

REQUESTOR NAME: **Richard T. Landale BCUC Intervener C7**

**INTERVENER INFORMATION REQUEST**

TO: INSURANCE CORPORATION OF BRITISH COLUMBIA

DATE: **28 August 2018**

PROJECT NO: **1598968 BCUC**

APPLICATION NAME: **ICBC ~ 2018 Basic Insurance Rate Design Application**

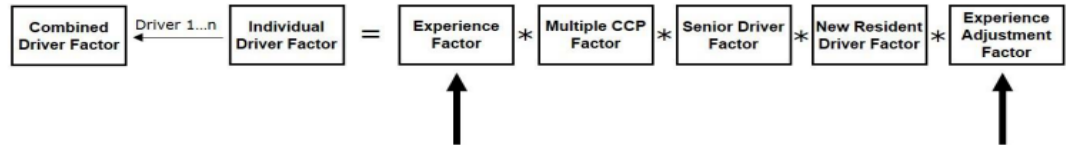
**PREAMBLE:**

- 1.1 On August 3<sup>rd</sup> 2018 the Attorney General – The Hon. David Eby, QC., issued a Letter of Direction to ICBC regarding “Rate Design Tariff Amendments”. That was followed by OIC 458/18 August 9<sup>th</sup> 2018, and OIC 459/18 August 9<sup>th</sup> 2018 orders specified amendments to *Special Direction IC2*
- 1.2 The BCUC received from ICBC their 2018 Basic Insurance Rate Design Application dated August 15<sup>th</sup> 2018, exhibit B-1. On August 16<sup>th</sup> 2018 the BCUC published the Regulatory Hearing Timetable, exhibit A-2. Therein the timetable provided interested parties and registered interveners only 4 days to read/review and digest ICBC’s 412 page application. That is ridiculous and a totally impossible time period to muster intelligent and responsible information request questions to ICBC, ahead of the Streamlined Process that commences on September 4<sup>th</sup> at the unusual hour of 8:30am. Then just two days later on September 6<sup>th</sup> Oral arguments begin. Another unreasonable and extremely limiting preparation time for such an important hearing.
- 1.3 While this intervener condemns this regulatory timetable, it is recognized from the OIC’s in this matter before the BCUC, the Rate Design Hearing is a “*fait accompli*”. Nevertheless we should be heard for the record of our interests, concerns and possible alternatives.

**2.0 INFORMATION REQUESTS**

- 2.1 Will ICBC please chart in a table the existing Seniors Dscount of 43% based on the Rate Class 005 in the Territory “D” (Lower Mainland/Surrey), Pleasure Use Only, using the current Basic Premium rates to August 31<sup>st</sup> 2018 Verses the New Rate Design for the same criteria, based upon all rates and senior discounts that include safe driver, no penalty points or convictions. As in attempting to read 412 pages (*which I did not could not*), I cannot over night figure out how this new rate design will impact me at the age of 71 (next year). Incidentally I have not had an accident in 53 plus years, or more.  
 For clarity my renewal date was June 29 2018 and the Basic Premium was \$1,418.00, with a Seniors discount (43%) of \$610, and I paid \$808.
- 2.2 Will ICBC please explain in simple language, has a senior 65 and older lost their 43% discount ?. As trying to follow paragraph 5 page 3-1 and Figure 3.2 page 3-2 the premium calculation for the CRS level is now confusing. **Can I assume a 43% discount plus a 15% discount for a total of 58%,** so long as there are no other penalties whatsoever ? Figure 3.2 – Claim-rated Scale example does not add clarity to my question.
- 2.3 The problem of understanding this new rate design is compounded by this algorithm, which also implies there are others: - “sub-section of new rating algorithm”, what others, please provide them using the same format as shown in figure 3.10:

**Figure 3.10 – Sub-section of New Rating Algorithm: CDF**



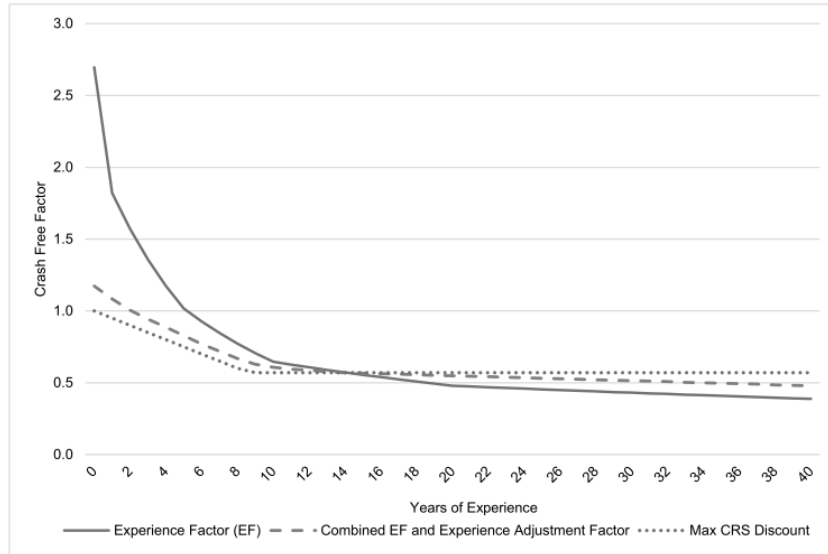
I would like to suggest to ICBC that they might add more clarity by using this algorithm to answer the above IRs, I cannot fill in the squares.

2.3 continued:

This information is a focal point that will come up during the Oral hearing portion of this rate design proceedings. So for efficiency it would greatly help the streamlining process to have my questions answered in simple clarity terms, sooner rather than later if you please. All I want to know is “How Much”

2.4 Then on the next page a lot more confusion:

Figure 3.11 – Comparison by Years of Experience



Please place an “X” where my next renewal Basic Premium will be ? And then tell me “How Much” again.

2.5 In the foreseeable future I can predict either my wife or I will be a registered disabled person with the Province. Therefore, does this new rate design “**ADD**” the C.4 DISABILITY AND HIGH VALUE VEHICLE CHARGE FACTORS 38. The Disability Factor applies a 25% reduction of the Basic insurance premium for qualifying disabled persons, to 43% + 15% + 25%, all else being equal as described above.

2.6 Then does the C.5 ADVANCED SAFETY TECHNOLOGY FACTOR 39. Based on the 2018 Government Directive regarding Rate Design, a 10% discount for vehicles with manufacturer installed autonomous emergency braking systems is applied to reflect the lower risk associated with vehicles with this technology add onto the 43% + 15% + 25% + 10%

2.7 Then does the C.6 DISTANCE FACTOR 40. Based on the 2018 Government Directive regarding Rate Design, “Rates are to incorporate a 10% discount for vehicles that are driven less than 5,000 kilometers in a year”, add onto the 43% + 15% + 25% + 10% + 10%

2.8 As a follow up question, exactly how will this be monitored / enforceable under what terms in the basic policy, will this be described in the policy hand out booklet I could get from BCAA when I renew next June ?

2.9 I’m sorry I gave up trying to read this:

**C.7 TRANSITION**

42. As a result of greater recognition of at-fault crashes compared to today’s rate design, moving from the current CRS to the new CDF has the potential for customers to see substantial changes in their premium in the first year of the proposed rate design. Transitioning refers to the method used to manage the magnitude of premium movement to customers and involves two distinct components; i) one to manage upward premium movement, by applying a Transition Factor, and ii) another to manage downward movement by applying a minimum CDF.

2.9 continued:

This entire section is way too difficult to understand in the time frame provided by the hearing regulatory timetable.

May I suggest ICBC go back to the algorithm diagram using the Senior criteria I have provided to explain this Transition process.

2.10 I am greatly concerned in regard to the impact this:

**C.8.3 UNLISTED DRIVER PROTECTION PREMIUM (UDPP)**

57. Unlisted Driver Protection Premium (UDPP) is an additional premium that a customer can pay to protect against the UDAP in the case that an unlisted driver crashes the vehicle.

For instance my wife and I each have a car with separate policies, but we both are equal owners of each car. Due to a clerical oversight / error at the time of registering the cars, the BCAA representative thought it appropriate to name my wife first on each policy, and my name second. Due to a past claim I was required to pay the \$500 deductible on my car, because my wife was driving her car which had a \$300 deductible when she hit my car in our driveway. Now under these rules what is our position. Do we need to register ourselves respectively on each other's cars as "Listed Drivers" ?

2.11 As a follow up question, suppose I lend my car to a visiting relative for a 10 day vacation, or for that matter a friend. What am I required to do to ensure compliance with ICBC policy rules. ICBCs answer should also address the question in respect to relatives or friends from "Out of Province or from another Country". ICBCs answer can assume everyone to be 25 years and older. What would the 10 day rate be ? or is it pro-rated on a one year premium of \$50.00 ?

2.12 This is also hard to figure out:

*D.1 REVENUE NEUTRALITY*

61. As per the 2018 Government Directive regarding Rate Design, the implementation of rate design must be revenue neutral for Basic insurance for the 12 months following the implementation date of September 1, 2019 (excluding the impact of changes to DPP and DRP). 17 Revenue neutrality means that the collected premiums from the new rate design must not materially differ from the aggregate amount if the current rate design were to be maintained. With the introduction of the new rate design, the expected decreases in premium for some customer segments must be offset by the premium increases of other customers.

62. Actuarial analysis computes off-balance factors that ensure the indicated changes to the rating factors that are part of the rate design rating algorithm are revenue neutral. Each off-balance factor was developed by comparing the premium that was collected during the period of January 1, 2016 through October 31, 2017 (i.e., prior to the rate design changes) and the estimate of premium that would be collected had the new rate design changes been in place for that same period. Any difference in these amounts was accounted for by implementing an off-balance factor to ensure the collected premiums were the same, in aggregate.

Well now I'm lost, "what rating algorithm" Will ICBC please demonstrate in a table please, how this neutrality works.

2.13 Will ICBC please provide a new table using my Senior details presented above to compare the impacts of this new "Senior Minimum CDF" on my basic insurance premium, How much money" :

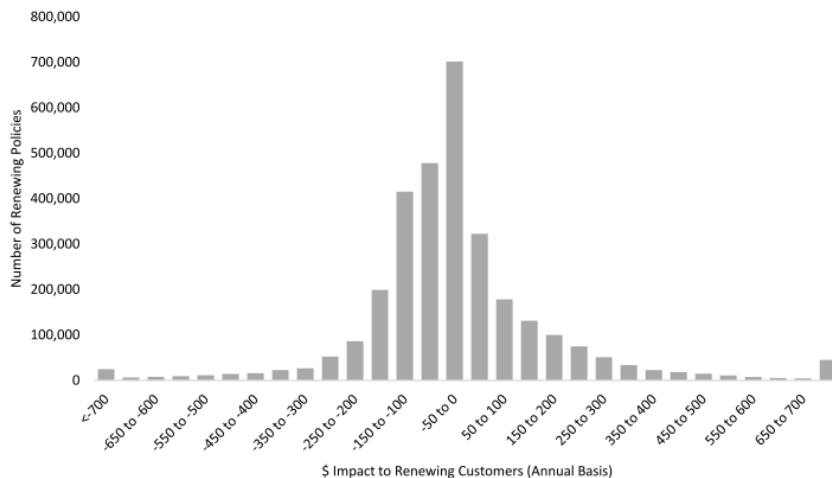
**Figure 3.12 – Minimum CDF**

<b>Certificate with Effective Date Between</b>	<b>Minimum CDF</b>	<b>Senior Minimum CDF</b>
September 1, 2019 – August 31, 2020	0.540	0.415
September 1, 2020 – August 31, 2021	0.510	0.410
September 1, 2021 – August 31, 2022	0.480	0.405

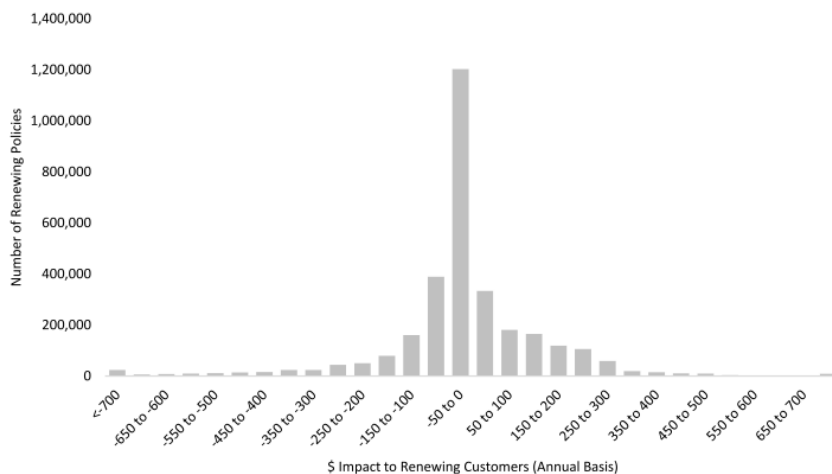
2.14 Will ICBC please place an “X” where my new Basic Premium will be on these two charts. Also where is the 35% Ceiling directed by the Attorney General Section C.D.2 Customer Impacts, also reference from Figure 2.1 – Tariff Amendments “Road Map” herein, please indicate this point on the two charts below.



**Figure 3.14 – Customer Impact before Transition Factor and Minimum CDF Applied**



**Figure 3.15 – Customer Impact after Transition Factor and Minimum CDF Applied**



There are so many other chapters to read through, I ran out of time to go through the balance of the application. As such further questions must await the oral presentations on September 6<sup>th</sup>, or can they be outlined on September 4<sup>th</sup>.

Respectfully, and with my thanks to the Commission Panel Chair.

Richard T. Landale  
Intervener C7