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BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA

In the Matter of the Rate Applications of
Farmers Insurance Exchange,
Mid-Century Insurance Company, and
Truck Insurance Exchange,
Applicants.

File Nos.: 23-2949, 23-2949-A, 23-
2949-B; 23-2950, 23-2950-A, 23-2950-
B; 23-4951, 23-4951-A, 23-4951-B

**CONSUMER WATCHDOG'S
PETITION FOR HEARING,
PETITION TO INTERVENE, AND
NOTICE OF INTENT TO SEEK
COMPENSATION**

[Ins. Code §§ 1861.05 and 1861.10; Cal.
Code Regs, tit. 10, §§ 2653.1, 2661.2
and 2661.3]

1 Consumer Watchdog hereby requests that the Insurance Commissioner notice a public
2 hearing pursuant to Insurance Code sections 1861.05, subdivisions (a) and (c), and 1861.10,
3 subdivision (a), on the issues raised in this petition regarding the above-referenced Rate
4 Applications of Farmers Insurance Exchange, Mid-Century Insurance Company, and Truck
5 Insurance Exchange (“Farmers” or “Applicants”), at which time Applicants will be directed to
6 appear and respond to the issues raised in this petition. Consumer Watchdog also hereby requests
7 that it be granted leave to intervene in the proceeding on the Applications. Consumer Watchdog
8 intends to seek compensation in this proceeding, and, pursuant to California Code of
9 Regulations, title 10 (“10 CCR”), section 2661.3 subdivision (c), Consumer Watchdog’s
10 proposed budget is attached hereto as Exhibit A.

11 In support of its petition, Consumer Watchdog alleges:

12 **I. THE APPLICATIONS**

13 1. On or about September 27, 2023, Applicants filed Rate Applications with the
14 California Department of Insurance (“CDI”), seeking approval of an overall 7% (\$204 million)
15 rate increase to their auto line of insurance for their three separate occupation-based groups—
16 Regular Program, Business and Professional Group I, and Business and Professional Group II
17 (File Nos. 23-2949, 23-2949-A, 23-2949-B; 23-2950, 23-2950-A, 23-2950-B; 23-4951, 23-4951-
18 A, 23-4951-B [“the Applications”]). The proposed effective date of the Applications is
19 January 27, 2024, four months from the September 26, 2023 effective date of Applicants’ last
20 overall rate increase of 8.35% to their Regular Program, 13.0% for Business and Professional
21 Group I, and 10.15% for Business and Professional Group II (\$257 million) approved on
22 August 10, 2023 pursuant to a settlement stipulation of Applicants, Consumer Watchdog, and the
23 CDI.

24 2. On or about October 13, 2023, the public was notified by the CDI of the
25 Applications.

26 **II. PETITIONER**

27 3. Petitioner Consumer Watchdog is a nonprofit, nonpartisan public interest
28 corporation organized to represent the interests of consumers and taxpayers. A core focus of

1 Consumer Watchdog’s advocacy is the representation of the interests of insurance consumers
2 and policyholders, particularly as they relate to the implementation and enforcement of
3 Proposition 103, in matters before the Legislature, the courts, and the CDI.

4 4. Consumer Watchdog’s founder authored Proposition 103 and led the successful
5 campaign for its enactment by California voters in 1988. Consumer Watchdog’s staff and
6 consultants include some of the nation’s foremost consumer advocates and experts on insurance
7 ratemaking matters.

8 5. Consumer Watchdog has served as a public watchdog with regard to insurance
9 rates and insurer rollback liabilities under Proposition 103 by: monitoring rollback settlements
10 and the status of the rollback regulations; reviewing and challenging rate filings made by insurers
11 seeking excessive rates; participating in rulemaking and adjudicatory hearings before the CDI;
12 and educating the public concerning industry underwriting and rating practices, their rights under
13 Proposition 103, and other provisions of state law. Consumer Watchdog has also initiated and
14 intervened in actions in state court and appeared as amicus curiae in matters involving the
15 interpretation and application of Proposition 103 and the Insurance Code.¹

16 6. Consumer Watchdog has initiated and intervened in numerous proceedings before
17 the CDI related to the implementation and enforcement of Proposition 103’s reforms, including
18 over 140 such proceedings in the last twenty years. In every proceeding that has resulted in a
19 final decision and in which Consumer Watchdog sought compensation from 2003–2022, the
20 Commissioner found that Consumer Watchdog made a substantial contribution, meaning that its
21 participation was separate and distinct from any other party and that it presented relevant issues,
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23
24 ¹ For example, *Calfarm Ins. Co. v. Deukmejian* (1989) 48 Cal.3d 805; *20th Century Ins. Co. v.*
25 *Garamendi* (1994) 8 Cal.4th 216; *Amwest Surety Ins. Co. v. Wilson* (1995) 11 Cal.4th 1243;
26 *Proposition 103 Enforcement Project v. Quackenbush* (1998) 64 Cal.App.4th 1473; *Spanish*
27 *Speaking Citizens’ Found. v. Low* (2000) 85 Cal.App.4th 1179; *Donabedian v. Mercury Ins. Co.*
28 *(2004) 116 Cal.App.4th 968; State Farm Mut. Auto. Ins. Co. v. Garamendi* (2004) 32 Cal.4th
1029; *The Found. for Taxpayer and Consumer Rights v. Garamendi* (2005) 132 Cal.App.4th
1354; *Ass’n of Cal. Ins. Cos. v. Poizner* (2009) 180 Cal.App.4th 1029; *Mercury Cas. Co. v.*
Jones (2017) 8 Cal.App.5th 561; *Mercury Ins. Co. v. Lara* (2019) 35 Cal.App.5th 82; and *State*
Farm General Ins. Co. v. Lara (2021) 71 Cal.App.5th 197.

1 evidence, and arguments that resulted in more credible, non-frivolous information being
2 available to the Commissioner in making his final decision.

3 **III. ISSUES AND EVIDENCE TO BE PRESENTED AND POSITIONS OF PETITIONER**

4 7. In the rate proceeding initiated by Consumer Watchdog’s petition, Consumer
5 Watchdog will present and elicit evidence to show that the rates proposed in the Applications are
6 excessive and/or unfairly discriminatory in violation of Insurance Code section 1861.05,
7 subdivision (a), which provides that “[n]o rate shall be approved or remain in effect which is
8 excessive, inadequate, [or] unfairly discriminatory.” Additionally, Consumer Watchdog will
9 present and elicit evidence that Applicants’ proposed rates violate 10 CCR § 2644.1, which
10 provides that “[n]o rate shall be approved or remain in effect that is above the maximum
11 permitted earned premium as defined in section 2644.2.”

12 8. Based on Consumer Watchdog’s preliminary analysis in consultation with its
13 actuarial expert, and the information contained in the Applications and publicly available on the
14 CDI’s website, Consumer Watchdog has identified the following issues with the Applications on
15 which it intends to present and elicit evidence as set forth in (a)–(e) below. Each of these issues
16 is directly relevant to determining whether Applicants’ proposed rate increase is excessive and/or
17 unfairly discriminatory under Insurance Code sections 1861.05(a) and 1861.02(a). Consumer
18 Watchdog intends to request further information on these issues through informal/formal
19 discovery from the Applicants and reserves the right to develop and refine its positions as more
20 information is made available.

21 a) Loss and Premium Trends (10 CCR § 2644.7): Consumer Watchdog’s current position, to
22 the extent now known, is that Applicants’ frequency and severity trend selections result
23 in excessive net trends which overstate the projected losses, causing an inflated rate
24 indication. Consumer Watchdog’s preliminary analysis indicates no rate increase is
25 warranted, particularly for Bodily Injury, Property Damage, and Collision. Consumer
26 Watchdog notes that in the Explanatory Memorandum, Applicants address data
27 distortions arising from the COVID-19 pandemic. Specifically, Applicants concede that
28 “[s]electing an 8-point trend fit for frequency and severity reflects post-pandemic

1 behavior but results in high pure premium trends.” Indeed, the 8-point combined loss
2 trends are in the highest quartile for all coverages, with the majority of those being in the
3 top 3 out of 20 possible selections. Applicants go on to “recommend selecting the
4 average of 8-point and 12-point trend fits”. However, these averages are still in the
5 highest quartile for all coverages except UMBI, with the majority of those remaining in
6 the top 3 out of 20 possible selections. For example, Farmers’ selected Net Trend for BI
7 of 13.1%—which sits between the second- and third-highest available Net Trends—is in
8 line with only the latest three data points, giving minimal consideration to experience
9 prior to 2022Q4. Consumer Watchdog’s preliminary analysis shows that lower trend
10 factors, reflecting the latest data but also incorporating experience prior to the most recent
11 three quarters, are more reasonable and actuarially sound. This analysis produces an
12 overall rate indication that is substantially lower than the 6.9% rate increase proposed by
13 Farmers. Based on these findings, Applicants do not fully support the assertion that the
14 selected trend factors are the most actuarially sound.

15 b) Improper / Unsupported Variance 8D (10 CCR § 2644.27(f)(8)(D)): Please see comments
16 in ¶ 8(a) above, incorporated by reference. The average of the 8- and 12-point fits
17 produces excessive net trends which overstate the projected losses, causing an inflated
18 rate indication. Trends that are more actuarially sound can and should be selected from
19 the 20 possible choices for each coverage in the rate template—as has been done in
20 Consumer Watchdog’s preliminary analysis—and thus, Consumer Watchdog’s current
21 position, to the extent now known, is that a variance is not justified.

22 c) Improper Loss Development (10 CCR § 2644.6): Applicants use incurred loss
23 development in the rate templates. Incurred development yields higher ultimate loss and
24 DCCE than paid development across all coverages; more than 10% higher for all
25 coverages combined. Consumer Watchdog’s current position, to the extent now known, is
26 that Applicants have failed to explain why there is such a large difference between paid
27 and incurred development and have failed to demonstrate that the much higher incurred
28 development method is the most actuarially sound.

- 1 d) Improper / Unsupported Excluded Expenses (10 CCR § 2644.10): Consumer Watchdog’s
2 current position, to the extent now known, is that Applicants have failed to provide
3 sufficient information in the filing to support the claim that roughly 30% of advertising
4 expenses over the last three years have been institutional. Per the regulation:
5 “‘Institutional advertising’ means advertising not aimed at obtaining business for a
6 specific insurer and not providing consumers with information pertinent to the decision
7 whether to buy the insurer’s product.” In addition, according to Applicants’ 2021 and
8 2022 annual statements, Applicants paid \$2.8 billion during 2021 and \$3 billion during
9 2022 for “Management Agreements and Service Contracts” to affiliates. The regulation
10 states, “The following expense items shall not be allowed for ratemaking purposes . . .
11 All payments to affiliates, to the extent that such payments exceed the fair market rate or
12 value of the goods or services in the open market.” It is Consumer Watchdog’s position
13 that Applicants have not shown that these payments represent a fair market rate or value,
14 such that Applicants had \$0 of excessive payments to affiliates as listed on page 4.2 of
15 the Prior Approval Rate Template. Based on the information currently available in the
16 Applications and subject to review of additional information that may be obtained from
17 Applicants during the proceeding through formal or informal discovery on these and
18 other excluded expense items, it is Consumer Watchdog’s position that Applicants have
19 not proven that the excluded expense ratio of 0.3% shown on page 4.2 of the Prior
20 Approval Rate Template is appropriate. Consumer Watchdog reserves the right to seek
21 discovery and raise additional issues regarding the accuracy of the amounts listed in page
22 4.2 of the Prior Approval Rate Template for other categories of excluded expenses that
23 should be reflected in the rate calculation but may not be adequately reflected in the
24 filing, including political contribution and lobbying expenses, excessive executive
25 compensation, bad faith judgments and associated DCCE, costs for unsuccessful defense
26 of discrimination claims, and fines and penalties.
- 27 e) Affinity Group Surcharges (10 CCR § 2632.5(d)): Consumer Watchdog’s current
28 position, to the extent known, is that Applicants’ use of occupation to create three

1 separate base rate tiers for their Regular Program and Business and Professional Groups I
2 and II violates sections 1861.05(a) and 1861.02(a), and 10 CCR § 2632.5(d). The
3 authorized optional rating factors that have been adopted by the Commissioner are set
4 forth in 10 CCR § 2632.5(d), and do not include occupation. Applicants charge higher
5 base rates to their Regular Program policyholders than to their Business and Professional
6 Groups I and II based on occupational status, as shown in the Rate Manual – Markup
7 (p. 3) and CA FA Rule Manual 20230926 (p. 22), documents provided as part of this
8 filing. (See Exhibits B and C, attached.) Under Applicants’ proposed base rates, their
9 Regular Program policyholders will be charged up to about 18.5% more for all coverages
10 combined than policyholders in Business and Professional Group I (which includes
11 physicians, dentists, engineers, and CPAs) and up to about 18.8% more for all coverages
12 combined than policyholders in Business and Professional Group II (which includes
13 lawyers, judges, architects, and real estate agents). (*Ibid.*) Use of these three different
14 base rate tiers to charge different rates based on occupational status results in excessive
15 and/or unfairly discriminatory rates in violation of sections 1861.02(a)(4) and 1861.05(a),
16 and the application of unauthorized rating factors is in violation of section 1861.02(a)(1)–
17 (3) and the auto rating factor regulations at 10 CCR §§ 2632.4 and 2632.5.

18 Based upon its initial analysis, Consumer Watchdog submits that no overall rate increase is
19 warranted. The Commissioner should reject the requested overall rate increases, and take such
20 further corrective action as necessary.

21 9. This petition is based upon Consumer Watchdog’s preliminary analysis of the
22 Applications. Thus, Consumer Watchdog reserves the right to modify, withdraw, and/or add
23 issues for consideration as more information becomes available, including but not limited to
24 violations of Insurance Code section 1859 if it is discovered during the course of the proceeding
25 that Applicants have willfully withheld information from, or knowingly given false or
26 misleading information to, the Commissioner or to any rating organization, advisory
27 organization, insurer or group, association or other organization of insurers that will affect its
28 rates, rating systems, or premiums that are the subject of these filings.

1 **IV. AUTHORITY FOR PETITION AND GRANTING REQUEST FOR A HEARING**

2 10. The authority for this petition for hearing is Insurance Code section 1861.10,
3 subdivision (a), which grants “any person” the right to initiate or intervene in a proceeding
4 permitted or established by Proposition 103 and the right to enforce Proposition 103.
5 Specifically, as stated above, Consumer Watchdog initiates this proceeding to enforce Insurance
6 Code section 1861.05 and the Commissioner’s regulations.

7 11. Additionally, a hearing is authorized pursuant to Insurance Code section 1861.05,
8 subdivision (c), which allows “a consumer or his or her representative” to request a hearing on a
9 rate application and 10 CCR § 2653.1, which provides that “any person, whether as an
10 individual, representative of an organization, or on behalf of the general public, may request a
11 hearing by submitting a petition for hearing.”

12 12. This petition is timely pursuant to Insurance Code section 1861.05, subdivision
13 (c), and 10 CCR § 2646.4(a)(1) because it is filed within forty-five (45) days of the October 13,
14 2023 public notice date.

15 **V. INTEREST OF PETITIONER**

16 13. Consumer Watchdog’s interest in the above-captioned proceeding is to ensure that
17 Applicants’ automobile insurance policyholders are charged rates and premiums that comply
18 with the provisions of Insurance Code section 1861.02(a) and 1861.05(a)’s requirement that “no
19 rate shall be approved or remain in effect which is excessive, inadequate, [or] unfairly
20 discriminatory or otherwise in violation of this chapter,” and the requirements contained in the
21 regulations promulgated thereunder. Pursuant to state law, drivers are required to purchase
22 automobile insurance. Consumers who are overcharged by insurers for this insurance coverage
23 are part of Consumer Watchdog’s core constituency. The specific issues and positions to be
24 taken by Consumer Watchdog in this proceeding, to the extent known at this time, are set forth in
25 paragraphs 8(a)–(e) *supra*.

26 14. As noted in paragraphs 3–6 *supra*, Consumer Watchdog’s staff and consultants
27 have substantial experience and expertise in insurance rate matters, which Consumer Watchdog
28 believes will aid the CDI in its review of the Applications and aid the Commissioner in making

1 his ultimate decision as to whether to approve or disapprove the requested rates. As noted in
2 paragraph 6 above, the Commissioner has found that Consumer Watchdog has made a
3 substantial contribution to his decisions in every rate proceeding that has resulted in a final
4 decision and in which Consumer Watchdog sought compensation from 2003–2022. If leave to
5 intervene is granted, Consumer Watchdog will participate fully in all aspects of this proceeding.

6 15. Consumer Watchdog also has an interest in ensuring that Applicants, the CDI, and
7 the Insurance Commissioner comply with the laws enacted by the voters under Proposition 103,
8 and the rules and regulations that implement those laws, including that all information submitted
9 to the CDI in connection with the Applications is made publicly available.

10 **VI. AUTHORITY FOR PETITION TO INTERVENE**

11 16. The authority for Consumer Watchdog’s petition to intervene is Insurance Code
12 section 1861.10, subdivision (a), which grants “any person” the right to “initiate or intervene in
13 any proceeding permitted or established pursuant to this chapter [Chapter 9 of Part 2 of Division
14 1 of the Insurance Code] . . . and enforce any provision of this article.” This proceeding is a
15 proceeding to enforce Insurance Code sections 1861.02 and 1861.05 pursuant to Insurance Code
16 section 1861.10(a), and hence is a proceeding both “permitted” and “established” by Chapter 9.
17 Per the voters’ instruction, the mandatory right to intervene under section 1861.10(a), like all the
18 provisions of Proposition 103, must be “liberally construed and applied in order to fully promote
19 its underlying purposes.” (Prop. 103, § 8.) Thus, section 1861.10 must be interpreted and applied
20 broadly in a manner to fully encourage consumer participation. (*Ibid.*; see also *Ass’n of*
21 *California Ins. Cos. v. Poizner, supra*, 180 Cal.App.4th at 1052 [stating “the goal of fostering
22 consumer participation in the administrative rate-setting process” as “one of the purposes of
23 Proposition 103”].) The broad intervention standard enacted by section 1861.10 ensures that
24 consumers will be able to participate in proceedings *independently of the CDI staff* who may take
25 different positions or emphasize different issues in the proceeding, and with all rights accorded
26 to any other party, including the right to raise additional issues and/or violations as they become
27 known during the course of the proceeding through informal or formal discovery.

1 17. This petition to intervene is also authorized by 10 CCR § 2661.1 et seq. In
2 compliance with 10 CCR § 2661.3, the specific issues to be raised and positions to be taken by
3 Consumer Watchdog, *to the extent known at this time*, are set forth in paragraph 8, *supra*. The
4 first four issues relate directly to specific standards and requirements under the ratemaking
5 formula at 10 CCR § 2644.1 et seq. and thus are directly relevant to ultimately determining
6 whether Applicants' requested rate is excessive or otherwise unjustified. The final issue relates to
7 whether Applicants' requested rates are unfairly discriminatory under Insurance Code sections
8 1861.02(a) and 1861.05(a). Although consumer presence in departmental proceedings typically
9 results in significant reductions to policyholders' rates, the amount of savings for each individual
10 consumer is outweighed by the time and expense of hiring individual counsel or an advocacy
11 group to protect his or her rights. Thus, an independent organization like Consumer Watchdog
12 introduces a voice that otherwise would be absent from this proceeding.

13 **VII. PARTICIPATION OF CONSUMER WATCHDOG**

14 18. Consumer Watchdog verifies, in accordance with 10 CCR § 2661.3, that it will be
15 able to attend and participate in this proceeding without unreasonably delaying this proceeding
16 or any other proceedings before the Insurance Commissioner.

17 **VIII. INTENT TO SEEK COMPENSATION**

18 19. The Commissioner has awarded Consumer Watchdog compensation for its
19 reasonable advocacy and witness fees and expenses in past departmental proceedings. The
20 Commissioner issued Consumer Watchdog's latest Finding of Eligibility on July 26, 2022,
21 effective for two years as of July 12, 2022. Consumer Watchdog was previously found eligible to
22 seek compensation on August 25, 2020, effective as of July 12, 2020; July 12, 2018; July 14,
23 2016; July 24, 2014; July 24, 2012; July 2, 2010; August 25, 2008; July 14, 2006; July 2, 2004;
24 June 20, 2002; October 1, 1997; September 26, 1995; September 27, 1994; and September 13,
25 1993.

26 20. Consumer Watchdog intends to seek compensation in this proceeding. Pursuant to
27 10 CCR § 2661.3(c), Consumer Watchdog's estimated budget in this proceeding is attached
28 hereto as Exhibit A. Consumer Watchdog has based its estimated budget on several factors

1 including: (1) the technical and legal expertise needed to address these issues; (2) its current best
2 estimate of the time needed to participate effectively in these proceedings, taking into account
3 the time already expended by Consumer Watchdog’s legal and actuarial staff and an estimate of
4 time needed to complete remaining tasks through completion of a noticed evidentiary hearing;
5 and (3) past experience in similar rate proceedings before the CDI. The estimated budget is
6 reasonable and the staffing level is appropriate, given the expertise that Consumer Watchdog and
7 its consultants bring to these proceedings when the issues involved are issues at the very core of
8 its organizational mission and strike at the very heart of Proposition 103 itself. The budget
9 presented in the attached Exhibit A is a preliminary estimate, and Consumer Watchdog reserves
10 the right to amend its proposed budget as its expenses become more certain, or in its request for
11 final compensation. Consumer Watchdog will give notice of such modifications as soon as
12 practicable after it discovers the need to revise its estimates and shall comply with the budget
13 revision requirements in the relevant intervenor regulations.

14 WHEREFORE, Consumer Watchdog respectfully requests that the Insurance
15 Commissioner GRANT its petition for hearing and petition to intervene in the proceeding,
16 having all rights and responsibilities accorded any other party to the proceeding.

17
18 DATED: November 27, 2023

Respectfully submitted,
Harvey Rosenfield
Pamela Pressley
Benjamin Powell
Ryan Mellino
CONSUMER WATCHDOG

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23 By: 
Benjamin Powell
24 Attorneys for CONSUMER WATCHDOG
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1 **VERIFICATION OF BENJAMIN POWELL IN SUPPORT OF CONSUMER**
2 **WATCHDOG’S PETITION FOR HEARING, PETITION TO INTERVENE, AND**
3 **NOTICE OF INTENT TO SEEK COMPENSATION**

4 I, Benjamin Powell, verify:


5 1. I am a staff attorney for Consumer Watchdog. If called as a witness, I could and
6 would testify competently to the facts stated in this verification.

7 2. I personally prepared the pleading titled “Consumer Watchdog’s Petition for
8 Hearing, Petition to Intervene, and Notice of Intent to Seek Compensation” filed in this matter.
9 All of the factual matters alleged therein are true of my own personal knowledge, or I believe
10 them to be true after conducting some inquiry and investigation.

11 3. Pursuant to California Code of Regulations, title 10, section 2661.3, Consumer
12 Watchdog attaches as Exhibit A its estimated budget in this proceeding.

13 I declare under penalty of perjury under the laws of the State of California that the
14 foregoing is true and correct.

15 Executed November 27, 2023 at Los Angeles, California.

16 
17 _____
18 Benjamin Powell

**EXHIBIT A
PRELIMINARY BUDGET**

ITEMS

ESTIMATED COST

1. Consumer Watchdog Attorneys and Paralegal

Pamela Pressley (Senior Staff Attorney) @ \$595 per hour, 100 hours \$59,500

- Draft and edit petition for hearing and petition to intervene; supervise Consumer Watchdog counsel; oversee preparation of motions, briefing; confer with Consumer Watchdog counsel and outside experts regarding legal and evidentiary issues; participate in discussions with CDI and Applicants' counsel; assist in all phases of proceeding, evidentiary hearing, and preparation of post-hearing briefing.

Benjamin Powell (Staff Attorney) @ \$350 per hour, 200 hours \$70,000

- Confer with Consumer Watchdog counsel and outside experts regarding legal and evidentiary issues; participate in discussions with CDI and Applicants' counsel; participate in briefing legal issues; conduct discovery, preparation of motions, and preparation for evidentiary hearing; participate in examination of witnesses and all phases of evidentiary hearing and post-hearing legal briefing; prepare request for compensation.

Ryan Mellino (Staff Attorney) @ \$250 per hour, 200 hours \$50,000

- Confer with Consumer Watchdog counsel and outside experts regarding legal and evidentiary issues; participate in discussions with CDI and Applicants' counsel; participate in briefing legal issues; conduct discovery, preparation of motions, and preparation for evidentiary hearing; participate in examination of witnesses and all phases of evidentiary hearing and post-hearing legal briefing; prepare request for compensation.

Kaitlyn Gentile (Paralegal) @ \$200 per hour, 50 hours \$10,000

- Draft and edit petition for hearing and petition to intervene; assist with discovery and preparation of motions and briefs; prepare request for compensation.

Harvey Rosenfield (Of Counsel) @ \$695 per hour, 15 hours \$10,425

- Supervise Consumer Watchdog counsel and participate in strategy discussions.

2. Expert Witness: Ben Armstrong

Ben Armstrong, Staff Actuary @ \$425 per hour, 100 hours \$42,500

- Staff actuary to review all discovery documents; prepare actuarial analysis; participate in meet and confers with the parties as needed; prepare written testimony; testify and assist attorneys in preparation for cross-examination of insurer's expert witnesses.

1 3. Consumer Watchdog Expenses

2 Office expenses (photocopies, facsimile, telephone calls, postage, etc.)\$2,000

3 Travel (ground transportation; airfare; hotel)\$5,000

4 Consumer Watchdog Subtotal\$249,425

5
6 4. Expert Witness: AIS Risk Consultants, Inc.

7 Allan I. Schwartz, President of AIS Risk Consultants @ \$915 per hour, 50 hours \$45,750

- 8 • Consulting actuary to review all discovery documents; prepare actuarial analysis;
9 participate in meet and confers with the parties as needed; prepare written testimony;
10 testify and assist attorneys in preparation for cross-examination of insurers' expert
11 witnesses.

12 Katherine Tollar @ \$415 per hour, 50 hours \$20,750

- 13 • Assist Mr. Schwartz in document review, rate level analysis, preparation of testimony.

14 TOTAL ESTIMATED BUDGET: \$315,925