ICBC

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June 12, 2014

BCUC Core Review Task Force
Ministry of Energy and Mines and Ministry Responsible for Core Review

Submitted electronically

Re: ICBC Submission to the BCUC Core Review Task Force

Dear Task Force:

Thank you for the opportunity afforded to entities regulated by the BC Utilities Commission (BCUC) to provide input to the BCUC Core Review Task Force.

While the Insurance Corporation of British Columbia (ICBC) is not a "public utility", its universal compulsory automobile insurance rates (also referred to as Basic insurance rates) are subject to regulation by the BCUC.

Although the goal of the BCUC Core Review Task Force is to increase the BCUC's efficiency and effectiveness so that BC Hydro rates can be set by the BCUC starting in the third year of the 10 Year Plan for BC Hydro, ICBC believes the review can benefit other BCUC regulated entities such as ICBC.

Enclosed is ICBC's submission to the BCUC Core Review Task Force. In the submission ICBC has provided some background on ICBC and the regulatory framework for Basic insurance rates. As noted in ICBC's submission, the legislated regulatory framework applicable to ICBC's Basic insurance differs in key respects from the framework applicable to public utilities. The unique legislated framework is generally appropriate for ICBC. For the most part, the BCUC's approach to regulation of ICBC within that framework has also worked reasonably well, however opportunities do exist for improvements, such as further streamlining of regulatory processes and compliance reporting.

ICBC will continue to work with the BCUC to achieve effective and efficient regulation that contributes to an open and transparent regulatory process for the setting of Basic insurance rates.

Sincerely

Geri Prior, B.Comm, FCA, Chief Financial Officer, ICBC
Enclosure

ICBC SUBMISSION TO THE BCUC CORE REVIEW TASK FORCE

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A. INTRODUCTION

The Insurance Corporation of British Columbia (ICBC) appreciates the opportunity to present this submission to the British Columbia Utilities Commission (BCUC) Core Review Task Force.

This submission has two main sections. First, it begins by providing background information on ICBC, its Basic insurance, and the legislated framework for the BCUC's regulation of Basic insurance rates including how it differs from a public utility. Second, it discusses opportunities to increase efficiency and effectiveness in the BCUC's regulation of Basic insurance by focusing attention and resources on areas of the greatest impact on Basic policyholders (i.e., a risk-based approach to regulation).

A.1 ABOUT ICBC AND BASIC INSURANCE

ICBC is a provincial Crown corporation that provides universal compulsory auto insurance (Basic insurance) to drivers in BC, with Basic insurance rates regulated by the BCUC. ICBC also sells Optional insurance in a competitive marketplace. The BCUC does not regulate Optional insurance. In providing products and services, ICBC operates as an integrated company for the benefit of its customers. ICBC's insurance products are available across BC through a network of independent brokers and claims services are provided at ICBC claims handling facilities located throughout the province.

Motorists in BC are required by law to purchase a minimum level of Basic insurance. This provides private passenger and certain commercial vehicle owners with $200,000 in third party liability protection, $150,000 for medical and rehabilitation costs, and $1 million of underinsured motorist protection. Buses, taxis, limousines, and inter-provincial trucking and transport vehicles have higher mandatory third party liability levels. BC's Basic insurance coverage is among the most comprehensive in Canada. The scope of Basic insurance coverage, i.e., the nature of product itself, is set by legislation and is not determined by the BCUC.

ICBC invests in road safety and loss management programs to reduce traffic related deaths, injuries and crashes, auto crime, fraud, and ultimately the costs associated with processing and paying out claims (referred to as claims costs). In addition, ICBC provides driver licensing, vehicle registration and licensing services, and fines collection on behalf of the provincial government at locations across the province. As set out in legislation, Basic insurance premiums fund the "non-insurance" costs of administering driver licensing, vehicle registration and licensing, and government fines collection as well as expenditures on road safety.

Whereas a public utility's revenue requirement is comprised of operating and maintenance costs and capital/infrastructure costs (i.e., depreciation), the vast majority of the costs of providing Basic insurance relate to processing and paying out claims (referred to as claims costs). It is important to understand that the claims costs used in ratemaking are best estimates, based on accepted actuarial practice, of the cost of all claims associated with policies written in the present year. Many of those claims have not yet happened and may not be reported, and the claims and costs develop for a number of years in the future.

Of the Basic insurance premium dollar collected, 97% will be paid out in claims and claims-related expenses, 15% in general expenses, and the difference of 12% being made up by investment income and miscellaneous revenues. From this breakdown of the Basic insurance premium dollar, it is clear that the primary driver of Basic insurance rate changes is claims costs. Not only are the claims costs the single largest component of the rate, they are inherently volatile and require specialized actuarial methods to estimate them. The other components of the rate are more straightforward to estimate, and have less influence on rate changes.

The portion of corporate operating and maintenance costs and depreciation that is allocated to Basic insurance is relatively small (approximately 15% of total costs) compared to claims costs. This cost breakdown has two implications: (1) changes in claims costs, which flow from natural volatility in the insurance business, can produce rate volatility in the absence of some legislated rate smoothing mechanism, and (2) there is limited opportunity to influence Basic insurance rates by cutting operating expenses and capital investments.

Also, unlike public utilities, ICBC's Basic insurance is in effect a "closed system". There is no shareholder profit component in ICBC's Basic insurances rates. Any forecast variance (and variances are to be expected given the inherent difficulty of actuarially forecasting the cost of claims that have not yet happened) will affect ICBC's capital position and be reflected in future Basic insurance rates. The closed system reduces the risk associated with rate setting. This is an important feature of ICBC's model that should continue to inform how Basic insurance is regulated.

A.2 THE BASIC INSURANCE REGULATORY FRAMEWORK

ICBC was created under the *Insurance Corporation Act*. This legislation was amended in 2003 to establish the BCUC as the independent regulator for Basic insurance rates and service. As ICBC is the sole provider of Basic insurance in BC, this regulatory environment is important, providing customers with an independent and transparent review of Basic insurance operations and an opportunity to be involved in the review. The amended legislation also states that ICBC is not a public utility and lists which provisions of the *Utilities Commission Act* are applicable to ICBC. Notably, for example, the Certificate of Public Convenience and Necessity (CPCN) requirement, section 45 of the *Utilities Commission Act* does not apply to ICBC. In this regard the BCUC regulation of ICBC is unique, and appropriately so. The Basic insurance business is not generally capital intensive.

A critical piece of the legal regulatory framework for ICBC's Basic insurance is the regulation *Special Direction IC2 to the BC Utilities Commission, BC Regulation 307/2004, as amended (Special Direction IC2)*. To paraphrase its essence simply, *Special Direction IC2* prescribes that the BCUC must set Basic insurance rates:

- On the basis of accepted actuarial practice.
- To collect sufficient revenue to cover costs as listed in *Special Direction IC2.*
- To meet specified minimum Basic capital requirements.
- To ensure rates remain relatively stable and predictable.
- In a manner that recognizes and accepts action taken by ICBC in compliance with government directives as defined in *Special Direction IC2*.

Below ICBC discusses some of these provisions as they foreshadow opportunities for regulatory efficiency and effectiveness.

A.2.1 ACCEPTED ACTUARIAL PRACTICE

Unique and fundamental is the provision requiring the BCUC to set Basic insurance rates on the basis of "accepted actuarial practice".

Accepted actuarial practice requires that Basic insurance rates be set to cover all costs of providing Basic insurance, subject to legislative requirements e.g., certain identified costs in *Special Direction IC2*. Accepted actuarial practice includes adherence to the *Standards of Practice* and *Rules of Professional Conduct* of the Canadian Institute of Actuaries. It requires the use of unbiased best estimates in determining claims costs based on information that is known at the time that the rate indication is prepared.

The claims cost estimates prepared by ICBC's actuaries are used both for ICBC's Basic insurance rate setting and financial statements, and a number of safeguards are in place to ensure that the estimates are reasonable.

- First, under the *Rules of Professional Conduct*, an actuary's first responsibility is to the public, not the actuary's employer; and under the *Standards of Practice* must provide the "best estimate" (without bias, neither conservative nor unconservative) of the premium required to provide for the corresponding expected costs. That means ICBC's actuaries are professionally obligated to produce estimates that they believe is a best estimate of ICBC's Basic insurance costs.

- Second, year-end claims costs estimates are subject to reviews by ICBC's Chief Actuary, ICBC's External Actuary, and an external audit of financial statements thereby providing multiple levels of assurance. ICBC's annual application for a rate change (a requirement of *Special Direction IC2*) contains actuarial analysis, which is certified under the signatures of the Filing Actuary (ICBC's Chief Actuary) and Reviewing Actuary (ICBC's External Actuary).

The BCUC then hires a consulting actuary to review the actuarial analysis component of ICBC's rate application, assess it against accepted actuarial practice, examine the capital reserve level and capital management plan, and provide technical advice, either in written documents or in discussions with the BCUC, and test the rate filing through information requests and cross-examination questions provided to the BCUC. Intervenors also have the ability to retain a consultant to review ICBC's rate application including actuarial analysis and may seek funding from the BCUC for same (ICBC's payment of Participant Assistance/Cost Awards are funded from Basic insurance premiums).

A.2.2 BASIC INSURANCE CAPITAL REQUIREMENTS AND RATE SMOOTHING

As noted above, one of the *Special Direction IC2* requirements for rate setting is to maintain specific levels of capital ("capital requirements"). Minimum capital test (MCT) is an industry measure set by the Office of the Superintendent of Financial Institutions (OSFI) for federally regulated insurance companies across Canada. MCT measures capital available, compared to capital required, and is used to assess whether a company has sufficient capital to protect policyholders from financial risk and provide long-term financial stability (to cover claims costs). Appropriate levels of capital can help protect customers in the face of significant, externally-driven negative impacts to the business.

Special Direction IC2 provides that the BCUC must set Basic insurance rates that will allow ICBC to maintain capital for Basic insurance of at least 100% of the MCT. This requirement has been in place for many years. The specified MCT level for Basic insurance of 100% is much lower than the supervisory target required by OSFI for federally regulated insurance companies in a competitive marketplace, with the difference being attributable to the fact that Basic insurance does not face risk from competition.

In 2013 *Special Direction IC2* was amended to promote greater stability and predictability in Basic insurance rates, and the Government also issued a Government Directive with respect to rate smoothing. The effect of this legislation is that, in addition to providing a financial backstop for adverse events, Basic insurance capital is to be used to offset portions of a rate change in order to smooth through rate volatility over time. *Special Direction IC2* accomplishes this task by stipulating three components of the targeted MCT level, and defining the components qualitatively. The BCUC has responsibility to determine the specific additional MCT thresholds necessary to fulfil this function. As a result, in addition to the regulatory minimum of 100% MCT, the BCUC has fixed (in the most recent Revenue Requirements Application Decision) an additional capital margin of 30 percentage points for adverse events that reflects the risk profile of Basic insurance, a further additional 15 percentage point margin is required for rate smoothing to address the additional risk of not reflecting the full rate requirement in Basic insurance rates. ICBC must therefore manage Basic capital to a capital level of 145% of the MCT. The BCUC also determined the capital level and the rate at which capital is returned (via credit) or charged to Basic insurance customers subject to *Special Direction IC2* requirements. Together all these components form ICBC's Basic insurance Capital Management Plan (Basic Capital Management Plan). ICBC considers the risk and issues relating to the Basic Capital Management Plan to have been appropriately accounted for and, at this time, sees no reason to depart from what the Commission has approved.

The rate smoothing process works by way of two requirements in *Special Direction IC2*: (1) the exclusion of some or all of the "loss cost forecast variance" from the indicated rate change, and (2) a band around the size of a rate change.

- As claims costs (also referred to as "loss costs") must be estimated to determine the Basic insurance rate required there are inevitable variances in how the actual claims costs emerge and are settled or paid out. These forecast variances in claims costs (referred to as "loss cost forecast variance") flow to Basic insurance capital. In other words, if Basic insurance rates are too high, capital will grow and favourably impact rates in the subsequent year; if Basic insurance rates are too low capital will be eroded, and unfavourably impact rates in subsequent years. It is anticipated the favourable and unfavourable impacts will balance out over time. In the new rate smoothing framework, *Special Direction IC2* requires for 2014 and beyond, that the BCUC determine how much loss cost forecast variance will be excluded in accordance to the BCUC-approved Basic Capital Management Plan.

- *Special Direction IC2* also specifies the rate change is limited to ±1.5 percentage points from the prior year's rate change number. So, for example, this year's 2013 approved Basic insurance rate change is +5.2%, therefore next year's rate change cannot be more than +6.7% and cannot be less than +3.7%. This limit on the rate change is an important legislative parameter and as a result the range of rate decision by the BCUC is limited.

A.2.3 ALLOCATION

As noted above ICBC operates as an integrated company providing Basic and Optional insurance products and services. Integrated operations provide benefits to customers such as ease of service and savings achieved through economies of scale. As set out in section 49 of the *Insurance Corporation Act*, the BCUC must ensure that Basic insurance does not subsidize the Optional insurance business.

The majority of premium revenues and claims costs are specifically identifiable as Basic or Optional. For those remaining costs (12%) and revenues that are not specifically identified as Basic or Optional, a financial allocation methodology, as approved by the BCUC, is used to allocate costs between these two lines of business. The BCUC approved ICBC's Financial Allocation Methodology (pro rata methodology with allocation based on principles of cost causality) in January 2005 following a full oral hearing process with expert witnesses in 2004. Since 2005, there have been numerous proceedings regarding allocation, in particular with respect to allocation of Regional Claim Centres costs. Some aspect of allocation has been reviewed almost annually since 2004. The overall allocation between Basic and Optional changes very little from year to year.

There is an additional form of allocation review that takes place independently of the BCUC processes. ICBC reports financial and performance results in the corporate annual report on an integrated basis and provides some detailed financial information on Basic and Optional insurance lines of business in notes to the Consolidated Financial Statements in the corporate Annual Report. PricewaterhouseCoopers, ICBC's external auditor, provides an annual audit opinion of ICBC's compliance with the criteria established by sections 23(1)(c)(ii) and 49 of the *Insurance Corporation Act* for attributing revenue and costs to ICBC's Basic, Optional, and Non-insurance lines of business.

A.2.4 RATE DESIGN

The BCUC as part of its jurisdiction over Basic insurance rates also determines Basic rate design subject to the legislative requirements including *Special Direction IC2* and a Government Directive with respect to rate design.

A.2.5 COMPLIANCE / REPORTING REQUIREMENTS

Additionally, the BCUC has directed numerous reporting requirements including, but not limited to, the following:

- Annual Report to the BCUC (consisting of a declaration, performance measures results, modified Property & Casualty Form-1,[1] and the corporate Annual Report).

[1] OSFI requires all Canadian property and casualty (P&C) insurance companies to complete a uniform annual return (P&C-1). The P&C-1 is designed to enable regulators to monitor the financial condition and operating results of insurers, as well as certain compliance requirements. ICBC files a modified P&C-1 with the BCUC.

- Quarterly Basic Insurance Reporting (consisting of MCT outlooks, net income, and financial performance ratios).
- Reporting on ICBC's Road Safety Initiatives.
- Government Initiatives Reporting.
- Reporting relating to information technology (IT) expenditures including an annual IT Capital Expenditure Plan, annual IT Strategic Plan Update, Transformation Program Variance Reporting, and individual IT Capital Reports (for projects of $1 million or more, for review and comment).

This reporting is in addition to the reporting on these topics that occurs in annual revenue requirements applications.

B. OPPORTUNITIES TO INCREASE EFFICIENCY AND EFFECTIVENESS

For the most part, regulation by the BCUC works reasonably well. The legal framework itself appropriately recognizes the differences between ICBC and public utilities. However ICBC believes there are opportunities for improvements in the BCUC's regulation of Basic insurance, such as further streamlining both regulatory processes and compliance reporting, which are discussed below. **A risk-based approach to both the regulatory process for rate setting and compliance reporting would increase efficiency and effectiveness.**

B.1 STREAMLINED REGULATORY PROCESSES

ICBC believes the regulatory process could better support a risk-based approach where focus is on the key drivers of the rate. ICBC has had some success in proposing to the BCUC streamlining regulatory processes and the content of applications for small indicated rate changes (+2.5% or less). ICBC's proposal included streamlined content and process with limited and focused information requests. Although the BCUC's Decision on ICBC's 2009 "Application for an Order Specifying the Form and Content of, and Review Process for, ICBC Revenue Requirements Applications Meeting a Rate Change Criterion" directed, among other changes, that ICBC provide considerably more than the proposed information on the key cost drivers, the three month streamlined regulatory process is still efficient and effective. The streamlined revenue requirements application process saves all parties time and effort which in turn ultimately saves Basic insurance policyholders money. For example, the streamlined revenue requirements application process costs ICBC approximately half of the costs of a full revenue requirements application process.

Given the new rate smoothing legislated parameters limit rate changes to within a relatively narrow band (±1.5 percentage points from the prior year's rate change number), incurring the cost associated with a full regulatory process does not seem warranted. **ICBC believes a process akin to streamlined regulatory process is appropriate for future rate changes in the rate smoothing framework.** Some modifications to the process such as a provision for interim Basic insurance rates and attendance of the Commission Panel at the workshop presentation only, may be required.

B.1.1 RRA REVIEW OF CLAIMS COSTS

As noted above, claims costs are the most significant factor in determining ICBC's Basic insurance rates, with 97% of the Basic insurance premium dollar collected being paid out in claims and claims-related expenses. For this reason, relatively more focus is warranted on this component of the rate analysis than on the other components. Through actuarial analysis, ICBC's actuaries determine the claims costs estimates to be included in the rate. As described above, actuarial analysis which is conducted according to accepted actuarial practice, is subject to rigorous review, including review by an external actuary, before it is filed with the BCUC. Variances, both positive and negative, are reflected in future Basic insurance rates by virtue of the "closed system". **If an independent BCUC actuarial review is deemed necessary, its specialized nature makes it most conducive to have limited and focussed information requests from only the Commission's consulting actuary, which are material to the rate indication**. This way the appropriate resources can be focused on the most significant driver of a rate change.

B.1.2 RRA REVIEW OF OPERATING COSTS

As ICBC's Basic operating costs are relatively small and have a small or no impact on Basic insurance rates relative to claims costs, the **BCUC's review of operating costs (inclusive of information requests and oral hearing cross-examination) should be commensurate with same and focus on significant key changes in cost structure and cost drivers. This focus would significantly enhance regulatory process efficiency**. For example, as a result of ICBC's significant reductions in operating expenses, operating expenses did not contribute to the Basic insurance rate increase for the 2012 policy year and had a favourable impact (a reduction) on the rate indication for the 2013 policy year.

B.1.3 SYSTEMIC PROCESS ISSUES

ICBC appreciates the value of public participation and that for those new to the regulatory process, it can be a bit daunting to understand all the procedural steps and protocols. **ICBC believes the BCUC could be more effective informing and educating new intervenors on regulatory requirements, processes and procedures.** Sending new intervenors the Document Filing Protocols is often insufficient and the Applicant/regulated entity spends time responding to queries and informing new intervenors on process and protocols. Also the Document Filing Protocols are of little value if not followed or enforced. Some intervenors repeatedly miss deadlines and fail to submit their PDF documents in searchable format (especially information requests), which causes the Applicant additional time and effort to process.

The BCUC practice of either sending or directing the Applicant to send an application to past participants in the regulated entity's most recent proceeding without any context or background can be a source of regulatory process inefficiency and confusion for intervenors who are relatively new to the regulatory process and or have not participated in a regulatory proceeding on that particular topic. Again, the BCUC staff could spend time with the intervenors explaining roles, process, and objectives of the BCUC process before they actively participate, which would be in addition to directing such intervenors to past proceedings and/or providing them with unbiased context and protocols.

Although ICBC cannot point to any specific issues, it believes **greater clarity with respect to roles of BCUC staff, contractors, and consultants in processes such as information requests, oral hearings, and negotiated settlements would be beneficial**. It is not always clear, for example, if information requests being asked are for their own education and or information, indicative of a BCUC staff concern, or being raised on behalf of their consulting actuary or the Commission Panel.

B.1.4 ALLOCATION

As noted above, allocation has been reviewed extensively by the BCUC since its 2005 approval of ICBC's Financial Allocation Methodology. The Regional Claim Centres

Allocation (RCCA) costs, which comprise approximately 20 to 25% of ICBC's total operating costs, has itself been subject to extensive review. Driven by some intervenors' interest and preference that more costs be allocated to Optional insurance, since 2005 the RCCA has been subject to at least four proceedings including two independent third party reviews and a third independent third party review is planned for 2014. Inquiries at more recent proceedings have been at a very granular level, where changes have negligible impact on the overall allocation. Despite the extensive proceedings, these reviews to date show that ICBC's Basic insurance allocation percentage changes very little from year to year, and has a very small impact on Basic insurance rates.

While ICBC respects the BCUC's role in ensuring there is no subsidization of the Optional insurance business by Basic insurance, it is also important to consider whether the amount of effort required to maintain the existing allocation methodology is delivering good value to Basic insurance policyholders. ICBC's view is that it is not delivering good value, and there are better ways to accomplish a fair allocation. The granular allocation methodology currently mandated by the BCUC is unwieldy, hard to follow for ICBC and intervenors alike, and a manual process is required by ICBC to maintain the allocations in a series of ledgers because of the degree of granularity that the methodology pursues for this 12% of costs/revenues that are not directly attributable. The detailed methodology put in place shortly after ICBC came under BCUC regulation has outlived any usefulness it may have had now that we have experience in cost allocation and has proven that the percentages have little variation from year to year. ICBC will be coming forward to the BCUC to simplify the allocation process once the "dust has settled" with its business transformation program.

B.2 COMPLIANCE REPORTING

The compliance reporting to BCUC is largely for the sole purpose of the BCUC (i.e., the information is not used for internal reporting or reporting to government). **ICBC believes a risk-based approach to compliance reporting would enhance efficiency as well. Focusing both ICBC's and BCUC's resources and time on those areas that pose the greatest risk of increasing Basic insurance policyholders' premiums would benefit all.** ICBC has discussed with BCUC staff streamlining some of the content for its Quarterly Basic Insurance Reporting and implemented same on a trial basis in September 2013. ICBC also recently discussed with BCUC staff **streamlining road safety reporting** and, further to the BCUC's May 14, 2014 Decision on ICBC's 2013 Revenue Requirements Application, will be bringing this forward in ICBC's 2014 Revenue Requirements Application.

As noted above ICBC also has several reporting requirements related to IT capital expenditures. The vast majority of ICBC's IT capital expenditure in recent years has been under the Transformation Program (TP), which further to an April 2010, Government Directive is to be funded from Optional insurance and not recovered in Basic insurance rates. The BCUC directed in 2010 that ICBC provide variance reporting on its business TP with sufficient detailed information to allow the BCUC to assess whether the TP is advancing according to plan and is likely to be fully funded by Optional insurance, including an actual to forecast budget report, with explanations for any significant variances, and details outlining ICBC's progress. ICBC anticipates this confidential reporting to BCUC to conclude with the TP expected to be completed in 2016.

Apart from TP, there are three levels of IT capital reporting: individual projects, IT Capital Plans, and IT Strategic Plans. This should be considered in light of the fact that ICBC's business is not capital intensive and projects tend to be relatively small. The current threshold for reporting on individual projects is $1 million (which is up from the original $500,000). While $1 million may sound like a lot of money in absolute terms, it is "lost in the rounding" when viewed in the context of ICBC's annual Basic insurance costs of over approximately $2.7 billion. **ICBC continues to believe the threshold is still much too low, and the result is that ICBC is required to prepare and file materials that are not delivering value to policyholders.**

The type of IT capital projects on which ICBC is having to report is also overly broad, in ICBC's view. In the fall of 2011 ICBC applied to the BCUC to streamline the reporting process for IT Capital projects for the routine replacement of computer hardware, software, and software infrastructure (evergreening projects). These are low-risk projects, not funded under TP, and on which ICBC had already received the BCUC's review and comment in previous years on individual IT capital reports involving previous replacement cycles of these evergreening projects. Following a regulatory process, the BCUC approved that individual IT capital reports would be discontinued for the six evergreening projects listed in the Decision. **ICBC believes further streamlining of**

IT capital expenditure reporting will enhance regulatory efficiency and will be coming forward to the BCUC with proposals for same.

Compliance reporting based on a risk-based approach would identify **further streamlining opportunities such as the Annual Report to the BCUC and performance measure reporting**. For example, the previous year-end performance measure results are stated in the Performance Measures chapter of the annual revenue requirements application. Also, as noted in the past and most recently in 2013 Revenue Requirements Proceeding, some performance measures and indicators used in reporting to the BCUC are outdated and no longer reflect ICBC's business and operating practices. ICBC identified that a number of measures and indicators no longer have relevance to the way in which ICBC does business. As directed by the BCUC in its latest decision, ICBC will continue to report on these until a comprehensive review of the performance measures can be completed as part of the 2017 Revenue Requirements Application.

C. CONCLUSION

To conclude, overall the regulatory process works reasonably well. ICBC is different and the differences from "public utilities" warrant maintaining a unique regulatory framework and streamlining processes for ICBC. The regulatory process and compliance reporting could better support a risk-based approach where focus would be on the key drivers of the rate and which pose the greatest risk of increasing Basic insurance premiums for policyholders. There are areas for improvement that would save Basic insurance policyholders money and could save all parties some time. ICBC looks forward to working with the BCUC Core Review Task Force and the BCUC in pursuing opportunities for regulatory efficiency and effectiveness.