



January 18, 2019

Sent via eFile

ICBC 2019 REVENUE REQUIREMENTS EXHIBIT A-5

Ms. June Elder
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Re: Insurance Corporation of British Columbia – 2019 Revenue Requirements Application – Project No. 1598982 – Supplementary Information

On December 14, 2018, the Insurance Corporation of British Columbia (ICBC) filed an application with the British Columbia Utilities Commission (BCUC) for its 2019 Revenue Requirements for Universal Compulsory Automobile Insurance (Basic insurance), seeking a Basic insurance rate increase of 6.3 percent for the policy year commencing April 1, 2019, among other requests (Application).

On page 7 of Technical Appendix C.0 to the Application, ICBC states the following:

For FLYs [fiscal loss years] 2012 to 2018, ICBC continues to rely on the Hindsight Outstanding Severity Method as a replacement method for the Paid Development Method... The Hindsight Outstanding Severity Method requires the estimation of “outstanding severities” by FLY. ICBC has been able to determine its estimates of the outstanding severities based on insights from a BI [bodily injury] segmented analysis⁶ that it has undertaken. Similar to the analysis from which outstanding severities were derived in the 2017 RRA, this segmented analysis provides additional information on the composition of the inventory of open claims by legal representation status.¹

⁶ The analysis referred to here was performed on Total BI data (Basic and Optional insurance combined).

ICBC further states in the footnote to Column (1) of Technical Appendix C.1.5.3 to the Application that the amounts are “From internal actuarial analysis, includes Personal and Commercial.”

In the interest of regulatory efficiency in the information request process established by Order G-1-19, the Panel requests that ICBC supplement the Application with the following information, by no later than **Thursday, January 24, 2019:**

1. A copy of the “BI segmented analysis” referenced on page 7 of Technical Appendix C.0 to the Application, including copies of any other internal analysis (or analyses) which underlie the key assumptions or inputs to the “BI segmented analysis”; and

¹ Exhibit B-1, Technical Appendix C.0, p. 7.

2. A copy of the “internal actuarial analysis” referenced in the footnote to Column (1) of Technical Appendix C.1.5.3 to the Application. If the analysis is the same as the “BI segmented analysis” requested above, please provide specific reference to where in the “BI segmented analysis” the support for Column (1) of Technical Appendix C.1.5.3 is.

Sincerely,

Original signed by:

Patrick Wruck
Commission Secretary

BG/ad