10

Product Type

Property Type	~~Target~~ ~~%~~	Range %
Office	~~30~~	15 – 45
Retail	~~30~~	15 – 45
Industrial	~~25~~	10 – 40

ICBC Statement of Investment Policy and Procedures – ~~July 30, 2015~~ May 12, 2016 Page 16

Residential & Other	~~15~~	0 – 30

All diversification measures will be made as if the portfolio allocation was fully funded.

ICBC changed its diversification ranges in the real estate portfolio, from a specific percentage target to a range that spans up to 30 percent. In response to 2016.1 RR BCUC.23.1, ICBC states:

> The real estate diversification targets were removed to encourage management to manage the real estate portfolio in accordance to diversification ranges rather than to a specific target. This approach aligns with the inefficient nature of the real estate market where assets are not always available in the sector or geographic location necessary to achieve a precise percentage weighting target. By targeting ranges rather than a specific target, management is encouraged to opportunistically acquire assets as they come to market.

72.1 Please explain what is meant by "inefficient nature of the real estate market." Please describe ICBC's experience and/or challenges to meet a specific target. If possible, include specific examples.

72.2 How does ICBC determine whether its portfolio ranges are too wide or too narrow? Did ICBC conduct any quantitative analysis to support the diversification ranges chosen for real estate?

72.3 In section 10.3 of the SIPP, the Mortgages asset class contains both targets and ranges, which the Mortgages targets and ranges were identical to the Real Estate asset class. Please explain why ICBC is now limiting itself to use ranges only for the real estate asset class.

72.3.1 Please explain why ICBC did not make any changes to the Mortgages asset class.

E. OPERATING EXPENSES AND ALLOCATION INFORMATION

73.0 Reference: OPERATING EXPENSES AND ALLOCATION INFORMATION
Exhibit B-2, 2016.1 RR BCUC.24.1
Total corporate expenses components used in the actuarial appendices

In 2016.1 RR BCUC.24.1, the observation is that Basic General Expenses in this 2016 RRA are projected to be generally lower, whereas in the 2015 RRA Basic General Expenses were projected to be generally higher. In response, ICBC states:

> Basic General Expenses in the 2016 Revenue Requirements Application are projected to be generally lower compared to the 2015 Revenue Requirements Application due to shifting priorities, principally to invest in managing claims costs…
>
> In the 2016 Revenue Requirements Application, Basic Insurance Services (excluding Merchant Fees) decreased from $34.0 million in 2016 to $29.6 million in 2017 and to $28.5 million in 2018. The decrease from 2016 to 2017 is primarily due to a $3.5 million corporate stretch…
>
> In the 2015 Revenue Requirements Application, Basic Insurance Services (excluding Merchant Fees) increased from $28 million in 2015 to $34 million in 2016 and to $35 million in 2017. The change from 2015 to 2016 is primarily due to $2 million in additional depreciation, $1 million from TP cost reallocation net of savings, and $4 million related to reversal of a one-time corporate stretch target in 2015.

73.1 Please describe what is meant by a "corporate stretch." What are the framework/criteria used in determining and reversing a corporate stretch target?

73.2 In light of the reversal of a one-time corporate stretch target in 2015, is ICBC confident that the $3.5 million corporate stretch in 2016 will materialize?

73.2.1 What is the Basic rate impact if the $3.5 million corporate stretch is excluded from ICBC's forecast?

74.0 Reference: OPERATING EXPENSES AND ALLOCATION INFORMATION
Exhibit B-2, 2016.1 RR BCUC.24.2
Claims Services Expenses (ULAE)

In 2016.1 RR BCUC.24.2, the question asked for supporting calculations (or reference in the Application) for the $177 million Claims Services (ULAE) 2016 Outlook. In response, ICBC referenced Figure 5.1 which provides the 2016 corporate outlook of $292 million and the corresponding allocation of 61 percent.

In response to 2016.1 RR BCUC.24.2.1, ICBC states:

> The Claims Services (ULAE) for the Policy Year 2016 is based on standard actuarial methodology that includes trending the ratio of ULAE to claims incurred loss and allocated loss adjustment expenses. The methodology is discussed in the Application, Chapter 2, Technical Appendix C.12.0 and Appendix C.0, Section B. Other than the adjustment for the cost of increasing the complement of Claims staff, there is a $3 million addition for increased pension expense in calendar year 2017. The 2016 outlook reflects an estimate for calendar year 2016, whereas the policy year 2016 estimate reflects the time period for policies written between November 1, 2016 and October 31, 2017; therefore, there is an impact due to the increase in claims volume and inflation between the two estimates.

The following table compares the Claims Services (ULAE) for 2014, 2015 and 2016.

	Claims Services (ULAE) in $ millions		
	Calendar Year Outlook (A)	Policy Year 2015 (B)	Difference (B – A)
2014 RRA[2]	168	173	5
2015 RRA[3]	172	187	15
2016 RRA[4]	177	214	37

74.1 Are the supporting calculations for the $177 million (Basic) or $292 million (Corporate) Claims Services (ULAE) 2016 Outlook contained in the Application, Chapter 2, Technical Appendix C.12.0 and/or Appendix C.0? If so, please specify where to locate the $177 million (Basic) or $292 million (Corporate) for calendar year 2016 Outlook and its support. If not, please show the components that make up the $177 million calendar year 2016 Outlook.

74.2 Please confirm the table above in the preamble for 2014, 2015, and 2016 are accurate. Otherwise, please make adjustments as appropriate.

74.3 Comparing the information filed since the 2014 RRA, it appears that the conversion from calendar year Outlook to Policy Year estimate has increased over the years. Please explain the differences over time. To what extent are the differences caused by methodology changes, one-time adjustments, claims volume and inflation, and/or other?

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[2] ICBC 2014 RRA, Exhibit B-3, Chapter 8, Figure 8.2, p. 8-6.
[3] ICBC 2015 RRA, Exhibit B-1-1, Chapter 4, Figure 4.2, p. 4-7.
[4] ICBC 2016 RRA, Exhibit B-1, Chapter 5, Figure 5.2, p. 5-6.

75.0 Reference: OPERATING EXPENSES AND ALLOCATION INFORMATION
Exhibit B-1, Chapter 5, p. 5-16
Exhibit B-2, 2016.1 RR BCUC.26.2
Holdback Incentive Pay (HIP) Plan and Gainsharing

In the Application, on page 5-16, ICBC states:

> Performance-based incentive pay is part of ICBC's overall compensation for Bargaining Unit employees (Gainsharing) and Management and Confidential employees (Holdback Incentive Pay HIP Plan)… The 2016 outlook of $17 million reflects the budgeting assumption that ICBC will achieve its performance targets.

In response to 2016.1 RR BCUC.26.2, ICBC states:

> The Holdback Incentive Pay (HIP) Plan provides Management Group employees an opportunity to earn a one-time additional salary payment based on the relative achievement of annual corporate and/or individual performance. The relative weight of these two components varies according to the level of the employee's position. In contrast, Gainsharing provides a one-time additional salary payment to unionized staff based on the relative achievement of annual corporate performance. There is no individual component and all eligible employees receive the same gainsharing incentive as a percentage of their base pay.
>
> The performance-based incentive plans are reviewed from time to time to ensure that they continue to meet their objective of providing meaningful rewards based on the achievement of corporate and/or individual targets. Attachment A – 2014 to 2016 HIP Plan Corporate Measures and Targets contains the details concerning the HIP Plan and Gainsharing criteria, and measures and targets.

In Attachment A – 2014 to 2016 HIP Plan Corporate Measures and Targets – ICBC shows the following:

2014 to 2016 HIP Plan Corporate Measures and Targets

HIP Plan Component	2014			2015			2016		
HIP Plan "Go Live" trigger (mechanism)	Net Income (NI) (Must achieve at least 50% of NI target of $252M)			Net Income (NI) (Must achieve at least 50% of NI target of $210M)			Combination of Corporate Measures (At least 50% of Corporate measures must achieve threshold or better)		
HIP Corporate Measure Components	Corporate measures	Threshold	Target	Corporate measures	Threshold	Target	Corporate measures	Threshold	Target
	1. Focus on major component of ICBC's profitability (Operational Capital Net of transformation Program Reserve)	1. 290%	1. 300%	1. Focus on major component of ICBC's profitability (Operational Capital Net of transformation Program Reserve)	1. 286%	1. 296%	1. Basic Rate Increase	1. <5.5%	1. 4.9%
	2. Focus on Capital Net of Transformation Program Reserve (Combined ratio)	2. 114.1%	2. 110.1%	2. Reinforce major Components of Revenue and Cost (Combined Ratio)	2. 111.1%	2. 107.1%	2. Optional Net Income	2. $121M	2. $242M
	3. Bodily Injury Costs	3. $2.21B	3. $2.07B	3. Focus on Bodily Injury costs	3. $2.266B	3. $2.128B	3. Optional Combined Ratio	3. 103.1%	3. 98.1%
	4. Achieve 2014 Corporate plan projects on budget and on time	4. 90% of key milestones	4. 100% of key milestones	4. Focus on Material Damage costs	4. $1.115B	4. $1.069B	4. Expense Ratio	4. 21.1%	4. 20.3%
HIP Individual Measure Components	Individual Performance tied NI in order to payout Member must rate "Developing/Contributing" level for up to 50% of their individual performance objectives.			Individual Performance tied NI in order to payout Member must rate "Developing/Contributing" level for up to 50% of their individual performance objectives.			Individual Performance NOT tied NI. Individual portion will payout even if the Corporate Component does NOT payout. Member must rate "Developing/Contributing" level for up to 50% of their individual performance objectives.		

75.1 The 2016 Outlook of $17 million in performance-based incentive pay reflects the budgeting assumption that ICBC will achieve its performance targets. Please provide the breakdown of the $17 million between HIP and Gainsharing.

75.2 The performance-based incentive plans are reviewed from time to time. Please describe the process in which ICBC's performance-based incentive plans for both the (i) HIP Plan and (ii) Gainsharing are developed, reviewed, and approved.

75.2.1 Have there been any notable changes in the process since 2014?

75.2.2 What are the framework/criteria used to develop performance-based incentive pay? Have there been any notable changes in the framework and criteria since 2014?

75.3 It appears that "Corporate Measures and Targets" shown in Attachment A are only for the purposes of the HIP Plan. Please clarify if all, or any portion of, the information contained in Attachment A applies to Gainsharing.

75.3.1 Both the HIP Plan (all or portion), and Gainsharing are based on achievements of annual corporate performance. For 2016, please confirm that ICBC's annual corporate performance achievements are measured by: (1) Basic rate Increase; (2) Optional Net Income; (3) Optional Combined Ratio; and (4) Expense Ratio. If not confirmed, please clarify.

75.4 It appears that the items under "HIP Plan Component" are similar in 2014 and 2015. Please elaborate on the process and rationale for ICBC to change the HIP Plan Component in 2016. Why did ICBC determine that the 2014 and 2015 HIP Plan Components are no longer appropriate?

75.4.1 Under HIP Corporate Measure Components, with respect to item 1: Basic Rate Increase, the 2016 HIP Corporate Measure Components is Basic Rate Increase of <5.5 percent threshold and 4.9 percent target. Recognizing that ICBC has no control over capital transfers, the rate band, and other components of Basic regulation framework, why does ICBC believe that the Basic rate change as an incentive pay measure is appropriate? Or, is ICBC using the Basic rate change to cover costs as the measurement which is 15.5 percent? Please explain.

75.4.2 Under HIP Corporate Measure Components [emphasis added], with respect to item 2: Optional Net Income, please explain why ICBC is limiting itself to Optional net income instead of Corporate net income.

75.4.3 Under HIP Plan "Go Live" trigger for 2014 and 2015 (at least 50 percent of net income target of $252M and $210M, respectively), please clarify if ICBC is using the Corporate net income or otherwise.

75.5 Are there cases where Management Group employees could earn a HIP based on the good performance of Optional insurance when they would not have earned a HIP based on poor performance of Basic insurance? If so, how are Basic insurance policyholders shielded from the cost of a HIP in that instance?

75.5.1 Please specify the allocation of performance incentive pay between Basic and Optional.

75.6 If available, please provide the preliminary performance-based incentive pay measures for 2017 (or 2017/18).

75.7 ICBC must provide Basic insurance in a manner that the Commission considers in all respects adequate, efficient, just and reasonable. In ICBC's view, what is the Commission's role, in reviewing ICBC's performance-based incentive pay?

76.0 Reference: OPERATING EXPENSES AND ALLOCATION INFORMATION
Exhibit B-2, 2016.1 RR BCUC.27.3.1
BI exposures

The table at the end of this Information Response shows that new BI exposures opened in 2015 were 3614 higher than in 2014.

	2011	2012	2013	2014	2015	YTD August 2016*
New BI Exposures Opened During the Year	60,268	60,355	60,702	62,922	66,536	46,442
BI Exposures Open or Pending at Year End	70,491	76,033	78,022	81,645	88,871	97,537

* 2016 numbers provided to August 31, 2016.

76.1 Please explain if ICBC has established any targets in reducing open BI exposures with the additional resources and initiatives in the claims staff area.

76.2 Please explain the controls in place to balance the interests between closing pending claims and offering fair settlements.

77.0 Reference: OPERATING EXPENSES AND ALLOCATION INFORMATION
Exhibit B-2, 2016.1 RR BCUC.29.1
General provisions

In response to 2016.1 RR BCUC.29.1, ICBC shows the 2011 through 2015 general provisions.

($ millions)	2011	2012	2013	2014	2015
General Provision	1.5	1.5	4.0*	1.0	(6.0)

*ICBC was directed to exclude the Basic insurance portion of the $4 million general provision (i.e., $2 million) from the 2013 forecast operating expense for the PY 2013 rate indication and, accordingly, reduce the PY 2013 indicated rate change by 0.1%.

ICBC states that: "The 2016 provision is $6 million and the 2015 provision was a negative value of $6 million…"

In response to 2016.1 RR BCUC.29.2, ICBC states that: "Planning a general provision at the corporate level is deemed prudent to hold some funds centrally to offset potential unspecified and unforeseen adverse events."

77.1 If a general provision is used to offset "potential unspecified and unforeseen adverse events," please clarify ICBC's intent of implementing a negative $6 million general provision in 2016.

77.2 What is the Basic rate impact in PY 2016, if the Commission directs ICBC to exclude the Basic portion of the $6 million general provision? How much is the Basic portion?

78.0 Reference: OPERATING EXPENSES AND ALLOCATION INFORMATION
Exhibit B-2, 2016.1 RR BCUC.32.3
Treasury Board authority

In response to 2016.1 RR BCUC.32.3, ICBC states:

> ICBC respectfully submits that Treasury Board's approval of the annual budgets that account for the reallocation precludes the Commission from deeming the expenditures to be part of TP. Once the annual budget has been approved by Treasury Board on that basis, the costs are to be subject to the Commission-approved allocation methodology. The Commission can consider the appropriate cost allocation between Basic insurance and Optional insurance businesses as part of reviewing cost allocations in the normal course.
>
> The 2015 TP reallocation had no impact on this Application's rate indication as it impacted historical costs and there is no capital build provision in the 2016 policy year.

78.1 Is it ICBC's view that a cost not approved for recovery as part of the $400 million Transformation Program (TP) then falls to the Commission to determine if it is needed to provide efficient Basic insurance services? And if so, the Commission would determine the allocation between Basic and Optional insurance? If this is not accurate then please explain how such costs would be allocated.

79.0 Reference: OPERATING EXPENSES AND ALLOCATION INFORMATION
Exhibit B-1, Section C.1.2 Computer Costs, p. 5-17
Exhibit B-2, 2016.1 RR MoveUP.7.1
Computer Costs

On page 5-17 of the Application, ICBC states:

> Computer costs include expenditures relating to computer software, hardware, internet, telephone, and email systems. These costs increased from $18 million in 2012 reaching $28 million in 2014, then dropped to $25 million in 2015. The 2016 outlook is $27 million.
>
> … The post-Claims Transformation IT environment is more sophisticated and integrated, which results in additional computer-related costs, which are more than offset by the claims cost and operational cost associated with TP.
>
> Computer costs decreased from $28 million in 2014 to $25 million in 2015, principally due to a re-categorization of expenses resulting from the agreement with a third party vendor for delivery of mainframe services. These costs are categorized as outside information costs and are now classified in the other operating expenses category.

In response to 2016.1 RR MoveUP.7.1, related to computer costs, ICBC states:

> Given the current employment of technology to support key business functions, the range of spending experienced in recent years… is expected to continue. While the future year budget for computer costs has not yet been determined, based on current plans, the increase experienced from 2015 to 2016 is not expected to be a continuous trend, however there may be some year to year variations.

79.1 Please provide a detailed explanation and elaborate on the response to 2016.1 RR MoveUP.7.1 as to why Computer Costs outlined in Figure 5.4 increased from $18 million in 2012 to $27 million Outlook in 2016.

79.1.1 Does ICBC compare (or benchmark) its Operating Costs for IT to other comparable organizations? If so, how does ICBC compare to its cohort group and what areas for improvement have been identified? If not, please assess the merits of benchmarking against other comparable organizations.

79.2 Order in Council 222/10 states that post-implementation costs and ongoing operating costs associated with the systems and processes implemented as part of TP are not to be funded by TP. Please describe the decision criteria used by ICBC to move projects to post implementation support (and on to the IT operating budget). Were these same criteria used to determine when ICBC transferred TP applications from project state to post implementation support? Please elaborate on your response.

79.3 Please provide the analysis to substantiate the statement "which results in additional computer-related costs, which are more than offset by the claims cost and operational cost associated with TP." Is this a one-time saving or is the saving expected to be ongoing?

79.4 Please provide additional detail on the cost associated with the re-categorization of expenses resulting from the agreement with a third party vendor for delivery of mainframe services.

79.4.1 Would this mean that to compare the Computer Costs outlined in Figure 5.4 of the Application from 2012 to 2016 Outlook, the amount re-categorized in 2015 would need to be reflected in the 2016 amount? If so, please provide a revised table that allows comparison year over year for Computer Costs through the reporting period of the table.

80.0 Reference: OPERATING EXPENSES AND ALLOCATION INFORMATION
Exhibit B-1, pp. 5-11 and 5-18
Benefits realization

In Figure 5.4 on page 5-11, ICBC shows the Projects expense of $9 million in 2015 and $18 million for the 2016 Outlook.

On page 5-18, ICBC states:

> The 2015 actual was particularly low compared to plan because the claims data migration project, re-allocated from TP, that was planned in 2015 was put on hold, and timing and savings variances from other projects were higher than previous years.
>
> The 2016 project budget is on the higher end of the $13 million to $18 million historical range for project costs as the demand for corporate initiatives is higher than prior years and to accommodate carry-forward of projects not completed in 2015. Additionally, the list of projects in 2016 is more focused on expense type work such as strategic planning, data migration, and integration with third party owned assets.

80.1 Does ICBC conduct post implementation reviews and/or analysis of the benefits achieved by significant IT Capital projects?

80.1.1 If so, please provide a summary of the results of these reviews of projects implemented in the 2010 to 2016 period.

80.1.2 If so, how do the benefits analyses compare to the anticipated benefits reported in the IT Capital Reports?

80.1.3 If not, please explain why ICBC considers that reviews and/or analysis of the benefits achieved are not warranted.

81.0 Reference: OPERATING EXPENSES AND ALLOCATION INFORMATION
Exhibit B-1, Chapter 10, p. 10A-1; Attachment 10 A1 – IT Capital Report – Online Claims Services
Exhibit B-2, 2016.1 RR BCUC.33.3
Online Claims Services (OCSV)

In Appendix 10 A, on page 10A-2, ICBC states:

> The OCSV project has an estimated IT capital cost of $7.1 million and the expected "go-live" date, which has been revised since the filing of the OSCV IT capital project report, is December 4, 2016. The OCSV project investment includes IT capital costs related to customer authentication, authorization, hardware, and software licensing costs. These costs also include those relating to professional services for a system integrator, internal capitalized labour costs, hardware costs related to the design, configuration, and implementation of the solution.

In response to 2016.1 RR BCUC.33.3, ICBC provides the OCSV depreciation over its estimated useful life.

(millions)	Calendar 2016 Outlook	Calendar 2017 Outlook	Calendar 2018 Outlook	Calendar 2019 and beyond Outlook	Total	Policy Year 2016
Depreciation	$ 0.0	$ 0.7	$ 0.7	$ 5.7	$ 7.1	$ 0.6
Project Costs	0.7	0.0	0.0	0.0	0.7	0.1
Total	$ 0.7	$ 0.7	$ 0.7	$ 5.7	$ 7.8	$ 0.7
Basic percentage					61%	61%
Basic amount					$ 4.7	$ 0.4
Impact on 2016 rate indication - $ 0.4 million / $2.9 billion (Basic Premium Written)						0.0 ppt

In the April 27, 2016 IT Capital Report, regarding ICBC's OCSV project, ICBC states in paragraph 2:

> The OCSV project also provides infrastructure that will be leveraged by future online initiatives in support of ICBC's Service Strategy for customers, enabling ICBC to address customer and business needs, and serve customers where they are and in ways that they value.

81.1 Is the $7.1 million cost estimates for 2016/17 the final costs for the OCSV IT capital project or does ICBC envision additional costs for the project that may arise from additional functionality requirements put forth by the Service Strategy.

81.2 Please provide an update on planning for future online initiatives that will leverage the OCSV infrastructure in support of the Service Strategy, and that will require IT capital expenditures to implement. Is it expected that these projects will require the filing of an IT Capital Report? If so, when will the IT Capital Reports be filed?

82.0 Reference: OPERATING EXPENSES AND ALLOCATION INFORMATION
Exhibit B-1, Chapter 5, p. 5D-3

In Chapter 5, p. 5D-3 ICBC states:

> The 2016 calendar year costs that were forecast in the 2015 Revenue Requirements Application have been refined in the figure above. The most significant change is the removal of the Claims Data Migration (CDM) project costs because, while ICBC had originally forecasted CDM costs in 2015 and 2016, no costs were actually incurred. In October 2014, recognizing that multiple initiatives are competing for resources, ICBC's management made a decision to stop the CDM project until a revised approach was determined for the treatment of open long tail claims in the legacy claims systems. After experiencing working with both ClaimCenter© and the legacy system, it was determined that full CDM approach was not the most operationally efficient method to move legacy data to ClaimCenter, and therefore the CDM project in its original form was never restarted.

82.1 Please describe the updated plans and/or approach to move legacy data to Claim Center. Please describe the anticipated scope, timelines, cost and risk.

82.1.1 If plans have not been finalized please describe how the data is being stored and maintained and the associated costs with this interim approach.

83.0 Reference: OPERATING EXPENSES AND ALLOCATION INFORMATION
Exhibit B-1, Chapter 10, p. 10B-2
IT Capital Report dated June 23, 2016, p. 6
Insurance Business Capability Project (IBCP)

In Appendix 10 B, ICBC forecasts that the Insurance Business Capability Project (IBCP) will cost $16.3 million in 2016/17. On p. 10B-2, ICBC states:

> In December 2015, the Board of Directors approved management's recommendation to focus PolicyCenter go-live on essential system functionality and the five core products that make up 90% of ICBC's premium volume. Implementing the additional products and associated functionality is not required to successfully complete both ISAS [Insurance Sales and Administration System] and TP as the system will be fully functional and will handle the vast majority of ICBC's business.

ICBC in Figure 2 on page 6 of the June 23, 2016 IT Capital Report – IBCP provides the following timeline:

C.5 SCHEDULE

Figure 2 – IBCP Schedule

Task	Estimated Completion*
Fleet/Garage:	
Technical Design	Q4, 2016
Development	Q1, 2017
Test and Deploy	Q2, 2017
Additional Products and other PolicyCenter functionality	
Incremental design, development and deployment	Q2, 2017

*Note: Quarters are based on calendar year.

83.1 In the August 25, 2016 response to Commission questions on budget updates, ICBC provided an update on the budgetary estimates and timelines for the IBCP. Please confirm that the budget estimates and project timelines to completion are still valid.

83.2 In the June 23, 2016 IT Capital Report Figure 2, ICBC lists the estimated completion of the Fleet/Garage components to be Q2 2017 with the Technical Design estimated completion in Q4 of 2016. Has the Technical Design been completed and if so are any changes required to the timelines and/or project costs for the Fleet/ Garage portion of the project?

83.3 In the June 23, 2016 IT Capital Report, Figure 2, ICBC lists the estimated completion of the Additional Products and Other Policy Center Functionality components to be Q2 2017. It appears that Design, Development and Deployment will take place in Q2 2017. What steps are ICBC taking to align design/build effort to the budget reported to the Commission? Please describe any risk that the estimates provided will be revised and if so what mitigation strategies have been put in place to deliver the scope envisioned.

84.0 Reference: OPERATING EXPENSES AND ALLOCATION INFORMATION
Commission Letter L-61-10, Order G-189-11
Exhibit A2-1, Commission Letter dated January 21, 2015
IT Capital Reporting

In Letter L-61-10, the Commission addressed the confidential filing of Chapter 9 of the 2010 Streamlined Revenue Requirements Application. ICBC is of the opinion that the Plans contain strategic information and proprietary pricing arrangements which, if disclosed publicly, could result in economic harm to ICBC or its suppliers; therefore, ICBC filed the submissions on a confidential basis. The Commission accepted the confidential nature of the filings.

In November 2011, by Order G-189-11, the Commission streamlined the ICBC IT Capital reporting requirements of individual IT Project Capital reports for projects that involve routine replacement of computer hardware, software, and software infrastructure, also known as "evergreening" projects. The Commission's directive in Order G-189-11, is as follows:

> ICBC is directed to continue the existing reporting regime consisting of a comprehensive annual IT capital plan filing that would identify the total IT capital expenditures (actuals and forecast). In addition, other than the evergreening projects approved by this Order, those individual projects that exceed a capital expenditure of $1 million are to be reported, with explanatory detail and project justification, in a timely way for Commission comments, once internal corporate approvals have been achieved, but before implementation.

In its January 21, 2015 letter, regarding ICBC submission of Confidential Filing of the Material Damage Strategic Solution IT Capital Report, the Commission stated:

> In the interest of regulatory efficiency, ICBC is encouraged to review the current individual IT project reporting requirements and identify any streamlining opportunities that would allow for sufficient regulatory review while maintaining an efficient process.

84.1 Does ICBC have any preliminary plans regarding any changes to the current IT Capital reporting requirements? If so, please provide. If not, in ICBC's view, when is an appropriate time to review the IT Capital reporting requirements?

84.2 What is ICBC's view on aligning the filing timeline of the annual IT Capital Plan filings with the annual revenue requirements schedule?

84.3 Is ICBC still of the view that the IT Plans should be kept confidential? If so, what is ICBC's view on including a public version of the annual IT Plans going forward?

85.0 Reference: OPERATING EXPENSES AND ALLOCATION INFORMATION
Exhibit B-2, 2016.1 RR BCUC.39.3
Broker sales of Basic insurance

In response to 2016.1 RR BCUC.39.3, ICBC states:

> There are no legislative requirements for ICBC to sell Basic insurance through Autoplan brokers. However, through Accord 2020, the strategic accord between ICBC and the broker associations, Credit Union Insurance Services Association and Insurance Brokers Association of BC, ICBC has committed to brokers to be "the sole distributor of Autoplan."

85.1 Will ICBC commit to filing a full study of the benefits and costs of alternatives to broker sales of Basic insurance in 2019, or at an appropriate time in advance for Commission review, prior to initiating discussions on an extension or replacement to Accord 2020?

85.2 ICBC must provide Basic insurance in a manner that the Commission considers in all respects adequate, efficient, just and reasonable. In ICBC's view, what is the Commission's role in reviewing the sales of Basic Insurance?

86.0 Reference: OPERATING EXPENSES AND ALLOCATION INFORMATION
Exhibit B-2, 2016.1 MoveUp 4.1-3
Pension and Post-retirement Benefit Expense

Figure 5.5 indicates that Pension and Post-retirement expense has nearly doubled in 4 years from 2012 to Outlook 2016, from $43 million to $83 million.

86.1 What can be done to reduce Pension and Post-retirement expense to Basic policyholders? Has ICBC considered moving to a defined contribution plan or to increase employee contributions? Please describe any constraints ICBC may face in this option and the advantages and disadvantages of this option (if feasible).

F. PERFORMANCE MEASURES

87.0 Reference: PERFORMANCE MEASURES
Exhibit B-2, 2016.1 RR BCUC.41.1
Calls answered

In response to 2016.1 RR BCUC.41.1, ICBC clarifies that:

> The difference between the calls answered in 100 seconds and the calls answered in 90 seconds are that they are measures for different call centers and not comparable.

> The calls answered in 100 seconds refers to the New Claims Initiation service level; the calls answered in 90 seconds refers to the Customer Contact Service Level and pertains to Insurance and Driver Licensing contact center service level. The purpose of the New Claims Initiation telephone queue is to respond to customers reporting a claim and, since the implementation of ClaimCenter, the service level results have normalized to expected levels. The Customer Contact Service Level targets were reduced in 2016 due to expected impacts of the implementation of the new Policy Administration System. The lower 2016 Customer Contact Service Level target reflects the expected short-term impacts of supporting the implementation of a new insurance system.

In response to 2016.1 RR BCUC.40.1, Attachment A shows the Performance Measures for 2011 to 2015.

87.1 Calls answered in 100 seconds for new claims initiation have fallen from 77 percent in 2011, to 59 percent in 2015, and have failed to meet targets in every year. Is ICBC confident that it can achieve performance levels that were similar to 2011 (almost 80 percent). Are there any accountability mechanisms in place to achieve set targets?

87.2 Would ICBC agree that the calls answered in 90 seconds for the Insurance and Driver Licensing contact center, service level that is below 70 percent would be a concern? Why or why not?

G. CLAIMS COST MANAGEMENT

88.0 Reference: CLAIMS COST MANAGEMENT
Exhibit B-2, 2016.1 RR BCUC.46.2
Legal representation rate

In response to 2016.1 RR BCUC.46.2, ICBC shows that the legal representation rate for mild soft tissue injuries has risen markedly since 2013.

88.1 Are there any discrete circumstances to which ICBC can attribute this escalation, such as mild soft tissue injuries becoming more profitable for lawyers or that other lines of profit for lawyers have become less profitable?

89.0 Reference: CLAIMS COST MANAGEMENT
Exhibit B-2, 2016.1 RR BCUC.47.1
ICBC 2013 RRA, Exhibit B-3-1, 2013.1 RR BCUC.103.1
Litigation costs

In the ICBC Application at page 7-2 it states:

> … litigation costs for BI claims closed in 2015 were almost $309 million, which represents approximately 20% of ICBC's total BI claims costs. This is the highest level of litigation costs to date, and is expected to continue to grow in part due to the increase in the legal representation rate.

In the 2013 RRA, in response to 2013.1 RR BCUC.103.1, ICBC stated:

> With respect to legal representation, ICBC has acknowledged that recent growth in legal representation has put pressure on claims costs in BC. ICBC does not have access to data regarding legal representation rates or costs in order to make valid comparisons to the legal climate in other jurisdictions.

89.1 On a cost per policy basis can ICBC compare the costs of litigation in BC to those in other Provinces?

89.1.1 If not possible, please explain why the data is not accessible. Is such data available?

90.0 Reference: CLAIMS COST MANAGEMENT
Exhibit B-2, 2016.1 RR BCUC.49.1
Legal representation - advertising

In response to 2016.1 RR BCUC.49.1 of whether ICBC would directly counter the lawyer advertising "which is highly critical of ICBC" ICBC states that "ICBC is planning further advertising and will consider a number of options to counter lawyer advertising which is critical of ICBC. Past advertising campaigns have focused on ICBC's injured customers with informational messaging to demystify and dispel the myths surrounding the claims process."

90.1 Please expand on the options to counter lawyer advertising "which is highly critical of ICBC."

90.2 Would ICBC agree that: "Past advertising campaigns have focused on ICBC's injured customers with informational messaging to demystify and dispel the myths surrounding the claims process" have not been sufficient to counter the lawyer claims that policyholders would be better served by hiring a lawyer even for minor injuries? Please discuss.

91.0 Reference: CLAIMS COST MANAGEMENT
Exhibit B-2, 2016.1 RR RM.5.3
Fraud Convictions

ICBC provides a table that shows that the number of fraud convictions continues to decrease in spite of a greater attention to fraud by ICBC.

	2011**	2012**	2013	2014	2015	2016***
Charges Laid*	93	29	38	46	51	23
Number of Convictions	106	74	31	26	23	12

* Data prior to 2011 included both Claims and Driver Licensing charges laid.
**Data for 2011 and 2012 includes both Claims and Driver Licensing related convictions; the remaining years reflect Claims investigation convictions only.
***As at August 31, 2016.
Note: Data may vary over time due to changes in the timing of criminal charge reporting. Estimates are refreshed periodically in order to account for current information.

91.1 Please update the table to show 2016 statistics through October 2016.

91.2 Why are the numbers of convictions falling?

92.0 Reference: CLAIMS COST MANAGEMENT
Exhibit B-2, 2016.1 RR TREAD.17.1
Fraud – Cyber unit

In reference to the fraud – cyber unit, ICBC states: "Prior to expansion, the Cyber Unit consisted of 1 manager, 10 investigators, and 4 administrative support staff. After expansion, the Cyber Unit will have 2 managers, 17 investigators, and 5 administrative support staff."

92.1 How many of the new hires have now been hired?

H. ROAD SAFETY

93.0 Reference: ROAD SAFETY
Exhibit B-2, 2016.1 RR BCUC.56.1 and BCOAPO. 8.1
Distracted Driving

In response 2016.1 RR BCUC.56.1, ICBC states:

> For the period of January through July, 2016, police have issued approximately 26,000 tickets for distracted driving offences, approximately 5,000 fewer than in the same period in 2015.
>
> … However, no direct cause and effect relationship can currently be demonstrated between enforcement and ICBC's education and awareness initiatives, and the frequency of crashes or claims, due to the complexity of confounding factors contributing to changes in the crash rate, which include demographic shifts, economic changes, weather, and other factors such as message saturation and amount of targeted enforcement.

Appendix A provides the results of the Distracted Driving survey dated July 2016.

In response to BCOAPO 8.1, ICBC states:

> In partnership with government and police, ICBC conducts two annual province-wide education and enforcement campaigns, in March and September, which include paid advertising on television, radio and digital platforms, social media activity, media events, and support for local enforcement initiatives. ICBC has also invested in two driving simulators that tour communities throughout BC, allowing drivers to discover the risks associated with distracted driving first hand, but without harm to themselves or others. ICBC supports community Cell Watch groups, in which community policing volunteers count vehicles with distracted drivers while standing near signs reminding drivers to leave their phones alone. Cell Watch activities are often paired with enforcement in 'two strikes' deployments, wherein drivers who do not get the message from the signage receive tickets from police further along the corridor in which they are driving. ICBC also works with private sector stakeholders, such as Telus and Rogers Communications to extend the reach of its message; and with other Crown corporations, such as WorkSafe BC.

93.1 Why would there have been 5,000 fewer tickets issued in the first 7 months of 2016, when ICBC was diverting more of its Road Safety funding towards distracted driving enforcement?

93.2 Appendix A seems to indicate that public attitudes seem to be improving related to the unacceptability of distracted driving. Does ICBC agree and how can it capitalize on this public awareness? Please discuss.

93.3 With increased fines, more advertising, more distracted driving campaigns, public awareness and the two touring driver simulators, all aimed at discouraging distracted driving, when does ICBC anticipate that there will be a positive impact on BI Frequency and severity? Please discuss.

94.0 Reference: ROAD SAFETY
Exhibit B-2, 2016.1 RR BCUC.59.1
Distracted Driving

In response to 2016.1 RR BCUC.59.1, ICBC states:

> With items in respect to the Road Safety MOU, discussions with the Ministry of Public Safety and Solicitor General are currently underway and it would not be appropriate to discuss the substance or merits of negotiation positions.

94.1 Will ICBC commit to filing a full report on the new Road Safety Memorandum of Understanding (MOU) as part of its 2017 Revenue Requirements Application? If no, why not?