

BRITISH COLUMBIA UTILITIES COMMISSION
IN THE MATTER OF THE UTILITIES COMMISSION ACT
R.S.B.C. 1996, CHAPTER 473

and

Insurance Corporation of British Columbia
COVID-19 Customer Relief Program Application

Vancouver, B.C.
April 21st, 2020

PROCEEDINGS

BEFORE:

D.M. Morton,	Panel Chair/Commission Chair
T.A. Loski,	Commissioner
B.A. Magnan,	Commissioner

VOLUME 1

APPEARANCES

L. BUSSOLI,

Commission Counsel

M. GHIKAS,
D. GORMICAN,

Counsel for ICBC

PARTICIPANTS:

ICBC STAFF:

Kelly Aimers
Brandon Wong
Angela Wright

BCUC Staff:

Yolanda Domingo
Leon Cheung
Bonnie Guzman
Ange-Christelle Irakarama

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**KELLY MARION AIMERS, Affirmed:
BRANDON KENNETH WONG, Affirmed:**

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VANCOUVER, B.C.
April 21st, 2020

(PROCEEDINGS COMMENCED AT 2:59 P.M.)

THE CHAIRPERSON: Okay, so I will call the proceeding to order, and thank everyone for joining us. And thank you in particular for joining us in this venue. We have had a little bit of experience on our end with this format. I think this is the fourth proceeding of this nature we've done in the last couple of weeks. And it does have its challenges. But at least it does provide us with the ability to hold this process. And I guess it's probably best characterized as a streamlined review process.

Anyway, my name is Dave Morton, I'm the Chair of the Commission, and also the Chair of this panel. And with me are panel members Tom Loski and Bernie Magnan, and I will let them introduce themselves in a moment, along with everyone else.

The format today then will be, I have just a few more words to say and then after that we will go through introductions, and then as I understand it the agenda is that ICBC has a presentation to make. Staff I believe will in all likelihood have some questions. So I am going to ask ICBC when you make your opening -- sorry, ICBC will make some opening remarks, then make the presentation. And I am going to ask you when

1 you make your opening remarks to let us know if it's
2 all right for Staff to ask questions as we go along,
3 or if you prefer to wait until the presentation is
4 done. And then the panel may also have some follow up
5 questions, I am not certain at this point, but they
6 may. And then following that, ICBC will have an
7 opportunity to make any closing remarks it wishes to
8 make.

9 I would caution you, that while this
10 proceeding will be transcribed, and we will conduct it
11 as if we were in the hearing room, at least as much as
12 possible if we were in the hearing room, I would
13 caution you that if you do have any confidential
14 information that comes up in answer to any questions,
15 while we will treat it confidentially, we have less
16 control over confidential information in this
17 environment.

18 **Proceeding Time 3:02 p.m. T2**

19 Even though the stream is encrypted, we can't
20 absolutely guarantee that it's confidential and we
21 certainly can't guarantee that there aren't people
22 lurking by participants' telephones or within range of
23 their video cameras. You know family members. So we
24 can't give any kind of absolute guarantee of
25 confidentiality. So I don't expect that will come up,
26 but I just wanted to make that warning.

1 I'm also going to ask that anyone that's
2 going to be providing any testimony, that Allwest will
3 swear them in and we can do that before the
4 presentation begins.

5 So on that note we'll do some
6 introductions. I'll start with Commissioners, and
7 then we'll move to Staff, and then we'll move to ICBC,
8 and then we'll do Allwest, and then we'll get on with
9 the rest of the proceedings.

10 So Tom, over to you. Commissioner Loski.

11 COMMISSIONER LOSKI: Good afternoon everyone. Tom
12 Loski, Commissioner.

13 COMMISSIONER MAGNAN: Good afternoon everyone. Bernie
14 Magnan, Commissioner.

15 THE CHAIRPERSON: Ms. Domingo.

16 MS. DOMINGO: Yolanda Domingo, Commission Staff.

17 MR. CHEUNG: Leon Cheung, Commission Staff.

18 MS. GUZMAN: Good afternoon everyone. Bonnie Guzman,
19 Commission Staff.

20 THE CHAIRPERSON: And Lino?

21 MR. BUSSOLI: Good afternoon everyone, Lino Bussoli,
22 external counsel to the BCUC.

23 THE CHAIRPERSON: Great. And then I'll turn it over to
24 ICBC. Who would like to take the lead there?

25 MR. GHIKAS: I'll start. It's Matt Ghikas, counsel for
26 ICBC. And we have a few people in the back room who

1 won't be introducing themselves, but they include
2 Angela Wright, the manager of regulatory affairs as
3 well as some other regulatory staff.

4 And then I'll turn it over to Doug
5 Gormican.

6 THE CHAIRPERSON: Thank you. Good afternoon, Mr.
7 Ghikas, thank you.

8 MR. GORMICAN: Doug Gormican, I'm internal corporate
9 law counsel with ICBC.

10 THE CHAIRPERSON: Hello, sir.

11 MS. AIMERS: Hi, I'll Kelly Aimers, I'm the chief
12 actuary and director of regulatory affairs.

13 THE CHAIRPERSON: Okay.

14 MR. WONG: Hi, I'm Brandon Wong, manager of
15 underwriting at ICBC.

16 THE CHAIRPERSON: Thank you.

17 MR. GHIKAS: And I think that does it for the speakers
18 on ICBC's end.

19 THE CHAIRPERSON: Okay. Okay, so Allwest, please.

20 MR. BEMISTER: Allwest staff are here, Keith and Hal.

21 THE CHAIRPERSON: Great, thanks. Okay, so then what
22 I'll do, Mr. Ghikas, perhaps you could identify who
23 Allwest should affirm, and then we'll move on from
24 there.

25 MR. GHIKAS: Sure. I have just a few very brief
26 remarks, and then I will cue up who it is.

1 THE CHAIRPERSON: Yeah, make your remarks first, please,
2 yeah.

3 **OPENING STATEMENT BY MR. GHIKAS:**

4 MR. GHIKAS: Sure. All right, Mr. Chairman,
5 Commissioners, good afternoon. ICBC filed this
6 application on April 16th in recognition of the need to
7 take some decisive steps to support Basic insurance
8 customers through a time of what is obviously
9 unprecedented crisis in British Columbia.

10 **Proceeding Time 3:05 p.m. T3**

11 And of course the BCUC has itself encouraged ICBC to
12 consider further ways to provide relief to Basic
13 insurance policyholders, and ICBC has done that with
14 this application.

15 This application contemplates three
16 temporary changes to the Basic insurance tariff that
17 will provide some relief, for a 60-day period
18 following BCUC's interim approval. That is the
19 proposal.

20 Two representatives of ICBC will be
21 speaking to the application today. They are Ms. Kelly
22 Aimers, who you heard from just a moment ago. Ms.
23 Aimers is, as she said, the chief actuary and director
24 of regulatory affairs. And with Ms. Aimers -- and I
25 should note Ms. Aimers is a fellow of the Canadian
26 Institute of Actuaries, and an Associate of the

1 Casualty Actuary Society.

2 With Ms. Aimers is Brandon Wong, who you
3 also heard from, who is manager of Underwriting at
4 ICBC. And in a moment what Ms. Aimers and Mr. Wong
5 will do is walk you through the three proposals very
6 briefly, explaining why those measures are an
7 appropriate response to the challenges currently faced
8 by policyholders, and they will in the course of their
9 presentation answer the questions that had been
10 submitted by the BCUC to ICBC late last week, and
11 obviously answer any of the follow up questions.

12 To the point that, Mr. Chairman, you asked
13 about whether or not it would be okay for staff to ask
14 questions as we go, the answer is yes, and I think
15 that would make a lot of sense.

16 You will see when we bring up the
17 PowerPoint deck that was circulated, that what it is,
18 given the time constraints, is it really will serve as
19 more of a high level outline to keep us all on track
20 as opposed to providing any additional substantive
21 content. And in large measure, what it does is give
22 you a couple of slides at the beginning that identify
23 the proposals, allows Ms. Aimers and Mr. Wong to speak
24 briefly to those, but then just has a series of slides
25 that effectively list the questions that were posed.
26 And so ICBC is going to just go through those one at a

1 time, and the substance in response to that will be
2 provided verbally by the witnesses as we go.

3 So, what I would propose just as a
4 housekeeping matter, is that the PowerPoint deck be
5 marked as Exhibit B-2.

6 THE CHAIRPERSON: Okay.

7 **(ICBC POWERPOINT PRESENTATION MARKED EXHIBIT B-2)**

8 MR. GHIKAS: And ICBC's submission at the end of the
9 hearing, and it will be my submission that the three
10 measures that have been proposed are just and
11 reasonable, and that they provide temporary respite
12 for policyholders in a meaningful way, that's
13 consistent with the regulatory framework and can be
14 implemented as quickly as is feasible.

15 The requested order is set out in Appendix
16 A to the application, and I will speak a little more
17 to the details of that at the end of the process.

18 So, now Mr. Chairman, it is a good time to
19 have the witnesses affirmed, Ms. Aimers and Mr. Wong.

20 THE CHAIRPERSON: Okay. Please go ahead with that.

21 MS. AIMERS: My name is Kelly Aimers, I am the chief
22 actuary as mentioned, and the director of regulatory
23 affairs. My role in this application is being
24 responsible for the financial impacts of these
25 proposed changes, as well as ensuring that they adhere
26 to accepted actuarial practice.

1 MR. GHIKAS: So, Ms. Aimers, if I could just stop you
2 for a moment, what will happen first is Mr. Bemister
3 will affirm you as a witness and then we'll affirm Mr.
4 Wong, and then we will talk about who you are what you
5 do.

6 **KELLY AIMERS, Affirmed:**

7 **BRANDON WONG, Affirmed:**

8 MR. GHIKAS: So Ms. Aimers now, let's resume with you,
9 just before you launched into the presentation, you
10 are the chief actuary of ICBC and the director of
11 regulatory. Can you just give a very brief synopsis
12 of what you do in that role before we talk about the
13 details?

14 MS. AIMERS: Sure. My role as chief actuary is in
15 regards to pricing our Basic and our optional
16 insurance. I also manage our underwriting department,
17 as well as regulatory affairs. So I oversee both of
18 those departments, as well as the actuarial work.

19 **Proceeding Time 3:10 p.m. T4**

20 MR. GHIKAS: And you have a couple of professional
21 designations, can you just provide the panel with a
22 very brief description of what those professional
23 designations are.

24 MS. AIMERS: Sure. Each of those professional
25 designations are achieved after taking several
26 technical exams. They focus on different aspects

1 within actuarial science. Under these designations I
2 must also undertake 100 hours of professional
3 development every two years to ensure that I am up to
4 date with any new developments and standards within
5 the profession.

6 MR. GHIKAS: All right, thank you. Thank you, Ms.
7 Aimers.

8 And now over to you, Mr. Wong. Can you
9 describe what you do in your role and how that plays
10 into the current proposals that you're making?

11 MR. WONG: Thank you. So as you say, my name is
12 Brendan Wong. I'm the manager of underwriting. I've
13 been with ICBC for just over four years. I oversee
14 both our personal and our commercial portfolios and
15 effectively lead ICBC's underwriting strategy.

16 In the context of the proposals we are
17 making here today my role has been coordinating ICBC's
18 insurance measures in respect to the COVID-19
19 pandemic. Thank you.

20 MR. GHIKAS: Thank you, Mr. Wong.

21 And now I think if we are able to bring up
22 the PowerPoint presentation, the witnesses can just
23 walk through it at this point.

24 MS. IRAKARAMA: Hello everyone. My name is
25 Ange-Christelle, I'm the hearing admin to the BCUC.
26 I'll be sharing my screen for the presentation.

1 THE CHAIRPERSON: Sorry, we should have introduced you
2 at the beginning, my apologies.

3 MS. IRAKARAMA: That's all right. If you could just
4 confirm that you are seeing the presentation at the
5 moment?

6 THE CHAIRPERSON: I am, yeah. Thank you.

7 MS. IRAKARAMA: Perfect.

8 THE CHAIRPERSON: We're ready to go I believe.

9 MS. AIMERS: Okay, so before we jump in to the three
10 proposals, I wanted to provide an overview. So at a
11 high level these proposals are meant to provide
12 temporary relief to our customers during these
13 unprecedented times. So I can't stress that word
14 enough. We are in the middle of an event that we have
15 no actuarial models to rely on, very little data to
16 use to predict outcomes, little understanding on the
17 timeline of the event and the long-term impacts of
18 this pandemic.

19 So ICBC is trying to react as quickly as
20 possible to assist our customers with some temporary
21 relief measures. So in fact each of these proposals
22 target those most adversely impacted by the pandemic
23 from an insurance standpoint. So, for example, those
24 who need to cancel or suspend coverage due to the
25 pandemic and those businesses where their model has
26 drastically changed as a result of the restrictions in

1 place. So our proposals are meant to remove certain
2 barriers to help customers make their decisions in the
3 context of this lockdown period.

4 So we'll start with the first proposal, and
5 that has to do with our non-fleet business. And what
6 that first proposal is, is waiving the \$30
7 cancellation charge upon cancellation. So I just want
8 to clarify what we mean by cancellation charge. In
9 reality, it's ICBC retaining a part of the refunded
10 premium to the customer. So that would be the lesser
11 of \$30 or what your refund otherwise would be. So
12 we're going to refer to it as the "cancellation
13 charge" throughout the presentation today, but just
14 note that it is a portion of the premium. And that
15 \$30 charge is meant to cover the administrative costs
16 associated with cancelling a policy.

17 So the second proposal that's going forward
18 is regarding our fleets. And that change is to help
19 simplify the administrative process when from both
20 ICBC's end and our fleets'. Rather than having them
21 go in and cancel and replate, what this change allows
22 them to do is to utilize a rate class that doesn't
23 have any premium attached to it and allows them to
24 temporarily suspend their insurance for the 60 day
25 period. So it's meant to help administrative ease for
26 our fleets, for our fleet customers.

1 Eats. Those vehicles are currently rated as delivery
2 use prior to the pandemic, and should still be rated
3 as a delivery use within the pandemic.

4 THE CHAIRPERSON: I have a question about that then.
5 What about a restaurant that has never delivered food
6 before, now it finds that it has to. So it hires
7 someone, maybe on a part-time basis, and certainly on
8 a temporary basis, or at least for the duration of the
9 pandemic, hires someone as a delivery person, and that
10 person provides their own vehicle. Is that person
11 permitted -- and they have just got normal insurance
12 that wouldn't otherwise allow them to do that. So
13 would this permit them to do that?

14 MR. WONG: So this is Brandon Wong speaking. For those
15 individuals, if that individual is actually an
16 employee of the restaurant, this change will allow
17 them to operate their vehicle without informing ICBC
18 of the change. If this person is technically someone
19 that for example they put an ad in the paper, and
20 someone just applies to them and say "I will do your
21 delivery for your restaurant now." That person we
22 still require them to contact their broker and make
23 the necessary changes to their insurance. So these
24 measures are only for individuals or customers that --
25 restaurant owners that their models change, I was a
26 waiter for them. Now obviously the restaurant is

1 closed and can't be a waiter, then now I've shifted my
2 work responsibilities with that employer, I am going
3 to be delivering food on a take-out basis.

4 THE CHAIRPERSON: So as I understand it, you're saying
5 I would have had to have been an employee of the
6 restaurant prior to the pandemic in order for this to
7 cover me, is that what you're saying?

8 MR. WONG: Yeah, obviously we do define what employees
9 in the tariff, so if this individual was considered an
10 employee, then these measures would apply to them.

11 THE CHAIRPERSON: So, if I answer an ad in the paper --
12 I've never been a delivery person before, I answer an
13 ad in the paper, they hire me, pay me as an employee
14 to deliver food for them, my existing ICBC will not
15 cover that under this provision, is that correct?

16 MR. WONG: It depends on the type of, I guess employee
17 agreement that the owner and that individual had. If
18 they've hired them onto the staff, and potentially
19 they are working for that company exclusively, then
20 they would be covered in this measure. If it's
21 someone that just filled up something an ad on the
22 newspaper and now I'm just delivering pizzas for
23 example for the restaurant down the street, they would
24 still require that change. They would still need to
25 inform their broker that their use of the vehicle has
26 changed.

1 THE CHAIRPERSON: But presumably if they are delivering
2 pizzas, that was a delivery business prior to this
3 anyway, right?

4 MR. WONG: Correct. So prior to that, if this
5 individual was delivering pizzas, perhaps for multiple
6 businesses, then the expectation is yes, they should
7 have had the proper insurance.

8 THE CHAIRPERSON: Right, okay, thank you.

9 MR. GHIKAS: There was one question I think that maybe
10 wasn't answered there, Mr. Wong. Is there a timing
11 issue here? Does it matter if people were already
12 holding those positions before this takes effect? Or
13 whether after this takes effect? Or is it all about
14 the legal relationship between the person doing the
15 deliveries and the company?

16 MR. WONG: I will probably take that question away, and
17 we can answer it another time.

18 THE CHAIRPERSON: Okay, thank you.

19 MS. AIMERS: Okay, it is Kelly Aimers again. Let's
20 move to the next slide please. As Mr. Ghikas
21 mentioned, we are going to go through the questions
22 that were sent to ICBC in advance. This slide just
23 summarizes at a high level the topics that we are
24 going to go through. And I will start with accepted
25 actuarial practice, which is on the next slide, and
26 I'm going to warn you, I have a long answer here, so

1 bear with me. This answer is very important to the
2 application.

3 **Proceeding Time 3:21 p.m. T6**

4 If you could just move to the next slide
5 please?

6 So in general, the three questions that
7 were asked, are asking whether ICBC has conducted
8 actuarial analyses for each of these three proposals,
9 and if the proposals conformed with accepted actuarial
10 practice. And I'm going to use the abbreviation of
11 "AAP" to refer to accepted actuarial practice within
12 my answer.

13 So in short, the answer is yes, these do
14 follow, or they are consistent with accepted actuarial
15 practice, and I'm going to explain that in the next
16 few minutes here. But prior to digging into how the
17 proposals achieve accepted actuarial practice, I want
18 to spend a little bit of time giving background on AAP
19 from our different areas of actuarial work.

20 So, first, we refer to AAP in the context
21 of our revenue requirements to discuss the standards
22 applied to the actuarial work in our revenue
23 requirement applications. So, specifically, AAP says
24 that our rates, our Basic rates must be set to cover
25 costs and a capital provision using reasonable and
26 reliable assumptions, data and methods. So there are

1 standards in place that actuaries refer to when
2 developing those reasonable, reliable assumptions data
3 and methods.

4 So when we move to the context of rate
5 design, actuaries have to now set individual rates for
6 their customers that are equivalent to the risk. So,
7 actuaries will apply accepted actuarial practice in
8 how they assign and segment those risks. So, of
9 course there are tradeoffs between accuracy and
10 simplicity that we must apply in this exercise since
11 we can't possibly assign a unique risk and a unique
12 price to every one of our customers. So, in 2007 when
13 we filed our rate design application, ICBC also stated
14 its rate design principles. And that was -- so when
15 we are classifying our risks, we also said that we
16 also have to take into account that risks should be
17 stable over time and predictable, they should be fair,
18 just and reasonable. And the last one is that rates
19 should be administratively simple and easy to
20 understand. And so in other words, practical. So we
21 need to consider operational considerations such as
22 cost, time and effort needed to implement these
23 changes.

24 So I'd like to provide an excerpt from our
25 standards of practice. This comes from the Actuarial
26 Standards Board. This document was last updated March

1 2019, and it discusses standards that actuaries apply,
2 whether it is for revenue requirement purposes, or
3 rate design purposes, that actuaries can apply
4 judgement in certain situations. So I am going to
5 read it, and it is from section 11-40, and what it
6 says is, that the title is "Judgment."

7 "The actuary should exercise reasonable
8 judgement in applying these standards. A
9 judgment is reasonable if it is objective and
10 takes account of the spirit and intent of the
11 standards, precepts of ethical and professional
12 conduct intended to guide the conduct of the
13 actuary, common sense and constraints on time
14 and resources."

15 I wanted to point this out since we rely on
16 this excerpt to apply simplifications to our analysis
17 given the time constraints to provide a meaningful
18 response to our customers during the pandemic.

19 So I am going to first explain at a high
20 level that in total these proposals adhere to AAP, and
21 then I'll walk through each of them individually and
22 we can pause to take questions.

23 So, as indicated in Special Direction IC2,
24 Basic rates must be fixed according to accepted
25 actuarial practice. While there are many different
26 aspects to AAP, at a high level it is intended to

1 allow the Corporation to collect sufficient premium
2 revenue to pay its cost and expenses for Basic
3 insurance.

4 **Proceeding Time 3:26 p.m. T7**

5 So under the state of emergency the overall
6 impact to ICBC's basic revenue and costs is quite
7 uncertain. So in the last few weeks we have been able
8 to observe declines in traffic volume and claim counts
9 or claim costs in this period of restriction. But
10 offsetting this decline in cost is also a decline in
11 premium revenue as our customers cancel, drop
12 coverage, or even change their vehicle use to a
13 different use such as pleasure.

14 So the timelines of this pandemic and
15 overall impacts are unknown at this time. As I
16 mentioned earlier, this application is meant to
17 provide quick, temporarily relief measures for the
18 customers who are most impacted from an insurance
19 standpoint. So while ICBC does not have sufficient
20 information at this time to undertake a complete
21 actuarial analysis, as it would with a full revenue
22 requirements application or a rate design application,
23 at a high level the three proposals taken together
24 would in response to COVID-19 help to balance premium
25 revenue with claim costs and expenses for Basic
26 insurance during the period of the pandemic.

1 So while it's difficult for us to say
2 whether that revenue expense equation would be
3 perfectly in balance as a result of the three proposed
4 changes, what ICBC can say is that it is of the view
5 that it would be bringing it closer to in balance than
6 if we did nothing at all for as long as the pandemic
7 influences driving behaviours.

8 So that's how accepted actuarial practice
9 applies to all of them combined. Now let's go through
10 each one of the proposals. So I'll start with the
11 cancellation charge.

12 So as a result of COVID-19 it is expected
13 that a segment of customers who are paying insurance
14 premiums while their car remains parked in the
15 driveway for a temporary period of time, so there's a
16 change in their risk. Let's look at an example of a
17 family with two vehicles, one vehicle could still be
18 being used, one vehicle is sitting. So overall their
19 risk has changed. What this proposal does by removing
20 that cancellation charge is it removes a barrier. It
21 allows the customer to make the decision to cancel.
22 So as a customer is not using their vehicle, a
23 customer can temporarily cancel their insurance
24 bringing their premium more in line with their risk.

25 Now, again, back to our overarching
26 statement, we're unable to estimate what the overall

1 impact is from the reduction in premium compared to
2 the reduction in risk. It is our view that by
3 removing the cancellation charge for our customers it
4 moves us closer to that balanced view and, therefore,
5 it is in accordance with accepted actuarial practice.

6 The second one with regards to our fleet
7 customers and allowing them to use a rate class that
8 has no premium attached to is, essentially this is an
9 administrative process. Rather than having that fleet
10 cancel every plate, we are removing a lot of the
11 administrative hassle for them, therefore, there is no
12 need to have accepted actuarial practice involved in
13 the second proposal.

14 The third one has to do with risks within
15 our rate classes. So if we look at this, it's like a
16 different segment of risk that we're introducing. So
17 those customers, let's say they are currently in
18 pleasure use, they are now going to be using their
19 vehicle to deliver for their employer, rather than
20 putting them in a delivery use rate class, they are a
21 bit of a blend between a pleasure use and a delivery
22 use rate class. So with the sudden change in business
23 models for a few of our customers, it's introducing
24 this new segment of risk.

25 And so even though we don't know how often
26 these vehicles will be used for delivery purposes, it

1 is likely that their risk is lower than the risk of a
2 delivery use, but higher than their current rate class
3 which could be pleasure use.

4 And so going back to that rate making
5 principle of ease of administration and practicality,
6 and the fact that we have very little data to measure
7 the segment of risk over what we're expecting to be a
8 short period of time, and the fact that they are
9 giving a positive contribution to our society during
10 this pandemic period, it is my opinion that allowing
11 these customers to remain in their personal use rate
12 class still adheres to accepted actuarial practice.

13 **Proceeding Time 3:31 p.m. T8**

14 So just to summarize, for the reasons that
15 I have provided, I am comfortable that these proposals
16 are each and combined consistent with accepted
17 actuarial practice. So I will pause there, that was a
18 lot of information.

19 THE CHAIRPERSON: Are there any questions?

20 MR. CHEUNG: Yeah, it's Leon here. Ms. Aimers, I
21 understood that there is a lot of uncertainty during
22 this time and there are many moving parts. In your
23 opinion, I think I saw that waiving the \$30
24 cancellation fee will amount to about a two, to two
25 and a half million dollar loss in revenue for ICBC.

26 In your opinion, would the reduced traffic

1 and probably reduced claims more than offset the two,
2 two and a half million dollars that ICBC estimated?
3 At least directionally?

4 MS. AIMERS: Directionally, yes, Mr. Cheung. Where we
5 are struggling is it's not just the reduction in
6 claims volume that we have to consider, it's also the
7 reduction in premium and customers' choices to remove
8 coverage and changing their rate class. So it's the
9 combined impact that we have to measure, but yes,
10 directionally we believe that the two to two and a
11 half million does offset that.

12 MR. CHEUNG: Great, thank you.

13 THE CHAIRPERSON: Sorry, just to clarify, the two to
14 two and a half million, that's just -- if you do the
15 arithmetic, that's just the arithmetic for the \$30
16 cancellation fee, is that correct? That does not
17 include the loss of revenue from the fees that you
18 won't collect because the insurance is cancelled?

19 MS. AIMERS: That's correct.

20 THE CHAIRPERSON: Okay, so do you have any sense of
21 what amount that would be?

22 MS. AIMERS: We do track the loss of premium that we've
23 seen over the last four to five weeks. I don't have
24 those numbers in front of me, but yes, we are tracking
25 it.

26 THE CHAIRPERSON: Presumably it's considerably more

1 than \$30 a person, so it would be considerably more
2 than a couple of million dollars then, is that a fair
3 statement?

4 MS. AIMERS: Absolutely, yes.

5 THE CHAIRPERSON: Yeah. So, then when you do the
6 actuarial analysis of the reduction in accident rate,
7 in accident cost, that would have to offset not just
8 two million, but it would have to offset two million
9 plus whatever else. And you have done that analysis?
10 Or you haven't done that analysis?

11 MS. AIMERS: No, we've looked at data up to today. The
12 unknown part is how long this period is going to last,
13 and how the transition period goes. We don't know how
14 fast people are going to put their vehicles back on
15 the roads. What is the long term behavior change, et
16 cetera, et cetera.

17 THE CHAIRPERSON: So do you have any sense also that by
18 dropping the \$30 fee, presumably you are incenting
19 some people to cancel that wouldn't otherwise have
20 cancelled. And people maybe don't always just look at
21 that as a dollar and cents thing. There is maybe
22 other considerations. So, have you looked at how many
23 people you are incenting to cancel by dropping the \$30
24 fee?

25 MS. AIMERS: We do have that question later in the
26 presentation, but I can address it now. We have seen

1 a heightened number of cancellations in the last few
2 weeks, and of course that's due to people losing jobs,
3 the lockdown being in effect still. We assume that by
4 introducing a waiver of this cancelation charge that
5 we'll continue to see that elevated level of
6 cancellations for the next few weeks. After which, we
7 have assumed that that level will transition back to
8 normal levels. So that was taken into consideration
9 when we estimated the two to two and a half million
10 dollar revenue loss.

11 THE CHAIRPERSON: Thank you. Are there any other
12 questions?

13 **Proceeding Time 3:36 p.m. T9**

14 MS. AIMERS: Okay. If we can please move to the next
15 slide, I will go through the next question. And that
16 question is asking with the three requested items,
17 it's asking about the end dates and clarifying whether
18 ICBC is seeking BCUC's pre-approval to have the option
19 to extend the end date of the proposed changes or will
20 we be filing a separate application.

21 And the response to that question is ICBC
22 is not seeking pre-approval to have the option to
23 extend the end date on its own. It would file a
24 separate application to BCUC to request an extension
25 if it becomes necessary.

26 And then the second part of the question

1 is, under what circumstances would an extension be
2 deemed necessary, and the response to that is an
3 example of why an extension could be requested is that
4 if the state of emergency lasted beyond 60 days. And
5 through discussions with government it was deemed that
6 customers needed additional relief measures due to the
7 economical environment at that time and of course
8 consideration of ICBC's financial circumstances.

9 Okay, we'll --

10 MR. WONG: This is Brandon Wong speaking.

11 THE CHAIRPERSON: Mr. Wong?

12 MR. WONG: Sorry, this is Brandon Wong speaking. Can
13 you please move to the next slide. So it's question
14 1.4, the question is,

15 "To the extent possible, please provide an
16 estimate of the incremental costs to ICBC, if
17 any, to implement the three proposals..."

18 Examples: costs related to IT system changes,
19 additional compensation to brokers or staffing.

20 So in respect to the estimate of
21 incremental costs, ICBC does not expect any increased
22 staffing costs associated with these changes. Brokers
23 will also not be paid a fee or commission for
24 cancellations. The overall estimated system cost to
25 implement these system changes and then to undo them
26 once they're no longer required, is estimated to be

1 less than \$65,000.

2 Pause for any questions. If not, please
3 move on to the next slide.

4 Question 2.1 is to confirm the \$30
5 cancellation charge will be applied equally to all
6 non-fleet customers who wish to cancel their Basic
7 insurance during the 60-day period, regardless of
8 their reasons cancelling. So in respect to the \$30
9 cancellation charge, it will be applied equally to all
10 non-fleet customers that do wish to cancel their Basic
11 insurance during that 60-day period. The reason why
12 it would not apply equally is that for both ICBC and
13 the broker it would be difficult to verify whether the
14 cancellation is directly or indirectly related to the
15 pandemic.

16 MS. AIMERS: Okay, it's Kelly Aimers again. Next
17 slide, please.

18 Commissioner Morton, this is the question
19 asking about how we developed the two to two and a
20 half million and I'll provide some numbers in this
21 response. As I mentioned, we did look at data for the
22 first three weeks during the state of emergency and
23 the number of cancellations that we saw during those
24 first three weeks were averaging about 1,700
25 cancellations a day, which is 700 cancellations higher
26 than normal levels of 1,000 cancellations a day.

1 insurance policy.

2 I would also like to add that customers may
3 also be cancelling their policy due to other reasons,
4 such as change of ownership or total loss. Ultimately
5 a customer may also choose to self-insure the value of
6 their vehicle for a stated purchase coverage
7 elsewhere.

8 Question 2.3.1,

9 "Would the expected increase in storage
10 insurance premium revenue outweigh the financial
11 impact of waiving that \$30 Basic insurance
12 cancellation fee?"

13 So overall, the premiums from storage
14 policies will not have any impact on basic insurance
15 premiums, as storage policies are optional in that
16 basic insurance product. Which again, customers may
17 choose to purchase a storage policy from ICBC or from
18 another insurance provider.

19 Any questions? If not --

20 THE CHAIRPERSON: Yeah, I have a question. So with
21 respect to your answer, well presumably, of the people
22 that cancel their insurance, at least some of those
23 would purchase some storage insurance from ICBC, is
24 that not a reasonable assumption?

25 MR. WONG: Correct, it is.

26 THE CHAIRPERSON: So, the question is then, would the

1 revenues you get from that offset at least some of the
2 two to two and a half million? And can you answer
3 that?

4 MS. AIMERS: You can't look at it as offsetting,
5 because the storage policy does have a risk associated
6 with it. That storage policy could cover them from
7 theft or fire. So the premium associated with storage
8 appropriately reflects the risk that is applied to
9 that customer.

10 THE CHAIRPERSON: Okay, thank you.

11 MR. WONG: If there are no more questions, please
12 proceed to the next slide. Question 2.4,

13 "Will non-fleet customers be able to keep their
14 existing vehicle licence plates after cancelling
15 their insurance? ... If so, will non-fleet
16 customers be able to purchase storage...without
17 having to change their plates when they reinsure
18 to drive in the future?"

19 ICBC will be submitting tariff amendments
20 pertaining to the waiving of Basic insurance
21 cancellation charge. And those amendments are
22 intended to apply instead of other cancellation
23 requirements during the period which they were in
24 effect.

25 Non-fleet customers would be able to keep
26 their existing vehicle number plates after cancelling

1 their insurance if their intention is to reuse that
2 plate and they reinsure their vehicle in the future,
3 regardless of whether or not they purchased a storage
4 policy.

5 So one is a system solution for suppressing
6 the cancelation of fees occurs this week. This will
7 allow this functionality to exist, and non-fleet
8 customers will be able to retain their plate. The
9 ability to reuse that plate would then be granted with
10 a subsequent system relief on May 30th. Prior to that
11 date, if a non-fleet customer would still have to
12 obtain a new plate if they have cancelled their
13 insurance and they wish to re-plate. After that May
14 30th date, then that ability to retain that plate would
15 be available.

16 Any questions?

17 MR. CHEUNG: Sorry, it is Leon here. Mr. Wong, did you
18 say May 30th? What is the significance of that date?
19 I couldn't really hear that.

20 MR. WONG: The significance of the May 30th date is
21 subsequent system relief. So currently the
22 functionality to retain your plate does not exist in
23 the system. That functionality is going to exist
24 after relief this week, that's going to allow a
25 customer to have the option of retaining their plates.
26 Subsequently the ability to reuse that plate is going

1 to be that subsequent release on May 30th. So, if a
2 customer comes in prior to that date and they wish to
3 re-plate, unfortunately they will have to obtain a new
4 plate. After that May 30th date, if they come into the
5 office, then they will have the ability to retain
6 their previously cancelled plate.

7 MR. CHEUNG: Okay, thank you, Mr. Wong. A follow up
8 question on that then, it's a much higher level.
9 Let's say after this web hearing, if the BCUC grants
10 ICBC the interim approval, let's say later this week,
11 would ICBC be ready from a system point of view to
12 carry out all their proposals?

13 **Proceeding Time 3:46 p.m. T11**

14 MR. WONG: Correct. So the system relief for this week
15 is slated to be complete. The timing-wise if BCUC
16 gives us the interim approval, the ability to have
17 that release available, it's going to be there.

18 MR. CHEUNG: Thank you.

19 MR. WONG: If there's no further questions can you
20 please move on to the next slide.

21 Question 2.5.

22 "Will ICBC and/or brokers inform the
23 policyholder of the consequences of driving a
24 vehicle without valid insurance? Please
25 elaborate on what advice to customers ICBC
26 and/or brokers will provide."

1 So customers who cancel their policies will
2 be advised that they must essentially remove their
3 plates. Their vehicle may not be driven. It must be
4 parked off highway on private property such as a
5 garage, parking space or a driveway. Optional storage
6 policy maybe be purchased from ICBC or from a private
7 insurer.

8 Customers will be reminded of the risk of
9 operating a vehicle without valid insurance. There
10 could be potentially be fined by police or in event of
11 accident be personally responsible for any damage --
12 of damages or injuries caused in the case of a crash.
13 So these could be some severe financial consequences
14 if a customer is driving without insurance.

15 Any questions in respect to this?

16 MS. AIMERS: Okay, it's Kelly Aimers again. Next
17 slide, please. So for the question 2.6 it's asking
18 about the number of customers that drive without valid
19 insurance. It's asking for the numbers and the
20 percent over the last three years.

21 So from 2017 the number that we have on
22 file is 1,355. In 2018 it's 1,260. In 2019 it's
23 1,126. When we convert that to a percent of overall
24 claims it is a very low amount. It is 0.15 percent of
25 our total claims for each of those years.

26 And so just to, you know, reiterate, Mr.

1 Wong, these are very low. Police can identify them
2 from scanning the plate. They currently use the
3 decals.

4 So I want to also speak to, you know,
5 moving forward while the decals might not be valid if
6 a customer does not remove the plate, police can still
7 scan that plate and see that the insurance is invalid
8 if the customer does not remove the plate from the
9 vehicle. So it's really important to make that note.
10 If a customer is caught without insurance, as Mr. Wong
11 mentioned, there are fines. Any claim may be
12 breached.

13 So this is something that we've taken very
14 seriously and we've had conversation with police
15 enforcement to make sure that they are aware of this
16 change, as well as their broke to ensure the proper
17 communication to our customers.

18 MR. WONG: If there's no questions, please move on to
19 the following slide.

20 MS. AIMERS: Okay, so 2.8 asked us to clarify what we
21 mean by customers lose eligibility for their distance
22 factor and so I want to clarify that the statement
23 provided on page 2 of the application was clarifying
24 that the eligibility criteria when the customer comes
25 back to reinstate their insurance. So this is a
26 prospective basis.

1 MS. AIMERS: This will be during that broker
2 conversation when they phone in to change their
3 coverage, or cancel their policy. The broker will --
4 we have been helping the broker with speaking points
5 in regards to these items, to advise the customer that
6 when they cancel insurance that they no longer have
7 coverage for, as I mentioned, theft or fire.. So
8 potentially the broker could recommend purchasing
9 storage coverage for them.

10 As well as if they are currently receiving
11 the 10 percent discount from the low mileage factor,
12 the broker should inform the customer that they will
13 not be eligible for that discount when they come back
14 to re-plate the vehicle.

15 MR. BUSSOLI: Okay, thank you.

16 MR. WONG: So this is Brandon Wong speaking for
17 question 3.1.

18 "Please confirm that the proposal to transfer
19 fleet customers to Rate Class 919 will be
20 applied equally to all fleet customers who wish
21 to suspend their Basic insurance policy during
22 the 60-day period, regardless of the reason to
23 cancel."

24 So the proposal to transfer fleet customers
25 to rate class 919 will be applied equally to all fleet
26 customers, except for taxi fleets that sign up for

1 that new distance-based model. For these --
2 specifically for these taxi customers, the new model
3 will pay premium based on the distance driven. This
4 is beneficial for taxis as while they are now
5 operating their insurance costs will be low, and as
6 they are in a distance-based model as opposed to being
7 flat rated. For taxis that are not on the new
8 distance-based model, they will have the option of
9 moving to rate class 919.

10 So question 3.2,
11 "Please explain whether fleet customers are
12 required to purchase storage insurance after
13 they suspend their Basic insurance."

14 As with non-fleet customers, there is no
15 requirement for customers to purchase storage
16 insurance. Customers that suspend their Basic
17 insurance have the option to obviously self-insure the
18 risk, or may choose once again to purchase optional
19 coverage from ICBC or another insurance provider.

20 Any questions?

21 COMMISSIONER MAGNAN: Yes, Mr. Wong, it's Commissioner
22 Magnan. In this particular instance, if a fleet's
23 insurance is due for renewal within the 60-day period,
24 what options do they have? Do they need to renew
25 their insurance policy at that time? Or can they wait
26 until the 60-day period is over before they renew

1 their insurance?

2 MR. WONG: So, for customers that do go into 919,
3 essentially it is existing rate class in our system.
4 The customer can still -- with BCUC interim approval,
5 the customer can still maintain being in 919. In the
6 event that the order has ended and the ability for
7 customers to stay in 919 is not possible, ICBC would
8 then inform customers that the authority to be in 919
9 is no longer there. A customer does have the option
10 if they want to lapse the policy, if they don't renew
11 the policy immediately during that time, they do have
12 the ability for lapse policies to come back at a later
13 date to reinsure their vehicles, whether that is
14 continually having them stay in 919, or whether it is
15 adding coverage back to their policy or vehicle.

16 COMMISSIONER MAGNAN: And there are no penalties that
17 would be incurred by waiting to renew the policy? I'm
18 thinking of a situation where you might have a fleet
19 that has been parked because of the COVID-19
20 situation, and they are waiting for it to be
21 completely through the system before they start
22 providing service, whatever that service is with their
23 particular fleet?

24 MR. WONG: Yeah, of course, so I think as Ms. Aimers
25 alluded to earlier in one of the questions is that
26 depending on conversations with the government, if we

1 purchased a storage policy.

2 Any questions? Please move on to the next
3 slide.

4 So question 3.4, Rate Class 919 solution.

5 "Please clarify whether an expiry date is
6 necessary for those customers who have been
7 transferred to Rate Class 919 or if ICBC is
8 proposing that the transfer to Rate Class 919
9 will terminate after the 60-day period?"

10 I alluded to it earlier, but the rate class
11 919 solution is currently tied to that 60-day period
12 and will indeed terminate after the 60 days. Prior to
13 that termination of this change, ICBC will assess the
14 economic situation and its impact on fleet business.
15 This will involve obviously discussions with
16 government. ICBC may reapply to BCUC to retain that
17 section that allows 919 rate class to be utilized by
18 our fleet customers. If ICBC does not apply for this
19 extension and we are not ready to resume operation at
20 the end of the 60-day period, then the owner will
21 still have the option of potentially cancelling that
22 policy.

23 Any questions in respect to 3.4? Thank
24 you.

25 MS. GUZMAN: Sorry, this is Bonnie Guzman from BCUC
26 Staff. I think before we move on to the next topic,

1 with regards to the proposals for fleet customers, I
2 just had a general question about it. I note on
3 application -- on page 3 of the application, in the
4 first paragraph of section 1.2 ICBC states that,
5 "Like ICBC's non-fleet customers, fleet
6 customers may also wish to suspend Basic
7 insurance on some or all of their vehicles or
8 reduce overage during the COVID-19 pandemic."

9 So I'm just wondering in terms of these
10 proposals, can you explain how they relate to the
11 customers who may wish to reduce their coverage during
12 this time as opposed to suspending Basic insurance
13 entirely?

14 MR. WONG: Thank you, that's an excellent question.
15 For customers that reduce coverage, there's still the
16 expectation that they keep Basic insurance on their
17 vehicle. Depending on the type of business they have,
18 the current option for a lot of our customers is to
19 reduce coverage. This 919 solution actually allows
20 them to remove Basic overage from their policy, which
21 something typically ICBC does not allow, with the
22 flexibility of not having to cancel their vehicle
23 license plate.

24 MS. AIMERS: Just to add on to that answer, we are
25 currently seeing out customers make changes to their
26 insurance. So for example, they are dropping certain

1 optional converges such as third-party extension,
2 they're increasing their deductibles, as well as
3 they're changing rate classes. So they're moving more
4 from, you know, to and from work use to a pleasure
5 use. So we are seeing that today to help customers
6 alleviate that premium and more align to the risk that
7 they're incurring today.

8 MS. GUZMAN: Okay, thank you.

9 MR. CHEUNG: It's Leon Cheung here. Just to clarify,
10 what ICBC's requesting for is only for the suspension
11 piece because it requires tariff amendment. All the
12 other pieces where a customer may wish to reduce
13 coverage, that's already allowed in the tariff,
14 correct?

15 MS. AIMERS: Well, the reducing coverage would be on
16 the optional side of things, so it wouldn't be covered
17 in the tariff, yes.

18 MR. CHEUNG: Thank you.

19 MS. AIMERS: Oh, sorry, but also the changing rate
20 class would be part of the tariff, yes. Yes, Mr.
21 Cheung.

22 MR. CHEUNG: Thank you.

23 **Proceeding Time 4:02 p.m. T14**

24 MS. AIMERS: Okay, so we can move to the next slide,
25 please. Kelly Aimers, again.

26 So question 4, we're moving on to the

1 delivery use. The first question is to please explain
2 the actuarial basis.

3 Most of this answer was provided earlier
4 but I'll still provide a high-level answer. So as I
5 mentioned before ICBC has not been able to conduct a
6 full actuarial analysis to estimate the added costs
7 for allowing delivery use in a non-delivery use rate
8 class.

9 So again back to the urgent need to provide
10 relief to those customers whose business model has
11 changed due to COVID-19 and they're delivering food
12 and medical supplies to British Columbians. ICBC is
13 proposing to follow its rate design principle, that
14 rates should be administratively simple and practical
15 to implement and allow these customers to continue to
16 be rated under the current rate class for this
17 temporary time period.

18 The second question asks for the estimated
19 range of the foregone Basic insurance premium. Just
20 to first note that in the absence of COVID-19 these
21 customers would have no need to change their rate
22 class to a delivery use rate class. So if you're
23 looking at it from that perspective there is no
24 foregone Basic insurance premium.

25 However, with COVID-19 of course there are
26 some customers who have had to change their business

1 model to delivery.

2 So according to the current Basic tariff
3 ICBC would collect additional premium for this change
4 in risk. And as I mentioned before, we are not able
5 to estimate the number of policies that are now
6 driving for delivery use, nor do we know how many will
7 be driving for delivery use in the next 60 days under
8 this proposed change. So we can't estimate the
9 overall financial impact.

10 What we can provide the Commission is that
11 Basic premium would be 104 percent higher for those
12 customers driving in a delivery use rate class of 013
13 compared to those customers driving in pleasure use, a
14 rate class of 001. So that's operating in Lower
15 Mainland Territory D.

16 Now, if you were to look at the business
17 use rate of 007 and compare that to delivery use, the
18 delivery use is 87 percent higher for the Basic
19 premium.

20 So in our Schedule C in the Basic tariff it
21 highlights all the differences between our rate
22 classes and territories. Those are on pages 1 and 6.
23 And just to again reiterate something I said earlier
24 is that when we're looking at this new risk of
25 customers we don't know whether or not they're closely
26 aligned to the pleasure use rate class or that

1 delivery use rate class.

2 So my guess is it's somewhere in between
3 and then again back to that principle of practicality
4 we're suggesting to keep them in their current rate
5 class.

6 MR. CHEUNG: Ms. Aimers, it's Leon. It's Leon Cheung.
7 Let's say if the BCUC panel requests ICBC to do an
8 after-the-fact evaluation, is that a possible exercise
9 or is that not a possible exercise?

10 MS. AIMERS: Currently we're not asking our customers
11 to tell us that they're operating for delivery
12 purposes, so it's not something that we're tracking at
13 the moment. So my quick answer would be no, we
14 wouldn't be able to come back to you with analysis on
15 this.

16 MR. BUSSOLI: It's Lino Bussoli, external counsel. So
17 the only way that ICBC would be able to sort of audit
18 this would be if a person who was an employee of a
19 restaurant, let's say for an example, began delivering
20 for that restaurant because the restaurant changed its
21 business and then got into an accident and I suppose
22 at that ICBC would investigate the claim of that
23 individual who got in the accident, the delivery
24 driver, to see if they were actually an employee that
25 was hired, sort of subsequent to COVID-19?

26 **Proceeding Time 4:06 p.m. T15**

1 Or had been hired prior to COVID-19 to determine
2 whether or not they should be in the residential rate
3 class or delivery rate class?

4 MS. AIMERS: Yes, that would have to be coming from our
5 claims department at the time of the claim, yes.

6 MR. BUSSOLI: Yeah. Otherwise ICBC won't be -- you're
7 not expecting people to call in and say "I'd like to
8 use my car to deliver for this restaurant."

9 MS. AIMERS: That's correct.

10 MR. BUSSOLI: Okay. Thank you.

11 MR. WONG: This is Brandon Wong speaking. If there are
12 no further questions, please move to the next slide.

13 So for question 4.3,

14 "Has ICBC considered permitting other non-
15 delivery rate classes to participate in
16 deliveries?"

17 So in the proposal to participate in
18 deliveries, all rate classes were considered. The 13
19 proposed rate classes are the personal use rate
20 classes that currently permit delivery, but
21 restrictive use to no more than 6 days in a calendar
22 month. There are various reasons why other rate
23 classes have now been proposed to participate in
24 delivery. For example motorcycles in rate class 310
25 to 314 have no use restrictions, therefore delivery
26 use is already included. For collector motor vehicles

1 and motorcycles that have special vehicle -- they have
2 a special vehicle license that prohibits uses such as
3 delivery. Typically collectors also have a secondary
4 daily drive vehicle that they can utilize if this need
5 arise.

6 With respect to question 4.4, it's to
7 clarify whether ICBC will be providing a definition in
8 the tariff for "delivering food" and "delivering
9 medical supplies". We will provide a detailed
10 descriptions in the tariff of the specific types of
11 deliveries that are considered as delivering for food
12 or medical supplies, for which a customer obviously
13 would not be required to change their owner's
14 certificate to rate class 013. These descriptions
15 will set out who will be permitted to make the
16 deliveries and from what type of businesses these
17 deliveries may be made.

18 If I can ask you to please move on to the
19 next slide, I would like to elaborate on which
20 businesses will be permitted with this change. As you
21 discussed earlier in the hearing and as Ms. Aimers
22 alluded to, the changes to allow ICBC customers that
23 are insured for personal use to use their vehicles for
24 delivery of food or medical products without that need
25 to change their insurance, earlier I mentioned
26 obviously the waiter example. This change would also

1 include full service restaurants, limited service
2 eating places, grocery stores. So the delivery of
3 groceries if the need arose by employee. Pet and feed
4 supply stores, or any veterinarian service. This
5 would include both employees or owners of the
6 business.

7 For medical supplies, employees of a
8 pharmacy, medical supply drug stores, obviously once
9 again, pet and feed supply store, or veterinary
10 services will also be covered with this change.

11 And to quickly loop back to an earlier
12 question by Commissioner Morton, and I believe Matt
13 also spoke up in respect when an individual is hired
14 and whether this temporary change would apply to them,
15 the answer is less about when the individual was
16 hired, but more if at the time of an accident that
17 individual was an employee of that organization. If
18 they were employee, an accident occurs, the relief
19 measures are in place, essentially means that a
20 customer would not have been required to change their
21 insurance.

22 I will pause if there are any further
23 questions.

24 COMMISSIONER MAGNAN: It's Commissioner Magnan again.
25 When you mentioned employee, is it a full-time
26 employee, part-time employee? How is employee

1 defined?

2 MR. WONG: I am just going to put you on mute for a
3 quick second.

4 This is Brandon Wong speaking again. So,
5 it doesn't matter whether the individuals are part-
6 time or full-time employee, as long as they are
7 employee, they will be covered.

8 COMMISSIONER MAGNAN: Thank you.

9 MR. WONG: If there are no further questions, please
10 move to the next slide. So question 4.5,
11 "Are customers required to apply or inform ICBC
12 about their change in vehicle use, prior to
13 delivering food or medical supplies?"

14 **Proceeding Time 4:12 p.m. T16**

15 I think Ms. Aimers had also alluded to
16 this. Eligible customers would not be required to
17 apply or inform ICBC about any of the change in their
18 vehicle use.

19 To answer the question of 4.5.2,
20 "...in the event of a crash, will ICBC ask the
21 customer to declare their vehicle use at the
22 time of the accident?"

23 As part of ICBC's normal claims process,
24 customers are asked to declare their vehicle use when
25 reporting a claim.

26 Any questions?

1 THE CHAIRPERSON: Yes, can we go back to the last slide
2 for one moment, please? Okay, thank you.

3 Okay, thank you.

4 MR. WONG: Please move to the next slide. So question
5 4.6,

6 "Does ICBC plan to monitor and/or analyze the
7 additional risk, if any, associated with
8 permitting delivery use in non-delivery rate
9 classes? If so, how? If not, why not?"

10 In respect of additional risk, ICBC would
11 not be able to accurately determine the additional
12 risk of permitting delivery use in non-delivery rate
13 classes, essentially because unless a claim were to
14 occur, ICBC would have no mechanism to monitor or
15 analyze this.

16 For 4.6.1,

17 "To the extent possible, please provide a cost
18 estimate per case for ICBC to handle claims
19 related to vehicles used for delivery..."

20 So for ICBC, we do not differentiate
21 between rate classes in determining the costs of
22 handling a claim. The handling cost would depend on
23 the complexity of the claim, this is in respect to
24 liability, the overall claims detail and the number of
25 parties involved.

26 Any question in respect to 4.6?

1 MS. AIMERS: Before we move to our last slides, are
2 there any other questions in regards to these
3 proposals?

4 THE CHAIRPERSON: Does Staff have any more questions?
5 Any questions from the panel?

6 MS. GUZMAN: This is Bonnie, Bonnie again from BCUC
7 Staff. I have a question about the BCUC question
8 number 2.8 when we were discussing the distance
9 factor. And I was just wondering, if I heard
10 correctly, Ms. Aimers, you were explaining that this
11 is applied to re-plating, the re-plating process, so
12 it is a prospective statement. And you indicated that
13 there would need to be a period of time in which once
14 customers re-plate, they can't apply for the distance
15 factor because there isn't 12 months of historical
16 data to apply. And so based on that, I would assume
17 then that the premiums that would be collected from
18 customers once they re-plate would be higher than what
19 they might have paid prior to COVID-19, assuming all
20 else is held equal, other than the distance factor.

21 So, would you say that the premiums from
22 the distance factor could be used in a way to offset
23 the 2 to 2.5 million dollars we discussed earlier
24 related to the loss cancellation charges?

25 MS. AIMERS: There are so many factors that push the
26 overall estimate up and push it down. The example you

1 gave, fair enough, yes, it would offset it, but if you
2 think about it, there are also customers that have
3 their cars parked that are not cancelling their
4 insurance who may now be eligible for the distance
5 factor when they come and renew. So, it's hard to
6 pinpoint a value to each of these smaller items.

7 MS. GUZMAN: I see. Great, thank you.

8 MS. AIMERS: Okay, we can move to the next slide
9 please. So, overall, ICBC is seeking an interim
10 order, on a non-refundable basis, effective no earlier
11 than April 23rd, which is this Thursday. The reason
12 why we are seeking a non-refundable is it is
13 reasonable to -- logistical issues and costs
14 associated with refunds. And what I mean by that is
15 the cost to refund, the cost to bill a customer the
16 \$30, there is an expense to ICBC for that.

17 As well, we mentioned it earlier, when we
18 announced the fact that we are waiving a cancellation
19 fee, what it could do is entice the customer to come
20 in and cancel. So if we have to go back and collect
21 that \$30 for them, it could have a very negative
22 public perception on that act. So we are asking for
23 this to be a non-refundable process.

24 MR. CHEUNG: Ms. Aimers, it's Leon Cheung here. This
25 might be nitpicking. When ICBC requests for a 60-day
26 period, are we talking about 60 calendar days?

1 MS. AIMERS: Yes, 60 days from the date that this is
2 effective.

3 MR. CHEUNG: Okay, and does that 60 day include the day
4 of the order, or exclude the day of the order?

5 MS. AIMERS: It would include the day.

6 MR. CHEUNG: Thank you.

7 **Proceeding Time 4:19 p.m. T17**

8 MS. AIMERS: Okay, the next slide please. So in
9 conclusion, ICBC submits that the measures are just
10 and reasonable given the unprecedented time that we
11 are in. This does benefit our Basic policyholders
12 during this period and it adheres to the regulatory
13 framework, as well as it adheres to accepted actuarial
14 practice.

15 MR. GHIKAS: So Mr. Chairman, that -- it's Matt Ghikas.
16 That concludes the presentation subject to any
17 questions that you have and then I can turn to closing
18 submissions, which will be relatively brief once the
19 questions are all wrapped up.

20 THE CHAIRPERSON: Okay. I have no further questions.
21 Does anyone else have nay further questions?

22 Well, it looks like it's over to you Mr.
23 Ghikas.

24 MR. GHIKAS: Thank you. This is my favourite part when
25 I get to talk, so.

26 THE CHAIRPERSON: Okay. No comment from us here.

1 MR. GHIKAS: Yes, I notice there was a deafening
2 silence there.

3 **CLOSING SUBMISSIONS BY MR. GHIKAS:**

4 All right, I wanted to focus on three
5 points and first of all the first point that I wanted
6 to highlight was that ICBC has demonstrated the need
7 for and the reasonableness of taking the proposed
8 steps. And if you consider the first two measures,
9 for example, those are effecting simple changes, in my
10 submission, that facilitate customers adjusting their
11 coverage and their premium in a way that makes more
12 sense for them based on their driving requirements
13 during this period of COVID-19. If people aren't
14 using their vehicles, this facilitates them adjusting
15 that to, in effect, adjusted to their risk.

16 The third measure provides an important
17 assistance to businesses, including mom and pop
18 businesses that we've heard a lot about that are
19 struggling these days and that have been forced to
20 change their business model as a result of closures
21 and start using personal vehicles to deliver their
22 food and medical supplies, and this provides an
23 important benefit to those businesses and should be
24 encouraged, in my submission.

25 The second point that I wanted to highlight
26 was that the evidence is compelling that the proposals

1 align with the regulatory framework, and in particular
2 with the requirement in Special Direction IC2 that
3 rates be determined according to accepted actuarial
4 practice.

5 **Proceeding Time 4:21 p.m. T18**

6 Ms. Aimers you heard from today is a fellow
7 of the Canadian Institute of Actuaries, among other
8 organizations. She provided her professional opinion,
9 and I sought to quote it, but effectively that each of
10 the initiatives and on a combined basis meet accepted
11 actuarial practice. And when Ms. Aimers started out
12 today she highlighted that accepted actuarial practice
13 involves the exercise of professional judgment and
14 applying established principles. And those
15 principles, despite being framed in actuarial terms,
16 will sound and resonate -- and will sound very
17 familiar and resonate with a utility industry person,
18 many of which are on the call as well.

19 And those principles encompass that the
20 fact that premiums have to cover the overall cost and
21 that's a revenue requirements matter. And on that
22 point Ms. Aimers said -- and my note taking again will
23 be imperfect, but she said that it's difficult to say
24 whether it will be perfectly in balance, but it will
25 be bringing it closer than if we did nothing at all
26 for as long as the pandemic influences driving

1 behaviour.

2 And then we turn to the issue of
3 appropriate rate design. And, again, just like in the
4 utility context we have various rate design principles
5 that come into play in the context of accepted
6 actuarial practice. Ms. Aimers listed stability and
7 predictability, administrative simplicity, ease of
8 understanding, and operational and practical
9 considerations. And these proposals are rate design
10 matters and they reflect the rate design principles
11 that Ms. Aimers articulated.

12 Dealing individually with each proposal --
13 in fact the first and the second proposal can be
14 viewed from the perspective of removing an impediment
15 to people changing the premium that they're paying to
16 align better with the risk that they represent during
17 this period based on their driving habits. And so
18 there's broad alignment of premium and risk
19 directionally even if the match isn't perfect.

20 And with respect to the second one, Ms.
21 Aimers highlighted the fact that accepted actuarial
22 practice doesn't in fact on an individual measure
23 basis really arise at all, because what this proposal
24 is is more of a stopgap measure or a jury-rigging in
25 effect to allow the same outcome that would otherwise
26 occur with less administrative work for customers and

1 ICBC. It's a win-win from that perspective.

2 **Proceeding Time 4:24 p.m. T19**

3 And the third proposal, allowing people to
4 temporarily use their vehicles for delivery of food or
5 medical products on an unrestricted basis, ICBC
6 indicated in the application that there are costs
7 associated when people use their cost and risk
8 associated with people using their vehicle in that
9 manner relative to what they would otherwise be able
10 to do in that rate class.

11 But the point that Ms. Aimers made, and
12 this is a critical point, is that in the rate design
13 context that's okay because there are other rate
14 design principles that also come into play and are
15 really important in this context.

16 She highlighted administrative simplicity
17 and ease of administration and she pointed out that
18 rates are almost never purely cost-based when it comes
19 to rate design, either in the utility context or in
20 the insurance context, because every driver has a
21 different risk profile, every vehicle has a different
22 risk profile and purely cost-based rates would mean
23 effectively that every policyholder would be paying a
24 different -- in its own customer class and paying a
25 different premium.

26 And so there's a need to group

1 policyholders for administrative ease and that
2 inevitably comes with grouping customers that have
3 different risk characteristics within a single class
4 and decisions have to be made about where the dividing
5 line is and that's a matter of underwriting judgment
6 where you talk into account those principles that we
7 talked about.

8 And so if you step back and you look at
9 what the decision is on this point, the decision
10 essentially with respect to these people who might do
11 food or medical deliveries comes down to a choice
12 between three buckets, effectively. Do you put them
13 in a group with Foodora and Uber Eats, professional
14 delivery companies, or do you leave them where they
15 are, or do you create an entirely new rate class for
16 them?

17 And in the current context, given the high
18 level of uncertainty that Ms. Aimers talked about and
19 the unusual circumstances and the temporary nature of
20 the measures that we're talking about, all of those
21 things point to it making sense to leave those
22 customers in a rate class that they're already in.
23 And so we have, ultimately, the admirative simplicity
24 and the ease of implementation carrying a lot of
25 weight in this case.

26 So turning to my third and final point, and

1 that's just the implementation of interim rates, and I
2 want to break this into three separate.

3 **Proceeding Time 4:27 p.m. T20**

4 The first one is a housekeeping one. The
5 draft order that's in Appendix A of the application
6 cite, section 89 as authority for the interim rates
7 order. I am aware, and I understand that the BCUC has
8 actually been issuing the orders for FortisBC and BC
9 Hydro under section 91 of the Act, with Char, which is
10 Orders without Notice and Special Circumstances. And
11 from ICBC's perspective, there is no practical
12 difference as between those sections, simply because
13 the process it was contemplating anyway would be the
14 same regardless, but I did want to acknowledge that
15 point in my submissions.

16 The second point that I wanted to just
17 highlight was the effective date. The effective date
18 has been highlighted as April 23rd, and it's important
19 and I wanted to underscore that, because what
20 underlies that date is the logistics of implementing
21 the systems. It can't be before that date. And in
22 addition, if it's not going to be on that date, ICBC
23 is going to need to have a bit of a heads up if the
24 order is not going to come in time for that day,
25 because it needs to sort of flick the switch off, as
26 it were, as well. So I did want to draw that to the

1 Commission's attention in case there was some passage
2 of time before an order could be issued.

3 The third and final point that I wanted to
4 highlight was the non-refundable nature of the order,
5 and ICBC acknowledges it's not the standard approach
6 when it comes to interim rates. And what Ms. Aimers
7 identified the logistical issues, and the issues
8 associated with trying to go back to customers, and
9 get this funding back, in certain cases, and the
10 difficulties. I won't reiterate that. What I did
11 want to do is simply provide a bit of broader context.

12 And that is to just highlight that ICBC
13 differs from utilities in the case that it makes --
14 sorry, in the sense that it has a product that it
15 sells prospectively once a year going forward, and
16 that makes it much more difficult to deal with
17 refundable rates than for a utility that bills
18 monthly, for example. Where their rate rider can put
19 on and adjustments can be made, and it can be trued
20 up.

21 **Proceeding Time 4:30 p.m. T21**

22 And the BCUC has recognized that in the revenue
23 requirements context, where when interim rates are
24 ordered and there's a difference between the interim
25 rate and the permanent rate, that they way that that
26 has been addressed is not to go back and do a refund

1 for customers, but rather to address it in the
2 following application, flow the financial implications
3 through and that recognizes these same types of
4 logistical issues that we're dealing with here.

5 So in the context of what we're dealing
6 with and in the context of ICBC and the product its
7 selling, in my submission there is a good basis to
8 make the order on a non-refundable basis, particularly
9 given that it's expected that their time between the
10 interim order and the final order is likely to be
11 relatively tight in the circumstances.

12 So that concludes my submissions on those
13 three points. In closing I would simply say that ICBC
14 submits that the orders that it's requested are just
15 and reasonable and should be approved and that the
16 evidence supports them.

17 To any questions, that would conclude it
18 from my perspective.

19 THE CHAIRPERSON: Thank you, Mr. Ghikas. I do have one
20 question. So, do I understand you to say that
21 although you've applied under 89 you would have no
22 objection if it was granted under 91? Did you say
23 that essentially?

24 MR. GHIKAS: That's right. That's right. At the time
25 that we had provided the draft order we weren't aware
26 of the basis upon which -- or I wasn't aware of that.

1 THE CHAIRPERSON: All right, fair enough.

2 MR. GHIKAS: And it's fine as far as ICBC's concerned.

3 THE CHAIRPERSON: And do you have any submissions on
4 further process? What that should look like then?

5 MR. GHIKAS: What ICBC was contemplating is that there
6 would be some form as comment. As I understood it
7 based on what had happened previously, is simply a
8 comment process that reflected the requires of, in
9 this case, Section 91. Some comment process that
10 would occur quickly and then move us to a final order
11 to bring that certainty as soon as possible.

12 THE CHAIRPERSON: And would you say that we should
13 invite less revenue requirement participants for the
14 comment period?

15 MR. GHIKAS: I think that would be appropriate, Mr.
16 Chairman. That seems to be the usual group of people
17 and in the circumstances I think that would be
18 appropriate and sufficient, in my submission.

19 THE CHAIRPERSON: And would ICBC, could put this out on
20 their social media that we're looking for comment?

21 MR. GHIKAS: I'd have to take instructions on that one.
22 I'm not sure what we're equipped to do. I mean my
23 submission would be that it would sufficient to put it
24 out to the revenue requirements interveners and making
25 that not necessary.

26 **Proceeding Time 4:33 p.m. T22**

1 But should the Commission require a broader
2 publication beyond that, I'd have to take
3 instructions. Maybe somebody else can speak up as to
4 what capabilities they have.

5 THE CHAIRPERSON: I'm not necessarily saying we do or
6 we will, it's just it is normal practice, as you know,
7 when there is an application to inform the public
8 generally of it, which is why I asked the question.

9 MR. GHIKAS: Understood, yeah. And certainly social
10 media operates in a faster way than putting things in
11 the newspaper.

12 THE CHAIRPERSON: Exactly. Exactly, yeah. Okay. All
13 right, so that's fine, unless there's any more
14 questions, any further questions from anyone?

15 So thank you very much Mr. Ghikas and thank
16 you to everyone else who participated. We will have
17 an order out within -- our goal is to get it out
18 within a couple of days, so that addresses your other
19 concern. So, yeah, we will act in a timely fashion.

20 So on that note then, we're adjourned and
21 thank you everyone for your participation and
22 answering the questions and I hope you have a really
23 great reminder of the day. Thank you.

24 **(PROCEEDINGS ADJOURNED AT 4:34 P.M.)**

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I HEREBY CERTIFY THAT THE FORGOING
is a true and accurate transcript
of the proceedings herein, to the
best of my skill and ability.



A.B. Lanigan, Court Reporter

April 22nd, 2020