

1 CALIFORNIA DEPARTMENT OF INSURANCE
LEGAL DIVISION
2 Rate Enforcement Bureau
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5 Attorney for The California Department of Insurance
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8 **BEFORE THE INSURANCE COMMISSIONER**
9 **OF THE STATE OF CALIFORNIA**

10
11 In the Matter of the Rate Application of
12 Developers Surety and Indemnity
Company
13 Applicant.
14

File No. PA05049443

NOTICE OF REQUEST FOR VARIANCE
AND OPPORTUNITY TO REQUEST
HEARING

15
16 TO: ANY INTERESTED MEMBER OF THE PUBLIC, YOU ARE HEREBY NOTIFIED
17 THAT THE ABOVE NAMED APPLICANT HAS FILED AN APPLICATION TO INCREASE
18 ITS RATES AND HAS REQUESTED A VARIANCE FROM THE APPLICABLE RATE
19 REGULATIONS, AND YOU ARE FURTHER NOTIFIED THAT ANY INTERESTED
20 MEMBER OF THE PUBLIC MAY REQUEST A HEARING ON THIS MATTER, AS
21 DESCRIBED FURTHER BELOW.

22 **NOTICE**

23 The Applicant has filed the following rate application with the California Department of
24 Insurance (the Department):
25

| <u>Rate Filing Bureau App. No.</u> | <u>Line of Insurance</u> | Requested Rate Change |
|------------------------------------|--------------------------|-----------------------|
| 05-2559 | Surety | 9.1% |

1 The rate application referenced directly above is subject to California Insurance Code
2 §1861.05 and was received by the Department on March 22, 2005. The Department provided
3 Public Notice, as required by California Insurance Code §1861.06, on April 1, 2005.

4 The statutory sixty-day "deemed approved" date set forth in California Insurance Code
5 §1861.05(c) was May 31, 2005. However, the sixty-day deemed approved date was tolled
6 indefinitely by correspondence from the Applicant dated May 10, 2005.

7 The Applicant is requesting a variance under California Code of Regulations (CCR)
8 §2646.4(c)(2). Under CCR §2646.4(c)(2) a variance may be available when an applicant should
9 be allowed to recover additional costs for bona fide loss-prevention and loss-reduction activities,
10 provided the insurer can demonstrate loss reductions commensurate with the increased
11 expenditures.

12 The Department has reviewed the Applicant's rate application, including the variance
13 request. Based on its review, the Department has determined that to approve the requested 9.1%
14 rate increase would require granting a variance to increase expenses by 16% over the amount that
15 would be allowed without a variance. The Department will hold a hearing on this rate application
16 if a member of the public submits a timely written request for hearing, as described below. If a
17 member of the public requests a hearing, the requesting party should be prepared to present
18 evidence showing why the rate application should not be granted at the hearing.

19 A written request for hearing shall contain the case caption and file number, and shall
20 separately identify and specify the following: the persons on whose behalf the hearing is
21 requested; the relationship, if any, of the requesting party to Applicant; any interest of the
22 requesting party in the matter; any interest or right of the requesting party that may be affected if
23 the application is approved; a summary of evidence proposed to be offered if a hearing is held;
24 and the grounds for challenging the variance.

25 If no hearing is requested before 5:00 p.m. on January 21, 2006 the rate application and
26 request for variance will be submitted to the Commissioner for his decision, without further
27 opportunity for public input.

28 Further communications with the Department regarding the above-referenced rate

1 application, including any request for hearing, shall be directed to the Department of Insurance,
2 Rate Enforcement Bureau, 45 Fremont St., 21st floor, San Francisco, California, 94105, and not
3 to the Rate Filing Bureau.

4 Dated: December 21, 2005

CALIFORNIA DEPARTMENT OF INSURANCE

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By _____ /s/ _____

Daniel M. Goodell
Senior Staff Counsel