



**ORDER NUMBER**

**G-157-25**

IN THE MATTER OF

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

the *Insurance Corporation Act*, RSBC 1996, Chapter 228, as amended

and

Insurance Corporation of British Columbia  
Rate Design Compliance Report Extension Request

**BEFORE:**

E. B. Lockhart, Commissioner

on June 26, 2025

**ORDER**

**WHEREAS:**

- A. On March 7, 2025, the Insurance Corporation of British Columbia (ICBC) filed an application with the British Columbia Utilities Commission (BCUC) seeking to extend the filing deadline for ICBC's next annual rate design compliance report to December 31, 2029, and to report to the BCUC on an exception basis only in the interim period (Application);
- B. The BCUC's jurisdiction with respect to the regulation of ICBC's Basic insurance is set out by the *Insurance Corporation Act* and *Special Direction IC2 to the BCUC, BC Regulation 307/2004* as amended. The BCUC does not regulate ICBC's Optional insurance business;
- C. By Order G-188-18 with accompanying reasons for decision dated September 28, 2018, the BCUC approved, among other matters, certain rate design amendments to the Basic insurance tariff (Tariff) in accordance with Orders in Council No. 458/18 and 459/18. Order G-188-18 also directed ICBC to, among other things, file on an annual basis, a report on the results and impact of the new rate design (Rate Design Compliance Report) starting December 31, 2021;
- D. By Orders G-244-18, G-109-19, G-167-19, G-203-19, G-335-19, G-51-20, and G-26-25, the BCUC approved certain amendments to the Tariff that pertain to rate design, passenger transportation services products, and the disability discount factor. The BCUC directed ICBC to incorporate the results and impact of those amendments within the scope of its annual Rate Design Compliance Report;
- E. By Order G-87-25 dated April 2, 2025, the BCUC established a regulatory timetable for review of the Application that included a public notice requirement, one round of BCUC information requests, a letter of comment period, and ICBC final argument and reply to letters of comment; and

F. The BCUC has considered the Application and evidence in this proceeding and finds that the following determination is warranted.

**NOW THEREFORE** for the reasons outlined in the decision accompanying this order, the BCUC approves ICBC's request to file its next Rate Design Compliance Report with the BCUC by no later than December 31, 2029.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 26<sup>th</sup> day of June 2025.

BY ORDER

*Electronically signed by Blair Lockhart*

E. B. Lockhart  
Commissioner

## DECISION

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### 1.0 Introduction

On March 7, 2025, the Insurance Corporation of British Columbia (ICBC) filed an application for approval with the British Columbia Utilities Commission (BCUC) to extend the filing deadline for its next annual rate design compliance report to December 31, 2029, and to report on an exception basis only in the interim period (Application).<sup>1</sup>

In this decision, the Panel sets out its determination regarding the relief sought by ICBC, as well as the Panel's consideration of potential rate design compliance reporting after December 31, 2029.

### 1.1 Background

ICBC is a provincial Crown corporation mandated by the *Insurance Corporation Act*, the *Insurance (Vehicle) Act* and the *Motor Vehicle Act* to provide Basic insurance to motorists in British Columbia.

On August 9, 2018, by Order in Council (OIC) No. 458/18 and 459/18, the Lieutenant Governor in Council directed ICBC to apply to the BCUC for approval of rate design amendments, as set out in OIC 458/18, and directed the BCUC to regulate and fix the rates using the factors, criteria, and guidelines set out in OIC 458/18.

On August 15, 2018, in accordance with OIC 458/18, ICBC filed its 2018 Basic Insurance Rate Design Application.

On September 28, 2018, the BCUC issued Order G-188-18 regarding ICBC's 2018 Basic Insurance Rate Design Application (Rate Design Decision), in which the BCUC approved, among other matters, certain rate design amendments to the Basic insurance tariff (Tariff) in accordance with OICs 458/18 and 459/18. In the Rate Design Decision, the BCUC directed ICBC to, among other things, file on an annual basis, a report on the results and impact of the new rate design (Rate Design Compliance Report) starting December 31, 2021.<sup>2</sup> The BCUC required the Rate Design Compliance Report to include a minimum of the following:<sup>3</sup>

- Observations on the new rate design variables and rating factors, including those factors and their eligibility requirements that are: (i) unchanged or, (ii) updated/additional factors, under the new rate design;
- Whether it may be appropriate to implement changes to the new rate design variables and rating factors based on actuarial analysis using recent historical loss data;
- Whether it may be appropriate to implement changes to the new rating algorithm; and
- Impact of behavioural changes subsequent to the new rating algorithm, and new rate design variables and rating factors, if any. This may include a hindsight test of the assumptions that underlie the intended revenue neutrality.

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<sup>1</sup> Exhibit B-1, p. 1.

<sup>2</sup> ICBC 2018 Basic Insurance Rate Design Application, Order G-188-18 with reasons for decision dated September 28, 2018.

<sup>3</sup> Ibid.

In subsequent orders, the BCUC approved certain amendments to the Tariff that pertain to rate design and passenger transportation services products, such as taxis and ride-sharing. When approving these amendments, the BCUC directed ICBC to incorporate the results and impact of those changes into the Rate Design Compliance Report.<sup>4</sup> In the BCUC's February 2025 decision on ICBC's Disability Discount Factor Pilot Program, the BCUC also directed ICBC to incorporate information in its Rate Design Compliance Report on any material changes as a result of making the disability discount factor permanent, effective May 1, 2025.<sup>5</sup>

In addition to those changes approved by the BCUC, certain changes to the Basic insurance product have taken place as a result of government direction, such as the introduction of the Enhanced Care product reform on May 1, 2021. Enhanced Care replaced the previous full-tort and modified-tort legal-based systems with a no-fault system that largely removed legal costs. ICBC has stated that this means Enhanced Care is focused on ensuring that customers receive the treatment and care required as they recover from their injuries as a result of their involvement in a motor vehicle crash regardless of fault, thus moving away from an adversarial legal-based model.<sup>6</sup>

ICBC has submitted four annual Rate Design Compliance Reports to the BCUC since December 2021.<sup>7</sup>

## **1.2 Legislative and Regulatory Framework**

Part 2 of the *Insurance Corporation Act* and specified sections of the *Utilities Commission Act* set out the BCUC's jurisdiction to regulate ICBC's Basic insurance business. ICBC must make available Basic insurance in a manner, and in accordance with practices and procedures, that the BCUC "considers are in all respects adequate, efficient, just and reasonable."<sup>8</sup> In addition, *Special Direction IC2 to the BCUC, BC Regulation 307/2004*, as amended (Special Direction IC2), sets out the regulatory framework and requirements for the BCUC's regulation of Basic insurance. Special Direction IC2 requires Basic insurance rates to be fixed based on accepted actuarial practice so that the rates allow ICBC to collect sufficient revenue to pay the costs related to Basic insurance.<sup>9</sup>

The BCUC does not regulate ICBC's Optional insurance business.

## **1.3 Application Review Process and Participants**

On April 2, 2025, the BCUC established a regulatory timetable for review of the Application that included a public notice requirement, one round of BCUC information requests, a letter of comment period, and ICBC final argument and reply to letters of comment.<sup>10</sup>

The BCUC received two letters of comment from one member of the public.

## **2.0 ICBC's Annual Rate Design Compliance Report Extension Request**

As noted above, ICBC proposes to extend the filing date for its next annual Rate Design Compliance Report to December 31, 2029, and to report on an exception basis only in the interim period.

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<sup>4</sup> Orders G-109-19, G-203-19, G-335-19, G-167-19 and G-51-20.

<sup>5</sup> Order G-26-25.

<sup>6</sup> Decision and Order G-266-23, p. 7.

<sup>7</sup> Exhibit B-1, p. 1.

<sup>8</sup> *Insurance Corporation Act*, section 45(1).

<sup>9</sup> Special Direction IC2, section 3 (1)(c).

<sup>10</sup> Order G-87-25.

ICBC provides the following three reasons for its proposal:<sup>11</sup>

- For the four annual Rate Design Compliance Reports filed since 2021, ICBC has not observed any unexpected results related to the new rate design variables, rating factors, and transportation network services products, except in relation to the expectation of revenue neutrality in year one.
- ICBC will continue to account for variances and any other changes in ICBC's experience compared to prior expectations in the overall revenue requirements analysis through the average premium trend analysis, miscellaneous revenue, and offsetting impacts through changes in claims cost.
- The introduction of Enhanced Care and the impact of the COVID-19 pandemic mean that it will take a few more years without any further significant changes before ICBC can develop more meaningful data and provide reporting based on actuarial analysis.

Therefore, ICBC submits, continued annual rate design compliance reporting would not yield substantive new information and would likely repeat previous findings for several years.<sup>12</sup>

### **ICBC Analysis of the Proposed Deadline**

ICBC states that the proposed deadline of December 31, 2029 for its next Rate Design Compliance Report allows time for:<sup>13</sup>

- One year of policies post-Enhanced Care implementation on May 1, 2021, which includes policies with an effective date up to April 30, 2022. These policies cover any claims made between May 1, 2021 and April 30, 2023.
- Five years of claims data development, which ICBC considers to be necessary to complete an actuarial analysis. The five years of data is particularly important for the enhanced medical rehabilitation and enhanced disability claims within the enhanced accident benefits coverage, as these claims often have a long duration and the costs for these claims typically develop over several years. ICBC must therefore wait until May 1, 2028, to assess whether the post-Enhanced Care Coverage claims costs data is sufficiently complete and ready for actuarial analysis.
- Assuming the data is sufficient, the actuarial analysis will take an estimated 6 to 9 months to complete, with another 9 to 12 months of post-analysis consultation with stakeholders, ICBC's Board of Directors, and the provincial government on possible rate design changes, as appropriate, before preparing and filing an application with the BCUC.

ICBC states that the impact of the COVID-19 pandemic has influenced its historical data, for example, in commute versus pleasure-use rate classes, and passenger transportation services.<sup>14</sup> The pandemic impacted active policies between March 2020 and June 2021, partially overlapping with the first year of Enhanced Care. For the same reasons provided above, ICBC states that it will need to wait until May 1, 2028, to assess whether both post-COVID and post-Enhanced Care implementation data are sufficient for the rate design analysis.<sup>15</sup>

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<sup>11</sup> Exhibit B-1, p. 5; Exhibit B-3, BCUC IR 1.3.

<sup>12</sup> Exhibit B-1, p. 5.

<sup>13</sup> Exhibit B-3, BCUC IR 1.1.

<sup>14</sup> Exhibit B-1, p. 5.

<sup>15</sup> Exhibit B-3, BCUC IR 1.1.

## **Exception Basis**

If ICBC's request to extend the filing deadline for its next annual Rate Design Compliance Report to December 31, 2029 is approved, ICBC proposes to report on the Basic insurance rate design, passenger transportation services products, and Disability Discount Factor on an exception basis in the interim period. ICBC states it will continue to monitor all its products and services, including those captured in the rate design compliance reporting requirements, and would bring to the BCUC's attention any unexpected or significant changes. Further, if ICBC identifies any potential rate design changes, it will bring these changes forward to the BCUC in consultation with the provincial government.<sup>16</sup> ICBC considers it unlikely, however, that there will be any unexpected significant variances before 2029 that would result in potential changes, and it does not foresee any potential changes that would impact the proposed deadline of December 31, 2029.<sup>17</sup>

With respect to how ICBC would identify unexpected or significant changes to trigger an exception report to the BCUC, ICBC explains that it would consider the magnitude of the variance and whether the causes for such variance are long-term and would fundamentally change the structure of ICBC's claims costs. However, ICBC notes that setting specific thresholds for variances (i.e. to trigger an exception report) is challenging because every situation is different and requires detailed analysis.<sup>18</sup>

ICBC also states that its quarterly reports to the BCUC, Annual Service Plan Reports, and revenue requirements applications would identify any variances to its claims forecast or premium projections.<sup>19</sup>

## **Future Reporting**

Concerning the reporting regime after the next Rate Design Compliance Report, ICBC notes that the format and content will be at the BCUC's discretion.<sup>20</sup> ICBC considers, however, that there is limited value to the Rate Design Compliance Report given that the observations on the new rate design variables, rating factors, and the passenger transportation services products have been either stable or moved in expected ways.<sup>21</sup> In addition, as stated earlier, if ICBC identifies any potential rate design changes through its ongoing monitoring of its products and services, it will bring this forward to the provincial government and the BCUC. As such, ICBC would not oppose a decision from the BCUC discontinuing the rate design compliance reporting.<sup>22</sup>

## ***Letters of Comment***

The BCUC received two letters of comment from one member of the public, Mr. Richard Landale (Landale).<sup>23</sup> In both letters, Landale expresses opposition to ICBC's proposed deadline extension. Landale argues that the BCUC should deny ICBC's extension request on the basis that ICBC has the data available needed for its analysis, and granting the extension would deny the public an appropriate amount of transparency.<sup>24</sup>

Landale also states that ICBC has not quantified how continuing the annual rate design compliance filing would be an inefficient and ineffective use of resources.<sup>25</sup> Landale questions the availability of information on the

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<sup>16</sup> Exhibit B-1, p. 6.

<sup>17</sup> Exhibit B-3, BCUC IRs 1.2 and 2.1.

<sup>18</sup> Exhibit B-3, BCUC IR 2.1.

<sup>19</sup> Ibid.

<sup>20</sup> Exhibit B-3, BCUC IR 3.3.

<sup>21</sup> Exhibit B-3, BCUC IR 1.3.

<sup>22</sup> Ibid.

<sup>23</sup> Exhibit D-1 and Exhibit D-1-1.

<sup>24</sup> Exhibit D-1-1, PDF pages 5–6.

<sup>25</sup> Exhibit D-1-1, PDF page 7.

Disability Discount Factor and ICBC's prior annual Rate Design Compliance Reports.<sup>26</sup> He expresses concern with the lack of "explicit criteria" as to what constitutes an exception that would trigger a report from ICBC to the BCUC. Landale recommends that the BCUC set down "very clear limits" rather than allowing ICBC to employ its own discretion.<sup>27</sup> Landale states that the timelines in the regulatory process were too short; however, he did not request an extension.<sup>28</sup>

In reply, ICBC reiterates that the impact of the COVID-19 pandemic and the introduction of Enhanced Care mean ICBC needs a few more years without any further significant changes before it can provide meaningful data and insights.<sup>29</sup> Further, ICBC notes that there is a difference between raw crash data and data (claims costs) that is sufficient for actuarial analysis, and points to its explanation for the proposed deadline of December 31, 2029.<sup>30</sup> Regarding the lack of quantitative analysis related to any cost ICBC incurs in producing the annual rate design compliance report, ICBC states, "a quantitative analysis is not necessary to see that continuing to report for reporting's sake is both unproductive and ultimately detrimental to the policyholders who pay the costs of Basic insurance."<sup>31</sup>

In response to Landale's submission about information transparency, ICBC points to where the BCUC website provides information about the Disability Discount Factor and the previous ICBC annual Rate Design Compliance Reports.<sup>32</sup>

### 3.0 Panel Determination

#### **The Panel approves ICBC's request to file its next Rate Design Compliance Report by December 31, 2029.**

The requirement for ICBC to file the Rate Design Compliance Report arises from the BCUC's direction in the Rate Design Decision and subsequent orders. As directed, ICBC has been reporting observations on its rate design variables, rating factors, and passenger transportation services products in annual Rate Design Compliance Reports filed since 2021. In these Rate Design Compliance Reports, ICBC's analysis showed that the rate design reporting items have generally either remained stable or moved in expected ways.

ICBC acknowledges, however, that its annual rate design compliance reporting has not addressed whether rate design changes are required based on actuarial analysis using recent historical loss data. The Panel accepts ICBC's explanation that the lack of actuarial analysis is due to significant changes arising from the implementation of Enhanced Care and the COVID-19 pandemic. Consequently, the Panel is persuaded that ICBC needs more time to collect claims data before it can provide meaningful insights on an actuarial basis to its rate design. In addition, we are satisfied that the December 31, 2029 deadline is appropriate so that ICBC has sufficient time to collect and analyse the data. The Panel also notes that ICBC continues to have other regular reporting obligations, for example, quarterly reports to the BCUC and its revenue requirements applications, where variances to ICBC's claims forecast or premium projections can be reported. In light of these considerations, the Panel is persuaded that continued annual rate design compliance reporting at this time is unlikely to yield substantive new information. The Panel also accepts that continued annual reporting at this time would not be an efficient or an effective use of ICBC's resources, despite Landale's observation that ICBC

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<sup>26</sup> Exhibit D-1-1, PDF pages 3–4.

<sup>27</sup> Exhibit D-1-1, PDF page 10.

<sup>28</sup> Ibid.

<sup>29</sup> ICBC Final Argument, p. 5.

<sup>30</sup> Ibid.

<sup>31</sup> ICBC Final Argument, pp. 5–6.

<sup>32</sup> ICBC Final Argument, pp. 6–7.

has not quantified the potential effort savings. Overall, the Panel is persuaded that it is reasonable under the circumstances to approve ICBC's request to file its next Rate Design Compliance Report by December 31, 2029.

Regarding ICBC's proposal to report on an exception basis in the period prior to December 31, 2029, the Panel agrees that there are circumstances that may give rise to an exception-based rate design report, and that it would be difficult to establish thresholds for such reporting, since every situation is different. The Panel considers ICBC's statement, that it will consider the magnitude of any variance and whether the causes for such variance are long-term and fundamentally change the structure of ICBC's claims costs, to be reasonable. Due to the stability and expected outcomes shown in the Rate Design Compliance Reports filed so far, the Panel is satisfied that no explicit criteria for exception-based reporting are necessary at this time.

The Panel considers it premature to reach any conclusions at this time regarding the need for ongoing rate design compliance reporting after December 31, 2029. This issue will be better addressed when the BCUC reviews the Rate Design Compliance Report in 2029, at which time a comprehensive evaluation of ICBC's rate design will be available for analysis. Therefore, the Panel requests that ICBC address the need for ongoing rate design compliance reporting as part of the 2029 Rate Design Compliance Report.

Finally, with respect to the concerns raised by Landale regarding the timelines in the regulatory process for this proceeding, the Panel is satisfied that members of the public, including Landale, have had sufficient opportunity to provide their views on the Application. In particular, the Panel notes that Landale was able to provide two submissions within the established timetable, which the Panel has considered in reaching its decision.

**DATED** at the City of Vancouver, in the Province of British Columbia, this                      26<sup>th</sup>                      day of June 2025.

*Electronically signed by Blair Lockhart*

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E. B. Lockhart  
Commissioner