

August 12, 2019

2020 GRA Information Requests - Round 1, CAC (MPI) 1-1(q) Attachment B

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June 28, 2019

Dear Autoplan Brokers,

On behalf of ICBC, and further to Jonathan Hoey's December 10, 2018 letter, I am writing to share with you the updated broker remuneration schedule for policies effective September 1, 2019.

New commission structure

ICBC's new insurance rating model calculates Optional commission based on a policy's Combined Driver Factor (CDF). The CDF remuneration structure has been designed to mirror the Claim Rated Scale (CRS) model with a few minor changes, including a maximum commission rate of 19 per cent for the best risk policies and a minimum rate of approximately four per cent of base rate for the highest risk policies.

Brokers may expect variations in premium levels and commission rates depending on the decisions customers make regarding the listing of drivers on their policies. ICBC will be monitoring this activity closely and may make further adjustments to the commission structure if policy premiums and commissions vary materially from expectations.

Transition compensation and remuneration owed

In recognition of additional costs anticipated by brokers when implementing the new model, ICBC will provide a provincial one-time \$6 million transition payment, payable July 15, 2019. Payment will be calculated proportionally based on the transaction volume per office.

At the same time, ICBC will reimburse brokers \$693,000 in recognition of commission errors that were the result of system issues, many of which have now been fixed or in the process of being fixed. As detailed in the terms of the renewed Strategic Accord, these amounts will be paid proportionally to all brokers.

MVB 5% removed from off-road vehicle transactions

Effective January 1, 2020, off-road vehicle registration transactions will no longer receive an MVB 5% payment in addition to the payment for a new transaction. This add-on fee was to compensate for the extra effort these transactions required in the early days of the program, which has now been significantly reduced.

Thank You

The new insurance rating model represents a significant shift in the way ICBC assesses risk and calculates premium, and brokers will play a crucial role in the successful implementation of this initiative. On behalf of everyone at ICBC, thank you very much for your hard work and support as we make changes to help make sure B.C. has a car insurance system that works for all British Columbians, today and in the future.

Sincerely,

A handwritten signature in black ink that reads "John Dickinson". The signature is written in a cursive, flowing style.

John Dickinson
Director, Insurance Sales and Broker Governance (Acting)



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2019/20 Schedule of Commission and Fees

Combined Driver Factor (CDF) Rated Policies

Basic CDF	Commission Rate
0.410-0.549	19.00%
0.550-0.569	18.00%
0.570-0.589	16.00%
0.590-0.609	14.00%
0.610-0.649	12.00%
0.650-0.699	10.00%
0.700-0.749	8.00%
0.750-0.849	6.00%
0.850-1.000	4.00%
1.000+	~4% of Base

Fleets

Discount Level	Commission Rate
Surcharge	3% of Base Premium
0-4%	4%
5-9%	5%
10-14%	6%
15-19%	7%
20-24%	8%
25-29%	9%
30-34%	10%
35-39%	11%
40-44%	12%
45-49%	13%
50-63%	14%

Special Coverage commission rate (flat rate) – 11% of premium with the exception of APV90 and APV383 Basic products. These products will pay New, Renew and Endorsement fees for Basic transactions and 11% commission for the Optional product.



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Fees (no change)

New Plate Policies 320 Transactions	\$14.83	Per item
Renewals 350 Transactions	\$13.72	Per item
Endorsements 330 Transactions	\$11.20	Per item
Permits	\$9.00	Per item (Flat fee)
MVB 5% Transactions	\$26.47	Per item in addition to the normal fee/commission for the transaction
Payment Plan Enrolment	\$8.50	Per item
Payment Plan Mid-term Payment	\$6.00	Per item
Payment Plan Account Changes	\$6.00	Per item (Flat fee)
Payment Plan Fleet vehicles	\$3.00	Per unit (maximum \$75.00 per fleet)
Collection of outstanding ICBC debts (over \$25.00)	\$7.00	Per item
Collection of outstanding Motor Vehicle debts (over \$25.00)	\$8.00	Per item
Collection of outstanding ICBC and Motor Vehicle combined debts (over \$25.00)	\$15.00	Per item
Collection of tax on registration	\$1.00	Per item
Issuance of New BC Parks Plate	\$5.00	Per item

Any fee or commission amount not listed or not noted as increasing is not changing.

Fees for Off Road Vehicles (ORV)

Registration with or without ORV Plate	\$11.20	Per item
Registration, annual license & insurance with ORV Plate	\$14.83	Per item
Renewals	\$13.72	Per item
Endorsements	\$11.20	Per item
MVB 5% Transactions	\$26.47	This fee does not apply to ORV transactions as of January 1, 2020.

Fees and commission amounts not listed or not noted as increasing are not changing.