BC Utility Commission Information Requests

ICBC 2019 Revenue Requirements Application – Project No. 1598982

Introduction

It is difficult for the public to trust ICBC's projections because since the beginning of 2017 their projections have been significantly inaccurate and unreliable. In reviewing ICBC's most recent submission to the British Columbia Utilities Commission (BCUC), we have concerns over how the corporation is assessing past losses and projecting future losses. ICBC continues to report increasing losses and further projected losses for the upcoming 2019 policy year. As a result, ICBC is applying to increase insurance rates by 6.4%.

Based on our review of the submission, there are numerous aspects that raise serious concern. ICBC has stated the rate increase is based on the following calculation, translated into simply language:

- +12.8 percentage point increase because ICBC borrowed $415 million from its capital provisions to cover expenses for the 2017 policy year
    - ICBC is only allowed to access funds from its capital provision for one year
- +14.0 percentage increase to cover the fact ICBC significantly underestimated the costs for the 2017 policy year
- + 15.5 percentage increase to cover ICBC's current forecast of expenses in 2019 policy year
- -37.4 percentages for savings from the new product reform taking affect April 1, 2019

The submission is full of finger-pointing at sources outside the corporation (plaintiff counsel, legal representation rates, third part expenses, etc.) as drivers for the requested increase, but contains little reflection regarding the role that ICBC itself plays in its inability to more accurately project its revenue and expenses.

Our questions follow.

Chapter 3

1. Paragraph 12 states the lost cost variance is different between the estimate for PY 2017 loss and the re-estimate of the PY 2017 lost cost provisions reflected update information and claims emergence since setting of the existing rates. Please provide:

    a.   The actual claim paid out in the PY 2017;

    b.   The actual claim amounts used in the original estimate PY 2017;

    c.   Provide a breakdown of the actual amounts paid in BI claims in 2017, broken down in categories of severity used in this analysis.

    d.   Provide a breakdown of actual total amounts paid in MD claims broken down into payments for parts and payments for labour;

2. In paragraph 40 it refers to the unexpected increase in BI severity compared to the prior year's estimate. BI severity is based on the amount paid out for the claims.

    a.   Please provide the number of total cases were a BI claim was made;

    b.   Please provide the number of total cases were a BI claim was paid by ICBC;

    c.   Please indicate how many of the claims paid by ICBC in the PY of 2017 were paid through settlement;

        i.   Please indicate what the total percentage to the severity calculation was based on the files were ICBC agreed to a settlement;

    d.   Please provide the total number of files where ICBC paid an amount on a BI claim by order of the court as a result of a trial;

        i.   Please indicate what percentage of the total BI severity calculation was impacted by court order payments;

    e.   Please repeat sub (c) & (d) for PY 2013 to 2016;

3. Please indicate what, if any changes were made in the method of calculating the BI severity from 2017 RRA to the current RRA?

4. In paragraph 40 it states that PD severity increased in the PY 2017. PD severity is determined the cost of repairs or vehicles being written off;

    a.   Please provide the number of vehicles ICBC did the estimation regarding cost of repair to the vehicle;

        i.   Please indicate the average value of repairs on ICBC assessed vehicles;

        ii. Please indicate what impact these assessments had on the PD severity calculation;

    b.   Please provide the total number of vehicles ICBC assessed in house that were deemed a total loss;

        i.   Please indicate what impact on the PD severity calculation these assessments had;

      c.   Please provide the total number of vehicle assessments for repair done by independent repair shops;

          i.   Please provide the average assessed cost of repairs;

        ii.   Please provide the impact these assessments had on the calculation of the PD severity

      d.   Please provide the total number of vehicles that were deemed a total loss by independent repair shops;

          i.   Please provide the average value of the vehicles determined to be a total loss by independent repair shops;

        ii.   Pease indicate the impact on the PD severity calculation by the total loss determinations made by independent repair shops;

      e.   Please indicate what if any changes were made in the method of calculating PD severity from the 2017 RRA to the current RRA?

5. In regards to PD repair costs used in the PD severity analysis, please provide ICBC's approved rate for labour costs for independent repairs shops for the following;

      a.   Mechanic work
      b.   Body work
      c.   Paint work
      d.   Frame work

6. Please provide ICBC's analysis of the average labour costs of the same professions in general?

7. Please provide the number of PD assessments provided to ICBC that an ICBC adjuster was able to review and respond to within the 2 hour requirement set out in ICBC's own regulations.

      a.   Please indicate the average value of repairs done for the assessments that were not reviewed before being commenced;

      b.   Please provide the total impact of assessments and repairs done that were not reviewed by ICBC before commencing had on the PD severity;

      c.   Please provide the actual number of repairs done in PY 2017 that ICBC reviewed to insure the repairs costs were market rate;

8. In paragraph 51, it provides four prospective adjustments made in the 2017 RRA (claims performance optimization, medical assessment services, in house legal services expansion and alternate sourcing, and counter- fraud program);

      a.   Please provide actual data regarding what impact these four prospective adjustments had in the PY 2017;

      b.   Please provide actual data used to support how their removal from this year's RRA provide an unfavorable impact;Please also explain the method used to make this analysis;

9. In paragraph 51, it states there was a lower savings estimate from counter-fraud program compared to the 2017 RRA;

    a.   Please provide the data and method used to determine the impact on the counter-fraud program in PY 2017;

    b.   Please provide data and method used to calculate counter-fraud programs from 2010 to 2017;

    c.   Please provide actual amounts spent on the counter-fraud programs from PY 2010 to PY 2017 on the different aspects of the counter-fraud program, divided into, but not limited to, the following categories:

        i.   FTE in the counter-fraud program;

            1.   Breakdown of FTE in the counter-fraud programs;

        ii.   Investigation expenses not including cost of FTEs;

        iii.   Education of FTEs on fraud analysis;

        iv.   Advertising focused on or mentioning fraud concerns;

    d.   In this paragraph it states "actual experience supported a lower amount of fraud savings";

        i.   Please provide details and data being referred to as "actual experience";

10. In paragraph 54, it states that claimant behavior has impacted BI frequency and behavior. One factor you indicate in claimant behavior is legal representation rates.

    a.   Please provide the actual number of claims in PY 2017 where a person indicated they suffered BI;

    b.   Please provide actual number of claims in PY 2017 where a person obtain legal representation;

    c.   Please provide the actual number of cases where a claimant obtained legal representation after first speaking with and ICBC representative without legal representation;

    d.   Please provide the average time from when an unrepresented person first spoke with ICBC without legal representation and then subsequently obtained legal representation;

11. In Chapter 3 section C the RRA provides a summary of different methodologies for actuarial analysis of forecast of. Please provide the source for stating why determines these methods as standard methods for actuarial this analysis.

12. In paragraph 68, you sate "the data and methodology used in the supporting analysis are generally consistent with past RRAs".

    a.   Please clarify how the data used is in the current RRA is consistent with past RRAs;

    b.   Please clarify how the data in the current RRA is inconsistent with past RRAs;

    c.   Please clarify how the method used in the current RRA is consistent with past RRAs;

    d.   Please clarify how the method used in the current RRA is inconsistent with past RRAs;

13. In paragraph 70 it states "This adjustments is applied to the BI Incurred Development Methods is in response to the changing case reserve levels."

    a.   Please provide the data for case reserve levels for PY 2010 to PY2017 used in the analysis;

    b.   Please indicate what changes in reserve levels you are referring to;

    c.   Please provide the method for how reserve levels are determined;

        i. Please indicate if the method for determining reserve levels has changed or modified starting from PY 2010 to present;

    d.   Please indicate why the change in the method of analysis was done from 2017 RRA to the current RRA;Please indicate what methods were used in the 2010 RRA to 2016 RRA;

14. In appendix C.0 to Chapter 3, in paragraph 2 you state that "meaningful portions the loss still remain unpaid or not fully paid".

    a.   Please provide details of what amounts are left unpaid;

    b.   Please provide the data from PY 2017 of historical incurred claims costs paid in PY 2017

        i. Please provide the same for PY 2010 to PY 2016;

15. In appendix C.0 paragraphs 4 and 5 you state that unusually large claims are capped and bulk claims payments are not included in the historical incurred claims calculation;

    a.   Please provide the number of unusually large claims in PY 2017 that are being capped;

    b.   The value of these usually large claims;

    c.   Define what are bulk claim payments;

    d.   What is the value of the bulk claim payments;

16. What is the loading factor referred to in paragraph 5, appendix C.0?

17. What impact does this loading factor have on the calculation?

    a.   How is this impact different than if the unusually large claims and bulk settlements had been left in the original calculations;

        i. Please show the calculations;

18. In paragraph 8 of appendix C.0, you refer to actuarial assumptions and actuaries making more appropriate assumptions or adjustments to the methods when necessary to estimate costs of claims. There is then a list of circumstances considered.

    a.   Please indicate who provided these circumstances to the actuary;

      b.   Regarding the impact of these circumstances on the actuary analysis, please provide;

        i.   What was the quantifiable impact of each circumstance considered in a favourable or unfavourable way to the final calculation;

       ii.   Who determined the necessary weight or value of each circumstances on the overall calculation;

      iii.   Provide the actual data used to indicate the impact of each circumstances on the overall calculation;

      iv.   Who provided the data;

       v.   How was the data used chosen or determined to be relevant;

      c.   Specifically, indicate what changes in claims management were considered in this analysis?

        i.   What factors were considered in claims closure rate?

          1.   What data was provided regarding the influence of claims being moved between multiple adjusters have the closure rate?

          2.   What reasons were given for movement of claims to new adjusters?

          3.   ICBC received a review of is claims management in August 2018, one of the major suggested changes was to have adjusters and lawyers maintain ownership of files;

             a.   Please provide data regarding how often files are transferred from one adjuster to another;

             b.   Indicate the reason for movement;

             c.   A significant number of files were moved amongst adjusters in December 2018, after the review was provide. Please indicate the number of files moved among adjusters in December 2018 and January 2019.

             d.   Provide data on file movement in prior months of 2018 and 2017.

19. Please indicate the changes in "claims management systems and business processes which have affected the handling and coding of claims" that are been referred to in paragraph 8, appendix C.0, Chapter 3.

20. In paragraph 15, appendix D.0 of Chapter 3, it states a 4 year simple regression model was selected to calculate BI frequency to give more consideration to recent years. Please provide the data used and provide a revised calculation if a 5, 6, 7 and 8 model was used.

      a.   How would this impact the BI frequency analysis?

21. In paragraph 15, appendix D.0 of Chapter 3, it states a 5 year simple regression model was selected to calculate PD frequency to give more consideration to recent years. Please provide the data and a calculation if a 3, 4, 6 and 7 model was used. How would this impact the BI frequency analysis?

22. In paragraph 22, appendix D.0 of chapter 3, it states that pattern of BI severity in recent years was influenced by changes in closure patterns and impact of Claims Transformations.
    a.   Please provide actual closure patterns from PY 2010 to PY 2017;
    b.   Define what is meant by Claims Transformation;

23. The figure D.0.8 provides claims severity having a flat if not steady decline from 2014 to 2017. It appears that 2018 is an anomaly on an otherwise steady trend. Please indicate what the PI severity would have been using a 3, 4 or 5 years simple regression model.
    a.   Please provide the actual data used to calculate the figures in figure D.0.8.

24. In paragraph 23, appendix D.0 a severity trend of 2.4% was selected for unrepresented claimants. Please provide the data and calculations used to determine this percentage of severity trend for unrepresented claimants.

25. In paragraph 23, appendix D.0 a severity trend of 2.0% was selected for represented claimants. Please provide the data and calculations used to determine this percentage of severity trend for unrepresented claimants.

26. In paragraph 23, appendix D.0. a 4% severity rate trend was selected for future estimates. Please provide the data used and method used to select this rate.

27. Figure D.0.9 shows a linear regression model of 10 years. Please provide the calculation if a regression model of 3, 4 or 5 years was used. How would this change to a shorter regression model impact the PI severity trend for represented and unrepresented claimants?

28. In appendix E.0 to Chapter 3, there is a list of five favourable prospective adjustments. The counter-fraud program is one of these.
    a.   Please provide the basic aspects of this program;
    b.   Please provide the data and method used to calculate the impact of these measures on the calculation;
    c.   Please provide supporting data and internal research done by ICBC to determine the positive impact of these measures;
    d.   Please provide a breakdown of the costs associated to this program breaking them down to their components, including but not limited to:
        i.   FTEs;
        ii. Training;
        iii. IT;
        iv. Advertising;

29. In paragraph 4 of appendix E.0 to chapter 3, the removal of savings from the following prospective adjustments set out in the 2017 RRA relating medical assessment services, in-

house legal counsel expansion and alternative sourcing, and claims performance optimization is calculate to have an unfavourable impact of $79.5 million dollars.

    a.   Please provide the data and method used for this calculation;

    b.   Please provide the data and method uses to calculate their prospective impact in the 2017 RRA;

    c.   Please indicate the impact of each program in the 2017 PY and data supporting what impact each program regarding costs or savings in 2017 PY;

30. In the same paragraph under the first sub point on page 2 of appendix E.0 to chapter 3, it states the savings from medical assessments services did not meet expectations;

    a.   Please provide the data and method used in the 2017 RRA to calculate the expected savings;

    b.   Please provide the actual data for PY 2017 used in this assessment;

    c.   Provide the data of how much ICBC spent on medical assessments;

        i.   Please break this down into Part 7 and Tort medical assessments;

        ii. Please provide this date for 2010Py to 2017PY;

        iii. Please provide how much of the total expenditure on 2017PY on medical assessments done at the negotiated rate and total expenditures done outside the negotiated rate;

31. In the same paragraph there is also mention of change in plaintiff counsel tactics.

    a.   Please indicate plaintiff counsel tactics being referred to;

    b.   Please provide the data for each tactic listed in response to 31(a) that was used in this analysis;

    c.   Please provided the data used to calculate how each of the plaintiff's counsel tactics list response to 31 (a) above impacted of the prospective amendments listed in the paragraph for PY 2017.

32. Please provide the data and method used to calculate the savings based on the use of in-house counsel as noted in the review provided to ICBC in August 2018.

    a.   Provide the same data for 2010 PY to 2017 PY;

33. In paragraph 5 in Chapter 3, appendix E.0 please provide any data or research methods used to attempt to calculate the impact of the counter fraud program;

    a.   Please provide the data and method used in the 2017 RRA to calculate the future impact of the counter fraud program;

    b.   Please provide the data and methods used in prior RRAs from 2010 to present to calculate the saving from a counter fraud program;

34. In Figure E.0.1 – PY 2019 Prospective Adjustments under the counter fraud section you indicate $6.3 million favourable impact. Please provide the data and method used to make this calculation.

35. In Appendix E.0, Figure E.0.1 – PY 2019 Prospective Adjustments under the counter fraud section you indicate $6.3 million favourable impact is $28.3 million less than the PY 2017 rate. Please provide the data and method used to calculate the $28.3 million savings in PY 2017.

    a.   Please provide the data and method used to calculate the $23.1 million unfavourable impact on lost cost forecast;

    b.   Please provide the data and method used to calculate the $5.2 million unfavourable impact on the loss cost trend;

    c.   Please provide the data and method for determining the 0.9 unfavourable percentage point impact.

36. In Section C of appendix E.0 of chapter 3, you mention that there was no future adjustment for material damages changes for PY 2019.

    a.   Please indicate what changes are being implement in PY 2019 and why there will be no impact in the PY 2019;

    b.   Provide existing date used to determine changes being considered by ICBC to respond to increased material damage costs;

    c.   Please provide indication why these changes will not able to impact the 2019 PY;

37. In Chapter 3, technical appendix C.0 paragraph 2 it states the claims completed with no payment are not included in the incurred severity.

    a.   Please provide the total number of CNA claims for PY 2017;

    b.   Please provide the total number of CNA claims for PY 2010 to PY 2016;

    c.   Please provide definition of what constitutes and CNA;

    d.   Please indicate what impact including the CNAs would have on severity trends:

38. In Chapter 3, technical appendix C.0 paragraph 6 you indicate that changes to historical figures to be consistent with the current fiscal year.

    a.   Please provide the original data and numbers for the historical years involved in this calculation;

    b.   Please provide the method and data used to revise the historical figures;

    c.   Please provide the actual revised historical figures used in this calculation;

    d.   Please indicate what this change had on the actual calculation;

39. In Chapter 3, technical appendix C.0 paragraph 12 and figure C.0.1, the levels of reserves are indicated as rising.

    a.   Please provide the data used in this calculation;

    b.   Please indicate the method used to assess the reserves on a particular file;

    c.   Please provide average level of reserves set for PY 2010 to PY 2018;

    d.   Please provide actual level of total reserves set for PY 2010 to PY 2018;

40. In Chapter 3, technical appendix C.0 paragraph 13 and in figures C.0.2 & C.0.3, the closure rates are shown for 2013 to present.
    a.   Please provide the data and method used to make this calculation;
    b.   Please state how many claims were actually closed in PY 2013 to PY 2018;
    c.   Please indicate the ratio of closed files per year to the number FTEs working on BI claims;
    d.   Please provide the data regarding what impact, if any, that ICBC's implementation of its new IT systems had on the closure rate from PY 2012 to PY 2017;

41. In Chapter 3, technical appendix C.0 paragraph 17 it states there was change in methods used in 2017 RRA to calculate incurred loss and ALAE.
    a.   Please provide the data used in this calculation;
    b.   Please provide what impact this change in method had on the determination there was a $7.1 million unfavourable impact;
    c.   Indicate what the impact would have been in the same method used in the 2017 RRA was used in the current RRA;

42. In Chapter 3, technical appendix C.0 paragraph 36 and figure C.0.7 a trend in higher case reserves is noted.
    a.   Please provide the data used to create this calculation and create the figure;
    b.   Please provide the method of the calculation;
    c.   Please provide the method uses to calculate case reserves;

43. In Chapter 3, technical appendix C.0 paragraph 67 there is a discussion of ULAE costs per weighted claim showing an inflationary trend.
    a.   Please provide the data and method used to determine the inflationary trend;
    b.   Provide the amount of inflation calculated to apply to future FLYs;

44. In Chapter 3, technical appendix C.0 paragraph 68 there is a discussion of transitional staffing needs.
    a.   Please indicate the length of time the additional staffing is going to be required for the transitional period;
    b.   Please provide the data on the amount FTE needed for this transitional period an into what category theses FTE will be hired (management, union, ect.)
    c.   Please provide the amount of additional staffing needed for PY 2019 and PY 2020;

45. In Chapter 3, technical appendix C.0 paragraph 75 (a) there is identified ALAE and additional payments that are not subject to TPL policy limits. These include investigation costs and additional payments, which include court ordered interest, third party costs and theirs part disbursements.

a. Please provide the data and total amounts paid by ICBC in each PY from 2013 to 2018 for:

     i. Investigation costs;
    ii. Court ordered interest;
   iii. Third party costs; and
   iv. Third party disbursements;

46. In Chapter 3, technical appendix C.1.0 paragraph 2 there is reference to adjustments made to the baseline selection. These include changes in settlement environment, changing in handling or reserving a claim, or an emerging trend in the statistical data used in the analysis;

    a. Please provide what changes in settlement environment were used in the current RRA analysis;

      i. Provide the data and method used in determining the impact of changes in settlement environment;
     ii. Provide the impact each of the listed changes in settlement environments and how they affected the calculations they were applied to;

    b. Please provide the changes in handling or reserving a claim that were used in the current RRA analysis;

      i. Provide the data and method used in determining what changes in handling or reserving a claim were used in this analysis;
     ii. Provide the impact each of the listed changes in the handling or reserving a claim affected the calculations they were applied to;

    c. Please provide what emerging trends in the statistical data were used in the current RRA analysis;

      i. Provide the data and method used in determining what an emerging trend in the statistical data used in the analysis;
     ii. Provide the impact each of the listed emerging trends in the statistical data used in the analysis affected the calculations they were applied to;

EY Report: Product Costing Report Nov. 1, 2018 Technical Appendix E.0

47. On page 6 of the report, there is an estimated savings of $28 million for a reduction in bodily claims made. Please provide the data provided and method used to make this estimate.

48. On page 6 of the report, there is an estimated savings of $105 million a result of the expansion of the CRT. Please provide the data supplied to EY and the method used for this estimation.

49. On page 6 & 7 of the report, in tables 2.5, 2.6 and 2.7 there is a noted increase in claim counts. Please provide the data provided to EY and the method used to make this estimation.

50. On page 6 & 7 of the report, in tables 2.5 and 2.6 there is increase in the claim severity for both 2020 and 2021. Please provide the data provided to EY and the method used to estimate this increase in severity of medical rehabilitation.

51. On page 9 of the report the graph title Sources of Payment for medical Related Costs compares Fiscal Loss Year 2020 pre-reform versus Fiscal Loss Year 2020 Post-Reform. Please

indicate the data provided and method used to indicate an increase in total medical costs paid by over $100 million.

    a.   Provide an explanation why the total medical expenses would increase;

52. On page 17, there is a discussion of weekly benefits that states the number of claim counts was assumed to increase in light of the increase benefits limits.

    a.   Please provide the data, assumptions and methodology used to estimate why more claimants would access wage loss benefits post-reform;

53. On page 17, in the discussion regarding post-reform trends assumptions made regarding a change in claimant behavior based on other jurisdictions.

    a.   Please indicate what jurisdictions were reviewed;

    b.   Which jurisdictions were considered applicable;

    c.   How this determination was made;

    d.   Please provide the data provided and methodology used to complete the trend analysis;

54. On page 28 under section 4 that default selections produced an unreasonable result and an alternative average was selected.

    a.   Please provide the actual data used originally and result that was calculated;

    b.   Provide the data and method used to calculate the alternative average;

    c.   Indicate the reasons for limiting the analysis to the last two fiscal years;

55. On page 28, in the last paragraph, it states the "ultimate percentages are then reviewed between fiscal loss years and a trend is selected to reflect how they have been changing year to year."

    a.   Please provide the data and method used to select the trend for:

        i. General damages;

       ii. Special damages;

      iii. Past wage loss;

      iv. Legal costs and disbursements;

    b.   Please provide the actual trend calculation for the above categories;

56. In the 2018 Product Reform Costing Report, on page 29 table 7.7 there is a category of other costs. Please provide the data and details of what these other costs.

57. In the 2018 Product Reform Costing Report, on page 45 discusses analysis done of other jurisdictions. Please provide the analysis, the raw data used and the methodology used in the analysis.

58. In the 2018 Product Reform Costing Report, on page 45 the estimate reduction in total claim exposures in British Columbia is given as 2.42%. Please provide the data and methodology used to arrive at this estimation.

59. In the 2018 Product Reform Costing Report, on page 45 there is footnote 21 referring to discussing with reviewers that concluding there would be less of impact on BC claimants;

    a.   Please provide who the reviewers where;

    b.   Provide the assumptions made in these discussions;

    c.   Any data reviewed or used in these discussions;

    d.   How this affected the calculation of the 2.42%:

60. In the 2018 Product Reform Costing Report, on page 46 an analysis of the claims to go through the CRT process is provided. Please provide the data and methodology used to make this estimation for 2020 & 2021.

61. In the 2018 Product Reform Costing Report, on page 50 it is estimated that 37,112 claims will go through the CRT process.

    a.   Please indicate the estimate cost of in-house counsel to attend the CRT matters;

    b.   Please indicate the estimated cost of external legal counsel to attend the CRT matters;

    c.   Please indicate the cost or hours required by FTEs to respond to CRT matters;

    d.   Are these costs incorporated in the projected savings of the Product Reforms?

62. Please provide all data analysis of the increase cost to the CRT for the increase in claims going to the CRT;

    a.   Please provide the costs associated with extra staffing at the CRT;

    b.   Cost of increase overhead, including physical space, office supplies, ect;

    c.   Please provide estimate cost of increased IT hardware, software and maintenance require;

    d.   Please indicate if ICBC is going to responsible for this increase either in Basic or Optional Coverage;

63. In the 2018 Product Reform Costing Report, on page 61 it is stated that an average of 12 claimants per year exceed the prior medical Part 7 limit of $150,000.

    a.   Please indicate how many who exceed this limit were at fault for the accident and how many were not at fault;

    b.   Please indicate the total amount that would not have been recovered in a tort claim had the maximum not been raised from $150,000 to $300,000.

64. In the 2018 Product Reform Costing Report, on page 65 it states that the number of at-fault drivers utilizing Part 7 benefits will increase.

    a.   Please provide data and methodology used to reach this conclusion;

    b.   How the percentage of 100% was reached;

    c.   This is an increase of 13,602 claims and with the estimated severity of $6,920, this a total increase in Part 7 payments of $94,125,840;

          i.   Please confirm that this represents $94,125,840 of the total $311,546,000, or 30% of estimate increase in medical coverage:

65. In the 2018 Product Reform Costing Report, on page 73 it is state that the number of at-fault claimants who will pursue weekly wage loss benefits will double.

    a.   Please provide the date and methodology used to arrive at this estimate;

    b.   Provide any assumptions or evidence used to support this claim;

66. In the 2018 Product Reform Costing Report, on page 74 it states that the amount of weekly Part 7 payments for at fault drivers will increase from $7,739,000 to $26,310,000. The total of $26,310,000 is a result of the multiplying factor of 1.7 and the doubling of number of at fault claimants.

a. Please confirm that your estimation of the doubling of claimants is responsible for a $13,155,000 or 31.6% of the total $41,587,000 increase in weekly benefits of the Product reformed noted on page 75.

2018 Closed Claim Study appendix E

67. In the 2018 Closed Claim Study at appendix E of the report, it states on page 8 that claims resolved by trial were not reviewed due to the unique nature of these claims:
    a. Please indicate what made these claims unique;
    b. Please indicate the reason for the exclusion;
    c. Please indicate the number of claims that were excluded;
    d. Please indicate whether the claims were excluded for both the Part 7 and Tort analysis;

68. In the 2018 Closed Claim Study at appendix E of the report, it states on page 9 Table 1 – Closed Claim Study Sample indicates a total of CWAs for 2017 equals 60,901.
    a. Is this the total number of CWAs closed in 2017;
    b. Is this number reduced based on the same rational for cases excluded from the study;
    c. Please indicate the total number of CWAs not included in the 60,901;
      i. Does the number of cases not included match the percentage of cases excluded from the study?

69. In the 2018 Closed Claim Study at appendix E of the report, it states on page 16 in table 6 "Changes in representation distribution" that represented and unrepresented levels will change significantly. Please provide the data and methodology used to make this prediction.

70. In the 2018 Closed Claim Study at appendix E of the report, it shows on page 10 in Table 10 Severity Reduction the estimated reduction in severity for a number of heads of damages;
    a. Please indicate if this is only related to tort awards or Part 7 payments as well;
    b. Please indicate for future and past wage loss, what role or impact did the increase in TTDs payments and the exclusion of the subrogated claim have on this analysis;
    c. For plaintiff disbursements, plaintiff costs, defence legal fees, defence disbursements, medical reports, and special damages what factor or impact did the new costing rules for the CRT have on this analysis;
    d. In reviewing the cost of medical reports, what portion the actual incurred expenses were incurred by defence and what we incurred by plaintiff;
      i. Where any of the medical reports incurred in 2017 for Part 7 purposes;
      ii. What was the total value of Part 7 medical reports;

71. What data was reviewed to calculate the cost of medical reports under Part 7 portion of the claim?

72. What data was reviewed to determine the impact of future medical legal reports for Part 7 coverage?

73. What analysis was done to estimate future costs of medical legal reports under Part 7 coverage.

74. What information is available from other jurisdiction regarding the increase use and cost medical legal reports with the increased Part 7 benefits.

Chapter 4

Paragraph 1 states that the Basic insurance BI claim payments totaled approximately $2.0 billion in the 2017/2018 fiscal year and $1.4 billion in 2015/2016.

75. How many BI claims were paid out in the 2017/2018 fiscal year?

   a. Does this include damages, taxable costs, and disbursements?

   b. What is the breakdown for each?

   c. What was the amount of basic insurance BI claim payments in the 2017/2018 fiscal year?

76. How many BI claims were paid out in the 2016/2017 fiscal year?

   a. Does this include damages, taxable costs, and disbursements?

   b. What is the breakdown for each?

   c. What was the amount of basic insurance BI claim payments in the 2016/2017 fiscal year?

77. How many BI claims were paid out in the 2015/2016 fiscal year?

   a. Does this include damages, taxable costs, and disbursements?

   b. What is the breakdown for each?

   c. What was the amount of basic insurance BI claim payments in the 2015/2016 fiscal year?

78. How many BI claims were paid out in the 2014/2015 fiscal year?

a. Does this include damages, taxable costs, and disbursements?

b. What is the breakdown for each?

c. What was the amount of basic insurance BI claim payments in the 2014/2015 fiscal year?

79. How many BI claims were paid out in the 2013/2014 fiscal year?

a. Does this include damages, taxable costs, and disbursements?

b. What is the breakdown for each?

c. What was the amount of basic insurance BI claim payments in the 2013/2014 fiscal year?

80. How many BI claims were paid out in the 2012/2013 fiscal year?

a. Does this include damages, taxable costs, and disbursements?

b. What is the breakdown for each?

c. What was the amount of basic insurance BI claim payments in the 2012/2013 fiscal year?

Paragraph 1 also states that Material Damage costs have increased from approximately $1.4 billion in the 2015/2016 fiscal year to approximately $1.7 billion in the 2017/2018 fiscal year (also see Appendix D).

81. What, if any, impact has there been as a result of the changes in the MD program?

82. How have ICBC raised performance standards?

83. How has ICBC increased efficiencies that will result in achieving cost reductions?

84. How does ICBC ensure that customers are receiving safe, prompt, and guaranteed repairs for the best market value?

85. How is ICBC determining best market value?

86. What data is ICBC using to determine best market value?

87. What methodology is ICBC using to determine best market value?

88. What regional market is ICBC using in this analysis?

89. Who is making the calculations and determinations of best market value?

90. What are the best practices that ICBC is asking suppliers to meet?

91. How are those best practices measured?

92. Who is measuring that data?

93. Who at ICBC is ensuring that the suppliers are meeting best practices?

94. What business investments are they asking suppliers to meet?

95. Who is monitoring those requests?

Statement: Increased costs, particularly in minor injury claims

96. Prior to the product reform of April 1,2019, how was ICBC defining minor injury claims?

97. What was the actual claim intake rate in the 2017/2018 fiscal year?

98. What was the actual claim intake rate in the 2016/2017 fiscal year?

99. What was the actual claim intake rate in the 2015/2016 fiscal year?

100. What was the actual claim intake rate in the 2014/2015 fiscal year?

101. What was the actual claim intake rate in the 2013/2014 fiscal year?

102. What was the actual claim intake rate in the 2012/2013 fiscal year?

103. What was the actual claim intake rate in the 2011/2012 fiscal year?

104. What was the actual claim representation rate in the 2017/2018 fiscal year?

105. What was the actual claim representation rate in the 2016/2017 fiscal year?

106. What was the claim representation rate in the 2015/2016 fiscal year?

107. What was the claim representation rate in the 2014/2015 fiscal year?

108. What was the claim representation rate in the 2013/2014 fiscal year?

109. What was the claim representation rate in the 2012/2013 fiscal year?

110. What was the claim representation rate in the 2011/2012 fiscal year?

111. How many claims were filed with respect to tort claims in the2017/2018 fiscal year?

a.   How many of these claims were litigated by outside counsel?

b.   What was the average length of litigation?

112. How many Part 7 claims were filed in the 2017/2018 fiscal year?

113. How many of the filed Part 7 claims required ICBC to file a Response in the 2017/2018 fiscal year?

114. How many claims were filed with respect to tort claims in the 2016/2017 fiscal year?

a.   How many of these claims were litigated by outside counsel?

b.   What was the average length of litigation?

115. How many Part 7 claims were filed in the 2016/2017 fiscal year?

116. How many of the file Part 7 claims required ICBC to file a Response in the 2016/2017 fiscal year?

117. How many claims were filed with respect to tort claims in the 2015/2016 fiscal year?

     a.   How many of these claims were litigated by outside counsel?

     b.   What was the average length of litigation?

118. How many Part 7 claims were filed in the 2015/2016 fiscal year?

119. How many of the file Part 7 claims required ICBC to file a Response in the 2015/2016 fiscal year?

120. How many claims were filed with respect to tort claims in the 2014/2015 fiscal year?

     a.   How many of these claims were litigated by outside counsel?

     b.   What was the average length of litigation?

121. How many Part 7 claims were filed in the 2014/2015 fiscal year?

122. How many of the file Part 7 claims required ICBC to file a Response in the 2014/2015 fiscal year?

123. How many claims were filed with respect to tort claims in the 2013/2014 fiscal year?

     a.   How many of these claims were litigated by outside counsel?

     b.   What was the average length of litigation?

124. How many Part 7 claims were filed in the 2013/2014 fiscal year?

125. How many of the file Part 7 claims required ICBC to file a Response in the 2013/2014 fiscal year?

126. How many claims were filed with respect to tort claims in the 2012/2013 fiscal year?

a.   How many of these claims were litigated by outside counsel?

b.   What was the average length of litigation?

127. How many Part 7 claims were filed in the 2012/2013 fiscal year?

128. How many of the file Part 7 claims required ICBC to file a Response in the 2012/2013 fiscal year?

129. How many claims were filed with respect to tort claims in the 2011/2012 fiscal year?

a.   How many of these claims were litigated by outside counsel?

b.   What was the average length of litigation?

130. How many Part 7 claims were filed in the 2011/2012 fiscal year?

131. How many of the file Part 7 claims required ICBC to file a Response in the 2011/2012 fiscal year?

132. Who calculated the statistic that litigated claims take an average of five to six times longer to settle?

a.   Based on what methodology?

b.   Based on what data?

c.   Please provide underlying data, calculations, and spreadsheets.

133. How many accidents were reported to ICBC in the 2017/2018 fiscal year?

134. How many accidents were reported to ICBC in the 2016/2017 fiscal year?

135. How many accidents were reported to ICBC in the 2015/2016 fiscal year?

136. How many accidents were reported to ICBC in the 2014/2015 fiscal year?

137. How many accidents were reported to ICBC in the 2013/2014 fiscal year?

138. How many accidents were reported to ICBC in the 2012/2013 fiscal year?

139. How many accidents were reported to ICBC in the 2011/2012 fiscal year?

140. How does ICBC define "more complex cases"?

      a.   What factors are being considered?

      b.   Who is making this determination?

      c.   What methodology is being used?

141. What is the actual value of "exaggerated and fraudulent claims" in the 2017/2018 fiscal year?

142. What is the actual value of "exaggerated and fraudulent claims" in the 2016/2017 fiscal year?

143. What is the actual value of "exaggerated and fraudulent claims" in the 2015/2016 fiscal year?

144. What is the actual value of "exaggerated and fraudulent claims" in the 2014/2015 fiscal year?

145. What is the actual value of "exaggerated and fraudulent claims" in the 2013/2014 fiscal year?

146. What is the actual value of "exaggerated and fraudulent claims" in the 2012/2013 fiscal year?

147. What is the actual value of "exaggerated and fraudulent claims" in the 2011/2012 fiscal year?

148. How many claims did ICBC close in the 2017/2018 fiscal year?

    a.   What was the average value paid out in damages on represented claims?

    b.   What was the average value paid out in damages on unrepresented claims?

149. How many claims did ICBC close in the 2016/2017 fiscal year?

    a.   What was the average value paid out in damages on represented claims?

b.   What was the average value paid out in damages on unrepresented claims?

150. How many claims did ICBC close in the 2015/2016 fiscal year?

a.   What was the average value paid out in damages on represented claims?

b.   What was the average value paid out in damages on unrepresented claims?

151. How many claims did ICBC close in the 2014/2015 fiscal year?

a.   What was the average value paid out in damages on represented claims?

b.   What was the average value paid out in damages on unrepresented claims?

152. How many claims did ICBC close in the 2013/2014 fiscal year?

a.   What was the average value paid out in damages on represented claims?

b.   What was the average value paid out in damages on unrepresented claims?

153. How many claims did ICBC close in the 2012/2013 fiscal year?

c.   What was the average value paid out in damages on represented claims?

d.   What was the average value paid out in damages on unrepresented claims?

154. How many claims did ICBC close in the 2011/2012 fiscal year?

e.   What was the average value paid out in damages on represented claims?

f.   What was the average value paid out in damages on unrepresented claims?

155. Please provide all of the data supporting the assertion that there are "early indications of increased legal activity, a lengthening of settlement times, higher settlement demands from plaintiff counsel on current pending claims, and increased closed paid severity."

g. What methodology was used to make these determinations?

156. Of the new injury claims staff hired in the 2016/2017 fiscal year, how many are permanent employees, and how many are transitional staff?

157. If the majority of claims after April 1, 2019 will be considered "minor injuries" and captured under the jurisdiction of CRT, how is the rate of legal representation expected to continue rising?

158. How did ICBC determine that 42 additional full-time claims staff were required?

h. What data was this based on?

i. What methodology was used to calculate that need?

j. Please provide the details of the integrated staffing model.

159. If the rate of legal representation is expected to decrease with the product reform, how did ICBC determine that 59 FTEs were needed?

k. What data was this based on?

l. What methodology was used to calculate that need?

160. How was the 2018/2019 increase in rates paid to external defense counsel determined?
m. What was the range of increased rates for external defense counsel?

n. How was this increase determined?

o. What factors was this increase based on?

p. Who made the decision to increase rates?

161. What is expected to be the cost savings of hiring 53 full time estimating staff members?

Section D – Product Reform, MD Program Changes, and Planning For the Future

1. How many decentralized reviews of telephone calls were conducted in 2018?

   a. What were the findings of these decentralized reviews?

   b. What data is available from those reviews?

   c. Please provide the data.

   d. Please provide any calculations or policy changes resulting from the data.

2. How many decentralized file reviews were conducted in 2018?

   a. What were the findings of these file reviews?

   b. What data is available?

   c. Please provide the data and any resulting calculations and/or models.

   d. Please provide any policy or process changes made in response to the file reviews.

   e. What theme training was undertaken?

   f. What improvements were made to claims handlings based on these file reviews?

   g. Based on what findings?

   h. Please provide the supporting data and methodology.

3. What was the complete costs of creating and implementing the Mitchell WorkCenter (WorkCenter) MD estimating platform?

   a. What are the benefits?

   b. What are the calculated savings of using the WorkCenter?

   c. What data is this based on?

d. What methodology was used?

4. What was the complete cost of creating and implementing the upgrade to the newer version of the ClaimCenter technology?

    a. What are the benefits?

    b. What are the calculated savings of using the upgrade ClaimCenter technology?

    c. What data is this based on?

    d. What methodology was used?

5. Why are injury frequencies rising?

    a. What calculations has ICBC done?

    b. What is the supporting data and methodology?

6. Has the definition of minor injuries changed between 2008/2009 and 2017/2018?

7. Why doesn't ICBC use the calculated value adjusting for inflation when comparing the increase in costs and percentage increases over several years?

8. If the anticipated effect of the product reform is a reduction in medical, investigative, and legal expenses, why are those time and financial costs projected to rise?

9. Why does ICBC expect there will be an increase in volume of AB-only claims?

    a. What data is this based on?

    b. What calculations and/or methodology was used?

10. What is the expected increase in caseload for the CRT following April1,2019?

    a. Is ICBC providing any funding for the expansion of the CRT?

b. If so, how much?

c. Are these contributions expected to be ongoing?

d. In what amounts?

e. How is this contribution calculated?

11. Is the CRT equipped to deal with the increased volume of work?

a. Please provide details.

12. How many internal recovery care specialists have already been hired to date?

13. How many are expected to be hired in the 2018/2019 fiscal year?

14. How many are expected to be hired in the 2019/2020 fiscal year?

15. How many are expected to be hired in the 2020/2021 fiscal year?

16. What internal processes is ICBC creating to improve the resolution of disputes for unrepresented claims that have reached an impasse?

17. What root causes of impasses has ICBC identified?

a. Please provide any supporting data and methodology.

18. How is ICBC designing processes to meet customer needs?

a. What customer needs have been identified?

19. Please provide the documented input from province-wide stakeholders related to "creating a sustainable and effective model to ensure injured customers receive appropriate and timely care".

20. What access with ICBC have to the information provided to an RCA?

21. What is the anticipated cost of the RCA program in the 2019/2020 fiscal year?

    a. What data supports that calculation?

    b. What methodology was used?

22. What is the anticipated cost of the RCA program in the 2020/2021 fiscal year?

    a. What data supports that calculation?

    b. What methodology was used?

23. What is the anticipated cost of the RCA program in the 2021/2022 fiscal year?

    a. What data supports that calculation?

    b. What methodology was used?

24. What is the anticipated cost of the RCA program in the 2022/2023 fiscal year?

    a. What data supports that calculation?

    b. What methodology was used?

25. What rates will be paid to each speciality under the RCA program?

    a. Is there a range or a flat rate?

        i. Please provide details of all established rate(s).

    b. Why is this rate scheme such a substantial departure from MSP rates?

    c. How were these rates determined?

    d. What data and methodology was used in determining the rates?

26. What new job descriptions have been established in the work stream of claims staff?

Section E Legal Representation Rate

If the rate of legal representation at the time of reporting the claim is 26% and the entire rate of legal representation is 53%, how does this support the assertion that "[t]his data indicates over half of represented claimants retain legal services by the time of, or within a short period of time after, reporting the claim"?

How is this data collected?

Please provide the underlying data and methodology.

Please provide a copy of ICBC's 2014 Customer Attitudes Survey (CAS) and any similar studies undertaken since that time.

How is ICBC applying the "learnings" from the 2016 CAS study to "improve its customer care approach, and reduce the complexity of the claims process for customers"?

What ongoing initiatives are "intended to improve the ease with which customers interact with ICBC"?

Section F – Fraud

1. The ICBC website states that ICBC's Special Investigation Unit completed close to 10,000 investigations in 2016 alone, yet the Total Completed Investigations listed in Figure 4.4 is 5,110. What accounts for the difference in these two numbers?

2. Please provide the number of insurance fraud convictions for 2010, 2011, and 2012.

3. Why if there is an estimated drop in opened claims of fraud with product reform, is this paired with an increase of +.9 percent in rates? Why wouldn't an estimated drop in fraud result in a decrease in premiums?

4. How was this calculated when the trend due to policy changes is positive, and the impact of the other fraud prevention strategies can't be calculated?

   a. What are the changes in the assumptions?

   b. How is this calculated?

   c. What is the source of the data?

     d.   Who is performing these calculations?

     e.   Using what methodology?

5.   How do you calculate a loss of $600 million in loss due to fraud annually?

6.   How many investigations closed in 2010 yielded a finding of fraud?

     a.   How many were MD investigations?

     b.   How many were injury investigations?

     c.   How many were cyber investigations?

7.   How many investigations closed in 2011 yielded a finding of fraud?

     a.   How many were MD investigations?

     b.   How many were injury investigations?

     c.   How many were cyber investigations?

8.   How many investigations closed in 2012 yielded a finding of fraud?

     a.   How many were MD investigations?

     b.   How many were injury investigations?

     c.   How many were cyber investigations?

9.   How many investigations closed in 2013 yielded a finding of fraud?

     a.   How many were MD investigations?

     b.   How many were injury investigations?

     c.   How many were cyber investigations?

10. How many investigations closed in 2014 yielded a finding of fraud?

     a.   How many were MD investigations?

     b.   How many were injury investigations?

     c.   How many were cyber investigations?

11. How many investigations closed in 2015 yielded a finding of fraud?

     a.   How many were MD investigations?

     b.   How many were injury investigations?

     c.   How many were cyber investigations?

12. How many investigations closed in 2016/2017 yielded a finding of fraud?

     a.   How many were MD investigations?

     b.   How many were injury investigations?

     c.   How many were cyber investigations?

13. How many investigations closed in 2017/2018 yielded a finding of fraud?

      a. How many were MD investigations?

      b. How many were injury investigations?

      c. How many were cyber investigations?

14. How many investigations closed in 2018 yielded a finding of fraud?

      a. How many were MD investigations?

      b. How many were injury investigations?

      c. How many were cyber investigations?

15. How are the losses in this ad calculated? https://www.youtube.com/watch?v=YWS1VXjP6JA

      a. Please provide the data and methodology.

16. Please provide the data and methodology for the calculation in this media release:

    https://globalnews.ca/video/2467564/icbc-takes-action-to-fight-insurance-fraud

17. How did ICBC calculate an expected reduction of basic insurance claims costs of $21 million for

    2017? (https://www.icbc.com/about-icbc/newsroom/Pages/2016-Oct20.aspx)

      a. What data was this based on?

      b. What methodology was used?

18. What industry studies did ICBC rely on in estimating that fraud makes up 10 to 20% of all claims?

19. How many staff deal with just fraud?

      a. How many in each department?

20. What's the average cost per identified fraud to ICBC?

21. It states that "ICBC continues to increase the complement of its SIU staff to support the increase

    in volume of claims to be investigated", but the expected new cases opened for investigation is

    projected to drop. Please explain.

22. Why is spending on fraud prevention increasing without accurate assessments on what the
impact of the product reform will be?

23. What was the cost of running the SIU department in the 2012/2013 fiscal year?

      a. What expenses are included in this total?

      b. What data was used?

      c. Please provide the data.

      d. What methodology?

      e. Please provide all calculations and spreadsheets.

24. What was the cost of running the SIU department in the 2013/2014 fiscal year?

      a. What expenses are included in this total?

b. What data was used?

c. Please provide the data.

d. What methodology?

e. Please provide all calculations and spreadsheets.

25. What was the cost of running the SIU department in the 2014/2015 fiscal year?

a. What expenses are included in this total?

b. What data was used?

c. Please provide the data.

d. What methodology?

e. Please provide all calculations and spreadsheets.

26. What was the cost of running the SIU department in the 2015/2016 fiscal year?

a. What expenses are included in this total?

b. What data was used?

c. Please provide the data.

d. What methodology?

e. Please provide all calculations and spreadsheets.

27. What was the cost of running the SIU department in the 2016/2017 fiscal year?

a. What expenses are included in this total?

b. What data was used?

c. Please provide the data.

d. What methodology?

e. Please provide all calculations and spreadsheets.

28. What was the cost of running the SIU department in the 2017/2018 fiscal year?

a. What expenses are included in this total?

b. What data was used?

c. Please provide the data.

d. What methodology?

e. Please provide all calculations and spreadsheets.

29. What were the estimated annual savings from the counter-fraud program in the 2012/2013 fiscal year?

a. What data was used?

b. Please provide the data.

c. What methodology was used to make this calculation?

d. Please provide all calculations and spreadsheets.

30. What were the estimated annual savings from the counter-fraud program in the 2013/2014 fiscal year?

    a. What data was used?

    b. Please provide the data.

    c. What methodology was used to make this calculation?

    d. Please provide all calculations and spreadsheets.

31. What were the estimated annual savings from the counter-fraud program in the 2014.2015 fiscal year?

    a. What data was used?

    b. Please provide the data.

    c. What methodology was used to make this calculation?

    d. Please provide all calculations and spreadsheets.

32. What were the estimated annual savings from the counter-fraud program in the 2015/2016 fiscal year?

    a. What data was used?

    b. Please provide the data.

    c. What methodology was used to make this calculation?

    d. Please provide all calculations and spreadsheets.

33. What were the estimated annual savings from the counter-fraud program in the 2016/2017 fiscal year?

    a. What data was used?

    b. Please provide the data.

    c. What methodology was used to make this calculation?

    d. Please provide all calculations and spreadsheets.

34. What were the estimated annual savings from the counter-fraud program in the 2017/2018 fiscal year?

    a. What data was used?

    b. Please provide the data.

    c. What methodology was used to make this calculation?

    d. Please provide all calculations and spreadsheets.

35. If there has been an increase in opened and closed fraud investigations in the past two years why are there fewer convictions?

36. Why is the savings from the counter-fraud program from 2019/2020 included if there are no credible calculations?

37. On May 24, 2018, ICBC spokesperson Joanna Linsangam told *Canadian Underwriter* that ICBC anticipates $43 million in cost savings in 2018 from additional fraud efforts "on top of the millions we're saving with the work that we do every day to stop fraudulent claims".

    a. How is that $43 million in additional cost savings calculated?

        i. What data was used?

        ii. Please provide that data?

        iii. What methodology was used?

        iv. Please provide all calculations.

    b. How was the "millions" as a result every day measures calculated?

        i. What data was used?

        ii. Please provide that data?

        iii. What methodology was used?

        iv. Please provide all calculations.

38. ICBC also advised *Canadian Underwriter* that they had concluded 16,000 cases in the prior year and that 54% of those case contained an element of fraud, and that this "number is about the same as past previous years."

    a. How was this number calculated?

    b. Please provide the data for the number of cases as well as the findings.

    c. Please provide the methodology.

    d. Why is this number different from those provided in Figure 4.4?

39. What funds were saved or repaid due to these findings?

40. What was the value of the amount saved by these findings?

    a. How are those savings calculated?

    b. Where is the data from?

    c. What methodology used?

41. How is "an element of fraud" defined?

42. What data is supporting increasing expenditures on fraud prevention?

43. How does ICBC support the numbers being given to press or running in advertising that are influencing public perception?

Requests for Information in Relation to Chapter 7 of ICBC's December 14, 2019 BCUC Revenue Requirements Application (RRA)

Paragraph 1 starting on page 7-1 states:

> *The Insurance Corporation of British Columbia's (ICBC) total corporate operating expenses are all costs to run ICBC's Insurance and Non-insurance lines of business, excluding claims payments, broker commissions, and premium taxes. Transformation Program (TP)1 expense, Rate Affordability Action Plan (RAAP)2 expense, and cost-recoverable government initiatives are excluded as these costs are not borne by Basic insurance premiums. Certain expenses in ICBC's Investment Division are netted into investment income and therefore are also excluded. Total corporate operating expenses continue to be only a small percentage of ICBC's total costs, at approximately 10%.*

Requests:

1. This paragraph states that "total corporate operating expenses" continue to be a small percentage of ICBC's total cost, at approximately 10%. **This chapter's conclusion in paragraph 66** restates this and confirms "In the rest of its operations, ICBC continues to absorb the majority of the cost pressures."

   Therefore, to assist with the provision of complete evaluation and comprehensive recommendations please provide historical data for all operating expenses including actual, outlook and forecast projections back to and including Y/E 2008-2009 or equivalent year end.

2. Please include a description of the following with the actual expense and outlook projections for each item over the last 10 years;
   a. claims payments;
   b. broker commissions (also please provide the percentage of commission relative to the particular insurance product purchased0;
   c. premium taxes;
   d. Transformation Program (TP);
   e. Rate Affordability Action Plan (RAAP); and
   f. cost-recoverable government initiatives.

Paragraph 3 states:

> *ICBC strives to be a low-cost, operationally excellent organization keeping controllable operating expenses as low as possible. ICBC achieves this by maintaining a continued focus on prudent management of administration costs, realizing efficiencies from TP investments, and seeking to improve and simplify business processes.*

Requests:

3. what has ICBC focused on since 2008 to manage each of administration costs, TP investment deficiencies, and improve and simplifying business processes?

   Please include all focused programs and initiatives, whether successful or not, along with their actual and projected results.

Paragraph 4 states:

> *In 2014 and 2015, ICBC was successful in keeping controllable costs flat to the 2014 budget as set out in ICBC's 2014 – 2016 Service Plan. In 2016/17 and 2017/18, ICBC began hiring additional claims and claims-related staff to manage growing claims volume and complexity (such as increased legal representation, increased litigation, and lengthening time to settle claims), while continuing to absorb inflationary pressures in the rest of its operations.*

4. in addition to the 3 reasons provided for needing to hire additional staff, ie. increased legal representation, increase litigation, and lengthening time to settle claims (the "hiring pressures"), what other components were identified as having caused growing claims volume and complexity.

   For example, were costs associated with running trials where plaintiff offers had been made and not accepted before trial considered?

5. Please provide all materials and data relating to identifying the cause of the growing claims volume and complexity including the 3 identified hiring pressures.

Paragraph 5 states:

> *In 2018/19, ICBC is continuing to see an increase in claims volume and complexity, and is hiring additional claims and claims-related staff. Controllable operating expenses are expected to increase to $686 million in 2018/19, $40 million higher than the 2017/18 actual. The increase is primarily driven by compensation costs mainly for claims-related staffing increases to manage growing claims volumes and complexity of pending claims, and to address staffing needs during product reform transition. ICBC is continuing to absorb the majority of the cost pressures in the rest of its operations by focusing on prudent management of administration costs,*

realizing efficiencies from TP investments, and seeking to improve and simplify business processes.

6. Please provide all materials and data relating to the 2018-19 observed continuing increase in claims volume and complexity.

7. Please identify each component of controllable operating expenses and provide detail of actual expenses and forecasts/outlook over the last 10 years.

8. The application states in respect to increasing controllable operating expenses that "the increase is primarily driven by compensation costs…" So please identify what drivers of compensation costs have been considered and provide any analysis undertaken or data collected in support of this statement.

9. Please define what the "product reform transition" referred to is, including its cost to date and source of funding.

A. 2 Composition of Corporate Operating Expenses

Paragraph 7 states:

> *As in previous years, this Chapter presents and analyzes ICBC's operating expenses on a total corporate basis. Total corporate operating expenses are allocated between Basic insurance, Non-insurance, and Optional insurance using the financial allocation methodology approved by the BCUC. Financial allocation is discussed in the next section and Appendix 7 A.*

10. how can ICBC's analysis of its operating expenses on a total corporate basis be properly reviewed and considered when only 10% of ICBC's total costs are disclosed in this application?

Paragraph 8 states:

> *The 2018/19 outlook and the 2019/20 and 2020/21 forecasts presented in this Chapter are based on the outlook as of September 30, 2018. Subsequent to September 30, 2018, there was a reorganization at ICBC. The impact of this reorganization is not reflected in this Chapter and Appendices, and is not expected to have an impact on operating costs. Future organizational changes to support product reform primarily affect 2019/20 and 2020/21 and, to the extent known as of September 30, 2018, are reflected in these forecast years.*

11. Please provide details and information identifying what the September 30, 2018 ICBC reorganization is.

12. Please provide the information used to determine whether this reorganization will have an impact on operating costs and define operating costs in this context.

B. Operating Expenses for Actuarial Rate Indication

Paragraph 13 states:

> *The 2019/20 and 2020/21 operating expense forecasts were made as of September 30, 2018 and therefore, as discussed in Section A.2, do not reflect the subsequent organizational change (which is not expected to have an impact on operating costs). These operating expense forecasts assume some cost increases to address growth in the business. The forecasts are initial estimates only, as budgets for future fiscal years have not yet been approved by ICBC's Board of Directors.*

13. Please confirm these RRA operating expense forecasts are initial estimates only.

Figure 7.1-Total Corporate Operating Expenses by Line of Business and Allocation to Basic Insurance

14. Please expand the table to include the actual expenses, outlook and forecasts back to 2008-2009.

Paragraph 15 states in part:

> *Figure 7. 1…. Columns B and E are derived by applying the BCUC-approved financial allocation methodology at the cost centre level, then aggregating all of the cost centres for each component.*

15. Please identify the BCUC-approved financial allocation methodology used as the source of the resulting allocation percentages.

16. Please identify the calculations made and describe the basis on which total corporate operating expenses are split between Corporate and Basic.

C. Allocation of Total Corporate Operating Expenses

Paragraphs 22 states (in summary):

> *In the May 14, 2014 Decision on the 2013 Revenue Requirements Application (Order G-63-14), the BCUC recognized that ICBC was going through significant operational changes, especially in the claims area, that could impact the allocation of operating expenses and advised:*

> > *…. it would be useful to ICBC, Interveners and the Commission to evaluate those allocation methodologies, and the actual amounts allocated to each line of business as practicable, that are impacted by recent and planned changes, and include any proposed alterations to allocation methodologies with their RRAs starting with the 2015 year Application.*

Paragraphs 23 states:

> *There have not been significant organizational changes that impact allocation methodologies; therefore, ICBC is not proposing alterations to allocation methodologies for total corporate operating expenses in this Application.*

17. Please confirm whether the Rate Affordability Action Plan (RAAP) government directive dated February 13, 2018 and approved by Order in Council 084, March 5, 2018, is a significant organizational change for ICBC.

18. Please confirm whether the RAAP would otherwise impact Basic insurance allocation methodologies but for the government directive that ICBC fund the costs associated with RAAP entirely from Optional insurance.

19. Please confirm that prior to March 5, 2018 all RAAP costs were allocated between Basic insurance and Optional insurance in accordance with the allocation methodology approved by the BCUC.

20. Please identify the prior to March 5, 2018 historical allocation percentages of RAAP costs made between Basic insurance and Optional insurance made to date.

D. Cost Drivers Affecting Total Corporate Operating Expenses

D. 1.1 Net Compensation

Figure 7.4-Compensation Details

21. Please confirm the if the compensation details provided are not ICBC's total compensation expenses but only those allocated to total corporate operating expenses, which are approximately 10% of ICBC's total costs.

22. Please provide total compensation details for ICBC as a part of 100% of ICBC's total actual costs.

Paragraph 32 states in part:

> *ICBC is anticipating to continue increasing claims and claims-related staff in 2019/20 while implementing product reform and managing existing pending claims, including realignment and training of staff to new roles….*

23. Please confirm whether realignment and training of staff is related to product reform, including RAAP.

24. Please provide the reasons along with copies of all the information considered in concluding increasing staff is necessary.

Paragraph 33 states:

> *The 2018/19 outlook for total salaries is $380 million, a $19 million increase over the 2017/18 actual of $361 million, which is driven by several factors.*

25. Please provide total salaries compensation actual, outlook and forecast details back to 2008 for comparison purposes

D. 1. 1. 1. Number of FTES

Paragraph 38 states in part:

> *In 2018/19, staffing will increase….. This increase is attributed to claims-related staffing increases to address higher claims volume and complexity in pending claims and filling vacancies from 2017/2018 partly offset by resources assigned to RAAP initiatives.*

26. Please provide the basis for an anticipated higher claims volume and provide claims backup information going back to 2008.

27. Please define what the higher claims volume and complexity in pending claims is and provide the backup information going back to 2008 for both.

D. 1. 1. 3 Management and Confidential Salaries and FTES

Paragraph 41 & 42 state:

> *41. The Management and Confidential employee group comprises all employees who are exempt employees, such as executives, management, employees with confidential roles such as lawyers and SIU professionals, and certain administrative employees.*
>
> *42. The 2018/19 outlook of 1,146 FTEs is higher than 2017/18 actual of 1,045 FTEs by 101 FTEs, primarily due to the claims-related staffing increase due to higher claims volume and complexity. This increase reflects increases in the Quality Assurance program, in-house legal counsel, SIU staff, and managers in claims customer services. Please see Chapter 4 for more information on claims-related staffing. Compensation for Management and Confidential employees shown in Figure 7.4 is expected to increase from the 2017/18 actual of $110 million to the 2018/19 outlook of $122 million, a change of $12 million, reflecting the increase in FTEs.*

28. Please identify the annual expenses split between the management and confidential employee group by each employee group, such as executives, management, employees such as lawyers and SLU professionals, and certain administrative employees going back to 2008.

D. 1. 1. 4 Performance-Based Pay

Paragraphs 44 & 45 state:

> *44. Performance-based pay is part of ICBC's compensation. For Bargaining unit employees, this is known as Gainsharing. For Management and Confidential employees, this is now known as SHP. In 2017/18, ICBC made changes to performance-based pay for Management and Confidential employees, changing from the former HIP plan to the SHP plan to better align with BC Public Sector guidelines….*
>
> *45. The 2017/18 actual for performance-based pay was $6 million, reflecting achievement of some but not all of the performance targets. For budgeting purposes, ICBC assumes that it will achieve the performance targets set. This assumption is consistent with prior years. There are no changes to this assumption in the 2018/19 outlook, which includes $9 million for the SHP plan and Gainsharing.*

29. In respect to the $3 million budgeted increase from the prior year actual of $6 million please provide from 2008 to date the projections and actual payments made under the Gainsharing, HIP and SHP programs, or any previously existing program that was replaced by these.

D. 1. 1. 5 Employee Benefits

Paragraph 46 states:

> *As part of ICBC's overall compensation for employees, ICBC provides employee benefits, such as employer contributions to extended medical and dental benefits plan, MSP, WorkSafeBC, CPP, and EI. Employee benefits are expected to increase by $14 million from $43 million in the 2017/18 actual to a forecasted amount of $57 million in the 2018/19 outlook. The increase is attributable to growth in FTEs in claims-related areas and higher costs of benefits. The 2018/19 outlook is an estimate of benefits rates. These estimates will be adjusted at year end to reflect actual spending. The decrease in MSP premiums from January 1, 2018 (50% of 2017 premium rate) is offset by the new Employer Health Tax effective January 1, 2019*

30. This projects a $14 Million (32.6%) Increase in benefits from $43 to $57 million in the 2018/19 outlook. This is attributed to more FTEs in claim-related areas and higher cost benefits. Please provide the actual, outlook and forecast details back to 2008 for employee benefits with a breakdown of the benefit contributions between line items e.g. medical and dental benefits, MSP, work safe, CPP, and EI.

D. 1. 2 Building Operating Expenses

Paragraph 50 forecasts an increase of $2 million in building operating expenses.

31. Please provide details of the most recent 3 years assessed value of all properties owned directly or indirectly by ICBC.

D. 1. 4 Depreciation Expenses

Paragraph 54 states depreciation expenses are expected to increase by $3 million (12%) for installation of new systems.

32. Is ICBC allowed to depreciate assets against earnings for tax?

33. What new systems are being installed?

D. 1. 7 Other Operating Expenses

Paragraph 60 & 61 state:

> *60. Other operating expenses include miscellaneous expenses such as bad debt expenses, advertising, promotion, postage, severance costs, outside information processing, telecommunications, vehicle expenses, and bank charges, partially offset by the corporate stretch to meet ICBC's controllable operating expenses target.*
>
> *61. The 2018/19 outlook of $31 million is $13 million lower than the 2017/18 actual of $44 million. This mainly reflects that the 2018/19 outlook includes a corporate stretch of $16 million representing a high-level estimate of savings at the corporate level, which ICBC will strive to achieve through cost control measures. The remainder of the variance between 2018/19 outlook and the 2017/18 actual is comprised of smaller miscellaneous increases and decreases at or under $1 million.*

34. Please define corporate stretch,how it is calculated and how it relates to the referred to anticipated $16 million high-level estimate of savings at the corporate level.

E CONCLUSION

Paragraph 66 states:

> *As shown in this Chapter, total corporate operating expenses continue to be a small percentage of ICBC's total costs, and controllable operating expenses are only a portion of these operating expenses. ICBC is managing pressures on controllable operating expenses with a continued focus on prudent management of administration costs, realizing efficiencies from TP investments, and seeking to improve and simplify business processes. ICBC is hiring additional claims and claims-related staff to address growing claims volume and complexity of pending claims, and to address staffing needs during product reform transition. In the rest of its operations, ICBC continues to absorb the majority of the cost pressures.*

35. Requests 1 and 10 are repeated as follows:

1. To assist with the provision of complete evaluation and comprehensive recommendations please provide historical data for all operating expenses including actual, outlook and forecast projections back to and including Y/E 2008-2009 or equivalent year end.

10. How can ICBC's analysis of its operating expenses on a total corporate basis be properly reviewed and considered when only 10% of ICBC's total costs are disclosed in this application?

Appendix 7 C-Detailed Information

C. Operating Expenses by Division

Paragraph 8 states that in 2017/2018 ICBC realigned its organizational structure dispersing the former Central Services Division components by creating the Human Resources as a separate division and realigning the Strategic and Central Services area. It states:

> *Some of the key functional realignments included the following:*
>
> - *Material Damage and Special Investigation Unit functions were consolidated within the Claims and Driver Licensing (DL) Operations Division.*
> - *The Corporate Strategy and Planning and Revenue Stock functions were moved to the Insurance Strategy, Product and Pricing Division.*
> - *Facilities function was moved to Investments Division.*
> - *The support divisions also saw changes:*
>   - *Project Services was moved to the Information Services Division.*
>   - *The Sourcing function was moved to the Finance Division.*
>   - *Corporate Security was moved to the Human Resources Division.*
>   - *Document, Print and Mail Distribution Services was moved to join the facilities team in the Investments Division.*

36. Why was this done and what information supported the need for this change?

37. Are there any components of the former Central Services Division not listed in the RAA?

38. What, if any, cost projections including reviewing or setting out previous actual costs, were prepared or considered for this reorganization, including any comparison with previous actual costs in the former Central Services Division?

39. What was the actual cost of Central Services Division in the 10 prior years and was it part of any reorganization during that time?

Paragraph 10 states that the $30 million outlook projected increase in total corporate operating expenses is mainly in the Claims and DL Operations and Corporate and Stakeholder Governance Divisions, which includes the claims legal services function.

40. Please provide the detailed backup with line by line expenses for each of these departments, Corporate Costs including Executive and Merchant Fees identified in Figure 7C .2 Operating Expenses by Division, from 2008 to the present date.

41. Please provide forecasts, outlook and actual expenses for these departments from 2008 to the present date

Paragraph 11 states:

Corporate Costs including executive saw a decrease in 2017/18 primarily due to:

- *A $23 million pension adjustment…. as determined by external pension actuary, Aon, compared to an estimated amount.*
- *A $10 million reduction due to changes in performance-based pay for management and Confidential employees, as explained in Chapter 7, Section D. 1. 1. 4.*

42. Please provide the material relating to the pension adjustment determination by Aon and the changes in performance-based pay, with all documentation relating to what costs were projected to have been but for these adjustments.

Paragraph 12 states:

The 2018/19 outlook for corporate costs including executive is also lower than prior years due to a $16 million corporate stretch target included in the 2018 419 outlook, and $8 million adjustment for pension cost in the 2018/19 outlook and changes in performance-based pay for Management and Confidential employees (as explained above).

43. Please provide the material relating to the stretch target, pension cost adjustment and the changes in performance-based pay with all documentation relating to what costs would have been but for these adjustments.

Paragraph 13 states:

The 2018/19 outlook for project costs is lower than the 2017/18 actual by $7 million, at $15 million. The decrease is primarily due to the completion of three corporate projects initiatives…. Further, a conscious effort was made to limit the project fund to ensure availability of being assigned to implement RAAP initiatives.

44. Please provide all materials relating to the effort to limit the project fund and an estimate of what amounts were assigned as a result to implement RAAP initiatives.

D Compensation Details By Employee Group

Paragraph 16 confirms that Figure 7 C.3 provides compensation details by employee group in regard to total employee compensation.

45. Please confirm whether this represents 100% of ICBC's employees or a lesser percentage and if so what percentages of ICBC's total employee group are included in Figure 7 C. 3, along with the number of FTEs and total compensation paid to that larger group.

46. Please confirm if the timeline represented in the Figure is from January 1, 2014 to March 31, 2019.

E Average Salaries and Performance-Based Pay

Paragraph 20 and Figure 7 C.4 presents average salaries and performance-based pay per FTE, and corresponds to Chapter 7, Figure 7.4

47. Why are there differences in the total salary figures set out in these two schedules? For example, in 2014 the Management and Confidential group compensation was reported at $95 million in Figure 7.4 and in Figure 7 C. 4 it is $104 million?

48. Please explain the differences for each year?

G FTEs Per 1000 Policies

Paragraphs 28 & 29 & Figure 7 C. 7 state:

> **28. FTEs per 1000 policies may be used as an indicator of efficiency, although the context for changes must be considered. For example, in the current environment of increasing claims volume and complexity this indicator is less informative….**

> **29…. FTEs began to increase in 2016/17. With the claims volume and complexity increases, claims -related staffing increase correspondingly….**

49. FTEs per 1000 policies increased by 0.037 from 2014 to 2017/18 when they totaled 1.376, a total of 2.76%. In this context please provide the documentation relating to the statement that this increase relates to only claims volume and complexity.

50. Provide any documentation relating to other indicators, factors or influences that may have caused this increase.

51. Why is this indicator less informative than it has been previously? Please provide any documents relating to this statement.

H Span of Control

52. Please define span of control and provide the documents used to determine and calculate the ratios set out in this section.

53. Please provide any documents that confirm cost savings due to altering span of control and whether the reorganization subsequent to September 30, 2018 (see para 7 at page 7-2 Chapter 7) has been considered in the context of span of control.

Additional Questions

1. How have the reserves per file changed from year to year from 2010 to present for each fiscal year?

2. Who has been deciding on the reserve levels?

3. Did the Attorney General of BC or any other member of the BC Cabinet have any input with respect to ICBC's setting of the reserve levels since 2010 to the present? If so, please provide details of the input.

4. What contribution in dollar amounts have the total changes in the reserves for all files in each fiscal year had towards ICBC's losses?

5. Is ICBC alone or in conjunction with the Ministry of Attorney General considering any further steps not yet disclosed to the public (for example not the restrictions on expert reports in the Rules of Court and the new settlement policy based on disability period) which will affect the handling of claims for accidents occurring prior to April 1, 2019? If so, please provide details.

6. In those files that proceed to trial, what percentage of the awards exceed the formal offer made by ICBC in 2010?
   a. Please provide the underlying data.

7. In those files that proceed to trial, what percentage of the awards exceed the formal offer made by ICBC in 2011?
   a. Please provide the underlying data.

8. In those files that proceed to trial, what percentage of the awards exceed the formal offer made by ICBC in 2012?
   a. Please provide the underlying data.

9. In those files that proceed to trial, what percentage of the awards exceed the formal offer made by ICBC in 2013?
   a. Please provide the underlying data.

10. In those files that proceed to trial, what percentage of the awards exceed the formal offer made by ICBC in 2014?
    a. Please provide the underlying data.

11. In those files that proceed to trial, what percentage of the awards exceed the formal offer made by ICBC in 2015?

a. Please provide the underlying data.

12. In those files that proceed to trial, what percentage of the awards exceed the formal offer made by ICBC in 2016?

   a. Please provide the underlying data.

13. In those files that proceed to trial, what percentage of the awards exceed the formal offer made by ICBC in 2017?

   a. Please provide the underlying data.

14. In those files that proceed to trial, what percentage of the awards exceed the formal offer made by ICBC in 2018?

   a. Please provide the underlying data.

15. In those files that proceed to trial, what percentage of the awards exceed the final risk assessment by ICBC in 2010?

   a. Please provide the underlying data.

16. In those files that proceed to trial, what percentage of the awards exceed the final risk assessment by ICBC in 2011?

   a. Please provide the underlying data.

17. In those files that proceed to trial, what percentage of the awards exceed the final risk assessment by ICBC in 2012?

   a. Please provide the underlying data.

18. In those files that proceed to trial, what percentage of the awards exceed the final risk assessment by ICBC in 2013?

   a. Please provide the underlying data.

19. In those files that proceed to trial, what percentage of the awards exceed the final risk assessment by ICBC in 2014?

   a. Please provide the underlying data.

20. In those files that proceed to trial, what percentage of the awards exceed the final risk assessment by ICBC in 2015?

   a. Please provide the underlying data.

21. In those files that proceed to trial, what percentage of the awards exceed the final risk assessment by ICBC in 2016?

   a. Please provide the underlying data.

22. In those files that proceed to trial, what percentage of the awards exceed the final risk assessment by ICBC in 2017?

    a. Please provide the underlying data.

23. In those files that proceed to trial, what percentage of the awards exceed the final risk assessment by ICBC in 2018?

    a. Please provide the underlying data.

24. What percentage of files that proceeded to trial in 2010 had a risk assessment that exceed the last formal offer from ICBC?

    a. Please provide the underlying data.

25. What percentage of files that proceeded to trial in 2011 had a risk assessment that exceed the last formal offer from ICBC?

    a. Please provide the underlying data.

26. What percentage of files that proceeded to trial in 2012 had a risk assessment that exceed the last formal offer from ICBC?

    a. Please provide the underlying data.

27. What percentage of files that proceeded to trial in 2013 had a risk assessment that exceed the last formal offer from ICBC?

    a. Please provide the underlying data.

28. What percentage of files that proceeded to trial in 2014 had a risk assessment that exceed the last formal offer from ICBC?

    a. Please provide the underlying data.

29. What percentage of files that proceeded to trial in 2015 had a risk assessment that exceed the last formal offer from ICBC?

    a. Please provide the underlying data.

30. What percentage of files that proceeded to trial in 2016 had a risk assessment that exceed the last formal offer from ICBC?

    a. Please provide the underlying data.

31. What percentage of files that proceeded to trial in 2017 had a risk assessment that exceed the last formal offer from ICBC?

    a. Please provide the underlying data.

32. What percentage of files that proceeded to trial in 2018 had a risk assessment that exceed the last formal offer from ICBC?

a. Please provide the underlying data.

33. What is the bonus structure at ICBC for the 2018/2019 fiscal year?
    a. Are there categories of employment for the purposes of bonuses?
    b. If so, what are the levels and ranges of those bonuses for each of those categories of employment?
    c. What are the personal evaluation criteria for bonuses?
    d. What are the department evaluation criteria for bonuses?
    e. What are the company evaluation criteria for bonuses?
    f. What additional criteria are used in assessing bonuses?
34. What is the bonus structure at ICBC for the 2017/2018 fiscal year?
    a. Were there categories of employment for the purposes of bonuses?
    b. If so, what were the levels and ranges of those bonuses for each of those categories of employment?
    c. What were the personal evaluation criteria for bonuses?
    d. What were the department evaluation criteria for bonuses?
    e. What were the company evaluation criteria for bonuses?
    f. What additional criteria were used in assessing bonuses?
    g. What was the total amount paid out in bonuses in the 2017/2018 fiscal year?
    h. What was the average bonus paid out for the 2017/2018 fiscal year?
    i. If there were categories of employment, please provide the average bonus paid out for each category.
    j. Please provide all underlying data.
    k. What was the individual dollar value of the top twenty bonuses paid out?
        i. To whom?
35. What is the bonus structure at ICBC for the 2016/2017 fiscal year?
    a. Were there categories of employment for the purposes of bonuses?
    b. If so, what were the levels and ranges of those bonuses for each of those categories of employment?
    c. What were the personal evaluation criteria for bonuses?
    d. What were the department evaluation criteria for bonuses?
    e. What were the company evaluation criteria for bonuses?
    f. What additional criteria were used in assessing bonuses?
    g. What was the total amount paid out in bonuses in the 2016/2017 fiscal year?
    h. What was the average bonus paid out for the 2016/2017 fiscal year?
    i. If there were categories of employment, please provide the average bonus paid out for each category.
    j. Please provide all underlying data.
    k. What was the individual dollar value of the top twenty bonuses paid out?
        i. To whom?
36. What is the bonus structure at ICBC for the 2015/2016 fiscal year?
    a. Were there categories of employment for the purposes of bonuses?
    b. If so, what were the levels and ranges of those bonuses for each of those categories of employment?
    c. What were the personal evaluation criteria for bonuses?

d. What were the department evaluation criteria for bonuses?

e. What were the company evaluation criteria for bonuses?

f. What additional criteria were used in assessing bonuses?

g. What was the total amount paid out in bonuses in the 2015/2016 fiscal year?

h. What was the average bonus paid out for the 2015/2016 fiscal year?

i. If there were categories of employment, please provide the average bonus paid out for each category.

j. Please provide all underlying data.

k. What was the individual dollar value of the top twenty bonuses paid out?

     i. To whom?

37. What is the bonus structure at ICBC for the 2014/2015 fiscal year?

a. Were there categories of employment for the purposes of bonuses?

b. If so, what were the levels and ranges of those bonuses for each of those categories of employment?

c. What were the personal evaluation criteria for bonuses?

d. What were the department evaluation criteria for bonuses?

e. What were the company evaluation criteria for bonuses?

f. What additional criteria were used in assessing bonuses?

g. What was the total amount paid out in bonuses in the 2014/2015 fiscal year?

h. What was the average bonus paid out for the 2014/2015 fiscal year?

i. If there were categories of employment, please provide the average bonus paid out for each category.

j. Please provide all underlying data.

k. What was the individual dollar value of the top twenty bonuses paid out?

     i. To whom?

38. What is the bonus structure at ICBC for the 2013/2014 fiscal year?

a. Were there categories of employment for the purposes of bonuses?

b. If so, what were the levels and ranges of those bonuses for each of those categories of employment?

c. What were the personal evaluation criteria for bonuses?

d. What were the department evaluation criteria for bonuses?

e. What were the company evaluation criteria for bonuses?

f. What additional criteria were used in assessing bonuses?

g. What was the total amount paid out in bonuses in the 2013/2014 fiscal year?

h. What was the average bonus paid out for the 2013/2014 fiscal year?

i. If there were categories of employment, please provide the average bonus paid out for each category.

j. Please provide all underlying data.

k. What was the individual dollar value of the top twenty bonuses paid out?

     i. To whom?

39. What is the bonus structure at ICBC for the 2012/2013 fiscal year?

a. Were there categories of employment for the purposes of bonuses?

b. If so, what were the levels and ranges of those bonuses for each of those categories of employment?

c. What were the personal evaluation criteria for bonuses?

d. What were the department evaluation criteria for bonuses?
e. What were the company evaluation criteria for bonuses?
f. What additional criteria were used in assessing bonuses?
g. What was the total amount paid out in bonuses in the 2012/2013 fiscal year?
h. What was the average bonus paid out for the 2012/2013 fiscal year?
i. If there were categories of employment, please provide the average bonus paid out for each category.
j. Please provide all underlying data.
k. What was the individual dollar value of the top twenty bonuses paid out?
    i. To whom?

40. What is the bonus structure at ICBC for the 2011/2012 fiscal year?
    a. Were there categories of employment for the purposes of bonuses?
    b. If so, what were the levels and ranges of those bonuses for each of those categories of employment?
    c. What were the personal evaluation criteria for bonuses?
    d. What were the department evaluation criteria for bonuses?
    e. What were the company evaluation criteria for bonuses?
    f. What additional criteria were used in assessing bonuses?
    g. What was the total amount paid out in bonuses in the 2011/2012 fiscal year?
    h. What was the average bonus paid out for the 2011/2012 fiscal year?
    i. If there were categories of employment, please provide the average bonus paid out for each category.
    j. Please provide all underlying data.
    k. What was the individual dollar value of the top twenty bonuses paid out?
        i. To whom?

41. What is the bonus structure at ICBC for the 2010/2011 fiscal year?
    a. Were there categories of employment for the purposes of bonuses?
    b. If so, what were the levels and ranges of those bonuses for each of those categories of employment?
    c. What were the personal evaluation criteria for bonuses?
    d. What were the department evaluation criteria for bonuses?
    e. What were the company evaluation criteria for bonuses?
    f. What additional criteria were used in assessing bonuses?
    g. What was the total amount paid out in bonuses in the 2010/2011 fiscal year?
    h. What was the average bonus paid out for the 2010/2011 fiscal year?
    i. If there were categories of employment, please provide the average bonus paid out for each category.
    j. Please provide all underlying data.
    k. What was the individual dollar value of the top twenty bonuses paid out?
        i. To whom?

42. What are the current established salary ranges for each position with ICBC?
    a. Please break down this amount with respect to base salary, bonus, and benefits.

In Chapter 3 the actuaries use multiple different methods to forecast trends, and there seems to be a variety used depending on the item being forecasted. There is also a change in the base time being used for the model. What questions or data do we need to challenge this selective use of the different models?

As discussed yesterday, the validity of the regression analyses used to forecast at Appendix D.0 are proven out at "Technical Appendix D.0: Diagnostic Statistics and Plots for Appendix D.0" Professional judgment has evidently been employed by the actuary in determining what type of regression model to employ at D.0, and how many years to include in that regression analysis, but based on the analyses in Technical Appendix D.0 the forecasts generally appear to have good predictive ability assuming the forecast actual numbers to FY 2017/18 are accurate (they may not be: this is why I have requested the data underlying Appendix C1-C5 below). If you doubt these calculations ("Residual v. Fitted Values" and "Q-Q Plot" analyses) I would recommend retaining an actuary to re-perform them based on the source data and I would in any case ask for source data in relation to D.0 as noted in my questions below. I would also ask specifically in relation to the analyses at Technical Appendix D.0 the following:

"Technical Appendix D.0: Diagnostic Statistics and Plots for Appendix D.0"

- Based on ICBC's analyses summarized at "Technical Appendix D.0: Diagnostic Statistics and Plots for Appendix D.0", R^2 values are derived for each model, evidently to support their predictive credibility.   Please comment in general what is considered an acceptable R^2 value, and why.
- In each case, has this same analysis been performed for models that were <u>not</u> selected?
- If this analysis has not been performed for models that were <u>not</u> selected, why is that?
- If this analysis has been performed for models that were <u>not</u> selected, what was the result for each model?
- If there are instances where models <u>not</u> selected had higher R^2 values than those selected, why then were these models not selected?
- Please provide in Microsoft Excel the analyses and source data, summarized in the "Technical Appendix D.0: Diagnostic Statistics and Plots for Appendix D.0", in order to facilitate our review of these analyses.
- The R^2 value for some forecasts is significantly lower than others (e.g., some models have an R^2 value of 90% or higher, but many do not). In the following cases please comment on
    - Why the R^2 value is considered reasonable.
    - Whether other assumptions yielded higher R^2 values and if so why weren't they utilized.
        - Personal Property Damage (PD) Frequency Statistics and Diagnostic Plots (72%);
        - Personal WB Severity Statistics and Diagnostic Plots (50%);
        - Commercial PD Frequency Statistics and Diagnostic Plots (62%);
        - Commercial MR Frequency Statistics and Diagnostic Plots (83%);
        - Commercial MR Severity Statistics and Diagnostic Plots (42%);
        - Commercial WB Severity Statistics and Diagnostic Plots (12%)

"Appendix D.0"

- Based on section A of "Appendix D.0", "The annual frequency points from Appendix C.1 are allocated into loss quarter points based on the proportions of reported claim counts from each quarter within a fiscal loss year, at the latest comparable development age." Please provide the "loss quarter points" for each of "Bodily injury", Property damage", Medical rehabilitation", "Weekly benefits" and "Death benefits" for both Personal and Commercial. Please also provide the underlying data and calculation of the "loss quarter points".
- Based on section A of "Appendix D.0", "The annual severity points from Appendix C.2 are allocated into loss quarter points based on the proportions of the case incurred amount on claims from each quarter within a fiscal loss year, at the latest comparable development age, taking into account the quarterly claim counts." Please provide the "loss quarter points" for each of "Bodily injury", Property damage", Medical rehabilitation", "Weekly benefits" and "Death benefits" for both Personal and Commercial. Please also provide the underlying data and calculation of the "loss quarter points".
- We understand that the forecast models at D.0 "are fit to the quarterly points [as noted in the two questions immediately above], and used to produce a forecast for future loss quarters. In order to present annual points, a weighted average of the quarterly points is computed. The quarterly frequency points are weighted by the risk exposure in each quarter, and the quarterly severity points are weighted by the claim counts in each quarter." Please provide the underlying data and calculations supporting the transformation of "quarterly loss points" into "present annual points."
- Per "Appendix D.0", "Forecasting of loss trends requires in-depth statistical analysis. Based on consideration of statistical modeling results, **input from subject matter experts, and knowledge of the business and of relevant economic and social influences**, judgment is applied to arrive at selected trend rates [emphasis ours]". For each of the models in Appendix D.0 please provide details as to the nature of any input from subject matter experts, as well as the identities and qualifications of those experts.
- Insofar as input from subject matter experts has overridden statistical modeling results please provide details in respect of each model in Appendix D.0.
- We have the following specific questions on what appears to be the application of professional judgment in selecting base periods for regression analysis:
  - See "Figure D.0.8 – Personal BI Severity Forecast and Table of Values" and "Figure D.0.19 – Commercial BI Severity Forecast and Table of Values." The trend excluding the most recent year is flat,. However, projected values increase sharply without any basis in trend. The comment is made that "The pattern of severities in recent years has been influenced by changes in closure patterns and the impacts of Claims Transformation, which would affect the application of a simple regression but are not expected to repeat in the future. Therefore, similar to the selected long-term severity trend in the PY 2017 RRA, a forecast trend was determined by analyzing severity trends separately for unrepresented and represented claimants, and the impact from increasing legal representation over time." Please provide this underlying analysis and explain how it supports this forecast.
  - Figure D.0.9 –Represented Proportion of BI Claims – the trend for the last 6 years is relatively flat. It has been extended back to 2007/8, which creates a higher trend line than would otherwise be the case. Why are the points from 7 years back and more relevant in this model, but not when the trend is for increases in recent years only (e.g., when a four year regression analysis is performed)?

- Figure D.0.11 – Personal MR Severity Forecast and Table of Values – similar question to that above. The trend for the last 5 years is relatively flat. It has been extended back to 2011 through, which creates a higher expected increase from 2019 to 2022. Why are the points from 7 years back and more relevant in this case, but not when the trend is for increases in the recent past (when a 4 year base is used)?
- Figure D.0.15 – Commercial PD Frequency Forecast and Table of Values. A longer regression model would support a flatter trend line. Given the consistency of data points back to 2010 why has a longer regression not been performed?

"Appendix C.1 through Appendix C.5"

- Please provide underlying models in Microsoft excel for these appendices including supporting appendices at "Technical Appendix C.1.1" through "Technical Appendix C.1.5.3"