



March 7, 2025

British Columbia Utilities Commission  
Suite 410  
900 Howe Street  
Vancouver, BC V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary and Manager, Regulatory Services

**Re: Proposal to Extend the Filing Date of ICBC's Next Rate Design Compliance Report**

Dear Mr. Wruck:

ICBC is seeking BCUC approval to extend the filing date for ICBC's next annual rate design compliance report to December 31, 2029, and to report on an exception basis only in the interim, as described in this letter. The rationale for ICBC's proposal is outlined below.

The requirement for this report is in BCUC Decisions G-188-18, G-109-19, G-203-19, G-335-19, G-167-19, G-51-20 and G-26-25.<sup>1</sup> Since December 2021, ICBC has submitted four annual rate design compliance reports. As described later in this letter, the reports include information on rate design variables and rating factors, and the new passenger transportation services products. Other than the fact that the new rate design was not revenue neutral in year one, which was reported in ICBC's first annual rate design compliance report, there have been no unexpected variances.

With the impacts of COVID-19 and the introduction of Enhanced Care on ICBC's data, it will take a few more years without any further significant changes before ICBC can provide more meaningful data and insights. Postponing the next annual report and allowing ICBC to report on an exception basis only in the interim period will improve efficiency without compromising the BCUC's oversight.

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<sup>1</sup> 2018 Basic Insurance Rate Design Application; 2019 Basic Insurance Rate Design Update Tariff Amendments Application; August 2019 Basic Insurance Rate Design Update Tariff Amendments Application; December 2019 Basic Insurance Rate Design Update Tariff Amendments Application; Modernizing Passenger Transportation Services Tariff Amendments Application; Application for Modernizing Passenger Transportation Services Tariff Amendments for Taxis; ICBC's Disability Discount Factor Pilot Program December 12, 2024 Evaluation Report, respectively.



## **BACKGROUND**

On August 15, 2018, ICBC filed its 2018 Basic Insurance Rate Design Application (2018 RDA) with the BCUC, which sought approval to implement Basic insurance rate design changes, including new rating variables and factors. This approval was sought in accordance with the Government Directive of August 3, 2018 with respect to Rate Design Tariff Amendments approved by Order in Council 458/18, August 9, 2018.

The BCUC approved ICBC's 2018 RDA on September 28, 2018, by Order G-188-18. In its Decision, the BCUC directed ICBC to file, on an annual basis:

... a report on the results and impact of the new rate design starting December 31, 2021.

The report should include a minimum of the following:

- Observations on the new rate design variables and rating factors, including those factors and their eligibility requirements, which 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.<sup>2</sup>

Further rate design related Basic Insurance Tariff amendments were approved in subsequent Orders along with changes to passenger transportation services products.<sup>3</sup> These Orders directed ICBC to incorporate the results and impact of those changes into this annual reporting. Also, in its Decision on ICBC's Disability Discount Factor Pilot Program Final Evaluation Report, the BCUC directed ICBC to include in its annual rate design compliance reports information on

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<sup>2</sup> G-188-18, page 3.

<sup>3</sup> G-109-19, G-203-19 and G-335-19 (rate design), G-167-19 and G-51-20 (passenger transportation services).



any material changes as a result of making the Disability Discount Factor Pilot Program permanent.<sup>4</sup>

## **RATING VARIABLES AND FACTORS REPORTING**

Since 2021, ICBC has been reporting observations on the new rate design variables and rating factors in its annual compliance reports, as shown in the table below. ICBC's ongoing reporting has shown that these factors and variables have either remained stable or moved in expected ways.

Rating Factor	Description
<b>Vehicle Rate Class and Territory Factors</b>	Vehicle rate class (use of vehicle) and territory (generally based on where the vehicle is garaged) are primary rating factors in a customer's premium calculation. These factors are being transitioned over a 10-year period in the new rate design. ICBC has been reporting the year-over-year changes in Basic insurance average base rate premium for each territory and rate class group.
<b>Distance Factor (DF)</b>	The DF provides a 10% discount for eligible customers who drove less than 5,000 kilometres in the prior 12 months. ICBC has been reporting the proportion of Basic insurance certificates qualifying for the DF.
<b>Advanced Safety Technology Factor (ASTF)</b>	The ASTF provides a 10% discount for vehicles with manufacturer installed autonomous/automatic emergency braking systems. ICBC has been reporting the proportion of Basic insurance certificates eligible for the ASTF discount.
<b>Combined Driver Factor (CDF): Driver Listing</b>	The CDF is a composite factor that gives a picture of the collective risk of the drivers listed on a Basic insurance certificate. Each registered owner is asked to list the drivers of the vehicle. ICBC has been reporting on the distribution of listed drivers.
<b>CDF: Multiple Chargeable Claim Payment Factor (MCF)</b>	All other at-fault crashes (besides the most recent at-fault crash) in a driver's crash history are defined as additional crashes and are taken into consideration through the MCF. ICBC has been reporting the proportion of Basic insurance certificates with the MCF.
<b>CDF: Senior Driver Factor (SDF)</b>	The SDF applies to drivers in eligible rate classes who would be at least 65 years old by the end of the term of their Basic insurance certificate, so long as the registered owner of the vehicle is also at least 65 years old by the end of the certificate term, coupled with the vehicle being used for pleasure use only, or it is a motorcycle. ICBC has been reporting the proportion of Basic insurance certificates eligible for the SDF.
<b>New Resident Driver Factor (NRDF)</b>	The NRDF applies to drivers new to BC. For a new resident, the NRDF will be applied for the first three years of BC experience. ICBC has been reporting the proportion of Basic insurance certificates with the NRDF.
<b>Transition Factor (TF)</b>	The TF was introduced to moderate the single year Basic insurance premium increases attributable to the new rate design. ICBC has been reporting the proportion of renewing Basic insurance customers with the TF.
<b>Learner Premium (LP)</b>	The LP is a flat premium to account for the added risk of learners listed on a certificate. ICBC has been reporting the proportion of Basic insurance certificates with the LP.

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<sup>4</sup> G-26-25.



Rating Factor	Description
<b>Unlisted Driver Accident Premium (UDAP)</b>	A one-time UDAP is charged to the registered owner when a driver not listed on the Basic insurance certificate has an at-fault crash in the registered owner's vehicle. ICBC has been reporting the number of Basic insurance UDAP billings and amounts.
<b>Unlisted Driver Protection Premium (UDPP)</b>	The UDPP protects against a UDAP if an incidental or unexpected unlisted driver crashes a vehicle. ICBC has been reporting the number of Basic insurance customers with UDPP and the total amounts.

## **PASSENGER TRANSPORTATION SERVICES (TNS, P2P AND TAXIS)**

Since 2021, ICBC has been reporting its observations on the product changes regarding passenger transportation services (TNS, P2P and Taxis).<sup>5</sup> The details of ICBC's reporting are presented in the table below:

Passenger Transportation Services	Reporting Summary Statistics and/or year-over-year changes
<b>Transportation Network Services (TNS)<sup>6</sup></b>	<ul style="list-style-type: none"> <li>ICBC has been reporting on the number of TNS companies, the number of TNS blanket certificate (APV383) purchases, the number of Owner's Certificates of Insurance and Vehicle Licence (APV250) with TNS use declared, the percentage of TNS vehicles listed with one company (versus two, three, or four or more companies), the percentage of APV250s that provide TNS services more than 6 days per month (versus 6 days or less per month), the total kilometres driven in the "En Route" and "On Trip" phases broken down by zone, and the average monthly "Available" phase ratio.</li> </ul>
<b>Vehicle Sharing/Peer-to-Peer Vehicle Rental Services (P2P)<sup>7</sup></b>	<ul style="list-style-type: none"> <li>ICBC has been reporting on the number of P2P companies, the number of APV250s with P2P use declared, the percentage of APV250s with P2P use that declare one P2P company (versus two or more companies), the total number of days rented in a year, and the percentages of vehicles available more than 6 days per month (versus 6 days or less per month).</li> </ul>
<b>Taxis</b>	<ul style="list-style-type: none"> <li>ICBC has been reporting on the number of taxi fleets using the per vehicle flat rate model, the number of taxi fleets using the per vehicle distance-based model, the number of taxis operating under the Fleet Reporting Certificate – Taxis (APV90), the number of fleet and non-fleet taxis operating under APV250s, the total kilometres driven and premiums in the "En Route" and "On Trip" phases for distance-based taxis broken down by zone, and the average "Available" phase ratio.</li> </ul>

<sup>5</sup> G-167-19 and G-51-20.

<sup>6</sup> A TNS company, commonly referred to as a ride-hailing company, is focused on the provision of passenger-directed transportation through its online platform. TNS drivers offer rides to the market (prospective customers or passengers) through this online platform.

<sup>7</sup> A P2P company's business is focused on the operation and facilitation of an online platform through which vehicle owners offer their vehicles for rent to prospective customers.



## **RATIONALE FOR EXTENDING THE FILING DATE FOR ICBC'S NEXT ANNUAL RATE DESIGN COMPLIANCE REPORT**

ICBC is proposing 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. The reasons to extend the filing date for ICBC's next annual rate design compliance report include the following.

First, ICBC has provided annual rate design compliance reports for the past four years. These reports indicated that, with the exception of the expectation of revenue neutrality in year one, the observations related to the new rate design variables, rating factors and the transportation network services products, were either stable or moved in expected ways. Examples of this include the Advanced Safety Technology Factor, Multiple Chargeable Claim Payment Factor, New Resident Driver Factor and Unlisted Driver Protection Premium.

Second, the above variances and any other changes in ICBC's experience compared to prior expectations have been and will continue to be accounted for in the overall revenue requirements analysis through the average premium trend analysis, miscellaneous revenue, and offsetting impacts through changes in claims costs.<sup>8</sup>

Third, as reported in ICBC's previous annual compliance reports, the introduction of Enhanced Care in 2021 has changed the risk profile for certain customer segments. Additionally, the impact of COVID-19 has influenced ICBC's historical data (e.g., commute versus pleasure use rate classes, and passenger transportation services). Consequently, ICBC expects that it will take a few more years before more meaningful data and insights on the new rate design variables, rating factors, and passenger transportation services products can be provided.

Finally, given the above, continued annual rate design compliance reporting would not yield substantive new information and would likely reiterate previous findings for several more years. As such, ICBC believes that continued reporting before December 31, 2029 will not be an efficient or effective use of resources. ICBC submits that it is far more efficient in these circumstances to move to reporting on an exception basis only, as described in the paragraph below.

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<sup>8</sup> ICBC's 2024 Annual Rate Design Compliance Report, page 3.



ICBC continues to monitor all of its products and services, including the new rate design variables, rating factors, passenger transportation services products, and the Disability Discount Factor. ICBC will notify government and the BCUC of any unforeseen events and/or significant changes as appropriate. Further, if ICBC identifies through its ongoing monitoring, and in consultation with government, any potential changes to the rating variables and factors, passenger transportation services products, and/or the Disability Discount Factor, it will bring these changes forward to the BCUC.

### **CONCLUSION**

In light of the above, ICBC proposes to extend the date of the next rate design compliance report to December 31, 2029, and to report on an exception basis only in the interim as appropriate. ICBC welcomes any questions that the BCUC may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Yu", is positioned above the printed name.

Randy Yu  
Senior Manager, Regulatory Affairs

Cc: Chris Tupper, Vice President, Customer Experience & Public Affairs, ICBC