

**Date Submitted:** September 06, 2018

**Proceeding name:** ICBC 2018 Basic Insurance Rate Design

**Are you currently registered as an intervener or interested party:** No

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**Province:** British Columbia

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**Comment:**

Please see the attached Letter of Comment of the BC Sustainable Energy Association. I represent the BC Sustainable Energy Association, which has an interest in sustainable energy use, including for transportation.

## **Thomas Hackney, Consultant**

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6 September 2018

British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC, V6Z 2N3  
Attention: Mr. Patrick Wruck, Commission Secretary

**Re: ICBC 2018 Basic Insurance Rate Design Application  
BCUC Project No. 1598968  
BC Sustainable Energy Association letter of comment**

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This is the letter of comment of the BC Sustainable Energy Association (BCSEA) regarding the Commission's review of the Insurance Corporation of British Columbia's 2018 Basic Rate Design Application, per Order G-152-18.

BCSEA is a non-profit association of citizens, professionals and practitioners committed to promoting the understanding, development and adoption of sustainable energy, energy efficiency and energy conservation in British Columbia. BCSEA supports the province's transition to a lower-carbon economy. Many of BCSEA's members drive vehicles and purchase motor vehicle insurance.

BCSEA represents the public interest in moving toward a low-carbon energy system (including for transportation energy) and the interests of its members as transportation users who want the transportation systems available to them to emit little or no "carbon pollution."

BCSEA acknowledges the Commission is bound by Order in Council 459/18 amending Special Direction IC2 to approve the terms of the Application that are prescribed in the Attorney General's Letter of Direction to ICBC of 3 August 2018, including the term that:

"Rates are to incorporate a 10% discount for vehicles that are driven less than 5,000 kilometers in a year and a 10% discount for vehicles with manufacturer installed autonomous / automatic emergency braking systems to reflect the lower risk associated with these circumstances." [p. 4 of the Letter of Direction; pdf 80 of the Application]

BCSEA also acknowledges that OiC 459/18 and the Letter of Direction allow the Commission no discretion regarding the 10% basic insurance rate discount for drivers who drive less than 5,000 kilometers in a year.

Nevertheless, BCSEA offers the comment that this distance based component to motor vehicle insurance in BC represents a beneficial policy development supporting the achievement of British Columbia's energy objectives in the Clean Energy Act, particularly:

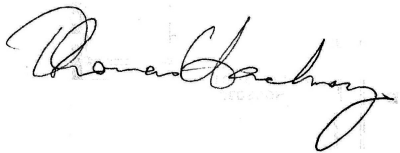
- 2(b) "to take demand-side measures and to conserve energy ..." and
- 2(g) "to reduce BC greenhouse gas emissions: ...
  - (iii) by 2020 and for each subsequent calendar year to at least 33% less than the level of those emissions in 2007,
  - (iv) by 2050 and for each subsequent calendar year to at least 80% less than the level of those emissions in 2007, and
  - (v) by such other amounts as determined under the *Greenhouse Gas Reduction Targets Act*."

Distance based, or pay-as-you go, insurance will send vehicle drivers a price signal of the same kind as is sent to customers of energy utilities when fixed charges are reduced and volumetric charges are increased; that is, they will be incented to use less energy in order to save money, rather than incented to use more energy to "get their money's worth" from their payment of a fixed cost.

BCSEA strongly supports the implementation of a distance based component to motor vehicle insurance rates.

BCSEA further recommends that the Commission require ICBC to prepare a study on the potential for distance based rate setting to be expanded, in order to inform future discussion of ICBC rates and to contribute to the government's renewed climate action plan and energy roadmap.

All of which is respectfully submitted,



Thomas Hackney, Consultant for BCSEA