



November 29, 2016

Barry Penner, QC
Board of Directors
Insurance Corporation of British Columbia
Executive Office
151 West Esplanade, Room 517
North Vancouver BC V7M 3H9

Reference: 262565

Dear Chair Penner:

Re: Letter of Direction - Luxury Vehicle Changes

I am writing to provide direction to the Insurance Corporation of British Columbia (ICBC) regarding a new charge, as part of a suite of initiatives to introduce greater levels of fairness to B.C.'s insurance system.

ICBC is hereby directed to implement a high-value vehicle charge in the amount and with the particulars set out in the amended pages to the ICBC Basic Insurance Tariff attached to this letter.

There are two sets of attached pages. One set does not indicate a charge with respect to fleets and garage vehicle certificates. It is to be implemented effective January 8, 2017. A second set indicates a charge with respect to fleets and garage vehicle certificates. It is to be implemented once certificates for vehicles insured in a fleet and vehicles insured as owned vehicles under a garage vehicle certificate are administered in ICBC's new policy administration system. Both sets are to be implemented with any necessary consequential amendments to the attached pages, and any other Tariff pages, to reflect dates of implementation and any changes to the Tariff approved before the attached pages are implemented.

This letter of direction is a government directive within the meaning of that term as it may be defined in Special Direction IC2 to the British Columbia Utilities Commission (B.C. Reg. 307/2004).

Sincerely,

Todd G. Stone
Minister

Enclosure

HIGH-VALUE VEHICLE CHARGE

TARIFF PAGES

(No charge with respect to fleets and garage vehicle certificates)

3. OTHER RATES

3.A. ICBC Payment Plan

3.B. Insurance Fees

3.B.1 Uniform Financial Responsibility (Form SR-22)

3.B.2 THIS SECTION IS NO LONGER IN EFFECT

3.B.3 THIS SECTION IS NO LONGER IN EFFECT

3.C. High-value Vehicle Charge

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Amended effective: January 8, 2017

Accepted: _____

Order _____

Commission Secretary: _____

1. DEFINITIONS

Note: Unless otherwise noted in this Basic Insurance Tariff, terms defined in the *Insurance (Vehicle) Act* or the *Insurance (Vehicle) Regulation* have the same meaning when used in this Basic Insurance Tariff.

base rate premium	means the premium for a vehicle determined in accordance with Schedule C before applying discounts and surcharges.
Basic insurance	means universal compulsory vehicle insurance coverage as defined in section 1 of the <i>Insurance (Vehicle) Act</i> .
business code	means the number corresponding to a garage operator's business determined in accordance with Schedule O.
certificate	unless otherwise specified, includes an owner's certificate, a garage policy, coverage under a temporary operation permit and an additional product certificate.
Commission	means the British Columbia Utilities Commission.
disability discount	means a discount applied to a base rate premium in accordance with Schedule G.
driver risk premium	means a premium calculated in accordance with Section 3 of Schedule E.
Fleetplan	means the method of calculation of the premium payable for coverage provided for a fleet.
fleet discount	means the discount described in Section 2.D.3 of this Basic Insurance Tariff.
fleet surcharge	means the surcharge described in Section 2.D.4 of this Basic Insurance Tariff.
garage policy	means a garage vehicle certificate established under section 149(1)(k) of the <i>Insurance (Vehicle) Regulation</i> .
high-value vehicle	means a vehicle registered in British Columbia a) that is i) a private passenger vehicle, or ii) registered, but not licensed as a private passenger motor vehicle, and

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- b) the vehicle either
- i) has a manufacturer's suggested retail price greater than \$150,000, or does not have a manufacturer's suggested retail price but at the time the vehicle was first available for sale, the price was greater than \$150,000 or
 - ii) has a manufacturer's suggested retail price greater than \$400,000, or does not have a manufacturer's suggested retail price but at the time the vehicle was first available for sale, the price was greater than \$400,000, and
- c) the difference between the calendar year at the time of an application for a certificate and the model year of the vehicle assigned by the vehicle's manufacturer is not greater than seven for vehicles described in paragraph b) i) and not greater than fourteen for vehicles described in paragraph b) ii).

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ICA	means the <i>Insurance Corporation Act</i> as amended from time to time.
ICBC	means the corporation defined in section 1 of the <i>Insurance (Vehicle) Act</i> .
IVA	means the <i>Insurance (Vehicle) Act</i> as amended from time to time.
IVR	means the <i>Insurance (Vehicle) Regulation</i> as amended from time to time.
light commercial vehicle	means a commercial vehicle with a GVW of 5,000kg or less.
limited access island	means an island that is not accessible by scheduled vehicle ferry service or by bridge
motor vehicle	means a motor vehicle as defined in the <i>Motor Vehicle Act</i> .
multiple crash premium	means a premium calculated in accordance with Schedule F.
point penalties	means point penalties that may be recorded against the driving record of a driver under the <i>Motor Vehicle Act</i> and <i>Motor Vehicle Act Regulations</i> .
point penalty premium	means a premium calculated in accordance with Section 2 of Schedule E.
premium payable	means the premium determined in accordance with Section 2.C., 2.D, 2.E, 2.F, 2.G or 2.N of this Basic Insurance Tariff.
private passenger vehicle	means a vehicle that is registered and licensed under the <i>Motor Vehicle Act</i> as a private passenger motor vehicle.

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Order _____

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rate class	means the rate class for a vehicle determined in accordance with Schedule B.
shock loss	means a claim payment including reserves for a vehicle that is part of a fleet in an amount that is <ul style="list-style-type: none">(a) greater than \$7,500, and(b) at least double the amount of the next largest claim payment including reserves for any vehicle in the same fleet within the applicable scan period
short term certificate	means <ul style="list-style-type: none">(a) a certificate, except an additional product certificate that is issued for a term of less than 11 months plus one day but does not include a certificate issued<ul style="list-style-type: none">(i) for a vehicle rated in vehicle rate class 800, 900, 901, 902, 903, 904, 905 or 906, or(ii) in conjunction with a quarterly licence under section 5.02 of the <i>Commercial Transport Regulations</i> (2005) under the <i>Commercial Transport Act</i>(b) a certificate in respect of a vehicle in a fleet under Part 12 of the IVR and under 2.D. of this Basic Insurance Tariff, the term of which is determined under section 162(1.1) of the IVR.
trailer	means a trailer as defined in the <i>Motor Vehicle Act</i> .
vehicle	means a motor vehicle or trailer.

Amended effective: January 8, 2017

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Order _____

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2.C. Premium Payable for an Owner's Certificate for a Vehicle (Other Than Fleetplan)

2.C.1 Calculation of Base Rate Premium

The base rate premium for a new or renewal owner's certificate for a vehicle will, unless the vehicle is insured under Fleetplan (see Section 2.D), or unless another provision of the Basic Insurance Tariff applies, be calculated in accordance with Schedule C (Schedule of Basic Insurance Premiums) with reference to the rate class and territory declared in the application for that owner's certificate.

2.C.2 Calculation of Premium Payable

Subject to Sections 2.I (Minimum and Retained Premium), 2.M (Short Term Premium Surcharge) of this Basic Insurance Tariff, the premium payable for each owner's certificate will be calculated by:

1. determining the base rate premium for that vehicle, then
2. applying the disability discount calculated in accordance with Schedule G (Disability Discount), if any, to the base rate premium determined in accordance with subparagraph 1 above, then
3. applying the discount or surcharge determined in accordance with Schedule D (Claim-Rated Scale), if any, to the premium calculated in subparagraph 2 above.

If the premium payable is financed, Section 3A of this Basic Insurance Tariff applies,

If the vehicle is a high-value vehicle, Section 3.C of this Basic Insurance Tariff applies.

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Amended effective: January 8, 2017

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2.F. Premium Payable for Additional Product Certificates

ICBC may issue various additional product certificates pursuant to Part 11 of the IVR. This Section 2.F sets out how the premium for the Basic insurance portion of the additional product certificates is calculated.

2.F.1 APV16 Temporary Operation Permit and Owner's Certificate of Insurance.

2.F.1.1 Calculation of Premium – General

The premium payable for each Temporary Operation Permit and Owner's Certificate of Insurance (TOP), except those referred to in Sections 2.F.1.2 and 2.F.1.3, will be calculated in accordance with Table 1 of Schedule R with reference to the rate class shown on the face of the TOP for the vehicle that is to be insured and the number of days for which coverage under the TOP is required (subject to a maximum of 15 days coverage).

If the vehicle is a high-value vehicle that if insured on an owner's certificate would not be insured in a fleet or as an owned vehicle under a garage policy, Section 3.C of this Basic Insurance Tariff applies.

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2.F.1.2 Calculation of Premium for Commercial Vehicles Over 5,000 kg or Trailers Transporting Dangerous Goods Insured in a Fleet or as an Owned Vehicle Under a Garage Policy

For vehicles described in section 1(5)(d) of Schedule 3 to the IVR and insured in a fleet or as an owned vehicle under a garage policy the premium payable will be the premium calculated in accordance with Section 2.F.1.1 together with an additional premium calculated in accordance with Table 2 of Schedule R.

2.F.1.3 System-Wide Outage Temporary Operation Permit and Owner's Certificate of Insurance (APV 16S)

The premium payable for a System-Wide Outage Temporary Operation Permit and Owner's Certificate of Insurance is \$6. Coverage is for a period of three days.

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2.F.12 Limited Access Island Certificate

This certificate is issued on a Manuscript Certificate (APV284). It may be issued annually or for a short term period, but the minimum short term period is 3 months.

2.F.12.1 Calculation of Premium

The premium payable will be calculated by:

- 1) Determining the base rate premium in accordance with section 2.C.1, but not 2.C.2 of this Basic Insurance Tariff, with respect to the rate class declared and Territory "W" (regardless of the territory actually applicable).
- 2) Taking 30% of the base rate premium determined in step 1).

If the vehicle is a high-value vehicle, Section 3.C of this Basic Insurance Tariff applies.

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2.F.14 Special Event Certificate

This coverage is issued on a Manuscript Certificate form (APV 284). It provides Basic insurance for vehicles that will be operated for a limited period of time in connection with a short term community event such as a music festival or air show.

2.F.14.1 Calculation of Premium

The premium payable is the base rate premium for the vehicle prorated in accordance with Section 2.K.3 of this Basic Insurance Tariff.

If the vehicle is a high-value vehicle, Section 3.C of this Basic Insurance Tariff applies. |N

Amended effective: January 8, 2017

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2.F.15 Unusual Vehicle Certificate

This coverage is issued on a Manuscript Certificate form (APV 284). It provides Basic insurance for vehicles that, due to unique characteristics of size, configuration or use, do not fit within any of the rate classes or additional product certificates described in this Basic Insurance Tariff.

2.F.15.1 Calculation of Premium

The premium payable will be calculated by determining which rate class within Schedule B (Vehicle Rate Classes) most closely resembles the type and use of the vehicle being insured and calculating a premium in accordance with section 2.C of this Basic Insurance Tariff using that rate class.

If the vehicle is being insured for less than 1 year the premium payable may be prorated in accordance with section 2.K.3 of this Basic Insurance Tariff.

If the vehicle is a high-value vehicle, Section 3.C of this Basic Insurance Tariff applies. |N

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3.B.3 THIS SECTION IS NO LONGER IN EFFECT

3.C High-value Vehicle Charge

If another section of this Basic Insurance Tariff indicates that this Section 3.C applies, a high-value vehicle charge is payable for the issue of a certificate.

The amount of the high-value vehicle charge is the amount equal to the difference between the premium that would be payable if the vehicle were not a high-value vehicle and the result of calculating premium in accordance with this Basic Insurance Tariff with the following changes:

- (a) for a vehicle to be insured under an owner's certificate (APV250), if not insured in a fleet or as an owned vehicle under a garage policy, by doubling the amount of base rate premium payable prior to applying any discounts or surcharges,
- (b) for a vehicle to be insured under a temporary operation permit and owner's certificate of insurance (APV16), other than a system-wide outage temporary operation permit and certificate of insurance (APV16S), or a manuscript certificate (APV284) for a limited access island certificate or special event certificate, by doubling the amount of premium payable, and
- (c) for a vehicle to be insured under a manuscript certificate (APV284) for an unusual vehicle certificate, by doubling the amount of base rate premium payable prior to applying any discounts or surcharges.

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Amended effective: January 8, 2017

Accepted: _____

Order _____

Commission Secretary: _____

HIGH-VALUE VEHICLE CHARGE

TARIFF PAGES

(Includes charge with respect to fleets and garage vehicle certificates)

Subject to Sections 2.D.7 (Special Rating for Fleetplan), 2.I (Minimum and Retained Premium), 2.M (Short Term Premium Surcharge), the premium payable for each new or renewal owner's certificate for each vehicle in a fleet will be calculated by:

1. determining the base rate premium for the vehicle to which the owner's certificate applies, then
2. applying a fleet discount or fleet surcharge determined in accordance with sections 2.D.3 or 2.D.4 of this Basic Insurance Tariff to the premium calculated in subparagraph 1 above.

If the premium payable is financed, Section 3A of this Basic Insurance Tariff applies.

If the vehicle is a high-value vehicle, Section 3.C of this Basic Insurance Tariff applies.

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For some fleets a portion of the premium may be refundable in accordance with a Fleet Premium Adjustment Agreement – see Section 2.D.5.

2.D.3 Fleet Discount

The fleet discount for a new or renewal owner's certificate for each vehicle in a fleet is the applicable percentage, if any, set out in Schedule I (Fleet Discounts and Fleet Surcharges) that is deducted from the base rate premium.

2.D.4 Fleet Surcharge

The fleet surcharge for a new or renewal owner's certificate for each vehicle in a fleet is the applicable percentage, if any, set out in Schedule I (Fleet Discounts and Fleet Surcharges) that is added to the base rate premium.

2.D.5 Fleet Premium Adjustment Agreement (Retrospective Rating)

For a fleet with more than 200 vehicles or an annual paid premium of \$100,000 or more, the fleet operator may elect to enter into a Fleet Premium Adjustment Agreement in the form set out in Schedule K with ICBC. A Fleet Premium Adjustment Agreement allows for a premium adjustment in addition to the applicable fleet discount or fleet surcharge. The premium adjustment is made at specific times outlined in the Agreement after the losses have had time to develop.

2.D.6 Fleet Reporting Certificate

A fleet operator applying for renewal of an owner's certificate may, if the fleet operator currently holds a Fleet Reporting Certificate, elect to insure under a Fleet Reporting Certificate if the fleet consists of

- (a) 5 or more motor vehicles licensed under section 10 of the *Commercial Transport Act*, or

- (b) 500 or more vehicles during the insurance year.

A Fleet Reporting Certificate allows the premium payable calculated in accordance with Section 2.D.2 of this Basic Insurance Tariff to be paid monthly using one of the following formulas to calculate the monthly payment (which must be selected at the time of application):

(a) Monthly payment = (premium payable ÷ estimated aggregate distance to be driven by all of the revenue generating vehicles in the fleet during the policy term (expressed in thousands of miles or thousands of kilometers)) x actual distance (expressed in miles or kilometers) driven in the month

(b) Monthly payment = (premium payable ÷ estimated gross receipts of the revenue generating vehicles in the fleet during the policy term (expressed in hundreds of dollars)) x actual gross receipts of the revenue generating vehicles in the fleet for the month

(c) For each unique combination of rate class, territory and high-value vehicles that applies to one or more vehicles in the fleet, calculate:

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((the annual premium payable for one vehicle in that unique combination calculated in accordance with Section 2.D.2.2 of this Basic Insurance Tariff) ÷ 12) x [the number of vehicles in the fleet at the end of each month to which that unique combination applies]

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and then take the aggregate of the results of each calculation for the fleet to obtain the amount of the monthly payment.

2.D.7 Special Rating for Fleetplan

2.D.7.1 Shock Loss Rating Consideration

Where a fleet experiences a shock loss which would, but for this Section 2.D.7.1, have the effect of moving the fleet from an actual loss ratio (as defined in Schedule I - Fleet Discounts and Fleet Surcharges) of less than 80% to an actual loss ratio of 80% or more, the amount of the shock loss and any payment including reserves in respect of any other claims taken into account in calculating the loss ratio will be capped at \$7,500 for the purpose of calculating the fleet discount or fleet surcharge pursuant to Section 2.D.3 or 2.D.4 of this Basic Insurance Tariff.

2.D.7.2 Credit for Prior Good Loss Experience

If a fleet has an actual loss ratio of 80% or higher in the current scan period, but did not have an actual loss ratio of 80% (as defined in Schedule I - Fleet Discounts and Fleet Surcharges) or higher in the immediately preceding scan period (as defined in Schedule I), the fleet discount or fleet surcharge will be calculated as if the amount in Column 2 of the table in section 2(c) of Schedule I was the average of the amount found in Column 2 of the table in section 2(c) of

Schedule I based on the actual loss ratio in the current scan period and \$7,500 based on the actual loss ratio for the immediately preceding scan period rounded up to the nearest amount appearing in Column 2 of the table in section 2(c) of Schedule I.

2.D.7.3 Temporary Capping Due to Standardization of Trailer Basic Insurance Premiums

Effective January 1, 2011

- a) Basic insurance rates for trailers set out in Schedule C changed, and
- b) Schedule I changed to provide that trailers comprising part of a fleet are no longer eligible for fleet discounts or surcharges

(these changes are referred to as the "standardized trailer rate changes").

If the total Basic premium payable for all vehicles in a fleet as set out in the renewal notices sent by ICBC to a fleet operator before the fleet's effective date of renewal in 2011 is higher by more than \$300 and by more than 20% compared to what it would have been had the standardized trailer rate changes not been made, then

- c) the fleet's total Basic premium payable at time of renewal for 2011 is reduced by the amount by which the Basic premium set out in the renewal notices exceeds the greater of \$300 and 120% of what the total Basic premium set out in the notices would have been had the standardized trailer rate changes not been made,
- d) in 2012, if the total Basic premium set out in the renewal notices for that year is higher by more than \$600 and by more than 40% compared to what it would have been had the standardized trailer rate changes not been made, the fleet's total Basic premium payable at time of renewal for 2012 is reduced by the amount by which the Basic premium set out in the notices exceeds the greater of \$600 and 140% of what the Basic premium set out in the notices would have been had the standardized trailer rate changes not been made, and
- e) in 2013, 2014 and 2015, the same reduction as set out in the preceding paragraph d) shall be made, but the stated percentages and dollar amounts shall increase by 20% and \$300 each year (i.e., 60%, 160% and \$900 for 2013; 80%, 180% and \$1,200 for 2014; and 100%, 200% and \$1,500 for 2015).

2.D.8 U-Drive Vehicles Used in Place of Courtesy Cars

Vehicles that are:

- (a) insured under Fleetplan, and
- (b) rated in Rate Class 008, 018 or 901

may be entitled to a partial rebate or reduction of premium in accordance with Schedule W.

2.D.9 New Fleets and Fleet Transfers

2.D.9.1 Transfer of a Fleet to a New Fleetplan Account

Despite Sections 2.D.3 and 2.D.4, if

- (a) a fleet or a portion of a fleet is transferred from one person or entity to another,
- (b) the transferor is insured under Fleetplan prior to the transfer but the transferee is not,
- (c) the transferee insures under Fleetplan upon transfer, and
- (d) the personnel of the transferee responsible for the operation of the fleet or the portion of the fleet being transferred are substantially the same individuals who were responsible for the operation of the fleet or portion of the fleet immediately before the transfer

ICBC will calculate the Fleet Discount or Fleet Surcharge of the Transferee based on the loss experience of the transferor, provided that if only a portion of a fleet is transferred the Fleet Discount or Fleet Surcharge so calculated will only be applied for the first two Fleetplan policy terms following the transfer.

2.D.9.2 Transfer of a Fleet to an Existing Fleetplan Account

Despite Sections 2.D.3 and 2.D.4, if

- (a) a fleet is transferred from one person or entity to another,
- (b) both the transferor and the transferee are insured under Fleetplan prior to the transfer,
- (c) the transferee continues to insure under Fleetplan upon transfer, and
- (d) the personnel of the transferee responsible for the operation of the fleet being transferred are substantially the same individuals who were responsible for the operation of the fleet immediately before the transfer

ICBC will calculate the Fleet Discount or Fleet Surcharge of the Transferee based on the combined loss experience of the transferor and the transferee for the subsequent fleet renewals.

2.D.9.3 Parent and Subsidiary

Despite Sections 2.D.3 and 2.D.4, if a parent company and one or more subsidiaries of that company, at least one of which is insured under Fleetplan, elect to insure the vehicles owned or leased by both the parent and the subsidiaries under a single existing Fleetplan account, ICBC will calculate the Fleet Discount or Fleet Surcharge of the Fleetplan Account based on the combined loss experience of the parent and the subsidiaries for subsequent fleet renewals.

2.E. Premium Payable for Garage Policies

2.E.1 General

Garage policies have three separate types of coverage divided into different sections and subsections:

- Section 1) Third party liability for owned and customers' vehicles:
- Subsection 1A – Owned Vehicles ("1A" coverage)
 - Subsection 1B – Customers' Vehicles ("1B" coverage)
- Section 2) Own damage coverage for owned vehicles, and
- Section 3) Legal liability for own damage to customers' vehicles:
- Subsection 3A – Collision to Customers' Vehicles ("3A" coverage)
 - Subsection 3B – Comprehensive ("3B" coverage)
 - Subsection 3C – Specified Perils ("3C" coverage)

2.E.2 Section 1 - Third Party Liability, Accident Benefits, Underinsured Motorist Protection

Subsection 1A - Owned Vehicles

Premiums for 1A coverage are based on three factors:

1. the "garage rate" based on the territory in which the garage is located, the limit of liability, and the applicable business code, calculated in accordance with Table 1A-1 or 1A-2 of Schedule L
2. the number of licence plates issued to the garage, and
3. the type of licence plates issued to the garage. Each type of licence plate is assigned a number of plate points in accordance with Schedule M, and the number of plate points for a particular garage is the aggregate of all plate points for the licence plates issued to the garage.

Subject to Section 2.E.5 of this Basic Insurance Tariff, the premium payable for 1A coverage is calculated by the following formula:

$[\text{garage rate}] \times [\# \text{ of plate points} / 100] = \text{premium payable}$

If the vehicle is a high-value vehicle, Section 3.C of this Basic Insurance Tariff applies.

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Subsection 1B – Customers' Vehicles

Premiums for 1B coverage are based on

1. the "garage rate" based on the territory in which the garage is located, the limit of liability, and the applicable business code, calculated in accordance with Table 1B-1 or 1B-2 of Schedule L, and

2.F. Premium Payable for Additional Product Certificates

ICBC may issue various additional product certificates pursuant to Part 11 of the IVR. This Section 2.F sets out how the premium for the Basic insurance portion of the additional product certificates is calculated.

2.F.1 APV16 Temporary Operation Permit and Owner's Certificate of Insurance.

2.F.1.1 Calculation of Premium – General

The premium payable for each Temporary Operation Permit and Owner's Certificate of Insurance (TOP), except those referred to in Sections 2.F.1.2 and 2.F.1.3, will be calculated in accordance with Table 1 of Schedule R with reference to the rate class shown on the face of the TOP for the vehicle that is to be insured and the number of days for which coverage under the TOP is required (subject to a maximum of 15 days coverage).

If the vehicle is a high-value vehicle, Section 3.C of this Basic Insurance Tariff applies.

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2.F.1.2 Calculation of Premium for Commercial Vehicles Over 5,000 kg or Trailers Transporting Dangerous Goods Insured in a Fleet or as an Owned Vehicle Under a Garage Policy

For vehicles described in section 1(5)(d) of Schedule 3 to the IVR and insured in a fleet or as an owned vehicle under a garage policy the premium payable will be the premium calculated in accordance with Section 2.F.1.1 together with an additional premium calculated in accordance with Table 2 of Schedule R.

If the vehicle is a high-value vehicle, Section 3.C of this Basic Insurance Tariff applies.

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2.F.1.3 System-Wide Outage Temporary Operation Permit and Owner's Certificate of Insurance (APV 16S)

The premium payable for a System-Wide Outage Temporary Operation Permit and Owner's Certificate of Insurance is \$6. Coverage is for a period of three days.

3.B.3 THIS SECTION IS NO LONGER IN EFFECT

3.C High-value Vehicle Charge

If another section of this Basic Insurance Tariff indicates that this Section 3.C applies, a high-value vehicle charge is payable for the issue of a certificate.

The amount of the high-value vehicle charge is the amount equal to the difference between the premium that would be payable if the vehicle were not a high-value vehicle and the result of calculating premium in accordance with this Basic Insurance Tariff with the following changes:

(a) for a vehicle to be insured under an owner's certificate (APV250):

(i) if not insured in a fleet or as an owned vehicle under a garage policy, by doubling the amount of base rate premium payable prior to applying any discounts or surcharges,

(ii) if insured in a fleet, by doubling the amount of base rate premium payable prior to applying the fleet discount or fleet surcharge, or

(iii) if insured as an owned vehicle under a garage policy, by doubling the number of plate points used in calculating the premium payable,

(b) for a vehicle to be insured under a temporary operation permit and owner's certificate of insurance (APV16), other than a system-wide outage temporary operation permit and certificate of insurance (APV16S), or a manuscript certificate (APV284) for a limited access island certificate or special event certificate, by doubling the amount of premium payable, and

(c) for a vehicle to be insured under a manuscript certificate (APV284) for an unusual vehicle certificate, by doubling the amount of base rate premium payable prior to applying any discounts or surcharges.

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From: s.22
To: Transportation, Minister TRAN:EX
Subject: 262568 ICBC and luxury cars
Date: Sunday, November 27, 2016 8:40:09 AM

Minister Stone - I'm not certain if there's something broken on your calculator, but by most people's math, if ICBC simply increased insurance rates for luxury cars they would make a sizeable profit on that segment of the business. Isn't it just under \$800 per car that is the current loss on that segment (2.3m / 3000)? So why not charge them \$5000 per year and voila, create a nice profit? That customer certainly has the ability to pay.

Please don't lose a potentially profitable segment from ICBC's business in exchange for what you clearly believe to be a political message that resonates with the 99%.

Your government's position on this matter is neither clever nor effective at "sticking it to the elites" but is simply bad business and terrible management.

Please reconsider your position:

From: Bell, Jordan TRAN:EX
To: Transportation, Minister TRAN:EX
Subject: 262615 Incoming - FW: Math doesn't add up
Date: Tuesday, November 29, 2016 1:38:53 PM

Draft reply please

From: Stone, MLA, Todd [mailto:Todd.Stone.MLA@leg.bc.ca]
Sent: Tuesday, November 29, 2016 12:13 PM
To: Bell, Jordan TRAN:EX
Subject: FW: Math doesn't add up

From: s.22
Sent: November 29, 2016 11:41 AM
To: rshaw@postmedia.com
Cc: customerrelations@icbc.com; Stone, MLA, Todd <Todd.Stone.MLA@leg.bc.ca>
Subject: Math doesn't add up

To Rob Shaw,

Here are some thoughts in case you write more about ICBC in the near future. There was an article in the Province the other day and then your article again today that says it costs ICBC 2.3 million dollars for claims from luxury vehicles. The other article said that there are 3000 luxury vehicles in BC. I read or heard somewhere that a luxury car is defined by costing more than \$150,000.

Anyways if you do the math and divide the 2.3 million dollar cost in claims by the 3000 luxury vehicles the cost comes out to \$767 per vehicle. Now I own a 2011 Toyota Matrix and my insurance costs me about \$1500 a year so I am pretty sure the insurance for a 200 thousand dollar car is a lot higher than mine. For arguments sake let's say the average insurance cost for a luxury car is just \$2500 per year. So if you take \$767 from the \$2500 premium it looks to me like there is plenty of money from the premium to pay the 2.3 million dollars in claims and have a lot left over for the other costs. One other way to look at it based on each of the 3000 luxury car owners paying \$2500 per year for car insurance. This would mean ICBC would collect a total of 7.5 million dollars in premiums and then have to pay out 2.3 million in claims leaving ICBC with 5.2 million dollars left over for other things. It doesn't look like a problem to me – it seems ICBC is overcharging these luxury car owners not losing money on them.

I'm not an expert but I believe insurance rates are set by Actuaries who calculate risks etc. to set the rates. So ICBC sets the rates that it charges for insurance for these luxury vehicles and then claim that it is not enough. What is ICBC whining about – they are the ones who set the rates in the first place

and then complains when they have to pay out to the people who paid their insurance premiums in good faith. Maybe ICBC should keep their mouths shut and just pay for the claims like they are supposed to do and what they have been paid to do. ICBC is whining it needs to increase premiums but it sure looks to me like they are charging enough – unless somehow my math was wrong.

Another huge problem in my opinion is ^{s.22} Barry Penner the chairman of ICBC. This quote from Barry Penner is taken from the Province paper on November 25th. He is referring to the 1.2 billion dollars the gov't has stolen from ICBC and put into general revenue in the last 5 years. He says "That's not what's behind the rising cost pressure for ICBC". Think of it – it's like him looking you in the eye and then trying not to laugh when he tells you – noooo – that 1.2 billion dollars stolen from ICBC has nothing to do with ICBC's financial problem. No not at all – heck it's only 1.2 billion dollars. What a joke. ICBC is not in the financial trouble they want you to believe they are. They said they are subsidizing the basic insurance side with the profits from the optional insurance side. So in effect they are saying is that we have enough money to cover these claims but we are overcharging people for the optional insurance and undercharging them for the basic side. There isn't 2 sides or 2 ICBC's – there is one company called ICBC period. It's like saying yes we do have enough money to operate and pay all claims but we have shown that green cars get in more accidents than red cars so that means we are taking more money from the premiums we charged for the red cars and we are subsidizing the green car owners so we might have to increase rates.

One last point I would like to make is also something I read in the Province paper's editorial section. ICBC claims it is more expensive to fix cars today because of all the new technology like back up cameras and side mirror lane detectors etc. I'm not buying that for 2 reasons – one is these technologies cut down on accidents so if the costs are higher per accident then there is also a savings by the fewer accidents. And two – when I buy my car insurance my rates are based on the cost of the vehicle. So I would assume that ICBC is charging drivers appropriately for the value of the vehicle they are insuring. The rates should take into account everything in the car that might need to be repaired. There is also a limit on how much ICBC will spend to repair a vehicle – if the vehicle repair is too expensive then they write off the vehicle and pay

out based on book value. You could have a million dollars of high tech gadgets in the car but if the car gets written off at \$8000 then that is the maximum ICBC has to pay. This is all accounted for in the premium being charged.

Thank You

s.22

Dear Minister Stone

Would not the 99.9% certainty that the owners of \$150,000 plus luxury vehicles would vote Liberal kind of make this policy look a tad foolish? Talk about shooting yourself and your party in the proverbial foot. My next point is that if one of these expensive to repair cars is hit by an ICBC insured vehicle the public is still liable for the damages. The difference is that ICBC will have less money to cover those repairs as the premiums from the luxury cars is going to be removed from their coffers.

I assume you will be adding luxury motorhomes to this list of banned vehicles ICBC will be insuring. The big bus based units can tip into the \$600,000+ range. It seems highly unfair that they would get an exception. I suppose the fact that less people of Asian extraction drive those vehicles might remove some of the latent "Trump" style racism points from that decision.

If there is a 2.3m shortfall on luxury car insurance why not simply bump the rates the roughly \$770 to cover that loss. Your current proposal is highly discriminatory.

Yours truly

s.22

Sent from my iPad

From: Customer Relations
To: s.22
Cc: Transportation, Minister TRAN:EX
Subject: Your Inquiry to the Honourable Todd Stone (262664)
Date: Thursday, December 8, 2016 11:34:35 AM

s.22

Dear Mr. Stone:

Thank you for your November 24, 2016 email addressed to the Honourable Todd Stone, Minister of Transportation and Infrastructure, regarding the change for insurance on luxury vehicles. It was referred to me in the ICBC Customer Relations department for reply. On November 23, 2016, the provincial government announced changes to insurance for high-end luxury vehicles. The changes will ensure insurance for high-end luxury vehicles is not being subsidized by our average customer. Presently, ICBC is working with government to increase Basic Insurance premiums, so that high-end luxury vehicle owners will pay more than double for Basic Insurance. We are working with government to implement this as soon as possible. ICBC is also working with government on a longer-term plan, where we will no longer insure high-end luxury vehicles. ICBC will be working through the details of this change with government over the coming weeks and months, including any changes to legislation. The new rates will apply to private passenger cars, worth over \$150,000, and not to commercial trucks, pick-up trucks, collector cars, limousines or RVs. Thank you for your inquiry.

Sincerely,
Janet MacKinnon
Customer Relations Advisor
cc: The Honourable Todd Stone
M266860

.....
ICBC building trust. driving confidence.
.....

151 West Esplanade
North Vancouver | British Columbia | V7M 3H9
Telephone: 604-982-6210 | 1-800-445-9981
Facsimile: 604-661-2896

www.icbc.com

From: s.22

Sent: November 24, 2016 3:40 PM

To: Stone, MLA, Todd <Todd.Stone.MLA@leg.bc.ca>>

Subject: Electric Cars

Hi Todd,

I heard on the news that some more expensive cars will no longer be insured by ICBC and I am wondering if I will be affected as well? I am in the process of purchasing a Tesla Model S. The Model is the 90D which does not have the power modes the higher P100D has. However, the model I am looking at is still quite expensive to both buy and repair and the price tag for the one I have chosen will be \$145,000 plus taxes. The cost of the P100D can be over \$200,000. The reason I am writing to you instead of waiting for more information to come out is that Tesla will increase the price this weekend due to the exchange rate differential as the US dollar has strengthened. I believe they will increase the price around \$4,000-5,000 which is a lot of money for my wife and I. We really wanted to step into the future by going electric and we realize that in the beginning the cars will be expensive as this is still a "new" technology. Best regards and hoping for a speedy reply before the weekend. Please feel free to call me if you

have any questions.

s 22

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Contact Us

Clark, Nathan TRAN:EX

From: Clark, Nathan TRAN:EX
Sent: Wednesday, December 7, 2016 3:11 PM
To: 'Peck, Samantha'
Subject: RE: Luxury Vehicle Qs

Thanks!

From: Peck, Samantha [mailto:Samantha.Peck@icbc.com]
Sent: Wednesday, December 7, 2016 3:09 PM
To: Clark, Nathan TRAN:EX
Subject: Luxury Vehicle Qs

Hi Nathan,

FYI, these are the questions we received from Sultan's office (at his constituent's request):

- 1) how many accidents were attributed to luxury cars
- 2) how many accidents involving luxury cars were the fault of other drivers
- 3) what is the cost to ICBC of those accidents
- 4) how much was paid in premiums by the luxury car owners
- 5) how many accidents involving luxury cars are attributed to drivers under 25

As mentioned, I will send the numbers to you for review prior to us sending them to Sultan.

Sam

.....
Samantha Peck, BComm
Government Relations & Policy Advisor
Stakeholder Governance and Communications
ICBC building trust, driving confidence.
.....
505 - 151 W. Esplanade
North Vancouver | British Columbia | V7M 3H9
direct: 604-982-6558 | **mobile:** 604-842-7667

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Contact Us

Bell, Jordan TRAN:EX

From: Penner, Barry <BM-Barry.Penner@icbc.com>
Sent: Wednesday, November 23, 2016 7:55 AM
To: Stone, Todd TRAN:EX
Cc: Bell, Jordan TRAN:EX
Subject: Exotic surcharge -s.13
Attachments: BN - s.13 - FINAL - cmt.docx;
ATT00001.txt

Follow Up Flag: Follow up
Flag Status: Flagged

Attached is Briefing Note showing s.13

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Bell, Jordan TRAN:EX

From: Bell, Jordan TRAN:EX
Sent: Friday, November 25, 2016 12:25 PM
To: 'Barry Penner'
Subject: FW: Transcript - Wednesday's event

FYI on this, Barry. I'll give you a call shortly to discuss.

23-Nov-2016, 14:35

Stone - ICBC fairness

By Stone confcall automobile insurance changes
Copyright

Page 31 to/à Page 33

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Bell, Jordan TRAN:EX

From: Bell, Jordan TRAN:EX
Sent: Friday, November 4, 2016 4:15 PM
To: Barry Penner
Subject: Fwd: FYI: SHAW: Stone - ICBC & transportation

From: <ino@gov.bc.ca>
Date: November 4, 2016 at 4:41:09 AM PDT
To: Undisclosed recipients;;
Subject: SHAW: Stone - ICBC & transportation

SHAW
Voice of BC
03-Nov-2016 19:00
Copyright

Page 35 to/à Page 51

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Main, Grant TRAN:EX

From: Kislock, Lindsay M TRAN:EX
Sent: Tuesday, November 29, 2016 2:42 PM
To: 'Crombie, Steve'; 'mark.blutcher@icbc.com'
Cc: Jabs, Ryan GCPE:EX; Main, Grant TRAN:EX
Subject: FW: Draft tweets on luxury vehicles
Attachments: Tweets - high end lux veh - draft - 11.24.2015 LB.JL.DOCX

Hi Mark,

Further to my voice message, Grant asked me to call to confirm the direction related to "tweeting". The information is approved for this purpose. If there is media resulting from the tweets, Ryan's shop will work with you to respond.

Thank you for your assistance with this,

Lindsay

From: Jabs, Ryan GCPE:EX
Sent: Tuesday, November 29, 2016 2:33 PM
To: Kislock, Lindsay M TRAN:EX
Subject: FW: Draft tweets on luxury vehicles

From: Grossman, Adam [<mailto:Adam.Grossman@icbc.com>]
Sent: Thursday, November 24, 2016 3:21 PM
To: Jabs, Ryan GCPE:EX
Cc: XT:Matthews, Lindsay ICBC:IN; Henderson, Doug
Subject: Draft tweets on luxury vehicles

Hi Ryan,

Here are those sample vehicles and tweets for you. Of course, feel free to amend the wording for your purposes.

Sorry it took a little while to track down the vehicle info.

Thanks,

Adam

.....
Adam Grossman
Communications Delivery Lead
ICBC

.....
505 - 151 W. Esplanade
North Vancouver | British Columbia | V7M 3H9
direct: 604-982-1332
cell: 604-786-2579
fax: 604-982-2491
email: adam.grossman@icbc.com

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Vehicle #1 – 2011 Rolls Royce Phantom

- Original MSRP (manufacturer suggested retail price): \$402,205
- Estimated repairs \$126,262
- ICBC paid out: \$187,581
- ICBC salvage: \$154,311
- Suggested tweets:
 - s.13
 -





Vehicle #2 – 2015 McLaren

- Original MSRP (manufacturer suggested retail price): \$381,778
- Estimated repairs \$211,391
- ICBC paid out: \$262,750
- ICBC salvage: \$102,222
- Single vehicle crash
- Suggested tweets:
 - s.13
 -



Vehicle #3 – 2015 Lamborghini Hurac

- Original MSRP (manufacturer suggested retail price): \$358,385
- Estimated repairs: excessive and manufacturer advised against repairs and noted they would not certify vehicle following repairs
- ICBC paid out: \$296,500
- ICBC salvage: \$90,000
- Suggested tweets:
 - s.13
 -



Vehicle #3 – Door of 2014 Aston Martin Vanquish

Cost to replace: \$33,526; door shell part cost \$24,578; carbon fiber aluminum structure

Third-party backed into this door

Suggested tweets:

- s.13
-



Main, Grant TRAN:EX

From: Crombie, Steve <Steve.Crombie@icbc.com>
Sent: Wednesday, November 23, 2016 10:39 AM
To: Main, Grant TRAN:EX
Subject: FW: s.13

Grant:

Just sending this over in the event it may be helpful with the Luxury Vehicle discussion. s.13
s.13

Steve

From: Cooper, Doug
Sent: Wednesday, November 23, 2016 10:30 AM
To: McDaniel, Jason <Jason.McDaniel@icbc.com>
Cc: Henderson, Doug <Doug.Henderson@icbc.com>; Matthews, Lindsay <Lindsay.Matthews@icbc.com>; Crombie, Steve <Steve.Crombie@icbc.com>
Subject: s.13

s.13

.....
Doug Cooper

Communication Advisor

Corporate & Stakeholder Governance

ICBC building trust. driving confidence.

.....
#505 - 151 W. Esplanade | North Vancouver | British Columbia | V7M 3H9

direct: 604-982-6590 | cell: 604-999-8012

fax: 604-982-2491 | email: doug.cooper@icbc.com

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[Contact Us](#)

Main, Grant TRAN:EX

From: Brownsey, Silas TRAN:EX
Sent: Tuesday, November 22, 2016 9:50 PM
To: Main, Grant TRAN:EX
Subject: FW: s.13
Attachments: BN -s.13 - FINAL - 10....docx



BRIEFING NOTE

- I. **Prepared for: The Honourable Todd Stone**, Minister responsible for ICBC, for **INFORMATION/DECISION/ACTION** etc.

s.13

Contact: Chris Tupper
Manager, Government
Partnerships and Programs
604-328-4271

Business Area Rob Wilson
Contact: Sr. Director Personal Insurance,
Broker Governance & Customer
Strategy, ICBC
(604) 982-6122

Date: October 29, 2016

Main, Grant TRAN:EX

From: Mercer, Andrea TRAN:EX
Sent: Thursday, November 17, 2016 3:48 PM
To: Main, Grant TRAN:EX; Brownsey, Silas TRAN:EX; Kislock, Lindsay M TRAN:EX
Cc: Jabs, Ryan GCPE:EX
Subject: RE: s.13

Sorry for the delay –s.13

- s.13

From: Main, Grant TRAN:EX
Sent: Thursday, November 17, 2016 1:03 PM
To: Brownsey, Silas TRAN:EX; Kislock, Lindsay M TRAN:EX
Cc: Mercer, Andrea TRAN:EX; Jabs, Ryan GCPE:EX
Subject: RE: s.13

s.13

From: Brownsey, Silas TRAN:EX
Sent: Thursday, November 17, 2016 9:01 AM
To: Kislock, Lindsay M TRAN:EX
Cc: Mercer, Andrea TRAN:EX; Jabs, Ryan GCPE:EX; Main, Grant TRAN:EX
Subject: FW: s.13
Importance: High

Lindsay – sounds like and event around high value vehicles imminent.

s.13

See attached. If MTS is amenable to this approach, would need to work into messaging.

Can you canvass with him today?

From: Mercer, Andrea TRAN:EX
Sent: Wednesday, November 16, 2016 11:26 AM
To: Brownsey, Silas TRAN:EX
Subject: s.13

Andrea Mercer, Manager Crown Agency Policy
Transit & Crown Agency Programs Branch| Ministry of Transportation and Infrastructure
5D – 940 Blanshard Street | Victoria BC | V8W 9T5

Website: www.gov.bc.ca/tran
Email: Andrea.Mercer@gov.bc.ca
Phone: 250.387.6024 | Mobile: 250.812.5486



Where ideas work

Main, Grant TRAN:EX

From: Brownsey, Silas TRAN:EX
Sent: Thursday, November 17, 2016 9:01 AM
To: Kislock, Lindsay M TRAN:EX
Cc: Mercer, Andrea TRAN:EX; Jabs, Ryan GCPE:EX; Main, Grant TRAN:EX
Subject: FW: s.13
Attachments: BN -s.13 - FINAL - 10....docx

Importance: High

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From: Mercer, Andrea TRAN:EX
Sent: Wednesday, November 16, 2016 11:26 AM
To: Brownsey, Silas TRAN:EX
Subject: s.13

Andrea Mercer, Manager Crown Agency Policy
Transit & Crown Agency Programs Branch | Ministry of Transportation and Infrastructure
5D – 940 Blanshard Street | Victoria BC | V8W 9T5
Website: www.gov.bc.ca/tran
Email: Andrea.Mercer@gov.bc.ca
Phone: 250.387.6024 | Mobile: 250.812.5486



Where ideas work

Page 67 to/à Page 68

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From: Penner, Barry
To: Stone, Todd TRAN:EX
Cc: Bell, Jordan TRAN:EX
Subject: Exotic surcharge - s.13
Date: Wednesday, November 23, 2016 7:55:22 AM
Attachments: s.13 - FINAL - cmt.docx
ATT00001.txt

Attached is Briefing Note showing s.13

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Page 70 to/à Page 71

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