

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street, 21st Floor
San Francisco, California 94105**

RH05042749

October 5, 2006

**NOTICE OF AVAILABILITY OF CHANGED TEXT
AND OF ADDITION OF MATERIALS TO RULEMAKING FILE**

On July 18, 2006, following three workshops, California Insurance Commissioner John Garamendi issued a Notice of Proposed Action and Notice of Public Hearing, proposing certain amendments to Title 10, California Code of Regulations, sections 2642.4, et seq. The Department held a public hearing on September 13, 2006, and received written and oral public comments in response to the Notice. The Department is proposing changes to the text and has added materials to the rulemaking file in response to the comments received.

PUBLIC COMMENT INVITED:

The Commissioner solicits written comments on the changes now proposed to the regulation text, which are attached. Additions to the previous text are indicated in double-underline; deletions are indicated in ~~double-strikeout~~. Comments submitted on unchanged portions will not be considered.

The Commissioner believes the changes made are either nonsubstantial or solely grammatical in nature, or are sufficiently related to the original text that the public was adequately placed on notice that the change could result from the originally proposed regulatory action.

The Commissioner also solicits comments on the following materials which have been added to the rulemaking file:

1. [Opinion, Findings and Decision on 2006 Private Passenger Automobile Insurance Rates, issued December 15, 2005, by the Massachusetts Commissioner of Insurance in Docket Nos. R2005-09, R2005-10, R2005-11; Title Page, Appearances Page, Introduction Page, and Item 2. Asset Returns, Pages 35 - 43.](#)
2. [ROE & Beta Study of Appel & Derrigs' 30 Cos - data from S&P's 9/16/ 2006 report](#)
3. [2004 Annual Rate of Return \(ROR\)](#)
4. [Property & Casualty Risk-Premium](#)
5. [Minimum Rate of Return – Change in Surplus vs. ROR with After Tax Unrealized Capital Gain/Loss](#)
6. [Calculation Explanation \(Reserve Ratios\)](#)

7. [2004 Summary of By-Line Unearned Premium Reserve Ratio](#)
8. [Summary of Year 2004 CA P&C Annual Statement State Page For All Insurers](#)
9. [Summary of Year 2003 CA P&C Annual Statement State Page For All Insurers](#)
10. [California Loss Reserve Ratio](#)
11. [Calculation Explanation \(Efficiency Standards\)](#)
12. [2002 - 2004 Summary Worksheets](#)
13. [2004 Data](#)
14. [Calculation Explanation \(Leverage Ratios\)](#)
15. [Leverage Factor Worksheet](#)

The document identified as number 1, above, is being mailed to all those on the mailing list described in the last paragraph of this notice. The remaining documents are available on the Department's website at www.insurance.ca.gov.

CONTACT PERSONS:

All written comments submitted in response to this Notice shall be directed to:

Cathleen S. Chapman
Staff Counsel
California Department of Insurance
45 Fremont Street, 21st Floor
San Francisco, CA 94105
Telephone: (415) 538-4458
Facsimile: (415) 904-5490
chapmanc@insurance.ca.gov

All general or substantive questions regarding this Notice should be directed to either of the contact persons as follows

Bruce V. Patton, Senior Staff Counsel
California Department of Insurance
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300 Capitol Mall, Suite 1700
Sacramento, CA 95814
Telephone: (916) 492-3560
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SUBMISSION OF WRITTEN COMMENTS:

All written comments on the changes and on the materials added to the rulemaking file must be received by the Insurance Commissioner, directed to Cathleen S. Chapman at the address listed above, no later than **5:00 p.m. on Monday, October 23, 2006.**

Comments submitted by e-mail or facsimile will be accepted and considered. **Comments shall be submitted by one method only.**

A copy of all comments submitted by e-mail shall also be served on the e-mail service list for this proceeding. A copy of that list has been provided to all those on the e-mail service list.

AUTOMATIC MAILING:

A copy of this notice, together with the text of the proposal, will automatically be sent to all those who testified at the public hearing, all those who submitted written comments at the public hearing, all persons whose comments were received during the public comment period, all persons who requested copies of information regarding the regulations, and all persons who requested notification of the availability of such changes. A copy will be provided by e-mail to all those in the immediately-preceding categories who provided an e-mail address to the Department and are therefore on the e-mail service list for this proceeding.

JOHN GARAMENDI
Insurance Commissioner