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**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA**

In the Matter of the Petition to Intervene of:

CONSUMER WATCHDOG,

Petitioner.

File # IP-2023-00013

**ORDER DENYING CONSUMER
WATCHDOG’S PETITION TO INTERVENE
WITH LEAVE TO AMEND**

Application(s):
23-2333

PA-2023-00016

California Insurance Commissioner Ricardo Lara (“Commissioner”) denies Consumer Watchdog’s (“Petitioner”) for Hearing, Petition to Intervene, and Notice of Intent to Seek Compensation (hereinafter “Petition”) in connection with the above-referenced proceeding regarding the application of Liberty Insurance Corporation with leave to amend, as follows.

I. APPLICABLE LAW

In November 1988, California initiative measure Proposition 103 added §§ 1861.01, et seq., to the California Insurance Code, governing the approval of premium rates for property and casualty lines of insurance in California. Proposition 1093 also allows for public participation through consumer intervention, as provided in section 1861.10. Sections 1861.01, et seq. are implemented by California Code of Regulations (Cal. Code Regs.), Title 10, §§ 2661.1, et seq., governing the Department of Insurance’s (Department) Intervenor Program. The regulations permit intervention if the intervenor’s issues are relevant to the issues of the proceeding (Cal. Code Regs. § 2661.2); and sets forth the procedures for intervention (Cal. Code Regs. §§ 2661.2, 2661.3, and 2653.4).

II. RATE APPLICATIONS

On July 20, 2023, Applicant Liberty Insurance Corporation filed rate application (File No. 23-2333) with the Department, seeking an overall 29.10% rate increase to its Dwelling line of

1 business. On August 4, 2023, the Department notified the public of the pending application. On
2 September 18, 2023, Petitioner submitted its verified Petition requesting a public hearing in the
3 pending application, and leave to intervene in the proceeding. Petitioner contends it would present
4 and elicit evidence that Applicant’s application violates provisions of the California Insurance
5 Code and the implementing Regulations. (Petition at pp. 3-4.) Petitioner also contends that it will
6 “attend and participate in this proceeding without unreasonably (sic) delaying this proceeding or
7 any other proceedings before the Insurance Commissioner.” (Petition at p. 6.)

8 To that end, Petitioner contends it has identified the following issues, in pertinent part:

9 1. Loss and Premium Trends (10 CCR § 2644.7): Applicant’s frequency and severity
10 trend selections result in excessive net trends which overstate the projected losses, causing an
11 inflated rate indication, and does not demonstrate that the selected trend factors and trend data
12 period used are the most actuarially sound.

13 2. Improper / Unsupported Excluded Expenses (10 CCR § 2644.10): Applicant has
14 not shown that all of its institutional advertising expenses have been reflected in the excluded
15 expense provision and that there may be other excluded expenses that are not adequately
16 reflected.

17 Petitioner contends its Petition is based on a preliminary analysis of the rate application.
18 Petitioner reserves the right to modify, withdraw, and/or add issues for consideration as more
19 information becomes available, including but not limited to violations of section 1859.

20 Pursuant to Cal. Code Regs. section 2661.3, subdivision (c), Petitioner further intends to
21 seek compensation in this proceeding and submitted its Preliminary Budget for purposes of
22 participation in the total sum of \$249,425. (Petition, Exh. A.)

23 **III. FINDINGS**

24 As of the date of this Ruling, Applicants have not responded to Petitioner’s Petition to
25 Intervene. With respect to the allegations related to loss and premium trends, the Commissioner
26 makes the following findings:

27 1. Petitioner’s contention that Applicant’s rate indication is inflated is conclusory,
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1 and based solely on the factual allegation that Applicant made certain trend selections. Petitioner
2 further alleges Applicant fails to meet its burden of proof with respect to the actuarial soundness
3 of the selected trend factors and trend data period used, and provides no additional details. The
4 Commissioner is unable to determine what specific issues Petitioner intends to raise, the positions
5 Petitioner intends taken on each issue to the extent then known, or whether Petitioner seeks to
6 raise issues that are relevant to the issues of the proceeding. Accordingly, the Commissioner finds
7 that, as to these allegations, the Petition does not comply with section 2661.3 and Petitioner has
8 not established it is permitted to intervene in accordance with section 2661.2.

9 2. Petitioner’s allegations related to excluded expenses are also conclusory and vague
10 with respect to the Applicant’s allegedly appropriate level of institutional advertising expenses.
11 The Petition further alleges there “may” be other excluded expenses that Petitioner will challenge.
12 Based on the foregoing, the Commissioner is unable to determine what specific issues the
13 Petitioner intends to raise, the positions Petitioner intends taken on each issue to the extent then
14 known, or whether the Petitioner seeks to raise issues that are relevant to the issues of the
15 proceeding. Accordingly, the Commissioner finds that, as to these allegations, the Petition does
16 not comply with section 2661.3 and Petitioner has not established it is permitted to intervene in
17 accordance with section 2661.2.

18 With respect to allegations related to Insurance Code section 1859, Petitioner does not
19 plead any specific issue, but instead, holds open the possibility that an issue might arise in the
20 future. Based on the foregoing, the Commissioner is unable to determine what specific issues the
21 Petitioner intends to raise, the positions Petitioner intends taken on each issue to the extent then
22 known, or whether the Petitioner seeks to raise issues that are relevant to the issues of the
23 proceeding. Accordingly, the Commissioner finds that, as to these allegations, the Petition does
24 not comply with section 2661.3 and Petitioner has not established it is permitted to intervene in
25 accordance with section 2661.2.

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1 **IV. ORDER**

2 Based on the foregoing, Petitioner's Petition to Intervene is hereby **DENIED WITH**
3 **LEAVE TO AMEND.**

4 Petitioner has fourteen (14) calendar days to file an amended Petition. The amended
5 Petition shall be deemed timely filed if filed during this fourteen (14) calendar day period.

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7 Dated: October 3, 2023

RICARDO LARA
California Insurance Commissioner

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10 By 
11 LUCY F. WANG
12 Deputy Commissioner and Special Counsel
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PROOF OF SERVICE
In the Matter of the Petition to Intervene of
CONSUMER WATCHDOG, Petitioner
Case No. IP-2023-00013

I am over the age of eighteen years and am not a party to the within action. I am an employee of the Department of Insurance, State of California, employed at 1901 Harrison Street, 4th Floor, Oakland, California 94612. On October 3, 2023, I served the following document(s):

**ORDER DENYING CONSUMER WATCHDOG'S PETITION TO
INTERVENE WITH LEAVE TO AMEND - Application(s): 23-2333 –
PA-2023-00016**

on all persons named on the attached Service List, by the method of service indicated, as follows:

If **U.S. MAIL** is indicated, by placing on this date, true copies in sealed envelopes, addressed to each person indicated, in this office's facility for collection of outgoing items to be sent by mail, pursuant to Code of Civil Procedure Section 1013. I am familiar with this office's practice of collecting and processing documents placed for mailing by U.S. Mail. Under that practice, outgoing items are deposited, in the ordinary course of business, with the U.S. Postal Service on that same day, with postage fully prepaid, in the city of Oakland and the county of Alameda, California.

If **OVERNIGHT SERVICE** is indicated, by placing on this date, true copies in sealed envelopes, addressed to each person indicated, in this office's facility for collection of outgoing items for overnight delivery, pursuant to Code of Civil Procedure Section 1013. I am familiar with this office's practice of collecting and processing documents placed for overnight delivery. Under that practice, outgoing items are deposited, in the ordinary course of business, with an authorized courier or a facility regularly maintained by one of the following overnight services in the city of Oakland and the county of Alameda, California: Express Mail, UPS, Federal Express, or Golden State overnight service, with an active account number shown for payment.

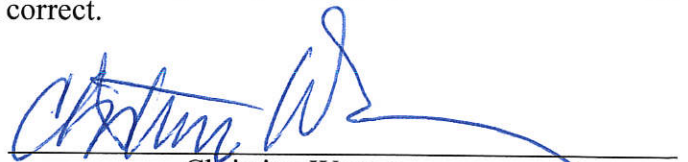
If **FAX SERVICE** is indicated, by facsimile transmission this date to fax number stated for the person(s) so marked.

If **PERSONAL SERVICE** is indicated, by hand delivery this date.

If **INTRA-AGENCY MAIL** is indicated, by placing this date in a place designated for collection for delivery by Department of Insurance intra-agency mail.

If **EMAIL** is indicated, by electronic mail transmission this date to the email address(es) listed.

Executed this date at Oakland, California. I declare under penalty of perjury under the laws of the State of California that the above is true and correct.



Christine Warren

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SERVICE LIST
In the Matter of the Petition to Intervene of
CONSUMER WATCHDOG, Petitioner
Case No. IP-2023-00013

<u>Name/Address</u>	<u>Phone/Fax Numbers</u>	<u>Method of Service</u>
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Lisbeth Landsman-Smith Sara Ahn Rate Enforcement Bureau CALIFORNIA DEPARTMENT OF INSURANCE 300 Capitol Mall, 16 th Floor Sacramento, CA 95814 Lisbeth.Landsman@insurance.ca.gov Sara.Ahn@insurance.ca.gov	Tel: (916) 492-3561 Fax: (510) 238-7830	Via EMAIL