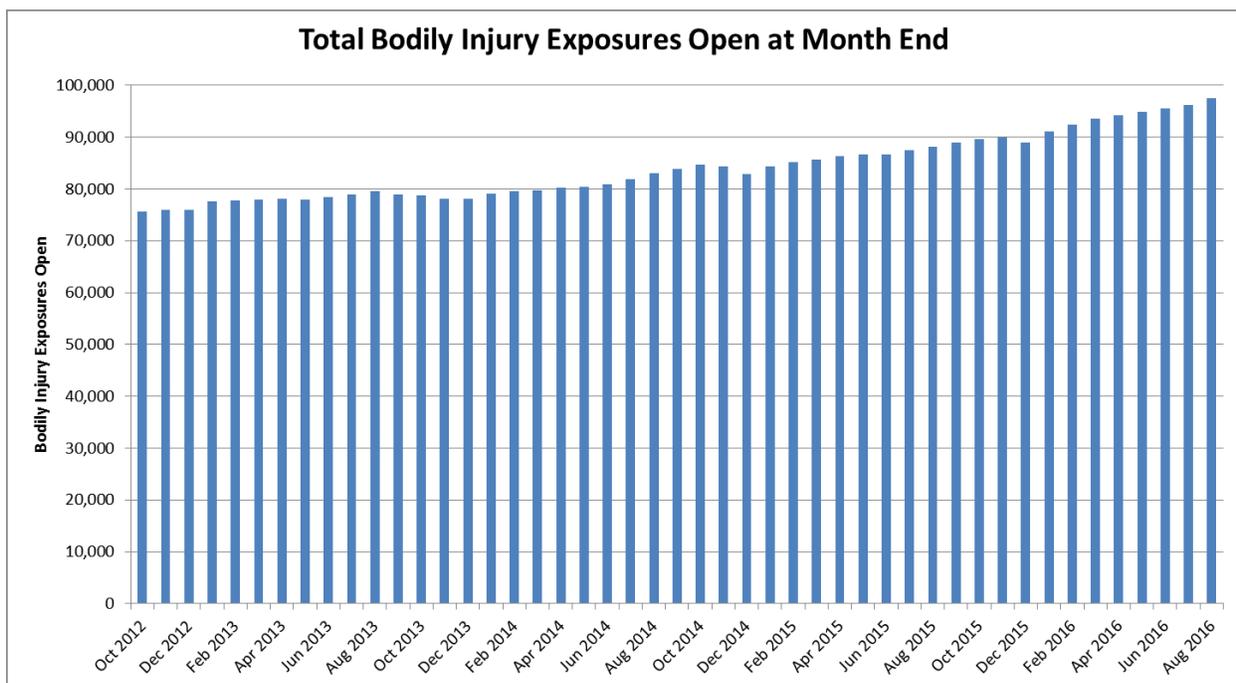


**Insurance Corporation of British Columbia (ICBC) Revenue Requirements
Application for Universal Compulsory Automobile Insurance
Effective November 1, 2017**

INFORMATION REQUEST NO. 1 TO ICBC FROM MoveUP

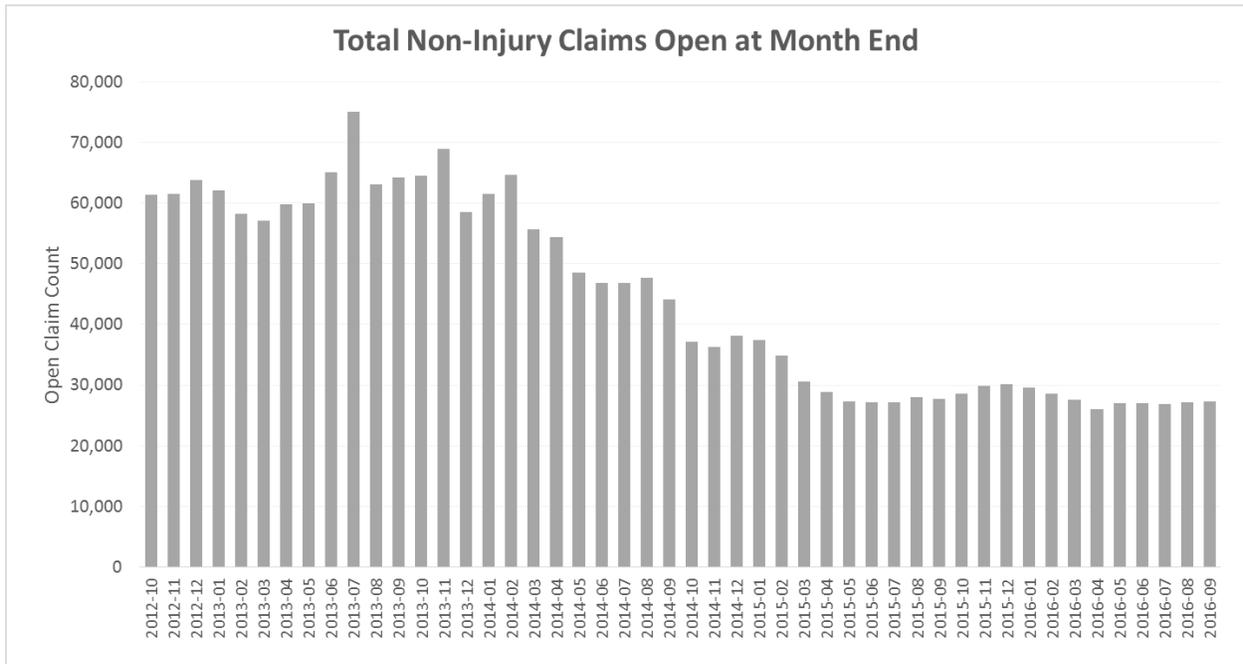
1.0 Open Claim Exposures

reference: ICBC 2016 Revenue Requirements – Exhibit B-2 - MoveUP IR 1.1



1.1 Please provide a similar chart updated to run from October 2013 through August 2017.

reference: ICBC 2016 Revenue Requirements – Exhibit B-2 - MoveUP IR 1



1.2 Please provide a similar chart updated to run from October 2013 through September 2017

2.0 Property Damage/Material Damage

2.1 ICBC Material Damage Procedures Manual

2.1.1 Please file the current version of the Material Damage Procedures Manual, including at least the following chapters:

Chapter 1 – CL 14

Chapter 3 – Estimating

Chapter 4 – Paint

Chapter 6 – Glass

Chapter 7 – Parts

Chapter 10 – Towing

Chapter 11 – Rate Schedules

Chapter 13 – Supplier Requirements

2.2 Express Repair shop repair authorizations

2.2.1 Please confirm that the following is an accurate description. To the extent that ICBC disagrees with it please provide ICBC's preferred description:

Approval of repairs by ICBC is provided on the basis of an on-line process that relies upon information and digital photographs submitted to ICBC by the shop, actual physical inspection by an ICBC estimator, or a combination of the two.

Where the vehicle is located at a shop, the usual means of physical inspection by an estimator is a "site visit", in which the estimator attends at the shop to inspect the vehicle and the work performed to that point, if applicable.

If a shop submits a request for approval of an estimate, or of a "supplement" (i.e., supplementary or modified request for repair authorization in addition to the original estimate), if ICBC does not respond within two hours with an indication either that it is reviewing the request or has decided to conduct a site visit, the request is deemed to have been approved and the shop is entitled to proceed with the repairs on that basis.

A shop may also request a site visit – for example, if it is unsure about the extent of the damage to a vehicle associated with a claim and desires ICBC's involvement in that determination.

2.2.2 Please confirm that currently it commonly takes ICBC more than one day to review estimates and supplements submitted by Express Repair shops. If not confirmed please describe the range of common review delays.

2.2.3 Please provide a table showing the number of instances where more than two hours have elapsed between the submission of a request by an Express Repair shop and the moment an ICBC estimator opened the request for review, and the percentage of all requests that this represents, each year from 2014 through YTD.

2.2.4 Please provide a table showing the average (mean and median) time lapsed between the transmission of estimates or supplements by Express Repair shops and the review of the request by an ICBC estimator or other staff member, each month from 2014 through 2017 YTD.

2.2.5 Please provide a table showing the number of estimators employed in the Express Repair program as of December 31 of each year from 2012 through 2016, and the corresponding number of PD claims handled through Express Repair shops in each of those years.

2.2.6 reference ICBC 2016 RRA Exhibit B-2 MoveUP IR 3.4:

Please provide the following table updated to show 2017 YTD results current through September 2017, but adding columns totalling the Count and Percent each year, including both Quick Approve and Approve:

Year	Estimate Sheet Count	Quick Approve		Approve		Site Visit	
	Total	Count	Percent*	Count	Percent*	Count	Percent*
Sep YTD 2016	311,215	98,397	32%	208,988	67%	3,828	1%
2015	347,483	102,892	30%	239,849	69%	5,372	2%
2014	298,015	72,709	24%	219,341	74%	5,965	2%
2013	248,730	75,779	30%	168,027	68%	4,924	2%
2012	228,224	73,740	32%	149,933	66%	4,551	2%
2011	221,985	60,227	27%	157,128	70%	4,630	2%
2010	207,829	58,249	28%	146,143	70%	3,437	2%

*Percentages may not add due to rounding.

2.2.7 How long do customers typically wait to have their claims estimated by Express Repair, i.e., the delay they experience between contacting the shop to schedule an estimate, and the performance of the estimate? Please provide a description of the range of wait-times.

2.2.8 In 2016, in PD claims estimated by ICBC, how long on average did customers wait between contacting ICBC to make an appointment and having their claim estimated at a claim centre?

2.3 Judgment Time

2.3.1 Please confirm that “judgment time” is authorized repair time that is not determined by the default value assigned by ICBC’s system, but is the result of an exercise in judgment as to what is reasonably required to perform a task, whether in excess of the default value or where the system does not stipulate a default value. If not confirmed, please explain.

2.3.2 Please confirm that this would typically include an estimate of the amount of labour time required to repair a dent. If not confirmed, please explain.

2.3.3 Under what circumstances is a site visit by an ICBC estimator mandatory before judgment time may be authorized in an Accredited or Express Repair shop repair?

2.3.4 Please provide a table showing, for each year from 2010 through 2017 YTD, in relation to Express Repair shops:

- the total number of approved PD claims,
- the total number where judgment time was authorized,
- the number of judgment time authorizations where a site visit to the shop was performed by an ICBC estimator, and
- the average number of hours of judgment time per claim where judgment time was authorized.

2.3.5 Please provide a table showing, for each year from 2010 through 2017 YTD, in relation to Accredited shops:

- the total number of approved PD claims,
- the total number where judgment time was authorized,
- the number of judgment time authorizations where a site visit to the shop was performed by an ICBC estimator, and
- the average number of hours of judgment time per claim where judgment time was authorized.

2.3.6 Please provide a table showing, for each year from 2010 through 2017 YTD, in relation to Base shops:

- the total number of approved PD claims,
- the total number where judgment time was authorized,
- the number of judgment time authorizations where a site visit to the shop was performed by an ICBC estimator, and
- the average number of hours of judgment time per claim where judgment time was authorized.

2.4 Inspection or reinspection of repair work by Express Repair shops

2.4.1 reference p. 7-12:

27. The Material Damage Strategic Solution (MDSS) is a new estimating platform replacing ICBC's aging vehicle damage estimating and workflow management platform. The new MDSS system is an industry standard platform that is fully integrated with ClaimCenter and enables ICBC to more effectively manage its growing book of material damage business. MDSS includes an improved workflow, efficiency improvements such as compliance tools to perform automated validation of policies and procedures prior to estimate submission, and an enhanced communication

experience with near real time messaging between Express Repair facilities and ICBC staff.

28. The MDSS project is being rolled out in phases across the province this year. A training and change management effort was undertaken for staff and several engagement sessions were held for industry stakeholders to ensure change readiness. The roll out began with a soft launch in April 2017, with twelve Express Repair facilities in the Greater Vancouver area and approximately 550 ICBC staff, including estimating and other non-estimating staff. In June 2017, the project proceeded with implementation on Vancouver Island, North/Central regions, and the Southern Interior. This phase saw an approximate 200 additional Express Repair facilities and 2,100 ICBC claims staff begin to use the new platform. MDSS will be fully implemented in September 2017 when the approximately 300 remaining Express Repair facilities in the Lower Mainland and the Fraser Valley and remaining 150 ICBC claims staff will transition to the new platform.

Request: Please describe and explain the “compliance tools”, what they are intended to accomplish and how they will work.

2.4.2 Please describe the procedures employed by the Corporation to audit claims estimated by Express Repair shops, including:

- auditing and other assurance procedures
- proportion of claims subjected to each auditing or other assurance procedure in 2016
- outcomes of auditing and other assurance procedures in 2016

2.4.3 Please describe the operation of the MDSS platform in relation to verification of repair work claimed by Express Repair shops, including an explanation of the distinction between that process and actual physical inspection of completed work (“reinspection”) by estimators or other ICBC staff.

2.4.4 Please confirm that physical inspection or reinspection by ICBC estimator staff of completed work that has been performed by Express Repair shops is only performed where there has been a customer complaint. If not confirmed, please explain in detail under what other circumstances such reinspection is performed and by whom and provide a table showing the number of such inspections (not initiated by a complaint) each year from 2012 through YTD.

2.4.5 Please describe the circumstances where a customer may not be aware of a deficiency or other issue of this nature.

2.4.6 Please describe the circumstances where a customer may be aware of the deficiency but may not be motivated to complain about it to ICBC.

2.4.7 Please confirm that in the case of a fully-insured not-at-fault policyholder in a crash, the customer does not bear any of the financial impact of over-charging the work performed by an Express Repair shop, other than the general rate impact of over-charging on ICBC policyholders as a whole.

2.4.8 Please describe the circumstances where work may be subject to reinspection at either an Accredited shop or a Base shop.

2.4.9 Please describe the procedure for approval of estimates and supplements in advance of repairs being performed, in the case of repairs performed by Accredited and by Base shops, including the roles of ICBC-employed estimators performed both in claim centres on site visits.

2.4.10 Please explain the differences between the processes for after-the-fact approvals of supplementary repairs performed by Express Repair, Accredited and Base shops.

2.4.11 Please describe the kinds of deficiencies or other issues that may arise in a re-inspection (viz. sub-standard work; claimed tasks that were not performed or that were performed differently than claimed; use of cheaper parts than claimed; performance of minor repairs rather than replacement with more expensive parts as claimed; etc.)

2.4.12 Please provide a table showing the total number shop repairs (i.e., PD claims), the number of repairs that were subject to inspection/reinspection, and the number of customer complaints involving Express Repair shops each year from 2010 to 2017 (YTD through October), in the case of each of: Express Repair shops, Accredited shops and Base shops.

2.4.13 Please provide a table breaking down customer complaints regarding Express Repair shop repairs into the following categories each year from 2013 through 2017 YTD:

- Paint issues
- Parts issues
- Panel repair issues
- Work that was not performed or completed

2.5 Vehicle Match ups

2.5.1 What proportion of PD claims each year from 2010 through 2016 involved damaged vehicles being brought to claim centres for inspection and/or estimation.

2.5.2 Please confirm that “match ups” (where both vehicles involved in a crash were brought to a claim centre for readier determination of the at-fault party) were formally used as a procedure to help resolve contentious claims. Physically inspecting the damage to the two vehicles can be an effective tool to resolve uncertainty about how a collision occurred. If not confirmed, please explain.

2.5.3 Please confirm that match ups are no longer performed by ICBC; if not confirmed, please describe the circumstances where they are performed and provide statistics quantifying the number of match ups performed each year from 2010 through YTD.

2.6 Paint Blending

2.6.1 Please confirm that “paint blending” is the process by which a shop performing a paint job on part of a vehicle, where a perfect match with adjoining panels cannot be achieved, will “blend” the new colour into the adjoining panel so that the difference between the colours is not apparent. If not confirmed, please explain.

2.6.2 Please confirm that blending significantly increases the cost of a paint job compared with circumstances where the new colour is a sufficiently precise match to make blending unnecessary. If not confirmed, please explain.

2.6.3 Please confirm that the only way to determine whether a claimed blending process has actually been performed or not is through a visual examination by a trained estimator or other professional. If not confirmed, please explain.

2.6.4 Please confirm that the MDSS system is incapable of determining whether a blending job claimed by an Express Repair shop has in fact been performed. If not confirmed, please explain.

2.6.5 Please provide a table showing the proportion of paint blending claims submitted by Express Repair shops that were physically inspected by an ICBC estimator before approval each year from 2012 through 2017 YTD.

2.7 Rental replacement vehicle coverage

2.7.1 Please confirm that:

1. In the normal course, in the case of a customer who is determined to not be the party at fault in a collision, where the at-fault driver is insured by ICBC, ICBC will provide a rental replacement vehicle.

2. Customers who have purchased Roadstar and Roadside Plus coverage have paid for this entitlement and receive it regardless of fault.
3. ICBC will provide rental replacement vehicles to all of its customers who use a Express Repair facility, regardless of fault or of Roadstar/Roadside Plus coverage. The shop is entitled to bill ICBC \$8.86 per hour where a rental vehicle is provided.
4. There is no provision in the insurance policy for at-fault parties without Roadstar/Roadside Plus, to be provided with rented replacement vehicles, where the repairs are performed by Express Repair shops.
5. There is no recovery, in the premium charged or otherwise, from at-fault parties without Roadstar/Roadside Plus, of the cost of the providing rented replacement vehicles.

In each instance, if not confirmed, please explain.

2.7.2 Please provide a table showing the total cost to ICBC for providing rental replacement vehicles to at-fault Express Repair shop customers who have not purchased Roadstar/Roadside Plus coverage, each year from 2014 to 2017 YTD.

2.8 Vehicle glass replacement costs

2.8.1 Please provide ICBC's total expenditure on windshield glass replacement claims in 2016.

2.8.2 Does ICBC base the amounts it pays shops for replacement glass upon the National Auto Glass Specifications? If not:

- Why not?
- What are they based on, and for what reason?

2.8.3 Please confirm that the amount ICBC pays shops for replacement glass represents a markup on the National Auto Glass Specifications prices ranging from 20% to as high as 300%. If not confirmed, please file ICBC's most recent survey of the cost of replacement glass and appropriate markup rates.

2.8.4 What does ICBC consider a reasonable markup on the shop's actual cost of replacement glass?

2.8.5 How does the markup on replacement glass compare with the markup ICBC provides shops for other automotive parts?

2.8.6 What is the difference, if any, between the amount ICBC pays Express Repair shops and Base shops for replacement glass?

2.8.7 What measures will ICBC take to ensure that its markup on replacement glass is not excessive?

2.9 Triage in tow yards

2.9.1 Please confirm that:

1. Triage in tow yards involves an estimator attending at a tow yard and, instead of sending the vehicle to a claim centre or Central Estimation Facility, would dispatching it directly to the shop if obviously repairable, or sent it to CEF if it was an obvious total loss or a borderline repair.
2. Triage is an efficient and cost-effective way to handle “non-drive” volumes (where vehicles are not driveable) when customers’ cars are in tow yards across the province.
3. Triage is only possible where sufficient ICBC estimator staffing is available for attendances at tow yards.

In each instance, if not confirmed, please explain.

2.9.2 How does ICBC triage vehicles outside of the Lower Mainland?

2.9.3 Please provide a table showing the number of direct tows per year from 2012 through 2016.

2.10 Customer Service Scores

2.10.1 Please file the Express Repair Agreement/Collision Repair Industry Agreement (“CRIA”).

2.10.2 Please describe the purpose of the CRIA.

2.10.3 When was the current version of the CRIA negotiated?

2.10.4 Please describe the negotiation process including a list of the participants and stakeholders involved.

2.10.5 Please confirm that one feature of the CRIA is a survey of customer satisfaction or service.

2.10.6 Please describe the procedure used to survey customers.

2.10.7 When was the most recent CRIA survey of customer satisfaction or service conducted?

2.10.8 How does ICBC determine whether customers become more fully aware of the quality of repair services they have received after the survey is performed (i.e., after they have had more opportunity to operate and inspect the vehicle?)

2.10.9 Please file a copy of the most recent survey and the most recently-available survey results

2.11 Property damage (PD) severity

2.11.1 reference: Ernst & Young Report p. 29:

The cost of material damage has been increasing due in part to foreign exchange pressures, as well as labour rate increases.

And reference Application p. 2-22 para. 42:

. . . . In addition, increases in labour rates and more hours are required to repair a vehicle due to the advancements and complexity of newer vehicles. . . .

And reference Application p. 7-4, para. 6:

. . . . In addition to the above, an increase in the average cost of material damage claims (higher labour and material costs) is also driving higher overall claims costs.

1. Please provide a table showing the hourly labour rates paid to repair shops indicating the rate paid on each date when the rate was modified, from 2007 to the present. To the extent that labour rates vary between classes of shops please indicate the applicable rate at each point in time for each class of shops.

2. Please indicate the reasons for the “increases in labour rates” referred to at p. 2-22 of the Application, both in relation to the decision to increase rates and the determination of the amount of increase.

3. Please describe and document any market pressures from the repair industry or other motivating factors to provide the “increases in labour rates”, including evidence that the Corporation faced the loss of vendors to provide repair services.

2.11.2 reference: Application p. 2-21:

B.1.2.1 PROPERTY DAMAGE

42. Figure 2.15 compares the PD severity forecast of the 2016 RRA with ICBC's current expectation for the trajectory that severity will take. The PY 2016 PD severity estimate in the 2016 RRA (the grey triangle in Figure 2.15 below restated to account for reporting changes) was based on claims emergence as of May 31, 2016 for accidents occurring prior to calendar year 2016. The latest five years of data used in the PD severity forecast for the 2016 RRA supported an expectation that PD claim severity was increasing at a moderate rate as depicted by the grey dashed line shown in Figure 2.15. However, based on the last year of emergence, PD severity has continued to accelerate, supporting a severity trend that has nearly doubled since the 2016 RRA. This unfavourable emergence has led to an increase in the PY 2016 estimate compared to the estimate provided in the 2016 RRA. This is largely a result of continued rising costs for parts as more technology is embedded in vehicles, more expensive materials are used in vehicles, and higher costs to import parts as a result of the lower Canadian dollar. In addition, increases in labour rates and more hours are required to repair a vehicle due to the advancements and complexity of newer vehicles. All of these factors contribute to the increase in PD severity trend to 6.0% as shown by the black dashed line in Figure 2.15. The change in the PY 2016 estimate is the difference between the grey triangle and the black triangle. This difference accounts for an unfavourable impact of 2.3 percentage point on the rate change to cover costs, as indicated in Figure 2.7.

Please provide a table containing the following annual information for each year from 2013 through 2016 and projected for 2017 for PD claims excluding glass:

- Total PD claims
- Number of claims estimated by Corporation
- Average cost of parts paid for claims estimated by Corporation
- Average shop labour hours paid for claims estimated by Corporation
- Total cost of claims estimated by Corporation
- Number of claims estimated by Express Repair shops
- Total cost of claims estimated by Express Repair shops
- Average shop labour hours paid for claims estimated by Express Repair shops

2.11.3 What, if any, investigations have the Corporation undertaken in relation to anecdotal or other reports that some Express Repair shops have billed the Corporation for more hours of shop labour than the total physical working-hours for the shops' workforces in a week or other time-period?

2.11.4 If the Corporation is not aware of any such reports, what investigations has the Corporation undertaken to compare the gross number of hours billed during any period of time in relation to the number of hours of shop labour potentially available at any particular Express Repair shops?

2.11.5 Please provide a table listing Express Repair shops (indication of the actual names of shops is not required) that have had their status suspended or removed, the date of such action, the duration of suspensions, and the reasons for the suspension or removal.

2.11.6 reference: <http://www.news1130.com/2017/10/31/car-insurance-icbc-body-shop/>

[Print-out attached as Attachment 1]

Please comment.

2.11.7 Please describe ICBC's understanding of the audit that the Minister announced following the release of this news story, and ICBC's understanding of its own role in that process.

3.0 Claims Staffing Level

reference: p. 2-26:

51. As discussed in Section B.1.2.2, in order to address the pressure on BI costs, ICBC has increased its overall complement of claims staff to manage higher claims volume and complexity, and to reduce the increase in BI pending claims that would otherwise occur. In addition to the impacts from Claims Transformation, the added claims staff has moderated claims severities as of May 31, 2017, in particular for claims occurring in recent loss years. Some moderation continues to be expected in the short term (as shown in Figure 2.19).

52. As the staffing level and closure rates stabilize in alignment with the volume of BI claims being reported, and the claims staff become fully trained, the higher underlying severity trend is expected to resume for the longer term. . . .

and reference p. 7-6:

C.1 INITIATIVES TO ADDRESS CLAIMS SEVERITY AND INCREASING

NUMBER OF CLAIMS

11. In response to increasing claims costs and the increasing number and complexity of claims, ICBC is undertaking a number of initiatives to moderate the impact that these increases would otherwise cause. In order to address the increase in the number of injury claims, the rising rate of legal representation, and the growth in BI pending levels, ICBC began an initiative in 2016 to increase the number of its claims staff. Hiring began at the beginning of 2016 and the majority of the total anticipated number of new claims staff are now in place. The total increase in Claims Injury Services staff since 2015 to the 2017/18 outlook is expected to be 302 FTEs, of which 224 are injury adjusters. The majority of the injury adjusters hired are “represented” adjusters who focus on managing the increase in represented claims, which are inherently more labour-intensive and take longer to settle. The increase in the volume and complexity of claims, which ICBC monitored for several months, began to emerge in 2015. The requirement for additional staff to be hired needed to be considered within the context of work requirements, facility requirements, budgetary considerations, and actuarial forecasting. Once these considerations were fully evaluated and it was determined that additional staff were required, the hiring process was initiated, and the subsequent training and development of the new staff was put in place. Because of the length of time required to recognize the increase in frequency, recruit, hire, and train staff, there was a delay in being able to respond to the increase in claims. ICBC does expect that its new integrated staffing model (discussed below in Section C.3) will enable it to be more responsive in similar circumstances in the future.

and reference p. 7-9:

18. . . . CT has allowed ICBC to focus more of its resources on customer-facing claims handling functions and less on administrative functions. As shown in Figure 7.3, between end of year 2011 and March 2017, ICBC increased its overall number of customer-facing claims staff by approximately 270 FTEs. In particular, the number of senior level claims staff, who handle the more complex injury and represented claims, has increased by approximately 250 FTEs. ICBC will continue to recruit for senior level claims staff to ensure it is staffed appropriately and its new employees are on-boarded with sufficient lead time for training to handle current and future forecasted claims intake.

3.1 Does the Corporation considers the initiative to increase the number of claims staff to be fully implemented?

3.2 Please detail the reasons why adding claims staff has had the effect of moderating BI claims severity trends. In particular, but without limiting the generality of this request, please explain the ways in which adding staff addressed “the rising rate of legal representation”?

3.3 reference: p. 7A-11:

27. Notably, when unrepresented claimants were asked whether they considered legal representation at some point during their claim, 40% indicated that they had. The most frequently cited reasons for ultimately deciding against representation included:

- **Confidence in being able to manage the claim on their own.**
- **Not wanting to wait for settlements.**
- **Positive perception of the ICBC adjuster's service.**

3.3.1 Please confirm that the second and third bulleted reasons listed in this passage are all enhanced by ensuring that claims adjuster services are adequately staffed.

3.3.2 What analysis has the Corporation performed to determine the optimal claims staffing level to achieve this effect – i.e., the point where adding claims staff and other internal resources would cease to be cost effective in moderating BI claims severity trends?

3.3.3 What further measures do the Corporation intend to undertake to optimize its internal claims processing resources?

4.0 Customer Responsiveness

reference p. 7-8

C2 CUSTOMER EXPERIENCE

...

15. At the end of 2016, ICBC implemented its Online Claims Services portal, which provides customers with the ability to view their claims' status online at their convenience. ICBC also replaced its First Notice Of Loss (FNOL) online claims reporting solution (eClaims), and developed and implemented the capability for customers to report claims online using a solution that integrates with Guidewire ClaimCenter (ClaimCenter). The new Online Claims Services portal provides greater convenience and accessibility for customers, reduces the number of calls and time spent by claims staff answering routine claim status inquiries, and creates other internal operating efficiencies. Since December 2016 and up to the end of July 2017, customers have used the Online Claims Services portal over 82,000 times for the purpose of reporting a claim, or checking the status or other details of their claim online. This level of uptake of the Online Claims Services portal is higher than ICBC's initial projections. In March 2017, the Online Claims Services portal was enhanced with improvements to the authentication process for customer login and added two-way messaging

capability between the adjuster and customer. Integration of the portal with ClaimCenter enables seamless service for the customer by allowing the adjuster to access the claim information immediately after it is submitted online by the customer.

4.1 Please confirm that faster making and processing of claims is regarded by customers as a valuable feature of the Corporation's claims services. If not confirmed please explain.

4.2 Please confirm that enhancements of this nature are part of the Corporation's strategy to address BI claims severity. If not confirmed please explain.

4.3 Is ICBC of the view that providing prompt service and responsiveness to claimants is an important part of the strategy to mitigate the representation rate? Please explain.

4.4 Please confirm that the Corporation implemented the Online Claims Portal to help address customer expectations regarding the promptness and efficiency of making and resolving claims. If not confirmed please explain.

5.0 Purchased Coverage

5.1 Please provide a table showing the total number of personal policies issued and the number and percentage of those policies insured as "to-and-from work" each year from 2012 through YTD

5.2 Please provide a table showing the number of claims each year from 2012 through 2017 where ICBC investigated whether a policyholder had insured the vehicle on a "personal use" basis that ought to have been insured as "to-and-from-work" or some higher level of coverage, and where ICBC had determined that the policyholder had purchased an inadequate level of coverage.

6.0 Ernst & Young Report

6.1 Regulatory Regime

Please file the 10 July 2017 report, "ICBC: Affordable and effective auto insurance – A new road forward for British Columbia" (Ernst & Young)

6.1.1 reference: p. 32:

Regulatory oversight

ICBC is currently regulated by the BC Utilities Commission. The current system is based on a utility model that was not designed initially for regulating auto insurance. The

future requirements of the organization will require a less expensive and less bureaucratic approach to competitive pricing with an enhanced ability to respond to customer requirements and changing market conditions.

Please provide a description of the mechanisms by which the Corporation's automobile insurance programs were regulated prior to coming under the jurisdiction of the Commission in 2003, including:

- administrative, financial and oversight differentiation between basic and optional insurance coverages and services
- determination of required capital base
- calibration of capital base (i.e., MCT or other measures/standards)
- oversight of capitalization
- approval of premiums or rates
- rate design
- non-insurance services (e.g., road safety, licensing and testing, etc.)

6.2 Please describe the differences between the regulation of Manitoba's Autopac programs and services and those of the Corporation including:

- institutional oversight and approval structure
- capitalization requirements
- approval of premiums or rates
- rate design

6.3 A frequent observation by ICBC, in Commission proceedings over the years, has been that the Corporation operates as a single integrated company notwithstanding its bifurcation into Basic and Optional for various regulatory purposes, including regulatory accounting, cost allocation and its capital base requirements. In what ways and to what extent does this regulatory subdivision of ICBC's automobile insurance program impede the optimization of the Corporation's operations and financial position, and to finding solutions to its current difficulties? Is there a different approach that ICBC would recommend?

6.3.4 In what ways and to what extent do the prescription of mandatory capital base requirements for ICBC present an impediment to strategies to resolve its current difficulties? Is there a different approach that ICBC would recommend?

ICBC 2017 RRA MoveUP IR 1.2.11.6 Attachment:

Is ICBC doing enough to keep body shop repairs in check?

by [Marcella Bernardo](#)

Posted Oct 31, 2017 6:24 am PST

Last Updated Nov 1, 2017 at 7:52 am PST



(Photo credit: Dustin Godfrey for NEWS 1130)

Summary

Longtime ICBC estimator says body shops over-inflating things like costs of parts, not not enough staff to police abuse

ICBC employee says insurer overpays body shops, billing irregularities in hundreds of millions of dollars over 16 years

SURREY (NEWS 1130) – The same week drivers in BC face insurance hikes of more than six per cent, one ICBC employee is drawing attention to something that could help bring some costs down.

Lance Leswick, a longtime estimator at the Newton claim centre, says he's been filing complaints since September 2001 when ICBC Express Shops started writing their own estimates.

“By the time it comes to payment parts, if we notice there’s irregularities in files, we can’t stop the payment. We have to pay it and nothing really ever seems to get done. I took it all the way up as far as I could into the corporation. They wouldn’t do anything.”

Five other [ICBC](#) estimators with at least 10 years’ experience each support his claim that abuse is going largely un-checked because their numbers have dropped from more than 400 in 2001 to fewer than 300 now.

“They’ve cut down our staff so much, we just don’t have enough staff to police all the things that are going on. We’re talking over 16 years, I know we’re talking hundreds of millions of dollars. I’ve documented claims that I’ve overpaid — forced to overpay of over \$10,000 and \$12,000. ICBC has that documentation in their files.”

The insurance corporation’s Adam Grossman is aware of claims some shops have inflated repair costs, but he rejects Leswick’s suggestion that millions of dollars have been lost.

“In 2016, our reviews found no significant billing inconsistencies. Most importantly, customers have told us they want to go straight to a repair shop, have their guaranteed repair done, and get back on the road. They don’t want to make an appointment and have their vehicle estimated at an ICBC claim centre by an ICBC estimator.

Leswick says he is pleased his supervisors finally started listening to him earlier this year.

“They gave us an extra two cars, so we could get extra estimators out there and start doing drop-in visits at body shops, so we can do surprise visits and try to catch this stuff up front. By the time it comes to the back end of the thing, it is, we’re just out of luck. We have an automated system, so they have to pick and choose which ones they want to look at. The body shops have basically ruled ICBC since the Liberals gave them the power to write their own estimates.”

Grossman insists more than 300,000 crashes were recorded last year and no significant billing inconsistencies were identified.

“If we were to have a system which sees every single vehicle damage estimate handled in person by an ICBC claims estimator, the turnaround time on customers’ vehicles would be sincerely impacted. A repair today which takes days, could take weeks or more.”

Attorney General [David Eby](#) says concerns raised by Leswick are now being addressed by the review he ordered over the summer.

“It’s incredibly important that employees are canvassed because they’re on the front lines and they’re seeing these things. It concerns me greatly that there may be problems that haven’t been dealt with.”

Starting tomorrow, ICBC rates across the province are [climbing more than six per cent](#).