IRs to ICBC on 2018 Basic Rate Design Application

Submitted by Henry Liu

1. The 2018 Government Directive describes "a customer renewing his or her Basic policy after September 1, 2019, is to see no more than a 20% increase compared to his or her prior policy year's premium".
   a. Figures 1.2, 3.14, and 3.15 all illustrate the dollar impact of this application. Please provide equivalent figures that describe the % impact.
   b. When the new Basic Rate Design becomes effective on September 1, 2019, only at-fault claims after March 1, 2017 are within the scan period. Please describe how this aspect of the change management was considered in the construction of these figures.
2. The 2018 Government Directive describes "a 15% discount for those customers who are aged 65 or older which will be reduced upon at-fault crashes.". ICBC proposes halving the discount after the first at-fault crash.
   a. Please provide the actuarially indicated discount reduction after the first at-fault crash.
   b. If the proposed reduction is materially different from the actuarially indicated factor, please provide justification.
3. The 2018 Government Directive describes "[t]he risk charge [for new residents] is to be no more than 15% and will decrease as the driver gains more experience in BC". ICBC proposes 15% charge for the first year, 10% for the second, and 5% for the third.
   a. Please provide the actuarially indicated charges.
   b. If the proposed charges are materially different from the actuarially indicated charges, please provide justification.
   c. Please provide a list of the most common 50 last names of drivers used in the analysis who would be impacted by the New Resident Factor.
4. The 2018 Government Directive describes "drivers are to be able to repay their at-fault claims that are under $2,000 with these claims having no impact on their risk profile".
   a. Please provide the # and % (out of all TPL claims under $2000) of Physical-Damage-Only claims incurred in the last 10 policy year
   b. Please justify why the $2000 threshold is indexed to BC all-items CPI rather than indices specifically related to labour for mechanics and cost for auto parts.
5. The application describes the use of driver address information to estimate listed drivers of a certificate (Chapter 3, F.2).
   a. Please provide assumptions and methods used in the estimation.
   b. Please provide # and % (out of all drivers) of drivers currently unlisted who was estimated to be listed on some certificates in the data set used by the GLM.
   c. Please provide # and % (out of all drivers) of drivers currently unlisted who was estimated to be listed on some certificates AND to have a higher IDF than the principal driver on those certificates in the data set used by the GLM.
6. Autonomous or semi-autonomous driving technology vary widely across manufacturers in its efficacy at crash prevention.
   a. Will any autonomous emergency brake system qualify for the discount?
   b. If not, how will ICBC qualify these cars?