

Harvey Rosenfield, SBN 123082
Pamela Pressley, SBN 180362
Ryan Mellino, SBN 342497
CONSUMER WATCHDOG
6330 San Vicente Boulevard, Suite 250
Los Angeles, CA 90048
Tel. (310) 392-0522
Fax (310) 392-8874
harvey@consumerwatchdog.org
pam@consumerwatchdog.org
ryan@consumerwatchdog.org

Attorneys for CONSUMER WATCHDOG

BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA

In the Matter of the Rate/Rule Applications of

Farmers Insurance Exchange,
Fire Insurance Exchange, and
Mid-Century Insurance Company,
Applicants.

File No.: PA-2023-00015

**CONSUMER WATCHDOG'S REQUEST
FOR COMPENSATION**

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1 **I. INTRODUCTION**

2 Consumer Watchdog (“CWD”), Intervenor in the above-entitled proceeding, submits this
3 Request for Compensation (“Request”) pursuant to Insurance Code section 1861.10, subdivision
4 (b), and the intervenor regulations, California Code of Regulations, title 10 (“10 CCR”), § 2661.1
5 et seq. for its substantial contribution to the Commissioner’s decision approving Farmers
6 Insurance Exchange, Fire Insurance Exchange, and Mid-Century Insurance Company’s
7 (“Farmers” or “Applicants”) rate/rule applications.

8 Proposition 103 and the intervenor regulations expressly provide for consumer
9 participation in the rate review process. This is because “the scrutiny of consumer representatives
10 is an important tool to ensure that applicants comply with the statutory and regulatory prohibition
11 on ‘excessive, inadequate, and unfairly discriminatory’ rates, or rates that otherwise violate the
12 law.” (*Assn. of California Ins. Cos. v. Poizner* (2009) 180 Cal.App.4th 1029, 1041.)

13 Invoking the right the voters accorded themselves under Insurance Code sections
14 1861.10(a) and 1861.05(c) to enforce the provisions of Proposition 103, Consumer Watchdog
15 initiated this proceeding when it filed a Petition for Hearing, Petition to Intervene, and Notice of
16 Intent to Seek Compensation (“Petition”) on August 30, 2023, challenging Applicants’ rate/rule
17 applications seeking approval of new property-level and community-level mitigation designations
18 and discounts to comply with California Code of Regulations, title 10 (“10 CCR”), section 2644.9
19 (File Nos. 23-1129, 23-1129-A, and 23-1129-B [“the Applications”]). (Consumer Watchdog, the
20 Department of Insurance, and Applicants will be collectively referred to as the “Parties.”)

21 Consumer Watchdog represented the interests of consumers and policyholders by
22 presenting issues, evidence, and arguments in its Petition and subsequent requests for information,
23 analyses, correspondence, and communications with the Parties that were separate and distinct
24 from those raised by the Department of Insurance (the “Department”). During the course of the
25 proceeding, Farmers updated its customer notification documents to provide the information
26 required by 10 CCR § 2644.9, including but not limited to the dollar premium impact of the
27 assigned wildfire risk score and steps the homeowner could take to lower their score, as raised by
28 Consumer Watchdog’s Petition. Farmers additionally agreed to provide all policyholders with a

1 no-cost inspection option to verify mitigation discounts, removed unlawful “pride of ownership”
2 language from its rule manuals, and provided updated data underlying its proposed discounts as
3 advocated by Consumer Watchdog. Consequently, the Insurance Commissioner
4 (“Commissioner”) had all this information available to him when making his decision that would
5 not have been available had Consumer Watchdog not participated. As a result, Consumer
6 Watchdog substantially contributed to the Commissioner’s decision to approve the Applications.

7 For its substantial contribution, this Request seeks Consumer Watchdog’s reasonable
8 advocacy and expert fees in the total amount of \$47,485.00.¹ This Request includes time spent
9 working on this matter, including preparing this Request, through January 23, 2025. This Request
10 is based on the facts and circumstances of this matter as summarized in Section III below and in
11 supporting exhibits, the record in this matter, and the accompanying Declaration of Ryan Mellino
12 (“Mellino Decl.”). In light of the substantial contribution Consumer Watchdog made to the
13 Commissioner’s decision in this proceeding to approve the applications, as discussed further
14 below, the compensation sought for its attorney, paralegal, and staff actuary fees is abundantly
15 reasonable.

16 **II. CONSUMER WATCHDOG IS ELIGIBLE TO SEEK COMPENSATION IN THIS** 17 **PROCEEDING AND ITS REQUEST IS TIMELY**

18 The intervenor regulations provide, in part:

19 A petitioner, intervenor or participant whose Petition to Intervene or Participate
20 has been granted and who has been found eligible to seek compensation may
21 submit to the Public Advisor, within 30 days after the service of the order,
22 decision, regulation or other action of the Commissioner in the proceeding for
23 which intervention was sought, or at the requesting petitioner’s, intervenor’s or
24 participant’s option, within 30 days after the conclusion of the entire proceeding,
25 a request for an award of compensation.

26 (10 CCR § 2662.3(a).) Consumer Watchdog is a longtime participant and intervenor in
27 Department proceedings and a nationally recognized consumer advocacy organization. The
28 Commissioner issued Consumer Watchdog’s latest Finding of Eligibility on August 2, 2024,
effective in proceedings commenced within two years of July 12, 2024, in which he found

¹ See Exhibit A hereto for a summary of the fees requested.

Consumer Watchdog “eligible to seek compensation in Department proceedings under Insurance Code section 1861.10.”²

The Commissioner granted Consumer Watchdog’s Petition to Intervene in this rate proceeding on the Applications on or about September 13, 2023. (Ruling Granting Consumer Watchdog’s Petition to Intervene, September 13, 2023, p. 4; Mellino Decl., ¶ 31, Exh. 6.) Thus, Consumer Watchdog is eligible to seek compensation in this matter.

Pursuant to 10 CCR § 2662.3(a), a request for compensation is due 30 days after service of the Commissioner’s decision in the proceeding in which intervention was sought or 30 days after conclusion of the entire proceeding. Consumer Watchdog’s Petition was denied on December 2, 2024. (Decision Denying Petitioner’s Petition for Hearing, Dec. 2, 2024; Mellino Decl., ¶ 50, Exh. 7.) On December 20, 2024, Consumer Watchdog requested a three-week extension, until January 23, 2025, to file its Request, which was granted by the Public Advisor. (Exh. O hereto; Mellino Decl., ¶ 52.) The Commissioner approved the Applications on January 23, 2025. Accordingly, this Request is timely pursuant to 10 CCR § 2662.3(a) and the granted extension.

III. SUMMARY OF THE PROCEEDING

To demonstrate Consumer Watchdog’s substantial contribution to the Commissioner’s decision in this proceeding and to demonstrate the reasonableness of the advocacy and witness fees requested, set forth below is a summary of Consumer Watchdog’s participation in this matter.

A. Consumer Watchdog Petitioned for Hearing, Identifying Several Issues with the Applications.

On or about April 12, 2023, Applicants filed the Applications with the Department, seeking approval of rule and rating plan changes to implement new property-level and

² Consumer Watchdog’s current Finding of Eligibility succeeded prior determinations issued on July 26, 2022, effective as of July 12, 2022 through July 12, 2024, during which period Consumer Watchdog filed its Petition for Hearing and Petition to Intervene in this proceeding on August 30, 2023; August 25, 2020, effective as of July 12, 2020; July 12, 2018; July 14, 2016, July 24, 2014; July 24, 2012; July 2, 2010; August 25, 2008; July 14, 2006; July 2, 2004; June 20, 2002; October 1, 1997; September 26, 1995; September 27, 1994; and September 13, 1993.

community-level mitigation designations and discounts to comply with 10 CCR Section 2644.9, “Consideration of Mitigation Factors; Wildfire Risk Models.” (Mellino Decl., ¶ 25.) The Department notified the public of the Applications on or about May 5, 2023. (*Ibid.*)

Consumer Watchdog, in consultation with its staff actuary, reviewed the Applications in detail and determined that the proposed rating plan and rule changes potentially violated 10 CCR § 2644.9’s requirements relating to the use of wildfire risk models and the implementation of mandatory wildfire risk mitigation factors. (Mellino Decl., ¶ 26.) Based on its attorneys’ and staff actuary’s analysis of the Applications, Consumer Watchdog identified several specific issues that contributed to Farmers’ proposed rating plan and rule changes being in violation of 10 CCR § 2644.9. (*Ibid.*)

On August 30, 2023, pursuant to Insurance Code section 1861.10(a), Consumer Watchdog filed its Petition including the issues on which it would provide evidence to show why Farmers’ proposed rating plan and rule changes were in violation of 10 CCR § 2644.9. (Petition, pp. 4–6; (Mellino Decl., ¶ 27, Exh. 5.)

Although the Petition was not filed within forty-five (45) days of the May 5, 2023 public notice date pursuant to Insurance Code section 1861.05, subdivision (c), and 10 CCR § 2646.4(a)(1), it was timely, as in a related proceeding, Consumer Watchdog, Farmers, and the CDI had stipulated that Consumer Watchdog would be permitted to intervene and participate in discussions regarding this filing so that the mitigation discount and customer notification issues raised by Consumer Watchdog in its requests for information in that rate proceeding could be addressed in this proceeding. (Settlement Stipulation, Aug. 10, 2023, *In the Matter of the Rate Applications of Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-Century Insurance Company*, File No. PA-2023-00009, p. 2, ¶ 3; Mellino Decl., ¶ 27; Exh. B hereto.)³

Specifically, Consumer Watchdog’s Petition alleged that the Applications were in violation of 10 CCR § 2644.9(d)(1)(B) [property mitigation discounts]; see also (d)(1)(A)

³ There is no deadline for a petition to intervene under Insurance Code section 1861.10 or 10 CCR §§ 2661.2 and 2661.3, and as noted *ante*, Consumer Watchdog’s Petition to Intervene was granted on September 13, 2023.

[community mitigation discount]; 10 CCR § 2644.9(g). The regulation provides, “The rating plan shall reflect, and the rate offered to the applicant or insured shall be based in part on, the reduced wildfire risk resulting from each and every property-level wildfire risk mitigation effort listed in subdivisions (d)(1)(B)1.a. through (d)(1)(B)1.e. and (d)(1)(B)2.a. through (d)(1)(B)2.e., below, that is undertaken with respect to an individual property being assessed for risk.” (10 CCR § 2644.9(d)(1)(B) [property mitigation discounts]; see also (d)(1)(A) [community mitigation discount].) The regulation further provides, “To the extent the insurer’s own California data is not fully credible, the insurer shall credibility-weight its data with an appropriate complement of credibility to support each segment, rating differential, or premium surcharge. If the Commissioner aggregates California premium-and-loss data by wildfire risk to create a fire and wildfire exposure risk manual pursuant to Insurance Code section 929.2, an insurer may rely on the then-current version of the manual as support for each segment, rating differential, or surcharge being requested in connection with a residential property rate application, either directly or as a complement of credibility to the insurer’s own California wildfire loss data.” (10 CCR § 2644.9(g).) Farmers did not demonstrate compliance with the regulation as its proposal failed to provide any meaningful premium discounts to homeowners who completed the wildfire mitigation measures set forth in § 2644.9. Per comments made by Farmers during a call with Consumer Watchdog on August 9, 2023 in a related proceeding,⁴ the average mitigation discount for customers with FireLine scores of 0–3 was \$20 to \$30. This could conceivably have been justified, as customers in those areas had negligible wildfire risk. However, for customers with higher FireLine scores (and thus more significant wildfire risk), the average discount was still quite small—in the range of \$40 to \$75—again per Farmers’ comments. This was especially troubling given that, as Farmers had revealed for the first time in its August 8, 2023 email response to Consumer Watchdog’s August 7 email, customers had to pay out-of-pocket for a home inspection in order to even be eligible for the mitigation discounts, and Farmers stated on the aforementioned August 9 call that the cost of the inspection was around \$100. Since the

⁴ PA-2023-00009, CDI File Nos.: 23-844; 23-844-A; 23-844-B. This was the proceeding in which the Parties stipulated to Consumer Watchdog’s participation in the instant proceeding.

1 average mitigation discount across all of Farmers’ business was in the range of \$20 to \$75, the
2 average net “discount” was in fact a surcharge when the \$100 inspection cost was factored in.
3 (Petition, ¶ 8a; Mellino Decl., ¶ 28.)

4 The Petition also alleged that Farmers failed to disclose the cost of the home inspection in
5 their proposed rate or rule manuals, instead giving the impression that any premium discounts for
6 undertaking wildfire mitigation measures (which were themselves quite costly) would have a net
7 effect of reducing the overall amount consumers pay for homeowners insurance, in violation of
8 Ins. Code § 1859. (Petition, ¶ 8b; Mellino Decl., ¶ 29.)

9 Finally, the Petition alleged that based on the information and documents provided by
10 Farmers to date in response to Consumer Watchdog’s prior requests for information in PA-2023-
11 00009 regarding the written procedure Farmers proposed to adopt to comply with 10 CCR
12 § 2644.9(h)–(k), it appeared that Farmers’ written procedures and customer notifications did not
13 include a clear explanation of all the information required under the regulation, including but not
14 limited to the rate impact of the wildfire risk score, and steps the homeowner could take to lower
15 their score. (Petition, ¶ 8c; Mellino Decl., ¶ 30.)

16 The Commissioner granted Consumer Watchdog’s Petition to Intervene by his ruling
17 dated September 13, 2023. (Ruling Granting Consumer Watchdog’s Petition to Intervene,
18 Sept. 13, 2023, at p. 4; Mellino Decl., ¶ 31, Exh. 6.) The ruling found that the Petition “has raised
19 and seeks to address issues that are relevant to the ratemaking process.” (*Ibid.*)

20 **B. Consumer Watchdog Requested Additional Information from Farmers and**
21 **Participated in Three-Way Discussions with the Parties Regarding the Issues**
22 **Identified in the Petition and Additional Submissions.**

23 On October 5, 2023, Consumer Watchdog submitted eight Requests for Information
24 (“RFIs”) necessary to evaluate Farmers’ requested rating plan and rule filing on each of the
25 issues raised in Consumer Watchdog’s Petition. (Exh. C hereto; Mellino Decl., ¶ 32.)
26 Specifically, Consumer Watchdog asked for a detailed response to Consumer Watchdog’s
27 allegation that the Applications were in violation of 10 CCR § 2644.9(d)(1)(B) in paragraph 8a
28 of the Petition; a thorough explanation of why the cost of the home inspection was not disclosed
to the consumers who would be paying for it, fully supporting Farmers’ apparent position that

1 the overall cost of homeowners insurance—inclusive of the home inspection cost and mitigation
2 discounts—would be reduced by undertaking wildfire mitigation measures; a detailed response
3 to Consumer Watchdog’s allegation in paragraph 8c of the Petition that Farmers’ written
4 procedures and notifications did not include a clear explanation of all the information required
5 under the regulation, including but not limited to the rate impact of the wildfire risk score, and
6 steps the homeowner could take to lower their score; the distribution of written premium for the
7 most recent 60 calendar months by Wildfire/Non-Wildfire, noting that historical data may have
8 needed to be retroactively slotted into Wildfire/Non-Wildfire based on policy characteristics, and
9 if this could not be done, requested the expected prospective distribution of written premium by
10 Wildfire/Non-Wildfire for the policy period covered by the Applications; an explanation what
11 was driving the indicated rate need (e.g., type/category of losses, geographic locations, large
12 losses, specific agencies or distribution channels, particular years/periods/events, etc.), and
13 available cause of loss distributions or other exhibits demonstrating the basis for the proposed
14 changes; an explanation and description of other actions being taken by the company, in addition
15 to rate revision filings, to address overall profitability and growth plans, if/as applicable,
16 specifically providing information on any plans to directly reduce the proportion of new business
17 vs. renewals, e.g., more stringent underwriting guidelines; an explanation of any material
18 increase/decrease in the inforce policy count/exposures over the past several years, identifying
19 the underlying reason(s) and if the directional shift (growing, retracting) was in line with the
20 company objectives in the California market; and the overall company strategy with writing
21 business in California as well as what differentiated Farmers’ product from other competitors in
22 the marketplace, such as niche/specialty markets, geographic focus (urban, coastal, etc.),
23 enhanced coverages, preferred/standard/non-standard-type business, multi-line offerings, etc.
24 (*Ibid.*)

25 On October 23, 2023, Farmers provided their responses to Consumer Watchdog’s RFIs.
26 (Exh. D hereto; Mellino Decl., ¶ 33.) Farmers stated that there was no cost to policyholders to
27 receive the discount for community level mitigation because it would be automatically verified
28 by Farmers, and that an Insurance Institute for Business & Home Safety (“IBHS”) “Wildfire

1 Prepared” certification would be required to determine property level mitigation qualifications,
2 while the inspection result would be valid for three years so customers could also keep the
3 mitigation discount for three years without additional cost, and the average discount over the
4 three-year period was estimated to be \$125–\$225 for those with Fireline score 4 or higher, which
5 is greater than the \$125 IBHS inspection fee. Farmers said that among this group, for policies
6 with wildfire premium of \$500 or more, the average discount over the three-year period was
7 \$225–\$275 and for those with wildfire premium of \$1000 or more, the average discount over the
8 three-year period was \$340–354, claiming there was a clear net benefit to customers with
9 substantial wildfire risk even after the inspection cost was factored in, and stated the proposition
10 would be even stronger for customers with higher wildfire risk and larger wildfire premiums as
11 the cost-vs.-benefit calculation would skew even more in the favor of a larger discount compared
12 to the inspection cost. Farmers stated their customer notification that would be provided to
13 customers when the Applications were approved would provide the premium impact of each
14 mitigation measure. Farmers stated that the Wildfire Prepared certification was not under the
15 purview of Farmers Insurance, and because the cost of inspection may change without Farmers’
16 knowledge, it wouldn’t make sense to include the cost of the home inspection in the rule guide
17 since that was not a document that Farmers could update quickly, and furthermore, the rule guide
18 was meant to summarize eligibility rules and validation requirements, but that Farmers would
19 plan to clearly disclose that there was a cost to customers and agents through their normal
20 communication channels such as agent memos. Farmers stated they were in the process of
21 updating their customer notification to include the premium impact of the score itself, without
22 the mitigation measures, and they provided a written process by which the customer could
23 dispute their wildfire risk score, which Farmers would address with their vendor and follow up
24 with the customer. Farmers provided the distribution of written premium for the most recent 60
25 calendar months by Wildfire/Non-Wildfire. Farmers stated that in addition to their filed rate
26 revisions, the company was always focused on validating rating and underwriting accuracy on all
27 risks and also continued to explore and increase options for agents to place homeowner policies
28 with other carriers through their in-house brokerage Kraft Lake Insurance Agency, and that

1 applications submitted for the Farmers Next Generation Homeowners, Farmers Smart Plan
2 Condominium, and Farmers Smart Plan Renters programs were currently ineligible for new
3 business. Farmers also stated that they had not observed a material increase or decrease in the
4 inforce policy count or exposures over the past several years, and that they were focused on
5 writing preferred/standard policies in California and providing industry-leading products and
6 first-rate services to their customers, and that their exclusive agents offered personalized service
7 without focus on specific geographic areas and had historically offered a “one-stop shop” for the
8 most common consumer insurance needs, including private passenger auto, homeowner, and
9 umbrella, among others. (*Ibid.*)

10 On November 2, 2023, Consumer Watchdog submitted its follow-up questions to
11 Farmers. (Exh. E hereto; Mellino Decl., ¶ 34.) Consumer Watchdog stated that according to data
12 from FireLine/Verisk, approximately 15% of CA policyholders had FireLine scores of 4 or
13 higher, noting that for this minority there was a net benefit of \$0 to \$33 per year, and asked how
14 Farmers would communicate to customers that wildfire mitigation measures could result in a
15 slightly lower average premium (inclusive of the inspection fee), but only for those with FireLine
16 scores of 4 and up. Consumer Watchdog asked if the fact that the inspection fee was greater than
17 the maximum discount for those with FireLine scores under 3 would be expressly
18 communicated. Consumer Watchdog also noted that Farmers were not in compliance with the
19 regulation until the required notifications, including “the impact of the score or classification on
20 the rate or premium...” per 2644.9(k)(2), were actually provided, and requested Farmers provide
21 an example of the actual customer notification that would be used. (*Ibid.*)

22 On November 20, 2023, Consumer Watchdog reached out to Farmers inquire about the
23 status of their responses to its follow-up questions. (Exh. F hereto; Mellino Decl., ¶ 35.)

24 The next day, on November 21, 2023, Farmers provided their responses to the November
25 2 follow-up questions. (Exh. G hereto; Mellino Decl., ¶ 36.) Farmers provided the requested
26 revised customer notification, stating that the wildfire mitigation notice that customers received
27 was drafted to include the elements required by the regulation, and that the notice would list the
28 dollar impact on their premium related to each of the wildfire mitigation measures they

1 performed. According to Farmers, this information would empower customers to do a
2 cost/benefit analysis and determine the course of action that made the most sense for them, and
3 Farmers agents had access to resources to help their customers navigate these dynamics and
4 answer their questions. (*Ibid.*) After reviewing this November 21, 2023 revised customer
5 notification document, Consumer Watchdog confirmed that it included the information required
6 under the regulation that had been missing from prior versions provided by Farmers in July 2023
7 in response to Consumer Watchdog’s requests in the prior rate proceeding, namely the dollar
8 premium impact of the wildfire risk score, and steps the homeowner could take to lower their
9 score, as raised by Consumer Watchdog’s Petition. (*Ibid.*)

10 On March 11, 2024, the Parties held a three-way call. (Mellino Decl., ¶ 37.) On the call,
11 Farmers answered extensive questions from the Department and Consumer Watchdog related to
12 its proposed mitigation discounts and method of verifying discounts. A main issue on the call
13 was Farmers’ insistence on requiring policyholders to pay for a \$125 IBHS inspection to verify
14 property-level mitigation discounts. Farmers stated that it had done a “ton of exploration”
15 concerning how to validate discounts and had “done due diligence” to find alternative forms of
16 validation, but had concluded that photos purporting to show a mitigation measure had been
17 performed were insufficient because an expert needed to make the determination, and that “self-
18 attestations are dangerous.” Farmers argued that 10 CCR § 2644.9 did not speak to the cost of
19 validating mitigation measures, and that policyholders need an incentive to mitigate. Consumer
20 Watchdog raised the issue that Farmers’ proposed discount amounts were not meaningful and
21 therefore failed to comply with 10 CCR § 2644.9, to which Farmers responded that it would need
22 to validate its numbers but that it believed the percentage of discount was significant, but
23 meaningful only for policyholders with high risk. Farmers additionally stated that the more
24 mitigation measures taken by a policyholder, the higher the average discount amount. The
25 Department stated its concern over Farmers’ inspection fee requirement, stating it was concerned
26 about people “self-selecting” out of inspection and that the inspection fee should not be a hurdle
27 to getting discounts. Farmers represented that discounts “should” get bigger over time if the
28 integrity of discounts is protected. Consumer Watchdog raised the issue that, in addition to the

1 \$125 IBHS inspection fee, which must be paid every three years, IBHS also required a \$25 a
2 year “maintenance” charge, further reducing the effective amount of the discount. In response,
3 Farmers confirmed that it was not requiring the \$25 a year payments in order for policyholders to
4 remain qualified for discounts. The Department asked how Farmers was calculating its base rate
5 offset, to which Farmers responded that, at the property level, it obtained information from its
6 model vendor, Zesty AI, on a onetime basis, so the base rate offset calculation was specific to
7 customers in that database. The Department responded that if policyholders need to pay an
8 inspection fee, then Farmers’ base rate offset was incorrect because it represented a guess of
9 which policyholders would qualify, not who would actually qualify. Farmers responded that
10 IBHS did not have a database to use, but that it believed the data used would mirror the actual
11 data very closely. The Department stated that companies with data on file could use it to offset
12 but only if there was one-to-one mapping, and stated that because Zesty AI data was used to
13 balance, that data needed to be disclosed and Farmers needed to update its application by filing
14 the relevant model exhibits. Consumer Watchdog asked the Department to confirm its position
15 (shared with Consumer Watchdog) that policyholders should not face burdens above and beyond
16 what 10 CCR § 2644.9 requires, including inspection fees, given that this could cause some
17 policyholders to not seek mitigation, which would defeat the purpose of the regulation. The
18 Department broadly agreed, but stated it needed to have additional internal discussions about the
19 inspection fee issue. Finally, in response to Consumer Watchdog, Farmers agreed to provide
20 more recent data concerning its average mitigation discount amounts. (*Ibid.*)

21 On June 13, 2024, Consumer Watchdog’s submitted its Supplemental RFIs. (Exh. H
22 hereto; Mellino Decl., ¶ 38.) In its transmitting email, Consumer Watchdog noted its
23 understanding from the March 11 three-way call that Farmers was going to provide further
24 information with “more recent data” in relation to the average mitigation discount amounts.
25 Consumer Watchdog asked that Farmers confirm that it intended to provide such “more recent
26 data” and asked when that data was expected to be provided. Consumer Watchdog also noted
27 that while reviewing Farmers’ updated 5/22/24 rule guides filed on SERFF, Consumer Watchdog
28 noticed a provision on page 6 of the Next Generation and Smart Plan Homeowners rule guides

1 that stated, “Dwellings and property must display an acceptable degree of ‘pride of ownership’
2 as demonstrated by proper, ongoing maintenance in accordance with generally accepted and
3 approved industry standards of construction. Properties with multiple hazards must be rigorously
4 inspected as they generally have a higher propensity to incur a future loss. Unusual maintenance
5 concerns or unrepaired damage are not acceptable,” and that a similar provision appeared on
6 page 11 of the Smart Plan Renters and Condo rule guide that stated, “Dwellings and property
7 must display an acceptable degree of ‘pride of ownership’ as demonstrated by proper, ongoing
8 maintenance in accordance with generally accepted and approved industry standards of
9 construction.” Consumer Watchdog objected to the use of the phrase “pride of ownership” as
10 being subjective, vague, unrelated to risk of loss, and unfairly discriminatory, citing 10 CCR
11 §§ 2360.0 (defining “eligibility guidelines” as “specific, objective factors, or categories of
12 specific, objective factors, which are selected and/or defined by an insurer, and which have a
13 substantial relationship to an insured’s loss exposure”) and 2360.2 (“The Eligibility Guidelines
14 shall be sufficiently detailed to determine the appropriate rating plan for the insured. An insured
15 or applicant who meets the eligibility guidelines shall qualify to purchase the insurance.”).
16 Consumer Watchdog stated that the “pride of ownership” language failed to comport with
17 Actuarial Standards of Practice, citing ASOP 12, section 2.8, which states: “Risk
18 Characteristics—Measurable or observable factors or characteristics that are used to assign each
19 risk to one of the risk classes of a risk classification system,” and ASOP 12, section 3.2.3, which
20 states: “Objectivity—The actuary should select risk characteristics that are capable of being
21 objectively determined. A risk characteristic is objectively determinable if it is based on readily
22 verifiable observable facts that cannot be easily manipulated. For example, a risk classification
23 of ‘blindness’ is not objective, whereas a risk classification of ‘vision corrected to no better than
24 20/100’ is objective.” Consumer Watchdog stated that pride of ownership was not measurable,
25 observable, or objective, and therefore was inconsistent with the applicable ASOP. Therefore,
26 Consumer Watchdog requested that Farmers remove the “pride of ownership” language from
27 these eligibility guidelines. Consumer Watchdog clarified that it was not asking Farmers to
28 remove the entire provisions, only the “pride of ownership” language, noting that similar “pride

1 of ownership” language had been removed by Pacific Specialty from their homeowners
2 underwriting guidelines in December 2023 in response to Consumer Watchdog’s objections
3 (CDI File No. 20-1565, SERFF No. PERR-132375306). Consumer Watchdog also noted that the
4 Smart Plan Renters and Condo rule guide referred to a “wildlife mitigation factor” in the table of
5 contents on page 3, which should be corrected to “wildfire mitigation factor.” (*Ibid.*)

6 In its Supplemental RFIs, Consumer Watchdog asked Farmers to provide an updated
7 wildfire mitigation notice including the “list of approved inspection providers” and the
8 “inspection checklist” referred to in its 5/22/2024 objection responses on SERFF. Additionally,
9 Consumer Watchdog noted that according to its website, Farmers Insurance had launched a
10 “drone program” in 2017, and that recent reporting had described how Farmers used drones to
11 deny policyholders’ claims. Consumer Watchdog asked Farmers to describe their “drone
12 program” as it currently exists, and any additional capacity Farmers had to obtain aerial
13 surveillance of insured properties, and to explain why Farmers was not using the drone program
14 to assist in verifying wildfire mitigation measures, despite using it to deny policyholder claims.
15 (Exh. H hereto; Mellino Decl., ¶ 39.)

16 On June 27, 2024, Farmers responded to Consumer Watchdog’s June 13 email and
17 Supplemental RFIs. (Exh. I hereto; Mellino Decl., ¶ 40.) Farmers provided the wildfire
18 mitigation inspection checklist, which included the approved inspection providers; stated that
19 Farmers’ claims department investigated each claim on its own merits and may use a drone to
20 inspect a roof that is steep, high, or constructed of materials that cannot be traversed without
21 damage to the roof, and that Farmers used drones in these situations to inspect and accurately
22 evaluate damage, rather than for the purpose of denying claims, and drones were not used to
23 determine eligibility at new business or renewal. Farmers stated they did contract with vendors
24 who provided aerial images not taken by drones which they reviewed in tandem with other
25 information to verify risk characteristics. Farmers stated they explored aerial imagery as a means
26 to verify the wildfire mitigation measures, but information was not currently available for the
27 majority of the items outlined in the regulations, and stated they would continue to explore this
28 option as vendors progressed what data was available. They stated that they had refreshed their

1 data with regard to the average mitigation discount amounts, and that properties with a minimum
2 FireLine score of 4 would experience the greatest reduction in wildfire risk from performing
3 mitigation actions, so they received the largest discounts in Farmers’ rating structure. Policies in
4 this group could expect an average discount in the range of \$114 to \$265 over the three-year
5 period. For policies in this group with wildfire peril premium of \$500 or more, the average
6 discount ranged from \$257 to \$312 over the three-year period. Those with a wildfire peril
7 premium of \$1,000 or more would receive an average discount in the range of \$370 to \$403 over
8 the three-year period. Customers who met the criteria for the completion factor, which included
9 both community-level mitigation measures and all ten property-level mitigation measures, which
10 represented the most robust level of mitigation the statute recognized, could expect a larger than
11 average reduction in premium. The same was true for properties with higher wildfire risk, and
12 the larger wildfire premium associated with that risk, as the discount percentages would translate
13 to larger dollar discounts. (*Ibid.*)

14 Farmers agreed to remove the “pride of ownership” language from their Next Generation
15 and Smart Plan and Smart Plan Renters and Condo rule guides as requested by Consumer
16 Watchdog. Finally, Farmers also agreed to submit an amendment to their Smart Plan Renters and
17 Condo rule guide to correct the reference from “wildlife mitigation factor” to “wildfire
18 mitigation factor.” (Exh. I hereto; Mellino Decl., ¶ 41.)

19 On July 17, 2024, Farmers emailed the Parties in anticipation of a three-way call
20 scheduled for July 23, 2024 to ask that the Parties provide “advance notice of any questions or
21 issues you would like addressed” on the call. (Exh. J hereto; Mellino Decl., ¶ 42.)

22 On July 19, 2024, Consumer Watchdog responded to Farmers’ request, stating that its
23 main concern with the filing remained that the overall amount of discounts was not meaningful,
24 particularly in light of Farmers’ refusal to clearly provide a no-cost option for all policyholders
25 to validate their mitigation measures. Consumer Watchdog explained that the updated discount
26 data provided by Farmers did not change its calculus, as the average discounts under the updated
27 data were only about \$5 more than under the original data. Thus, Consumer Watchdog stated its
28 conclusion that the minimal discounts proposed by Farmers failed to meet the purpose of 10

1 CCR § 2644.9 by failing to incentivize policyholders to perform mitigation measures. Consumer
2 Watchdog additionally submitted a follow-up to Farmers’ response to Supplemental RFI No. 9.
3 Consumer Watchdog raised a number of issues and concerns with Farmers’ “Inspection
4 Checklist,” while noting at the outset that the issues and concerns could effectively be resolved if
5 Farmers clearly offered a no-cost validation option to all of its policyholders. Consumer
6 Watchdog stated that the checklist should state that the CAL FIRE inspection provider option is
7 at no-cost to the policyholder. Additionally, Consumer Watchdog stated that the Inspection
8 Checklist gave no direction to policyholders on how to request inspections from the approved
9 providers, noting that the URLs listed in the checklist for the providers did not directly link to
10 webpages concerning inspections, and requested that Farmers update the checklist to “clearly
11 detail the proper method for policyholders to request an inspection from” the approved providers.
12 Consumer Watchdog further noted that two of the approved providers had limited service areas
13 that were not stated in the checklist, and requested Farmers to update the checklist to clearly
14 identify the service areas of those providers. Furthermore, the checklist contained no information
15 “regarding whether policyholders will need to have their homes re-inspected after some period of
16 time has passed, or if only one inspection is necessary,” and requested that Farmers update the to
17 describe any re-inspection requirements or timelines to continue qualifying for mitigation
18 discounts, or to clarify that re-inspections are not required. Finally, Consumer Watchdog raised
19 the issue that two of the new inspection providers listed in the Inspection Checklist, Madronus
20 and Allied Disaster Defense, charged significantly higher inspection fees than IBHS, and thus
21 policyholders were really being presented with illusory options since there is no reason that
22 someone would choose to pay the higher inspection fees for the same discounts. (Exh. K hereto;
23 Mellino Decl., ¶ 43.)

24 On July 23, 2024, the Parties held a second three-way call. (Mellino Decl., ¶ 44.) The
25 Department began the call by noting the main unresolved issue for both the Department and
26 Consumer Watchdog was that policyholders should have a no-cost option to validate their
27 mitigation discounts, with the Department noting that other insurers were not requiring
28 inspection fees. As CAL FIRE was the only provider listed in the Inspection Checklist that

1 offered a no-cost inspection, the Department and Consumer Watchdog inquired as to whether
2 that option would be available for all Farmers policyholders, to which Farmers replied that it was
3 not aware of any limitation. Consumer Watchdog asked whether Farmers had any kind of
4 agreements or contracts with CAL FIRE to perform inspections, to which Farmers replied it did
5 not. Consumer Watchdog additionally sought clarification on whether CAL FIRE would perform
6 a full inspection to verify all property-level discounts, or only the more limited “defensible
7 space” inspection advertised on its website, to which Farmers confirmed that CAL FIRE would
8 perform full inspections. Farmers stated that it had determined that local fire departments could
9 provide no-cost inspections, and represented that it believed that between CAL FIRE and local
10 fire departments, all policyholders should have an available no-cost inspection option. Farmers
11 further stated that it was not using any guesses or assumptions for its base rate offset. The
12 Department noted that Farmers’ proposed discounts appeared lower than other insurers.
13 Consumer Watchdog noted that it would still like to see higher discount amounts, but
14 acknowledged that Farmers’ representation that all policyholders would have a no-cost
15 inspection option was progress on that issue. Farmers defended its proposed discounts as
16 compared to other insurers, noting some other insurers offered lower discounts, that comparisons
17 amongst insurers may be apples to oranges, and that Farmers was comparing the discount
18 percentages rather than the total savings amounts, but agreed to take another look at other
19 insurers’ discount structures. (*Ibid.*)

20 Additionally, Consumer Watchdog walked through the issues with the Inspection
21 Checklist raised in its Supplemental RFI No. 9 follow-up, and Farmers agreed to take Consumer
22 Watchdog’s suggestions into consideration and circulate an updated Inspection Checklist.
23 (Mellino Decl., ¶ 45.)

24 Furthermore, Consumer Watchdog acknowledged Farmers agreement to remove the
25 “pride of ownership” language from its rule guides, but noted that Farmers had failed to remove
26 the language from its Renters/Condo rule guide. Farmers responded that this was a mistake and
27 agreed to file an updated Renters/Condo rule guide without the “pride of ownership” language
28 included. (Mellino Decl., ¶ 46.)

1 On August 21, 2024, Farmers reached out with responses to the questions that were
2 raised on the July 23 call, along with an updated version of their Inspection Checklist. (Exh. L
3 hereto; Mellino Decl., ¶ 47.) Farmers noted that they had made the following revisions to the
4 updated wildfire mitigation inspection checklist: the URL for IBHS was updated to link directly
5 to the webpage with information regarding the Wildfire Prepared designation; the CAL Fire
6 bullet point was shifted down the list and the URL was updated to link directly to the Defensible
7 Space webpage where an inspection could be requested; two vendors, Preferred Inspection
8 Services and Safeguard Property Inspections, both offering lower-cost inspections than IBHS,
9 Madronus, and Allied, were added to the list of approved inspectors to expand the number of
10 options available to consumers; “Your local Fire Safe Council” and “your local fire department,”
11 both representing no-cost options, were added to the list of inspection provider options; and a
12 footnote was added which clarified that certain providers charged a fee, with those providers
13 identified as such with an asterisk. Farmers stated it had removed the “pride of ownership”
14 language from its updated Condominium & Renters rule manual. They also stated that the base
15 rate offset was calculated solely from information for the specific properties in their book and
16 did not rely on any guesses. For community level mitigation codes, they stated they relied on
17 data from Verisk to identify eligibility at the property level. For property level mitigation codes,
18 they stated the offset was calculated using actual Farmers customers at the portfolio level using
19 ZestyAI’s CA Compliance PreFill™ product that identified at the individual property level
20 whether such property complied with each of the wildfire risk mitigation factors listed in Title 10
21 of the California Code Regulation Section 2644.9, noting that this was a conservative approach
22 as it did not assume any additional mitigation that would occur and cause greater rate impact in
23 reality. Farmers also stated that they had looked at Allstate’s wildfire mitigation discount
24 structure as a useful and analogous point of comparison, as Allstate was also a large California
25 insurer with peril-level rating who had Consumer Watchdog’s participation in their wildfire
26 mitigation discount filing. Farmers noted that the Allstate filing was now approved by the
27 Department of Insurance, and that the discount percentages offered by Allstate were comparable
28 to those proposed by Farmers. Farmers stated that the vast majority of insureds eligible for a

discount would not qualify for a completion discount, so comparing the sum of the individual discounts not including the completion discount provided the best apples-to-apples comparison. Farmers stated that the sum of the individual discounts offered by Allstate was 1.5% for lower risk properties, and 3.0% for higher risk properties, and the sum of the individual discounts proposed by Farmers was 2.1% for lower risk properties, and 5.1% for higher risk properties, and that the maximum discount including the completion discount was also in a similar range for the two insurers. (*Ibid.*)

On November 7, 2024, the Department reached out to Consumer Watchdog, stating that it was prepared to approve the filing and asked whether Consumer Watchdog was willing to sign a settlement stipulation. (Exh. M hereto; Mellino Decl., ¶ 48.)

On November 12, 2024, after discussing internally, Consumer Watchdog determined that while Farmers had resolved several issues raised by its Petition, it did not agree to the mitigation discount amounts and so emailed the Department to state it was not interested in executing a settlement stipulation in the proceeding. (Exh. N hereto; Mellino Decl., ¶ 49.)

On December 2, 2024, the Commissioner issued a decision denying Consumer Watchdog's Petition for Hearing, stating that "the Department believes the issues raised in the Petition for Hearing have been satisfactorily resolved." (Decision Denying Consumer Watchdog's Petition for Hearing ("Decision"), Dec. 2, 2024, p. 3; Mellino Decl., ¶ 50, Exh. 7.)

The Decision responded to each of the issues raised by Consumer Watchdog to reach its determination that the issues had been satisfactorily resolved. (Decision, Dec. 2, 2024, pp. 2–3; Mellino Decl., ¶ 51.) The Applications were subsequently approved on January 23, 2025. (*Ibid.*)

IV. CONSUMER WATCHDOG IS ENTITLED TO AN AWARD OF ITS REASONABLE ADVOCACY AND WITNESS FEES

A. Consumer Watchdog Made a Substantial Contribution to the Commissioner's Final Decision.

Proposition 103 requires awards of reasonable advocacy and witness fees and expenses for persons who represent the interests of consumers and who make a "substantial contribution" to decisions or orders by the Commissioner or a court. Insurance Code section 1861.10(b), states:

The commissioner or a court *shall award* reasonable advocacy and witness fees and expenses to any person who demonstrates that (1) the person represents the

1 interests of consumers, and, (2) that he or she has made a substantial contribution
2 to the adoption of any order, regulation or decision by the commissioner or a court.

3 (Emphasis added.) As the emphasized language makes clear, when the statutory criteria are met,
4 an award of reasonable advocacy fees and expenses is mandatory. This provision affords
5 insurance consumers the ability to have their interests represented on an equal basis with the
6 interests of insurers and facilitates consumer participation in the enforcement of Proposition 103.
7 (See *Econ. Empowerment Found. v. Quackenbush* (“*EEF*”) (1997) 57 Cal.App.4th 677, 686 [the
8 purpose of intervenor fees is to encourage consumer participation]; see also *Poizner, supra*, 180
9 Cal.App.4th at p. 1052 [stating “the goal of fostering consumer participation in the administrative
10 rate-setting process” as “one of the purposes of Proposition 103”].) Per the voters’ instruction, the
11 mandate of section 1861.10(b), like all of the provisions of Proposition 103, must be “liberally
12 construed and applied in order to fully promote its underlying purposes.” (Prop. 103, § 8.) Thus,
13 the courts have held that section 1861.10(b) should be applied in a manner “which best facilitates
14 compensation.” (*EEF, supra*, 57 Cal.App.4th at p. 686.)

15 When they established Proposition 103’s public participation system, the voters were
16 well aware that the Department (as distinct from the Commissioner) would become a party to a
17 proceeding such as this. However, the voters also recognized that Department staff might be
18 subject to budgetary or other considerations in their role as regulators that might cause them to
19 take different positions or emphasize different issues than consumer participants in a particular
20 proceeding. The voters therefore created a system in which consumers would have their own
21 advocates, able to protect consumers’ interests before any tribunal as zealously as advocates for
22 the insurance industry protect their clients’ interests—and be compensated accordingly. As the
23 Ballot Argument in Favor of Proposition 103 explained, the initiative sought to establish “a
24 permanent, *independent* consumer watchdog system [that] will champion the interests of
25 insurance consumers.” (Emphasis added.) The broad substantial contribution standard enacted by
26 section 1861.10(b) ensures that consumers will be able to participate in proceedings
27 *independently of the Department staff*.

28 As the Court of Appeal held in *State Farm General Insurance Company v. Lara* (“*SFG*”) (2021) 71 Cal.App.5th 197, a party’s entitlement to fees under section 1861.10(a) “requires a

1 significant, distinct contribution, but not more” (*id.* at p. 214), as Proposition 103’s fee statute
2 “was intended to encourage consumer participation more broadly” than other fee schemes (*id.* at
3 p. 216).

4 Regulations promulgated by the Commissioner provide guidance for the determination of
5 whether consumer representatives made a “substantial contribution” in departmental proceedings.
6 The regulations provide as follows:

7 “Substantial Contribution” means that the intervenor substantially contributed,
8 as a whole, to a decision, order, regulation, or other action of the Commissioner
9 by presenting relevant issues, evidence, or arguments which were separate and
10 distinct from those emphasized by the Department of Insurance staff or any
11 other party, such that ***the intervenor’s participation resulted in more credible,
12 and non-frivolous information being available for the Commissioner to make
13 his or her decision than would have been available to a Commissioner had
14 the intervenor not participated.*** A substantial contribution may be
15 demonstrated without regard to whether a petition for hearing is granted or
16 denied.

17 (10 CCR § 2661.1(k), emphasis added.)

18 The detailed summary of this proceeding presented in section III above, the
19 accompanying Mellino Declaration, and the record in this proceeding make clear that Consumer
20 Watchdog has met the substantial contribution requirement. CWD’s counsel are veterans of over
21 a hundred administrative proceedings concerning Proposition 103 since the law’s passage. They
22 have also litigated challenges to Proposition 103 in the civil courts and participated in all of the
23 cases that led to landmark judicial decisions. Consumer Watchdog’s counsel and staff actuary
24 were able to provide an effective professional balance to Farmers’ highly qualified team of in-
25 house counsel and actuaries. (See Mellino Decl., ¶¶ 9–22.)

26 Consumer Watchdog’s substantial contribution in this proceeding, as detailed in
27 section III above and in the accompanying Mellino Declaration and further evidenced by the
28 record in this matter, is demonstrated by at least the following:

- Consumer Watchdog’s Petition initiated the proceeding and first raised three separate
and distinct issues with the Applications that rendered the proposed rate/rule changes
potentially excessive in violation of Insurance Code section 1861.05(a) and the
ratemaking regulations at 10 CCR § 2644.1 et seq., including: (1) Farmers did not

1 demonstrated compliance with 10 CCR § 2644.9(d)(1)(B), as its proposal failed to
2 provide any meaningful premium discounts to homeowners who completed the
3 wildfire mitigation measures set forth in § 2644.9, particularly in light of the required
4 \$100 inspection fees, which would subsume the average discount amounts;

5 (2) Farmers failed to disclose the cost of the home inspection in their proposed rate or
6 rule manuals in violation of Ins. Code § 1859; and (3) Farmers' written procedures
7 and notifications did not include a clear explanation of all the information required
8 under the regulation, including but not limited to the rate impact of the wildfire risk
9 score, and steps the homeowner could take to lower their score, in violation of 10
10 CCR § 2644.9(h)–(k).

- 11 • Consumer Watchdog submitted 10 distinct Requests for Information to Farmers, and
12 several rounds of follow-up questions, regarding the issues raised by its Petition and
13 issues subsequently identified as discussed *supra*, section IIIB, including, inter alia,
14 issues regarding requests for substantiation of a number of statements and selections
15 contained in the Applications.
- 16 • In response, Farmers provided responses to Consumer Watchdog's Requests for
17 Information, including additional documentation, explanations, and data that were not
18 included with Farmers' Applications and would not have otherwise been available for
19 the Commissioner to make his decision had Consumer Watchdog not participated.
20 Specifically, Farmers revised its wildfire mitigation notice to comply with 10 CCR §
21 2644.9, subdivisions (h)–(k) and provided the notice to the Parties, which Consumer
22 Watchdog ultimately used in other mitigation proceedings as an example of a proper
23 notice. Additionally, Farmers provided and subsequently updated its "Inspection
24 Checklist" in response to Consumer Watchdog's requests and comments. Further,
25 Farmers provided updated data in support of its mitigation discounts in response to
26 Consumer Watchdog. (See *supra*, Section IIIB.)
- 27 • Consumer Watchdog attorneys and its staff actuary participated in two three-way
28 teleconferences with the Department and Farmers and subsequent follow-up

1 communications to discuss the issues raised by its Petition and Farmers’ responses to
2 Consumer Watchdog’s Requests for Information. (See *supra*, Section IIIB.)

- 3 • Consumer Watchdog’s persistent advocacy and contributions throughout the
4 proceeding resulted in the Commissioner’s approval of Farmers’ applications only
5 after Farmers had provided a wildfire mitigation notice that complied with 10 CCR
6 § 2644.9, subdivisions (h)–(k), removed unlawful “pride of ownership” language from
7 its rule manuals, updated the data underlying its proposed discounts, and confirmed
8 that all policyholders would have a no-cost inspection option available. (See *supra*,
9 Section IIIC.)

10 In sum, Consumer Watchdog’s separate and distinct presentation of relevant issues,
11 evidence, and arguments provided in its Petition, requests for information, and communications
12 with the Parties, as well as the additional information it elicited from Farmers in response to the
13 distinct issues raised by Consumer Watchdog in its Petition and in verbal and written exchange
14 with the Parties, resulted in more relevant, credible, and non-frivolous information being available
15 to the Commissioner in making his final decision approving the Applications than if Consumer
16 Watchdog had not participated. Thus, Consumer Watchdog clearly meets the “substantial
17 contribution” requirement of the Insurance Code and the regulations.

18 **B. Consumer Watchdog’s Requested Advocacy and Witness Fees Are Reasonable.**

19 When a consumer representative makes a “substantial contribution,” as here, Insurance
20 Code section 1861.10(b) requires payment of *all* of a consumer representative’s “reasonable
21 advocacy and witness fees and expenses.” As *SFG* held, “section 1861.10(b) requires only that
22 advocacy fees be ‘reasonable,’ within the usual meaning of the term in the fees context: fair and
23 appropriate under the circumstances.” (*SFG, supra*, 71 Cal.App.5th at p. 218.) That means, in
24 general, parties “who qualify for a fee should recover compensation for all the hours reasonably
25 spent.” (*Ibid.*, quotations omitted.) Indeed, *SFG* recognizes that “California law requires that
26 attorney fee awards be ‘fully compensatory’” (*ibid.*, quoting *Ketchum v. Moses* (2001) 24 Cal.4th
27 1122, 1133), and that permitting “recovery of all reasonable fees” under section 1861.10(b)
28 supports Proposition 103’s consumer-participation purposes “by encouraging intervention in the

1 first place and ensuring intervenors can vigorously represent consumers once involved” (*id.* at p.
2 219).

3 For its substantial contribution, Consumer Watchdog requests reasonable advocacy and
4 witness fees in the amount of \$47,485.00 for the work of its counsel, paralegal, and staff actuary.
5 The requested fees, including the total hours of work performed and the hourly rates of each
6 Consumer Watchdog attorney, are summarized in the attached Exhibit A, “Summary of Fees.”
7 Insurance Code section 1861.10, subdivision (b), requires an award of all “reasonable advocacy
8 and witness fees” once the requirements of the statute are met, including making a substantial
9 contribution. The procedural history of this matter set forth above and supported by the Mellino
10 Declaration demonstrates the reasonableness of the compensation requested in light of the amount
11 of work performed. The procedural history and Consumer Watchdog’s time records (Mellino
12 Decl., Exh. 1a) also demonstrate the work Consumer Watchdog performed in this proceeding.

13 As required by the regulations, the specific tasks performed by Consumer Watchdog’s
14 attorneys are set forth in its detailed time records attached as Exhibit 1a to the Mellino
15 Declaration. (See Mellino Decl., ¶ 3 & Exh. 1a.) These time records were maintained
16 contemporaneously and reflect the actual time spent and actual work performed, billed to the
17 tenth of an hour, by all Consumer Watchdog staff who worked on this matter. (Mellino Decl.,
18 ¶ 6.) In preparing their respective time records for this request, Consumer Watchdog’s legal staff
19 exercised billing judgment and eliminated time entries where appropriate. (Mellino Decl., ¶ 5.)
20 Consumer Watchdog submits that the time expended and work performed in the proceeding, as
21 reflected in the time records, was reasonable and appropriate, and the minimum required to make
22 a substantial contribution in this proceeding and to achieve the result obtained. (*Ibid.*)

23 The 2025 hourly rates set forth in Exhibit A are also reasonable and consistent with
24 prevailing market rates. The intervenor regulations specify that “[t]he compensation awarded
25 ***shall equal*** the market rate of the services provided.” (10 CCR § 2662.6(b), emphasis added.)
26 “Market rate” is defined as the “prevailing rate for comparable services in the private sector in the
27 Los Angeles and San Francisco Bay Areas ***at the time of the Commissioner’s decision awarding***
28

1 **compensation** for attorney advocates, non-attorney advocates, or experts with similar experience,
2 skill and ability.” (10 CCR § 2661.1(c)(1), emphasis added.)

3 The qualifications and experience of Consumer Watchdog’s attorneys, staff actuary, and
4 paralegal who performed work in this matter, Harvey Rosenfield, Pamela Pressley, Ryan Mellino,
5 Ben Armstrong (staff actuary) and Kaitlyn Gentile (paralegal), are summarized in the Mellino
6 Declaration. (Mellino Decl., ¶¶ 9–22.) The Declaration of Richard M. Pearl (“Pearl Decl.”),
7 attached as Exhibit 2 to the Mellino Declaration, confirms that the requested rates for Consumer
8 Watchdog’s counsel are consistent with prevailing market rates.⁵ Mr. Pearl is a recognized expert
9 on attorneys’ fees issues under California law. (See Mellino Decl., Exh. 2 [Pearl Decl.], ¶¶ 3–9.)
10 The Pearl Declaration shows that Consumer Watchdog counsel’s and paralegal’s 2025 rates are
11 well within, if not below, the range of non-contingent rates charged by California attorneys in the
12 Los Angeles area of equivalent experience, skill, and expertise for comparable services. (See *id.*,
13 ¶¶ 10–19.) The Commissioner has also approved fee awards for Consumer Watchdog based on
14 the same hourly rates Consumer Watchdog’s staff is currently using in 2025 for work done in
15 2017–2024. (Mellino Decl., ¶ 7.)

16 The Commissioner found that Mr. Armstrong’s rate of \$425 per hour was reasonable in
17 several decisions awarding compensation to Consumer Watchdog, including Decision Awarding
18 Compensation, Dec. 6, 2024, *In the Matter of the Rate Application of State Farm General*
19 *Insurance Company*, File No. PA-2023-00007, pp. 8–9; Decision Awarding Compensation,
20 Oct. 18, 2024, *In the Matter of the Rate Applications of Farmers Insurance Exchange, Mid-*
21 *Century Insurance Company, and Truck Insurance Exchange*, File No. PA-2023-00022, pp. 14–
22 15; Decision Awarding Compensation, Dec. 6, 2024, *In the Matter of the Rate Application of*
23 *Allstate Northbrook Indemnity Company*, File No. PA-2023-00014, pp. 8–9; Decision Awarding
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26
27 ⁵ The Pearl Declaration was filed on April 15, 2022 in connection with a State Farm writ matter
28 arising out of a rate proceeding and is equally applicable to this proceeding, given that Consumer
Watchdog’s 2025 rates are still within the range of, if not lower than, rates considered reasonable
for attorneys with comparable experience.

1 Compensation, Dec. 6, 2024, *In the Matter of the Rate Application of State Farm Mutual*
2 *Automobile Insurance Company*, File No. PA-2023-00012, pp. 8–9. (Mellino Decl., ¶ 24.)⁶

3 Finally, this Request also includes the time expended preparing the instant Request for
4 Compensation. This is also reasonable because the regulations permit reimbursement for
5 preparation of a request for an award of compensation. (10 CCR § 2661.1(d).) Preparing such a
6 request requires the intervenor to perform a comprehensive review of the record, review the
7 regulations, cite to the record in this proceeding, review billing and expense records, and prepare
8 the Request and supporting documents.

9 V. CONCLUSION

10 In sum, Consumer Watchdog made a substantial contribution to the Commissioner’s final
11 decision approving Farmers’ Applications by identifying relevant issues and arguments as set
12 forth in Consumer Watchdog’s Petition and expanded upon in Consumer Watchdog’s Requests
13 for Information, correspondence, written analyses, and discussions with the Parties. In addition,
14 during the course of the proceeding, Farmers submitted additional relevant information,
15 argument, and evidence in response to each of the issues raised and requests for information by
16 Consumer Watchdog that would not have otherwise been available had Consumer Watchdog not
17 participated. Specifically, Farmers provided a wildfire mitigation notice that complied with 10
18 CCR § 2644.9, subdivisions (h)–(k), removed unlawful “pride of ownership” language from its
19 rule manuals, updated the data underlying its proposed discounts, and confirmed that all
20 policyholders would have a no-cost inspection option available. Accordingly, Consumer
21 Watchdog made a substantial contribution to the Commissioner’s decision to approve the
22

23
24 ⁶ The Declaration of Allan I. Schwartz (“Schwartz Decl.”), attached as Exhibit 4 to the Mellino
25 Declaration, also confirms that the requested rate for Consumer Watchdog’s staff actuary, Ben
26 Armstrong, is consistent with prevailing market rates that have been awarded to Consumer
27 Watchdog’s outside actuaries in past proceedings. (See Mellino Decl., ¶ 24 and Exh. 4 [Schwartz
28 Decl.], ¶ 8 and Exh. 4: Decision Awarding Compensation, July 12, 2023, *In the Matter of the*
Rate Applications of Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-Century
Insurance Company, File No. PA-2022-00007, pp. 11, 16 [awarding hourly rates of \$415 and
\$365 for actuarial associates of AIS Risk Consultants, Inc. who have not completed the
requirements for the FCAS designation as has Mr. Armstrong].)

1 Applications and is thus entitled to its reasonable advocacy and witness fees as requested in the
2 total amount of \$47,485.00.

3
4 DATED: January 23, 2025

Respectfully submitted,

5 Harvey Rosenfield
6 Pamela Pressley
7 Ryan Mellino

8 CONSUMER WATCHDOG

9
10 By: Ryan Mellino
11 Ryan Mellino
12 Attorneys for CONSUMER WATCHDOG
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2. I personally oversaw the preparation of the attached pleading entitled “Consumer Watchdog’s Request for Compensation” filed in this matter.

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

Ryan Mellino
Ryan Mellino

EXHIBIT A

EXHIBIT A
SUMMARY OF FEES AND EXPENSES
File No. PA-2023-00015

<u>ITEMS</u>	<u>COST</u>
<u>Consumer Watchdog's Fees</u>	
(Detailed in billing records attached as Exhibit 1a to Mellino Decl.)	
Harvey Rosenfield @ \$695 per hour, 2 hours	\$1,390.00
Pamela Pressley @ \$595 per hour, 21.5 hours	\$12,792.50
Ryan Mellino @ \$250 per hour, 30 hours	\$7,500.00
Ben Armstrong @ \$425 per hour, 57.7 hours.....	\$24,522.50
Kaitlyn Gentile @ \$200 per hour, 6.4 hours.....	\$1,280.00
TOTAL ADVOCACY FEES AND WITNESS FEES:	\$47,485.00

EXHIBIT B

JENNIFER McCUNE (SBN 160089)
LISBETH LANDSMAN (SBN 166973)
MELISSA WURSTER (SBN 198899)
CALIFORNIA DEPARTMENT OF INSURANCE
1901 Harrison Street, 6th Floor
Oakland, CA 94612

Attorneys for the California Department of Insurance

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

In the Matter of the Rate Applications of

Farmers Insurance Exchange, Fire
Insurance Exchange and Mid-Century
Insurance Company,

Applicants.

File No.: PA-2023-00009

SETTLEMENT STIPULATION

Farmers Insurance Exchange (“Farmers”), Fire Insurance Exchange (“FIE”), and Mid-Century Insurance Company (“Mid-Century”) (collectively “Applicants”), Consumer Watchdog (“Petitioner”), and the California Department of Insurance (“Department”) (collectively, the “Parties”) stipulate as follows:

RECITALS

A. The Applicants are licensed by the Department to conduct insurance business in California.

B. On March 31, 2023, Applicants filed rate applications (nos. 23-844, 23-844-A, and 23-844-B) (collectively, “Applications”) seeking approval of an overall 25.5 percent rate increase to their Homeowners Program line of insurance.

C. On April 14, 2023, pursuant to California Insurance Code (“CIC”) section 1861.05(c), the Department notified the public of the Applications.

D. On May 30, 2023, Petitioner submitted a timely Petition for Hearing, Petition to Intervene, and Notice of Intent to Seek Compensation regarding the Applications (“Petition”).

E. Applicants have not responded to Petitioner’s Petition to Intervene.

1 F. On June 13, 2023, the Commissioner granted Petitioner's Petition to Intervene.

2 G. The Parties have engaged in discussions regarding the Applications and additional
3 information and analysis that the Parties provided.

4 H. As a result of the Parties' discussions and negotiations, Applicants updated the
5 Applications per the Parties' agreement.

6 **STIPULATION**

7 1. This Stipulation, together with the updated Applications and the Commissioner's
8 approvals in SERFF, represents the complete and final settlement resolving all issues between the
9 Parties regarding the Applications.

10 2. Based upon the Applications and additional information that the Parties provided,
11 the Parties agree that an overall rate increase of 12.5% (consisting of an increase of 9.9% for the
12 Next Generation Homeowners Program, an increase of 45.3% for the Smart Plan Renters
13 Program, an increase of 12.5% for the Smart Plan Condo Program, and an increase of 15.6% for
14 the Smart Plan Home Program) is supportable and will be implemented for policies effective
15 October 30, 2023, in accordance with this Stipulation, the updated Applications, and the
16 Commissioner's approvals in SERFF. Applicants have made appropriate updated filings in
17 SERFF to reflect the overall rate change. Approval of the Applications described in this
18 Stipulation will only be effective when approved by the Commissioner in SERFF.

19 3. The Parties agree that Consumer Watchdog will be permitted to intervene and
20 participate in discussions regarding the Farmers Homeowners Mitigation filings (File Nos. 23-
21 1129; 23-1129-A; 23-1129-B).

22 4. Should Applicants make any changes to their new business or renewal business
23 eligibility guidelines, they agree to inform and publicly file with the Department any such
24 proposed changes to their underwriting guidelines prior to implementing any such changes.
25 Regarding the public filing of underwriting guidelines filed with rate applications, Applicants will
26 adhere to the August 10, 2018, General Counsel opinion letter and Applicants will comply with
27 applicable laws, regulations, and rate filing instructions as they relate to underwriting guidelines.
28 Additionally, Applicants shall submit to the Department a completed application for all changes

1 to existing rating and underwriting rules before implementing any such changes.

2 5. Consistent with 10 CCR sections 2656.1(b) and 2662.3(c), no agreement regarding
3 Petitioner's compensation has been made. However, the Parties agree that the Commissioner's
4 approval of the Applications, consistent with this Stipulation, will be a decision or order within
5 the meaning of CIC section 1861.10(b). Petitioner agrees to submit any request for compensation
6 to the Public Advisor within 30 days after notice of the Commissioner's approvals in SERFF.

7 6. Petitioner will withdraw its Petition for Hearing within 10 days after notice of the
8 Commissioner's approvals in SERFF.

9 7. This Stipulation is made solely to reach a compromise among the Parties.
10 Pursuant to 10 CCR § 2656.4, discussions, admissions, concessions, or offers to stipulate or settle
11 made by any party in negotiating this stipulated settlement are confidential and are not
12 discoverable or admissible for any purpose in any proceeding, except to the extent permitted by
13 10 CCR section 2662.3(b)(3), and the Commissioner's approval of the Applications shall not
14 constitute approval of or precedent regarding any principle or any issue in any other proceeding.

15 8. This Stipulation does not constitute an endorsement or approval of any specific
16 eligibility or nonrenewal criteria or rating methodology.

17 9. The Commissioner retains jurisdiction to ensure that the Parties comply with this
18 Stipulation.

19 10. Nothing contained in this Settlement Stipulation constitutes a limitation upon, or a
20 waiver of, the rights and powers of the Commissioner to enforce any California law, to examine
21 the rating practices of the Applicants or to take such other action as necessary to protect the
22 public.

23 11. This Stipulation may be executed in counterparts.

24 Dated: August 10, 2023

Applicants FARMERS INSURANCE EXCHANGE
FIRE INSURANCE EXCHANGE, and MID-
CENTURY INSURANCE COMPANY

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26 By 
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Dated: August 10, 2023

Dated: August 10, 2023

Petitioner CONSUMER WATCHDOG

By B. Paul

CALIFORNIA DEPARTMENT OF INSURANCE

By Jennifer McCune
Jennifer McCune
Lisbeth Landsman
Melissa Wurster
Attorneys for the California Department of Insurance

PROOF OF SERVICE
In the Matter of the Rate Applications of
Farmers Insurance Exchange, Fire Insurance Exchange and
Mid-Century Insurance Company, Applicants.
(Consumer Watchdog's Petition for Hearing)
CDI File No. PA-2023-00009

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, CA 94612. On August 10, 2023, I served the following document(s):

SETTLEMENT STIPULATION
(RRB APP. NOS. HO-23-844, 23-844-A AND 23-844-B)

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 and county of San Francisco, 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 and county of San Francisco, 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 San Francisco, California. I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Cecilia Padua
Cecilia Padua

**In the Matter of the Rate Applications of
Farmers Insurance Exchange, Fire Insurance Exchange and
Mid-Century Insurance Company, Applicants.
(Consumer Watchdog's Petition for Hearing)
CDI File No. PA-2023-00009
(RRB APP. NOS. HO-23-844, 23-844-A AND 23-844-B)**

<u>Name/Address</u>	<u>Phone/Fax Numbers</u>	<u>Method of Service</u>
Victoria McCarthy Head of Regulatory Strategy & Analytics Francisco Macchia Product Manager Alissa Vreman, FCAS Senior State Manager – CA Personal Lines Product Management FARMERS INSURANCE EXCHANGE 6301 Owensmouth Avenue Woodland Hills, CA 91367 Victoria.mccarthy@farmersinsurance.com Francesco.macchia@farmersinsurance.com Alissa.vreman@farmersinsurance.com	Tel: (818) 965-0734 Fax: (323) 932-3950	Via EMAIL

HARVEY ROSENFELD, ESQ., PAMELA PRESSLEY, ESQ. BENJAMIN POWELL, ESQ. RYAN MELLINO, ESQ. Attorney(s) for Intervenor CONSUMER WATCHDOG 6330 San Vicente Blvd., Suite 250 Los Angeles, CA 90048 harvey@consumerwatchdog.org pam@consumerwatchdog.org ben@consumerwatchdog.org ryan@consumerwatchdog.org	Tel: (310) 392-0522 Fax: (310) 392-8874	Via EMAIL
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NON PARTIES

Kenneth Allen Deputy Commissioner Rate Regulation Branch CALIFORNIA DEPARTMENT OF INSURANCE 300 South Spring Street, 14 th Floor Los Angeles, CA 90013 ken.allen@insurance.ca.gov	Tel: (213) 346-6783 Fax: (213) 897-9051	Via EMAIL
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Jamie Katz, Esq.
Staff Counsel and Public Advisor
Office of the Public Advisor
**CALIFORNIA DEPARTMENT OF
INSURANCE**
1901 Harrison Street, 4th Floor
Oakland, CA 94612
jamie.katz@insurance.ca.gov

Tel: (415) 538-4180
Fax: (510) 238-7830

Via EMAIL

EXHIBIT C

In the Matter of the Rate Applications of Farmers Insurance Exchange, Fire Insurance Exchange,
and Mid-Century Insurance Company

CDI File Nos. 23-1129, 23-1129-A, 23-1129-B; SERFF Filing No. FARM-133635105;
Prior Approval File No. PA-2023-00015

Consumer Watchdog's Requests for Information

Consumer Watchdog requests the following information from Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-Century Insurance Company (hereinafter, "Farmers" or "Applicants"):

1. Provide a detailed response to the following, from Consumer Watchdog's Petition for Hearing in this matter: The regulation provides, "The rating plan shall reflect, and the rate offered to the applicant or insured shall be based in part on, the reduced wildfire risk resulting from each and every property-level wildfire risk mitigation effort listed in subdivisions (d)(1)(B)1.a. through (d)(1)(B)1.e. and (d)(1)(B)2.a. through (d)(1)(B)2.e., below, that is undertaken with respect to an individual property being assessed for risk." (10 CCR § 2644.9(d)(1)(B); see also (d)(1)(A).) The regulation further provides, "To the extent the insurer's own California data is not fully credible, the insurer shall credibility-weight its data with an appropriate complement of credibility to support each segment, rating differential, or premium surcharge. If the Commissioner aggregates California premium-and-loss data by wildfire risk to create a fire and wildfire exposure risk manual pursuant to Insurance Code section 929.2, an insurer may rely on the then-current version of the manual as support for each segment, rating differential, or surcharge being requested in connection with a residential property rate application, either directly or as a complement of credibility to the insurer's own California wildfire loss data." (10 CCR § 2644.9(g).)

Farmers has not demonstrated compliance with the regulation, as its proposal fails to provide any meaningful premium discounts to homeowners who complete the wildfire mitigation measures set forth in § 2644.9. Per comments made by Farmers during a call with Consumer Watchdog on August 9, 2023, the average mitigation discount for customers with FireLine scores of 0–3 is \$20 to \$30. This could conceivably be justified, as customers in those areas have negligible wildfire risk. However, for customers with higher FireLine scores (and thus more significant wildfire risk), the average discount is still quite small—in the range of \$40 to \$75—again per Farmers' comments. This is especially troubling given that, as Farmers revealed for the first time in its August 8, 2023 email response to Consumer Watchdog's August 7 email, customers must pay out-of-pocket for a home inspection in order to even be eligible for the mitigation discounts, and Farmers stated on the aforementioned August 9 call that the cost of the inspection is around \$100. Since the average mitigation discount across all of Farmers' business is in the range of \$20 to \$75, the average net "discount" is in fact a surcharge when the \$100 inspection cost is factored in.

2. Per Consumer Watchdog’s Petition for Hearing in this matter, “Farmers fails to disclose the cost of the home inspection in their proposed rate or rule manuals, instead giving the impression that any premium discounts for undertaking wildfire mitigation measures (which are themselves quite costly) will have a net effect of reducing the overall amount consumers pay for homeowners insurance.”

Provide a thorough explanation of why the cost of the home inspection is not disclosed to the consumers who would be paying for it, and fully support your apparent position that the overall cost of homeowners insurance—inclusive of the home inspection cost and mitigation discounts—would be reduced by undertaking wildfire mitigation measures.

3. Provide a detailed response to the following, from Consumer Watchdog’s Petition for Hearing in this matter: Based on the information and documents provided by Farmers to date in response to Consumer Watchdog’s prior requests for information in PA-2023-00009 regarding the written procedure Farmers proposes to adopt to comply with subdivisions (h)–(k) of the regulation, it appears that Farmers’ written procedures and notifications do not include a clear explanation of all the information required under the regulation, including but not limited to the rate impact of the wildfire risk score, and steps the homeowner could take to lower their score.
4. Provide the distribution of written premium for the most recent 60 calendar months by Wildfire/Non-Wildfire. Historical data may need to be retroactively slotted into Wildfire/Non-Wildfire based on policy characteristics. If this cannot be done, provide the expected prospective distribution of written premium by Wildfire/Non-Wildfire for the policy period covered by this filing.
5. Explain specifically in detail what is driving the indicated rate need (e.g., type/category of losses, geographic locations, large losses, specific agencies or distribution channels, particular years/periods/events, etc.). Provide available cause of loss distributions or other exhibits demonstrating the basis for the proposed changes.
6. Explain and describe other actions being taken by the company, in addition to rate revision filings, to address overall profitability and growth plans, if/as applicable. Specifically, provide information on any plans to directly reduce the proportion of new business vs. renewals, e.g., more stringent underwriting guidelines.
7. Identify and explain any material increase/decrease in the inforce policy count/exposures over the past several years, identifying the underlying reason(s) and if the directional shift (growing, retracting) is in line with the company objectives in the California market.
8. Define the overall company strategy with writing business in California as well as what differentiates your product from other competitors in the marketplace, such as niche/specialty markets, geographic focus (urban, coastal, etc.), enhanced coverages, preferred/standard/non-standard-type business, multi-line offerings, etc.

**PROOF OF SERVICE
BY OVERNIGHT OR U.S. MAIL, FAX TRANSMISSION,
EMAIL TRANSMISSION AND/OR PERSONAL SERVICE**

State of California, City of Los Angeles, County of Los Angeles

I am employed in the City and County of Los Angeles, State of California. I am over the age of 18 years and not a party to the within action. My business address is 6330 South San Vicente Boulevard, Suite 250, Los Angeles, California 90048, and I am employed in the city and county where this service is occurring.

On October 5, 2023, I caused service of true and correct copies of the document entitled

CONSUMER WATCHDOG'S REQUESTS FOR INFORMATION

upon the persons named in the attached service list, in the following manner:

1. If marked FAX SERVICE, by facsimile transmission this date to the FAX number stated to the person(s) named.
2. If marked EMAIL, by electronic mail transmission this date to the email address stated.
3. If marked U.S. MAIL or OVERNIGHT or HAND DELIVERED, by placing this date for collection for regular or overnight mailing true copies of the within document in sealed envelopes, addressed to each of the persons so listed. I am readily familiar with the regular practice of collection and processing of correspondence for mailing of U.S. Mail and for sending of Overnight mail. If mailed by U.S. Mail, these envelopes would be deposited this day in the ordinary course of business with the U.S. Postal Service. If mailed Overnight, these envelopes would be deposited this day in a box or other facility regularly maintained by the express service carrier, or delivered this day to an authorized courier or driver authorized by the express service carrier to receive documents, in the ordinary course of business, fully prepaid.

I declare under penalty of perjury that the foregoing is true and correct. Executed on October 5, 2023 at Los Angeles, California.


Kaitlyn Gentile

Service List

Daniel Wade
Jennifer McCune
Melissa Wurster
Rate Enforcement Bureau
California Department of Insurance
1901 Harrison Street, 6th Floor
Oakland, CA 94612
Tel. (415) 538-4500
Fax (510) 238-7830
Daniel.Wade@insurance.ca.gov
Jennifer.McCune @insurance.ca.gov
Melissa.Wurster@insurance.ca.gov

- ☐ FAX
☐ U.S. MAIL
☐ OVERNIGHT MAIL
☐ HAND DELIVERED
☒ EMAIL

Richard De La Mora
Francesco Macchia
Farmers Insurance
6301 Owensmouth Ave
Woodland Hills, CA 91367
Tel. 818-965-0734
Fax 323-932-3950
richard.delamora@farmersinsurance.com
francesco.macchia@farmersinsurance.com

- ☐ FAX
☐ U.S. MAIL
☐ OVERNIGHT MAIL
☐ HAND DELIVERED
☒ EMAIL

EXHIBIT D

Subject: RE: Consumer Watchdog's Requests for Information in the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015
Date: Monday, October 23, 2023 at 11:46:28 AM Pacific Daylight Time
From: Francesco Macchia
To: Phenix, Jon, Kaitlyn Gentile, Chao, Annie, Warren, Tina, Jennifer McCune, Harvey Rosenfield, Pam Pressley, Ben Powell, Ryan Mellino, Wade, Daniel, Wurster, Melissa, Uppal, Jasveet, Richard De La Mora
CC: Ken Allen, Wehmueller, Lynne, Kuo, Darjen, Cecilia Padua, Bautista, Beverly, Ben Armstrong, Alissa Vreman, Victoria McCarthy
Attachments: FARM-133635105 Request for Information.pdf, RFI No.4 Supporting Exhibits (Farmers Home).pdf

Hello Kaitlyn,

Please see attached our response to the request for information, as well as a supporting document referenced in our response.

Thank you,

Francesco Macchia

Product Manager – California Personal Lines Home

Farmers Insurance

6301 Owensmouth Ave, Los Angeles, CA 91367

Telephone: (818) 965-0734

www.farmers.com

Confidential

From: Phenix, Jon <Jon.Phenix@insurance.ca.gov>
Sent: Tuesday, October 10, 2023 1:48 PM
To: Kaitlyn Gentile <kaitlyn@consumerwatchdog.org>; Chao, Annie <Annie.Chao@insurance.ca.gov>; Warren, Tina <Tina.Warren@insurance.ca.gov>; McCune, Jennifer <Jennifer.McCune@insurance.ca.gov>; Harvey Rosenfield <harvey@consumerwatchdog.org>; Pam Pressley <pam@consumerwatchdog.org>; Ben Powell <ben@consumerwatchdog.org>; Ryan Mellino <ryan@consumerwatchdog.org>; Francesco Macchia <francesco.macchia@farmersinsurance.com>; Wade, Daniel <Daniel.Wade@insurance.ca.gov>; Wurster, Melissa <Melissa.Wurster@insurance.ca.gov>; Uppal, Jasveet <Jasveet.Uppal@insurance.ca.gov>; Richard De La Mora <richard.delamora@farmersinsurance.com>
Cc: Allen, Ken <Ken.Allen@insurance.ca.gov>; Wehmueller, Lynne <Lynne.Wehmueller@insurance.ca.gov>; Kuo, Darjen <Darjen.Kuo@insurance.ca.gov>; Padua, Cecilia <Cecilia.Padua@insurance.ca.gov>; Bautista, Beverly <Beverly.Bautista@insurance.ca.gov>; Ben Armstrong <ben.a@consumerwatchdog.org>
Subject: [EXTERNAL] RE: Consumer Watchdog's Requests for Information in the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015

Counsel,

Please be advised that, going forward, the Public Advisor only needs to be served

1. Provide a detailed response to the following, from Consumer Watchdog's Petition for Hearing in this matter: The regulation provides, "The rating plan shall reflect, and the rate offered to the applicant or insured shall be based in part on, the reduced wildfire risk resulting from each and every property-level wildfire risk mitigation effort listed in subdivisions (d)(1)(B)1.a. through (d)(1)(B)1.e. and (d)(1)(B)2.a. through (d)(1)(B)2.e., below, that is undertaken with respect to an individual property being assessed for risk." (10 CCR § 2644.9(d)(1)(B); see also (d)(1)(A).) The regulation further provides, "To the extent the insurer's own California data is not fully credible, the insurer shall credibility weight its data with an appropriate complement of credibility to support each segment, rating differential, or premium surcharge. If the Commissioner aggregates California premium-and-loss data by wildfire risk to create a fire and wildfire exposure risk manual pursuant to Insurance Code section 929.2, an insurer may rely on the then-current version of the manual as support for each segment, rating differential, or surcharge being requested in connection with a residential property rate application, either directly or as a complement of credibility to the insurer's own California wildfire loss data." (10 CCR§ 2644.9(g).)

Farmers has not demonstrated compliance with the regulation, as its proposal fails to provide any meaningful premium discounts to homeowners who complete the wildfire mitigation measures set forth in § 2644.9. Per comments made by Farmers during a call with Consumer Watchdog on August 9, 2023, the average mitigation discount for customers with FireLine scores of 0–3 is \$20 to \$30. This could conceivably be justified, as customers in those areas have negligible wildfire risk. However, for customers with higher FireLine scores (and thus more significant wildfire risk), the average discount is still quite small—in the range of \$40 to \$75—again per Farmers' comments. This is especially troubling given that, as Farmers revealed for the first time in its August 8, 2023 email response to Consumer Watchdog's August 7 email, customers must pay out of-pocket for a home inspection in order to even be eligible for the mitigation discounts, and Farmers stated on the aforementioned August 9 call that the cost of the inspection is around \$100. Since the average mitigation discount across all of Farmers' business is in the range of \$20 to \$75, the average net "discount" is in fact a surcharge when the \$100 inspection cost is factored in.

Response:

There is no cost to policyholders to receive the discount for community level mitigation because it will be automatically verified by Farmers.

The IBHS certification would be required to determine property level mitigation qualifications. The inspection result would be valid for three years so customers can also keep the mitigation discount for three years without additional cost.

The average discount over the three-year period is estimated to be \$125-\$225 for those with Fireline score 4 or higher, which is greater than the \$125 inspection fee. Among this group, for policies with wildfire premium of \$500 or more, the average discount over the three-year period is \$225-\$275 and for those with wildfire premium of \$1000 or more, the average discount over the three-year period is \$340-354. There is clear net benefit to customers with substantial wildfire risk even after the inspection cost is factored in. The proposition will be even stronger for customers with higher wildfire risk and larger wildfire premiums as the cost vs benefit calculation will skew even more in the favor of a larger discount compared to the inspection cost.

2. Per Consumer Watchdog's Petition for Hearing in this matter, "Farmers fails to disclose the cost of the home inspection in their proposed rate or rule manuals, instead giving the impression that any premium discounts for undertaking wildfire mitigation measures (which are themselves quite costly) will have a net effect of reducing the overall amount consumers pay for homeowners insurance."

Provide a thorough explanation of why the cost of the home inspection is not disclosed to the consumers who would be paying for it, and fully support your apparent position that the overall cost of homeowners insurance—inclusive of the home inspection cost and mitigation discounts—would be reduced by undertaking wildfire mitigation measures.

Response:

Our customer notification that will be provided to customers when our rate filing is approved will provide the premium impact of each mitigation measure. As the Wildfire Prepared certification is not under the purview of Farmers Insurance, the cost of inspection may change without our knowledge so it wouldn't make sense to include this in the rule guide since that is not a document that we can update quickly. Furthermore, the rule guide is meant to summarize eligibility rules and validation requirements. However, we would plan to clearly disclose that there is a cost to customers and agents through our normal communication channels such as agent memos.

3. Provide a detailed response to the following, from Consumer Watchdog's Petition for Hearing in this matter: Based on the information and documents provided by Farmers to date in response to Consumer Watchdog's prior requests for information in PA-2023-00009 regarding the written procedure Farmers proposes to adopt to comply with subdivisions (h)–(k) of the regulation, it appears that Farmers' written procedures and notifications do not include a clear explanation of all the information required under the regulation, including but not limited to the rate impact of the wildfire risk score, and steps the homeowner could take to lower their score.

Response:

We are in the process of updating our customer notification to include the premium impact of the score itself, without the mitigation measures. Additionally, we provide a written process by which the customer can dispute this score, which we will address with our vendor and follow up with the customer.

4. Provide the distribution of written premium for the most recent 60 calendar months by Wildfire/Non-Wildfire. Historical data may need to be retroactively slotted into Wildfire/Non-Wildfire based on policy characteristics. If this cannot be done, provide the expected prospective distribution of written premium by Wildfire/Non-Wildfire for the policy period covered by this filing.

Response:

Please see "RFI No.4 Supporting Exhibits (Farmers Home).pdf" for requested information.

5. Explain specifically in detail what is driving the indicated rate need (e.g., type/category of losses, geographic locations, large losses, specific agencies or distribution channels, particular

years/periods/events, etc.). Provide available cause of loss distributions or other exhibits demonstrating the basis for the proposed changes.

Response:

N/A as we are not requesting a rate increase in this filing and the revision is rate neutral.

6. Explain and describe other actions being taken by the company, in addition to rate revision filings, to address overall profitability and growth plans, if/as applicable. Specifically, provide information on any plans to directly reduce the proportion of new business vs. renewals, e.g., more stringent underwriting guidelines.

Response:

In addition to our filed rate revisions, our company is always focused on validating rating and underwriting accuracy on all risks. We also continue to explore and increase options for agents to place homeowner policies with other carriers through our in-house brokerage Kraft Lake Insurance Agency.

Applications submitted for the Farmers Next Generation Homeowners, Farmers Smart Plan Condominium, and Farmers Smart Plan Renters programs are currently ineligible for new business.

7. Identify and explain any material increase/decrease in the inforce policy count/exposures over the past several years, identifying the underlying reason(s) and if the directional shift (growing, retracting) is in line with the company objectives in the California market.

Response:

We have not observed a material increase or decrease in the inforce policy count or exposures over the past several years.

8. Define the overall company strategy with writing business in California as well as what differentiates your product from other competitors in the marketplace, such as niche/specialty markets, geographic focus (urban, coastal, etc.), enhanced coverages, preferred/standard/non-standard-type business, multi-line offerings, etc.

Response:

We are focused on writing preferred/standard policies in California and providing industry-leading products and first-rate services to our customers. Our exclusive agents offer personalized service without focus on specific geographic areas and have historically offered a "one-stop shop" for the most common consumer insurance needs, including private passenger auto, homeowner, and umbrella among others.

Request of Information - Premium Distribution**Smart Plan Home**

Calendar Month	Wildfire Premium	Non-Wildfire Premium	Calendar Month	Wildfire Premium	Non- Wildfire Premium
2018 - 10	32.0%	68.0%	2021 - 04	37.4%	62.6%
2018 - 11	32.2%	67.8%	2021 - 05	37.8%	62.2%
2018 - 12	32.4%	67.6%	2021 - 06	38.4%	61.6%
2019 - 01	32.5%	67.5%	2021 - 07	39.0%	61.0%
2019 - 02	32.7%	67.3%	2021 - 08	39.6%	60.4%
2019 - 03	32.9%	67.1%	2021 - 09	40.2%	59.8%
2019 - 04	33.1%	66.9%	2021 - 10	40.7%	59.3%
2019 - 05	33.2%	66.8%	2021 - 11	41.1%	58.9%
2019 - 06	33.4%	66.6%	2021 - 12	41.4%	58.6%
2019 - 07	33.6%	66.4%	2022 - 01	41.5%	58.5%
2019 - 08	33.7%	66.3%	2022 - 02	41.7%	58.3%
2019 - 09	33.8%	66.2%	2022 - 03	41.8%	58.2%
2019 - 10	34.0%	66.0%	2022 - 04	41.9%	58.1%
2019 - 11	34.2%	65.8%	2022 - 05	42.1%	57.9%
2019 - 12	34.3%	65.7%	2022 - 06	42.2%	57.8%
2020 - 01	34.3%	65.7%	2022 - 07	42.6%	57.4%
2020 - 02	34.4%	65.6%	2022 - 08	43.2%	56.8%
2020 - 03	34.5%	65.5%	2022 - 09	43.7%	56.3%
2020 - 04	34.5%	65.5%	2022 - 10	44.2%	55.8%
2020 - 05	34.5%	65.5%	2022 - 11	44.6%	55.4%
2020 - 06	34.6%	65.4%	2022 - 12	45.0%	55.0%
2020 - 07	34.8%	65.2%	2023 - 01	45.4%	54.6%
2020 - 08	34.9%	65.1%	2023 - 02	45.7%	54.3%
2020 - 09	35.0%	65.0%	2023 - 03	46.0%	54.0%
2020 - 10	35.2%	64.8%	2023 - 04	47.0%	53.0%
2020 - 11	35.3%	64.7%	2023 - 05	47.9%	52.1%
2020 - 12	35.5%	64.5%	2023 - 06	49.2%	50.8%
2021 - 01	35.9%	64.1%	2023 - 07	50.1%	49.9%
2021 - 02	36.4%	63.6%	2023 - 08	50.5%	49.5%
2021 - 03	36.9%	63.1%	2023 - 09	51.0%	49.0%

*Premium distribution is based on total PIF written premium as of each calendar month.

Next Generation A premium component for wildfire peril was introduced in filing FARM-133054942, effective 4/8/2023. Expected wildfire premium distribution will be similar to SPH in 2024.

Calendar Month	Wildfire Premium	Non-Wildfire Premium
2023 - 04	3.5%	96.5%
2023 - 05	7.8%	92.2%
2023 - 06	12.4%	87.6%
2023 - 07	16.9%	83.1%
2023 - 08	20.6%	79.4%
2023 - 09	24.2%	75.8%

*Premium distribution is based on total PIF written premium as of each calendar month.

Smart Plan Condo Current rating plan does not have a dedicated premium component to wildfire peril. Request data is not available.
Smart Plan Renters Current rating plan does not have a dedicated premium component to wildfire peril. Request data is not available.

EXHIBIT E

Subject: Re: Consumer Watchdog's Requests for Information in the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015

Date: Thursday, November 2, 2023 at 4:28:34 PM Pacific Daylight Time

From: Ryan Mellino

To: Francesco Macchia, Kaitlyn Gentile, Chao, Annie, Warren, Tina, Jennifer McCune, Harvey Rosenfield, Pam Pressley, Ben Powell, Wade, Daniel, Wurster, Melissa, Uppal, Jasveet, Richard De La Mora

CC: Ken Allen, Wehmueller, Lynne, Kuo, Darjen, Cecilia Padua, Bautista, Beverly, Ben Armstrong, Alissa Vreman, Victoria McCarthy

Hi all,

Thank you for providing Farmers' 10/23/23 responses to Consumer Watchdog's 10/5/23 Requests for Information. Consumer Watchdog has some follow-up questions and requests regarding those responses, as set forth in red below. Consumer Watchdog reserves all rights to ask further questions regarding Farmers' responses in any discussions with the Parties and/or serve formal discovery requests if this matter proceeds to an evidentiary hearing.

Thank you,
Ryan

Request for Information ("RFI") No. 1: Provide a detailed response to the following, from Consumer Watchdog's Petition for Hearing in this matter: The regulation provides, "The rating plan shall reflect, and the rate offered to the applicant or insured shall be based in part on, the reduced wildfire risk resulting from each and every property-level wildfire risk mitigation effort listed in subdivisions (d)(1)(B)1.a. through (d)(1)(B)1.e. and (d)(1)(B)2.a. through (d)(1)(B)2.e., below, that is undertaken with respect to an individual property being assessed for risk." (10 CCR § 2644.9(d)(1)(B); see also (d)(1)(A).) The regulation further provides, "To the extent the insurer's own California data is not fully credible, the insurer shall credibility weight its data with an appropriate complement of credibility to support each segment, rating differential, or premium surcharge. If the Commissioner aggregates California premium-and-loss data by wildfire risk to create a fire and wildfire exposure risk manual pursuant to Insurance Code section 929.2, an insurer may rely on the then-current version of the manual as support for each segment, rating differential, or surcharge being requested in connection with a residential property rate application, either directly or as a complement of credibility to the insurer's own California wildfire loss data." (10 CCR§ 2644.9(g).)

Farmers has not demonstrated compliance with the regulation, as its proposal fails to provide any meaningful premium discounts to homeowners who complete the wildfire mitigation measures set forth in § 2644.9. Per comments made by Farmers during a call with Consumer Watchdog on August 9, 2023, the average mitigation discount for customers with FireLine scores of 0–3 is \$20 to \$30. This could conceivably be justified, as customers in those areas have negligible wildfire risk. However, for customers with higher FireLine scores (and thus more significant wildfire risk), the average discount is still quite small—in the range of \$40 to \$75—again per Farmers' comments. This is especially troubling given that, as Farmers revealed for the first time in its August 8, 2023 email response to Consumer Watchdog's August 7 email, customers must pay out of-pocket for a home inspection in order to even be eligible for the mitigation discounts, and Farmers stated on the aforementioned August 9 call that the cost of the inspection is around \$100. Since the average mitigation discount across all of Farmers' business is in the range of \$20 to \$75, the average net "discount" is in fact a surcharge when the \$100 inspection cost is factored in.

Response:

There is no cost to policyholders to receive the discount for community level mitigation because it will be automatically verified by Farmers.

The IBHS certification would be required to determine property level mitigation qualifications. The inspection result would be valid for three years so customers can also keep the mitigation discount for three years without additional cost.

The average discount over the three-year period is estimated to be \$125-\$225 for those with Fireline score 4 or higher, which is greater than the \$125 inspection fee. Among this group, for policies with wildfire premium of \$500 or more, the average discount over the three-year period is \$225-\$275 and for those with wildfire premium of \$1000 or more, the average discount over the three-year period is \$340- 354. There is clear net benefit to customers with substantial wildfire risk even after the inspection cost is factored in. The proposition will be even stronger for customers with higher wildfire risk and larger wildfire premiums as the cost vs benefit calculation will skew even more in the favor of a larger discount compared to the inspection cost.

According to data from FireLine/Verisk, approximately 15% of CA policyholders have FireLine scores of 4 or higher. Thus, for this minority there is a net benefit of \$0 to \$33 per year. How is Farmers communicating to customers that wildfire mitigation measures can result in a slightly lower average premium (inclusive of the inspection fee), but only for those with FireLine scores of 4 and up? Will the fact that the inspection fee is greater than the maximum discount for those with FireLine scores under 3 be expressly communicated?

RFI No. 3: Provide a detailed response to the following, from Consumer Watchdog's Petition for Hearing in this matter: Based on the information and documents provided by Farmers to date in response to Consumer Watchdog's prior requests for information in PA-2023-00009 regarding the written procedure Farmers proposes to adopt to comply with subdivisions (h)–(k) of the regulation, it appears that Farmers' written procedures and notifications do not include a clear explanation of all the information required under the regulation, including but not limited to the rate impact of the wildfire risk score, and steps the homeowner could take to lower their score.

Response:

We are in the process of updating our customer notification to include the premium impact of the score itself, without the mitigation measures. Additionally, we provide a written process by which the customer can dispute this score, which we will address with our vendor and follow up with the customer.

Farmers is not in compliance with the regulation until the required notifications are actually provided, including "the impact of the score or classification on the rate or premium..." per 2644.9(k)(2). Please provide an example of the actual customer notification that will be used.

From: Francesco Macchia <francesco.macchia@farmersinsurance.com>

Date: Monday, October 23, 2023 at 11:46 AM

To: Phenix, Jon <Jon.Phenix@insurance.ca.gov>, Kaitlyn Gentile <kaitlyn@consumerwatchdog.org>, Chao, Annie <Annie.Chao@insurance.ca.gov>, Warren, Tina <Tina.Warren@insurance.ca.gov>, Jennifer McCune <jennifer.mccune@insurance.ca.gov>, Harvey Rosenfield <harvey@consumerwatchdog.org>, Pam Pressley <pam@consumerwatchdog.org>, Ben Powell <ben@consumerwatchdog.org>, Ryan Mellino <ryan@consumerwatchdog.org>, Wade, Daniel <Daniel.Wade@insurance.ca.gov>, Wurster, Melissa <Melissa.Wurster@insurance.ca.gov>, Uppal, Jasveet <Jasveet.Uppal@insurance.ca.gov>, Richard De La Mora <richard.delamora@farmersinsurance.com>

Cc: Ken Allen <Ken.Allen@insurance.ca.gov>, WehmueLLer, Lynne <Lynne.WehmueLLer@insurance.ca.gov>, Kuo, Darjen <Darjen.Kuo@insurance.ca.gov>, Cecilia Padua <Cecilia.Padua@insurance.ca.gov>, Bautista, Beverly <Beverly.Bautista@insurance.ca.gov>, Ben Armstrong <ben.a@consumerwatchdog.org>, Alissa Vreman <alissa.vreman@farmersinsurance.com>, Victoria McCarthy <victoria.mccarthy@farmersinsurance.com>

Subject: RE: Consumer Watchdog's Requests for Information in the Matter of Farmers Wildfire

EXHIBIT F

Thursday, January 16, 2025 at 08:33:50 Pacific Standard Time

Subject: Re: Consumer Watchdog's Requests for Information in the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015
Date: Monday, November 20, 2023 at 12:14:49 PM Pacific Standard Time
From: Ryan Mellino
To: Francesco Macchia, Kaitlyn Gentile, Chao, Annie, Warren, Tina, Jennifer McCune, Harvey Rosenfield, Pam Pressley, Ben Powell, Wurster, Melissa, Uppal, Jasveet, Richard De La Mora
CC: Ken Allen, Wehmuehler, Lynne, Kuo, Darjen, Cecilia Padua, Bautista, Beverly, Ben Armstrong, Alissa Vreman, Victoria McCarthy

Hi all,

We just wanted to check in on the status of the follow-up questions and requests we served on November 2 in this matter. Do you have a timeline for when we might be able to expect responses?

Thanks,

Ryan Mellino
Staff Attorney
Consumer Watchdog

From: Ryan Mellino <ryan@consumerwatchdog.org>
Date: Thursday, November 2, 2023 at 4:28 PM
To: Francesco Macchia <francesco.macchia@farmersinsurance.com>, Kaitlyn Gentile <kaitlyn@consumerwatchdog.org>, Chao, Annie <Annie.Chao@insurance.ca.gov>, Warren, Tina <Tina.Warren@insurance.ca.gov>, Jennifer McCune <jennifer.mccune@insurance.ca.gov>, Harvey Rosenfield <harvey@consumerwatchdog.org>, Pam Pressley <pam@consumerwatchdog.org>, Ben Powell <ben@consumerwatchdog.org>, Wade, Daniel <Daniel.Wade@insurance.ca.gov>, Wurster, Melissa <Melissa.Wurster@insurance.ca.gov>, Uppal, Jasveet <Jasveet.Uppal@insurance.ca.gov>, Richard De La Mora <richard.delamora@farmersinsurance.com>
Cc: Ken Allen <Ken.Allen@insurance.ca.gov>, Wehmuehler, Lynne <Lynne.Wehmuehler@insurance.ca.gov>, Kuo, Darjen <Darjen.Kuo@insurance.ca.gov>, Cecilia Padua <Cecilia.Padua@insurance.ca.gov>, Bautista, Beverly <Beverly.Bautista@insurance.ca.gov>, Ben Armstrong <ben.a@consumerwatchdog.org>, Alissa Vreman <alissa.vreman@farmersinsurance.com>, Victoria McCarthy <victoria.mccarthy@farmersinsurance.com>
Subject: Re: Consumer Watchdog's Requests for Information in the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015

Hi all,

Thank you for providing Farmers' 10/23/23 responses to Consumer Watchdog's 10/5/23 Requests for Information. Consumer Watchdog has some follow-up questions and requests regarding those responses, as set forth in red below. Consumer Watchdog reserves all rights to ask further questions regarding Farmers' responses in any discussions with the Parties and/or serve formal discovery requests

EXHIBIT G

Subject: RE: Consumer Watchdog's Requests for Information in the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015

Date: Tuesday, November 21, 2023 at 3:14:18 PM Pacific Standard Time

From: Francesco Macchia

To: Ryan Mellino, Kaitlyn Gentile, Chao, Annie, Warren, Tina, Jennifer McCune, Harvey Rosenfield, Pam Pressley, Ben Powell, Wurster, Melissa, Uppal, Jasveet, Richard De La Mora

CC: Ken Allen, Wehmueller, Lynne, Kuo, Darjen, Cecilia Padua, Bautista, Beverly, Ben Armstrong, Alissa Vreman, Victoria McCarthy, Adam Morris

Attachments: CA Wildfire Mitigation Notice.pdf

Hello Ryan,

Please see our responses to your follow-up questions below in blue text and denoted by today's date.

Thank you,

Francesco Macchia

Product Manager – California Personal Lines Home

Farmers Insurance

6301 Owensmouth Ave, Los Angeles, CA 91367

Telephone: (818) 965-0734

www.farmers.com

Confidential

From: Ryan Mellino <ryan@consumerwatchdog.org>

Sent: Monday, November 20, 2023 12:15 PM

To: Francesco Macchia <francesco.macchia@farmersinsurance.com>; Kaitlyn Gentile <kaitlyn@consumerwatchdog.org>; Chao, Annie <Annie.Chao@insurance.ca.gov>; Warren, Tina <Tina.Warren@insurance.ca.gov>; Jennifer McCune <jennifer.mccune@insurance.ca.gov>; Harvey Rosenfield <harvey@consumerwatchdog.org>; Pam Pressley <pam@consumerwatchdog.org>; Ben Powell <ben@consumerwatchdog.org>; Wurster, Melissa <Melissa.Wurster@insurance.ca.gov>; Uppal, Jasveet <Jasveet.Uppal@insurance.ca.gov>; Richard De La Mora <richard.delamora@farmersinsurance.com>

Cc: Ken Allen <Ken.Allen@insurance.ca.gov>; Wehmueller, Lynne <Lynne.Wehmueller@insurance.ca.gov>; Kuo, Darjen <Darjen.Kuo@insurance.ca.gov>; Cecilia Padua <Cecilia.Padua@insurance.ca.gov>; Bautista, Beverly <Beverly.Bautista@insurance.ca.gov>; Ben Armstrong <ben.a@consumerwatchdog.org>; Alissa Vreman <alissa.vreman@farmersinsurance.com>; Victoria McCarthy <victoria.mccarthy@farmersinsurance.com>

Subject: [EXTERNAL] Re: Consumer Watchdog's Requests for Information in the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015

Hi all,

We just wanted to check in on the status of the follow-up questions and requests we served on November 2 in this matter. Do you have a timeline for when we might be able to expect responses?

Thanks,

Ryan Mellino
Staff Attorney
Consumer Watchdog

From: Ryan Mellino <ryan@consumerwatchdog.org>

Date: Thursday, November 2, 2023 at 4:28 PM

To: Francesco Macchia <francesco.macchia@farmersinsurance.com>, Kaitlyn Gentile <kaitlyn@consumerwatchdog.org>, Chao, Annie <Annie.Chao@insurance.ca.gov>, Warren, Tina <Tina.Warren@insurance.ca.gov>, Jennifer McCune <jennifer.mccune@insurance.ca.gov>, Harvey Rosenfield <harvey@consumerwatchdog.org>, Pam Pressley <pam@consumerwatchdog.org>, Ben Powell <ben@consumerwatchdog.org>, Wade, Daniel <Daniel.Wade@insurance.ca.gov>, Wurster, Melissa <Melissa.Wurster@insurance.ca.gov>, Uppal, Jasveet <Jasveet.Uppal@insurance.ca.gov>, Richard De La Mora <richard.delamora@farmersinsurance.com>

Cc: Ken Allen <Ken.Allen@insurance.ca.gov>, Wehmueller, Lynne <Lynne.Wehmueller@insurance.ca.gov>, Kuo, Darjen <Darjen.Kuo@insurance.ca.gov>, Cecilia Padua <Cecilia.Padua@insurance.ca.gov>, Bautista, Beverly <Beverly.Bautista@insurance.ca.gov>, Ben Armstrong <ben.a@consumerwatchdog.org>, Alissa Vreman <alissa.vreman@farmersinsurance.com>, Victoria McCarthy <victoria.mccarthy@farmersinsurance.com>

Subject: Re: Consumer Watchdog's Requests for Information in the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015

Hi all,

Thank you for providing Farmers' 10/23/23 responses to Consumer Watchdog's 10/5/23 Requests for Information. Consumer Watchdog has some follow-up questions and requests regarding those responses, as set forth in red below. Consumer Watchdog reserves all rights to ask further questions regarding Farmers' responses in any discussions with the Parties and/or serve formal discovery requests if this matter proceeds to an evidentiary hearing.

Thank you,
Ryan

Request for Information ("RFI") No. 1: Provide a detailed response to the following, from Consumer Watchdog's Petition for Hearing in this matter: The regulation provides, "The rating plan shall reflect, and the rate offered to the applicant or insured shall be based in part on, the reduced wildfire risk resulting from each and every property-level wildfire risk mitigation effort listed in subdivisions (d)(1)(B)1.a. through (d)(1)(B)1.e. and (d)(1)(B)2.a. through (d)(1)(B)2.e., below, that is undertaken with respect to an individual property being assessed for risk." (10 CCR § 2644.9(d)(1)(B); see also (d)(1)(A).) The regulation further provides, "To the extent the insurer's own California data is not fully credible, the insurer shall credibility weight its data with an appropriate complement of credibility to support each segment, rating differential, or premium surcharge. If the Commissioner aggregates California premium-and-loss data by wildfire risk to create a fire and wildfire exposure risk manual pursuant to Insurance Code section 929.2, an insurer may rely on the then-current version of the manual as support for each segment, rating differential, or surcharge being requested in connection with a residential property rate application, either directly or as a complement of credibility to the insurer's own California wildfire loss data." (10 CCR§ 2644.9(g).)

Farmers has not demonstrated compliance with the regulation, as its proposal fails to provide any meaningful premium discounts to homeowners who complete the wildfire mitigation measures set forth in § 2644.9. Per

comments made by Farmers during a call with Consumer Watchdog on August 9, 2023, the average mitigation discount for customers with FireLine scores of 0–3 is \$20 to \$30. This could conceivably be justified, as customers in those areas have negligible wildfire risk. However, for customers with higher FireLine scores (and thus more significant wildfire risk), the average discount is still quite small—in the range of \$40 to \$75—again per Farmers’ comments. This is especially troubling given that, as Farmers revealed for the first time in its August 8, 2023 email response to Consumer Watchdog’s August 7 email, customers must pay out-of-pocket for a home inspection in order to even be eligible for the mitigation discounts, and Farmers stated on the aforementioned August 9 call that the cost of the inspection is around \$100. Since the average mitigation discount across all of Farmers’ business is in the range of \$20 to \$75, the average net “discount” is in fact a surcharge when the \$100 inspection cost is factored in.

Response:

There is no cost to policyholders to receive the discount for community level mitigation because it will be automatically verified by Farmers.

The IBHS certification would be required to determine property level mitigation qualifications. The inspection result would be valid for three years so customers can also keep the mitigation discount for three years without additional cost.

The average discount over the three-year period is estimated to be \$125–\$225 for those with Fireline score 4 or higher, which is greater than the \$125 inspection fee. Among this group, for policies with wildfire premium of \$500 or more, the average discount over the three-year period is \$225–\$275 and for those with wildfire premium of \$1000 or more, the average discount over the three-year period is \$340–354. There is clear net benefit to customers with substantial wildfire risk even after the inspection cost is factored in. The proposition will be even stronger for customers with higher wildfire risk and larger wildfire premiums as the cost vs benefit calculation will skew even more in the favor of a larger discount compared to the inspection cost.

According to data from FireLine/Verisk, approximately 15% of CA policyholders have FireLine scores of 4 or higher. Thus, for this minority there is a net benefit of \$0 to \$33 per year. How is Farmers communicating to customers that wildfire mitigation measures can result in a slightly lower average premium (inclusive of the inspection fee), but only for those with FireLine scores of 4 and up? Will the fact that the inspection fee is greater than the maximum discount for those with FireLine scores under 3 be expressly communicated?

Response 11/21/2023:

The wildfire mitigation notice that customers receive is drafted to include the elements required by the regulation. The notice will list the dollar impact on their premium related to each of the wildfire mitigation measures they may perform. This information will empower customers to do a cost/benefit analysis and determine the course of action that makes the most sense for them. Farmers agents have access to resources to help their customers navigate these dynamics and answer their questions.

RFI No. 3: Provide a detailed response to the following, from Consumer Watchdog’s Petition for Hearing in this matter: Based on the information and documents provided by Farmers to date in response to Consumer Watchdog’s prior requests for information in PA-2023-00009 regarding the written procedure Farmers proposes to adopt to comply with subdivisions (h)–(k) of the regulation, it appears that Farmers’ written procedures and notifications do not include a clear explanation of all the information required under the regulation, including but not limited to the rate impact of the wildfire risk score, and steps the homeowner could take to lower their score.

Response:

We are in the process of updating our customer notification to include the premium impact of the score itself, without the mitigation measures. Additionally, we provide a written process by which the customer can dispute this score, which we will address with our vendor and follow up with the customer.

Farmers is not in compliance with the regulation until the required notifications are actually provided, including “the impact of the score or classification on the rate or premium...” per 2644.9(k)(2). Please provide an example of the actual customer notification that will be used.

Response 11/21/2023:

The customer notification is attached.

From: Francesco Macchia <francesco.macchia@farmersinsurance.com>

Date: Monday, October 23, 2023 at 11:46 AM

To: Phenix, Jon <Jon.Phenix@insurance.ca.gov>, Kaitlyn Gentile <kaitlyn@consumerwatchdog.org>, Chao, Annie <Annie.Chao@insurance.ca.gov>, Warren, Tina <Tina.Warren@insurance.ca.gov>, Jennifer McCune <jennifer.mccune@insurance.ca.gov>, Harvey Rosenfield <harvey@consumerwatchdog.org>, Pam Pressley <pam@consumerwatchdog.org>, Ben Powell <ben@consumerwatchdog.org>, Ryan Mellino <ryan@consumerwatchdog.org>, Wade, Daniel <Daniel.Wade@insurance.ca.gov>, Wurster, Melissa <Melissa.Wurster@insurance.ca.gov>, Uppal, Jasveet <Jasveet.Uppal@insurance.ca.gov>, Richard De La Mora <richard.delamora@farmersinsurance.com>

Cc: Ken Allen <Ken.Allen@insurance.ca.gov>, Wehmueller, Lynne <Lynne.Wehmueller@insurance.ca.gov>, Kuo, Darjen <Darjen.Kuo@insurance.ca.gov>, Cecilia Padua <Cecilia.Padua@insurance.ca.gov>, Bautista, Beverly <Beverly.Bautista@insurance.ca.gov>, Ben Armstrong <ben.a@consumerwatchdog.org>, Alissa Vreman <alissa.vreman@farmersinsurance.com>, Victoria McCarthy <victoria.mccarthy@farmersinsurance.com>

Subject: RE: Consumer Watchdog's Requests for Information in the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015

Hello Kaitlyn,

Please see attached our response to the request for information, as well as a supporting document referenced in our response.

Thank you,

Francesco Macchia

Product Manager – California Personal Lines Home

Farmers Insurance

6301 Owensmouth Ave, Los Angeles, CA 91367

Telephone: (818) 965-0734

www.farmers.com

Confidential

From: Phenix, Jon <Jon.Phenix@insurance.ca.gov>

Sent: Tuesday, October 10, 2023 1:48 PM

To: Kaitlyn Gentile <kaitlyn@consumerwatchdog.org>; Chao, Annie <Annie.Chao@insurance.ca.gov>; Warren, Tina <Tina.Warren@insurance.ca.gov>; McCune, Jennifer <Jennifer.McCune@insurance.ca.gov>; Harvey Rosenfield <harvey@consumerwatchdog.org>; Pam Pressley <pam@consumerwatchdog.org>; Ben Powell <ben@consumerwatchdog.org>; Ryan Mellino <ryan@consumerwatchdog.org>; Francesco Macchia <francesco.macchia@farmersinsurance.com>; Wade, Daniel <Daniel.Wade@insurance.ca.gov>; Wurster, Melissa <Melissa.Wurster@insurance.ca.gov>; Uppal, Jasveet <Jasveet.Uppal@insurance.ca.gov>; Richard De La Mora <richard.delamora@farmersinsurance.com>

Cc: Allen, Ken <Ken.Allen@insurance.ca.gov>; Wehmueller, Lynne <Lynne.Wehmueller@insurance.ca.gov>; Kuo, Darjen <Darjen.Kuo@insurance.ca.gov>; Padua, Cecilia <Cecilia.Padua@insurance.ca.gov>; Bautista, Beverly <Beverly.Bautista@insurance.ca.gov>; Ben Armstrong <ben.a@consumerwatchdog.org>

We use a variety of factors when determining your insurance rates. One key risk area we consider is your Wildfire Risk Score, also called FireLine®. We get your FireLine score from our vendor Verisk™, and it's a common tool used in the insurance industry to help determine a property's wildfire risk. The FireLine score at your property is ##, which has a premium impact to your policy of \$####. The FireLine score is calculated by looking at three risk factors of your property:

1. Fuel – this factor assesses the amount and type of vegetation at your property and within a quarter mile of the surrounding area (for example, grasses, trees and/or brush).
2. Slope – this factor is determined by reviewing the slope of the land on which your property is situated (Slopes can increase the speed and intensity of a wildfire).
3. Access – this factor is assessed based on ease/difficulty of road access to your property for emergency services.

In order to calculate your FireLine score, the Fuel and Slope scores are multiplied together and then the Access score is added. The score can range between 0 and 30, where 30 represents the highest risk.

You can learn more about how your property is scored below:

- Fuel (score of 0-5, with 5 representing the heaviest/highest combustibility fuel) #
 - Fuel score assesses vegetative fuels at the property and within the surrounding area (i.e., amount and type of fuels including grasses, trees or dense brush). Available scores:
 - 0 – No Fuel
 - 1 – Small, light fuels
 - 2 – Light to medium fuels
 - 3 – Medium fuels
 - 4 – Medium to heavy fuels
 - 5 – Heavy, large fuels
- Slope (score of 0-5, with 5 representing the steepest slope) #
 - Slope at the property (i.e., steep slopes can increase the speed and intensity of a wildfire). Available scores based on percent of steepness:
 - 1 – Mild (0-5%)
 - 2 – Moderate (6-20%)
 - 3 – Steep (21 – 40%)
 - 5 – Extreme (over 40%)
- Access (score of 0-5, with 5 representing most restricted access) #
 - Access to the property (i.e., fire truck ability to access properties located on a dead-end road or network of roads). Available scores include:
 - 0 – No Access Problems
 - 1 – Somewhat Limited Access
 - 3 – Limited Access
 - 5 – Very Limited Access
 - NOTE: If the property address is not found in the FireLine database, the Access component will be blank.

If you think there is an error with your score and would like to appeal, please contact your Agent. You can also send an email, with the information below, to usw.pl.fireline@farmersinsurance.com or call Farmers at 866-957-3264.

Insured's Name	Dwelling Address
Policy Number	Effective/Renewal Date
Current FireLine Score	Contact Information (email & phone number)
Reason for Appeal – Component(s) of FireLine Score being Appealed	Describe specific actions that have changed the Fuel, Slope or Access score for appeal

Wildfire Mitigation Measures Applied

Mitigation Measure	Status
Firewise USA Site	Included
Class A Roof	Included

Wildfire Mitigation Measures Not Applied

Mitigation Measure	Premium Impact
Fire Risk Reduction Community	\$xx.xx
Clearing of vegetation and debris from under decks	\$xx.xx
Property is cleared of vegetation, debris, mulch, stored combustible materials, and any and all movable combustible objects, from the area within five (5) feet	\$xx.xx
Incorporation of only noncombustible materials into that portion of any improvements to the property on which the property is located, including fences and gates, which is situated within five (5) feet of the home	\$xx.xx
Removal or absence of combustible structures, including sheds and other outbuildings, from the area within thirty (30) feet of the home or, in the event that the applicant or insured does not control the entirety of the area extending thirty feet from the home, removal of combustible structures from as much of such area as is under the control of the insured	\$xx.xx
Property complies with Section 4291 of the Public Resources Code, and any applicable local ordinances, governing defensible space	\$xx.xx
Property's eaves are enclosed	\$xx.xx
Property's vents are fire-resistant	\$xx.xx
Property has multipane windows, including dual pane windows, or functional shutter, which when	\$xx.xx

closed, cover the entire window and do not have openings	
Property has at least six (6) inches of noncombustible vertical clearance at the bottom of the exterior surface of the building, measured from the ground up	\$xx.xx

EXHIBIT H

Subject: Consumer Watchdog's Supplemental Requests for Information in the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015

Date: Thursday, June 13, 2024 at 4:05:39 PM Pacific Daylight Time

From: Ryan Mellino

To: Francesco Macchia, Kaitlyn Gentile, Chao, Annie, Jennifer McCune, Harvey Rosenfield, Pam Pressley, Wurster, Melissa, Uppal, Jasveet, Richard De La Mora

CC: Ken Allen, Kuo, Darjen, Cecilia Padua, Bautista, Beverly, Ben Armstrong, Alissa Vreman, Victoria McCarthy, Moon, Soo Hyun, Gammell, Adam, Nikki McKennedy, Shaw, Tina

Attachments: 2024-06-13 Farmers Mitigation Supplemental RFIs_Final.pdf

Hi all,

Please see Consumer Watchdog's Supplemental Requests for Information attached here. Additionally, Consumer Watchdog's understanding from the 3/11/24 three-way call was that Farmers was going to provide further information with "more recent data" in relation to the average mitigation discount amounts. Please confirm that Farmers intends to provide such "more recent data" and when that data is expected to be provided.

Further, while reviewing Farmers' updated 5/22/24 rule guides, Consumer Watchdog noticed a provision, which appears on page 6 of the Next Generation and Smart Plan Homeowners rule guides – "Dwellings and property must display an acceptable degree of 'pride of ownership' as demonstrated by proper, ongoing maintenance in accordance with generally accepted and approved industry standards of construction. Properties with multiple hazards must be rigorously inspected as they generally have a higher propensity to incur a future loss. Unusual maintenance concerns or unrepaired damage are not acceptable."

A similar provision appears on page 11 of the Smart Plan Renters and Condo rule guide – "Dwellings and property must display an acceptable degree of 'pride of ownership' as demonstrated by proper, ongoing maintenance in accordance with generally accepted and approved industry standards of construction."

Consumer Watchdog objects to the use of the phrase "pride of ownership" as being subjective, vague, unrelated to risk of loss, and unfairly discriminatory. (See 10 CCR §§ 2360.0 [defining "eligibility guidelines" as "specific, objective factors, or categories of specific, objective factors, which are selected and/or defined by an insurer, and which have a substantial relationship to an insured's loss exposure; 2360.2 ["The Eligibility Guidelines shall be sufficiently detailed to determine the appropriate rating plan for the insured. An insured or applicant who meets the eligibility guidelines shall qualify to purchase the insurance."].)

Furthermore, the "pride of ownership" language fails to comport with Actuarial Standards of Practice. ASOP 12, section 2.8 states: "Risk Characteristics—Measurable or observable factors or characteristics that are used to assign each risk to one of the risk classes of a risk classification system." ASOP 12, section 3.2.3 states: "Objectivity—The actuary should select risk characteristics that are capable of being objectively determined. A risk characteristic is objectively determinable if it is based on readily verifiable observable facts that cannot be easily manipulated. For example, a risk classification of 'blindness' is not objective, whereas a risk classification of 'vision corrected to no better than 20/100' is objective." Pride of ownership is not measurable, observable, or objective, and therefore is inconsistent with the

applicable ASOP.

Therefore, Consumer Watchdog requests that Farmers remove the “pride of ownership” language from these eligibility guidelines. To be clear, Consumer Watchdog is not asking Farmers to remove the entire provisions, only the “pride of ownership” language. Similar “pride of ownership” language was removed by Pacific Specialty from their homeowners underwriting guidelines in December 2023 in response to Consumer Watchdog’s objections (CDI File No. 20-1565, SERFF No. PERR-132375306).

Finally, the Smart Plan Renters and Condo rule guide refers to a “wildlife mitigation factor” in the table of contents on page 3, which should be corrected to “wildfire mitigation factor.”

Consumer Watchdog reserves all rights to ask further questions regarding Farmers’ responses in any discussions with the Parties and/or serve formal discovery requests if this matter proceeds to an evidentiary hearing.

Thank you,
Ryan Mellino
Consumer Watchdog
Staff Attorney

In the Matter of the Rate Applications of Farmers Insurance Exchange, Fire Insurance Exchange,
and Mid-Century Insurance Company

CDI File Nos. 23-1129, 23-1129-A, 23-1129-B; SERFF Filing No. FARM-133635105; Prior
Approval File No. PA-2023-00015

Consumer Watchdog's Supplemental Requests for Information

Consumer Watchdog requests the following additional information from Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-Century Insurance Company (hereinafter, "Farmers" or "Applicants"):

9. As referred to in Farmers' 5/22/24 Objection Responses, please provide an updated wildfire mitigation notice including the "list of approved inspection providers." Please also provide the "inspection checklist" referred to in those responses.
10. According to its website, Farmers Insurance launched a "drone program" in 2017. Recent reporting has described how Farmers uses drones to deny policyholders' claims. Please describe Farmers' "drone program" as it currently exists, and any additional capacity Farmers has to obtain aerial surveillance of insured properties. Please explain why Farmers is not using the drone program to assist in verifying wildfire mitigation measures, despite using it to deny policyholder claims.

**PROOF OF SERVICE
BY OVERNIGHT OR U.S. MAIL, FAX TRANSMISSION,
EMAIL TRANSMISSION AND/OR PERSONAL SERVICE**

State of California, City of Los Angeles, County of Los Angeles

I am employed in the City and County of Los Angeles, State of California. I am over the age of 18 years and not a party to the within action. My business address is 6330 South San Vicente Boulevard, Suite 250, Los Angeles, California 90048, and I am employed in the city and county where this service is occurring.

On June 13, 2024, I caused service of true and correct copies of the document entitled

CONSUMER WATCHDOG'S SUPPLEMENTAL REQUESTS FOR INFORMATION

upon the persons named in the attached service list, in the following manner:

1. If marked FAX SERVICE, by facsimile transmission this date to the FAX number stated to the person(s) named.
2. If marked EMAIL, by electronic mail transmission this date to the email address stated.
3. If marked U.S. MAIL or OVERNIGHT or HAND DELIVERED, by placing this date for collection for regular or overnight mailing true copies of the within document in sealed envelopes, addressed to each of the persons so listed. I am readily familiar with the regular practice of collection and processing of correspondence for mailing of U.S. Mail and for sending of Overnight mail. If mailed by U.S. Mail, these envelopes would be deposited this day in the ordinary course of business with the U.S. Postal Service. If mailed Overnight, these envelopes would be deposited this day in a box or other facility regularly maintained by the express service carrier, or delivered this day to an authorized courier or driver authorized by the express service carrier to receive documents, in the ordinary course of business, fully prepaid.

I declare under penalty of perjury that the foregoing is true and correct. Executed on June 13, 2024 at Los Angeles, California.



Ryan Mellino

Service List

Daniel Wade
Jennifer McCune
Melissa Wurster
Rate Enforcement Bureau
California Department of Insurance
1901 Harrison Street, 6th Floor
Oakland, CA 94612
Tel. (415) 538-4500
Fax (510) 238-7830
Daniel.Wade@insurance.ca.gov
Jennifer.McCune @insurance.ca.gov
Melissa.Wurster@insurance.ca.gov

- ☐ FAX
☐ U.S. MAIL
☐ OVERNIGHT MAIL
☐ HAND DELIVERED
☒ EMAIL

Richard De La Mora
Francesco Macchia
Farmers Insurance
6301 Owensmouth Ave
Woodland Hills, CA 91367
Tel. 818-965-0734
Fax 323-932-3950
richard.delamora@farmersinsurance.com
francesco.macchia@farmersinsurance.com

- ☐ FAX
☐ U.S. MAIL
☐ OVERNIGHT MAIL
☐ HAND DELIVERED
☒ EMAIL

EXHIBIT I

Subject: RE: Consumer Watchdog's Supplemental Requests for Information in the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015

Date: Thursday, June 27, 2024 at 9:47:04 AM Pacific Daylight Time

From: Francesco Macchia

To: Ryan Mellino, Kaitlyn Gentile, Chao, Annie, Jennifer McCune, Harvey Rosenfield, Pam Pressley, Wurster, Melissa, Uppal, Jasveet, Richard De La Mora

CC: Ken Allen, Kuo, Darjen, Cecilia Padua, Bautista, Beverly, Ben Armstrong, Alissa Vreman, Victoria McCarthy, Moon, Soo Hyun, Gammell, Adam, Nikki McKennedy, Shaw, Tina, Adam Morris

Attachments: image001.png, image002.png, Wildfire Mitigation Inspection Checklist.pdf

Hi Ryan,

I have pasted your questions from both the supplemental request for information document and the body of your email below, followed by our response to each question in blue font.

9. As referred to in Farmers' 5/22/24 Objection Responses, please provide an updated wildfire mitigation notice including the "list of approved inspection providers." Please also provide the "inspection checklist" referred to in those responses.

The approved inspection providers are listed on the wildfire mitigation inspection checklist, which is attached to this email.

10. According to its website, Farmers Insurance launched a "drone program" in 2017. Recent reporting has described how Farmers uses drones to deny policyholders' claims. Please describe Farmers' "drone program" as it currently exists, and any additional capacity Farmers has to obtain aerial surveillance of insured properties. Please explain why Farmers is not using the drone program to assist in verifying wildfire mitigation measures, despite using it to deny policyholder claims.

Farmers' Claims department investigates each claim on its own merits and may use a drone to inspect a roof that is steep, high, or constructed of materials that cannot be traversed without damage to the roof. Farmers uses drones in these situations to inspect and accurately evaluate damage, rather than for the purpose of denying claims. Drones are not used to determine eligibility at new business or renewal. We do contract with vendors who provide aerial images not taken by drones which we review in tandem with other information to verify risk characteristics.

We have explored aerial imagery as a means to verify the wildfire mitigation measures, but at this time information is not available for the majority of the items outlined in the regulations. We will continue to explore this option as vendors progress what data is available.

Additionally, Consumer Watchdog's understanding from the 3/11/24 three-way call was that Farmers was going to provide further information with "more recent data" in relation to the average mitigation discount amounts. Please confirm that Farmers intends to provide such "more recent data" and when that data is expected to be provided.

We have refreshed our data with regard to the average mitigation discount amounts. Properties with a minimum FireLine score of 4 will experience the greatest reduction in wildfire risk from performing mitigation actions, so they receive the largest discounts in our rating structure. Policies in this group can expect an average discount in the range of \$114 to \$265 over the three year period. For policies in this group with wildfire peril premium of \$500 or more, the average discount ranges from \$257 to \$312 over the three year period. Those with a wildfire peril premium of \$1,000 or more would receive an average discount in the range of \$370 to \$403 over the three year period.

Customers who meet the criteria for the completion factor, which includes both community-level mitigation measures and all ten property-level mitigation measures, which represents the most robust level of mitigation the statute recognizes, can expect a larger than average reduction in premium. The same is true for properties with higher wildfire risk, and the larger wildfire premium associated with that risk, as the discount percentages will translate to larger dollar discounts.

Further, while reviewing Farmers' updated 5/22/24 rule guides, Consumer Watchdog noticed a provision, which appears on page 6 of the Next Generation and Smart Plan Homeowners rule guides – "Dwellings and property must display an acceptable degree of 'pride of ownership' as demonstrated by proper, ongoing maintenance in accordance with generally accepted and approved industry standards of construction. Properties with multiple hazards must be rigorously inspected as they generally have a higher propensity to incur a future loss. Unusual maintenance concerns or unrepaired damage are not acceptable."

A similar provision appears on page 11 of the Smart Plan Renters and Condo rule guide – “Dwellings and property must display an acceptable degree of ‘pride of ownership’ as demonstrated by proper, ongoing maintenance in accordance with generally accepted and approved industry standards of construction.”

Consumer Watchdog objects to the use of the phrase “pride of ownership” as being subjective, vague, unrelated to risk of loss, and unfairly discriminatory. (See 10 CCR §§ 2360.0 [defining “eligibility guidelines” as “specific, objective factors, or categories of specific, objective factors, which are selected and/or defined by an insurer, and which have a substantial relationship to an insured’s loss exposure; 2360.2 [“The Eligibility Guidelines shall be sufficiently detailed to determine the appropriate rating plan for the insured. An insured or applicant who meets the eligibility guidelines shall qualify to purchase the insurance.”].)

Furthermore, the “pride of ownership” language fails to comport with Actuarial Standards of Practice. ASOP 12, section 2.8 states: “Risk Characteristics—Measurable or observable factors or characteristics that are used to assign each risk to one of the risk classes of a risk classification system.” ASOP 12, section 3.2.3 states: “Objectivity—The actuary should select risk characteristics that are capable of being objectively determined. A risk characteristic is objectively determinable if it is based on readily verifiable observable facts that cannot be easily manipulated. For example, a risk classification of ‘blindness’ is not objective, whereas a risk classification of ‘vision corrected to no better than 20/100’ is objective.” Pride of ownership is not measurable, observable, or objective, and therefore is inconsistent with the applicable ASOP.

Therefore, Consumer Watchdog requests that Farmers remove the “pride of ownership” language from these eligibility guidelines. To be clear, Consumer Watchdog is not asking Farmers to remove the entire provisions, only the “pride of ownership” language. Similar “pride of ownership” language was removed by Pacific Specialty from their homeowners underwriting guidelines in December 2023 in response to Consumer Watchdog’s objections (CDI File No. 20-1565, SERFF No. PERR-132375306).

[We will submit an amendment to the filing to remove this phrase from our rule guides, as follows:](#)

[Next Generation and Smart Plan:](#)

EXTERIOR

- Dwellings and property must display ~~an acceptable degree of “pride of ownership” as demonstrated by~~ proper, ongoing maintenance in accordance with generally accepted and approved industry standards of construction. Properties with multiple hazards must be rigorously inspected as they generally have a higher propensity to incur a future loss. Unusual maintenance concerns or unrepaired damage are not acceptable.

[Smart Plan Renters and Condo:](#)

Exterior AMCE

Dwellings and property must display ~~an acceptable degree of “pride of ownership” as demonstrated by~~ proper, ongoing maintenance in accordance with generally accepted and approved industry standards of construction.

Finally, the Smart Plan Renters and Condo rule guide refers to a “wildlife mitigation factor” in the table of contents on page 3, which should be corrected to “wildfire mitigation factor.”

[We will submit an amendment to the filing to correct this typographical error.](#)

Thank you,

Francesco Macchia

Product Manager – California Personal Lines Home

Farmers Insurance

6301 Owensmouth Ave, Los Angeles, CA 91367

Telephone: (818) 965-0734

www.farmers.com

Confidential

From: Ryan Mellino <ryan@consumerwatchdog.org>

Sent: Thursday, June 13, 2024 6:03 PM

To: Francesco Macchia <francesco.macchia@farmersinsurance.com>; Kaitlyn Gentile <kaitlyn@consumerwatchdog.org>; Chao, Annie <Annie.Chao@insurance.ca.gov>; Jennifer McCune <jennifer.mccune@insurance.ca.gov>; Harvey Rosenfield <harvey@consumerwatchdog.org>; Pam Pressley <pam@consumerwatchdog.org>; Wurster, Melissa <Melissa.Wurster@insurance.ca.gov>; Uppal, Jasveet <Jasveet.Uppal@insurance.ca.gov>; Richard De La Mora <richard.delamora@farmersinsurance.com>

Cc: Ken Allen <Ken.Allen@insurance.ca.gov>; Kuo, Darjen <Darjen.Kuo@insurance.ca.gov>; Cecilia Padua <Cecilia.Padua@insurance.ca.gov>; Bautista, Beverly <Beverly.Bautista@insurance.ca.gov>; Ben Armstrong <ben.a@consumerwatchdog.org>; Alissa Vreman <alissa.vreman@farmersinsurance.com>; Victoria McCarthy <victoria.mccarthy@farmersinsurance.com>; Moon, Soo Hyun <SooHyun.Moon@insurance.ca.gov>; Gammell, Adam <Adam.Gammell@insurance.ca.gov>; Nikki McKennedy <Nikki.McKennedy@insurance.ca.gov>; Shaw, Tina <Tina.Shaw@insurance.ca.gov>

Subject: [EXTERNAL] Consumer Watchdog's Supplemental Requests for Information in the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015

USE CAUTION: This message originates from a sender you have not previously corresponded with. If in doubt, report.

Hi all,

Please see Consumer Watchdog's Supplemental Requests for Information attached here. Additionally, Consumer Watchdog's understanding from the 3/11/24 three-way call was that Farmers was going to provide further information with "more recent data" in relation to the average mitigation discount amounts. Please confirm that Farmers intends to provide such "more recent data" and when that data is expected to be provided.

Further, while reviewing Farmers' updated 5/22/24 rule guides, Consumer Watchdog noticed a provision, which appears on page 6 of the Next Generation and Smart Plan Homeowners rule guides – "Dwellings and property must display an acceptable degree of 'pride of ownership' as demonstrated by proper, ongoing maintenance in accordance with generally accepted and approved industry standards of construction. Properties with multiple hazards must be rigorously inspected as they generally have a higher propensity to incur a future loss. Unusual maintenance concerns or unrepaired damage are not acceptable."

A similar provision appears on page 11 of the Smart Plan Renters and Condo rule guide – "Dwellings and property must display an acceptable degree of 'pride of ownership' as demonstrated by proper, ongoing maintenance in accordance with generally accepted and approved industry standards of construction."

Consumer Watchdog objects to the use of the phrase "pride of ownership" as being subjective, vague, unrelated to risk of loss, and unfairly discriminatory. (See 10 CCR §§ 2360.0 [defining "eligibility guidelines" as "specific, objective factors, or categories of specific, objective factors, which are selected and/or defined by an insurer, and which have a substantial relationship to an insured's loss exposure; 2360.2 ["The Eligibility Guidelines shall be sufficiently detailed to determine the appropriate rating plan for the insured. An insured or applicant who meets the eligibility guidelines shall qualify to purchase the insurance."].)

Furthermore, the "pride of ownership" language fails to comport with Actuarial Standards of Practice. ASOP 12, section 2.8 states: "Risk Characteristics—Measurable or observable factors or characteristics that are used to assign each risk to one of the risk classes of a risk classification system." ASOP 12, section 3.2.3 states: "Objectivity—The actuary should select risk characteristics that are capable of being objectively determined. A risk characteristic is objectively determinable if it is based on readily verifiable observable facts that cannot be easily manipulated. For example, a risk classification of 'blindness' is not objective, whereas a risk classification of 'vision corrected to no better than 20/100' is objective." Pride of ownership is not measurable, observable, or objective, and therefore is inconsistent with the applicable ASOP.

Therefore, Consumer Watchdog requests that Farmers remove the "pride of ownership" language from these eligibility guidelines. To be clear, Consumer Watchdog is not asking Farmers to remove the entire provisions, only the "pride of ownership" language. Similar "pride of ownership" language was removed by Pacific Specialty from their homeowners

underwriting guidelines in December 2023 in response to Consumer Watchdog's objections (CDI File No. 20-1565, SERFF No. PERR-132375306).

Finally, the Smart Plan Renters and Condo rule guide refers to a "wildlife mitigation factor" in the table of contents on page 3, which should be corrected to "wildfire mitigation factor."

Consumer Watchdog reserves all rights to ask further questions regarding Farmers' responses in any discussions with the Parties and/or serve formal discovery requests if this matter proceeds to an evidentiary hearing.

Thank you,
Ryan Mellino
Consumer Watchdog
Staff Attorney

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CALIFORNIA WILDFIRE MITIGATION INSPECTION CHECKLIST

This inspection checklist should be used when an insured wishes to have factors for one or more wildfire mitigation measures applied to their policy premium. This checklist is not needed for inspections arranged through IBHS; all other inspections must use this checklist for proper validation and premium factor application.

The insured will give this form to the inspector to use as a guide for the inspection. The inspector will fill in the requested information and clearly indicate for each measure whether the property is in compliance. Once completed, the inspector will provide their signature at the bottom of the checklist, attesting that all entries are true and accurate. The checklist will then be returned to the insured and provided to Farmers for review and processing.

Verification of completed wildfire mitigation measures can be performed by any of the following organizations:

- Insurance Institute for Business & Home Safety (IBHS)
- California Department of Forestry and Fire Protection (CAL FIRE) – www.fire.ca.gov
- Allied Disaster Defense – www.allieddisasterdefense.com
- Madronus Wildfire Defense – www.madronus.com

Inspections performed by IBHS only:

- Submission of this checklist is not required; go to www.ibhs.org for more information and to schedule an inspection
- In addition to premium factors applied for each individual completed measure, a “completion” factor may also apply if the following criteria are met:
 - Wildfire Prepared Home Plus designation (the Base designation does not qualify); and
 - The property is located within a Fire Risk Reduction Community listed by the Board of Forestry pursuant to the Public Resources Code section 4290.1; and
 - The property is located within a Firewise USA Site in good standing

All other inspections:

- Completion of this checklist by the inspector is required
- The following items must be scanned and submitted with this completed checklist:
 - Photos for all items marked ‘Property in Compliance’
 - A business card, invoice, or other document on company letterhead provided by the inspector
- Premium factors are applied for each individual completed measure only
- Inspections not performed by IBHS are not eligible for the “completion” factor

Inspection Company Name: _____ Inspection Company License Number: _____

Name of Inspector (printed): _____

Insured’s Name: _____ Date Completed: _____

Inspected Property Address: _____

Property Level Mitigation

1. Clearing of vegetation and debris from under decks
☐ Property in Compliance ☐ Property not in Compliance
☐ Not Applicable
2. Property is cleared of vegetation, debris, mulch, stored combustible materials, and any and all movable combustible objects, from the area within five (5) feet
☐ Property in Compliance ☐ Property not in Compliance
3. Incorporation of only noncombustible materials into that portion of any improvements to the property on which the property is located, including fences and gates, which is situated within five (5) feet of the home
☐ Property in Compliance ☐ Property not in Compliance
4. Removal or absence of combustible structures, including sheds and other outbuildings, from the area within thirty (30) feet of the home or, in the event that the applicant or insured does not control the entirety of the area extending thirty feet from the home, removal of combustible structures from as much of such area as is under the control of the insured
☐ Property in Compliance ☐ Property not in Compliance
5. Property complies with Section 4291 of the Public Resources Code, and any applicable local ordinances, governing defensible space
☐ Property in Compliance ☐ Property not in Compliance
☐ Not Applicable

Building Hardening Measures

6. Property's Roofing Material consists completely of a Class "A" Fire Rated Roof
☐ Property in Compliance ☐ Property not in Compliance
7. Property's eaves are enclosed
☐ Property in Compliance ☐ Property not in Compliance
8. Property's vents are fire-resistant
☐ Property in Compliance ☐ Property not in Compliance
9. Property has multi-paned windows, including dual pane windows, or functional shutter, which when closed, cover the entire window and do not have openings
☐ Property in Compliance ☐ Property not in Compliance
10. Property has at least six (6) inches of noncombustible vertical clearance at the bottom of the exterior surface of the building, measured from the ground up
☐ Property in Compliance ☐ Property not in Compliance

Signature of Inspector: _____

By signing above, I represent and warrant that all information provided on this inspection checklist is true, correct, and complete to the best of my knowledge.

Fraud Advisory

Please be advised that any person who knowingly presents false or misleading information to an insurance company for the purposes of defrauding or attempting to defraud an insurance company, or provides false information concerning a material fact on an application for insurance, or helps any other person commit such acts, may be guilty of insurance fraud, and may be subject to substantial civil and criminal penalties, pursuant to the laws of the state in which those acts occur. For your protection California law requires the following disclosure: Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

DRAFT

EXHIBIT J

Subject: RE: CONFIRMED: Farmers PA-2023-00015 3-way call
Date: Wednesday, July 17, 2024 at 8:28:12 AM Pacific Daylight Time
From: Richard De La Mora
To: Wade, Daniel, Chao, Annie, McKennedy, Nikki, Wurster, Melissa, Kuo, Darjen, Bautista, Beverly, Moon, Soo Hyun, Uppal, Jasveet, Ryan Mellino
CC: Montgomery, Duncan

Dan, Counsel and others: In order to make our meeting productive it would be helpful if the CDI and CWD could provide Farmers with advance notice of any questions or issues you would like addressed. If this works for you, please address these matters to me. Thanks, Rick

Confidential

-----Original Appointment-----

From: Wade, Daniel <Daniel.Wade@insurance.ca.gov>

Sent: Monday, July 15, 2024 9:40 AM

To: Chao, Annie; McKennedy, Nikki; Wurster, Melissa; Kuo, Darjen; Bautista, Beverly; Moon, Soo Hyun; Uppal, Jasveet; Ryan Mellino; Richard De La Mora

Cc: Montgomery, Duncan

Subject: [EXTERNAL] CONFIRMED: Farmers PA-2023-00015 3-way call

When: Tuesday, July 23, 2024 3:00 PM-4:00 PM (UTC-08:00) Pacific Time (US & Canada).

Where: Microsoft Teams Meeting

Microsoft Teams [Need help?](#)

[Join the meeting now](#)

Meeting ID: 219 619 851 84

Passcode: GuifDr

Join on a video conferencing device

Tenant key: cdi-insurance@m.webex.com

Video ID: 114 747 440 3

[More info](#)

For organizers: [Meeting options](#)

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EXHIBIT K

Subject: Re: CONFIRMED: Farmers PA-2023-00015 3-way call
Date: Friday, July 19, 2024 at 4:05:16 PM Pacific Daylight Time
From: Ryan Mellino
To: Richard De La Mora, Wade, Daniel, Chao, Annie, McKennedy, Nikki, Wurster, Melissa, Kuo, Darjen, Bautista, Beverly, Moon, Soo Hyun, Uppal, Jasveet
CC: Montgomery, Duncan, Pam Pressley, Ben Armstrong, Harvey Rosenfield

Hi all,

Consumer Watchdog's main concern with this filing remains the same – that the premium mitigation discounts offered by Farmers are not meaningful, particularly in light Farmers' continued refusal to perform no-cost home inspections itself or otherwise give policyholders a way to self-attest to performing mitigation measures. The updated discount data provided by Farmers did not change this calculus, as the average annual discounts are only about \$5 higher when compared to the original discount data. Thus, it continues to appear that most policyholders will not save any money through mitigation discounts when including the cost of inspection, and that even policyholders in higher risk areas will see minimal if any monetary savings when including the cost of inspection.

The purpose of 10 CCR § 2644.9 is to incentivize people to perform mitigation measures by mandating that they receive premium discounts for performing such measures. This incentive to mitigate is reduced or eliminated where the cost of demonstrating entitlement to the discounts exceeds the amount of the discounts themselves. The minimal discounts proposed by Farmers fail to meet the purpose of the regulation.

Separately, thank you for providing Farmers' 6/27/24 responses to Consumer Watchdog's 6/13/24 email and Supplemental RFIs. Consumer Watchdog appreciates Farmers' agreement to remove the "pride of ownership" language from its rule guides. Please let us know when the amended rule guides have been submitted on SERFF. Additionally, we have some follow-up questions and comments on the Inspection Checklist provided by Farmers, as discussed below. Consumer Watchdog reserves all rights to ask further questions regarding Farmers' responses in any discussions with the Parties and/or serve formal discovery requests if this matter proceeds to an evidentiary hearing.

We look forward to a productive discussion on Tuesday.

Thank you,
Ryan Mellino
Consumer Watchdog
Staff Attorney

Request for Information No. 9 Follow-up: Thank you for providing the Inspection Checklist with the list of approved providers. Consumer Watchdog has several concerns with the Checklist and approved providers. The subsequent comments should be viewed in light of Consumer

Watchdog's position that Farmers itself should be providing no-cost inspections for its policyholders, which would entirely resolve these issues. The Department appears to take the same position based on the objections it has filed. (See 01/19/2024 Objections ["As the purpose of the IBHS certificate is to validate mandatory discounts, the inspection costs should be borne by the company, not the policyholders. Please rectify the rules accordingly."]; 05/23/2024 Objections ["The Department wants to prevent policyholders or applicants from having to pay for an inspection due to CAL FIRE's backlog or delays in order to provide timely documentation to Farmers."].)

First, no direction is given to policyholders on how to request inspections from the approved providers. For example, there is no obvious place to go online or number to call for the CAL FIRE inspection, which is apparently the only free inspection option. <https://www.fire.ca.gov/prepare> links to a form to sign up for a defensible space inspection, but that is more limited than the inspection required by the Checklist. The Checklist should be updated to clearly detail the proper method for policyholders to request a full inspection from CAL FIRE. Additionally, the Checklist should state that the CAL FIRE inspection is at no cost to the policyholder.

Similarly, there is no clear place on the Madronus website to request an inspection – there is only an option to get a wildfire risk score. A Google search turned up this site - <https://landing.madronus.com/en-us/wildfirepreparedhome> - which discusses home inspections and IBHS Certification. However, there is no link to that site from the www.madronus.com page listed in the Checklist. Presuming the landing.madronus.com site is the correct place for policyholders to request an inspection, the Checklist should be updated with that information and link. Otherwise, the Checklist should be updated to clearly detail the proper method for policyholders to request an inspection from Madronus.

Allied Disaster Defense's website includes a drop-down 'Services' bar that links to <https://allieddisasterdefense.com/wildfire-prepared-lp/>, which discusses inspections and IBHS Certification. Presuming that is the proper location for policyholders to request an inspection from, the Checklist should be updated with that information and link. Otherwise, the Checklist should be updated to clearly detail the proper method for policyholders to request an inspection from Allied Disaster Defense.

Finally, there is no obvious place to request an inspection on www.ibhs.org. Rather, the correct place to request an IBHS inspection appears to be this site - <https://wildfireprepared.org/>. Presuming that is the case, the Checklist should be updated with this information and link. Otherwise, the Checklist should be updated to clearly detail the proper method for policyholders to request an inspection from IBHS.

Additionally, Madronus appears to offer services only in Sonoma and Marin counties. (<https://madronus.com/about/>.) Please confirm that this is the case, and if so, please update the Checklist to clarify that Madronus inspections are available only in Sonoma and Marin counties.

Similarly, Allied Disaster Defense states that "We charge additional for properties out of our service areas that require additional drive time." (<https://allieddisasterdefense.com/wildfire-prepared-lp/>.) However, the "service areas" referred to do not appear to be described on the Allied Disaster Defense website. Please clarify with Allied Disaster Defense what their "service areas" are and update the Checklist with that information, as well as informing policyholders that there will be

additional charges if they are not living in one of the “service areas.”

Furthermore, the Checklist does not include any information regarding whether policyholders will need to have their homes re-inspected after some period of time has passed (as is necessary to retain IBHS certification), or if only one inspection is necessary. The Checklist should describe any re-inspection requirements or timelines to continue qualifying for mitigation discounts, or clarify that re-inspections are not required.

Farmers’ 05/22/2024 Objection Responses noted that the list of approved providers would also be included with the Wildfire Mitigation Notice provided to customers. The additional or updated information described above should similarly be included in the Notice.

Most problematically, the Madronus and Allied Disaster Defense inspection providers appear to charge substantially more than IBHS for an inspection. As both Consumer Watchdog and the Department have reiterated, policyholders should not have to pay out-of-pocket in order to obtain mitigation discounts they qualify for. Both Madronus and Allied Disaster Defense appear to charge substantially more than IBHS for home inspections – \$399 (with additional charges for larger properties) for Madronus, see <https://landing.madronus.com/en-us/wildfirepreparedhome> – and \$250 for a “virtual assessment” or \$750 for a “full wildfire risk assessment” (up to \$1,500 for larger properties) for Allied Disaster Defense, see <https://allieddisasterdefense.com/wildfire-prepared-lp/>.

While more inspection providers theoretically offer policyholders more choice, it is unclear why any policyholder would choose those significantly more expensive inspection providers as opposed to the IBHS inspection (especially given that Farmers continues to require an IBHS inspection to obtain the highest possible discounts). As Consumer Watchdog has stated, the \$125 IBHS fee alone significantly reduces or eliminates any discounts policyholders might obtain for their completed mitigation measures, even in light of the updated discount data. The multiple-times higher inspection fees charged by Madronus and Allied Disaster Defense will entirely wipe-out any premium reductions a policyholder obtains through their mitigation efforts (and then some), completely removing any financial incentive for policyholders to perform mitigation measures. Thus, these additional inspection provider options appear to be illusory.

The first benefit of 10 CCR § 2644.9 listed in the Department’s Initial Statement of Reasons is “Incentivizing individual and community mitigation efforts by requiring insurers to consider property and community-level mitigation against wildfire risk.” Consumer Watchdog continues to stand by its position that Farmers should offer no-cost inspections to its policyholders, which creates the greatest incentive for policyholders to perform mitigation measures. The benefits of mitigation redound not only to policyholders, but to insurers as well through lower risk profiles and reduced losses. Therefore, Consumer Watchdog urges Farmers to reconsider its position of refusing to provide inspections itself. At minimum, Farmers should revise its Inspection Checklist and Wildfire Mitigation Notice to provide the information described above in order to ensure policyholders are informed of important information concerning how to go about requesting and obtaining an inspection.

From: Richard De La Mora <richard.delamora@farmersinsurance.com>

Date: Wednesday, July 17, 2024 at 8:28 AM

EXHIBIT L

Subject: RE: Consumer Watchdog's Supplemental Requests for Information in the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015
Date: Wednesday, August 21, 2024 at 12:47:45 PM Pacific Daylight Time
From: Francesco Macchia
To: Wade, Daniel, Richard De La Mora, Ryan Mellino, Kaitlyn Gentile, Harvey Rosenfield, Ben Armstrong, Victoria McCarthy, Pam Pressley, Adam Morris, Alissa Vreman
CC: Allen, Ken, Kuo, Darjen, Padua, Cecilia, Bautista, Beverly, Moon, Soo Hyun, Gammell, Adam, Chao, Annie, Wurster, Melissa, Uppal, Jasveet, McKennedy, Nikki
Attachments: image001.jpg, image002.jpg, CA HO Wildfire Mitigation Discount_07232024 CWD Response.pdf, Wildfire Mitigation Inspection Checklist_v4_08-16-2024.pdf

Some people who received this message don't often get email from francesco.macchia@farmersinsurance.com. [Learn why this is important](#)

Hello all,

As a follow-up to our call on July 23, we are providing the attached file with responses to the questions that were raised, along with an updated version of our wildfire mitigation inspection checklist. As noted in our response, we have added a number of new approved inspection providers to expand the range of options available to consumers.

Thank you,

Francesco Macchia

Product Manager – California Personal Lines Home

Farmers Insurance

6301 Owensmouth Ave, Los Angeles, CA 91367

Telephone: (818) 965-0734

www.farmers.com

Confidential

From: Wade, Daniel <Daniel.Wade@insurance.ca.gov>

Sent: Monday, July 15, 2024 9:38 AM

To: Richard De La Mora <richard.delamora@farmersinsurance.com>; Ryan Mellino <ryan@consumerwatchdog.org>; Francesco Macchia <francesco.macchia@farmersinsurance.com>; Kaitlyn Gentile <kaitlyn@consumerwatchdog.org>; Harvey Rosenfield <harvey@consumerwatchdog.org>; Ben Armstrong <ben.a@consumerwatchdog.org>; Victoria McCarthy <victoria.mccarthy@farmersinsurance.com>; Pam Pressley <pam@consumerwatchdog.org>; Adam Morris <adam.morris@farmersinsurance.com>; Alissa Vreman <alissa.vreman@farmersinsurance.com>

Cc: Allen, Ken <Ken.Allen@insurance.ca.gov>; Kuo, Darjen <Darjen.Kuo@insurance.ca.gov>; Padua, Cecilia <Cecilia.Padua@insurance.ca.gov>; Bautista, Beverly <Beverly.Bautista@insurance.ca.gov>; Moon, Soo Hyun <SooHyun.Moon@insurance.ca.gov>; Gammell, Adam <Adam.Gammell@insurance.ca.gov>; Chao, Annie <Annie.Chao@insurance.ca.gov>; Wurster, Melissa <Melissa.Wurster@insurance.ca.gov>; Uppal, Jasveet <Jasveet.Uppal@insurance.ca.gov>; McKennedy, Nikki <Nikki.McKennedy@insurance.ca.gov>

Subject: [EXTERNAL] RE: Consumer Watchdog's Supplemental Requests for Information in the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015

Great. I'll forward the invite to you and Ryan and you both can forward to your teams.

Daniel R. Wade
Senior Staff Counsel
Rate Enforcement Bureau
California Department of Insurance
415-538-4158

From: Richard De La Mora <richard.delamora@farmersinsurance.com>

Please see our comments below on the topics that were raised in our meeting on July 23.

1. Wildfire mitigation inspection checklist

We have made the following revisions in the attached updated wildfire mitigation inspection checklist:

- The URL for IBHS is updated to link directly to the webpage with information regarding the Wildfire Prepared designation.
- The CAL Fire bullet point is shifted down the list and the URL is updated to link directly to the Defensible Space webpage where an inspection can be requested.
- Two vendors, Preferred Inspection Services and Safeguard Property Inspections, both offering lower-cost inspections than IBHS, Madronus, and Allied, are added to the list of approved inspectors to expand the number of options available to consumers.
- “Your local Fire Safe Council” and “your local fire department”, both representing no-cost options, are added to the list of inspection provider options.
- A footnote is added which clarifies that certain providers charge a fee, with those providers identified as such with an asterisk.

2. Condominium & Renters rule manual

We have made the following revision in the updated rule manual for our Condominium and Renters programs which we have submitted as an amendment to our filing:

- The “pride of ownership” language is removed from page 11 of the manual.

3. Base rate offset

The base rate offset was calculated solely from information for the specific properties in our book and did not rely on any guesses. For community level mitigation codes, we relied on data from Verisk to identify eligibility at the property level. For property level mitigation codes, the offset was calculated using actual Farmers customers at the portfolio level using ZestyAI's CA Compliance PreFill™ product that identifies at the individual property level whether such property complies with each of the wildfire risk mitigation factors listed in Title 10 of the California Code Regulation Section 2644.9. This is a conservative approach as it doesn't assume any additional mitigation that will occur and cause greater rate impact in reality.

4. Competitor wildfire mitigation discount levels

We looked at Allstate's wildfire mitigation discount structure as a useful and analogous point of comparison, as they are also a large California insurer with peril-level rating who had Consumer Watchdog's participation in their wildfire mitigation discount filing. We note that the Allstate filing is now approved by the Department of Insurance, and that the discount percentages offered by Allstate are comparable to those proposed by Farmers.

The vast majority of insureds eligible for a discount will not qualify for a completion discount, so comparing the sum of the individual discounts not including the completion discount provides the best apples-to-apples comparison. The sum of the individual discounts offered by Allstate is 1.5% for lower

risk properties, and 3.0% for higher risk properties. The sum of the individual discounts proposed by Farmers is 2.1% for lower risk properties, and 5.1% for higher risk properties. The maximum discount including the completion discount is also in a similar range for the two insurers.

CALIFORNIA WILDFIRE MITIGATION INSPECTION CHECKLIST

This inspection checklist should be used when an insured wishes to have factors for one or more wildfire mitigation measures applied to their policy premium. This checklist is not needed for inspections arranged through IBHS; all other inspections must use this checklist for proper validation and premium factor application.

The insured will give this form to the inspector to use as a guide for the inspection. The inspector will fill in the requested information and clearly indicate for each measure whether the property is in compliance. Once completed, the inspector will provide their signature at the bottom of the checklist, attesting that all entries are true and accurate. The checklist will then be returned to the insured and provided to Farmers for review and processing.

Verification of completed wildfire mitigation measures can be performed by any of the following organizations:

- Insurance Institute for Business & Home Safety (IBHS) * – www.wildfireprepared.org
- Allied Disaster Defense * – www.allieddisasterdefense.com
- Madronus Wildfire Defense * – www.madronus.com
- Preferred Inspection Services * - www.preferredinspects.com
- Safeguard Property Inspections * - www.safeguardinspector.com
- California Department of Forestry and Fire Protection (CAL FIRE) – www.fire.ca.gov/dspace
- Your local Fire Safe Council – www.cafiresafecouncil.org/resources/fire-safe-councils
- Your local fire department

* These providers charge an inspection fee to the consumer. Please reach out to providers directly for confirmation of their pricing.

Inspections performed by IBHS only:

- Submission of this checklist is not required; go to www.wildfireprepared.org for more information and to schedule an inspection
- In addition to premium factors applied for each individual completed measure, a “completion” factor may also apply if the following criteria are met:
 - Wildfire Prepared Home Plus designation (the Base designation does not qualify); and
 - The property is located within a Fire Risk Reduction Community listed by the Board of Forestry pursuant to the Public Resources Code section 4290.1; and
 - The property is located within a Firewise USA Site in good standing

All other inspections:

- Completion of this checklist by the inspector is required
- The following items must be scanned and submitted with this completed checklist:
 - Photos for all items marked ‘Property in Compliance’
 - A business card, invoice, or other document on company letterhead provided by the inspector
- Premium factors are applied for each individual completed measure only
- Inspections not performed by IBHS are not eligible for the “completion” factor

Inspection Company Name: _____ Inspection Company License Number: _____

Name of Inspector (printed): _____

Insured's Name: _____ Date Completed: _____

Inspected Property Address: _____

Property Level Mitigation

1. Clearing of vegetation and debris from under decks

☐ Property in Compliance

☐ Property not in Compliance

☐ Not Applicable

2. Property is cleared of vegetation, debris, mulch, stored combustible materials, and any and all movable combustible objects, from the area within five (5) feet

☐ Property in Compliance

☐ Property not in Compliance

3. Incorporation of only noncombustible materials into that portion of any improvements to the property on which the property is located, including fences and gates, which is situated within five (5) feet of the home

☐ Property in Compliance

☐ Property not in Compliance

4. Removal or absence of combustible structures, including sheds and other outbuildings, from the area within thirty (30) feet of the home or, in the event that the applicant or insured does not control the entirety of the area extending thirty feet from the home, removal of combustible structures from as much of such area as is under the control of the insured

☐ Property in Compliance

☐ Property not in Compliance

5. Property complies with Section 4291 of the Public Resources Code, and any applicable local ordinances, governing defensible space

☐ Property in Compliance

☐ Property not in Compliance

☐ Not Applicable

Building Hardening Measures

6. Property's Roofing Material consists completely of a Class "A" Fire Rated Roof

☐ Property in Compliance

☐ Property not in Compliance

7. Property's eaves are enclosed

☐ Property in Compliance

☐ Property not in Compliance

8. Property's vents are fire-resistant

☐ Property in Compliance

☐ Property not in Compliance

9. Property has multi-paned windows, including dual pane windows, or functional shutter, which when closed, cover the entire window and do not have openings

☐ Property in Compliance

☐ Property not in Compliance

10. Property has at least six (6) inches of noncombustible vertical clearance at the bottom of the exterior surface of the building, measured from the ground up

☐ Property in Compliance

☐ Property not in Compliance

Signature of Inspector: _____

By signing above, I represent and warrant that all information provided on this inspection checklist is true, correct, and complete to the best of my knowledge.

Fraud Advisory

Please be advised that any person who knowingly presents false or misleading information to an insurance company for the purposes of defrauding or attempting to defraud an insurance company, or provides false information concerning a material fact on an application for insurance, or helps any other person commit such acts, may be guilty of insurance fraud, and may be subject to substantial civil and criminal penalties, pursuant to the laws of the state in which those acts occur. For your protection California law requires the following disclosure: Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

EXHIBIT M

Thursday, January 23, 2025 at 10:45:13 Pacific Standard Time

Subject: RE: Consumer Watchdog's Supplemental Requests for Information in the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015
Date: Thursday, November 7, 2024 at 3:34:57 PM Pacific Standard Time
From: Wade, Daniel
To: Ben Armstrong, Pam Pressley
CC: Wurster, Melissa, McKennedy, Nikki
Attachments: image001.jpg, image002.jpg

Pam and Ben: CDI is prepared to approve this filing. Is CW willing to sign a stipulation, and if so, does CW intend to submit the stipulation to AHB for approval even though this is a rule filing with no mandatory hearing?

Daniel R. Wade
Senior Staff Counsel
Rate Enforcement Bureau
California Department of Insurance
415-538-4158

From: Francesco Macchia <francesco.macchia@farmersinsurance.com>
Sent: Wednesday, October 23, 2024 4:21 PM
To: Ryan Mellino <ryan@consumerwatchdog.org>; Wade, Daniel <Daniel.Wade@insurance.ca.gov>; Richard De La Mora <richard.delamora@farmersinsurance.com>; Kaitlyn Gentile <kaitlyn@consumerwatchdog.org>; Harvey Rosenfield <harvey@consumerwatchdog.org>; Ben Armstrong <ben.a@consumerwatchdog.org>; Victoria McCarthy <victoria.mccarthy@farmersinsurance.com>; Pam Pressley <pam@consumerwatchdog.org>; Adam Morris <adam.morris@farmersinsurance.com>; Alissa Vreman <alissa.vreman@farmersinsurance.com>
CC: Allen, Ken <Ken.Allen@insurance.ca.gov>; Kuo, Darjen <Darjen.Kuo@insurance.ca.gov>; Padua, Cecilia <Cecilia.Padua@insurance.ca.gov>; Bautista, Beverly <Beverly.Bautista@insurance.ca.gov>; Moon, Soo Hyun <SooHyun.Moon@insurance.ca.gov>; Gammell, Adam <Adam.Gammell@insurance.ca.gov>; Chao, Annie <Annie.Chao@insurance.ca.gov>; Wurster, Melissa <Melissa.Wurster@insurance.ca.gov>; Uppal, Jasveet <Jasveet.Uppal@insurance.ca.gov>; McKennedy, Nikki <Nikki.McKennedy@insurance.ca.gov>
Subject: RE: Consumer Watchdog's Supplemental Requests for Information in the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015

Hello Ryan,

A rule addressing policies defined as having high concentration risk was submitted in September 2023 in our rule filing with SERFF tracking number FARM-133824798 (page 14 in the submitted rule manual for our Smart Plan Home product). This rule is completely unrelated to the pending wildfire mitigation discount filing, so one will have no effect on the other.

The cycle of policies surveyed for satisfaction of this requirement is nearing its end, with the final surveys going out in the mail next week. There are currently no plans for any additional cycles of surveys verifying compliance with this requirement, and we have committed to the Department of Insurance that we will inform them in advance of beginning any new cycle in the future.

Thank you,

Francesco Macchia
Product Manager – California Personal Lines Home

Farmers Insurance
6301 Owensmouth Ave, Los Angeles, CA 91367
Telephone: (818) 965-0734
www.farmers.com

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EXHIBIT N

Subject: Re: In the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015
Date: Tuesday, November 12, 2024 at 1:33:07 PM Pacific Standard Time
From: Ryan Mellino
To: Wade, Daniel
CC: McKennedy, Nikki, Wurster, Melissa, Pam Pressley, Ben Armstrong

Hi Dan,

No worries. Consumer Watchdog is not interested in executing a settlement stipulation in this proceeding.

Thank you,
Ryan Mellino
Consumer Watchdog
Staff Attorney

From: Wade, Daniel <Daniel.Wade@insurance.ca.gov>
Date: Friday, November 8, 2024 at 1:29 PM
To: Ryan Mellino <ryan@consumerwatchdog.org>
Cc: McKennedy, Nikki <Nikki.McKennedy@insurance.ca.gov>, Wurster, Melissa <Melissa.Wurster@insurance.ca.gov>, Pam Pressley <pam@consumerwatchdog.org>, Ben Armstrong <ben.a@consumerwatchdog.org>
Subject: RE: In the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015

Thanks Ryan. Sorry I think I copied Ben and not you.

From: Ryan Mellino <ryan@consumerwatchdog.org>
Sent: Friday, November 8, 2024 1:27 PM
To: Wade, Daniel <Daniel.Wade@insurance.ca.gov>
Cc: McKennedy, Nikki <Nikki.McKennedy@insurance.ca.gov>; Wurster, Melissa <Melissa.Wurster@insurance.ca.gov>; Pam Pressley <pam@consumerwatchdog.org>; Ben Armstrong <ben.a@consumerwatchdog.org>
Subject: In the Matter of Farmers Wildfire Mitigation, File No. PA-2023-00015

Hi Dan,

In response to your November 7, 3:35PM email concerning a possible settlement stipulation, we plan to discuss internally and get back to the Department on Tuesday November 12.

Thank you,
Ryan Mellino

EXHIBIT O

Wednesday, January 22, 2025 at 14:37:14 Pacific Standard Time

Subject: Re: In the Matter of the Rate/Rule Application of Farmers Insurance Exchange, Applicant - CDI File No. PA-2023-00015 (RRB File Nos. 23-1129, 23-1129A and 23-1129B)
Date: Friday, December 20, 2024 at 3:03:51 PM Pacific Standard Time
From: Hosel, Margaret
To: Wade, Daniel, Richard De La Mora, Ryan Mellino, Padua, Cecilia, Harvey Rosenfield, Pam Pressley, Ben Powell, Francesco Macchia, Allen, Ken
CC: McKennedy, Nikki, Gammell, Adam, Chao, Annie, Kuo, Darjen, Uppal, Jasveet, Bautista, Beverly, Kaitlyn Gentile, Warren, Tina, Hauscarriague, Yvonne

Good afternoon,

Ryan's request for a three week extension to file a Request for Compensation is granted.
Happy Holidays!

Margaret

Public Advisor
Attorney, Government Law Bureau
California Department of Insurance
1901 Harrison Street, 6th Floor
Oakland, CA 94612
Email: Margaret.Hosel@insurance.ca.gov
Phone: (415) 538-4383

From: Wade, Daniel <Daniel.Wade@insurance.ca.gov>
Sent: Friday, December 20, 2024 2:38 PM
To: Richard De La Mora <richard.delamora@farmersinsurance.com>; Ryan Mellino <ryan@consumerwatchdog.org>; Padua, Cecilia <Cecilia.Padua@insurance.ca.gov>; Harvey Rosenfield <harvey@consumerwatchdog.org>; Pam Pressley <pam@consumerwatchdog.org>; Ben Powell <ben@consumerwatchdog.org>; Francesco Macchia <francesco.macchia@farmersinsurance.com>; Allen, Ken <Ken.Allen@insurance.ca.gov>; Hosel, Margaret <Margaret.Hosel@insurance.ca.gov>
Cc: McKennedy, Nikki <Nikki.McKennedy@insurance.ca.gov>; Gammell, Adam <Adam.Gammell@insurance.ca.gov>; Chao, Annie <Annie.Chao@insurance.ca.gov>; Kuo, Darjen <Darjen.Kuo@insurance.ca.gov>; Uppal, Jasveet <Jasveet.Uppal@insurance.ca.gov>; Bautista, Beverly <Beverly.Bautista@insurance.ca.gov>; Kaitlyn Gentile <kaitlyn@consumerwatchdog.org>; Warren, Tina <Tina.Warren@insurance.ca.gov>
Subject: RE: In the Matter of the Rate/Rule Application of Farmers Insurance Exchange, Applicant - CDI File No. PA-2023-00015 (RRB File Nos. 23-1129, 23-1129A and 23-1129B)

No objection from REB.

Daniel R. Wade
Senior Staff Counsel

Rate Enforcement Bureau
California Department of Insurance
415-538-4158

From: Richard De La Mora <richard.delamora@farmersinsurance.com>

Sent: Friday, December 20, 2024 1:36 PM

To: Ryan Mellino <ryan@consumerwatchdog.org>; Padua, Cecilia <Cecilia.Padua@insurance.ca.gov>; Harvey Rosenfield <harvey@consumerwatchdog.org>; Pam Pressley <pam@consumerwatchdog.org>; Ben Powell <ben@consumerwatchdog.org>; Francesco Macchia <francesco.macchia@farmersinsurance.com>; Allen, Ken <Ken.Allen@insurance.ca.gov>; Hosel, Margaret <Margaret.Hosel@insurance.ca.gov>

Cc: McKennedy, Nikki <Nikki.McKennedy@insurance.ca.gov>; Wade, Daniel <Daniel.Wade@insurance.ca.gov>; Gammell, Adam <Adam.Gammell@insurance.ca.gov>; Chao, Annie <Annie.Chao@insurance.ca.gov>; Kuo, Darjen <Darjen.Kuo@insurance.ca.gov>; Uppal, Jasveet <Jasveet.Uppal@insurance.ca.gov>; Bautista, Beverly <Beverly.Bautista@insurance.ca.gov>; Kaitlyn Gentile <kaitlyn@consumerwatchdog.org>; Warren, Tina <Tina.Warren@insurance.ca.gov>

Subject: Re: In the Matter of the Rate/Rule Application of Farmers Insurance Exchange, Applicant - CDI File No. PA-2023-00015 (RRB File Nos. 23-1129, 23-1129A and 23-1129B)

Ryan, Farmers agrees to the extension. Have a great holiday season. Thanks, Rick

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From: Ryan Mellino <ryan@consumerwatchdog.org>

Sent: Friday, December 20, 2024 1:31:36 PM

To: Padua, Cecilia <Cecilia.Padua@insurance.ca.gov>; Harvey Rosenfield <harvey@consumerwatchdog.org>; Pam Pressley <pam@consumerwatchdog.org>; Ben Powell <ben@consumerwatchdog.org>; Richard De La Mora <richard.delamora@farmersinsurance.com>; Francesco Macchia <francesco.macchia@farmersinsurance.com>; Allen, Ken <Ken.Allen@insurance.ca.gov>; Hosel, Margaret <Margaret.Hosel@insurance.ca.gov>

Cc: McKennedy, Nikki <Nikki.McKennedy@insurance.ca.gov>; Wade, Daniel <Daniel.Wade@insurance.ca.gov>; Gammell, Adam <Adam.Gammell@insurance.ca.gov>; Chao, Annie <Annie.Chao@insurance.ca.gov>; Kuo, Darjen <Darjen.Kuo@insurance.ca.gov>; Uppal, Jasveet <Jasveet.Uppal@insurance.ca.gov>; Bautista, Beverly <Beverly.Bautista@insurance.ca.gov>; Kaitlyn Gentile <kaitlyn@consumerwatchdog.org>; Warren, Tina <Tina.Warren@insurance.ca.gov>

Subject: [EXTERNAL] Re: In the Matter of the Rate/Rule Application of Farmers Insurance Exchange, Applicant - CDI File No. PA-2023-00015 (RRB File Nos. 23-1129, 23-1129A and 23-1129B)

Hi all,

As you may be aware, Consumer Watchdog's Petition for Hearing in this matter was denied on December 2, 2025, making Consumer Watchdog's Request for Compensation currently due on January 2, 2025 (although the filing has not yet been approved on SERFF). Consumer Watchdog would like to request a three-week extension to January 23 on the Request. Given the upcoming holidays and other work commitments, including three other requests for compensation that are due in January, we are seeking this extension to allow us sufficient time to complete this Request along with our other commitments.

Please advise whether this extension is acceptable to the Public Advisor and parties. Thanks in advance!

Happy holidays,
Ryan Mellino
Consumer Watchdog
Staff Attorney

From: Padua, Cecilia <Cecilia.Padua@insurance.ca.gov>

Date: Monday, December 2, 2024 at 4:11 PM

To: Harvey Rosenfield <harvey@consumerwatchdog.org>, Pam Pressley <pam@consumerwatchdog.org>, Ben Powell <ben@consumerwatchdog.org>, Ryan Mellino <ryan@consumerwatchdog.org>, richard.delamora@farmersinsurance.com <richard.delamora@farmersinsurance.com>, francesco.macchia@farmersinsurance.com <francesco.macchia@farmersinsurance.com>, Allen, Ken <Ken.Allen@insurance.ca.gov>, Hosel, Margaret <Margaret.Hosel@insurance.ca.gov>

Cc: McKennedy, Nikki <Nikki.McKennedy@insurance.ca.gov>, Wade, Daniel <Daniel.Wade@insurance.ca.gov>, Gammell, Adam <Adam.Gammell@insurance.ca.gov>, Chao, Annie <Annie.Chao@insurance.ca.gov>, Kuo, Darjen <Darjen.Kuo@insurance.ca.gov>, Uppal, Jasveet <Jasveet.Uppal@insurance.ca.gov>, Bautista, Beverly <Beverly.Bautista@insurance.ca.gov>, Kaitlyn Gentile <kaitlyn@consumerwatchdog.org>, Warren, Tina <Tina.Warren@insurance.ca.gov>

Subject: In the Matter of the Rate/Rule Application of Farmers Insurance Exchange, Applicant - CDI File No. PA-2023-00015 (RRB File Nos. 23-1129, 23-1129A and 23-1129B)

Dear Parties,

Please find attached the Decision Denying Petitioner's Petition for Hearing in the above referenced matter.

Thank you.

Cecilia Padua
Legal Secretary
California Department of Insurance
Legal/Rate Enforcement Bureau
Cecilia.Padua@insurance.ca.gov

CONFIDENTIALITY NOTICE: This communication may contain confidential and/or legally privileged information. It is solely for the use of the intended recipient(s). Unauthorized interception, review, use, or disclosure is prohibited and may violate applicable laws including the Electronic Communications Privacy Act. If you are not the intended recipient, please contact the sender and destroy all copies of the communication.

PROOF OF SERVICE
BY OVERNIGHT OR U.S. MAIL, FAX TRANSMISSION,
EMAIL TRANSMISSION AND/OR PERSONAL SERVICE

State of California, City of Los Angeles, County of Los Angeles

I am employed in the City and County of Los Angeles, State of California. I am over the age of 18 years and not a party to the within action. My business address is 6330 South San Vicente Boulevard, Suite 250, Los Angeles, California 90048, and I am employed in the city and county where this service is occurring.

On January 23, 2025, I caused service of true and correct copies of the document entitled

CONSUMER WATCHDOG'S REQUEST FOR COMPENSATION

upon the persons named in the attached service list, in the following manner:

1. If marked FAX SERVICE, by facsimile transmission this date to the FAX number stated to the person(s) named.
2. If marked EMAIL, by electronic mail transmission this date to the email address stated.
3. If marked U.S. MAIL or OVERNIGHT or HAND DELIVERED, by placing this date for collection for regular or overnight mailing true copies of the within document in sealed envelopes, addressed to each of the persons so listed. I am readily familiar with the regular practice of collection and processing of correspondence for mailing of U.S. Mail and for sending of Overnight mail. If mailed by U.S. Mail, these envelopes would be deposited this day in the ordinary course of business with the U.S. Postal Service. If mailed Overnight, these envelopes would be deposited this day in a box or other facility regularly maintained by the express service carrier, or delivered this day to an authorized courier or driver authorized by the express service carrier to receive documents, in the ordinary course of business, fully prepaid.

I declare under penalty of perjury that the foregoing is true and correct. Executed on January 23, 2025 at Los Angeles, California.


Kaitlyn Gentile

Service List

Nikki McKennedy

Daniel Wade

Jennifer McCune

Melissa Wurster

Rate Enforcement Bureau

California Department of Insurance

1901 Harrison Street, 6th Floor

Oakland, CA 94612

Tel. (415) 538-4500

Fax (510) 238-7830

Nikki.McKennedy@insurance.ca.gov

Daniel.Wade@insurance.ca.gov

Jennifer.McCune @insurance.ca.gov

Melissa.Wurster@insurance.ca.gov

☐ FAX

☐ U.S. MAIL

☐ OVERNIGHT MAIL

☐ HAND DELIVERED

☒ EMAIL

Richard De La Mora

Francesco Macchia

Farmers Insurance

6301 Owensmouth Ave

Woodland Hills, CA 91367

Tel. 818-965-0734

Fax 323-932-3950

richard.delamora@farmersinsurance.com

francesco.macchia@farmersinsurance.com

☐ FAX

☐ U.S. MAIL

☐ OVERNIGHT MAIL

☐ HAND DELIVERED

☒ EMAIL

Margaret Hosel

Public Advisor

Tina Warren

California Department of Insurance

1901 Harrison Street, 6th Floor

Oakland, CA 94612

Tel. (415) 538-4383

Margaret.Hosel@insurance.ca.gov

Tina.Warren@insurance.ca.gov

☐ FAX

☐ U.S. MAIL

☐ OVERNIGHT MAIL

☐ HAND DELIVERED

☒ EMAIL

1 Harvey Rosenfield, SBN 123082
2 Pamela Pressley, SBN 180362
3 Ryan Mellino, SBN 342497
4 CONSUMER WATCHDOG
5 6330 San Vicente Blvd., Suite 250
6 Los Angeles, CA 90048
7 Tel. (310) 392-0522
8 Fax (310) 392-8874
9 harvey@consumerwatchdog.org
10 pam@consumerwatchdog.org
11 ryan@consumerwatchdog.org

12 Attorneys for CONSUMER WATCHDOG

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BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA

In the Matter of the Rate/Rule Applications of

Farmers Insurance Exchange,
Fire Insurance Exchange, and
Mid-Century Insurance Company,
Applicants.

File No.: PA-2023-00015

**DECLARATION OF RYAN MELLINO IN
SUPPORT OF CONSUMER WATCHDOG'S
REQUEST FOR COMPENSATION**

1 I, Ryan Mellino, declare:

2 1. I am over eighteen years of age and staff attorney for Intervenor in this proceeding,
3 Consumer Watchdog. This declaration is submitted in support of Consumer Watchdog's Request for
4 Compensation in the above-captioned proceeding. I have personal knowledge of the matters set forth
5 herein, and if called as a witness, I could and would testify competently to the facts stated herein.

6 2. Consumer Watchdog is a nonprofit, tax-exempt consumer research, education, litigation,
7 and advocacy organization. Consumer Watchdog advocates on behalf of consumers before regulatory
8 agencies, the Legislature, and the courts.

9 **Consumer Watchdog's Billed Hours and Hourly Rates Are Reasonable and in Compliance with**
10 **the Intervenor Regulations.**

11 3. Attached as Exhibit 1a are true and correct printouts of detailed time billing reports
12 showing the tasks performed and hours expended by each Consumer Watchdog attorney, staff actuary,
13 and paralegal in this rate proceeding, including Harvey Rosenfield, Pamela Pressley, Ryan Mellino, Ben
14 Armstrong, and Kaitlyn Gentile.¹

15 4. As a nonprofit, public interest organization, Consumer Watchdog conducts its education
16 and advocacy efforts as a public interest service. Therefore, consistent with the decisions of the
17 California Supreme Court and the United States Supreme Court and the intervenor regulations
18 applicable to this proceeding (see 10 CCR § 2661.1(c)), Consumer Watchdog's policy is to seek
19 prevailing market rates in all fee award applications. Consumer Watchdog has consistently been
20 awarded prevailing market hourly rates in fee awards by the Commissioner and the courts.

21 5. I have reviewed Consumer Watchdog's time billing records and believe that the hours
22 and fees listed were necessary and reasonable. In preparing their respective time records for this
23 submission, Consumer Watchdog's attorneys and staff exercised billing judgment by eliminating time
24 entries where appropriate. The time expended and work performed in the proceeding for which
25 Consumer Watchdog seeks compensation, as reflected in the time records, was reasonable and
26 appropriate, and the minimum required to achieve the results obtained.

27
28 ¹ Pursuant to a prior request of the Public Advisor, attached as Exhibit 1b is a list of all persons identified
in the billing reports.

1 6. Based upon Consumer Watchdog’s time billing report attached hereto as Exhibit 1a,
2 after eliminating time entries as noted above, Consumer Watchdog’s attorneys, paralegal, and staff
3 actuary have incurred 117.6 hours in this proceeding through January 23, 2025. The billing report
4 details the tasks performed, is based on contemporaneous daily time records maintained by Consumer
5 Watchdog’s attorneys, paralegal, and staff actuary, and tasks are billed in tenth-of-an-hour increments.

6 7. The 2025 hourly rates sought by Consumer Watchdog for its attorneys, paralegal, and
7 staff actuary are \$695 for Harvey Rosenfield, \$595 for Pamela Pressley, \$250 for Ryan Mellino, \$425
8 for Ben Armstrong (staff actuary), and \$200 for Kaitlyn Gentile (paralegal). The hourly rates for
9 Consumer Watchdog attorneys and staff who worked on the proceeding are consistent with the
10 prevailing market rates for attorneys of similar experience, qualifications, and expertise in insurance
11 regulatory law. The Commissioner has recently issued decisions awarding fees to Consumer Watchdog
12 based on the same hourly rates Consumer Watchdog’s legal staff is currently using in 2025 for work
13 done in rate proceedings in 2020–2024. (See, e.g., Decision Awarding Compensation, Dec. 6, 2024, *In*
14 *the Matter of the Rate Applications of Garrison Property and Casualty Insurance Company and USAA*
15 *Casualty Insurance Company*, File No. PA-2021-00004, pp. 8–9; Decision Awarding Compensation,
16 Dec. 6, 2024, *In the Matter of the Rate Application of State Farm General Insurance Company*, File No.
17 PA-2023-00006, pp. 8–9; Decision Awarding Compensation, Dec. 6, 2024, *In the Matter of the Rate,*
18 *Rule, and Form Application of Pacific Specialty Insurance Company*, File No. PA-2020-00009, pp. 9–
19 10; Decision Awarding Compensation, Dec. 6, 2024, *In the Matter of the Rate Application of State*
20 *Farm General Insurance Company*, File No. PA-2023-00007, pp. 8–9; Decision Awarding
21 Compensation, Oct. 18, 2024, *In the Matter of the Rate Applications of Farmers Insurance Exchange,*
22 *Mid-Century Insurance Company, and Truck Insurance Exchange*, File No. PA-2023-00022, pp. 14–15;
23 Decision Awarding Compensation, Dec. 6, 2024, *In the Matter of the Rate Application of Allstate*
24 *Northbrook Indemnity Company*, File No. PA-2023-00014, pp. 8–9; Decision Awarding Compensation,
25 Dec. 6, 2024, *In the Matter of the Rate Application of State Farm Mutual Automobile Insurance*
26 *Company*, File No. PA-2023-00012, pp. 8–9.) The Commissioner also issued decisions in 2021–2023
27 awarding fees to Consumer Watchdog based on the same hourly rates Consumer Watchdog’s legal staff
28 is currently using in 2025 for work done in 2020–2023. (See, e.g., Decision Awarding Compensation,

Nov. 8, 2023, *In the Matter of the Rate Application of CSAA Insurance Exchange*, File No. PA-2023-00004, pp. 5–6; Decision Awarding Compensation, July 12, 2023, *In the Matter of the Rate Applications of Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-Century Insurance Company*, File No. PA-2022-00007, p. 16; Decision Awarding Compensation, Oct. 6, 2021, *In the Matter of the Rate Applications of Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-Century Insurance Company*, File No. PA-2020-00006, p. 10; Decision Awarding Compensation, Feb. 14, 2022, *In the Matter of the Rate Application of Homesite Insurance Company of California*, File No. PA-2020-00003, p. 9; Decision Awarding Compensation, Feb. 16, 2022, *In the Matter of the New Program Applications of Farmers Insurance Exchange and Fire Insurance Exchange*, File No. PA-2020-00004, p. 9 [included in Exh. 4 to the Declaration of Allan I. Schwartz (“Schwartz Decl.”), attached hereto as Exh. 4].)² Consumer Watchdog arrived at the hourly rates of its attorneys and paralegal based on the experience and qualifications of its attorneys, information obtained from other attorneys working at several reputable law firms in Los Angeles and San Francisco, the opinion of attorneys’ fees expert Richard M. Pearl, and historical rates awarded or paid for Consumer Watchdog attorneys’ professional services in civil and administrative proceedings. Mr. Pearl is a recognized expert on attorneys’ fees issues in the California market.³ His attached declaration evidences the reasonableness of Consumer Watchdog’s hourly rates. (See Exh. 2, Declaration of Richard M. Pearl in Support of Intervenor Consumer Watchdog’s Motion for Attorneys’ Fees and Expenses [“Pearl Decl.”], ¶¶ 10–19.)⁴ In his declaration, Mr. Pearl concludes that Consumer Watchdog’s rates are “well within, if not below, the range of non-contingent market rates charged by comparably qualified Los Angeles Area attorneys for reasonably similar work.” (Pearl Decl., ¶ 19.) Mr. Pearl’s declaration contains substantial details on attorneys’ fees and hourly rates and shows that Consumer Watchdog’s 2025 rates are within the market rates charged by attorneys with similar experience level and skill.

² The Schwartz Declaration was filed on September 6, 2024 in support of Consumer Watchdog’s Request for Compensation in *In the Matter of Allstate*, File No. PA-2023-00011.

³ Richard M. Pearl is the author of the Continuing Education of the Bar’s treatise on attorneys’ fees in California.

⁴ The Pearl Declaration was filed on April 15, 2022 in connection with a State Farm writ matter arising out of a rate proceeding and is equally applicable to this proceeding, given that Consumer Watchdog’s 2025 rates are within the range of rates considered reasonable for attorneys with comparable experience at that time.

1 8. In this proceeding, Consumer Watchdog attorneys performed the following general
2 tasks:

- 3 • Conferred regarding overall strategy and positions;
- 4 • In consultation with Consumer Watchdog's staff actuary, Ben Armstrong, drafted, reviewed,
5 and edited Consumer Watchdog's Petition for Hearing, Petition to Intervene, and Notice of
6 Intent to Seek Compensation ("Petition"), presenting three separate and distinct issues on
7 which Consumer Watchdog provided evidence and arguments as to why the rating plan and
8 rule changes proposed by Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-
9 Century Insurance Company ("Applicants" or "Farmers") failed to comply with 10 CCR
10 § 2644.9, including allegations that Farmers failed to provide any meaningful premium
11 discounts to homeowners who completed the wildfire mitigation measures set forth in
12 § 2644.9, in violation of 10 CCR § 2644.9(d)(1)(B) [property mitigation discounts], see also
13 (d)(1)(A) [community mitigation discount], 10 CCR § 2644.9(g); Farmers failed to disclose
14 the cost of the home inspection in their proposed rate or rule manuals, in violation of Ins.
15 Code § 1859; and Farmers' written procedures and customer notifications did not include a
16 clear explanation of all the information required under the regulation, in violation of 10 CCR
17 § 2644.9(h)–(k);
- 18 • Reviewed and conferred with Mr. Armstrong regarding Farmers' rating plan and rule change
19 applications and subsequent updates;
- 20 • Prepared a written set of requests for information encompassing 10 specific requests for
21 information and follow-up questions, in addition to written and oral requests for additional
22 information, and reviewed the additional information produced by Farmers in response,
23 including, inter alia, documents, arguments, and justifications for Farmers' requested rating
24 plan and rule changes concerning mitigation discounts;
- 25 • Exchanged correspondence and participated in three-way calls with the Parties regarding
26 issues raised by Consumer Watchdog and the additional information produced by Farmers in
27 response to its requests; and
28

- Drafted, reviewed, and edited Consumer Watchdog’s Request for Compensation (“Request”), including this supporting declaration and exhibits.

Harvey Rosenfield

9. Harvey Rosenfield is the author of Proposition 103, the insurance reform initiative enacted by the voters on November 8, 1988. He is also the founder of, and presently counsel to, Consumer Watchdog. He is an attorney with over 45 years of experience in insurance regulatory and litigation matters. As discussed in greater detail below, he has participated in every major lawsuit to enforce the initiative’s provisions, including *Calfarm Ins. Co. v. Deukmejian* (1989) 48 Cal.3d 805, *20th Century Ins. Co. v. Garamendi* (1994) 8 Cal.4th 216, *Amwest Surety Ins. Co. v. Wilson* (1995) 11 Cal.4th 1243, *Proposition 103 Enforcement Project v. Quackenbush* (1998) 64 Cal.App.4th 1473, *Donabedian v. Mercury Ins. Co.* (2004) 116 Cal.App.4th 968, *The Foundation for Taxpayer and Consumer Rights v. Garamendi* (2005) 132 Cal.App.4th 1354, *Association of California Insurance Companies v. Poizner* (2009) 180 Cal.App.4th 1029, *Mercury Casualty Company v. Jones* (2017) 8 Cal.App.5th 561, and *Mercury Ins. Co. v. Lara* (2019) 35 Cal.App.5th 82, among others.

10. Mr. Rosenfield has represented Consumer Watchdog as counsel to provide his expertise in numerous insurance matters before the courts and administrative agencies on behalf of Consumer Watchdog. Notable instances include:

a. *In the Matter of the Rating Practices of Farmers Insurance Exchange and Mid-Century Insurance Company*, CDI File No: NC-2017-00003, a formal inquiry initiated by the Insurance Commissioner, on its own motion and in response to a request by the Los Angeles Superior Court in *Harris et al. v. Farmers Ins. Exchange and Mid-Century Ins. Co.* (Case No. BC579498), into allegations that Farmers had engaged in price optimization in violation of Proposition 103. The CDI inquiry was terminated in 2020, prior to the scheduled evidentiary hearing, as a result of a settlement between the two parties in the underlying civil action.

b. *Villanueva v. Fidelity Nat’l Title Co.*, No. S252035 (Cal. Sup. Ct., filed Oct. 17, 2018), in which he represented Consumer Watchdog, Consumer Federation of America, and Consumer Federation of California as amicus curiae. This case concerned whether California consumers have the right to hold title insurance companies accountable for overcharges and other wrongdoing under

1 Insurance Code section 12414.26. While Proposition 103 does not apply to title insurance, the Court of
2 Appeal erred in relying on two appellate cases that incorrectly concluded that there is no private right of
3 action under Proposition 103. Ultimately, the California Supreme Court agreed with positions taken by
4 amici Consumer Watchdog, et. al. to reverse the Court of Appeal's judgment and remand for further
5 proceedings, *Villanueva v. Fidelity National Title Co.* (2021) 11 Cal.5th 104.

6 c. *Mercury Insurance Company v. Lara* (2019) 35 Cal.App.5th 82, in which he joined
7 Pamela Pressley to successfully defend against a petition for writ of mandate by Mercury, resulting in
8 the Court of Appeal upholding a \$27.6 million civil penalty against Mercury for violations of
9 Proposition 103's prior approval requirement and its prohibition against unfair rate discrimination
10 (Insurance Code sections 1861.01 and 1861.05).

11 d. *Mercury Casualty Company v. Jones* (2017) 8 Cal.App.5th 561, in which he joined
12 Ms. Pressley in representing Consumer Watchdog as Intervenor to successfully defend against petitions
13 for writ of mandate by Mercury and insurance trade associations seeking to vacate the Commissioner's
14 decision ordering Mercury to lower its homeowner rates, and challenging the Commissioner's
15 application and interpretation of the Proposition 103 prior approval regulations.

16 e. *In the Matter of the Rate Application of State Farm General Insurance Company*,
17 File No. PA-2015-00004, an administrative proceeding before the Department which resulted in an
18 order requiring State Farm to lower its homeowners' rates overall by 7%, saving consumers
19 \$78.6 million, and issue an additional \$110 million in refunds. (The administrative orders in that matter
20 are presently on appeal.)

21 f. *Association of California Insurance Companies v. Poizner* (2009) 180 Cal.App.4th
22 1029, in which he joined Ms. Pressley in representing Consumer Watchdog as Intervenor to
23 successfully defend against a petition for writ of mandate by insurance trade associations seeking to
24 invalidate the Commissioner's amendments to the intervenor regulations that clarified the scope of a
25 proceeding under Proposition 103.

26 g. *Allstate Insurance Co. v. Poizner* (Super. Ct. S.F. County, 2008, No. CPF-08-50821),
27 in which he joined Ms. Pressley in representing Consumer Watchdog as Intervenor to successfully
28 defend against Allstate's petition for a stay of the Commissioner's order requiring Allstate to lower its

1 private passenger auto insurance rates by 15.9% (*In the Matter of the Rate Application of Allstate*
2 *Insurance Co. and Allstate Indemnity Co.*, File No. 2007-00004 (Cal. Ins. Comm’r, Mar. 14, 2008)).

3 h. *Fogel v. Farmers Group, Inc.* (2008) 160 Cal.App.4th 1403, in which Consumer
4 Watchdog submitted an amicus brief to the Court of Appeal arguing against Farmers’ request that the
5 judiciary adopt the “filed rate doctrine” to immunize challenges to insurance company misconduct; the
6 court concluded that the doctrine was not “analogous” to provisions of Proposition 103.

7 i. *American Insurance Association, et al. v. Garamendi and California Farm Bureau*
8 *Federation v. Garamendi* (Super. Ct. Sacramento County, 2007, Nos. 06AS03053 and 06AS03036
9 (consolidated)), representing Consumer Watchdog as an intervenor in a successful motion for summary
10 judgment against insurer plaintiffs who challenged the Insurance Commissioner’s regulations enforcing
11 Insurance Code section 1861.02(a). That statute requires that automobile insurance premiums be based
12 primarily on the policyholder’s driving safety record, and not where one lives.

13 j. *In the Matter of the Rates, Rating Plans, or Rating Systems of Farmers Ins. Exch.,*
14 *Fire Ins. Exch., and Mid-Century Ins. Co.* (Cal. Ins. Comm’r, Aug. 8, 2007), a “non-compliance”
15 administrative proceeding against Farmers Insurance in which Consumer Watchdog intervened,
16 alleging that the company had been misapplying its own rating guidelines to overcharge certain
17 homeowners policyholders based on the number of claims they made or how far they lived from a fire
18 hydrant. Farmers agreed to refund its policyholders \$1.4 million for the overcharges, pay a \$2 million
19 penalty to the CDI, and use rating practices that comply with the law.

20 k. *The Found. for Taxpayer and Consumer Rights v. Garamendi* (2005) 132
21 Cal.App.4th 1354, in which Consumer Watchdog brought a successful writ of mandate action to
22 invalidate an insurer-sponsored amendment to Proposition 103 that purported to authorize a rating
23 factor based on prior insurance with any carrier, a violation of Insurance Code section 1861.02(c).

24 l. *Poirer v. State Farm Mutual Automobile Insurance Co.* (No. B165389) 2004 WL
25 2325837 (unpublished decision), in which Consumer Watchdog submitted an amicus brief arguing that
26 Proposition 103 prohibited auto insurers from considering a driver’s lack of prior insurance as a rating
27 factor.

1 m. *Donabedian v. Mercury Ins. Co.* (2004) 116 Cal.App.4th 968, in which Consumer
2 Watchdog submitted an amicus brief arguing that Proposition 103 prohibited auto insurers from
3 considering a driver's lack of prior insurance as a rating factor. After conducting a thorough statutory
4 analysis, the Court of Appeal concluded that Proposition 103 created a private right of action and
5 authorized consumers to bring civil actions against insurance companies for violations of Proposition
6 103.

7 n. Class action and representative lawsuits to enforce Insurance Code section
8 1861.02(c)'s prohibition against surcharging motorists with an absence of prior insurance (*Proposition*
9 *103 Enforcement Project v. GEICO*, Case No. BC266220; *Proposition 103 Enforcement Project v.*
10 *Interinsurance Exch. of the Auto. Club*, Case No. BC266218; and *Landers v. Interinsurance Exch. of*
11 *the Auto. Club*, JCCP No. 4438).

12 o. *State Farm Mutual Automobile Ins. Co. v. Garamendi* (2004) 32 Cal.4th 1029, in
13 which Consumer Watchdog filed an amicus curiae brief in support of Proposition 103's disclosure
14 requirements. The Supreme Court rejected an industry challenge to Department of Insurance regulations
15 requiring the public disclosure of insurance redlining data submitted to the Insurance Commissioner.

16 p. *Mitchell v. Allstate Ins. Co.* (Super. Ct. L.A. County, 2003, No. BC212492), in which
17 Consumer Watchdog successfully objected to a class action settlement that resolved a challenge to the
18 insurance company's improper consideration of a motorist's prior insurance.

19 q. *Spanish Speaking Citizens Found. v. Low* (2000) 85 Cal.App.4th 1179, the appeal in
20 a writ of mandate challenge to a regulation promulgated by Insurance Commissioner Quackenbush,
21 which authorized insurers to use zip code as the primary determinant of automobile insurance premiums
22 in violation of Insurance Code section 1861.02(a).

23 r. *Proposition 103 Enforcement Project v. Chuck Quackenbush* (Super. Ct. L.A.
24 County, 1999, No. BC202283), which was a successful writ of mandate action against former Insurance
25 Commissioner Quackenbush to require that the Commissioner not approve any insurer's rate
26 application prior to the expiration of the 45-day period in which a consumer may petition for a rate
27 hearing as required by Insurance Code section 1861.05.
28

1 s. *Proposition 103 Enforcement Project v. Quackenbush* (1998) 64 Cal.App.4th 1473,
2 which successfully invalidated an illegal legislative amendment to Proposition 103 that would have
3 decreased the amount of refunds owed to policyholders under the initiative's rate rollback provision.

4 t. *20th Century Ins. Co. v. Garamendi* (1994) 8 Cal.4th 216, in which the California
5 Supreme Court upheld insurance rate regulations enforcing Proposition 103's prohibition against
6 excessive or inadequate rates.

7 u. *Calfarm Ins. Co. v. Deukmejian* (1989) 48 Cal.3d 805, in which the California
8 Supreme Court issued a decision upholding Proposition 103 against a constitutional challenge by the
9 insurance industry.

10 v. Numerous rulemaking proceedings implementing Proposition 103's prior approval
11 and automobile rating factor and public participation requirements, including: (1) the Gender
12 Nondiscrimination rulemaking matter (REG-2018-00020), supporting the removal of gender as an
13 optional rating factor; (2) the Intervenor Regulations rulemaking matter (RH-06092874), adopting
14 amendments to update and clarify the regulations implementing Insurance Code 1861.10's public
15 participation requirements; (3) the Mileage Verification rulemaking matter (RH-06091489),
16 implementing amendments to the Automobile Rating Factors regulations to provide requirements for
17 verified mileage programs; (4) the Prior Approval rulemaking matter (RH-05042749), adopting, among
18 other amendments, the generic determinations included in the prior approval ratemaking formula
19 pertaining to profit and expense provisions; (5) the Automobile Rating Factors rulemaking matter (RH-
20 03029826, Cal. Dept. of Ins., June 2, 2005), in which Consumer Watchdog and other groups
21 successfully petitioned for, and the Commissioner adopted, amendments to section 2632.8 of title 10 of
22 the California Code of Regulations requiring that insurers base automobile insurance premiums
23 primarily on how one drives and not on other optional factors such as zip code and marital status as
24 required by Insurance Code section 1861.02(a); (6) the Persistency rulemaking matter (RH-402, Cal.
25 Dept. of Ins., April 18, 2003); and (7) the Accident Verification rulemaking matter adopting regulations
26 to prevent insurers from requiring that motorists show proof of prior insurance to verify their accident
27 record in violation of Insurance Code section 1861.02(c) (RH-01015532, Cal. Dept. of Ins., Sept. 3,
28

2003), among others. In each of these proceedings, Consumer Watchdog received compensation pursuant to Section 1861.10, subd. (b), from the Proposition 103 Fund maintained by the Department.

w. *Thompson v. Transamerica Life Ins. Co.*, 18-05422 (C.D. Cal., filed June 18, 2018), in which Mr. Rosenfield served as co-lead class counsel, reaching a class action settlement with Transamerica for universal life policy overcharges in 2017–2018; under that settlement, Transamerica agreed to pay up to \$88 million in account value credits to policies in effect and those for which death claims were pending as of December 31, 2019. On August 31, 2020, the U.S. District Court in Los Angeles held a hearing on the motion for final approval of the settlement.

x. *Feller v. Transamerica Life Ins. Co.*, No. 16-01378 (C.D. Cal., filed Feb. 28, 2016), in which Mr. Rosenfield served as co-lead class counsel, settling a class action lawsuit on behalf of universal life insurance policyholders whose costs had unexpectedly and illegally skyrocketed, requiring Transamerica to repay more than \$150 million in overcharges and freeze future increases for five years.

y. Multiple class action cases in which insurance providers dramatically reduced the number of doctors in their individual health plan networks and misrepresented these changes to consumers, leaving patients without adequate coverage and higher out-of-pocket costs, including *Anthem Blue Cross Affordable Care Act Cases*, JCCP No. 4805 (2019); *Lehman v. Health Net* (Super. Ct. L.A. County, 2019, No. BC567361); *Davidson v. Cigna Health and Life Ins. Co.*, No. BC558566 (Super. Ct. L.A. County, filed Sept. 24, 2014); and *Blue Shield of Cal. Affordable Care Act Cases*, JCCP No. 4800 (filed Sept. 23, 2014).

z. *Taub v. Blue Cross of Cal.* (Super. Ct. L.A. County, 2017, No. BC457809) and *Kassouf v. Blue Cross of Cal.* (Super. Ct. L.A. County, 2017, No. BC473408) (consolidated), which garnered a settlement of \$8.3 million on behalf of insurance customers whose deductibles were increased mid-year by Anthem Blue Cross, resulting in higher out-of-pocket costs.

aa. *Consumer Watchdog et al. v. Department of Managed Health Care et al.* (2014) 225 Cal.App.4th 862, a writ case which held that the Department of Managed Health Care can no longer uphold a health plan’s denial of coverage for autism treatment provided or supervised by a nationally board-certified individual on the basis that the provider is not licensed.

1 bb. *Fairbanks v. Farmers New World Life Ins. Co.* (2009) 46 Cal.4th 56, in which
2 Consumer Watchdog argued that Proposition 103 did not apply to life insurance.

3 11. I am informed through the Pearl Declaration and conversations with attorneys in the Los
4 Angeles and San Francisco Bay Areas discussing their billing rates that \$695 per hour is a very
5 reasonable rate in 2025 for the professional services of an attorney with experience and qualifications
6 comparable to Mr. Rosenfield's.

7 Pamela Pressley

8 12. Pamela Pressley is an attorney with over 29 years of professional experience advocating
9 on behalf of consumers, including the last 25 years with Consumer Watchdog. During that time, she
10 served as Consumer Watchdog's Litigation Director for 16 years, and she now serves as its Senior Staff
11 Attorney. Her legal work with Consumer Watchdog has focused primarily on insurance regulatory and
12 litigation matters before the Department and the courts, and particularly on the enforcement and
13 implementation of Proposition 103. Several of these matters involved issues of first impression before
14 the courts in which she was primarily responsible for litigating the matters through trial and on appeal.
15 Examples include:

16 a. *State Farm General Insurance Company v. Lara* (2021) 71 Cal.App.5th 197, in
17 which she served as co-lead counsel representing Consumer Watchdog as a respondent and defendant to
18 successfully defend against a challenge by State Farm to the substantial contribution standard for
19 intervenor fee awards under Insurance Code section 1861.10(b).

20 b. *Mercury Ins. Co. v. Lara* (2019) 35 Cal.App.5th 82, in which she served as lead
21 counsel representing Consumer Watchdog as Intervenor to successfully defend against a petition for
22 writ of mandate by Mercury, resulting in the Court of Appeal upholding a \$27.6 million civil penalty
23 against Mercury for violations of Proposition 103's prior approval requirement and prohibition against
24 unfair rate discrimination (sections 1861.01 and 1861.05) based on its agents charging unapproved fees
25 in addition to the approved premium amounts on over 180,000 insurance transactions over a four-year
26 period from 1999–2004.

27 c. *Mercury Casualty Company v. Jones* (2017) 8 Cal.App.5th 561, in which she served
28 as lead counsel representing Consumer Watchdog as Intervenor to successfully defend against petitions

1 for writ of mandate by Mercury and insurance trade associations seeking to vacate the Commissioner's
2 decision ordering Mercury to lower its homeowner rates and challenging the Commissioner's
3 application and interpretation of regulations relating to the standard and process for obtaining a
4 confiscation variance and limiting the amount of institutional advertising that insurers may include in
5 their premium calculations.

6 d. *Association of California Insurance Companies v. Poizner* (2009) 180 Cal.App.4th
7 1029, in which she served as lead counsel representing Consumer Watchdog as Intervenor to
8 successfully defend against a petition for writ of mandate by insurance trade associations seeking to
9 invalidate the Commissioner's amendments to the intervenor regulations clarifying the scope of a rate
10 proceeding.

11 e. *Allstate Insurance Co. v. Poizner* (Super. Ct. S.F. County, 2008, No. CPF-08-50821),
12 in which she served as lead counsel representing Consumer Watchdog as Intervenor to successfully
13 defend against Allstate's petition for a stay of the Commissioner's order requiring Allstate to lower its
14 private passenger auto insurance rates by 15.9%, and served as supervising counsel in the rate
15 proceeding that led to that rate decrease order, *In the Matter of the Rate Application of Allstate*
16 *Insurance Co. and Allstate Indemnity Co.*, File No. 2007-00004 (Cal. Ins. Comm'r, Mar. 14, 2008).

17 f. *American Insurance Association v. Garamendi and California Farm Bureau*
18 *Federation v. Garamendi* (Super. Ct. Sacramento County, 2007, Nos. 06AS03053 and 06AS03036
19 (consolidated)), in which she served as lead counsel representing Consumer Watchdog as an intervenor
20 in a successful motion for summary judgment against insurer plaintiffs upholding the Insurance
21 Commissioner's regulations (see paragraph (p)(4), below) enforcing Insurance Code section 1861.02(a),
22 which requires that automobile insurance premiums be based primarily on one's driving safety record,
23 and not where one lives.

24 g. A successful writ of mandate action to invalidate an insurer-sponsored amendment to
25 Proposition 103 that purported to allow a rating factor based on prior insurance with any carrier in
26 violation of Insurance Code section 1861.02(c) (*The Found. for Taxpayer and Consumer Rights v.*
27 *Garamendi* (2005) 132 Cal.App.4th 1354). In that proceeding, she participated in overall strategy
28

discussions, drafted and edited pleadings and the appellate brief, performed legal research, appeared at all court hearings, and argued the case before the Court of Appeal, among other tasks.

h. Class action and representative lawsuits to enforce Insurance Code section 1861.02(c)'s prohibition against surcharging motorists with an absence of prior insurance (*Proposition 103 Enforcement Project v. GEICO*, Case No. BC266220; *Proposition 103 Enforcement Project v. Interinsurance Exch. of the Automobile Club*, Case No. BC266218; *Landers v. Interinsurance Exch. of the Auto. Club*, JCCP No. 4438; and *Donabedian v. Mercury Ins. Co.* (2004) 116 Cal.App.4th 968), which resulted in settlements that required the insurers to make refunds to affected auto policyholders.

i. *Mitchell v. Allstate Ins. Co.* (Super. Ct. L.A. County, 2003, No. BC212492), in which she drafted all Consumer Watchdog pleadings submitted to the Court and the Department and made court appearances on Consumer Watchdog's behalf, successfully objecting to the class action settlement.

j. The appeal in writ of mandate challenge to a regulation promulgated by Insurance Commissioner Quackenbush, which authorized insurers to use zip code as the primary determinant of automobile insurance premiums in violation of Insurance Code section 1861.02(a). (*Spanish Speaking Citizens Found. v. Low* (2000) 85 Cal.App.4th 1179.)

k. A successful writ of mandate action against former Insurance Commissioner Quackenbush to require that the Commissioner not approve any insurer's rate application prior to the expiration of the 45-day period in which a consumer may petition for a rate hearing as required by Insurance Code section 1861.05. (*Proposition 103 Enforcement Project v. Chuck Quackenbush* [Super. Ct. L.A. County, 1999, No. BC202283].)

l. Two successful noncompliance proceedings before the CDI: *In the Matter of Mercury Ins. Co., Mercury Cas. Co., and California Auto. Ins. Co.* (Cal. Ins. Comm'r, Feb. 6, 2015), in which she represented Consumer Watchdog as Intervenor, resulting in a \$27.5 million penalty against Mercury for its illegal brokers fees charges; and *In the Matter of the Rates, Rating Plans, or Rating Systems of Farmers Ins. Exch., Ins. Exch., and Mid-Century Ins. Co.* (Cal. Ins. Comm'r, Aug. 8, 2007) in which she served as lead counsel representing Consumer Watchdog as Intervenor against Farmers

1 Insurance, alleging that the company had been misapplying its own rating guidelines to overcharge
2 certain homeowners policyholders based on the number of claims they made or how far they lived from
3 a fire hydrant. According to the 2007 settlement approved by the Commissioner, Farmers refunded its
4 policyholders \$1.4 million for the overcharges, was ordered to pay a \$2 million penalty to the CDI, will
5 use rating practices that comply with the law, had to review its computer data to find and refund any
6 other policyholders who were overcharged, and was subject to another review of its practices in 2008.

7 m. Successful rate challenges before the CDI to insurers' earthquake and homeowners
8 rate hikes in which she served as lead counsel for Consumer Watchdog, resulting in combined savings
9 of over \$790 million, including PA-04041210, PA-2007-00008, and PA-2007-00019, regarding the
10 earthquake insurance rates of Safeco, GeoVera, and Fireman's Fund; and PA06093080, PA06093078,
11 PA06092759/PA-2006-00016, PA-2006-00006, and PA-2007-00017, regarding the homeowners rates
12 of Safeco, Fire Insurance Exchange, State Farm, Allstate, and Fireman's Fund.

13 n. CDI hearings regarding Low Cost Auto Insurance Program ("LCAIP") proposed
14 rates in 2003, 2005, 2006, 2012, 2014, 2015, 2016, and 2020. In 2012, Consumer Watchdog's
15 participation and comments contributed to the Commissioner's decision requiring the California
16 Automobile Assigned Risk Pool ("CAARP") to implement an overall rate decrease for the LCAIP of -
17 2.8%, 11.1% *lower than* the overall +8.3% rate increase requested by CAARP. In 2014, Consumer
18 Watchdog's participation and comments contributed to the Commissioner's decision requiring CAARP
19 to implement an overall LCAIP rate of +2.2%, 5.4% *lower than* the overall +7.6% rate increase
20 requested by CAARP, resulting in an overall savings of \$140,000 in annual premiums. In 2015,
21 Consumer Watchdog's participation resulted in an approved rate that was 10.5% *lower* than the rate
22 requested by CAARP for a savings of nearly \$318,000 in annual premiums, and in 2016 Consumer
23 Watchdog's participation contributed to an approved rate that was 5.8% lower than requested, resulting
24 in \$237,000 in savings. In 2020, after Consumer Watchdog submitted comments, CAARP withdrew its
25 requested +3.8% rate increase, resulting in a savings of \$259,000 in annual premiums.

26 o. Numerous other successful challenges to automobile, homeowners, and medical
27 malpractice insurers' rate applications before the Department since 2003, resulting in collective savings
28 to consumers of over \$6 billion. Examples include *In the Matter of the Rate Application of CSAA Ins.*

1 *Exch.*, PA-2023-00021 (Cal. Ins. Comm'r 2024), resulting in annual savings of \$525 million in auto
2 insurance premiums; *In the Matter of the Rate Applications of GEICO Ind. Co., GEICO Cas. Co.,*
3 *GEICO Gen. Ins. Co., and Gov't Emps. Ins. Co.*, PA-2023-00013 (Cal. Ins. Comm'r 2023), resulting in
4 annual savings of \$356 million in auto insurance premiums; *In the Matter of the Rate Application of*
5 *State Farm Mut. Auto. Co.*, PA-2023-00012 (Cal. Ins. Comm'r 2023), resulting in annual savings of
6 \$151.7 million in auto insurance premiums; *In the Matter of the Rate Application of State Farm Gen.*
7 *Ins. Co.*, PA-2023-00007 (Cal. Ins. Comm'r 2023), resulting in annual savings of \$199.7 million in
8 homeowners insurance; *In the Matter of the Rate, Rule, and Form Application of Pacific Specialty Ins.*
9 *Co.*, PA-2020-00009 (Cal. Ins. Comm'r 2023), resulting in annual savings of \$6.3 million in
10 homeowners insurance; *In the Matter of the Rate Application of Allstate Northbrook Ind. Co.*, PA-2023-
11 00014 (Cal. Ins. Comm'r 2023), resulting in annual savings of \$149.5 million in auto insurance
12 premiums; *In the Matter of the Rate Application of State Farm Gen. Ins. Co.*, PA-2023-00006 (Cal. Ins.
13 Comm'r 2023), resulting in annual savings of \$21.5 million in renters insurance; *In the Matter of the*
14 *Rate Application of Farmers Ins. Exch., Fire Ins. Exch., and Mid-Century Ins. Co.*, PA-2023-00009
15 (Cal. Ins. Comm'r 2023), resulting in annual savings of \$276 million in renters, condo, and
16 homeowners insurance; *In the Matter of the Rate Application of Farmers Ins. Exch., Mid-Century Ins.*
17 *Co., and Truck Ins. Exch.*, PA-2023-00008 (Cal. Ins. Comm'r 2023), resulting in annual savings of
18 \$535 million in auto insurance premiums; *In the Matter of the Rate Application of CSAA Ins. Exch.*, PA-
19 2023-00004 (Cal. Ins. Comm'r 2023), resulting an annual savings of \$192.4 million in auto insurance
20 premiums; *In the Matter of the Rate Application of Allstate Ins. Co.*, PA-2021-00005 (Cal. Ins. Comm'r
21 2023), resulting in annual savings of \$2.8 million in homeowners insurance; *In the Matter of the Rate*
22 *Applications of First Nat'l Ins. Co. of Am., Safeco Ins. Co. of Am., and Safeco Ins. Co. of Ill.*, PA-2022-
23 00002 (Cal. Ins. Comm'r 2023), resulting in annual savings of \$7.8 million in homeowners multiple
24 peril insurance; *In the Matter of the Rate Applications of Garrison Prop. and Cas. Ins. Co. and USAA-*
25 *Ca. Ins. Co.*, PA-2021-00004 (Cal. Ins. Comm'r 2023), resulting in annual savings of \$8.47 million in
26 homeowners, unit-owners, renters contents, and renters liability insurance; *In the Matter of the Rate*
27 *Applications of Farmers Ins. Exch., Fire Ins. Exch., and Mid-Century Ins. Co.*, PA-2022-00007 (Cal.
28 Ins. Comm'r 2023), resulting in annual savings of \$121 million in homeowners multiple peril insurance;

1 *In the Matter of the Rate Application of Med. Ins. Exch. of Cal.*, PA-2021-00003 (Cal. Ins. Comm'r
2 2023), resulting in annual savings of \$1.41 million in medical professional liability insurance; *In the*
3 *Matter of the Rate Applications of Farmers Ins. Exch., Fire Ins. Exch., and Mid-Century Ins. Co.*, PA-
4 2021-00007 (Cal. Ins. Comm'r 2022), resulting in annual savings of \$6.05 million in fire, allied lines,
5 and other liabilities insurance; *In the Matter of the Rate and Rating Plan Application of CSAA Ins.*
6 *Exch.*, PA-2021-00002 (Cal. Ins. Comm'r 2021), resulting in annual savings of \$14.75 million in
7 homeowners insurance; *In the Matter of the New Program Applications of Farmers Insurance*
8 *Exchange and Fire Ins. Exch.*, PA-2020-00004 (Cal. Ins. Comm'r 2021), resulting in annual savings of
9 \$2.478 million in renters and condominium insurance; *In the Matter of the Rate Application of*
10 *Homesite Ins. Co. of Am.*, PA-2020-00003 (Cal. Ins. Comm'r 2021), resulting in annual savings of
11 \$9.28 million in homeowners insurance; *In the Matter of the Rate Application of Am. Cas. Co. of*
12 *Reading, Penn.*, PA-2020-00007 (Cal. Ins. Comm'r 2020), resulting in annual savings of \$1.12 million
13 in medical malpractice insurance; *In the Matter of the Rate Application of NORCAL Mut. Ins. Co.*, PA-
14 2020-00002 (Cal. Ins. Comm'r 2020), resulting in annual savings of \$5.2 million in medical malpractice
15 insurance; *In the Matter of the Rate Application of Esurance Prop. and Cas. Ins. Co.*, PA-2020-00001
16 (Cal. Ins. Comm'r 2020), resulting in annual savings of over \$26.7 million in auto insurance premiums;
17 *In the Matter of the Rate and Rating Plan Application of Pacific Specialty Ins. Co.*, PA-2019-00003
18 (Cal. Ins. Comm'r 2020), resulting in annual savings of \$5.95 million in homeowners insurance; *In the*
19 *Matter of the Rate and Rating Plan Applications of Pacific Specialty Ins. Co.*, PA-2019-00001 (Cal. Ins.
20 Comm'r 2020), resulting in annual savings of \$800,000 in renters, mobile home, and condo owners
21 insurance; *In the Matter of the Rate and Class Plan Applications of Liberty Mut. Fire Ins. Co.*, PA-
22 2017-00007 and PA-2018-00001 (Cal. Ins. Comm'r 2018), resulting in annual savings of \$3 million in
23 auto insurance premiums; *In the Matter of the Rate and Class Plan Applications of GEICO Cas. Co.*,
24 PA-2017-00005 and PA-2017-00006 (Cal. Ins. Comm'r 2017), resulting annual savings of \$9.3 million
25 in auto insurance premiums; *In the Matter of the Rate Applications of Allstate Ins. Co. and Allstate*
26 *Indem. Co.*, PA-2015-00009 (Cal. Ins. Comm'r 2016), resulting in a savings of \$34.2 million in annual
27 homeowners insurance premiums; *In the Matter of the Rate Application of State Farm Gen. Ins. Co.*,
28 PA-2015-00004 (Cal. Ins. Comm'r 2016), which resulted in an order requiring State Farm to lower its

homeowners' rates overall by 7%, saving consumers \$78.6 million, and issue an additional \$110 million in refunds; *In the Matter of the Rate Application of Mercury Ins. Co.*, PA-2014-00010 (Cal. Ins. Comm'r 2015), resulting in savings of \$7 million in annual auto insurance premiums; *In the Matter of the Rates and Rate Applications of United Services Auto. Ass'n, Garrison Prop. and Cas. Ins. Co. and USAA Gen. Ins. Co.*, PA-2013-00009, PA-2013-00009, and PA-2013-00010 (Cal. Ins. Comm'r 2014), resulting in annual savings of \$40.5 million in homeowners insurance premiums; *In the Matter of the Rate Application of State Farm Gen. Ins. Co.*, PA-2013-00012 (Cal. Ins. Comm'r 2014), resulting in \$86 million in savings for annual homeowners insurance premiums; *In the Matter of the Rate Application of Mercury Cas. Co.*, PA-2013-00004 (Cal. Ins. Comm'r 2013), resulting in over \$11 million of savings per year in homeowners insurance premiums; *In the Matter of the Rate Application of Allstate Ins. Co., Allstate Indem. Co., and Northbrook Indem. Co.*, PA-2013-00003 (Cal. Ins. Comm'r 2013), resulting in over \$92 million in savings per year in auto insurance premiums; *In the Matter of the Rates and Rating Plan Application of GEICO Indem. Co., GEICO Gen. Ins. Co. and Gov't Emp. Ins. Co.*, PA-2013-00002 (Cal. Ins. Comm'r 2013), resulting in savings of \$9.4 million in annual auto insurance premiums; *In the Matter of the Rate Application of Progressive West Ins. Co.*, PA-2012-00008 (Cal. Ins. Comm'r 2013), resulting in savings of almost \$1.5 million in annual auto insurance premiums; *In the Matter of the Rate Application of Coast Nat'l Ins. Co.*, PA-2012-00007 (Cal. Ins. Comm'r 2013), resulting in \$10.9 million in annual auto insurance premium savings; *In the Matter of the Rate Applications of State Farm Mut. Auto. Co.*, PA-2012-00006 (Cal. Ins. Comm'r 2013), resulting in auto insurance premium savings of \$69 million per year; *In the Matter of the Rate Application of Mercury Cas. Co.*, PA-2009-00009 (Cal. Ins. Comm'r 2013), resulting in savings of over \$16 million per year in homeowners insurance premiums; *In the Matter of the Rate Application of State Farm Gen. Ins. Co.*, PA-2011-00010 (Cal. Ins. Comm'r 2013), resulting in savings of over \$157 million per year in homeowners insurance premiums; *In the Matter of the Rate Application of Interinsurance Exch. of the Auto. Club*, PA-2012-00009 (Cal. Ins. Comm'r 2013), resulting in annual auto insurance premium savings of \$70 million; *In the Matter of the Rate Application of Fed. Ins. Co., et al.*, PA-2012-00002 (Cal. Ins. Comm'r 2012), resulting in savings of over \$4.2 million per year in earthquake insurance premiums; *In the Matter of the Rate Application of Chartis Prop. and Cas.*, PA-2011-000015

(Cal. Ins. Comm'r 2012), resulting in savings of over \$7.6 million per year in earthquake insurance premiums; *In the Matter of the Rate Application of NORCAL Mut. Ins. Co.*, PA-2011-00007 (Cal. Ins. Comm'r 2012), resulting in savings of \$2.8 million per year in medical malpractice insurance premiums; *In the Matter of the Rate Application of The Doctors Co.*, PA-2011-00006 (Cal. Ins. Comm'r 2012), resulting in savings of \$5.6 million per year in medical malpractice insurance premiums; *In the Matter of the Rates of California State Auto. Ass'n Inter-Insurance Bureau*, PA-2010-00014 (Cal. Ins. Comm'r 2012), resulting in annual homeowners insurance premium savings of \$52 million; *In the Matter of the Rate Application of Med. Protective Co.*, PA-2011-00008 (Cal. Ins. Comm'r 2011), resulting in annual premium savings of \$2.5 million; *In the Matter of the Rate Application of Explorer Ins. Co.*, PA-2007-00013 (Cal. Ins. Comm'r 2008), resulting in annual auto insurance premium savings of \$8.2 million; *In the Matter of the Rate Application of the Med. Protective Co.*, PA-05045074 (Cal. Ins. Comm'r 2005), resulting in savings of \$2 million per year in medical malpractice insurance premiums; *In the Matter of the Rate Application of Am. Cas. Co.*, File No. PA-04039736 (Cal. Ins. Comm'r 2005), resulting in savings of \$1.6 million per year in medical malpractice insurance premiums; *In the Matter of the Rate Application of Med. Protective Co.*, PA-04036735 (Cal. Ins. Comm'r 2004), resulting in savings of \$3.9 million per year in medical malpractice insurance premiums; *SCPIE Indem. Co.*, PA-02025379 (Cal. Ins. Comm'r 2004), resulting in savings of \$23 million per year in medical malpractice insurance premiums; and *In the Matter of the Rate Application of: NORCAL Mutual Insurance Co.*, PA 03032128 (Cal. Ins. Comm'r 2003), resulting in savings of \$11.6 million per year in medical malpractice insurance premiums. In these proceedings, she was responsible for overall strategy, briefing, communication with expert witnesses and parties, discovery, and settlement negotiations, among other tasks.

p. Several rulemaking proceedings before the Department implementing Proposition 103's prior approval and automobile rating factor requirements including: (1) the Intervenor Regulations rulemaking matter (RH-06092874) adopting amendments to update and clarify the regulations implementing Insurance Code section 1861.10's public participation requirements; (2) the Mileage Verification rulemaking matter (RH-06091489) implementing amendments to the Automobile Rating Factors regulations to provide requirements for verified mileage programs; (3) the Prior

1 Approval rulemaking matter (RH-05042749) adopting, among other amendments, the generic
2 determinations included in the prior approval ratemaking formula pertaining to profit and expense
3 provisions; (4) the Automobile Rating Factors rulemaking matter (RH-03029826, Cal. Dept. of Ins.,
4 June 2, 2005) in which Consumer Watchdog and other groups successfully petitioned for, and the
5 Commissioner adopted amendments to, section 2632.8 of title 10 of the California Code of Regulations
6 requiring that insurers base automobile insurance premiums primarily on how one drives and not on
7 other optional factors such as zip code and marital status as required by Insurance Code section
8 1861.02(a); (5) the Persistency rulemaking matter (RH-402, Cal. Dept. of Ins., April 18, 2003); and
9 (6) the Accident Verification rulemaking matter adopting regulations to prevent insurers from requiring
10 that motorists show proof of prior insurance to verify their accident record in violation of Insurance
11 Code section 1861.02(c) (RH-01015532, Cal. Dept. of Ins., Sept. 3, 2003), among others. In these
12 proceedings, she acted as Consumer Watchdog's lead counsel, participating in all strategy discussions
13 and workshops, and preparing and presenting written and oral testimony at hearings, among other tasks.

14 13. Prior to her employment with Consumer Watchdog, Ms. Pressley served for two years as
15 CALPIRG's lead consumer attorney and for one year as a staff attorney for The Center for Law in the
16 Public Interest in Los Angeles, litigating in the areas of civil rights, justice, and consumer issues. She is
17 a 1995 graduate of Pepperdine University School of Law and was admitted to the California State Bar
18 in November 1995.

19 14. I am informed through the Pearl Declaration and conversations with attorneys in the Los
20 Angeles and San Francisco Bay Areas discussing their billing rates that \$595 per hour is a very
21 reasonable rate in 2025 for the professional services of an attorney with experience and qualifications
22 comparable to Ms. Pressley's.

23 Ryan Mellino

24 15. I am a staff attorney for Consumer Watchdog providing litigation support spanning
25 across Consumer Watchdog's issue areas, including insurance, civil rights, open government, and
26 healthcare litigation. I have also worked on eviction defense with the Legal Aid Foundation of Los
27 Angeles, matters concerning inmates in L.A. County jails with the American Civil Liberties Union, and
28

1 with the Los Angeles Homeless Services Authority. I am a 2021 graduate of the University of Southern
2 California Gould School of Law, and was admitted to the California State Bar in January 2022.

3 16. I am informed through the Pearl Declaration and conversations with attorneys in the Los
4 Angeles and San Francisco Bay Areas discussing their billing rates that \$250 per hour is a very
5 reasonable rate in 2025 for the professional services of an attorney with experience and qualifications
6 comparable to mine.

7 Kaitlyn Gentile

8 17. Kaitlyn Gentile is a paralegal at Consumer Watchdog with over fourteen years of
9 professional experience in litigation matters. Ms. Gentile provides legal support to all members of the
10 litigation team, including drafting pleadings and motions such as the instant request for compensation.

11 18. Prior to joining Consumer Watchdog in November 2018, Ms. Gentile worked for eight
12 years as a legal assistant at Lambda Legal. She also worked for four years as a legal secretary at
13 Sullivan & Cromwell, LLP.

14 19. Ms. Gentile is a 2003 graduate of the University of Massachusetts at Amherst, where she
15 earned a Bachelor of Arts in Sociology. She holds a signed declaration from a California State Bar
16 member verifying her as a member of the paralegal profession under Business & Professions Code
17 section 6450.

18 20. I am informed through the Declaration of Richard M. Pearl, which details his extensive
19 familiarity with the billing practices and schedules for numerous private law firms in San Francisco and
20 Los Angeles, and believe that a rate of \$200 per hour is a very reasonable rate in 2025 for the
21 professional services in comparable matters of a paralegal with experience and qualifications
22 comparable to Ms. Gentile's.

23 Ben Armstrong

24 21. Ben Armstrong, FCAS, MAAA is the Staff Actuary at Consumer Watchdog. In this
25 capacity, Mr. Armstrong performs independent analyses of insurer rate filings, including assessments of
26 their accuracy and actuarial soundness. His duties also include participation in rate discussions between
27 Consumer Watchdog, insurance companies, and the CDI, preparation of the actuarial portions of
28 requests for information submitted to insurers, and research tasks such as catastrophe modeling in

1 insurance ratemaking. Mr. Armstrong is a Fellow of the Casualty Actuarial Society (2019) and a
2 Member of the American Academy of Actuaries with over 12 years of professional actuarial
3 experience. Prior to joining Consumer Watchdog, he was employed by Markel Insurance (formerly
4 FirstComp) as a Senior Actuary, performing various actuarial tasks including pricing, reserving, and
5 reinsurance work. His resume is attached hereto as Exhibit 3.

6 22. I am informed and believe that a rate of \$425 per hour is a very reasonable rate in 2025
7 for the professional services in comparable matters of an actuary with experience and qualifications
8 comparable to Mr. Armstrong's. (See, e.g., Decision Awarding Compensation, Dec. 6, 2024, *In the*
9 *Matter of the Rate Application of State Farm General Insurance Company*, File No. PA-2023-00007,
10 pp. 8–9; Decision Awarding Compensation, Oct. 18, 2024, *In the Matter of the Rate Applications of*
11 *Farmers Insurance Exchange, Mid-Century Insurance Company, and Truck Insurance Exchange*, File
12 No. PA-2023-00022, pp. 14–15; Decision Awarding Compensation, Dec. 6, 2024, *In the Matter of the*
13 *Rate Application of Allstate Northbrook Indemnity Company*, File No. PA-2023-00014, pp. 8–9;
14 Decision Awarding Compensation, Dec. 6, 2024, *In the Matter of the Rate Application of State Farm*
15 *Mutual Automobile Insurance Company*, File No. PA-2023-00012, pp. 8–9 [awarding hourly rate of
16 \$425 for Mr. Armstrong's actuarial work performed in rate proceedings in 2023–2024]; see also Exh. 4
17 hereto [Schwartz Decl.], ¶ 8; and Exh. 4: Decision Awarding Compensation, July 12, 2023, *In the*
18 *Matter of the Rate Applications of Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-*
19 *Century Insurance Company*, File No. PA-2022-00007, pp. 11, 16 [awarding hourly rates of \$415 and
20 \$365 for actuarial associates of AIS Risk Consultants, Inc. who have not completed the requirements
21 for the FCAS designation as has Mr. Armstrong].)

22 23. Mr. Armstrong performed the following tasks in this proceeding:

- 23 • Reviewed and provided analyses regarding Applicants' rating plan and rule change
24 applications, updates, and responses, raising several areas of concern with the initial
25 Applications as listed in paragraph 8, *ante*;
- 26 • Consulted with Consumer Watchdog attorneys regarding actuarial issues in the
27 proceeding for preparation of the Petition for Hearing and subsequent Requests for
28 Information, which included 10 distinct requests and several follow-up questions;

- Reviewed and analyzed responses and additional documents provided by Farmers in response to Consumer Watchdog’s Requests for Information; and
- Participated in discussions with the Parties regarding the issues raised by Consumer Watchdog’s Petition, Requests for Information, and actuarial analyses.

Consumer Watchdog’s Fees

24. In accordance with the well-established standards set forth by the California Supreme Court for private-attorney-general statutes, the “lodestar” is the product of each attorney’s reasonable hours, at that attorney’s prevailing market rate, plus expenses. Consumer Watchdog’s attorneys are responsible for entering their contemporaneous time billing records into the organization’s time billing software. The time billing software is then used to multiply each attorney’s billed hours by that individual’s prevailing market rate. The lodestar component of Consumer Watchdog’s attorney fees for work performed in this proceeding for which compensation is requested totals \$47,485.00 as follows:

Attorney	Total Hours	Hourly Rate	Total Lodestar
Harvey Rosenfield	2.0	\$695.00	\$1,390.00
Pamela Pressley	21.5	\$595.00	\$12,792.50
Ryan Mellino	30.0	\$250.00	\$7,500.00
Kaitlyn Gentile	6.4	\$200.00	\$1,280.00
Ben Armstrong	57.7	\$425.00	\$24,522.50
Total	117.6		\$47,485.00

Facts Regarding This Proceeding and Consumer Watchdog’s Substantial Contribution

25. On or about April 12, 2023, Applicants filed the Applications with the Department, seeking approval of rule and rating plan changes to implement new property-level and community-level mitigation designations and discounts to comply with 10 CCR Section 2644.9, “Consideration of Mitigation Factors; Wildfire Risk Models.” The Department notified the public of the Applications on or about May 5, 2023.

26. Consumer Watchdog, in consultation with its staff actuary, reviewed the Applications in detail and determined that the proposed rating plan and rule changes potentially violated 10 CCR

§ 2644.9's requirements relating to the use of wildfire risk models and the implementation of mandatory wildfire risk mitigation factors. Based on its attorneys' and staff actuary's analysis of the Applications, Consumer Watchdog identified several specific issues that contributed to Farmers' proposed rating plan and rule changes being in violation of 10 CCR § 2644.9.

27. Although the Petition was not filed within forty-five (45) days of the May 5, 2023 public notice date pursuant to Insurance Code section 1861.05, subdivision (c), and 10 CCR § 2646.4(a)(1), it was timely, as in a related proceeding, Consumer Watchdog, Farmers, and the CDI had stipulated that Consumer Watchdog would be permitted to intervene and participate in discussions regarding this filing so that the mitigation discount and customer notification issues raised by Consumer Watchdog in its requests for information in that rate proceeding could be addressed in this proceeding. (Settlement Stipulation, Aug. 10, 2023, *In the Matter of the Rate Applications of Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-Century Insurance Company*, File No. PA-2023-00009, p. 2, ¶ 3; Request, Exh. B.)⁵

28. Specifically, Consumer Watchdog's Petition alleged that the Applications were in violation of 10 CCR § 2644.9(d)(1)(B) [property mitigation discounts]; see also (d)(1)(A) [community mitigation discount]; 10 CCR § 2644.9(g). The regulation provides, "The rating plan shall reflect, and the rate offered to the applicant or insured shall be based in part on, the reduced wildfire risk resulting from each and every property-level wildfire risk mitigation effort listed in subdivisions (d)(1)(B)1.a. through (d)(1)(B)1.e. and (d)(1)(B)2.a. through (d)(1)(B)2.e., below, that is undertaken with respect to an individual property being assessed for risk." (10 CCR § 2644.9(d)(1)(B) [property mitigation discounts]; see also (d)(1)(A) [community mitigation discount].) The regulation further provides, "To the extent the insurer's own California data is not fully credible, the insurer shall credibility-weight its data with an appropriate complement of credibility to support each segment, rating differential, or premium surcharge. If the Commissioner aggregates California premium-and-loss data by wildfire risk to create a fire and wildfire exposure risk manual pursuant to Insurance Code section 929.2, an insurer may rely on the then-current version of the manual as support for each segment, rating differential, or

⁵ There is no deadline for a petition to intervene under Insurance Code section 1861.10 or 10 CCR §§ 2661.2 and 2661.3, and as noted *ante*, Consumer Watchdog's Petition to Intervene was granted on September 13, 2023.

1 surcharge being requested in connection with a residential property rate application, either directly or as
2 a complement of credibility to the insurer’s own California wildfire loss data.” (10 CCR § 2644.9(g).)
3 Farmers did not demonstrate compliance with the regulation as its proposal failed to provide any
4 meaningful premium discounts to homeowners who completed the wildfire mitigation measures set
5 forth in § 2644.9. Per comments made by Farmers during a call with Consumer Watchdog on August 9,
6 2023 in a related proceeding,⁶ the average mitigation discount for customers with FireLine scores of 0–
7 3 was \$20 to \$30. This could conceivably have been justified, as customers in those areas had negligible
8 wildfire risk. However, for customers with higher FireLine scores (and thus more significant wildfire
9 risk), the average discount was still quite small—in the range of \$40 to \$75—again per Farmers’
10 comments. This was especially troubling given that, as Farmers had revealed for the first time in its
11 August 8, 2023 email response to Consumer Watchdog’s August 7 email, customers had to pay out-of-
12 pocket for a home inspection in order to even be eligible for the mitigation discounts, and Farmers
13 stated on the aforementioned August 9 call that the cost of the inspection was around \$100. Since the
14 average mitigation discount across all of Farmers’ business was in the range of \$20 to \$75, the average
15 net “discount” was in fact a surcharge when the \$100 inspection cost was factored in. (Petition, ¶ 8a.)

16 29. The Petition also alleged that Farmers failed to disclose the cost of the home inspection
17 in their proposed rate or rule manuals, instead giving the impression that any premium discounts for
18 undertaking wildfire mitigation measures (which were themselves quite costly) would have a net effect
19 of reducing the overall amount consumers pay for homeowners insurance, in violation of Ins. Code
20 § 1859. (Petition, ¶ 8b.)

21 30. Finally, the Petition alleged that based on the information and documents provided by
22 Farmers to date in response to Consumer Watchdog’s prior requests for information in PA-2023-00009
23 regarding the written procedure Farmers proposed to adopt to comply with 10 CCR § 2644.9(h)–(k), it
24 appeared that Farmers’ written procedures and customer notifications did not include a clear
25 explanation of all the information required under the regulation, including but not limited to the rate
26
27

28 ⁶ PA-2023-00009, CDI File Nos.: 23-844; 23-844-A; 23-844-B. This was the proceeding in which the
Parties stipulated to Consumer Watchdog’s participation in the instant proceeding.

1 impact of the wildfire risk score, and steps the homeowner could take to lower their score. (Petition,
2 ¶ 8c.)

3 31. The Commissioner granted Consumer Watchdog’s Petition to Intervene by his ruling
4 dated September 13, 2023. (Ruling Granting Consumer Watchdog’s Petition to Intervene, Sept. 13,
5 2023, at p. 4; Exh. 6 hereto.) The ruling found that the Petition “has raised and seeks to address issues
6 that are relevant to the ratemaking process.” (*Ibid.*)

7 32. On October 5, 2023, Consumer Watchdog submitted eight Requests for Information
8 (“RFIs”) necessary to evaluate Farmers’ requested rating plan and rule filing on each of the issues
9 raised in Consumer Watchdog’s Petition. (Request, Exh. C.) Specifically, Consumer Watchdog asked
10 for a detailed response to Consumer Watchdog’s allegation that the Applications were in violation of 10
11 CCR § 2644.9(d)(1)(B) in paragraph 8a of the Petition; a thorough explanation of why the cost of the
12 home inspection was not disclosed to the consumers who would be paying for it, fully supporting
13 Farmers’ apparent position that the overall cost of homeowners insurance—inclusive of the home
14 inspection cost and mitigation discounts—would be reduced by undertaking wildfire mitigation
15 measures; a detailed response to Consumer Watchdog’s allegation in paragraph 8c of the Petition that
16 Farmers’ written procedures and notifications did not include a clear explanation of all the information
17 required under the regulation, including but not limited to the rate impact of the wildfire risk score, and
18 steps the homeowner could take to lower their score; the distribution of written premium for the most
19 recent 60 calendar months by Wildfire/Non-Wildfire, noting that historical data may have needed to be
20 retroactively slotted into Wildfire/Non-Wildfire based on policy characteristics, and if this could not be
21 done, requested the expected prospective distribution of written premium by Wildfire/Non-Wildfire for
22 the policy period covered by the Applications; an explanation what was driving the indicated rate need
23 (e.g., type/category of losses, geographic locations, large losses, specific agencies or distribution
24 channels, particular years/periods/events, etc.), and available cause of loss distributions or other exhibits
25 demonstrating the basis for the proposed changes; an explanation and description of other actions being
26 taken by the company, in addition to rate revision filings, to address overall profitability and growth
27 plans, if/as applicable, specifically providing information on any plans to directly reduce the proportion
28 of new business vs. renewals, e.g., more stringent underwriting guidelines; an explanation of any

1 material increase/decrease in the inforce policy count/exposures over the past several years, identifying
2 the underlying reason(s) and if the directional shift (growing, retracting) was in line with the company
3 objectives in the California market; and the overall company strategy with writing business in
4 California as well as what differentiated Farmers' product from other competitors in the marketplace,
5 such as niche/specialty markets, geographic focus (urban, coastal, etc.), enhanced coverages,
6 preferred/standard/non-standard-type business, multi-line offerings, etc. (*Ibid.*)

7 33. On October 23, 2023, Farmers provided their responses to Consumer Watchdog's RFIs.
8 (Request, Exh. D.) Farmers stated that there was no cost to policyholders to receive the discount for
9 community level mitigation because it would be automatically verified by Farmers, and that an
10 Insurance Institute for Business & Home Safety ("IBHS") "Wildfire Prepared" certification would be
11 required to determine property level mitigation qualifications, while the inspection result would be valid
12 for three years so customers could also keep the mitigation discount for three years without additional
13 cost, and the average discount over the three-year period was estimated to be \$125–\$225 for those with
14 Fireline score 4 or higher, which is greater than the \$125 IBHS inspection fee. Farmers said that among
15 this group, for policies with wildfire premium of \$500 or more, the average discount over the three-year
16 period was \$225–\$275 and for those with wildfire premium of \$1000 or more, the average discount
17 over the three-year period was \$340–\$354, claiming there was a clear net benefit to customers with
18 substantial wildfire risk even after the inspection cost was factored in, and stated the proposition would
19 be even stronger for customers with higher wildfire risk and larger wildfire premiums as the cost-vs.-
20 benefit calculation would skew even more in the favor of a larger discount compared to the inspection
21 cost. Farmers stated their customer notification that would be provided to customers when the
22 Applications were approved would provide the premium impact of each mitigation measure. Farmers
23 stated that the Wildfire Prepared certification was not under the purview of Farmers Insurance, and
24 because the cost of inspection may change without Farmers' knowledge, it wouldn't make sense to
25 include the cost of the home inspection in the rule guide since that was not a document that Farmers
26 could update quickly, and furthermore, the rule guide was meant to summarize eligibility rules and
27 validation requirements, but that Farmers would plan to clearly disclose that there was a cost to
28 customers and agents through their normal communication channels such as agent memos. Farmers

1 stated they were in the process of updating their customer notification to include the premium impact of
2 the score itself, without the mitigation measures, and they provided a written process by which the
3 customer could dispute their wildfire risk score, which Farmers would address with their vendor and
4 follow up with the customer. Farmers provided the distribution of written premium for the most recent
5 60 calendar months by Wildfire/Non-Wildfire. Farmers stated that in addition to their filed rate
6 revisions, the company was always focused on validating rating and underwriting accuracy on all risks
7 and also continued to explore and increase options for agents to place homeowner policies with other
8 carriers through their in-house brokerage Kraft Lake Insurance Agency, and that applications submitted
9 for the Farmers Next Generation Homeowners, Farmers Smart Plan Condominium, and Farmers Smart
10 Plan Renters programs were currently ineligible for new business. Farmers also stated that they had not
11 observed a material increase or decrease in the inforce policy count or exposures over the past several
12 years, and that they were focused on writing preferred/standard policies in California and providing
13 industry-leading products and first-rate services to their customers, and that their exclusive agents
14 offered personalized service without focus on specific geographic areas and had historically offered a
15 “one-stop shop” for the most common consumer insurance needs, including private passenger auto,
16 homeowner, and umbrella, among others. (*Ibid.*)

17 34. On November 2, 2023, Consumer Watchdog submitted its follow-up questions to
18 Farmers. (Request, Exh. E.) Consumer Watchdog stated that according to data from FireLine/Verisk,
19 approximately 15% of CA policyholders had FireLine scores of 4 or higher, noting that for this minority
20 there was a net benefit of \$0 to \$33 per year, and asked how Farmers would communicate to customers
21 that wildfire mitigation measures could result in a slightly lower average premium (inclusive of the
22 inspection fee), but only for those with FireLine scores of 4 and up. Consumer Watchdog asked if the
23 fact that the inspection fee was greater than the maximum discount for those with FireLine scores under
24 3 would be expressly communicated. Consumer Watchdog also noted that Farmers were not in
25 compliance with the regulation until the required notifications, including “the impact of the score or
26 classification on the rate or premium...” per 2644.9(k)(2), were actually provided, and requested
27 Farmers provide an example of the actual customer notification that would be used. (*Ibid.*)
28

1 35. On November 20, 2023, Consumer Watchdog reached out to Farmers inquire about the
2 status of their responses to its follow-up questions. (Request, Exh. F.)

3 36. The next day, on November 21, 2023, Farmers provided their responses to the
4 November 2 follow-up questions. (Request, Exh. G.) Farmers provided the requested revised customer
5 notification, stating that the wildfire mitigation notice that customers received was drafted to include
6 the elements required by the regulation, and that the notice would list the dollar impact on their
7 premium related to each of the wildfire mitigation measures they performed. According to Farmers, this
8 information would empower customers to do a cost/benefit analysis and determine the course of action
9 that made the most sense for them, and Farmers agents had access to resources to help their customers
10 navigate these dynamics and answer their questions. (*Ibid.*) After reviewing this November 21, 2023
11 revised customer notification document, Consumer Watchdog confirmed that it included the
12 information required under the regulation that had been missing from prior versions provided by
13 Farmers in July 2023 in response to Consumer Watchdog's requests in the prior rate proceeding,
14 namely the dollar premium impact of the wildfire risk score, and steps the homeowner could take to
15 lower their score, as raised by Consumer Watchdog's Petition. (*Ibid.*)

16 37. On March 11, 2024, the Parties held a three-way call. On the call, Farmers answered
17 extensive questions from the Department and Consumer Watchdog related to its proposed mitigation
18 discounts and method of verifying discounts. A main issue on the call was Farmers' insistence on
19 requiring policyholders to pay for a \$125 IBHS inspection to verify property-level mitigation discounts.
20 Farmers stated that it had done a "ton of exploration" concerning how to validate discounts and had
21 "done due diligence" to find alternative forms of validation, but had concluded that photos purporting to
22 show a mitigation measure had been performed were insufficient because an expert needed to make the
23 determination, and that "self-attestations are dangerous." Farmers argued that 10 CCR § 2644.9 did not
24 speak to the cost of validating mitigation measures, and that policyholders need an incentive to mitigate.
25 Consumer Watchdog raised the issue that Farmers' proposed discount amounts were not meaningful
26 and therefore failed to comply with 10 CCR § 2644.9, to which Farmers responded that it would need to
27 validate its numbers but that it believed the percentage of discount was significant, but meaningful only
28 for policyholders with high risk. Farmers additionally stated that the more mitigation measures taken by

1 a policyholder, the higher the average discount amount. The Department stated its concern over
2 Farmers' inspection fee requirement, stating it was concerned about people "self-selecting" out of
3 inspection and that the inspection fee should not be a hurdle to getting discounts. Farmers represented
4 that discounts "should" get bigger over time if the integrity of discounts is protected. Consumer
5 Watchdog raised the issue that, in addition to the \$125 IBHS inspection fee, which must be paid every
6 three years, IBHS also required a \$25 a year "maintenance" charge, further reducing the effective
7 amount of the discount. In response, Farmers confirmed that it was not requiring the \$25 a year
8 payments in order for policyholders to remain qualified for discounts. The Department asked how
9 Farmers was calculating its base rate offset, to which Farmers responded that, at the property level, it
10 obtained information from its model vendor, Zesty AI, on a onetime basis, so the base rate offset
11 calculation was specific to customers in that database. The Department responded that if policyholders
12 need to pay an inspection fee, then Farmers' base rate offset was incorrect because it represented a
13 guess of which policyholders would qualify, not who would actually qualify. Farmers responded that
14 IBHS did not have a database to use, but that it believed the data used would mirror the actual data very
15 closely. The Department stated that companies with data on file could use it to offset but only if there
16 was one-to-one mapping, and stated that because Zesty AI data was used to balance, that data needed to
17 be disclosed and Farmers needed to update its application by filing the relevant model exhibits.
18 Consumer Watchdog asked the Department to confirm its position (shared with Consumer Watchdog)
19 that policyholders should not face burdens above and beyond what 10 CCR § 2644.9 requires, including
20 inspection fees, given that this could cause some policyholders to not seek mitigation, which would
21 defeat the purpose of the regulation. The Department broadly agreed, but stated it needed to have
22 additional internal discussions about the inspection fee issue. Finally, in response to Consumer
23 Watchdog, Farmers agreed to provide more recent data concerning its average mitigation discount
24 amounts.

25 38. On June 13, 2024, Consumer Watchdog's submitted its Supplemental RFIs. (Request,
26 Exh. H.) In its transmitting email, Consumer Watchdog noted its understanding from the March 11
27 three-way call that Farmers was going to provide further information with "more recent data" in relation
28 to the average mitigation discount amounts. Consumer Watchdog asked that Farmers confirm that it

1 intended to provide such “more recent data” and asked when that data was expected to be provided.
2 Consumer Watchdog also noted that while reviewing Farmers’ updated 5/22/24 rule guides filed on
3 SERFF, Consumer Watchdog noticed a provision on page 6 of the Next Generation and Smart Plan
4 Homeowners rule guides that stated, “Dwellings and property must display an acceptable degree of
5 ‘pride of ownership’ as demonstrated by proper, ongoing maintenance in accordance with generally
6 accepted and approved industry standards of construction. Properties with multiple hazards must be
7 rigorously inspected as they generally have a higher propensity to incur a future loss. Unusual
8 maintenance concerns or unrepaired damage are not acceptable,” and that a similar provision appeared
9 on page 11 of the Smart Plan Renters and Condo rule guide that stated, “Dwellings and property must
10 display an acceptable degree of ‘pride of ownership’ as demonstrated by proper, ongoing maintenance
11 in accordance with generally accepted and approved industry standards of construction.” Consumer
12 Watchdog objected to the use of the phrase “pride of ownership” as being subjective, vague, unrelated
13 to risk of loss, and unfairly discriminatory, citing 10 CCR §§ 2360.0 (defining “eligibility guidelines” as
14 “specific, objective factors, or categories of specific, objective factors, which are selected and/or
15 defined by an insurer, and which have a substantial relationship to an insured’s loss exposure”) and
16 2360.2 (“The Eligibility Guidelines shall be sufficiently detailed to determine the appropriate rating
17 plan for the insured. An insured or applicant who meets the eligibility guidelines shall qualify to
18 purchase the insurance.”). Consumer Watchdog stated that the “pride of ownership” language failed to
19 comport with Actuarial Standards of Practice, citing ASOP 12, section 2.8, which states: “Risk
20 Characteristics—Measurable or observable factors or characteristics that are used to assign each risk to
21 one of the risk classes of a risk classification system,” and ASOP 12, section 3.2.3, which states:
22 “Objectivity—The actuary should select risk characteristics that are capable of being objectively
23 determined. A risk characteristic is objectively determinable if it is based on readily verifiable
24 observable facts that cannot be easily manipulated. For example, a risk classification of ‘blindness’ is
25 not objective, whereas a risk classification of ‘vision corrected to no better than 20/100’ is objective.”
26 Consumer Watchdog stated that pride of ownership was not measurable, observable, or objective, and
27 therefore was inconsistent with the applicable ASOP. Therefore, Consumer Watchdog requested that
28 Farmers remove the “pride of ownership” language from these eligibility guidelines. Consumer

1 Watchdog clarified that it was not asking Farmers to remove the entire provisions, only the “pride of
2 ownership” language, noting that similar “pride of ownership” language had been removed by Pacific
3 Specialty from their homeowners underwriting guidelines in December 2023 in response to Consumer
4 Watchdog’s objections (CDI File No. 20-1565, SERFF No. PERR-132375306). Consumer Watchdog
5 also noted that the Smart Plan Renters and Condo rule guide referred to a “wildlife mitigation factor” in
6 the table of contents on page 3, which should be corrected to “wildfire mitigation factor.” (*Ibid.*)

7 39. In its Supplemental RFIs, Consumer Watchdog asked Farmers to provide an updated
8 wildfire mitigation notice including the “list of approved inspection providers” and the “inspection
9 checklist” referred to in its 5/22/2024 objection responses on SERFF. Additionally, Consumer
10 Watchdog noted that according to its website, Farmers Insurance had launched a “drone program” in
11 2017, and that recent reporting had described how Farmers used drones to deny policyholders’ claims.
12 Consumer Watchdog asked Farmers to describe their “drone program” as it currently exists, and any
13 additional capacity Farmers had to obtain aerial surveillance of insured properties, and to explain why
14 Farmers was not using the drone program to assist in verifying wildfire mitigation measures, despite
15 using it to deny policyholder claims. (*Ibid.*)

16 40. On June 27, 2024, Farmers responded to Consumer Watchdog’s June 13 email and
17 Supplemental RFIs. (Request, Exh. I.) Farmers provided the wildfire mitigation inspection checklist,
18 which included the approved inspection providers; stated that Farmers’ claims department investigated
19 each claim on its own merits and may use a drone to inspect a roof that is steep, high, or constructed of
20 materials that cannot be traversed without damage to the roof, and that Farmers used drones in these
21 situations to inspect and accurately evaluate damage, rather than for the purpose of denying claims, and
22 drones were not used to determine eligibility at new business or renewal. Farmers stated they did
23 contract with vendors who provided aerial images not taken by drones which they reviewed in tandem
24 with other information to verify risk characteristics. Farmers stated they explored aerial imagery as a
25 means to verify the wildfire mitigation measures, but information was not currently available for the
26 majority of the items outlined in the regulations, and stated they would continue to explore this option
27 as vendors progressed what data was available. They stated that they had refreshed their data with
28 regard to the average mitigation discount amounts, and that properties with a minimum FireLine score

1 of 4 would experience the greatest reduction in wildfire risk from performing mitigation actions, so they
2 received the largest discounts in Farmers’ rating structure. Policies in this group could expect an
3 average discount in the range of \$114 to \$265 over the three-year period. For policies in this group with
4 wildfire peril premium of \$500 or more, the average discount ranged from \$257 to \$312 over the three-
5 year period. Those with a wildfire peril premium of \$1,000 or more would receive an average discount
6 in the range of \$370 to \$403 over the three-year period. Customers who met the criteria for the
7 completion factor, which included both community-level mitigation measures and all ten property-level
8 mitigation measures, which represented the most robust level of mitigation the statute recognized, could
9 expect a larger than average reduction in premium. The same was true for properties with higher
10 wildfire risk, and the larger wildfire premium associated with that risk, as the discount percentages
11 would translate to larger dollar discounts. (*Ibid.*)

12 41. Farmers agreed to remove the “pride of ownership” language from their Next Generation
13 and Smart Plan and Smart Plan Renters and Condo rule guides as requested by Consumer Watchdog.
14 Finally, Farmers also agreed to submit an amendment to their Smart Plan Renters and Condo rule guide
15 to correct the reference from “wildlife mitigation factor” to “wildfire mitigation factor.” (*Ibid.*)

16 42. On July 17, 2024, Farmers emailed the Parties in anticipation of a three-way call
17 scheduled for July 23, 2024 to ask that the Parties provide “advance notice of any questions or issues
18 you would like addressed” on the call. (Request, Exh. J.)

19 43. On July 19, 2024, Consumer Watchdog responded to Farmers’ request, stating that its
20 main concern with the filing remained that the overall amount of discounts was not meaningful,
21 particularly in light of Farmers’ refusal to clearly provide a no-cost option for all policyholders to
22 validate their mitigation measures. Consumer Watchdog explained that the updated discount data
23 provided by Farmers did not change its calculus, as the average discounts under the updated data were
24 only about \$5 more than under the original data. Thus, Consumer Watchdog stated its conclusion that
25 the minimal discounts proposed by Farmers failed to meet the purpose of 10 CCR § 2644.9 by failing to
26 incentivize policyholders to perform mitigation measures. Consumer Watchdog additionally submitted
27 a follow-up to Farmers’ response to Supplemental RFI No. 9. Consumer Watchdog raised a number of
28 issues and concerns with Farmers’ “Inspection Checklist,” while noting at the outset that the issues and

1 concerns could effectively be resolved if Farmers clearly offered a no-cost validation option to all of its
2 policyholders. Consumer Watchdog stated that the checklist should state that the CAL FIRE inspection
3 provider option is at no-cost to the policyholder. Additionally, Consumer Watchdog stated that the
4 Inspection Checklist gave no direction to policyholders on how to request inspections from the
5 approved providers, noting that the URLs listed in the checklist for the providers did not directly link to
6 webpages concerning inspections, and requested that Farmers update the checklist to “clearly detail the
7 proper method for policyholders to request an inspection from” the approved providers. Consumer
8 Watchdog further noted that two of the approved providers had limited service areas that were not
9 stated in the checklist, and requested Farmers to update the checklist to clearly identify the service areas
10 of those providers. Furthermore, the checklist contained no information “regarding whether
11 policyholders will need to have their homes re-inspected after some period of time has passed, or if only
12 one inspection is necessary,” and requested that Farmers update the to describe any re-inspection
13 requirements or timelines to continue qualifying for mitigation discounts, or to clarify that re-
14 inspections are not required. Finally, Consumer Watchdog raised the issue that two of the new
15 inspection providers listed in the Inspection Checklist, Madronus and Allied Disaster Defense, charged
16 significantly higher inspection fees than IBHS, and thus policyholders were really being presented with
17 illusory options since there is no reason that someone would choose to pay the higher inspection fees
18 for the same discounts. (Request, Exh. K.)

19 44. On July 23, 2024, the Parties held a second three-way call. The Department began the
20 call by noting the main unresolved issue for both the Department and Consumer Watchdog was that
21 policyholders should have a no-cost option to validate their mitigation discounts, with the Department
22 noting that other insurers were not requiring inspection fees. As CAL FIRE was the only provider listed
23 in the Inspection Checklist that offered a no-cost inspection, the Department and Consumer Watchdog
24 inquired as to whether that option would be available for all Farmers policyholders, to which Farmers
25 replied that it was not aware of any limitation. Consumer Watchdog asked whether Farmers had any
26 kind of agreements or contracts with CAL FIRE to perform inspections, to which Farmers replied it did
27 not. Consumer Watchdog additionally sought clarification on whether CAL FIRE would perform a full
28 inspection to verify all property-level discounts, or only the more limited “defensible space” inspection

1 advertised on its website, to which Farmers confirmed that CAL FIRE would perform full inspections.
2 Farmers stated that it had determined that local fire departments could provide no-cost inspections, and
3 represented that it believed that between CAL FIRE and local fire departments, all policyholders should
4 have an available no-cost inspection option. Farmers further stated that it was not using any guesses or
5 assumptions for its base rate offset. The Department noted that Farmers' proposed discounts appeared
6 lower than other insurers. Consumer Watchdog noted that it would still like to see higher discount
7 amounts, but acknowledged that Farmers' representation that all policyholders would have a no-cost
8 inspection option was progress on that issue. Farmers defended its proposed discounts as compared to
9 other insurers, noting some other insurers offered lower discounts, that comparisons amongst insurers
10 may be apples to oranges, and that Farmers was comparing the discount percentages rather than the
11 total savings amounts, but agreed to take another look at other insurers' discount structures.

12 45. Additionally, Consumer Watchdog walked through the issues with the Inspection
13 Checklist raised in its Supplemental RFI No. 9 follow-up, and Farmers agreed to take Consumer
14 Watchdog's suggestions into consideration and circulate an updated Inspection Checklist.

15 46. Furthermore, Consumer Watchdog acknowledged Farmers agreement to remove the
16 "pride of ownership" language from its rule guides, but noted that Farmers had failed to remove the
17 language from its Renters/Condo rule guide. Farmers responded that this was a mistake and agreed to
18 file an updated Renters/Condo rule guide without the "pride of ownership" language included.

19 47. On August 21, 2024, Farmers reached out with responses to the questions that were
20 raised on the July 23 call, along with an updated version of their Inspection Checklist. (Request, Exh.
21 L.) Farmers noted that they had made the following revisions to the updated wildfire mitigation
22 inspection checklist: the URL for IBHS was updated to link directly to the webpage with information
23 regarding the Wildfire Prepared designation; the CAL Fire bullet point was shifted down the list and
24 the URL was updated to link directly to the Defensible Space webpage where an inspection could be
25 requested; two vendors, Preferred Inspection Services and Safeguard Property Inspections, both
26 offering lower-cost inspections than IBHS, Madronus, and Allied, were added to the list of approved
27 inspectors to expand the number of options available to consumers; "Your local Fire Safe Council" and
28 "your local fire department," both representing no-cost options, were added to the list of inspection
provider options; and a footnote was added which clarified that certain providers charged a fee, with

1 those providers identified as such with an asterisk. Farmers stated it had removed the “pride of
2 ownership” language from its updated Condominium & Renters rule manual. They also stated that the
3 base rate offset was calculated solely from information for the specific properties in their book and did
4 not rely on any guesses. For community level mitigation codes, they stated they relied on data from
5 Verisk to identify eligibility at the property level. For property level mitigation codes, they stated the
6 offset was calculated using actual Farmers customers at the portfolio level using ZestyAI’s CA
7 Compliance PreFill™ product that identified at the individual property level whether such property
8 complied with each of the wildfire risk mitigation factors listed in Title 10 of the California Code
9 Regulation Section 2644.9, noting that this was a conservative approach as it did not assume any
10 additional mitigation that would occur and cause greater rate impact in reality. Farmers also stated that
11 they had looked at Allstate’s wildfire mitigation discount structure as a useful and analogous point of
12 comparison, as Allstate was also a large California insurer with peril-level rating who had Consumer
13 Watchdog’s participation in their wildfire mitigation discount filing. Farmers noted that the Allstate
14 filing was now approved by the Department of Insurance, and that the discount percentages offered by
15 Allstate were comparable to those proposed by Farmers. Farmers stated that the vast majority of
16 insureds eligible for a discount would not qualify for a completion discount, so comparing the sum of
17 the individual discounts not including the completion discount provided the best apples-to-apples
18 comparison. Farmers stated that the sum of the individual discounts offered by Allstate was 1.5% for
19 lower risk properties, and 3.0% for higher risk properties, and the sum of the individual discounts
20 proposed by Farmers was 2.1% for lower risk properties, and 5.1% for higher risk properties, and that
21 the maximum discount including the completion discount was also in a similar range for the two
22 insurers. (*Ibid.*)

23 48. On November 7, 2024, the Department reached out to Consumer Watchdog, stating that
24 it was prepared to approve the filing and asked whether Consumer Watchdog was willing to sign a
25 settlement stipulation. (Request, Exh. M.)

26 49. On November 12, 2024, after discussing internally, Consumer Watchdog determined
27 that while Farmers had resolved several issues raised by its Petition, it did not agree to the mitigation
28 discount amounts and so emailed the Department to state it was not interested in executing a settlement
stipulation in the proceeding. (Request, Exh. N.)

50. On December 2, 2024, the Commissioner issued a decision denying Consumer Watchdog’s Petition for Hearing, stating that “the Department believes the issues raised in the Petition for Hearing have been satisfactorily resolved.” (Decision Denying Consumer Watchdog’s Petition for Hearing (“Decision”), Dec. 2, 2024, p. 3; Exh. 7 hereto.)

51. The Decision responded to each of the issues raised by Consumer Watchdog to reach its determination that the issues had been satisfactorily resolved. (Decision, Dec. 2, 2024, pp. 2–3.) The Applications were subsequently approved on January 23, 2025.

52. On December 20, 2024, Consumer Watchdog requested a three-week extension, until January 23, 2025, to file its Request, which was granted by the Public Advisor. (Request, Exh. O.)

Executed on January 23, 2025 at Los Angeles, California.


Ryan Mellino

EXHIBIT 1a

Consumer Watchdog Time Entries***In the Matter of Farmers, Fire, and Mid-Century Co., File No. PA-2023-00015*****Pamela Pressley**

Date	Description		
6/8/23	review and reply to Ben Armstrong email re filing	0.3	\$178.50
8/22/23 (.1)	email Ben Armstrong re petition for hearing (.1); review H Rosenfield email re same	0.2	\$119.00
8/24/23	review and reply to C Balber email re Farmers mitigation discount issues	1.3	\$773.50
8/29/23	emails re petition for hearing (.3); review and reply to H Rosenfield questions re same (.2); review Ben Armstrong emails, edit petition for hearing (.3); review and reply to Ben Armstrong email re same (.2); review and reply to H Rosenfield email re same (.2)	1.2	\$714.00
8/30/23	teleconference with Ben Armstrong re petition for hearing (.2); edit petition for hearing, review file, issues (2.2); review and reply to emails re final document (.1)	2.5	\$1,487.50
9/29/23	review Farmers filing memo re mitigation/WF rule changes, email Ben Armstrong re same	0.2	\$119.00
10/4/23	email R Mellino re Requests for Information (RFIs)	0.1	\$59.50
10/10/23	emails re RFIs/response	0.1	\$59.50
10/24/23	review Ben Armstrong notes on responses	0.1	\$59.50
10/27/23	conference with R Mellino re response follow-up emails	0.1	\$59.50
10/27/23	review B Armstrong email re follow up questions	0.1	\$59.50
10/30/23	review R Mellino email	0.1	\$59.50
11/2/23	review R Mellino email re follow up questions	0.1	\$59.50
11/20/23	teleconference with B Powell, R Mellino re tasks/next steps (.1)	0.1	\$59.50
2/6/24	review filing, reply to H Rosenfield questions, follow up on RFI responses (1.5); review H Rosenfield and Ben Armstrong follow up emails (.2); review R Mellino email (.1); review follow up emails re CDI objections (.3)	2.1	\$1,249.50
2/21/24	review emails re update	0.2	\$119.00
3/5/24	teleconference with Ben Armstrong, R Mellino re 3-way call (.2)	0.2	\$119.00
3/8/24 (.2);	review Ben Armstrong analysis (.1); teleconference with Ben Armstrong, R Mellino re preparation for 3-way call (.5); review and reply to Ben Armstrong email re notice re preparation for 3-way call (.5); review and reply to Ben Armstrong email re notice	1	\$595.00
3/11/24	3-way call with parties re issues raised by CW petition	0.7	\$416.50
5/24/24	review R Mellino email re RFI issues	0.2	\$119.00
6/3/24	review Farmers rule, email team re same	0.4	\$238.00
6/4/24	review R Mellino email re follow up questions	0.2	\$119.00
6/11/24	review and reply to R Mellino email re additional requests, review rule guides (1.1)	1.1	\$654.50
6/13/24	review R Mellino follow up email to parties, reply to same (.2)	0.2	\$119.00
6/27/24	review Farmers email re RFI responses	0.1	\$59.50
7/9/24	review Ben Armstrong comments on Farmers response	0.1	\$59.50
7/11/24	reply to R Mellino emails re 3-way call, follow up questions (.2); emails re call (.2)	0.4	\$238.00
7/16/24	review and reply to R Mellino email re RFI	0.5	\$297.50
7/17/24	review R Mellino email re follow up questions	0.1	\$59.50
7/17/24	review Ben Armstrong email re follow up questions	0.1	\$59.50
7/18/24	review and reply to R Mellino email re email to Farmers	0.2	\$119.00
7/23/24	teleconference with R Mellino and Ben Armstrong re preparation for 3-way call	0.4	\$238.00
8/23/24	review D Wade email re follow up questions	0.1	\$59.50
10/16/24	review and reply to D Wade email	0.1	\$59.50
10/17/24 (.2)	email R Mellino re status of issues (.2); review and reply to R Mellino email re same	0.4	\$238.00
11/8/24	review and reply to emails re stip, issues raised by petition	0.5	\$297.50
12/3/24	emails re request for compensation (.2)	0.2	\$119.00
1/21/25	edit request for compensation, emails re same	2.8	\$1,666.00

1/22/25	review and edit entries for time billing report, exercise billing judgment	1.4	\$833.00
1/22/25	review R Mellino edits to request for compensation and edit same, email to K Gentile and R Mellino	1	\$595.00
1/23/25	review R Mellino declaration and email R Mellino and K Gentile re same	0.3	\$178.50
Pamela Pressley Total:		21.5	\$12,792.50

Harvey Rosenfield

Date	Description	Hours	Total
8/28/23	Review draft Petition for Hearing (.1)	0.1	\$69.50
8/29/23	Review revised draft of Petition for Hearing, email Consumer Watchdog re fee issue, review Pam Pressley reply (.3)	0.3	\$208.50
8/30/23	Review email from Pam Pressley re Petition for Hearing, reply (.1)	0.1	\$69.50
9/29/23	Review Pam Pressley email to team re rule change application (.1)	0.1	\$69.50
10/5/23	Review Consumer Watchdog RFI (.1)	0.1	\$69.50
10/24/23	Review B. Armstrong comments in response to Farmers' response to RFI (.3)	0.3	\$208.50
10/30/23	Review Ryan Mellino email to team re mitigation discount: fee issue (.1)	0.1	\$69.50
10/31/23	Review B. Armstrong analysis re Farmers' response to RFIs (.1)	0.1	\$69.50
11/2/23	Review responses to Consumer Watchdog RFI, draft of follow up (.3)	0.3	\$208.50
2/8/24	Research and email B. Armstrong re issue re Farmers mitigation discounts, review his reply (.4)	0.4	\$278.00
8/23/24	Review prior email and D Wade response to Farmers re inspection (.1)	0.1	\$69.50
Harvey Rosenfield Total:		2	\$1,390.00

Ryan Mellino

Date	Description	Hours	Total
10/5/23	Reviewing drafted RFIs and emailing B. Armstrong re RFI 2	0.5	\$125.00
10/30/23	Reviewing actuary's notes on RFI responses and emailing follow-up questions	0.6	\$150.00
11/2/23	Circulating RFI followup email to parties	0.1	\$25.00
11/2/23	Circulating draft RFI followup email to CWD team	0.1	\$25.00
11/20/23	Email following up on RFI followup responses	0.1	\$25.00
12/1/23	Reviewing RFI responses and emailing CWD team re any follow-up	0.7	\$175.00
2/6/24	Reviewing and writing up email re history of inspection fee issue	0.5	\$125.00
2/21/24	Reviewing SERFF and flagging objection + response for CWD team	0.5	\$125.00
3/5/24	Call w/ CWD team re issues with filing to discuss on 3-way call	0.3	\$75.00
3/8/24	Emailing Lit Team re IBHS requirement of annual maintenance review	0.3	\$75.00
3/8/24	Reviewing ISOR for 2644.9 and emailing CWD team re discussion of expected average discounts	0.8	\$200.00
3/8/24	Call w/ P. Pressley + B. Armstrong re issues for 3-way call	0.4	\$100.00
3/8/24	Reviewing filing	0.7	\$175.00
3/11/24	Three-way call	0.6	\$150.00
4/24/24	Responding to C. Balber email re current status of proceeding	0.2	\$50.00
4/30/24	Reviewing articles/documentation re Farmers' drone program and emailing CWD Team re raising issue of why drones not being used for mitigation	1	\$250.00
5/24/24	Reviewing Farmers' objection responses and emailing notes to CWD Team	0.8	\$200.00
6/4/24	Reviewing 5/22 objection responses and emailing notes/possible RFIs to CWD Team	0.8	\$200.00
6/4/24	Drafting RFIs and circulating draft email to CWD Team	0.5	\$125.00
6/6/24	Emailing B. Armstrong re anything to add to supplemental RFIs	0.1	\$25.00
6/7/24	Reviewing B. Armstrong notes on supplemental RFIs and emailing questions to CWD Team	0.2	\$50.00
6/12/24	Revising supplemental RFIs and follow-up email and circulating to CWD Team	0.5	\$125.00
6/13/24	Circulating Supplemental RFIs and email to Parties	0.1	\$25.00
6/13/24	Responding to CWD Team emails re edits to supplemental RFIs email	0.1	\$25.00

7/11/24	Emailing B. Armstrong re meaning of PC-1 PC-2 etc. columns in rate manual	0.1	\$25.00
	Drafting and circulating to CWD Team follow-up email and responses re Inspection		
7/11/24	Checklist	6.5	\$1,625.00
7/18/24	Drafting summary of open issues to circulate before 3-way call	2.8	\$700.00
7/19/24	Circulating email to Parties re open issues for 3-way call	0.1	\$25.00
	Checking SERFF updated filings to see if pride of ownership language removed		
7/23/24	from rule manuals	0.3	\$75.00
7/23/24	Three-way call	0.5	\$125.00
7/23/24	Reviewing materials and drafting notes in prep for three-way call	1.3	\$325.00
7/23/24	Pre-call w/ CWD Team re upcoming three-way call	0.2	\$50.00
10/17/24	Reviewing files in matter and emailing CWD Team re any more follow-up	0.5	\$125.00
11/8/24	Emailing CWD Team re options for settlement	0.5	\$125.00
11/8/24	Responding to D. Wade email re settlement	0.1	\$25.00
11/12/24	Emailing D. Wade re executing settlement	0.1	\$25.00
1/16/25	Drafting request for compensation	3.5	\$875.00
1/17/25	Drafting request for compensation	1.1	\$275.00
1/21/25	Finalizing draft request for compensation and circulating to CWD Team	0.4	\$100.00
1/21/25	Meeting w/ P. Pressley re revisions to draft request for compensation	0.1	\$25.00
1/22/25	Reviewing draft declaration	0.5	\$125.00
1/22/25	Revising draft RFC and recirculating to CWD Team	0.3	\$75.00
1/23/25	Reviewing/revising time entries	0.2	\$50.00
1/23/25	Revising draft declaration and circulating to CWD Team	0.4	\$100.00
Ryan Mellino Total:		30	\$7,500.00

Ben Armstrong

Date	Description	Hours	Total
8/8/23	Estimate total premium impact of mitigation discounts (2.3)	2.3	\$977.50
8/9/23	Estimate total premium impact of mitigation discounts (5.0)	5	\$2,125.00
8/10/23	Estimate total premium impact of mitigation discounts	2.7	\$1,147.50
8/23/23	Research for Petition for Hearing (PFH)	7.8	\$3,315.00
8/24/23	Research for PFH	8.1	\$3,442.50
8/25/23	Research for PFH	5	\$2,125.00
8/28/23	Prepare PFH issues	0.8	\$340.00
9/12/23	Compile issues we have not received answers on yet	0.5	\$212.50
10/3/23	Prepare Requests for Information (RFIs)	1	\$425.00
10/4/23	Prepare RFIs	1.3	\$552.50
10/5/23	Review/reply to RFI questions from R Mellino	0.5	\$212.50
10/24/23	Review RFI responses	2.4	\$1,020.00
10/27/23	Revise RFI comments for distribution	1.4	\$595.00
10/31/23	Revise RFI comments for distribution	0.8	\$340.00
12/4/23	Review Farmers' responses from 11/21	0.6	\$255.00
2/6/24	Review responses filed in SERFF 1/9, 1/17, 1/31	1.4	\$595.00
3/5/24	Prep for internal call (0.5), internal prep call with P Pressley, R Mellino (0.3)	0.9	\$382.50
3/6/24	Prep for internal pre-call 3/8	0.4	\$170.00
3/7/24	Prep for internal pre-call 3/8	3.2	\$1,360.00
	Prep for internal pre-call 3/8 (1.4), internal pre-call for upcoming 3-way call (0.5),		
3/8/24	takeaways from internal pre-call (1.1)	3	\$1,275.00
	Prep for 3-way call (0.7), 3-way call with Farmers, CDI including P Pressley and R		
3/11/24	Mellino (0.8)	1.5	\$637.50
6/7/24	Respond to R Mellino's email on draft response to Farmers	1.7	\$722.50
6/13/24	Review/respond to R Mellino's RFI questions	0.4	\$170.00
7/8/24	Review response received from Farmers 6/27	1.7	\$722.50
7/12/24	Review R Mellino's draft reply to Farmers' RFI responses	0.3	\$127.50

Pre-call for 3-way call with P Pressley, R Mellino (0.4), 3-way call with Farmers, CDI		
7/23/24 (0.5)	0.9	\$382.50
9/5/24 Review responses sent to us 8/21/24	1.4	\$595.00
9/6/24 Review responses sent to us 8/21/24	0.4	\$170.00
10/17/24 Review potential settlement issues prior to stipulation	0.3	\$127.50
Ben Armstrong Total:		57.7 \$24,522.50

Kaitlyn Gentile

Date	Description	Hours	Total
8/29/23	Draft Petition for Hearing	0.9	\$180.00
8/30/23	finalize, file, and serve petition for hearing	0.5	\$100.00
1/15/25	draft request for compensation	1.1	\$220.00
1/16/25	draft request for compensation	2	\$400.00
1/22/25	edits to request for compensation and Mellino Declaration and compile exhibits	1.9	\$380.00
Kaitlyn Gentile Total:		6.4	\$1,280.00

Consumer Watchdog Total: 117.6 \$47,485.00

EXHIBIT 1b

Identification and Association of Individuals Referenced in Billing Records

Consumer Watchdog

Ben Armstrong, Staff Actuary
Carmen Balber, Executive Director
Kaitlyn Gentile, Paralegal
Ryan Mellino, Staff Attorney
Benjamin Powell, Staff Attorney
Pamela Pressley, Senior Staff Attorney
Harvey Rosenfield, Of Counsel

California Department of Insurance

Daniel Wade, Senior Staff Attorney

EXHIBIT 2

1 HARVEY ROSENFELD (SBN 123082)
PAMELA PRESSLEY (SBN 180362)
2 CONSUMER WATCHDOG
6330 South San Vicente Boulevard, Suite 250
3 Los Angeles, California 90048
Telephone: (310) 392-0522
4 Facsimile: (310) 392-8874
harvey@consumerwatchdog.org
5

MICHAEL J. STRUMWASSER (SBN 58413)
6 BRYCE A. GEE (SBN 222700)
JULIA MICHEL (SBN 331864)
7 STRUMWASSER & WOOCHELL LLP
10940 Wilshire Boulevard, Suite 2000
8 Los Angeles, California 90024
Telephone: (310) 576-1233
9 Facsimile: (310) 319-0156
bgee@strumwooch.com
10

Attorneys for Respondent Consumer Watchdog
11

12
13 IN THE SUPERIOR COURT OF CALIFORNIA
14 COUNTY OF SAN DIEGO

15 STATE FARM GENERAL INSURANCE
COMPANY,

Petitioner and Plaintiff,

17 v.

18 RICARDO LARA, in his official capacity
as the Insurance Commissioner of the State
19 of California; and DOES 1-50,

20 Respondent and Defendant,

21 CONSUMER WATCHDOG,

22 Respondent and Defendant.
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Case No. 37-2016-00041750-CU-MC-CTL

**DECLARATION OF RICHARD M.
PEARL IN SUPPORT OF CONSUMER
WATCHDOG'S MOTION FOR
ATTORNEYS' FEES AND EXPENSES**

Date Action Filed: November 28, 2016

Date: August 26, 2022

Time: 11:00 a.m.

Dept.: C-69

Judge: Hon. Katherine A. Bacal

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1 until the summer of 1971, when I went to work in California’s Central Valley for California Rural
2 Legal Assistance, Inc. (CRLA), a statewide legal services program. From 1977 to 1982, I was
3 CRLA’s Director of Litigation, supervising more than fifty attorneys. In 1982, I went into private
4 practice, first in a small law firm, then as a sole practitioner. Martindale Hubbell rates my law firm
5 “AV.” I also have been selected as a Northern California “Super Lawyer” in Appellate Law for
6 2005, 2006, 2007, 2008, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021,
7 and 2022. A true and correct copy of my Resume is attached as **Exhibit A**.

8 4. Since 1982, the focus of my legal work has been in general civil litigation and
9 appellate practice, with an emphasis on cases and appeals involving court-awarded attorneys’ fees. I
10 have lectured and written extensively on court-awarded attorneys’ fees. I have been a member of
11 the California State Bar’s Attorneys’ Fees Task Force and have testified before the State Bar Board
12 of Governors and the California Legislature on attorneys’ fee issues. I am the author of *California*
13 *Attorney Fee Awards* (3d Ed., Cal. CEB 2010) (“Cal. Fee Awards”) and its cumulative annual
14 Supplements between 2011 and March 2022. I also was the author of California Attorney Fee
15 Awards, 2d Ed. (Cal. Cont. Ed. of Bar 1994), and its 1995 through 2008 annual Supplements.
16 Several courts have referred to this treatise as “[t]he leading California attorney fee treatise.” *Calvo*
17 *Fisher & Jacob LLP v. Lujan*, 234 Cal.App.4th 608, 621 (2015); *see also, e.g., Int’l Billing Servs.,*
18 *Inc. v. Emigh*, 84 Cal.App.4th 1175, 1193 (2000) (“the leading treatise”); *Stratton v. Beck*, 30
19 Cal.App.5th 901, 911 (2019) (“a leading treatise”); *Orozco v. WPV San Jose, LLC*, 36 Cal.App.5th
20 375, 409 (2019) (“a leading treatise on California attorney’s fees”). It also has been cited by the
21 California Supreme Court and Court of Appeal on many occasions, including the Court of Appeal
22 in this case. (Sl. Op. at 36). *See also Graham v. DaimlerChrysler Corp.*, 34 Cal.4th 553, 576, 584
23 (2004); *Lolley v. Campbell*, 28 Cal.4th 367, 373 (2002); *In re Conservatorship of Whitley*, 50
24 Cal.4th 1206, 1214–15, 1217 (2010); *Sonoma Land Trust v. Thompson*, 63 Cal.App.5th 978, 986
25 (2021); *Yost v. Forestiere*, 51 Cal.App.5th 509, 530 n. 8 (2020); *Highland Springs Conference &*
26 *Training Ctr. v. City of Banning*, 42 Cal.App.5th 416, 428 n. 11 (2019); *Sweetwater Union High*
27 *Sch. Dist. v. Julian Union Elementary Sch. Dist.*, 36 Cal.App.5th 970, 988 (2019); *Hardie v.*
28 *Nationstar Mortg. LLC*, 32 Cal. App. 5th 714, 720 (2019); *Syers Props III, Inc. v. Rankin*, 226

1 Cal.App.4th 691, 698, 700 (2014). California Superior Courts also cite the treatise with approval.
2 *See, e.g., Davis v. St. Jude Hosp.*, No. 30201200602596CUOECX, 2018 WL 7286170, at *4
3 (Orange Cty. Super. Ct. Aug. 31, 2018); *Hartshorne v. Metlife, Inc.*, No. BC576608, 2017 WL
4 1836635, at *10 (Los Angeles Super. Ct. May 02, 2017). Federal courts also have cited it. *See In re*
5 *Hurtado*, Case No. 09-16160-A-13, 2015 WL 6941127 (E.D. Cal. Nov. 6, 2015); *TruGreen*
6 *Companies LLC v. Mower Brothers, Inc.*, 953 F. Supp. 2d 1223, 1236 nn.50, 51 (D. Utah 2013). I
7 also authored the 1984 through 1993 annual Supplements to the predecessor treatise, *CEB's*
8 *California Attorney's Fees Award Practice*. In addition, I authored a federal manual on attorneys'
9 fees entitled "Attorneys' Fees: A Legal Services Practice Manual," published by the Legal Services
10 Corporation. I also co-authored the chapter on "Attorney Fees" in Volume 2 of CEB's *Wrongful*
11 *Employment Termination Practice*, 2d Ed. (1997).

12 5. More than 95% of my practice is devoted to issues involving court-awarded
13 attorneys' fees. I have appeared as counsel in over 200 attorneys' fee applications in state and
14 federal courts, primarily representing other attorneys. I also have briefed and argued more than 40
15 appeals, at least 30 of which have involved attorneys' fees issues. I have won five cases in the
16 California Supreme Court involving court-awarded attorneys' fees: (1) *Maria P. v. Riles*, 43 Cal. 3d
17 1281 (1987), which upheld a C.C.P. section 1021.5 fee award based on a preliminary injunction
18 obtained against the State Superintendent of Education, despite the fact that the case ultimately was
19 dismissed under C.C.P. section 583; (2) *Delaney v. Baker*, 20 Cal. 4th 23 (1999), which held that
20 heightened remedies, including attorneys' fees, are available in suits against nursing homes under
21 California's Elder Abuse Act; (3) *Ketchum v. Moses*, 24 Cal. 4th 1122 (2001), which reaffirmed
22 that contingent risk multipliers are an essential consideration under California attorney fee law
23 (note that in *Ketchum*, I was primary appellate counsel in the Court of Appeal and "second chair" in
24 the California Supreme Court); (4) *Flannery v. Prentice*, 26 Cal. 4th 572 (2001), which held that
25 under California law, in the absence of an agreement to the contrary, statutory attorneys' fees
26 belong to the attorney whose services they are based upon; and (5) *Graham v. DaimlerChrysler*
27 *Corp.*, 34 Cal. 4th 553 (2004), which held, *inter alia*, that the "catalyst" theory of fee recovery
28 remained viable under California law and that lodestar multipliers could be applied to fee motion

1 work. In that case, I represented trial counsel in both the Court of Appeal (twice) and California
2 Supreme Court, as well as on remand in the trial court. I also represented and argued on behalf of
3 *amicus curiae* in *Conservatorship of McQueen*, 59 Cal. 4th 602 (2014), which held that attorneys’
4 fees incurred for appellate work were not “enforcement fees” subject to California’s Enforcement of
5 Judgments law; I presented the argument relied upon by the Court. Along with Richard Rothschild
6 of the Western Center on Law and Poverty, I also prepared and filed an *amicus curiae* brief in
7 *Vasquez v. State of California*, 45 Cal. 4th 243 (2009). An expanded list of reported decisions in
8 cases I have handled is set out in **Exhibit A** at pages 4-8.

9 6. I have been retained by various governmental entities, including the California
10 Attorney General’s office and the California Department of Fair Housing and Employment, to
11 consult with them and serve as their expert regarding their affirmative attorney fee claims. *See, e.g.,*
12 *In re Tobacco Cases I*, 216 Cal. App. 4th 570, 584 (2013); *Dep. of Fair Employ. and Hous. v. Law*
13 *Sch. Admission Council, Inc.*, 2018 WL 5791869 (N.D. Cal. No. 12-cv-08130, filed Nov. 5, 2018).

14 7. I am frequently called upon to opine about the reasonableness of attorneys’ fees, and
15 numerous federal and state courts have relied on my testimony on those issues. For example:

16 a. Most recently, in *Wit v. United Behavioral Health* (N.D. Cal. Jan. 5, 2022)
17 ____F.Supp.3d ___, 2022 WL 45057, at *7, the court’s fee Order states that “the Court places
18 significant weight on Pearl’s opinion that the rates charged by all of the timekeepers listed above
19 are reasonable and ‘in line with the standard hourly noncontingent rates charged by Bay Area law
20 firms that regularly engage in civil litigation of comparable complexity.’... Pearl has extensive
21 experience in the area of attorney billing rates in this district and has been widely relied upon by
22 both federal and state courts in Northern California (including the undersigned) in determining
23 reasonable billing rates.” (Citations omitted).

24 b. In *Human Rights Defense Center v. County of Napa*, 2021 U.S.Dist.LEXIS
25 59778 *; 2021 WL 1176640 (N.D. Cal. No. 20-cv-01296-JCS, Doc. 50, filed March 28, 2021), the
26 Court expressly stated that it had “place[d] significant weight on the opinion of Mr. Pearl that the
27 rates charged by all of the timekeepers listed above are reasonable and in line with the rates charged
28 by law firms that engage in federal civil litigation in the San Francisco Bay Area. Mr. Pearl has

1 extensive experience in the area of attorney billing rates in this district and has been widely relied
2 upon by both federal and state courts in Northern California [] in determining reasonable billing
3 rates.” 2021 U.S.Dist.LEXIS 59778, at *32.

4 c. Subsequently, in *Andrews v. Equinox Holdings, Inc.*, N.D. Cal. No. 20-cv-
5 00485-SK, Order on Motion for Attorney Fees and Costs filed November 9, 2021 (Doc. 110), the
6 court quoted the above language from the *Human Rights Defense Center* case and concluded the
7 same: “This Court similarly finds Pearl’s opinions well supported and persuasive.” Order at p. 4:13-
8 19.

9 d. Similarly, in *Sonoma Land Trust v. Thompson, supra*, 63 Cal.App.5th 978,
10 986 (2021), the Court of Appeal expressly held that my expert declaration provided evidentiary
11 support for the trial court’s fee determination.

12 e. Lastly, my declaration was cited favorably by the Second District of the
13 Court of Appeal in *Wood v. Los Angeles County Waterworks Dist. No. 40 (Antelope Valley*
14 *Groundwater Cases)*, 2021 Cal.App. Unpub. LEXIS 5506 (2nd Dist., Div. 2021).

15 8. In addition to the *Sonoma Land Trust* and *Antelope Valley Groundwater* cases, the
16 following California appellate and reported trial court cases also have referenced my testimony
17 favorably:

- 18 • *Kerkeles v. City of San Jose*, 243 Cal.App.4th 88 (2015);
- 19 • *Laffitte v. Robert Half Int’l Inc.*, 231 Cal.App.4th 860 (2014), *aff’d* (2016) 1
20 Cal.5th 480;
- 21 • *Habitat and Watershed Caretakers v. City of Santa Cruz*, 2015 Cal. App. Unpub.
22 LEXIS 7156 (2015);
- 23 • *In re Tobacco Cases I*, 216 Cal.App.4th 570 (2013);
- 24 • *Heritage Pacific Financial, LLC v. Monroy*, 215 Cal.App.4th 972 (2013);
- 25 • *Wilkinson v. South City Ford*, 2010 Cal. App. Unpub. LEXIS 8680 (2010);
- 26 • *Children’s Hospital & Medical Center v. Bonta*, 97 Cal.App.4th 740 (2002);
- 27 • *Church of Scientology v. Wollersheim*, 42 Cal.App.4th 628 (1996).

- *Kaku v. City of Santa Clara*, No. 17CV319862, 2019 WL 331053, at *3 (Santa Clara Cty. Super. Ct. Jan. 22, 2019), *aff'd* 59 Cal. App. 5th 385, 431 (2020);
- *Davis v. St. Jude Hosp.*, No. 30201200602596CUOECX, 2018 WL 7286170, at *4 (Orange Cty. Super. Ct. Aug. 31, 2018);
- *Hartshorne v. Metlife, Inc.*, No. BC576608, 2017 WL 1836635, at §*10 (Los Angeles Super. Ct. May 2, 2017).

Many other trial courts also have relied on my testimony in unreported fee awards.

9. In addition to the *Wit*, *Andrews*, and *Human Rights Defense Center* cases, the following reported federal decisions also have referenced my testimony favorably:

- *Antoninetti v. Chipotle Mexican Grill, Inc.*, No. 08-55867 (9th Cir. 2012), Order filed Dec. 26, 2012, at 6;
- *Prison Legal News v. Schwarzenegger*, 608 F.3d 446, 455 (9th Cir. 2010) (the expert declaration referred to is mine);
- *Independent Living Center of S. Cal. v. Kent*, 2020 U.S.Dist.LEXIS 13019 (C.D. Cal. 2020);
- *Ridgeway v. Wal-Mart Stores, Inc.*, 269 F. Supp. 3d 975 (N.D. Cal. 2017), *aff'd* 269 F.3d 1066 (9th Cir. 2020);
- *Beaver v. Tarsadia Hotels*, 2017 U.S.Dist.LEXIS 160214 (S.D. Cal. 2017);
- *Notter v. City of Pleasant Hill*, 2017 U.S.Dist.LEXIS 197404, 2017 WL 5972698 (N.D. Cal. 2017);
- *Villalpondo v. Exel Direct, Inc.*, 2016 WL 1598663 (N.D. Cal. 2016);
- *State Compensation Insurance Fund v. Khan et al.*, Case No. SACV 12-01072-CJC(JCGx) (C.D. Cal.), Order Granting in Part and Denying in Part the Zaks Defendants' Motion for Attorneys' Fees, filed July 6, 2016 (Dkt. No. 408);
- *In re Cathode Ray Tube Antitrust Litig.*, Master File No. 3:07-cv-5944 JST, MDL No. 1917 (N.D. Cal. 2016) 2016 U.S. Dist. LEXIS 24951 (Report And Recommendation Of Special Master Re Motions (1) To Approve Indirect Purchaser Plaintiffs' Settlements With the Phillips, Panasonic, Hitachi, Toshiba,

1 Samsung SDI, Technicolor, And Technologies Displays Americas Defendants,
2 and (2) For Award Of Attorneys' Fees, Reimbursement Of Litigation Expenses,
3 And Incentive Awards To Plaintiffs' Representative), Dkt. 4351, dated January
4 28, 2016, *adopted in relevant part*, 2016 U.S. Dist. LEXIS 88665;

- 5 • *Gutierrez v. Wells Fargo Bank*, 2015 U.S. Dist. LEXIS 67298 (N.D. Cal. 2015);
- 6 • *Holman v. Experian Information Solutions, Inc.*, 2014 U.S. Dist. LEXIS 173698
7 (N.D. Cal. 2014);
- 8 • *In re TFT-LCD (Flat Panel) Antitrust Litig.*, No. M 07-1827 SI, MDL No. 1827
9 (N.D. Cal.), Report and Recommendation of Special Master Re Motions for
10 Attorneys' Fees And Other Amounts By Indirect-Purchaser Plaintiffs' Plaintiffs
11 And State Attorneys General, Dkt. 7127, filed Nov. 9, 2012, adopted in relevant
12 part, 2013 U.S. Dist. LEXIS 49885 (N.D. Cal. 2013) ("*TFT-LCD (Flat Panel)*
13 *Report & Recommendation*");
- 14 • *Walsh v. Kindred Healthcare*, 2013 U.S. Dist. LEXIS 176319 (N.D. Cal. 2013);
- 15 • *A.D. v. California Highway Patrol*, 2009 U.S. Dist. LEXIS 110743, at *4 (N.D.
16 Cal. 2009), *rev'd on other grounds*, 712 F.3d 446 (9th Cir. 2013), *reaffirmed and*
17 *additional fees awarded on remand*, 2013 U.S. Dist. LEXIS 169275 (N.D. Cal.
18 2013);
- 19 • *Hajro v. United States Citizenship & Immigration Service*, 900 F.Supp.2d 1034,
20 1054 (N.D. Cal 2012);
- 21 • *Rosenfeld v. United States Dep't of Justice*, 904 F. Supp. 2d 988, 1002 (N.D. Cal.
22 2012);
- 23 • *Stonebrae, L.P. v. Toll Bros., Inc.*, 2011 U.S. Dist. LEXIS 39832, at *9 (N.D.
24 Cal. 2011) (thorough discussion), *aff'd* 2013 U.S. App. LEXIS 6369 (9th Cir.
25 2013);
- 26 • *Armstrong v. Brown*, 2011 U.S. Dist. LEXIS 87428 (N.D. Cal. 2011);
- 27 • *Lira v. Cate*, 2010 WL 727979 (N.D. Cal. 2010);

- *Californians for Disability Rights, Inc. v. California Dep't of Transportation*, 2010 U.S. Dist. LEXIS 141030 (N.D. Cal. 2010);
- *Nat'l Federation of the Blind v. Target Corp.*, 2009 U.S. Dist. LEXIS 67139 (N.D. Cal. 2009);
- *Prison Legal News v. Schwarzenegger*, 561 F.Supp.2d 1095 (N.D. Cal. 2008) (an earlier motion);
- *Bancroft v. Trizechahn Corp.*, No. CV 02-2373 SVW (FMOx), Order Granting Plaintiffs Reasonable Attorneys' Fees and Costs In the Amount of \$168,886.76, Dkt. 278 (C.D. Cal. Aug. 14, 2006);
- *Willoughby v. DT Credit Corp.*, No. CV 05-05907 MMM (CWx), Order Awarding Attorneys' Fees After Remand, Dkt. 65 (C.D. Cal. July 17, 2006);
- *Oberfelder v. City of Petaluma*, 2002 U.S. Dist. LEXIS 8635 (N.D. Cal. 2002), *aff'd* 2003 U.S. App. LEXIS 11371 (9th Cir. 2003).

Summary of Opinion and Overview of Declaration

10. My review of Consumer Watchdog Counsel's declarations shows that their lodestar is based on each attorney's requested 2022 hourly rate. See paragraph 11, *infra*. I have examined each attorney's requested lodestar rate, along with each attorney's experience and background and work product here. Based on that review, in my opinion the rates requested by Consumer Watchdog Counsel are well within, if not at the low end of, the range of hourly rates charged by comparably qualified attorneys in the Los Angeles Area performing similar work and with those that other San Diego and Los Angeles area courts have found reasonable for attorneys with comparable litigation experience performing similar services.²

² I have not been asked to express an opinion regarding the reasonableness of the number of hours, the tasks performed, or the lodestar multiplier that are a component of Consumer Watchdog's fee request because Consumer Watchdog Counsel do not believe expert opinion on those issues is necessary. I agree, and the absence of any testimony from me on the reasonableness of the number of hours spent, the tasks performed, or the requested lodestar multiplier does not in any way reflect a negative view of their reasonableness.

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1 testimony by declaration on hundreds of occasions: each of those efforts require me to be aware of
2 the hourly rates being charged in the relevant community.

3 14. Here, I have reviewed Consumer Watchdog Counsel's qualifications, backgrounds,
4 experience, work product, and the results they have achieved. Based on the information I have
5 gathered, some of which is set forth below, it is my opinion that the rates requested by Consumer
6 Watchdog Counsel are well within, if not at the low end of, the range of the non-contingent market
7 rates charged by Los Angeles area attorneys of reasonably comparable experience, skill, and
8 reputation for reasonably comparable services. Several factors support my opinion:

9 15. *First*, it is my understanding that Consumer Watchdog Counsel's requested hourly
10 rates have been found reasonable and awarded in numerous cases. This is a highly probative fact.
11 See *Margolin v. Regional Planning Comm'n*, 134 Cal.App.3d 999, 1005 (1982).

12 16. *Second*, my opinion also is based on the numerous findings of reasonable hourly
13 rates made by San Diego Area and Los Angeles Area courts, which also are highly probative. See
14 *Children's Hosp. & Med. Ctr. v Bontá*, 97 Cal.App.4th at 783. Those findings are summarized in
15 **Exhibits B (San Diego Area) and C (Los Angeles Area)** attached hereto. For example:

- 16 • In *Campbell v. Barnes*, Orange County Superior Court No. 30-2020-01141117-CU-
17 WM-CXC, Order Granting Petitioners' Motion for an Award of Attorneys' Fees,
18 filed January 20, 2022, a case challenging inadequacies in the County jail's response
19 to the Covid epidemic, the court found the following hourly rates reasonable:

LAW SCHOOL GRADUATION YEAR	RATES
Munger, Tolles & Olson LLP	
2003	\$1,210
2013	\$850
2015	\$750
2016	\$700
2017	\$650
2018	\$550
Non-Attorneys	
Automated Litig. Analyst	
Litigation Analyst	\$250
Paralegals	\$250
ACLU	
1988, 2000, and 2003	\$1,210

2007	\$950
2009	\$900
2015	\$750
2016	\$700
2017	\$650
Non-Attorney	
Senior Investigator	\$250
Schonbrun, Seplow, Harris, Hoffman, And Zeldes LLP	
1976	\$1,000
2016	\$450
2016	\$600
2019	\$440
1975	\$1,025
1976	\$930
1979	\$995
2015	\$570

- In *Independent Living Center of S. Cal. v. Kent*, 2020 U.S. Dist. LEXIS 13019 (C.D. Cal. 2020), an action challenging the State’s right to alter reimbursement rates for Medi-Cal providers, the court found the following 2019 hourly rates reasonable (plus a 1.5 lodestar multiplier):

LAW SCHOOL GRADUATION YEAR	RATES
1975	\$1,025
1976	\$965
1979	\$1,025
2007	\$815
2011	\$800
2015	\$640
2016	\$600
2019	\$440
1975	\$1,025
1976	\$930
1979	\$995
2015	\$570

- In *The Kennedy Commission v. City of Huntington Beach*, Los Angeles County Superior Court No. 30-2015-00801675, Ruling on Submitted Matter filed July 8, 2021, a writ of mandate action challenging a land use amendment adopted by the City of Huntington Beach, the court found the following 2020 hourly rates reasonable (prior to application of a 1.4 lodestar multiplier):

1 **2020 Rates:**

Years of Experience	Rates
38	\$910
40	\$900
26	\$815
23	\$750
16	\$710
14	\$680
10	\$565
7	\$500
6	\$475
5	\$450
2	\$365

- 14 • In an earlier ruling in the same case, the court found the following hourly rates
15 reasonable for the Plaintiffs' private *pro bono* law firm (prior to application of a 1.4
16 multiplier)⁵:

17 **2016 Rates:**

Bar Admission Year	Rates
2001	\$900
2014	\$450

20 **2015 Rates:**

Bar Admission Year	Rates
2001	\$875
2014	\$400

- 24 • In *Rea v. Blue Shield*, Los Angeles County Superior Court No. BC468900, Fee
25 Order filed November 13, 2020, a class action challenging Blue Shield's practices

27 ⁵ The initial *Kennedy Commission* fee award was remanded in conjunction with the reversal of the
28 merits. 2017 Cal.App.Unpub.LEXIS 7488 (2017).

1 regarding mental health claims, the court found that \$900 per hour was reasonable
2 for Plaintiffs' three lead attorneys, with 35, 37, and 44 years of experience. It also
3 applied a 1.5 multiplier.

4 Consumer Watchdog Counsel's hourly rates here are well within, if not at the low end of, the range
5 of rates found reasonable in these cases and the others set out in **Exhibits B and C**.

6 **Hourly Rates Charged by Other Law Firms**

7
8 17. *Third*, Consumer Watchdog Counsel's rates also are well within the range of the
9 standard hourly non-contingent rates charged by numerous Los Angeles Area law firms that
10 regularly engage in civil litigation of comparable complexity. A chart showing the hourly rates
11 charged by numerous Los Angeles area law firms, as stated in court filings, depositions, surveys, or
12 other reliable sources, is attached hereto as **Exhibit D**. The rates requested here are well in line with
13 those rates. For example, in 2021, Munger, Tolles & Olson billed a 31-year attorney at \$1,725 per
14 hour and a 12-year attorney at \$995 per hour. In 2019, Pearson Simon & Warshaw, a Plaintiffs'
15 class action firm, billed attorneys with 23-38 years of experience at \$1,150 per hour; rates have
16 generally increased at least 10-12% since 2019. Again, Consumer Watchdog's Counsel's rates are
17 well within this range.

18 **Hourly Rate Surveys and Articles**

19 18. Counsel's requested rates also are supported by several surveys and articles
20 describing legal rates, including the following:

- 21 • The 2020 Mid-Year Real Rate Report compiled by Wolters Kluwer surveyed the
22 hourly rates charged in the second quarter of 2020 by hundreds of Los Angeles area
23 attorneys, relevant excerpts of which are attached hereto as **Exhibit E**. The real
24 market rates of Los Angeles area attorneys who practice "litigation" are surveyed at
25 page 28, which describes the Second Quarter 2020 rates charged by 387 Los Angeles
26 partners and 478 associates who practiced "Litigation." For that category, the Third
27 Quartile rate was **\$940** per hour for "Partners" and **\$740** for "Associates". Likewise,
28 page 34 of the Report describes the rates charged by 365 Los Angeles partners with

1 “21 or more years of experience” and 199 attorneys with “Fewer than 21 years”. For
2 those categories, the Third Quartile Los Angeles rates were **\$1,047** per hour for
3 attorneys with 21 or more years of experience and **\$912** for attorneys with fewer
4 than 21 years. Moreover, in my experience, since the Second Quarter of 2020, most
5 Los Angeles Area firms have raised their rates by at least 3-6%.⁶ Given the
6 exceptional experience, expertise, and skills possessed by Consumer Watchdog
7 Counsel, it is my opinion that rates exceeding the Third Quartile figures are readily
8 justifiable and consistent with the Los Angeles legal marketplace.

- 9 • Consumer Watchdog Counsel’s rates also are consistent with the “Adjusted Laffey
10 Matrix” (laffeymatrix.com), which is based on a survey of hourly rates charged in
11 the Baltimore-Washington, D.C. area. This survey is frequently used across the
12 country, with adjustments for differences in cost of living, to evaluate the
13 reasonableness of hourly rates. For March 2022, the Adjusted Laffey Matrix lists a
14 current rate of **\$919** per hour attorneys who have been out of law school for 20+
15 years, **\$764** per hour for attorneys who have been out of law school for 11-19 years,
16 **\$676** for attorneys who have been out of law school for 8-10 years, **\$468** per hour
17 for attorneys who have been out of law school for 4-7 years, and **\$381** per hour for
18 attorneys who have been out of law school for 1-3 years. Measured under that
19 survey, counsel’s rates here, as adjusted for the Los Angeles Area market, would be
20 2.08% higher than these figures. See

21 <https://www.uscourts.gov/careers/compensation/judiciary-salary-plan-pay-rates> (as
22

23 ⁶ Listed billing rates, court awards, and published articles show that over the past four years, Los
24 Angeles area rates have risen an average of 4-6% per year. For example, in *Planned Parenthood*
25 *Federation of America, Inc. v. Center for Medical Progress*, 2020 U.S. Dist. LEXIS 241035, at *13
26 (N.D. Cal. Dec. 22, 2020), the district court applied a 25% rate increase for the period from 2016 to
27 2020. Similar rate increases in the legal marketplace have been observed by commentators. *See,*
28 *e.g., Aggressive Billing Rate Increases Appear Likely, but Can Clients Stomach It?* Maloney, *The*
American Lawyer (Jan. 24, 2022) (rates rose “nearly 4%” in 2021; Simons, *Big Law Should Raise*
Partner Billing Rates 10+ Percent Now, *The Recorder* (Nov. 15, 2018) at 3 (“In a normal year,
partner rates would go up around 5 or 6 percent”).

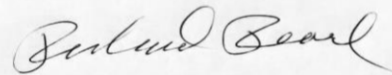
1 of Jan. 2022, 2.08% differential between Washington D.C. Area and Los Angeles
2 Area rates).

- 3 • The 2018 Peer Monitor Public Rates survey, attached hereto as **Exhibit F**, shows
4 that Consumer Watchdog Counsel's rates here are well within, if not below, the
5 range of hourly rates billed by other top-flight Los Angeles area law firms. For
6 example, 18 Los Angeles area attorneys were listed as billing from \$1,125 to \$1,475
7 per hour. And again, rates have increased at least 12-16% since 2018.

8 19. The preceding hourly rates data supports my opinion that Consumer Watchdog
9 Counsel's rates are well within, if not below, the range of non-contingent rates charged by
10 comparably qualified Los Angeles Area attorneys for reasonably similar work.

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

13 Executed on this 8th day of April, 2022, at Berkeley, California.

14
15 

16 Richard M. Pearl, Esq.
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EXHIBIT A

RESUME OF RICHARD M. PEARL

RICHARD M. PEARL

LAW OFFICES OF RICHARD M. PEARL

1816 Fifth Street
Berkeley, CA 94710
(510) 649-0810
(510) 548-3143 (facsimile)
rpearl@interx.net (e-mail)

EDUCATION

University of California, Berkeley, B.A., Economics (June 1966)
Berkeley School of Law (formerly Boalt Hall), Berkeley, J.D. (June 1969)

BAR MEMBERSHIP

Member, State Bar of California (admitted February 1970)
Member, State Bar of Georgia (admitted June 1970) (inactive)
Admitted to practice before all California State Courts; the United States Supreme Court; the United States Court of Appeals for the District of Columbia and Ninth Circuits; the United States District Courts for the Northern, Central, Eastern, and Southern Districts of California, for the District of Arizona, and for the Northern District of Georgia; and the Georgia Civil and Superior Courts and Court of Appeals.

EMPLOYMENT

LAW OFFICES OF RICHARD M. PEARL (April 1987 to Present): Civil litigation practice (AV rating), with emphasis on court-awarded attorney's fees, class actions, and appellate practice. Selected Northern California "Super Lawyer" in Appellate Law for 2005, 2006, 2007, 2008, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021.

QUALIFIED APPELLATE MEDIATOR, APPELLATE MEDIATION PROGRAM, California Court of Appeal, First Appellate District (October 2000 to 2013) (program terminated).

ADJUNCT PROFESSOR, HASTINGS COLLEGE OF THE LAW (January 1988 to 2014): Taught *Public Interest Law Practice*, a 2-unit course that focused on the history, strategies, and issues involved in the practice of public interest law.

PEARL, McNEILL & GILLESPIE, Partner (May 1982 to March 1987): General civil litigation practice, as described above.

CALIFORNIA RURAL LEGAL ASSISTANCE, INC. (July 1971 to September 1983) (part-time May 1982 to September 1983):

Director of Litigation (July 1977 to July 1982)

Responsibilities: Oversaw and supervised litigation of more than 50 attorneys in CRLA's 15 field offices; administered and supervised staff of 4-6 Regional Counsel; promulgated litigation policies and procedures for program; participated in complex civil litigation.

Regional Counsel (July 1982 to September 1983 part-time)

Responsibilities: Served as co-counsel to CRLA field attorneys on complex projects; provided technical assistance and training to CRLA field offices; oversaw CRLA attorney's fee cases; served as counsel on major litigation.

Directing Attorney, Cooperative Legal Services Center (February 1974 to July 1977) (Staff Attorney February 1974 to October 1975)

Responsibilities: Served as co-counsel on major litigation with legal services attorneys in small legal services offices throughout California; supervised and administered staff of four senior legal services attorneys and support staff.

Directing Attorney, CRLA McFarland Office (July 1971 to February 1974) (Staff Attorney July 1971 to February 1972)

Responsibilities: Provided legal representation to low income persons and groups in Kern, King, and Tulare Counties; supervised all litigation and administered staff of ten.

HASTINGS COLLEGE OF THE LAW, Instructor, Legal Writing and Research Program (August 1974 to June 1978)

Responsibilities: Instructed 20 to 25 first year students in legal writing and research.

CALIFORNIA AGRICULTURAL LABOR RELATIONS BOARD, Staff Attorney, General Counsel's Office (November 1975 to January 1976, while on leave from CRLA)

Responsibilities: Prosecuted unfair labor practice charges before Administrative Law Judges and the A.L.R.B. and represented the A.L.R.B. in state court proceedings.

ATLANTA LEGAL AID SOCIETY, Staff Attorney (October 1969 to June 1971)

Responsibilities: Represented low-income persons and groups as part of 36-lawyer legal services program located in Atlanta, Georgia.

PUBLICATIONS

Pearl, *California Attorney Fee Awards, Third Edition* (Cal. Cont. Ed. Bar 2010) and February 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, and March 2021 Supplements

Pearl, *California Attorney Fee Awards, Second Edition* (Cal. Cont. Ed. Bar 1994), and 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, and 2008 Supplements

Graham v. DaimlerChrysler Corp. and *Tipton-Whittingham v. City of Los Angeles*, Civil Litigation Reporter (Cal. Cont. Ed. Bar Feb. 2005)

Current Issues in Attorneys' Fee Litigation, California Labor and Employment Law Quarterly (September 2002 and November 2002)

Flannery v. Prentice: Shifting Attitudes Toward Fee Agreements and Fee-Shifting Statutes, Civil Litigation Reporter (Cal. Cont. Ed. Bar Nov. 2001)

A Practical Introduction to Attorney's Fees, Environmental Law News (Summer 1995)

Wrongful Employment Termination Practice, Second Edition (Cal. Cont. Ed. Bar 1997) (co-authored chapter on "Attorney Fees")

California Attorney's Fees Award Practice (Cal. Cont. Ed. Bar 1982) (edited), and 1984 through 1993 Supplements

Program materials on attorney fees, prepared as panelist for CEB program on Attorneys' Fees: Practical and Ethical Considerations in Determining, Billing, and Collecting (October 1992)

Program materials on Attorney's Fees in Administrative Proceedings: California Continuing Education of the Bar, prepared as panelist for CEB program on Effective Representation Before California Administrative Agencies (October 1986)

Program materials on Attorney's Fees in Administrative Proceedings: California Continuing Education of the Bar, prepared as panelist for CEB program on Attorneys' Fees: Practical and Ethical Considerations (March 1984)

Settlers Beware/The Dangers of Negotiating Statutory Fee Cases (September 1985) Los Angeles Lawyer

Program Materials on Remedies Training (Class Actions), sponsored by Legal Services Section, California State Bar, San Francisco (May 1983)

Attorneys' Fees: A Legal Services Practice Manual (Legal Services Corporation 1981)

PUBLIC SERVICE

Member, Attorneys' Fee Task Force, California State Bar

Member, Board of Directors, California Rural Legal Assistance Foundation

REPRESENTATIVE CASES

ACLU of N. Cal. v. DEA

(N.D. Cal. 2012) 2012 U.S.Dist.LEXIS 190389

Alcoser v. Thomas

(2011) 2011 Cal.App.Unpub.LEXIS 1180

Arias v. Raimondo

(2018) 2018 U.S.App.LEXIS 7484

Boren v. California Department of Employment

(1976) 59 Cal.App.3d 250

Cabrera v. Martin

(9th Cir. 1992) 973 F.2d 735

Camacho v. Bridgeport Financial, Inc.

(9th Cir. 2008) 523 F.3d 973

Campos v. E.D.D.

(1982) 132 Cal.App.3d 961

Center for Biological Diversity v. County of San Bernardino

(2010) 185 Cal.App.4th 866

Children & Families Commission of Fresno v. Brown

(2014) 228 Cal.App.4th 45

Committee to Defend Reproductive Rights v. A Free Pregnancy Center

(1991) 229 Cal.App.3d 633

David C. v. Leavitt

(D. Utah 1995) 900 F.Supp. 1547

Delaney v. Baker

(1999) 10 Cal.4th 23

REPRESENTATIVE CASES (cont.)

Dixon v. City of Oakland

(2014) 2014 U.S.Dist.LEXIS 169688

Employment Development Dept. v. Superior Court (Boren)

(1981) 30 Cal.3d 256

Environmental Protection Info. Ctr. v Department of Forestry & Fire Protection

(2010) 190 Cal.App.4th 217

Environmental Protection Information Center, Inc. v. Pacific Lumber Co.

(N.D. Cal. 2002) 229 F. Supp.2d 993, *aff'd* (9th Cir. 2004) 103 Fed. Appx. 627

Flannery v Prentice

(2001) 26 Cal. 4th 572

Graham v. DaimlerChrysler Corp.

(2004) 34 Cal. 4th 553

Guerrero v. Cal. Dept. of Corrections etc.

(2016) 2016 U.S.Dist.LEXIS 78796, *aff'd in relevant part*, (9th Cir. 2017) 701 Fed.Appx. 613

Heron Bay Home Owners Assn. v. City of San Leandro

(2018) 19 Cal.App.5th 376

Horsford v. Board of Trustees of Univ. of Calif.

(2005) 132 Cal.App.4th 359

Ketchum v. Moses

(2001) 24 Cal.4th 1122

Kievlan v. Dahlberg Electronics

(1978) 78 Cal.App.3d 951, *cert. denied* (1979) 440 U.S. 951

Lealao v. Beneficial California, Inc.

(2000) 82 Cal.App.4th 19

Lewis v. California Unemployment Insurance Appeals Board

(1976) 56 Cal.App.3d 729

REPRESENTATIVE CASES (cont.)

Local 3-98 etc. v. Donovan

(N.D. Cal. 1984) 580 F.Supp. 714,
aff'd (9th Cir. 1986) 792 F.2d 762

Mangold v. California Public Utilities Commission

(9th Cir. 1995) 67 F.3d 1470

Maria P. v. Riles

(1987) 43 Cal.3d 1281

Martinez v. Dunlop

(N.D. Cal. 1976) 411 F.Supp. 5,
aff'd (9th Cir. 1977) 573 F.2d 555

McQueen, Conservatorship of

(2014) 59 Cal.4th 602 (argued for *amici curiae*)

McSomebodies v. Burlingame Elementary School Dist.

(9th Cir. 1990) 897 F.2d 974

McSomebodies v. San Mateo City School Dist.

(9th Cir. 1990) 897 F.2d 975

Molina v. Lexmark International

(2013) 2013 Cal.App. Unpub. LEXIS 6684

Moore v. Bank of America

(9th Cir. 2007) 2007 U.S. App. LEXIS 19597

Moore v. Bank of America

(S.D. Cal. 2008) 2008 U.S. Dist. LEXIS 904

Mora v. Chem-Tronics, Inc.

(S.D. Cal. 1999) 1999 U.S. Dist. LEXIS 10752,
5 Wage & Hour Cas. 2d (BNA) 1122

Nadaf-Rahrov v. Nieman Marcus Group

(2014) 2014 Cal.App. Unpub. LEXIS 6975

Orr v. Brame

(9th Cir. 2018) 727 Fed.Appx. 265, 2018 U.S.App.LEXIS 6094

REPRESENTATIVE CASES (cont.)

Orr v. Brame

(9th Cir. 2019) 793 Fed.Appx. 485

Pena v. Superior Court of Kern County

(1975) 50 Cal.App.3d 694

Ponce v. Tulare County Housing Authority

(E.D. Cal 1975) 389 F.Supp. 635

Ramirez v. Runyon

(N.D. Cal. 1999) 1999 U.S. Dist. LEXIS 20544

Ridgeway v. Wal-Mart Stores, Inc., 269 F. Supp. 3d 975 (N.D. Cal. 2017), *aff'd on merits (fees not appealed)* 269 F.3d 1066 (9th Cir. 2020)

Robles v. Employment Dev. Dept.

(2019) 38 Cal.App.5th 191

Rubio v. Superior Court

(1979) 24 Cal.3d 93 (amicus)

Ruelas v. Harper

(2015) 2015 Cal.App. Unpub.LEXIS 7922

Sokolow v. County of San Mateo

(1989) 213 Cal. App. 3d. 231

S.P. Growers v. Rodriguez

(1976) 17 Cal.3d 719 (amicus)

Swan v. Tesconi

(2015) 2015 Cal.App. Unpub. LEXIS 3891

Tongol v. Usery

(9th Cir. 1979) 601 F.2d 1091,
on remand (N.D. Cal. 1983) 575 F.Supp. 409,
revs'd (9th Cir. 1985) 762 F.2d 727

Tripp v. Swoap

(1976) 17 Cal.3d 671 (amicus)

REPRESENTATIVE CASES (cont.)

United States (Davis) v. City and County of San Francisco
(N.D. Cal. 1990) 748 F.Supp. 1416, *aff'd in part*
and revs'd in part sub nom Davis v. City and County
of San Francisco (9th Cir. 1992) 976 F.2d 1536,
modified on rehearing (9th Cir. 1993) 984 F.2d 345

United States v. City of San Diego
(S.D.Cal. 1998) 18 F.Supp.2d 1090

Vasquez v. State of California
(2008) 45 Cal.4th 243 (*amicus*)

Velez v. Wynne
(9th Cir. 2007) 2007 U.S. App. LEXIS 2194

AUGUST 2021

EXHIBIT B

EXHIBIT B

Rates Found Reasonable by San Diego Area Courts

The following hourly rates have been found reasonable by various San Diego area courts for reasonably similar services in the San Diego area:

- (1) In *Herring v. Maddow*, 2021 U.S. Dist. LEXIS 23163 (S.D. Cal. 2021), an anti-SLAPP fee award, the court found the following 2020 hourly rates reasonable: \$1,050-1,150 per hour for attorneys with 30+ years of experience; \$720 per hour for a senior associate with 10+ years of experience; and \$470 per hour for associates with 3 years legal experience.
- (2) In *In re Easysaver Rewards Litigation*, 2020 U.S. Dist. LEXIS 77483 (S.D. Cal. 2020), a coupon class action settlement, the court found reasonable 2019 rates of \$850 and \$825 reasonable for partners at San Diego's Cohelan, Khoury and Singer; \$675 per hour for a Cohelan Khoury associate; and \$795 for partners at San Diego's Patterson Law Group.
- (3) In *Corona v. Remington Lodging & Hospitality, LLC*, 2019 U.S. Dist. LEXIS 68116 (S.D. Cal. 2019), a wage and hour class action, the court found that counsel's usual billing rates -- \$750 for 33-year attorney and \$550 for a 14-year attorney -- were reasonable.
- (4) In *San Diego Comic Convention v. Dan Farr Productions, No. 14cv1865-AJB-JMA*, 2019 U.S. Dist. LEXIS 64418 (S.D. Cal. Apr. 15, 2019) *attorney fees aff'd* by 807 F. App'x 674 (9th Cir. Apr. 20, 2020), a trademark infringement case, the court found reasonable the hourly rates of \$760 for partners with 28-29 years of experience, \$685 for a partner with 14 years of

experience, \$585 for attorney with 16 years of experience, and \$545 for an associate with 5 years of experience;;

- (5) In *Youngevity Int'l, Corp. v. Smith*, No. 16-CV-00704-BTMJLB, 2018 U.S. Dist. LEXIS 77659, 2018 WL 2113238, at *5 (S.D. Cal. May 7, 2018), the court found that "Courts in this district have held a range of rates from \$450-750 per hour reasonable for a senior partner in a variety of litigation contexts and specialties."
- (6) In *Weinstein v. Mortgage Contracting Services, LLC*, 2018 U.S. Dist. LEXIS 182718 (S.D. Cal. 2018), a wage and hour class action, the court found that \$750 was a reasonable rate for a 41-year attorney, \$625 per hour for 2005 Bar Admittees, and \$450 per hour for a 10-year attorney.
- (7) In *Lewis v. County of San Diego*, 2017 U.S. Dist. LEXIS 203457 (S.D. Cal. 2017), an unlawful search action against county social workers, the court awarded a 25-year attorney with 19 years of civil rights practice \$600 per hour, a 4-year attorney \$250 per hour, and \$100 per hour for paralegal work.
- (8) In *Beaver v. Tarsadia Hotels*, 2017 U.S. Dist. LEXIS 160214 (S.D. Cal. 2017), a consumer class action, the court approved, as part of the lodestar cross-check for a common fund award, hourly rates that included \$875 for a 40-year attorney, \$725 for a 25-year attorney, \$650 for a 16-year attorney, and \$400 for a seven year attorney.
- (9) In *Dilts v. Penske Logistic, LLC*, 2017 WL 2620664 (S.D. Cal. 2017), a wage and hour class action based in part on the UCL, the court awarded San Diego's Cohelen Khoury & Singer rates

of \$750 per hour for a 33-year attorney, \$550 for a 22-year attorney, and \$170-200 for paralegal work.

- (10) In *Makaef v. Trump University, LLC*, 2015 U.S. Dist. LEXIS 46749 (S.D. Cal. 2015), a fee award for a successful anti-SLAPP motion under California law and the subsequent appeals therefrom, the court found the following hourly rates reasonable for San Diego's Robins Geller Rudman & Dowd: \$825 for a 20-year attorney, \$660 for a 15-year attorney, and \$360 for an 8-year associate. For San Diego's Zeldes Haeggquist & Eck, it found \$600 and \$690 per hour reasonable for 20-year attorneys.
- (11) In *Hohnbaum v. Brinker Restaurants, Inc.*, San Diego County Superior Court No. GIC834348, Order and Judgment Granting Plaintiffs' Motion for Final Approval and Class Action Settlement and Motion for Award of Attorneys' Fees, Costs, Class Representative Service Payments, Claims Administration Exhibits, filed December 15, 2014, plaintiffs' requested hourly rates included rates of \$850 per hour for San Diego attorneys with as little as 24 years' experience and paralegal rates of up to \$195 per hour.
- (12) In *Beltran v. D III Transportation Corp.*, San Diego Superior Court No. 77-2012-00099241-CU-OE-CTL, Order Granting (1) Final Approval of Class Settlement and Entering Judgment; and (2) Award of Attorneys' Fees and Costs etc., filed June 20, 2014, the court found \$750 per hour reasonable for a 30-year San Diego attorney

- (13) In *Chaikin v. Lululemon USA Inc.*, 2014 WL 1245461 (S.D. Cal. 2014), a consumer class action, the court found the following hourly rates reasonable: 2000 Bar admittee - \$650; 2002 Bar admittee - \$500; 2007 Bar admittee - \$500; and 2011 Bar admittee - \$350.
- (14) In *Reed v. 1-800 Contacts, Inc.*, 2014 WL 29011 (S.D. Cal. 2014), a consumer class action alleging violations of Penal Code §630 *et seq.*, the court found that \$650 was a reasonable hourly rate for attorneys with 24 and 27 years of experience. It also found that a 2.9 lodestar multiplier was reasonable.
- (15) In *Johansson-Dohrmann v. CBR Sys.*, 2013 WL 3864341 (S.D. Cal. 2013), a representative action alleging invasion of privacy, the court found that lead class counsel's rate of \$695 per hour was reasonable for a 20-year attorney. It also found that a 2.07 multiplier was reasonable.
- (16) In *Hartless v. Clorox*, 273 F.R.D. 630, 644 (S.D. Cal. 2011), the Court found, *inter alia*, that class counsel's requested rates were consistent with the hourly rates found reasonable in numerous other class actions and with rates charged by other firms in the San Diego area, including rates of \$795 per hour for a 25-year attorney and \$675 per hour for an experienced partner. 273 F.R.D. at 644.
- (17) In *Shames v. Hertz Corp.*, 2012-2 Trade Case. (CCH) ¶¶78,120 (S.D. Cal. 2012), the Court, relying on *Hartless*, found that plaintiffs' San Diego Counsel there were comparable in skill and experience to the attorneys whose rates were found reasonable in *Hartless* at *59-61.

- (18) In *Briarwood Capital LLC v. HCC Investors LLC*, San Diego Superior Court No. GIC877446, on March 30, 2011, the court found that the 2009 hourly rates charged by the San Diego office of Bernstein Litowitz Berger & Grossman LLP -- \$725 for partners, \$490-550 for associates -- were reasonable. Similarly, in the same case, the court found that the 2009 rates charged by the Century City office of O'Melveny & Myers LLP, including rates of \$860-950 for a 36-37 year attorney and \$700-710 for 16-18 year attorneys also were reasonable for San Diego litigation.

EXHIBIT C

Pearl Declaration - Exhibit C

Rates Approved by Los Angeles Area Courts

- In *Campbell v. Barnes*, Orange County Superior Court No. 30-2020-01141117-CU-WM-CXC, Order Granting Petitioners' Motion for an Award of Attorneys' Fees, filed January 20, 2022, a case challenging inadequacies in the County jail's response to the Covid epidemic, the court found the following hourly rates reasonable:

LAW SCHOOL GRADUATION YEAR	RATES
Munger, Tolles & Olson LLP	
2003	\$1,210
2013	\$850
2015	\$750
2016	\$700
2017	\$650
2018	\$550
Non-Attorneys	
Automated Litig. Analyst	
Litigation Analyst	\$250
Paralegals	\$250
ACLU	
1988, 2000, and 2003	\$1,210
2007	\$950
2009	\$900
2015	\$750
2016	\$700
2017	\$650
Non-Attorney	
Senior Investigator	\$250
Schonbrun, Seplow, Harris, Hoffman, And Zeldes LLP	
1976	\$1,000
2016	\$450
2016	\$600
2019	\$440
1975	\$1,025
1976	\$930
1979	\$995
2015	\$570

- In *Alvarez, et al. v. XPO Logistics Cartage, LLC et al.*, United States District Court, Central District of California, No. 2:18-cv-03736-RGK-E, Order re: Motions for Attorneys' Fees, Costs, and Incentive Awards, filed February 8, 2022, a wage and hour class action, the court found the following 2021 hourly rates reasonable as part of its lodestar cross-check:

YEARS OF EXPERIENCE	RATES
Sayas Law Firm	
35	\$900
17 (Sr. Associate)	\$695
Paralegals	\$225-\$350
Bush Gottlieb	
1980	\$975
1989	\$900
1994	\$850
2012	\$575
2014	\$525
2016	\$475
2018	\$425
2020	\$375
Law Clerks	\$225
Paralegals	\$225

- In *The Kennedy Commission v. City of Huntington Beach*, Los Angeles County Superior Court No. 30-2015-00801675, Ruling on Submitted Matter filed July 8, 2021, a writ of mandate action challenging a land use amendment adopted by the City of Huntington Beach, the court found the following hourly rates reasonable (prior to application of a 1.4 lodestar multiplier):

2020 Rates:	Years of	Rates
	38	\$910
	40	\$900
	26	\$815
	23	\$750

	16	\$710
	14	\$680
	10	\$565
	7	\$500
	6	\$475
	5	\$450
	2	\$365

In an earlier ruling in the same case, the court found the following hourly rates reasonable for the Plaintiffs' private *pro bono* law firm (prior to application of a 1.4 multiplier)¹:

2016 Rates:	Bar Admission	Rates
	2001	\$900
	2014	\$450
2015 Rates:	Bar Admission	Rates
	2001	\$875
	2014	\$400

- In *Rea v. Blue Shield*, Los Angeles County Superior Court No. BC468900, Fee Order filed November 13, 2020, a class action challenging Blue Shield's practices regarding mental health claims, in which the court found that \$900 per hour was reasonable for plaintiffs' three lead attorneys, with 35, 37, and 44 years of experience. It also applied a 1.5 multiplier.
- In *Caldera v. State of California*, San Bernardino County Superior Court No. DS1000177, Ruling on Plaintiff's Motion for Attorney's

¹ The initial *Kennedy Commission* fee award was remanded in conjunction with the reversal of the merits. 2017 Cal.App.Unpub.Lexis 7488 (2017).

Fees filed October 23, 2020, an individual Fair Employment and Housing Act case, the court found that \$825 per hour was a reasonable hourly rate in the Los Angeles legal marketplace for 26-year attorney's appellate work (before applying a 1.65 lodestar multiplier).

- In *Independent Living Center of S. Cal. v. Kent*, 2020 U.S. Dist. LEXIS 13019 (C.D. Cal. 2020), an action seeking to enjoin the challenging the State's right to alter reimbursement rates for Medi-Cal providers, the court found the following hourly rates reasonable (before applying a 1.5 lodestar multiplier):

2019 Rates:	Law School Graduation Year	Rates
	1975	\$1,025
	1976	\$965
	1979	\$1,025
	2007	\$815
	2011	\$800
	2015	\$640
	2016	\$600
	2019	\$440
2018 Rates:	Law School Graduation Year	Rates
	1975	\$1,025
	1976	\$930
	1979	\$995
	2015	\$570

- In *Lavinsky v. City of Los Angeles*, Los Angeles County Superior Court No. BC542245, Fee Award filed October 9, 2019, a class action challenge to a municipal tax, the court found the following hourly rates reasonable (before applying a 3.8 lodestar multiplier for contingent risk, etc.):

YEARS OF EXPERIENCE	RATE
25	\$850
29	\$800
17	\$695
9	\$475
5-7	\$450
1	\$295
Paralegal	\$125

- In *Hadsell v. City of Baldwin Park*, Los Angeles County Superior Court No. BC 548 602, Notice of Ruling on Plaintiff's Motion for Attorneys' Fees filed June 25, 2019, the court found the following hourly rates reasonable (before applying a 1.5 multiplier):

CAL BAR ADMISSION DATE	RATE
1987	\$1,100
1990	\$1,100
2008	\$800
2008	\$650
2012	\$550
2016	\$500

- In *Pinter-Brown v. UCLA*, Los Angeles Superior Court No. BC624838, Fee Order filed August 3, 2018, the court found the following 2018 hourly rates reasonable:

CAL BAR ADMISSION DATE	RATE
1990	\$1,100
2008	\$675
2012	\$500
2016	\$400
2015	\$350
2016	\$325
2017	\$300

- In *Wishtoyo Foundation et al v. United Water Conservation Dist.*, 2019 U.S.Dist.LEXIS 39927 (C.D. Cal. 2019), an environmental action under the federal Endangered Species Act, the court found the following hourly rates reasonable:

	Bar Admittance or Law School Graduation	2018 Rates
	1986	\$840
		\$780
		\$735
		\$720
		\$670
		\$600
		\$425
		\$680
	Paralegals	\$200-250

- In *Monster, LLC, et al., v. Beats Electronics, LLC et al.*, Los Angeles Superior Court Case No. BC595235 (2017), Order Granting Defendant and Cross-Complainant Beats Electronics, LLC's Motion for Attorneys' Fees and Costs, filed June 27, 2018, a commercial dispute, the court found the following hourly rates reasonable for Beats' attorneys' work on the successful jury trial that

determined the amount of reasonable attorneys' fees Monster would be required to pay as damages:

Boies, Schiller & Flexner Partners:	Bar Admittance or Law School Graduation	2016/2017 Rates
	1986	\$960/\$1,049
	2006	\$920/\$972
	2000	\$880
	2001	\$880
	2002	\$830
	1999	\$830
	2004	\$740 (2015); \$760 (2016)
	2006	\$680
	2007	\$650/\$714
	2009	\$600/\$800
Associates:	2004	\$680
	2009	\$610
	2013	\$460/\$533
	2013	\$490
	2010	\$630
	2011	\$480/\$602
	2014-2015	\$420
Non-Attorneys Timekeepers:		\$190-284

<u>Gibson Dunn & Crutcher</u>	Bar Admittance or Law School Graduation	2017 Rates
	1987	\$852 (through Aug. 2017) \$956 (from Sept. 2017)
	2008	\$592 (through Aug. 2017) \$696 (from Sept. 2017)
	2013	\$404 (through Aug. 2017) \$600 (from Sept. 2017)
	2015	\$520
	2016	\$472
	1997	\$960
	2006	\$736
	1987	\$944
Non-Attorneys Timekeepers:		\$216-\$335

- In *Nozzi v. Housing Authority*, 2018 U.S.Dist.LEXIS 26049 (C.D.

Cal. 2018), tenant class action, the court approved the following hourly rates as reasonable:

Kaye McLane Bednarski & Litt	Bar Admittance or Law School Graduation	2017 Rates
	1969	\$1,150
	1992	\$750
	1993	\$765
	2008	\$730
	Sr. Paralegal	\$335
	Jr. Paralegal	\$150
	Law Clerk	\$200

- In *Monster, LLC, et al., v. Beats Electronics, LLC et al.*, Los Angeles Superior Court Case No. BC595235 (2017), the same commercial dispute listed above, the court found the following 2017 rates to be reasonable for Beats's co-defendants who had obtained relief by summary judgment (see Order Granting Motions for Attorneys' Fees, filed October 12, 2017, p. 2):

	Bar Admittance or Law School Graduation	2016 Rates (unless otherwise noted)
Partners:	1966	\$1,000 (2015); 1,245 (2016)
	1977	\$1,110 (2015)
	1981	\$910
	1985	\$995
	1992	\$875-885
	1995	\$910
	2002	\$750
Of Counsel:	1976	\$705
Associates:	2009	\$615 (2015); \$660 (2016)
Non-Attorneys Timekeepers:		\$380-90

- In *The Kennedy Commission v. City of Huntington Beach*, Los Angeles County Superior Court No. 30-2015-00801675, Order Granting Petitioners' Motion for Attorneys' Fees Pursuant to California Code of Civil Procedure § 1021.5, filed July 13, 2016, a writ of mandate action challenging a

land use amendment adopted by the City of Huntington Beach, the court found the following hourly rates reasonable for the Plaintiffs' private *pro bono* law firm (prior to application of a 1.4 multiplier)²:

2016 Rates:	Bar Admission	Rates
	2001	\$900
	2014	\$450
2015 Rates:	Bar Admission	Rates
	2001	\$875
	2014	\$400

- In *Willits et al v. City of Los Angeles*, No. CV 10-5782 CCBM (RZx) (C.D. Cal.), Order Granting Motion for Attorneys' Fees and Costs, filed August 25, 2016 (Dkt. No. 418), a class action lawsuit against the City of Los Angeles by persons with mobility disabilities under the Americans with Disabilities Act and the Rehabilitation Act of 1973 challenging the inaccessibility of the City's sidewalks, the court found the following 2015 hourly rates reasonable:

Law School	Rates
1976	\$1,115.60
1977 (associate)	700
1981	795
1987	680-775
1993	750
1999	644-695

² The *Kennedy Commission* fee award was remanded in conjunction with the reversal of the merits. 2017 Cal.App.Unpub.Lexis 7488 (2017).

2001	625
2003	550
2006	525 —
2007	450
2008	473
2009	450
2010	350-400
2011	300-385
2012	300
2013	300-325
Paralegals and Law	110-250
Case Assistants	220-230
Docket Clerk	230

- In *State Compensation Insurance Fund v. Khan et al*, Case No. SACV 12-01072-CJC(JCGx) (C.D. Cal.), Order Granting in Part and Denying in Part the Zaks Defendants' Motion for Attorneys' Fees, filed July 6, 2016 (Dkt. No. 408), a multi-defendant RICO action, the court found the following hourly rates reasonable:

Years of Experience	Rates
22	\$890
20	\$840
5	\$670
4	\$560
Paralegals	\$325-340
Case Assistants	\$220-230

Docket Clerk	\$230
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- In *ScriptsAmerica, Inc. Ironridge Global LLC et al*, Case No. CV 14-03962-SJO (AGRx) (C.D. Cal.), Order Granting Defendant Ironridge Global LLC, John Kirkland, Brendan O'Neill's Motion for Attorney's Fees, filed January 12, 2016 (Dkt. No. 50), a contract dispute, the court found the following 2015 hourly rates reasonable:

Years of Experience	Rates
37	\$950
11	\$700
4	\$450
Paralegals	\$200-350

- In *Perfect 10, Inc. v. Giganews, Inc.*, 2015 U.S. Dist. LEXIS 54063 (C.D. Cal. 2015), filed March 24, 2015, *affirmed* 847 F.3d 657 (9th Cir. 2017), a copyright infringement action, the court found the following 2015 hourly rates reasonable:

Years of Experience	2015 Rate
29	\$825-930
18	\$750
17	\$705-750
12	\$610-640
11	\$660-690

10	670
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9	660-690
8	470-525
7	640
5	375-560
4	350-410
3	505
2	450
1	360-370
Paralegals	240-345
Discovery Support	245-290

- In *Rodriguez v. County of Los Angeles*, 96 F.Supp.3d 990 (C.D. Cal. 2014), Order Granting Plaintiffs' Motion for Attorneys' Fees, filed December 29, 2014, *affirmed* 891 F.3d 779 (9th Cir. May 30, 2018), a civil rights action on behalf of five county jail prisoners, the district court found the following hourly rates reasonable, plus a 2.0 lodestar multiplier for merits work performed on the plaintiffs' California cause of action; the entire award was affirmed on appeal:

Years of Experience	Rate
45	\$975
28	700-775
26	775
10	600
6	500
Senior Paralegal	295
Other Paralegals	175-235
Law Clerk	250

- In *Doe v. United Healthcare Insurance Co., et al.*, No. SACV13-0864 DOC(JPRx) (C.D. Cal.), Order Granting Attorney's Fees and Costs, filed October 15, 2014, a multi-Plaintiff consumer action, the court found the following hourly rates reasonable:

Whatley Kallas

Years of Experience	Rate
36	\$950
27	900
32	800
33	750
21	700
10	600
4	400
2	375
Paralegal	225

Consumer Watchdog

Years of Experience	Rate
35	\$925
19	650
4	425

- In *Pierce v. County of Orange*, 905 F. Supp. 2d 1017 (C.D. Cal. 2012), a civil rights class action brought by pre-trial detainees, the court approved a lodestar based on the following 2011 rates:

Years of Experience	Rate
42	\$850

32	825
23	625
18	625
Law Clerks	250
Paralegals	250

EXHIBIT D

Pearl Decl. - Exhibit D
Rates Charged by Los Angeles Area Law Firms

Ahdoot & Wolfson		
2019 Rates	Years of Experience	Rate
	25	\$850
	29	\$800
	17	\$695
	9	\$475
	5-7	\$450
	1	\$295
	Paralegal	\$125

Arnold & Porter Kaye Scholar LLP		
2021 Rates	Level	Rates
	Partners	\$750-\$1,150
	Senior Counsel	\$910-\$1,280
	Associates	\$545-\$910
	Paralegals	\$390-\$405
2015 Rates:	Level	Rates
	Partners	Up to \$1,085
	Associates	Up to \$710

2014 Rates:	Years of Experience	Rates
	49	\$995
	45	\$720
	39	\$655
2013 Rates:	Level	Rates
	Average Partner	\$815
	Highest Partner	\$950
	Lowest Partner	\$670
	Average Associate	\$500
	Highest Associate	\$610
	Lowest Associate	\$345

The Arns Law Firm LLP		
2020 Rates:	Years of Experience	Rates
	1975	\$950
	2010	\$575
	2013	\$525

Bush Gottlieb		
2021 Rates:	Law School Graduation Date	Rates
	1980	\$975

	1989	\$900
	1994	\$850
	2012	\$575
	2014	\$525
	2016	\$475
	2018	\$425
	2020	\$375
	Law Clerks	\$225
	Paralegals	\$225
2019 Rates:	Class Year	Rates
Lawyers:	1980	\$900
	1989	\$900
	1974	\$850
	2002	\$725
	2006	\$625
	2013	\$450
	2014	\$425
	2015	\$400
	2016	\$375
Law Clerks/Support Staff:		\$200

Cooley LLP		
2021 Rates:	Years of Experience	Rates
	27 (Partner)	\$1,415
	27 (Special Counsel)	\$1,210
2020 Rates	Years of Experience	Rates
	26 (Partner)	\$1,275
	26 (Special Counsel)	\$1,140
	12 (Associate)	\$1,120
2017 Rates:	Years of Experience	Rates
	22	\$905
2014 Rates:	Years of Experience	Rates
	31	\$1,095
	17	\$770
	9	\$685
2013 Rates:	Years of Experience	Rates
	30	\$1,035
	16	\$710
	8	\$645
Crowell & Moring		
2020 Rate:	Years of Experience	Rate
	27	\$1,090

Law Offices of James DeSimone		
2020 Rate:	Years of Experience	Rate
	33	\$1,000
Dordick Law		
2019 Rates:	Bar Admission Year	Rates
	1987	\$1,100

Duane Morris LLP		
2018 Rates:	Bar Admission Year	Rates
	1973	\$1,005
	2008	\$605
	2011	\$450
	2017	\$355
	Sr. Paralegal	\$395
2016 Rates:	Years of Experience	Rates
	43	\$880
	41	\$880
	26	\$720
	25	\$695
Galipo, Law Offices of		
2019 Rates:	Bar Admission Year	Rates
	1989	\$1,000

Gibson Dunn & Crutcher LLP		
2021 Rates:	Years of Experience	Rates
	33	\$1,355
	29	\$1,185
	5	\$905
	Other Staff	\$280
2020 Rates:	Level	Rates
	Senior Partners	\$1,395 – 1,525
	Senior Associate	\$960
	Mid-level Associate	\$740
	Paralegals	\$480
2017 Rates:	Bar Admittance or Law School Graduation	Rates
	1987	\$956
	1987	\$944
	1997	\$960
	2006	\$736
	2008	\$*592/\$696
	2013	\$\$600
	2015	\$520
	2016	\$472
Non-Attorney		\$216-\$335
2016 Rates	Bar Admittance	Rates
	1987	\$852
	2010	\$540
	2013	\$404
2015 Rates	Years of Experience	Rates
	37	\$1,125

	23	\$955
	3	\$575

Hadsell, Stormer, Richardson & Renick		
2019 Rates:	Years of Experience	Rates
	46	\$1,150
	17	\$750
	10	\$575
	7	\$500
	6	\$475
2015 Rates:	Years of Experience/Level	Rates
	42	\$1,050
	20	\$750
	26	\$700
	16	\$650
	13	\$600
	5	\$425
	4	\$375
	Law Clerks	\$225
	Paralegals	\$175-250
2012 Rates:	Years of Experience	Rates
	38	\$825

	33	\$775
	22-23	\$625
	17	\$600
	12	\$525
	10	\$425
	4	\$275
	3	\$250

Hagens Berman Sobol Shapiro LLP		
2017 Rates:	Levels	Rates
	Senior Attorney	\$950
	Other Partners	\$578-\$760
	Associates	\$295-\$630

Hooper, Lundy & Bookman		
2019 Rates:	Law School Graduation Year	Rates
	1975	\$1,025
	1976	\$965
	1979	\$1,025
	2007	\$815

	2011	\$800
	2015	\$640
	2016	\$600
	2019	\$440
2018 Rates:	Law School Graduation Year	Rates
	1975	\$1,025
	1976	\$930
	1979	\$995
	2015	\$570

Jones Day		
2020 Rates:	Years of Experience e	Rates
	1 st	\$413.25
2018 Rates:		
	30+	\$1,025
2016 Rates:	Bar Admission Year	Rates
	2001	\$900
	2004	\$850 (partner)
	2004	\$657.70 (assoc.)
	2014	\$450
2015 Rates:	Bar Admission Year	Rates

	2001	\$875
	2014	\$400

Kaye, McLane, Bednarski & Litt		
2019 Rates:	Graduation Year	Rates
	1969	\$1,200
	1993	\$800
	2008	\$600-\$700
	2006	\$700
	Paralegals	\$125-360
	Law Clerks	\$225
2017 Rates:	Graduation Year	Rates
	1969	\$1,150
	1992	\$750
	1993	\$765
	2008	\$730
	Sr. Paralegal	\$335
	Jr. Paralegal	\$150
	Law Clerk	\$200
2014 Rates:	Years of Experience	Rates
	45	\$975
	28	\$700-775

	26	\$775
	10	\$600
	6	\$500
	Senior Paralegal	\$295
	Other Paralegal	\$175-235
	Law Clerk	\$250

Kirkland & Ellis		
2021 Rates:	Title	Rates
	Partners	\$1,085-\$1,895
	Associates	\$625-\$1,195
	Paraprofessionals	\$255-\$475
2020 Rates:	Title	Rates
	Partners	\$1,075-\$1,845
	Associates	\$610-\$1,165
	Paraprofessionals	\$245-\$460
2017 Rates:	Years of Experience	Rates
	20	\$1,165
	9	\$995
	8	\$965
	5	\$845
	4	\$845

	3	\$810
	2	\$555

Latham & Watkins		
2016 Rates:	Average Partner	\$1,185.83
	Highest Partner	\$1,595
	Lowest Partner	\$915
	Average Associate	\$754.62
	Highest Associate	\$1,205
	Lowest Associate	\$395

Michelman & Robinson LLP		
2018 Rates:	Bar Admission Date	Rates
	Partners	\$995
	Senior Associate	\$580
	Associate	\$480

Milbank, Tweed, Handley & McCloy LLP		
2016 Rates:	Bar Admission Date	Rates
	1983	\$1,025
	1984	\$1,350
	1992	\$1,350
	2002 (Associate)	\$915

Morrison Foerster LLP		
2021 Rates:	Law School Graduation Year	Rate
	2002	\$1,200
	2011	\$1,075
	2014	\$925
	2018	\$745
	Paralegal	\$295
2020 Rates:	Law School Graduation Year	Rate
	2002	\$1,125
	2011	\$975
	2014	\$810
	2018	\$640
	Paralegal	\$275
2018 Rates:	Years of Practice	Rates
	40	\$1,050
	22	\$950
	11	\$875
	3	\$550
	Paralegal	\$325
2017 Rates:	Bar Admission Date	Rates

	2007	\$608
	2012	\$575
2016 Rates:	Bar Admission Date	Rates
	1975	\$1,025
	1999	\$975
	1993	\$975
2013 Rates:	Level	Rates
	Average Partner	\$865
	Highest Partner	\$1,195
	Lowest Partner	\$595
	Average Associate	\$525
	Highest Associate	\$725
	Lowest Associate	\$230

Munger, Tolles & Olson		
2021 Rates	Law School Grad. Year	Rate
	1991	\$1,725
	2003	\$1,210
	2009	\$995
	2013	\$1,040
	2015	\$995
	2016	\$825

	2017	\$880
	2018	\$805
	Paralegal	\$420-475
	Automated Litig. Analyst	\$540-570
2020 Rates:		
	1991	\$1,610
	2001	\$950
	2009	\$920
	2016	\$725
	Paralegal (42 years' experience)	\$345
2016 Rates (unless otherwise noted):	Bar Admittance or Law School Graduation	Rates
Partners:	1966	\$1,000 (2015); 1,245 (2016)
	1977	\$1,110 (2015)
	1981	\$910
	1985	\$995
	1992	\$875-885
	1995	\$910
	2002	\$750
Of Counsel:	1976	\$705

Associates:	2009	\$615 (2015); \$660 (2016)
Non-Attorneys Timekeepers:		\$380-90

O'Melveny & Myers		
2019 Rates:	Level	Rate
	Senior Partner	\$1,250
	Partner (1998 Bar Admittee)	\$1,050
	3rd Year Associate	\$640
	2nd Year Associate	\$565
2016 Rates:	Bar Admission Date	Rates
	1985	\$1,175
	2004	\$895
	2005	\$780
	2007	\$775
	2010	\$725
	2011	\$700
	2012	\$655
	2013	\$585
	2014	\$515
	2015	\$435
2013 Rates:	Level	Rates

	Average Partner	\$715
	Highest Partner	\$950
	Lowest Partner	\$615

Orrick Herrington & Sutcliffe		
2014 Rates:	Level	Rates
	Average Partner	\$845
	Highest Partner	\$1,095
	Lowest Partner	\$715
	Average Associate	\$560
	Highest Associate	\$710
	Lowest Associate	\$375

Paul Hastings LLP		
2020 Rates:	Years of Experience	Rates
	25	\$1,425
	7	\$885
	5	\$775
	3	\$645
	Research assistant	\$335
2016 Rates:	Bar Admission Date	Rates
	1973	\$1,175
	1997	\$895
	1990	\$750
2014 Rates:	Level	Rates
	Average Partner	\$815
	Highest Partner	\$900
	Lowest Partner	\$750
	Average Associate	\$540
	Highest Associate	\$755
	Lowest Associate	\$350

Pearson Simon & Warshaw LLP		
2019 Rates:	Years of Experience	Rates
	23-38	\$1,150

	10	\$900
	Of Counsel	\$825
	6	\$500
	4	\$450
	Paralegals	\$225
2018 Rates:	Years of Experience	Rates
	22-37	\$1,050
	9	\$650
	Of Counsel	\$725
	5	\$450
	3	\$400
2017 Rates:	Years of Experience	Rates
	35-36	\$1,035
	8	\$520
	4	\$400
	2	\$350

Proskauer Rose LLP		
2016 Rates:	Bar Admission Date	Rates
	1974	\$1,475
	1983	\$1,025
	1979	\$950

	2007	\$850
	2013	\$495
	2015	\$440-445

Quinn Emanuel Urquhart & Sullivan		
2018 Rates:	Law School Graduation Yr.	Rates
	1980	\$1,135
	2016	\$630
2013 Rates:	Level	Rates
	Average Partner	\$915
	Highest Partner	\$1,075
	Lowest Partner	\$810
	Average Associate	\$410
	Highest Associate	\$675
	Lowest Associate	\$320

Reed Smith LLP		
2020 Rates:	Years of Experience	Rates
	22	\$930
	16	\$780
	14	\$840
	Paralegals	\$250

2014 Rates:	Years of Experience	Rates
	37	\$830
	18	\$695
	15	\$585
	6	\$485
	5	\$435
2013 Rates:	Years of Experience	Rates
	Partners	
	36	\$830
	30	\$805
	17	\$610-615
	14	\$570
	Associates	
	8	\$450-535
	6	\$495

Ropes & Gray		
2016 Rates:	Level	Rates
	Partner	\$880-1,450
	Counsel	\$605-1,425
	Associate	\$460-1050
	Paralegals	\$160-415

Schonbrun, DeSimone, Seplow, Harris & Hoffman		
2021 Rates:	Law School Grad. Yr.	Rates
	1975	\$1,025
	1976	\$1,000
	1976	\$930
	2016	\$600
	2016	\$450
	2019	\$440
2019 Rates:	Years of Experience	Rates
	43	\$1,050
2014 Rates:	Years of Experience	Rates
	29	\$750
	24	\$700
2012 Rates:	Years of Experience	Rates
	27	\$695
	22	\$630

Shegarian Law		
2018 Rates:	Years of Experience	Rate
	29	\$1,100
	10	\$675
	6	\$500

Skadden, Arps, Slate, Meagher & Flom		
2013 Rates:	Level	Rates
	Average Partner	\$1,035
	Highest Partner	\$1,150
	Lowest Partner	\$845
	Average Associate	\$620
	Highest Associate	\$845
	Lowest Associate	\$340

Law Office of Carol Sobel		
2020 Rate:	Years of Experience	Rate
	42	\$1,050
2019 Rate:	Years of Experience	Rate
	41	\$1,000
2015 Rates:	Years of Experience	Rate
	37	\$875

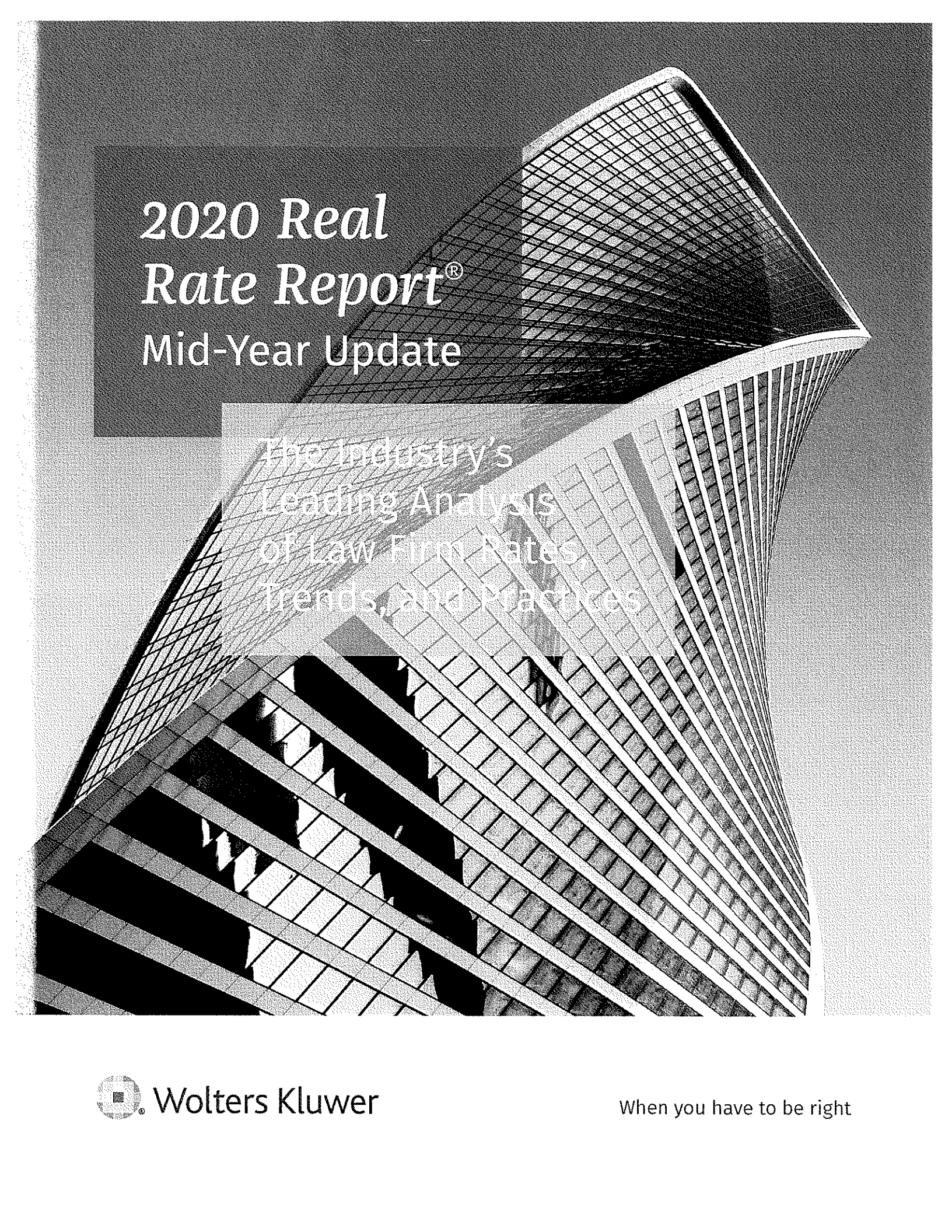
Wilson Sonsini Goodrich & Rosati PC		
2017 Rates:	Bar Admission Date	Rates
	2000	\$950

Winston & Strawn		
2019 Rates:	Level	Rates
	Partners:	
		\$1,515
		\$1,245
		\$1,105
		\$1,025
	Associates:	
		\$825
		\$660
		\$615
2018 Rates:	Level	Rates
	Partners:	
		\$1,445
		\$1,185
		\$1,050
		\$820
	Associates:	
		\$765
		\$585
	Paralegals:	\$170-340
	Litigation Support Mgr.	\$275

	Review Attorneys	\$85
2017 Rates:	Level	Rates
	Partners:	
		\$1,365
		\$1,120
		\$990
	Associates:	
		\$760
		\$690
		\$645
		\$520
		\$495
	Paralegals:	\$165-295
2016 Rates:	Level	Rates
	Partners:	
		\$1,290
		\$1,095
		\$965
		\$960
		\$885
	Associates:	
		\$715

		\$615
		\$575
		\$470
	Paralegals:	\$170-280
	Litigation Support Mgr.:	\$250

EXHIBIT E



2020 Real Rate Report[®] Mid-Year Update

The Industry's
Leading Analysis
of Law Firm Rates,
Trends, and Practices

Report Editor**Jeffrey Solomon**

Senior Director, Product Management Legal Analytics, Wolters Kluwer's ELM Solutions

Lead Data Analysts**Gary Clark**Data Engineer
Wolters Kluwer's ELM Solutions**Pankaj Saha**Data Engineer
Wolters Kluwer's ELM Solutions**ELM Solutions Creative****David Andrews**Senior Graphic Designer
Wolters Kluwer's ELM Solutions**Contributing Analysts and Authors****Joel Surdykowski**LegalVIEW Product Manager
Wolters Kluwer's ELM Solutions**Deniece Bushell**Senior Product Marketing Manager
Wolters Kluwer's ELM Solutions**Executive Sponsor****Jonah Paransky**Executive Vice President and
General Manager
Wolters Kluwer's ELM Solutions

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ELM Solutions, a Wolters Kluwer business
20 Church Street
Hartford, CT 06103 United States
ATTN: Marketing
+1-860-549-8795

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A Letter to Our Readers

Welcome to the Wolters Kluwer's ELM Solutions Real Rate Report®, the industry's leading data-driven benchmark report for lawyer rates.

Welcome to the Wolters Kluwer's ELM Solutions 2020 Mid-Year Real Rate Report®, the industry's leading data-driven benchmark report for lawyer rates. Our Real Rate Report has been a useful data analytics resource to the legal industry since its inception in 2010 and continues to evolve even in the current environment.

The Real Rate Report is powered by Wolters Kluwer's ELM Solutions LegalVIEW® data warehouse, the world's largest source of legal performance benchmark data, which has grown to include over \$140 billion in anonymized legal data.

As with past Real Rate Reports, all of the data analyzed are from corporations' and law firms' e-billing and time management solutions. We have included lawyer and paralegal rate data filtered by specific practice and sub-practice areas, metropolitan areas, and types of matters to give legal departments and law firms greater ability to pinpoint areas of opportunity.

So far, 2020 has been an unprecedented year with the global pandemic causing disruption to health, economies, and society. Many industry sectors have been impacted by COVID-19, and the legal industry is no exception. Our business intelligence experts have observed downward but uneven trends in law firm billing activity and intend to continue to track the legal industry response. We strive to make the Real Rate Report a valuable and actionable reference tool for legal departments and law firms.

In our current environment, the need for a reliable and comparative data source for rates has never been more important. As always, we welcome your comments and suggestions on what information would make this publication more valuable to you. We thank you for making Wolters Kluwer's ELM Solutions your trusted partner for legal industry domain expertise, data, and analytics and look forward to continuing to provide market-leading, expert solutions that deliver the best business outcomes for collaboration among legal departments and law firms.

Sincerely,



Jonah Paransky

Executive Vice President and General Manager
Wolters Kluwer's ELM Solutions

Report Use Considerations

2020 Mid-Year Real Rate Report

- Examines law firm rates over time
- Itemizes rates by location, experience, firm size, areas of expertise, industry, and timekeeper role (i.e., partner, associate, and paralegal)
- Identifies variables that drive rates up or down

All the analyses included in the report derive from the actual rates charged by law firm professionals as recorded on invoices submitted and approved for payment.

Examining real, approved rate information, along with the ranges of those rates and their changes over time, highlights the role these variables play in driving aggregate legal cost and income. The analyses can energize questions for both corporate clients and law firm principals.

Clients might ask whether they are paying the right amount for different types of legal services, while law firm principals might ask whether they are charging the right amount for legal services and whether to modify their pricing approach.

Some key factors¹ that drive rates²:

- **Geographic location** - Lawyers in urban and major metropolitan areas tend to charge more when compared with lawyers in rural areas or small towns.
- **Degree of difficulty** - The cost of representation will be higher if the case is particularly complex or time-consuming; for example, if there are a large number of documents to review, many witnesses to depose, and numerous procedural steps, the case is likely to cost more (regardless of other factors like the lawyer's level of experience).
- **Experience and reputation** - A more experienced, higher-profile lawyer is often going to charge more, but absorbing this higher cost at the outset may make more sense than hiring a less expensive lawyer who will likely take time and billable hours to come up to speed on unfamiliar legal and procedural issues.
- **Overhead** - The costs associated with the firm's support network (paralegals, clerks, and assistants), document preparation, consultants, research, and other expenses.

Additional analysis was performed to examine the impact of rates on law firm invoices relative to an e-billing providers' business model. It should be noted that there are several industry-standard business models that e-billing providers use to charge law firms and other legal service providers to submit invoices and perform other transactions through their systems. The three main model types are:

- Client pay, where the corporate client pays a subscription for the matter and spend solution.
- Law firm pay, where the law firm pays a subscription or usage fee based on the invoices submitted.
- Hybrid, which is a combination of a client pay and law firm pay.

¹ Source: 2018 RRR. Factor order validated in multiple analyses since 2010

² David Goguen, J.D., University of San Francisco School of Law (2017) Guide to Legal Services Billing Retrieved from <https://www.lawyers.com/legal-info/research/guide-to-legal-services-billing-rates.html>

Report Use Considerations

The data shows that the law firm pay model has become normative in the industry – 85%+ of Wolters Kluwer's ELM Solutions clients' law firms participate in a law firm pay or hybrid model. In addition, 99% of the Am Law 200 law firms participate in at least one law firm pay model paying 1% or more on the invoices submitted, and 97% of the Am Law 200 pay 2%.

The analysis performed then examined law firm rates from firms who participated in one of those law firm pay/hybrid models versus those who are in a client pay model. The analysis showed no statistical difference in rates, suggesting that the business model that the firm participates in does not impact the rates the firm charges to their corporate client.

Effects of COVID-19

Additional analyses were performed to assess any trends and potential effects of COVID-19 on rates and other measures. Across all industries, we see a decline of 7% in the number of new matters being opened. Legal spend is down 5%. Activity varies by industry with spend decreasing only 1% in the technology sector but up to 30% for consumer services.

In some instances, we see more than expected increases in attorney rates. Among the possible reasons for this are:

- Potential opportunistic billing created by the pandemic. Dislocations in the supply chain in some segments of the market which allow firms to charge more for services.
- Law firms may have reduced staff to cut expenses. The data in the mid-year report shows a slight increase in the number of billing partners and a decrease in billing paralegals. Be on guard for opportunistic pricing and weigh your outside counsel relationships accordingly.

Overall, the data in the 2020 Mid-Year Real Rate Report provides corporate counsel with an understanding of the rates they can expect to pay for a given matter type, division, industry, or practice area and offers in-depth analyses on key drivers of rates to help make informed selection decisions. For law firms, it provides a relative benchmark to ensure that pricing for legal services remains competitive.

Wolters Kluwer's ELM Solutions research shows: you can evaluate these rates with confidence they are not affected by e-billing pricing models; you should stay sensitized to potential Covid influences on rates and activity in some markets and guard against overpaying.

Section I: High-Level Data Cuts

Cities

By Matter Type

Q2 2020 -- Real Rates for Partners and Associates

Trend Analysis (Mean)

City	Matter Type	Role	n	First Quartile	Median	Third Quartile	Q2 2020	Q2 2019	Q2 2018
New York City	Individual	Partner	49	\$317	\$400	\$483	\$413	\$419	\$386
		Associate	35	\$190	\$251	\$321	\$264	\$268	\$264
		Senior Associate	57	\$383	\$441	\$525	\$446	\$426	\$413
		Junior Associate	31	\$236	\$262	\$301	\$276	\$263	\$269
New York City	Firmwide	Partner	57	\$319	\$353	\$385	\$368	\$344	\$338
		Associate	57	\$135	\$225	\$251	\$202	\$236	\$182
	Firmwide	Senior Associate	28	\$297	\$353	\$483	\$375	\$347	\$350
New York City	Firmwide	Partner	11	\$281	\$300	\$378	\$350	\$292	\$312
		Associate	12	\$145	\$208	\$404	\$265	\$225	\$248
		Senior Associate	14	\$304	\$345	\$365	\$368	\$349	\$359
New York City	Firmwide	Partner	82	\$373	\$443	\$514	\$456	\$454	\$409
		Associate	80	\$275	\$308	\$340	\$306	\$294	\$270
		Senior Associate	109	\$385	\$430	\$532	\$458	\$445	\$443
		Junior Associate	100	\$225	\$277	\$320	\$283	\$279	\$259
New York City	Firmwide	Partner	15	\$150	\$150	\$150	\$170	\$170	\$206
		Associate	21	\$250	\$360	\$563	\$429	\$391	\$356
		Senior Associate	19	\$247	\$280	\$313	\$284	\$273	\$261
		Junior Associate	27	\$300	\$400	\$495	\$432	\$490	\$482
New York City	Firmwide	Partner	22	\$236	\$292	\$337	\$281	\$289	\$289
		Associate	11	\$235	\$250	\$250	\$272	\$286	\$268
New York City	Firmwide	Partner	14	\$215	\$250	\$362	\$297	\$251	\$269
		Associate	14	\$215	\$250	\$362	\$297	\$251	\$269
New York City	Firmwide	Partner	387	\$425	\$660	\$940	\$694	\$673	\$650
		Associate	478	\$350	\$535	\$740	\$548	\$524	\$501
		Senior Associate	583	\$564	\$795	\$1,085	\$837	\$803	\$771
		Junior Associate	834	\$432	\$605	\$794	\$629	\$608	\$595
New York City	Firmwide	Partner	17	\$301	\$349	\$391	\$351	\$348	\$340
		Associate	21	\$180	\$210	\$260	\$218	\$218	\$212
		Senior Associate	14	\$223	\$245	\$250	\$237	\$204	\$221
New York City	Firmwide	Partner	18	\$361	\$415	\$478	\$423	\$422	\$429
		Associate	16	\$290	\$365	\$425	\$360	\$344	\$351
		Senior Associate	20	\$285	\$321	\$357	\$327	\$337	\$349
		Junior Associate	12	\$195	\$213	\$225	\$215	\$235	\$229

Section I: High-Level Data Cuts

Cities

By Years of Experience

Q2 2020 -- Real Rates for Partners

Trend Analysis (Mean)

City	Years of Experience	n	First Quartile	Median	Third Quartile	Q2 2020	Q2 2019	Q2 2018
Alaska	0-10 Years	31	\$300	\$329	\$400	\$346	\$337	\$343
	11-20 Years	70	\$266	\$350	\$448	\$354	\$360	\$356
Arizona	0-10 Years	14	\$390	\$455	\$495	\$460	\$438	\$414
	11-20 Years	17	\$338	\$425	\$487	\$421	\$358	\$383
California	0-10 Years	39	\$424	\$502	\$730	\$561	\$525	\$482
	11-20 Years	19	\$275	\$300	\$425	\$363	\$359	\$345
Colorado	0-10 Years	73	\$502	\$675	\$828	\$691	\$673	\$652
	11-20 Years	78	\$533	\$795	\$973	\$787	\$664	\$667
Connecticut	0-10 Years	32	\$297	\$384	\$420	\$367	\$366	\$338
	11-20 Years	56	\$378	\$465	\$551	\$459	\$450	\$423
Delaware	0-10 Years	22	\$296	\$342	\$357	\$330	\$322	\$303
	11-20 Years	18	\$295	\$370	\$440	\$384	\$348	\$369
Florida	0-10 Years	11	\$300	\$325	\$460	\$384	\$333	\$360
	11-20 Years	51	\$328	\$396	\$440	\$386	\$369	\$353
Georgia	0-10 Years	68	\$411	\$500	\$600	\$511	\$500	\$449
	11-20 Years	18	\$250	\$475	\$675	\$485	\$491	\$452
Hawaii	0-10 Years	12	\$230	\$250	\$275	\$273	\$266	\$278
	11-20 Years	199	\$450	\$655	\$912	\$683	\$685	\$641
Idaho	0-10 Years	365	\$528	\$731	\$1,047	\$797	\$743	\$723
	11-20 Years	12	\$338	\$380	\$410	\$371	\$394	\$360
Illinois	0-10 Years	11	\$286	\$290	\$365	\$317	\$303	\$311
	11-20 Years	17	\$325	\$400	\$425	\$373	\$368	\$371
Indiana	0-10 Years	44	\$375	\$508	\$615	\$479	\$471	\$390
	11-20 Years	107	\$350	\$546	\$726	\$541	\$530	\$482
Iowa	0-10 Years	20	\$260	\$343	\$439	\$410	\$372	\$366
	11-20 Years	36	\$378	\$458	\$611	\$516	\$407	\$402
Kansas	0-10 Years	60	\$416	\$520	\$599	\$506	\$465	\$430
	11-20 Years	120	\$399	\$605	\$743	\$590	\$582	\$493
Kentucky	0-10 Years	22	\$360	\$409	\$457	\$398	\$361	\$353
	11-20 Years	43	\$418	\$457	\$514	\$456	\$433	\$438
Louisiana	0-10 Years	34	\$301	\$348	\$442	\$367	\$341	\$327
	11-20 Years	48	\$290	\$360	\$463	\$376	\$362	\$336
Maine	0-10 Years	514	\$630	\$1,010	\$1,273	\$965	\$939	\$889
	11-20 Years	1126	\$598	\$949	\$1,330	\$977	\$964	\$929

Section I: High-Level Data Cuts

Cities

By Years of Experience

Q2 2020 -- Real Rates for Associates

Trend Analysis (Mean)

City	Years of Experience	n	First Quartile	Median	Third Quartile	Q2 2020	Q2 2019	Q2 2018
ALABAMA	Less Than 1 Year	25	\$272	\$300	\$325	\$295	\$290	\$247
	1-4 Years	29	\$269	\$295	\$311	\$295	\$277	\$271
	5-9 Years	17	\$250	\$288	\$330	\$285	\$282	\$286
ALASKA	Less Than 1 Year	47	\$397	\$476	\$581	\$483	\$479	\$455
	1-4 Years	138	\$395	\$565	\$699	\$557	\$510	\$462
	5-9 Years	207	\$350	\$536	\$811	\$585	\$573	\$549
ARIZONA	Less Than 1 Year	20	\$265	\$325	\$350	\$336	\$339	\$279
	1-4 Years	39	\$240	\$381	\$491	\$383	\$373	\$306
	5-9 Years	16	\$256	\$294	\$315	\$299	\$284	\$285
ARKANSAS	Less Than 1 Year	16	\$295	\$364	\$403	\$354	\$361	\$435
	1-4 Years	26	\$312	\$355	\$418	\$368	\$363	\$321
	5-9 Years	29	\$295	\$378	\$508	\$379	\$384	\$331
CALIFORNIA	Less Than 1 Year	18	\$225	\$266	\$297	\$268	\$259	\$257
	1-4 Years	20	\$226	\$253	\$305	\$261	\$244	\$236
	5-9 Years	22	\$238	\$325	\$369	\$304	\$276	\$234
COLORADO	Less Than 1 Year	153	\$385	\$513	\$647	\$536	\$501	\$517
	1-4 Years	286	\$404	\$589	\$826	\$613	\$586	\$549
	5-9 Years	564	\$410	\$693	\$945	\$697	\$702	\$678
CONNECTICUT	Less Than 1 Year	16	\$281	\$305	\$348	\$326	\$304	\$276
	1-4 Years	60	\$300	\$325	\$395	\$342	\$329	\$339
	5-9 Years	158	\$305	\$355	\$430	\$378	\$363	\$338
DELAWARE	Less Than 1 Year	170	\$310	\$450	\$514	\$449	\$429	\$397
	1-4 Years	11	\$213	\$275	\$315	\$275	\$236	\$278
	5-9 Years	21	\$251	\$335	\$393	\$320	\$297	
FLORIDA	Less Than 1 Year	36	\$275	\$355	\$425	\$345	\$327	\$317
	1-4 Years	40	\$265	\$356	\$474	\$372	\$349	\$335
	5-9 Years	14	\$251	\$285	\$309	\$277	\$264	\$299
GEORGIA	Less Than 1 Year	45	\$293	\$336	\$388	\$336	\$310	\$321
	1-4 Years	51	\$332	\$415	\$458	\$389	\$359	\$366
	5-9 Years	15	\$350	\$417	\$450	\$393	\$381	\$330
HAWAII	Less Than 1 Year	15	\$200	\$224	\$245	\$222	\$203	\$185
	1-4 Years	11	\$231	\$290	\$378	\$314	\$324	\$313
	5-9 Years	33	\$288	\$365	\$545	\$412	\$419	\$453

EXHIBIT F

PEER MONITOR

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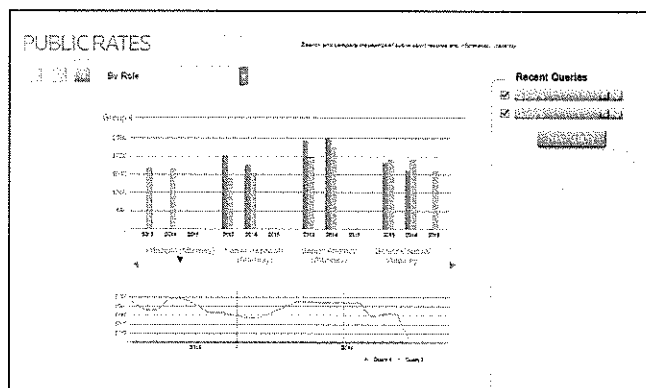
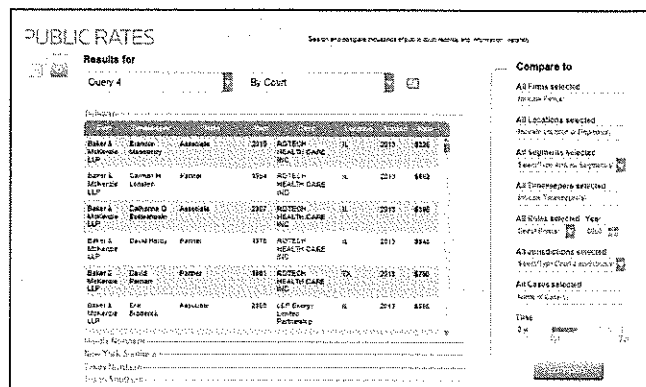
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- Role
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- Case
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California Rates (January–May 2018)

Title	Professional	Firm	Graduated	Admitted	State	Rate	Hours	Total
Partner	David M. Nemecek	Kirkland & Ellis LLP	2003	2003	CA	\$1,395	2.4	\$3,348.00
Partner	Leslie A. Plaskon	Paul Hastings LLP	1988	1988	CA	\$1,275	260	\$331,500.00
Partner	Thomas B. Walper	Munger Tolles & Olson LLC	1980	1980	CA	\$1,225	166.7	\$204,207.50
Partner	Jeffrey B Greenberg	Latham & Watkins LLP	1996	1996	CA	\$1,175	3.3	\$3,877.50
Partner	Mark E. McKane	Kirkland & Ellis LLP	1997	1997	CA	\$1,175	79.1	\$92,942.50
Partner	Paul D Tanaka	Kirkland & Ellis LLP	2003	2003	CA	\$1,145	1.1	\$1,259.50
Partner	Annie Kim	Proskauer Rose LLP	2004	2004	CA	\$1,125	22.1	\$24,862.50
Partner	Jonathan Benloulou	Proskauer Rose LLP	2006	2006	CA	\$1,125	2.9	\$3,262.50
Partner	Robert J Frances	Latham & Watkins LLP	2001	2001	CA	\$1,125	1.7	\$1,912.50
Partner	Dean A. Ziehl	Pachulski Stang Ziehl Young Jones &	1978	1978	CA	\$1,050	73.3	\$76,965.00
Partner	James I. Stang	Pachulski Stang Ziehl Young Jones &	1980	1980	CA	\$1,050	111.4	\$116,970.00
Partner	Alan J. Kornfeld	Pachulski Stang Ziehl Young Jones &	1987	1987	CA	\$1,025	78.9	\$80,872.50
Partner	Stephen D. Rose	Munger Tolles & Olson LLC	1991	1991	CA	\$1,025	63.9	\$65,497.50
Partner	Unger Sean	Paul Hastings LLP	2004	2004	CA	\$1,025	103.2	\$105,780.00
Partner	Stefanie I Gitler	Kirkland & Ellis LLP	2009	2009	CA	\$995	225.1	\$223,974.50
Partner	Tate Eric A.	Morrison & Foerster LLP	1995	1995	CA	\$990	0.3	\$297.00
Partner	Michael Esser	Kirkland & Ellis LLP	2009	2009	CA	\$965	542.6	\$523,609.00
Associate	Campbell Gavin	Kirkland & Ellis LLP	2012	2012	CA	\$950	227.7	\$216,315.00
Partner	David M. Bertenthal	Pachulski Stang Ziehl Young Jones &	1993	1989	CA	\$950	107.7	\$102,315.00
Associate	Olsen Katrina	Kirkland & Ellis LLP	2014	2014	CA	\$950	4.6	\$4,370.00
Partner	Janie F. Schulman	Morrison & Foerster LLP	1987	1987	CA	\$925	0.2	\$185.00
Associate	Jacob Johnston	Kirkland & Ellis LLP	2013	2013	CA	\$905	5	\$4,525.00
Partner	Kenneth H. Brown	Pachulski Stang Ziehl Young Jones &	1981	1977	CA	\$895	5.9	\$5,280.50
Partner	Kevin S. Allred	Munger Tolles & Olson LLC	1986	1986	CA	\$875	209.7	\$183,487.50
Partner	Knudsen Erik G.	Morrison & Foerster LLP	2007	2007	CA	\$875	269.4	\$235,725.00
Counsel	Adam Lin	Orrick, Herrington & Sutcliffe LLP	2004	2004	CA	\$850	3	\$2,550.00
Associate	Austin Klar	Kirkland & Ellis LLP	2013	2013	CA	\$845	173	\$146,185.00
Associate	Michael Saretsky	Kirkland & Ellis LLP	2015	2015	CA	\$835	237.2	\$198,062.00
Of Counsel	Harry D. Hochman	Pachulski Stang Ziehl Young Jones &	1987	1987	CA	\$825	69.1	\$57,007.50
Of Counsel	Lloyd W. Aubry	Morrison & Foerster LLP	1975	1975	CA	\$825	1.6	\$1,320.00
Partner	Seth Goldman	Munger Tolles & Olson LLC	2002	2002	CA	\$825	260.5	\$214,912.50
Of Counsel	Victoria A. Newmark	Pachulski Stang Ziehl Young Jones &	1996	1996	CA	\$825	1.6	\$1,320.00
Of Counsel	Yana S. Johnson	Morrison & Foerster LLP	1999	1999	CA	\$825	3.2	\$2,640.00
Associate	Austin Klar	Kirkland & Ellis LLP	2013	2013	CA	\$810	23.3	\$18,873.00
Associate	Cynthia Castillo	Kirkland & Ellis LLP	2015	2015	CA	\$810	178.8	\$144,828.00
Associate	Kevin Chang	Kirkland & Ellis LLP	2014	2014	CA	\$810	8.4	\$6,804.00
Of Counsel	Nardali Ali U.	Morrison & Foerster LLP	2008	2008	CA	\$795	4.4	\$3,498.00
Associate	Ramin Montazeri	Latham & Watkins LLP	2016	2016	CA	\$795	10.9	\$8,665.50
Associate	Lee Muhyung	Proskauer Rose LLP	2015	2015	CA	\$780	37.5	\$29,250.00
Of Counsel	Jeffrey L. Kandel	Pachulski Stang Ziehl Young Jones &	1984	1984	CA	\$750	10.7	\$8,025.00
Of Counsel	Bradley R. Schneider	Munger Tolles & Olson LLC	2004	2004	CA	\$735	88.9	\$65,341.50
Associate	Curtis Kelly M	Proskauer Rose LLP	2016	2016	CA	\$730	39.6	\$28,908.00
Associate	Cynthia Castillo	Kirkland & Ellis LLP	2015	2015	CA	\$725	30.3	\$21,967.50
Associate	Joanna A Gorska	Latham & Watkins LLP	2014	2014	CA	\$725	2.4	\$1,740.00
Counsel	Elissa A. Wagner	Pachulski Stang Ziehl Young Jones &	2001	2001	CA	\$695	5	\$3,475.00
Associate	Benjamin Butterfield	Morrison & Foerster LLP	2014	2014	CA	\$660	883.2	\$582,912.00
Partner	David M. Eaton	Kilpatrick Townsend & Stockton LLP	1996	1996	CA	\$660	5.3	\$3,498.00
Associate	Ankur Sharma	Kirkland & Ellis LLP	2016	2016	CA	\$645	16.4	\$10,578.00
Associate	Maxwell Coll	Kirkland & Ellis LLP	2016	2016	CA	\$630	15	\$9,450.00
Associate	Brashears Travis C	Proskauer Rose LLP	2016	2016	CA	\$595	8.3	\$4,938.50
Associate	Sadeghi Sam	Paul Hastings LLP	2016	2016	CA	\$585	22.9	\$13,396.50
Associate	Jenny Pierce	Kirkland & Ellis LLP	2016	2016	CA	\$555	1.2	\$666.00
Associate	Meg A Webb	Kirkland & Ellis LLP	2017	2017	CA	\$555	1.4	\$777.00

Associate	Peter E. Boos	Munger Tolles & Olson LLC	2014	2014	CA	\$550	88.05	\$48,427.50
Associate	Floyd Amani Solange	Morrison & Foerster LLP	2014	2014	CA	\$540	3.9	\$2,106.00
Associate	Glock Jana	Morrison & Foerster LLP	2015	2015	CA	\$540	22.2	\$11,988.00
Associate	Kerry C. Jones	Morrison & Foerster LLP	2014	2014	CA	\$540	11.5	\$6,210.00
Associate	Roumiantseva Dina	Morrison & Foerster LLP	2014	2014	CA	\$540	5	\$2,700.00
Associate	Scheinok Brittany	Morrison & Foerster LLP	2015	2015	CA	\$485	27.2	\$13,192.00
Associate	Coleman Matthew	Ropes & Gray LLP	2014	2014	CA	\$450	2.5	\$1,125.00
Associate	Tobyn Yael Aaron	Morrison & Foerster LLP	2016	2016	CA	\$435	26.4	\$11,484.00

California Rates (June–December 2018)

Title	Professional	Firm	Graduated	Admitted	State	Rate	Hours	Total
Partner	Kenneth Klee	Klee, Tuchin, Bogdanoff & Stern, LLP	1975	1974	CA	\$1,475	46.4	\$68,440.00
Partner	Eric Reimer	Milbank Tweed Hadley & McCloy LLP	1987	1987	CA	\$1,465	7.9	\$11,573.50
Partner	Gregory A. Bray	Milbank Tweed Hadley & McCloy LLP	1984	1984	CA	\$1,465	234.1	\$342,956.50
Partner	Madden P.C. Rick C	Kirkland & Ellis LLP	1995	1995	CA	\$1,445	31.2	\$45,084.00
Partner	David M. Nemecek	Kirkland & Ellis LLP	2003	2003	CA	\$1,395	2.4	\$3,348.00
Partner	Browning P.C. Marc D	Kirkland & Ellis LLP	1998	1998	CA	\$1,375	4.2	\$5,775.00
Partner	Isaac M Pachulski	Pachulski Stang Ziehl Young Jones &	2014	2014	CA	\$1,295	0.7	\$906.50
Partner	Walker Elizabeth W	Sidley Austin LLP	1984	1984	CA	\$1,250	3.7	\$4,625.00
Partner	David Stern	Klee, Tuchin, Bogdanoff & Stern, LLP	1975	1975	CA	\$1,245	67.4	\$83,913.00
Partner	Michael Tuchin	Klee, Tuchin, Bogdanoff & Stern, LLP	1990	1990	CA	\$1,245	191.1	\$237,919.50
Partner	Richard M. Pachulski	Pachulski Stang Ziehl Young Jones &	1979	1979	CA	\$1,245	274.7	\$342,001.50
Partner	Dennis Arnold	Gibson Dunn & Crutcher, LLP	1976	1975	CA	\$1,210	65.2	\$78,892.00
Partner	Cromwell Montgomery	Gibson Dunn & Crutcher, LLP	1997	1997	CA	\$1,205	0.9	\$1,084.50
Partner	Oscar Garza	Gibson Dunn & Crutcher, LLP	1990	1990	CA	\$1,205	116.1	\$139,900.50
Partner	Austin V Schwing	Gibson Dunn & Crutcher, LLP	2000	2000	CA	\$1,155	0.7	\$808.50
Partner	Douglas Michael Fuchs	Gibson Dunn & Crutcher, LLP	2007	2007	CA	\$1,155	53.5	\$61,792.50
Partner	Annie Kim	Proskauer Rose LLP	2004	2004	CA	\$1,125	11.6	\$13,050.00
Partner	Jonathan Benloulou	Proskauer Rose LLP	2006	2006	CA	\$1,125	2.9	\$3,262.50
Partner	James I. Stang	Pachulski Stang Ziehl Young Jones &	1980	1980	CA	\$1,095	63.4	\$69,423.00
Partner	Farshad E. More	Gibson Dunn & Crutcher, LLP	2003	2003	CA	\$1,080	0.8	\$864.00
Partner	Jesse I. Shapiro	Gibson Dunn & Crutcher, LLP	2000	2000	CA	\$1,080	10.9	\$11,772.00
Partner	David Fidler	Klee, Tuchin, Bogdanoff & Stern, LLP	1998	1997	CA	\$1,075	237.9	\$255,742.50
Special	Brian Stern	Milbank Tweed Hadley & McCloy LLP	2003	2003	CA	\$1,065	7.5	\$7,987.50
Special	Haig Maghakian	Milbank Tweed Hadley & McCloy LLP	2002	2002	CA	\$1,065	264.8	\$282,012.00
Partner	Jesse A. Cripps Jr.	Gibson Dunn & Crutcher, LLP	2011	2011	CA	\$1,045	16.2	\$16,929.00
Partner	Mehta Anjna	Kirkland & Ellis LLP	2000	2000	CA	\$1,045	10.9	\$11,390.50
Of Counsel	Richard J. Gruber	Pachulski Stang Ziehl Young Jones &	1982	1982	CA	\$1,025	9.1	\$9,327.50
Partner	Samuel Newman	Gibson Dunn & Crutcher, LLP	2001	2001	CA	\$1,010	326.5	\$329,765.00
Partner	Debra I. Grassgreen	Pachulski Stang Ziehl Young Jones &	1992	1992	CA	\$995	15.7	\$15,621.50
Associate	Jessica Dombroff	Milbank Tweed Hadley & McCloy LLP	2009	2009	CA	\$995	13.3	\$13,233.50
Partner	Katherine V.A Smith	Gibson Dunn & Crutcher, LLP	2015	2015	CA	\$995	0.6	\$597.00
Partner	Matthew B Dubeck	Gibson Dunn & Crutcher, LLP	2017	2017	CA	\$995	44.1	\$43,879.50
Partner	Robert J. Pfister	Klee, Tuchin, Bogdanoff & Stern, LLP	2001	2001	CA	\$995	123.3	\$122,683.50
Partner	David M. Bertenthal	Pachulski Stang Ziehl Young Jones &	1993	1989	CA	\$975	6.5	\$6,337.50
Partner	Jeffrey N. Pomerantz	Pachulski Stang Ziehl Young Jones &	1989	1989	CA	\$975	66.5	\$64,837.50
Associate	Campbell Gavin	Kirkland & Ellis LLP	2012	2012	CA	\$950	336.5	\$319,675.00
Partner	Henry C. Kevane	Pachulski Stang Ziehl Young Jones &	1986	1986	CA	\$950	4.8	\$4,560.00
Associate	Olsen Katrina	Kirkland & Ellis LLP	2014	2014	CA	\$950	4.6	\$4,370.00
Partner	Stanley E. Goldich	Pachulski Stang Ziehl Young Jones &	1980	1980	CA	\$925	7	\$6,475.00
Associate	Najeh Baharun	Milbank Tweed Hadley & McCloy LLP	2013	2013	CA	\$910	28.3	\$25,753.00
Partner	David M. Guess	Klee, Tuchin, Bogdanoff & Stern, LLP	2005	2005	CA	\$895	84.5	\$75,627.50
Partner	Maria Sountas	Klee, Tuchin, Bogdanoff & Stern, LLP	2006	2006	CA	\$895	23.2	\$20,764.00
Partner	Whitman L. Holt	Klee, Tuchin, Bogdanoff & Stern, LLP	2005	2005	CA	\$895	54.7	\$48,956.50
Associate	Allison Balick	Gibson Dunn & Crutcher, LLP	2009	2009	CA	\$875	5.4	\$4,725.00
Associate	Caldon Brendan W	Kirkland & Ellis LLP	2007	2007	CA	\$875	1.5	\$1,312.50
Associate	Daniel B. Denny	Gibson Dunn & Crutcher, LLP	2005	2005	CA	\$875	436.1	\$381,587.50
Associate	Douglas G. Levin	Gibson Dunn & Crutcher, LLP	2009	2009	CA	\$875	205.2	\$179,550.00
Associate	Genevieve G. Weiner	Gibson Dunn & Crutcher, LLP	2007	2007	CA	\$875	93.7	\$81,987.50
Partner	Maxim B. Litvak	Pachulski Stang Ziehl Young Jones &	1997	1997	CA	\$875	89.6	\$78,400.00
Associate	Melissa Leigh Barshop	Gibson Dunn & Crutcher, LLP	2006	2006	CA	\$875	5	\$4,375.00
Associate	Jonathan Schaeffer	Gibson Dunn & Crutcher, LLP	2016	2016	CA	\$860	1.9	\$1,634.00
Partner	Joshua M. Fried	Pachulski Stang Ziehl Young Jones &	1995	1995	CA	\$850	74.1	\$62,985.00
Of Counsel	Gurue Julian I	Klee, Tuchin, Bogdanoff & Stern, LLP	2007	2007	CA	\$825	39.3	\$32,422.50

Associate	Ian T. Long	Gibson Dunn & Crutcher, LLP	2015	2015 CA	\$820	140	\$114,800.00
Associate	Goldberg Zachary	Milbank Tweed Hadley & McCloy LLP	2016	2016 CA	\$790	162.4	\$128,296.00
Associate	Lee Muhyung	Proskauer Rose LLP	2015	2015 CA	\$780	28.2	\$21,996.00
Partner	Jamie L. Edmonson	Venable LLP	1996	1996 CA	\$765	180.3	\$137,929.50
Associate	Tiffany X. Phan	Gibson Dunn & Crutcher, LLP	2013	2013 CA	\$760	8.7	\$6,612.00
Of Counsel	Erin Gray	Pachulski Stang Ziehl Young Jones &	1992	1991 CA	\$750	9.9	\$7,425.00
Partner	Justin D. Yi	Klee, Tuchin, Bogdanoff & Stern, LLP	2009	2009 CA	\$750	3.9	\$2,925.00
Associate	Chapple Catherine L.	Morrison & Foerster LLP	2012	2012 CA	\$725	4	\$2,900.00
Associate	Jonathan M. Weiss	Klee, Tuchin, Bogdanoff & Stern, LLP	2012	2012 CA	\$725	195.4	\$141,665.00
Of Counsel	William Ramseyer	Pachulski Stang Ziehl Young Jones &	1980	1980 CA	\$725	18.8	\$13,630.00
Associate	Sarah A. Carnes	Cooley LLP	2014	2014 CA	\$710	146.1	\$103,731.00
Associate	Latta R T	Jones Day	2011	2011 CA	\$700	194.5	\$136,150.00
Associate	Samuel M. Kidder	Klee, Tuchin, Bogdanoff & Stern, LLP	2012	2012 CA	\$675	88.6	\$59,805.00
Associate	Thomas H Alexander	Gibson Dunn & Crutcher, LLP	2015	2015 CA	\$660	23.7	\$15,642.00
Associate	Sasha M. Gurvitz	Klee, Tuchin, Bogdanoff & Stern, LLP	2014	2014 CA	\$625	114.9	\$71,812.50
Associate	Robert J. Smith	Klee, Tuchin, Bogdanoff & Stern, LLP	2016	2016 CA	\$600	35.8	\$21,480.00
Associate	Brashears Travis C	Proskauer Rose LLP	2016	2016 CA	\$595	8.3	\$4,938.50
Associate	Matthew S Coe-Odess	Gibson Dunn & Crutcher, LLP	2016	2016 CA	\$595	16.9	\$10,055.50
Associate	Katherine A Lau	Gibson Dunn & Crutcher, LLP	2017	2017 CA	\$525	97.7	\$51,292.50
Associate	Tran J L	Jones Day	2015	2015 CA	\$525	60.2	\$31,605.00
Associate	Nicholas A. Koffroth	Venable LLP	2012	2012 CA	\$515	94.9	\$48,873.50
Associate	Liu R Q	Jones Day	2015	2015 CA	\$475	34.2	\$16,245.00
Associate	Stuart B W	Jones Day	2013	2013 CA	\$475	208.6	\$99,085.00
Associate	Doyle A M	Jones Day	2017	2017 CA	\$450	6.5	\$2,925.00
Associate	Udenka Honieh	Brown Rudnick LLP	2017	2017 CA	\$375	1	\$375.00

EXHIBIT 3

BENJAMIN ARMSTRONG

3445 D Street, Lincoln, NE 68510

(402) 217-0067

barmstro11@gmail.com

EDUCATION AND PROFESSIONAL ORGANIZATIONS

Bachelor of Arts in Actuarial Science, University of Nebraska - Lincoln. Cumulative GPA: 3.9

Fellow, Casualty Actuarial Society (FCAS)

Member, American Academy of Actuaries (MAAA)

PROFESSIONAL EXPERIENCE

Consumer Watchdog – Los Angeles, CA (remote)

Staff Actuary, 2023 - Present

- Analyze insurer rate filings for accuracy and actuarial soundness, producing independent rate indications as applicable. Participate in rate negotiations between insurers and the California Department of Insurance.
- Prepare actuarial portions of requests for information submitted to insurers to aid in analysis.
- Perform ad hoc research tasks on topics such as catastrophe modeling in insurance ratemaking.

Markel Corporation – Richmond, VA and Omaha, NE (remote hybrid)

Senior Actuary, 2022 - 2023

- Began working 50% on workers' comp duties described below and 50% on reinsurance, including quarterly reserve reviews on a variety of QS and XOL lines of business and presentation of results to executives.
- Led a data visualization optimization team and organized the presentation of their projects to the department. Led an initiative to enhance visibility of the Actuarial department within the company, including development and dissemination of a quarterly newsletter highlighting departmental achievements.

Markel Corporation Workers' Comp Division - Omaha, NE (remote hybrid)

Senior Actuarial Analyst, 2017 - 2022

- In addition to the duties of the previous role, performed an in-depth annual analysis of workers' comp excess-of-loss pricing indications based on internal and industry data.
- Performed extensive data quality testing and troubleshooting during a years-long data migration project.
- Worked closely with external auditors to assess the effectiveness of SOX data quality controls.
- Assumed a key role in the research, selection, development, and implementation of a new software tool for use across the corporation's numerous lines of business. Provided training and support for the entire actuarial department on that new software.
- Assisted with the official response to a significant legal challenge, including preparation of remarks delivered by the Chief Actuary and direct collaboration with internal and external legal counsel.

Actuarial Analyst, 2012 - 2017

- Performed pricing work such as rate indications, rate filings, regulatory compliance support, correspondence with state regulators, and class/territory rate deviation analyses.
- Prepared reports for management on various key metrics, including production, pricing target variances, renewal rate monitors, loss experience, large claim activity, and claim frequency trends.
- Researched workers' comp industry experience and market trends using a variety of sources, such as rating bureau databases, S&P Global Market Intelligence, and state Departments of Insurance.
- Compiled data for the annual statement and worked directly with the statutory reporting team to ensure completeness and accuracy.
- Performed quarterly reserving analyses including data updates, review of loss development patterns, ceded loss analysis, and presented results to an executive audience both in person and virtually.

EXHIBIT 4

1 Harvey Rosenfield, SBN 123082
2 Pamela Pressley, SBN 180362
3 Benjamin Powell, SBN 311624
4 CONSUMER WATCHDOG
5 6330 San Vicente Blvd., Suite 250
6 Los Angeles, CA 90048
7 Tel. (310) 392-0522
8 Fax (310) 392-8874
9 harvey@consumerwatchdog.org
10 pam@consumerwatchdog.org
11 ben@consumerwatchdog.org

12 Attorneys for CONSUMER WATCHDOG

13
14 BEFORE THE INSURANCE COMMISSIONER
15 OF THE STATE OF CALIFORNIA

16 In the Matter of the Rate Application of
17
18 Allstate Insurance Company,
19
20 Applicant.

File No.: PA-2023-00011

21
22 **DECLARATION OF ALLAN I. SCHWARTZ IN**
23 **SUPPORT OF CONSUMER WATCHDOG'S**
24 **REQUEST FOR COMPENSATION**
25
26
27
28

1 I, Allan I. Schwartz, declare:

2 1. I am an actuary with over 40 years consulting actuarial experience currently employed
3 by and President of AIS Risk Consultants, Inc., an actuarial consulting firm I founded in 1984, located
4 in Freehold, New Jersey. I have provided actuarial consulting services to Consumer Watchdog
5 (“CWD”) in this matter and numerous other Proposition 103 proceedings, administrative and civil, for
6 more than 20 years. This declaration is submitted in support of Consumer Watchdog’s Request for
7 Compensation. I have firsthand knowledge of the matters set forth herein, and if called as a witness, I
8 could and would testify competently to the facts stated in this declaration.

9 2. The type of survey of fees that CWD presented for legal services through the Declaration
10 of Richard M. Pearl in support of its Request for Compensation is not available for consulting actuarial
11 services, to the best of my knowledge. Reasons for this are discussed in ¶¶ 11–13 below. Given that
12 situation, other information will be provided to support the actuarial hourly rates used in CWD’s
13 Request for Compensation.

14 3. AIS Risk Consultants, Inc. has entered into agreements to provide actuarial services with
15 several entities in various places, including cities / states with medium and large populations, where the
16 applicable hourly rates for my work was \$955 in 2024 and \$915 in 2023.

17 4. AIS Risk Consultants, Inc. was compensated by these clients for work done by me at the
18 hourly rates of \$955 in 2024 and \$915 in 2023.

19 5. As mentioned above in ¶ 2, there are no public surveys of the hourly rates charged for
20 consulting actuarial services. Public information regarding the hourly rates charged for actuarial work
21 by specific actuaries is equally limited. One instance where such information is available is from an
22 administrative hearing in California in 2015–2016 concerning an application for a homeowners
23 insurance rate increase by State Farm General Insurance Company (“SFGIC”) (File No. PA-2015-
24 00004).¹ SFGIC’s expert witnesses in that case charged hourly rates of \$685 (Dr. David Appel) and
25 \$700 (Ms. Nancy Watkins). (See true and correct copies of excerpts of the testimony in that proceeding
26 attached as Exh. 1.) Nancy Watkins was based in San Francisco and Dr. Appel was based in New York
27

28 ¹ SFGIC made the filing in December 2014. The evidentiary portion of the hearing took place in 2015 to 2016. The Order Adopting the Revised Proposed Decision was dated November 6, 2016.

1 City, and both were with Milliman, Inc. Ms. Watkins and Dr. Appel have comparable experience to
2 mine. (See <https://us.milliman.com/en/consultants/watkins-nancy> and
3 <https://us.milliman.com/en/consultants/appel-david> with links to download bios.)² Consumer
4 Federation of California (“CFC”) also participated in that case as an intervenor and billed at an hourly
5 rate of \$650 for its two FCAS experts—Mr. Mark Priven and Ms. Nina Gau. (A true and correct copy
6 of CFC’s attorney declaration in support of its request for compensation in that matter is attached as
7 Exh. 2, which includes the hourly rates of Mr. Priven and Ms. Gau [at p. 10] and their CVs attached
8 thereto.) I have been an FCAS for a considerably longer period of time than either Mr. Priven or
9 Ms. Gau.³

10 6. My hourly rate for that proceeding was \$695. That \$695 value falls within the range of
11 the hourly rates used by other expert witnesses in that case with similar or less actuarial experience than
12 me. Consumer Watchdog requested compensation for my fees and expenses at that hourly rate. The
13 Commissioner approved my hourly rate in that case, notwithstanding State Farm’s objections, and
14 ordered compensation in full for my fees and expenses, finding “that the hourly rates requested for the
15 attorney, advocates and experts who worked on this matter are within the reasonable market range that
16 attorneys, advocates and experts with similar skills and experience in San Francisco and Los Angeles
17 charged in 2016....CW’s requested hourly rates are within the range of rates previously approved by the
18 Department for attorneys, and experts of similar professional background and experience in recent,
19 similar matters.” (Amended Decision Awarding Compensation to Consumer Watchdog, June 22, 2017,
20 *In the Matter of the Rate Application of State Farm General Insurance Company*, Prior Approval File
21 No. PA-2015-00004, p. 8; a true and correct copy of this decision is attached as Exh. 3.)

22 7. Adjusting a \$695 hourly rate in 2016 by 4.05% a year over a period of eight years gives a
23 value of \$955 in 2024 ($\$955 = \695×1.0405^8).⁴

24 ² I am a Fellow of the Casualty Actuarial Society (“FCAS”) and Dr. Appel has a Ph.D. These are
25 considered comparable educational achievements. I have been an FCAS since 1981 and Ms. Watkins
26 has been an FCAS since 1991. (This information is accessible at
<https://netforum.casact.org/eWeb/DynamicPage.aspx?webcode=CASActuaryDirectory>.)

27 ³ I have been an FCAS since 1981, Mr. Priven has been an FCAS since 1995, and Ms. Gau has been an
28 FCAS since 2009. (This information is accessible at
<https://netforum.casact.org/eWeb/DynamicPage.aspx?webcode=CASActuaryDirectory>.)

⁴ The regulations base the market rate on when the Commissioner issues a decision, not when the work
was performed. (See Cal. Code of Regs., tit. 10, § 2661.1(c).)

1 8. The Commissioner has awarded Consumer Watchdog compensation for my actuarial
2 consulting services based on my 2023 rate of \$915 per hour in prior proceedings (Decision Awarding
3 Compensation, July 12, 2023, *In the Matter of the Rate Applications of Farmers Insurance Exchange,*
4 *Fire Insurance Exchange, and Mid-Century Insurance Company*, File No. PA-2022-00007, p. 16;
5 Decision Awarding Compensation, Nov. 8, 2023, *In the Matter of the Rate Application of CSAA*
6 *Insurance Exchange*, File No. PA-2023-00004, p. 11). The Commissioner awarded Consumer Watchdog
7 compensation for my actuarial consulting services based on my 2022 hourly rate of \$870 in prior
8 proceedings (Decision Awarding Compensation, June 29, 2022, *In the Matter of the Rate Applications*
9 *of Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-Century Insurance Company*, File
10 No. PA-2021-00007, p. 10; Decision Awarding Compensation, March 8, 2023, *In the Matter of the*
11 *Rulemaking Hearing Re: Risk in Mitigation Plans and Wildfire Risk Models*, File Nos. REG-2020-
12 00015 and REG-2020-00016, pp. 25–26). My 2024 rate of \$955 per hour is an increase of 4.37% from
13 my 2023 rate of \$915 per hour.⁵ The Commissioner also awarded Consumer Watchdog compensation
14 for my actuarial consulting services based on my 2021 hourly rate of \$835 in three proceedings. In the
15 decisions awarding compensation in these matters issued in 2021 for work performed in 2020–2021, the
16 Commissioner found that the hourly rates requested for Consumer Watchdog’s attorneys and experts
17 were reasonable. (See Decision Awarding Compensation, Oct. 6, 2021, *In the Matter of the Rate*
18 *Applications of Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-Century Insurance*
19 *Company*, File No. PA-2020-00006, p. 10; Decision Awarding Compensation, Feb. 14, 2022, *In the*
20 *Matter of the Rate Application of Homesite Insurance Company of California*, File No. PA-2020-00003,
21 p. 9; Decision Awarding Compensation, Feb. 16, 2022, *In the Matter of the New Program Applications*
22 *of Farmers Insurance Exchange and Fire Insurance Exchange*, File No. PA-2020-00004, p. 9;⁶ true and
23 correct copies of these decisions are attached as Exh. 4.)⁷

24 9. I also have personal knowledge of some rates charged by expert witnesses in other
25 insurance litigation cases. My hourly rate is generally consistent with those other rates, being neither the

26 ⁵ The Consumer Price Index (“CPI”) for the first seven months of 2024 compared to the first seven
27 months of 2023 was an increase of 3.2%.

28 ⁶ The request for compensation decisions in the *Homesite* matter (File No. PA-2020-00003) and the
Farmers matter (File No. PA-2020-00004) also awarded Consumer Watchdog compensation for
actuarial services performed by my associate, Ms. Tollar, at the rate of \$380 per hour.

⁷ Ms. Tollar’s rate of \$430 per hour for 2024 is an increase of 3.61% from \$415 in 2023.

1 highest nor the lowest. Because of confidentiality and proprietary issues, discussed further below, I am
2 not able to provide more details regarding those other hourly rates.

3 10. In evaluating hourly rates, the regulation indicates that it should reflect the hourly rates
4 of “experts with similar experience, skill and ability.” While it is difficult to make an exact
5 comparison, I would like to point out some examples of my “experience, skill and ability.” I have over
6 40 years of consulting actuarial experience. I have also served as Assistant Commissioner of the New
7 Jersey Department of Insurance and as Chief Actuary for the North Carolina Department of Insurance. I
8 am a Fellow of the Casualty Actuarial Society, an actuarial designation earned by completing a
9 rigorous system of actuarial examinations, and also hold numerous professional designations from the
10 Insurance Institute of America. My CV is attached as Exh. 5. Three court proceedings where my work
11 was relied upon by the court, and which saved millions to hundreds of millions of dollars, are:

12 (i) *Cleveland v. Bur. of Workers’ Comp.*, 2018-Ohio-846, (ii) *Del. Comp. Rating Bureau, Inc. v. Ins.*
13 *Comm’r of Del.*, 2009 Del. Ch. LEXIS 133, and (iii) *State ex. rel. Comm’r of Ins. v. N.C. Rate Bureau*,
14 248 N.C. App. 602. Additionally, my actuarial consulting services to CWD in over 100 insurance rate
15 proceedings in California since 2003 alone have substantially contributed to over \$6 billion in savings
16 to consumers. Ms. Tollar assisted me in Proposition 103 rate matters in her time at AIS Risk
17 Consultants, Inc., beginning in 1999. Ms. Tollar’s CV is attached as Exh. 6.⁸

18 11. I previously mentioned the difficulty in obtaining a survey of consulting actuarial hourly
19 rates similar to that presented by CWD for legal fees. There are at least two reasons for this.

20 12. First, the hourly rates charged for consulting actuarial work are generally considered to
21 be proprietary and confidential. Exceptions could be when actuarial work involves court proceedings or
22 work paid for with public funds. However, that would be a small part of overall actuarial consulting.
23 Hence, obtaining a compilation of hourly rates for actuarial consulting is difficult.

24 13. Second, the number of actuaries providing consulting services is much smaller than the
25 number of lawyers performing work for which their fees would be disclosed. According to the Casualty
26 Actuarial Society, the number of consulting actuaries with locations in San Francisco and Los Angeles
27
28

⁸ Ms. Dwyer has similar experience to that of Ms. Tollar. Her CV is attached as Exh. 7.

1 are 12 in each city.⁹ Even expanding this to all of California gives a total of 73 actuaries.¹⁰ Segmenting
2 these by “experience, skill and ability” would lead to even smaller groups to choose from. For instance,
3 limiting the California number to FCAS would decrease the number from 73 to just 50.¹¹

4 14. AIS Risk Consultants’ billing records in this matter are attached to this declaration as
5 Exh. 8. The attached time records were maintained contemporaneously and reflect the actual time spent
6 and actual work performed by myself and others at AIS Risk Consultants.

7 15. In summary, the hourly rates billed by AIS Risk Consultants, Inc. are supported by
8 consulting agreements used by AIS Risk Consultants, Inc. elsewhere, are consistent with the limited
9 information available regarding the hourly charges by other insurance consultants with similar
10 experience doing this type of work, and are supported based upon the hourly rate approved by the
11 Commissioner in other cases.

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

14 Executed on September 6, 2024, at Freehold, New Jersey.

15 

16
17 _____
18 Allan I. Schwartz

19
20
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23
24
25
26 _____
27 ⁹ <https://netforum.casact.org/eWeb/DynamicPage.aspx?webcode=CASActuaryDirectory> (selecting for
28 employment type: “consultant” and city: “San Francisco” or “Los Angeles”, respectively); accessed
Jan. 9, 2024.

¹⁰ *Ibid.*

¹¹ *Ibid.*

EXHIBIT 1

FILED

SEP 21 2015

ADMINISTRATIVE HEARING BUREAU

ORIGINAL

1 Vanessa O. Wells (Bar No. 121279)
2 vanessa.wells@hoganlovells.com
3 Victoria C. Brown (Bar No. 117217)
4 victoria.brown@hoganlovells.com
5 HOGAN LOVELLS US LLP
6 4085 Campbell Avenue, Suite 100
7 Menlo Park, CA 94025
8 Tel: (650) 463-4000
9 Fax: (650) 463-4199

6 Michael J. Shepard (Bar No. 91281)
7 michael.shepard@hoganlovells.com
8 Christian E. Mammen (Bar No. 188454)
9 Chris.mammen@hoganlovells.com
10 HOGAN LOVELLS US LLP
11 3 Embarcadero Center, Suite 1500
12 San Francisco, CA 94111-4038
13 Tel: (415) 374-2300
14 Fax: (415) 374-2499

11 Attorneys for Applicant
12 STATE FARM GENERAL
13 INSURANCE COMPANY

13 BEFORE THE INSURANCE COMMISSIONER

14 OF THE STATE OF CALIFORNIA

15 In the Matter of the Rate Application of
16 STATE FARM GENERAL
17 INSURANCE COMPANY,
18 Applicant.

File No PA-2015-00004

PRE-FILED DIRECT TESTIMONY OF
EXPERT WITNESS DAVID APPEL IN
SUPPORT OF STATE FARM GENERAL
INSURANCE COMPANY RATE
APPLICATION

Hearing Date: November 16, 2015

28 HOGAN LOVELLS US
LLP
ATTORNEYS AT LAW
MENLO PARK

PRE-FILED DIRECT TESTIMONY OF DAVID APPEL, FILE NO. PA-2015-00004

05196

1 publication, and public speaking on issues of current interest in insurance economics. I also
2 served for twelve years, an Adjunct Professor of Economics at Rutgers University.

3 4. My curriculum vitae, listing my refereed publications and expert testimony, is included as
4 Exhibit DA-1 to this Prefiled Direct Testimony.

5
6 5. In addition to my academic and professional experience, I have also frequently served as an
7 expert witness in insurance rate proceedings or insurance related civil litigation. During the
8 course of my career I have testified in well over 100 such matters, including at least 25 in
9 the state of California. My testimony has covered a wide variety of issues, including such
10 diverse topics as the impact of economic and demographic factors on insurance costs; the
11 use of econometric and statistical models in insurance forecasting; and the use of modern
12 financial theory in developing insurance prices. This testimony has covered most of the
13 major lines of property casualty insurance, including automobile, homeowners, workers
14 compensation, medical malpractice, reinsurance, and title insurance. In addition, I have
15 served as an arbitrator on more than 25 occasions, as a member of the Panel of Neutrals of
16 the AAA and a Certified Arbitrator and Umpire with ARIAS, the international insurance
17 and reinsurance arbitration society.

18 6. I am being compensated for my work in this matter at my standard hourly rate of \$685. My
19 compensation does not depend in any way on the opinions I express or the outcome of this
20 case.

21
22 **II. NATURE OF ASSIGNMENT AND SUMMARY OF OPINIONS**

23 7. I have been asked to provide my analysis and opinions in connection with three specific
24 issues arising from the recent homeowners (HO) insurance rate filing made by State Farm
25 General Insurance Company (SFG). While I understand that there are other issues in dispute
26 between SFG and the California Department of Insurance (CDI), the questions I have been
27

1 Vanessa O. Wells (Bar No. 121279)
vanessa.wells@hoganlovells.com
2 Victoria C. Brown (Bar No. 117217)
victoria.brown@hoganlovells.com
3 HOGAN LOVELLS US LLP
4085 Campbell Avenue, Suite 100
4 Menlo Park, CA 94025
Tel: (650) 463-4000
5 Fax: (650) 463-4199

6 Michael J. Shepard (Bar No. 91281)
michael.shepard@hoganlovells.com
7 Christian E. Mammen (Bar No. 188454)
chris.mammen@hoganlovells.com
8 HOGAN LOVELLS US LLP
3 Embarcadero Center, Suite 1500
9 San Francisco, CA 94111-4038
Tel: (415) 374-2300
10 Fax: (415) 374-2499

11 Attorneys for Applicant
12 STATE FARM GENERAL
INSURANCE COMPANY

13 **BEFORE THE INSURANCE COMMISSIONER**

14 **OF THE STATE OF CALIFORNIA**

15 In the Matter of the Rate Application of
16 **STATE FARM GENERAL**
17 **INSURANCE COMPANY,**
18 Applicant.

File No PA-2015-00004

**PRE-FILED DIRECT TESTIMONY OF
EXPERT WITNESS NANCY WATKINS**

Hearing Date: November 16, 2015

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22 **PUBLIC REDACTED VERSION**
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ADMINISTRATIVE HEARING BUREAU

ORIGINAL

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- 1 residual market exposure. I presented the results of both analyses to a North Carolina
2 legislative panel.
- 3 • In 2010, I served on a panel of three actuaries appointed to conduct the resolution of a
4 dispute regarding a commutation of FHCF recoverables between a Florida insurance
5 company and the Florida State Board of Administration (SBA).
 - 6 • In 2012, Citizens hired me in support of their 2013 rate filings. I attended pre-filing
7 meetings between Citizens and the Florida Office of Insurance Regulation (OIR) and served
8 as an expert witness for Citizens' OIR rate hearing.
 - 9 • In 2013 I served as the actuarial thought leader on property pricing at a "National Cat
10 Solutions" roundtable organized by the Property Casualty Insurers Association of America
11 (PCI) and the Wharton School. Attendees included insurance commissioners, insurance
12 company executives, rating agency analysts, catastrophe modelers, reinsurers and brokers.
13 I am currently leading a joint work group including PCI members, regulators and actuaries
14 from the AAA Extreme Events Committee to draft a "Best Practices in Property
15 Ratemaking" document as one of the proposed solutions.
 - 16 • In 2014 I presented on assessing and integrating risk into actuarial practices at the Climate
17 Risk Forum. The forum was held at Stanford University, and co-sponsored by Stanford,
18 the California Insurance Commissioner, Risky Business project, AAA and Sandia National
19 Laboratories.
 - 20 • I have presented on Homeowners pricing and predictive modeling at professional
21 conferences such as the CAS Ratemaking & Product Management conference and the CAS
22 Spring Meeting.
- 23 8. I meet the Qualification Standards of the American Academy of Actuaries to render the
24 opinions contained herein.
- 25 9. My 2015 billable rate is \$700 per hour payable to Milliman, Inc. for my actuarial consulting
26 services, including expert witness support. My payment is not dependent on the outcome of
27 this matter.
- 28

EXHIBIT 2

Richard Holober
Douglas Heller
Aaron Lewis (SBN 285526)
CONSUMER FEDERATION OF CALIFORNIA
1107 9th Street, Suite 625
Sacramento, CA 95814
Tel.: 916-498-9608
Fax: 916-498-9611
holober@consumercal.org
douglasheller@ymail.com
alewis@consumercal.org

Attorneys and Advocates for CONSUMER FEDERATION OF CALIFORNIA

BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA

In the Matter of the Rates Application of
STATE FARM GENERAL INSURANCE
COMPANY,
Applicant.

File No. PA-2015-00004

**DECLARATION OF AARON LEWIS IN
SUPPORT OF CONSUMER
FEDERATION OF CALIFORNIA'S
REQUEST FOR COMPENSATION**

I, Aaron Lewis, declare:

1. I am over eighteen years of age and counsel for the Consumer Federation of California ("CFC") in this matter. This declaration is submitted in support of CFC's Request for Compensation in the above captioned matter. I have personal knowledge of the information set forth herein and, if called as a witness, I could and would testify competently to the facts stated in this declaration.

2. Consumer Federation of California is a California-based non-profit 501(c)(4) federation of individual consumer members and several organizational members that are comprised of California consumers, including consumer groups, senior citizen groups, labor and other organizations.

1 **Consumer Federation of California's Billed Hours Are Reasonable and in**
2 **Compliance with the Regulations**

3 3. Attached hereto as Attachment 1 are the true and correct billing records of CFC's
4 advocates and attorneys in this matter, including Douglas Heller, Richard Holober, and Aaron
5 Lewis.

6 4. Pursuant to 10 CCR section 2662.6, CFC has requested compensation at the
7 prevailing market rates. The Department of Insurance has consistently awarded, and rate
8 applicants have consistently paid, market hourly rates in fee awards.

9 5. I have reviewed the timesheets and believe that the hours expended were
10 reasonable and necessary in order to make the substantial contribution detailed in the Request for
11 Compensation.

12 6. Based upon the time-billing records of the entire team, CFC's advocates and
13 attorney spent 701.51 hours on this matter through December 5, 2016. For Compensation, the
14 hourly rates sought for each advocate and attorney are as follows: \$295 for Douglas Heller, \$250
15 for Richard Holober, and \$315 for Aaron Lewis, Esq. These rates comport with what I expect
16 would be charged in the private market for these or comparable services in Los Angeles and San
17 Francisco, in accordance with 10 CCR section 2661.1(c).

18 7. In this matter, CFC's advocates and attorneys performed the following tasks:

- 19 • Drafted and edited CFC's Petition for Hearing and Petition to Intervene;
- 20 • Conferred regarding analysis, strategy and overall position;
- 21 • Conferred with CFC's actuarial experts during all phases of the proceeding;
- 22 • Participated and contributed to informal discussions among the parties;
- 23 • Propounded discovery requests and responded to Applicant's discovery
24 request;
- 25 • Drafted and edited a Motion to Compel and motions to strike and defended
26 against Applicant's motions to strike;
- 27 • Prepared for and participated in evidentiary hearings, including direct and
28 cross-examination of witnesses;

- Drafted and edited post-evidentiary hearing briefing in the matter;
- Drafted and edited briefing on refund interest rates;
- Reviewed and responded to communications and questions of the parties to the matter;
- Participated in hearing and status conferences ordered by the ALJ;
- Reviewed and edited timesheets and billing records;
- Drafted, reviewed and edited the Request for Compensation, including the supporting declaration and exhibits.

In addition to fees, CFC incurred \$16,262.69 in other expenses related to travel, printing, and hearing-related costs. These expenses are “reasonable, actual out-of-pocket costs,” pursuant to 10 CCR Section 2661.1 and are detailed in Attachment 2, appended hereto.

Douglas Heller

8. Douglas Heller is an independent consultant and insurance expert with particular expertise in California property-casualty insurance ratemaking, and has served as Consumer Federation of California’s lead advocate in this matter. He holds a Master of Public Administration degree and has seventeen years of experience as a consumer advocate focusing on property-casualty insurance rates and policies. He has participated and intervened in several rulemaking and ratemaking proceedings before the Department of Insurance since 1999, with a particular focus on matters related to, or governed by, Proposition 103. Between 1997 and 2013, he worked in various capacities for the nonpartisan, nonprofit organization Consumer Watchdog, including serving as its Executive Director from 2004 until 2012, and was its lead insurance advocate during most of his 16 years with the organization. Examples of his ratemaking, rulemaking and other insurance advocacy include:

- *In the Matter of the Rate Applications of Wawanesa General Insurance Company*, file number PA-2015-00011, in which he served as lead advocate and subject matter expert for Consumer Federation of California.
- *In the Matter of the Rate Applications of Safeco Insurance Company of America, First National Insurance Company of America, American States Preferred*

- 1 *Insurance Company*, file number PA 2015-00007, in which he served as lead
2 advocate and subject matter expert for Consumer Federation of California.
- 3 • *In the Non-Compliance Matter Regarding GEICO Insurance Company*, file
4 number NC-2015-00001, in which he served as lead advocate and subject matter
5 expert for Consumer Federation of California.
 - 6 • *In the Matter of the Rate Application of Hartford Underwriters Insurance*
7 *Company and Trumbull Insurance Company*, file number PA-2014-00011, in
8 which he served as lead advocate and subject matter expert for Consumer
9 Federation of California;
 - 10 • *In the Matter of the Rate Application of Infinity Insurance Company*, file number
11 PA-2014-00002, in which he served as lead advocate and subject matter expert
12 for Consumer Federation of California;
 - 13 • *In The Matter Of The Rate And Rating Plan Application Of AIG Property*
14 *Casualty Company*, file number PA-2013-00013, in which he served as lead
15 advocate and subject matter expert for Consumer Federation of California;
 - 16 • *In the Matter of the Rate Application of State Farm General Insurance Company*,
17 file number IP-2013-00014, in which he served as lead advocate and subject
18 matter expert for Consumer Federation of California;
 - 19 • *In the Matter of the Rate Application of Progressive West Insurance Company*,
20 file number IP-2012-00011, in which he served as an advocate and subject matter
21 expert for Consumer Watchdog;
 - 22 • *In re proposed amendments to Subchapter 4.9, Title 10 of the California Code of*
23 *Regulations, Chapter 5, Subchapter 4.7, Section 2632.5 (Pay as you Drive, Usage*
24 *Based Auto Insurance Regulations)*, file number IP-2008-00043, in which he
25 served as an advocate for Consumer Watchdog; and
 - 26 • *In re RH 03 02 6431 and RH 03 02 6432, Low Cost Automobile Insurance Rates*,
27 file number IC 03 03 3218, in which he served as an advocate for Consumer
28 Watchdog.

9. In each of the above matters, the Commissioner approved compensation for the
time he billed. In the 2003 matter, Mr. Heller's discounted billing rate was \$150 per hour.
Beginning with the Pay as you Drive rulemaking of 2008, his rate, which was found to be
reasonable by the Commissioner, was \$225 per hour and identified as "discounted" in the
Request for Compensation relative to market rates. In the 2013 and 2014 matters, the
Commissioner approved compensation at the billing rate of \$275 per hour. In the 2015 matters,
the Commissioner approved compensation at the billing rate of \$295 per hour.

10. In addition to the above selection of matters in which Mr. Heller served as an
advocate and expert, he serves as an appointed Consumer Representative to the California
Automobile Assigned Risk Plan Advisory Board; he was a featured speaker at a May 16, 2013

1 symposium regarding the regulation of California's insurance industry presented for MCLE
2 credit by The Insurance Law Committee of the California State Bar; and he is the co-author of a
3 2013 report entitled *What Works: A Review of Auto Insurance Rate Regulation in America and*
4 *How Best Practices Save Billions of Dollars.*

5 11. Given Mr. Heller's unique expertise and the Commissioner's prior approval of
6 this rate, \$295 per hour is reasonable and the market rate required under 10 CCR section
7 2661.1(c) and 2662.6 (b).

8 **Richard Holober**

9 12. Richard Holober is the Executive Director of Consumer Federation of California,
10 a nonprofit, nonpartisan organization dedicated to protecting the interests of California
11 consumers. Mr. Holober has served in this role since 2001. Mr. Holober served on the California
12 Department of Insurance's Consumer Advisory Board established by former Insurance
13 Commissioner Steve Poizner and has advocated on behalf of insurance consumers before
14 regulators, lawmakers and in public campaigns.

15 13. Mr. Holober served as an advocate *In the Non-Compliance Matter Regarding*
16 *GEICO Insurance Company*, file number NC-2015-00001; *In the Matter of the Rate Application*
17 *of AIG Property Casualty Company*, file number PA-2013-00014; *In the Matter of the Rate*
18 *Application of State Farm General Insurance Company*, file number IP-2013-00013; and *In the*
19 *Matter of the Rate Application of Farmers Insurance Exchange, Fire Insurance Exchange, and*
20 *Mid-Century Insurance Company*, file number PA-2013-00011.

21 14. As the Executive Director of CFC, Mr. Holober is responsible for making
22 strategic decisions on behalf of the organization, which includes assessing the facts of
23 ratemaking, rulemaking and noncompliance matters to determine the appropriateness of
24 decisions related to such choices as whether to file a petition for hearing, agree to a proposed
25 settlement or stipulation, and how to deploy organizational resources in order to most effectively
26 advocate for consumers. In addition to his work for CFC, Mr. Holober has served as an elected
27 member of the Board of Trustees of the San Mateo Community College District since 1997 and
28 served as an elected member of the Milbrae School Board between 1993 and 1997.

1 15. Given Mr. Holober's tenure leading a consumer advocacy organization, his role
2 representing consumers in the legislative and regulatory setting, and his extensive experience
3 with public governance, I believe that Mr. Holober's hourly rate of \$250 is appropriate,
4 reasonable, and the market rate under 10 CCR section 2661.1(c) and 2662.6 (b). In the 2015
5 matter identified above (§ 13), the Commissioner approved compensation at the billing rate of
6 \$250 per hour for Mr. Holober.

7 **Aaron Lewis**

8 16. I am a staff attorney with the Consumer Federation of California. I am a 2008
9 graduate of Columbia University and a 2012 graduate of the University of California, Hastings
10 College of the Law, where I focused my studies in civil litigation and graduated with recognition
11 for Outstanding Achievement in Pro Bono. I also served as Senior Managing Editor of the
12 Hastings Race and Poverty Law Journal, twice received the Wiley W. Manuel Award for Pro
13 Bono Legal Services from the State Bar of California, and worked as a summer extern for the
14 Honorable Thelton E. Henderson of the U.S. District Court for the Northern District of
15 California.

16 17. I have worked as an attorney and lobbyist for CFC since July 2014, including
17 work on various insurance-related issues ranging from an enforcement action before the
18 Department of Insurance (*In the Non-Compliance Matter Regarding GEICO Insurance*
19 *Company*, file number NC-2015-00001) challenging auto insurance discrimination based on
20 gender, education level, marital status, and occupation in online quotation tools resulting in \$6
21 million settlement, to legislative advocacy.

22 18. Prior to working at CFC, I was employed as an attorney by the National Asian
23 American Coalition (NAAC), a 501 (c)(3), U.S. Department of Housing and Urban Development
24 approved home counseling agency which advocates on behalf of communities of color, in
25 particular Asian American communities and immigrant communities. While at the NAAC, I was
26 lead attorney for the organization's intervention *In the Matter of the Rate Application of Mercury*
27 *Casualty Company*, PA-2013-00004, a prior approval rate case before the CDI.

1 19. While at NAAC, I also worked on a number of rulemakings and rate applications
2 before the California Public Utilities Commission including, Rulemaking 09-07-027, 2011 Cal.
3 PUC LEXIS 276 (Cal. PUC 2011); Application 10-11-015, 2012 Cal. PUC LEXIS 379 (Cal.
4 PUC 2012); Application 10-12-005, 2013 Cal. PUC LEXIS 283 (Cal. PUC 2013); Application
5 12-11-009, 2013 Cal. PUC LEXIS 145 (Cal. PUC 2013); Application 11-10-002, 2011 Cal. PUC
6 LEXIS; Application 12-03-001, et al., 2013 Cal. PUC LEXIS 644 (Cal. PUC 2013); and
7 Investigation 12-10-013, 2012 Cal. PUC LEXIS 483 (Cal PUC 2012).

8 20. I have been a member of the California Bar since December 2012, and have been
9 practicing in administrative and regulatory settings, including before the Department of
10 Insurance, since then. In 2015, *In the Matter of the Rates Charged, Rating Plan, Rating*
11 *Systems, Rates and Underwriting Rules of Government Employees Insurance Company*, NC-
12 2015-00001, I was awarded a rate of \$315. In the past, the Commissioner has awarded an hourly
13 rate of \$325 to attorneys with one to three years of experience. *See In the Non-Compliance*
14 *Matter Regarding Mercury Insurance Company*, IC-2007-00020; *In the Matter of the Rate*
15 *Application of Mercury Casualty Company*, PA-2013-00004. Accordingly, I believe that my rate
16 of \$315 is consistent with compensation awards granted by the Commissioner and with
17 prevailing market rates in the private sector for attorneys of comparable skill, qualifications and
18 experience.

19 **CFC's Actuarial Experts' Billed Hours Are Reasonable and in Compliance with the**
20 **Regulations**

21 21. In order to effectively advocate on behalf of consumers, CFC retained the
22 consulting firm Bickmore to provide actuarial consulting and expert testimony in this
23 proceeding. CFC incurred \$437,281 for its consulting actuaries, who spent 838.4 hours providing
24 expert analysis, testimony, and consultation during the proceeding. As is more thoroughly
25 detailed in the billing records attached here as Attachment 3, Bickmore's actuaries provided the
26 following services in support of CFC's challenge to Applicant's rates:

- Reviewed the filing and supplemental documents, including a detailed review of the premium and loss trends, catastrophe adjustment, projected yield, and information related to variance requests;
- Conferred with advocates regarding analysis of Application;
- Prepared actuarial memos and rate templates;
- Participated in discussions with parties regarding the filing, data, and questions related to actuarial soundness and regulatory compliance of the filing;
- Analyzed the impact of various settlement alternatives and proposed stipulations and advised CFC with respect to the actuarial soundness of same;
- Advised and assisted CFC in preparation of discovery requests;
- Produced information in response to discovery requests;
- Reviewed and analyzed information and data produced by Applicant in discovery;
- Reviewed testimony of other parties' witnesses;
- Prepared pre-filed direct and pre-filed rebuttal testimony;
- Prepared exhibits;
- Provided oral testimony on direct, cross-examination, and rebuttal during hearing;
- Advised CFC advocates and attorney during evidentiary hearing; and
- Advised and assisted CFC during preparation of post-hearing briefing.

22. I am informed and believe that the rates charged by Bickmore are 2016 market rates for actuaries with their experience and expertise, pursuant to 10 CCR sections 2661.1 and 2662.6. Mark Priven, FCAS, MAAA served as CFC's expert witness in the proceeding, analyzing Applicant's rate filing and related material, consulting with CFC on actuarial matters related to the proceeding, and providing written and oral testimony during the evidentiary phase of the proceeding. Mr. Priven began his actuarial career in 1988, has been a credentialed actuary for 23 years, and has been a Fellow of the Casualty Actuarial Society for 21 years. He is

1 President of Regulatory & Alternative Risk Consulting at Bickmore, a subsidiary of York
2 Insurance Services and one of the largest independent risk consulting firms in the Western
3 United States. Mr. Priven serves on the California Workers' Compensation Insurance Rating
4 Bureau Actuarial Committee and is Past President of Casualty Actuaries of the Bay Area. His
5 rate of \$650 per hour is seven percent lower than the 2015 rate of the Applicant's consulting
6 actuary. (Watkins PDT 3:25, Exhibit Z) Becky Richard, ACAS, MAAA, also of Bickmore,
7 provided extensive actuarial analysis to CFC throughout the proceeding and worked closely with
8 Mr. Priven in all aspects of his participation in this matter. Ms. Richard began her actuarial
9 career in 1992, has been a credentialed actuary for 20 years, and has served as CFC's actuarial
10 expert in at least ten rate challenges. Nina Gau, FCAS, MAAA, is Bickmore's Director of
11 Property and Casualty Actuarial Services, and provided additional actuarial analysis to assist in
12 the development of Mr. Priven's testimony. Ms. Gau has more than 20 years of experience in the
13 actuarial field and a Master of Science in Applied Mathematics. Their curriculum vitae are
14 appended hereto as Attachment 4.

15 23. In addition to fees, CFC incurred \$4,081.26 in other expenses related to
16 Bickmore's travel costs. These expenses are "reasonable, actual out-of-pocket costs," pursuant
17 to 10 CCR Section 2661.1 and are detailed in the appended Attachment 5.

18 **Consumer Federation of California's Fees, Inclusive of Actuarial Consultants**

19 24. In order to calculate the requested fees for its advocates, attorneys, and consulting
20 experts, CFC used the standard "lodestar" methodology of recording the amount of time worked
21 on a project for each person and multiplying these billed hours by the market rate for that person.
22 Consumer Federation of California's total lodestar for this matter is \$649,119.92 as is shown
23 below. Below is a summary of expenses:

CFC Fees and Expenses			
Advocate/Attorney	Total Hours	Hourly Rate	Total Lodestar
Douglas Heller	428.43	\$295	\$126,386.85
Richard Holober	8.7	\$250	\$2,175.00

Aaron Lewis, Esq.	264.38	\$315	\$83,279.70
<i>Sub-Total</i>	<i>701.51</i>		<i>\$211,841.55</i>
Expenses	Total		
Travel - Transportation			\$2,036.01
Travel - Lodging			\$3,202.37
Travel - Meals			\$582.15
Transcripts			\$9,759.80
Printing			\$115.21
Postage			\$566.75
<i>Sub-Total</i>			<i>\$16,262.29</i>
TOTAL			\$228,103.84

Bickmore Fees and Expenses			
Actuary	Total Hours	Hourly Rate	Total Lodestar
Mark Priven, FCAS, MAAA	277.2	\$650	\$180,180.00
Becky Richard, ACAS, MAAA	552.2	\$455	\$251,251.00
Nina Gau, FCAS, MAAA	9	\$650	\$5,850.00
<i>Sub-Total</i>	<i>838.4</i>		<i>\$437,281.00</i>
Expenses - First Evidentiary Hearing (11/16/15-11/23/15)	Total		
Travel - Transportation			387.92

Travel - Lodging	1,800.32
Travel - Meals	206.59
Expenses - Rebuttal Hearing (1/5/16-1/13/16)	
Travel - Transportation	333.96
Travel - Lodging	1,101.98
Travel - Meals	250.49
<i>Sub-Total</i>	<i>\$4,081.26</i>
TOTAL	\$441,362.30

Avoidance of Duplication

25. At the outset of this proceeding, CFC and intervenor Consumer Watchdog delineated the issue areas each organization would focus on in order to avoid duplication. CFC primarily addressed the catastrophe load, while Consumer Watchdog devoted its testimony and briefing principally to State Farm's variance requests and projected yield. Where it believed it had unique expertise or arguments on issues related to variance requests, projected yield, and other aspects of the Proceeding than the catastrophe load, CFC and its experts provided it.

Facts Concerning This Proceeding and Consumer Federation of California's Substantial Contribution

26. On or about December 4, 2014, State Farm filed its rate application with the California Department of Insurance seeking a 6.9 percent rate increase across its three lines of homeowners insurance. State Farm subsequently revised its requested rate increase to 6.4 percent.

27. On January 26, 2015, CFC filed its Petition for Hearing and Petition to Intervene, in which it alleged a multiplicity of deficiencies in State Farm's rate application. (Exhibit A) The Commissioner granted CFC's Petition to Intervene in this proceeding on February 10, 2015 and CFC has been found eligible to seek compensation pursuant 10 CCR Section 2662.2. (Exhibit AA) I am informed and believe that over the next few months, CFC engaged with State

1 Farm, Consumer Watchdog, and the Department of Insurance in an attempt to resolve the
2 outstanding issues. In addition to teleconferences and exchanging information with all parties,
3 CFC's engagement during this phase of the proceeding included conferring with its actuarial
4 experts, analyzing additional data provided by Applicant, and providing all parties with its
5 experts' actuarial analysis of the rate filing and rate templates that they deemed more actuarial
6 sound than those provided by the Applicant.

7 28. CDI issued a Notice of Hearing on June 22, 2015. (Notice of Hearing, Exhibit B)
8 State Farm filed its answer and the parties continued their discussions to narrow the issues that
9 would potential be addressed in any subsequent hearing. In the course of these conversations,
10 State Farm provided updates to their application. CFC and the other parties agreed on certain
11 values and data that would be used for the purposes of evaluating the rate application. These
12 items are detailed in three separate joint stipulations submitted by the parties on September 16,
13 2015, October 7, 2015, and November 13, 2015. (Joint Statement of Undisputed Facts and
14 Disputed Issues, September 16, 2015; Supplemental Joint State of Undisputed Issues, October 7,
15 2015; Second Supplemental Joint Statement of Undisputed Issues, November 13, 2015; Exhibits
16 C - E)

17 29. On July 13, 2015, Applicant propounded discovery on CFC (Exhibit F), to which
18 CFC responded on August 11, 2015 (Exhibit G). On July 24, 2015, CFC propounded discovery
19 on State Farm (Exhibit H). In response, State Farm produced numerous documents, some of
20 which were responsive to some of CFC's requests. CFC and State Farm met and conferred as to
21 the status of certain outstanding discovery requests but a resolution was not achieved, and CFC
22 filed its Motion to Compel Discovery on September 8th, 2015. (Consumer Federation of
23 California's Motion to Compel Discovery, Exhibit I)

24 30. CFC and State Farm were eventually able to reach agreement on outstanding
25 discovery issues and CFC withdrew its motion to compel, on the understanding State Farm
26 would provide such information. (Notice of Consumer Federation of California's Withdrawal of
27 Motion to Compel Discovery, September 15, 2015, Exhibit J)

1 31. On September 25, 2015, CFC moved to strike parts of State Farm's expert witness
2 testimony on the grounds that they contained legal conclusions and several passages constituted
3 impermissible relitigation of the regulations applicable to the ratemaking process. (Consumer
4 Federation of California's Motion to Strike Applicant's Pre-Filed Direct Testimony, Exhibit K)
5 The ALJ granted in part and denied in part CFC's motion. (Final Rulings on Motions to Strike
6 Applicant's Pre-Filed Direct Testimony, October 14, 2015, Exhibit L)

7 32. CFC and its actuaries reviewed the documents provided by State Farm during
8 discovery and CFC's designated actuarial witness, Mark Priven, used these documents to prepare
9 pre-filed direct testimony, which was filed on October 15, 2015. (Pre-Filed Direct Testimony of
10 Mark Priven, Exhibit M) Mr. Priven's testimony primarily addressed the catastrophe adjustment
11 proposed by the Applicant and its witnesses and presented an alternative method for calculating
12 the adjustment that he believed to be more actuarial sound. He included six separate exhibits that
13 reflected his analysis of State Farm's application and the documents that were produced in
14 response to CFC's and other parties' discovery requests.

15 33. CFC successfully argued against Applicant's October 23rd motion to strike
16 portions of Mr. Priven's pre-filed direct testimony (Exhibit N), with the ALJ rejecting all
17 efforts to strike those contested paragraphs.

18 34. The evidentiary hearing began on November 16 and finished on November 23,
19 2015, over the course of which the parties' witnesses provided oral testimony and were made
20 available for cross-examination. These included Mr. Priven, whose testimony focused primarily
21 on the catastrophe adjustments in State Farm's rate filing. Mr. Priven provided additional direct
22 testimony as to the purported leveraging effect of Applicant's fixed-dollar catastrophe threshold,
23 the mixing of calendar and accident year data sets, the appropriate use of certain types of
24 credibility tests for actuarial analysis, and the validity of Cal Fire data, among other items. (Tr.,
25 pp. 781-808, Exhibit NN) Mr. Priven also responded to cross-examination questions posed by
26 other parties. During the evidentiary hearing CFC's advocate Douglas Heller and I elicited
27 additional information from other parties' witnesses through cross-examination. CFC's actuarial
28 team was present throughout the hearing to advise on technical matters.

1 35. On December 22, 2015, CFC, along with the other parties, submitted its pre-filed
2 rebuttal testimony in response to issues that arose during the November evidentiary hearing.
3 (Pre-Filed Rebuttal Testimony of Mark Priven, Exhibit O) On December 30, 2015, CFC filed a
4 motion to strike certain testimony of Applicant witness Nancy Watkins, with Applicant filing a
5 concurrent motion to strike certain testimony of CFC witness Mark Priven. On January 5th, at
6 the commencement of the rebuttal phase of the evidentiary hearing, I defended CFC's witness's
7 rebuttal against said motion, in which Applicant moved to strike approximately nine pages of
8 Mr. Priven's 23-page rebuttal. The ALJ allowed all but one paragraph of the testimony into
9 evidence. (Tr. 1510:8 - 1512:6, Exhibit P). Thereafter, Mr. Priven provided additional rebuttal
10 testimony and was made available for cross-examination. Mr. Priven's testimony addressed
11 issues that had arisen during the evidentiary hearing, including issues raised by State Farm, such
12 as the suitability of using Fast Track data and Cal Fire data as relevant experience, the
13 appropriateness of unadjusted CAT/AIY ratios in determining the credibility of catastrophe
14 trend, and the use of certain statistical tests (such as R-squared, T-statistic, and P-value). In
15 addition, Mr. Priven responded to cross-examination questions and CFC cross-examined other
16 parties' witnesses.

17 36. During much of the initial evidentiary hearing and rebuttal hearing, CFC's
18 actuarial experts from Bickmore attended the hearings and consulted with CFC regarding the
19 proceeding and, in particular, the actuarial and rate filing related matters before the Court. I
20 believe that Applicant also had actuarial experts and analysts, including witnesses and others not
21 designated as witnesses, in attendance during most days of these hearings.

22 37. In response to the ALJ's January 22, 2016 Order (Amendment to Order
23 Scheduling Motions to Admit Exhibits and Designate Evidence Confidential Under Seal, Exhibit
24 Q), CFC and its actuaries prepared a series of rate templates reflecting various rate calculation
25 methodologies and provided descriptions of the assumptions its actuarial experts made to prepare
26 these template calculations on January 27. CFC and its actuaries developed eight different
27 templates pursuant to this Order and worked with all parties to provide a joint submission of
28

1 template calculations on February 17, 2016. (Parties' Joint Submission of Template
2 Calculations, February 17, 2016, Exhibit QQ)

3 38. On February 12, 2016, CFC filed its Opposition to State Farm's February 4
4 Renewed motion to seal (its initial motion was filed October 4, 2015). CFC's opposition argued
5 for the applicability of Insurance Code section 1861.07, which mandates broad public disclosure
6 during the prior approval rate application process. (Consumer Federation of California's
7 Opposition to State Farm's Motion to Seal, February 12, 2016, Exhibit R) The ALJ subsequently
8 denied State Farm's motion. (Final Rulings on Motion to Seal, Admission of Exhibits, Closing
9 Evidentiary Hearing, and Briefing; March 3, 2016, Exhibit S)

10 39. On April 11, 2016, CFC, along with the other parties, filed its post-hearing
11 opening brief in which it renewed its contention that State Farm's catastrophe load was not
12 actuarially sound, as evidenced by, among other things, a lack of support for the number of years
13 selected to calculate the average ratio, the reliance on countrywide and Cal Fire data to support a
14 California catastrophe trend, and the unsupported use of a Beta factor in the calculation of earned
15 premium. (Consumer Federation of California's Post-Hearing Opening Brief, April 11, 2016,
16 Exhibit T) CFC submitted a reply brief on May 18, 2016, responding to errors and unsupported
17 allegations in Applicant's opening brief as well as providing new argument related to the
18 effective date for any rate change resulting from this proceeding. (Consumer Federation of
19 California's Post-Hearing Reply Brief, May 18, 2016, Exhibit U)

20 40. The ALJ closed the record on June 8, 2016, and subsequently submitted his
21 proposed decision to the Commissioner. (Order Closing Record, June 8, 2016, Exhibit V) On
22 August 8, the Commissioner declined to adopt the ALJ's proposed decision, ordering the record
23 re-opened to take additional evidence relevant to determining the appropriate interest rate for
24 policyholder refunds of excess premium charged. (Notice of Non-Adoption of Proposed
25 Decision, August 8, 2016, Exhibit W) The ALJ directed the parties to submit evidence and
26 concurrently file briefs on the issue. (Order Regarding Taking Evidence, August 12, 2016,
27 Exhibit X) CFC, along with the other parties, submitted opening and reply briefs on August 29
28 and September 20, respectively. (Consumer Federation of California's Opening Brief in Support

1 of Refund Interest Rates, August 29, 2016; Consumer Federation of California's Reply Brief in
2 Support of Refund Interest Rates, September 20, 2016, Exhibit XX)

3 41. On October 6, 2016, ALJ Larsen issued a Revised Proposed Decision that was
4 received by the Commissioner on October 7, 2016. On November 7, 2016, the Commissioner
5 adopted the ALJ's Revised Proposed Decision, which found State Farm's existing rates to be
6 excessive and ordering a 7.0 percent reduction, effective July 15, 2015. The decision also
7 ordered refunds plus interest to be paid for excessive premiums charged after the effective date.
8 (Order Adopting Revised Proposed Decision, November 7, 2016, Exhibit Y)

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

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15 Executed on December 6, 2016, at Sacramento California.

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Aaron Lewis

ATTACHMENT 1

Hours for Douglas Heller

Date	Time (Hrs)	Activity
1/5/2015	0.42	Call with B Richard about SF filing, including discussion of investment income and CAT load selections
1/21/2015	0.15	call with B Richard re State Farm filing
1/22/2015	0.24	Reviewing analysis of rate filing by B Richard and evidence that rate is excessive; emailing with B Richard re evidence (.1)
1/22/2015	0.32	hearing
1/22/2015	0.32	Preparing Petition for hearing
1/26/2015	1.05	Preparing petition for hearing; emailing with M Varvais re Service of Petition (.1)
2/2/2015	0.27	reviewing SF response to dual petitions.
2/9/2015	0.10	emailing with P Pressley re SF response
2/13/2015	0.47	reviewing SF response to CFC petition
3/19/2015	0.27	Reviewing SF responsive material (to CDI request)
3/23/2015	0.20	Email conference with B Richard re SF's 3/17 SERRF submission
3/31/2015	0.06	Reviewing March 31 SERRF update by State Farm
4/2/2015	0.10	Emailing with B Richard re new SF data
4/3/2015	0.35	Call w B Richard regarding new data provided by SF
4/3/2015	0.10	Email conference with All Parties re scheduling
4/9/2015	0.20	Emails with B Richard, N McKennedy re new material on WARRF
5/18/2015	0.10	emailing B Richard regarding the filing and CFC's memo regarding the indication.
5/20/2015	0.30	variance
5/26/2015	0.24	Call with B Richard re analysis of filing and rate indication
5/26/2015	0.14	Reviewing all parties emails and emailing All Parties regarding apparent exclusion of CFC from recent emails
5/27/2015	0.10	call with N McKennedy regarding emails not sent to CFC
5/27/2015	0.60	reviewing Bickmore memo on rate indications; emailing with B Richard re same.
5/27/2015	0.17	Call with B Richard regarding Cat Load and rate indications memo
5/27/2015	0.22	template
5/27/2015	0.14	parties
5/28/2015	0.17	reviewing material regarding NDA proposed by State Farm
5/29/2015	0.26	reviewing CDI rate indication comparison chart; emailing with B Richard re rate indications
5/29/2015	0.20	emailing with T Foreman, P Pressley re catastrophe adjustment
6/1/2015	0.26	Pre-call with with B Richard regarding All-Parties Call

6/1/2015	0.87	All Parties Call
6/5/2015	0.30	call with R Holober regarding V Wells note on inability to resolve and implications for going forward, including staffing needs.
6/10/2015	0.10	emailing with CFC Team re preparing for hearing
6/10/2015	0.18	Call with R Holober regarding staffing the impending hearing and State Farm's variance requests
6/17/2015	0.17	Call with B Richard, R Holober, M Priven re distribution of responsibilities in SF hearing
6/17/2015	0.72	B Richard, M Priven re coordinating State Farm hearing responsibilities
6/18/2015	0.38	call with A Lewis discussing State Farm's view of variance requests, CAT load and Yield issues
6/22/2015	0.10	emailing with P Pressley re likely hearing
6/23/2015	0.10	Reviewing notice of hearing and amended discovery from CDI
6/25/2015	0.33	Call with T Foreman regarding CDI Discovery request and views on use of Q1 2015 data
6/25/2015	0.39	reviewing CDI's discovery request
6/25/2015	0.31	call with N McKennedy about stipulation concerning a date certain cut-off for data in the matter (Q1)
6/26/2015	0.20	preparing email to CFC/Bickmore team updating them on possible data stipulation as well as review of the content of the Notice of hearing and discovery request.
7/2/2015	0.10	emailing with parties re discovery
7/2/2015	0.13	AHB
7/6/2015	0.10	call with A Lewis to prepare for State Farm scheduled mtg on discovery production and AHB scheduled call
7/6/2015	0.39	reviewing proposed confidentiality stipulation presented by V Wells
7/7/2015	0.56	conference call set up by State Farm with All Parties regarding discovery procedures
7/8/2015	0.92	All Parties Telephonic Status Conference noticed by AHB
7/9/2015	0.10	emailing team re discovery
7/9/2015	0.09	discussing confidentiality stip and discovery with A Lewis
7/10/2015	0.28	call with M Priven, B Richard, A Lewis regarding discovery request
7/10/2015	0.26	request
7/10/2015	0.15	call with T Foreman about discovery (non-duplication and preserving rights to compel) and protective order
7/10/2015	0.27	Call with A Lewis regarding proposed protective order
7/13/2015	0.21	call with N McKennedy regarding SF PO and discovery
7/13/2015	0.47	call w P Pressley, T Foreman and A Lewis regarding Protective Order and agreeing on who will make first draft of response and discussion of proposed data cutoff

7/13/2015	0.19	call and emails with B Richard regarding recorded period stip and discovery request
7/13/2015	0.51	reviewing SF discovery request of CFC and notice of Defense; reviewing and responding to related emails from parties
7/13/2015	0.30	reviewing and responding to emails from team, other parties re confidentiality, NOD, updated templates
7/14/2015	0.13	request
7/14/2015	0.60	reviewing CW's proposed alternate Protective Order and providing CFC's comments
7/14/2015	0.25	call with T Foreman regarding proposed Prot Order
7/14/2015	0.25	call with Becky Richard regarding response to discovery and our discovery
7/14/2015	0.20	call with A Lewis regarding request of SF that discovery response be delayed.
7/15/2015	0.15	call with N McKennedy regarding discovery response timeline, yield, CAT load
7/16/2015	0.11	reviewing emails from all parties re status conference, stipulation and timelines
7/16/2015	0.41	Discovery and possible stipulation regarding certain aspects of filing
7/16/2015	0.36	reviewing discovery request items from Bickmore
7/17/2015	0.80	call with A Lewis regarding discovery request, SF's NOD and response to SF's Discovery request
7/17/2015	0.24	reviewing SF letter to ALJ Larsen; reviewing emails from all parties
7/20/2015	0.94	call with B Richard, M Priven, A Lewis re CFC discovery request items of SF
7/20/2015	0.39	call with A Lewis regarding status conference and All Parties call to discuss timeframe and stipulations.
7/20/2015	0.95	All Parties call to discuss timeline and upcoming status conference
7/21/2015	0.39	reviewing SF proposed changes to Protective Order
7/23/2015	0.63	Reviewing CFC's draft Discovery Request for State Farm
7/23/2015	0.18	call w/ A Lewis regarding Discovery request
7/23/2015	0.24	Reviewing proposed Joint Scheuling Conference Statement
7/24/2015	0.72	Telephone Status Conference
7/24/2015	0.20	Emailing with all parites re Joint Statement
7/27/2015	0.10	Emailing with team re new SF data
7/28/2015	0.34	call with B Richard regarding new State Farm filing data
7/28/2015	0.44	call with R Holober about hearing schedule, impending State Farm proposal on non-key issues and legal questions that will be in focus during the hearing.

7/28/2015	0.09	reviewing email from C Mammen regarding SF objections to most recent draft of Protective Order
7/29/2015	0.52	call with R Holoher, B Nussbaum, A Lewis regarding Bill's responsibilities in the matter - motions, prepping witnesses, hearing
7/29/2015	0.25	Reviewing department's Proposed Joint Scheduling Statement
7/30/2015	0.17	call with N McKennedy, A Lewis about July15 2015 effective date of rate
7/31/2015	1.08	AHB Scheduling Conference - appearing telephonically
8/3/2015	0.81	reviewing SF proposed settlement items and emailing with B Richard regarding questions, emailing all parties
8/3/2015	0.47	call with Aaron Lewis regarding discovery response to SF
8/3/2015	0.57	call with A Lewis, B Richard regarding discovery
8/4/2015	0.10	discussions
8/7/2015	0.20	reviewing discover related emails from various parties and data sent by Matt Frank
8/17/2015	0.35	call with A Lewis regarding SF discovery response, failure to link responses to questions and reviewing response 00018915
8/17/2015	0.18	designation
8/17/2015	0.59	call with A Lewis, B Richard, M Priven about discovery responses from SF and settlement negotiations regarding trend and othe items
8/17/2015	0.10	Email conference with All Parties re scheduling
8/18/2015	0.20	Reviewing CFC responses to SF discovery request in preparation for State Farm requested meet and confer call.
8/18/2015	0.26	Meet and Confer call with State Farm regarding CFC's response to discovery
8/21/2015	0.93	reviewing emails from all parties re discovery, settlement (.1), reviewing SF response to CFC discovery
8/24/2015	0.50	reviewing emails, docs re designation of witnesses
8/24/2015	0.12	call with N McKennedy re SF discovery
8/27/2015	0.22	discussing impending SF meet and confer withA Lewis
8/28/2015	0.08	reviewing CDI letter to ALJ related to SF discovery
8/28/2015	0.29	reviewing SF discovery responses Vol. # 5
8/31/2015	0.26	Reviewing materials for Meet and Confer with SF re SF discovery responses.
8/31/2015	0.35	prepping for Meet and Confer with SF re SF discovery responses
8/31/2015	0.85	Farm)
9/1/2015	0.36	preparing notes for A Lewis in response to ALJ requested submission regarding disputed discovery items; email conference with team re critical docs needed in discovery (.1)
9/2/2015	0.44	editing pleading regarding discovery disputes
9/2/2015	0.14	call with A Lewis regarding SF's production of load files

9/2/2015	0.75	Call with T Foreman, J Phenix and A Lewis regarding upcoming settlement discussion as well as division of labor regarding Cat Load, Yield and Leverage factor
9/2/2015	0.10	emailing Bickmore with thoughts on dividing up pre-filed direct as well as preparatory notes regarding Thursday settlement call
9/3/2015	0.69	Call with B Richard and A Lewis to prepare for all parties settlement discussion
9/3/2015	0.10	call with A Lewis regarding SF's discovery reference document and his conversation with C Mammen about how to use it.
9/3/2015	0.31	call with B Richard re Variance 2A in advance of settlement call
9/3/2015	1.63	All parties call regarding settlement of certain rate matters; emailing parties re settlement issues (.1)
9/3/2015	0.33	call with A Lewis regarding Exhibit 14 discovery request and SF contention that it is irrelevant
9/3/2015	0.38	call with B Richard regarding relevance of Exhibit 14D to our Cat load analysis for drafting of motion to compel and in advance of ALJ hearing on discovery questions.
9/4/2015	0.12	call with A Lewis in advance of ALJ meeting re discovery
9/4/2015	0.02	Preliminary discovery conference (by phone) with ALJ
9/7/2015	0.25	reviewing Motion to Compel
9/8/2015	0.40	reviewing motion to compel
9/8/2015	0.63	call with A Lewis re Motion to compel
9/8/2015	0.51	reviewing email from Vanessa Wells re CFC motion to Compel and responding with offer to focus on requests 40-42 regarding Cat adjustment
9/9/2015	0.10	emailing with B Richard re Exh. 14
9/10/2015	0.08	call with A Lewis re Motion to Compel items concerning Ex. 14
9/10/2015	0.17	Researching differences between Exhibit 14 and Ex. 9 for purposes of motion to compel
9/10/2015	0.27	call with C Mammen and A Lewis re CFC's motion to Compel
9/14/2015	0.16	reviewing and providing input to ALewis via email regarding joint statement of issues in dispute
9/14/2015	0.17	call with A Lewis regarding SF's request that we withdraw motion to compel
9/14/2015	0.19	documents in response to Requests 40-42 from CFC request for discovery
9/15/2015	0.22	Call with Aaron Lewis regarding SF's request that we withdraw MTC and on Statement of Issues.
9/15/2015	0.12	Call with A Lewis regarding the CAT load aspect of the Joint Statement on issues
9/15/2015	0.18	Reviewing items in Joint Statement of undisputed facts

9/16/2015	0.10	Reviewing all parties emails on Joint Statement
9/16/2015	0.11	call with N McKennedy regarding Joint Statement of Issues
9/18/2015	0.30	exhibits
9/21/2015	0.10	intervenors
9/21/2015	0.50	call with A Lewis, B Richard and M Priven about SF PDT and key issues for M Priven's PDT
9/24/2015	1.01	call with A Lewis, B Richard, M Priven, T Foreman, A Schwartz about parceling out the Pre-filed Direct Testimony issues and research on Catastrophe adjustment
9/24/2015	0.31	call with A Lewis re Motion To Strike State Farm Testimony
9/24/2015	0.19	call with B Richard re non-actuarial issues in SF PDT for inclusion in our motion to strike
9/24/2015	2.57	reviewing PDT of Terry, Chau & Watkins
9/24/2015	0.23	call with B Richard re problems with SF PDT
9/24/2015	0.37	call with Aaron Lewis regarding motion to strike
9/24/2015	0.33	Reviewing Draft Motion to Strike SF testimony
9/25/2015	0.13	call with Becky Richard regarding settlement options for FFEQ and Variance 2A
9/25/2015	0.07	emailing all parties regarding an effort to settle remaining issues outside of the the Big Three issues
9/28/2015	0.20	reviewing emails, exhibit, and letter to counsel sent by State Farm
9/29/2016	0.20	reviewing and responding to emails with CW and CDI and CFC team re FFEQ, Advertising expenses
9/30/2015	0.18	regarding possibility of settling Var 2A, FFEQ and excluded expenses
10/1/2015	0.29	calls with A Lewis (6 minutes) and B Richard regarding State Farm's discovery documents and items that do not appear to have been produced despite promises to produce; emails with team re same, and re coordinating with SF/C Mammen re discovery
10/2/2015	0.41	reviewing B Richard's memo on items still missing from discovery, 7 minute call with B Richard, and emailing request for responsive documents to C Mammen (5 minutes)
10/5/2015	0.24	call with A Lewis regarding Motion to Strike, issues related to use of AIY and prep for call with Chris Mammen
10/5/2015	0.27	call with Chris Mammen and A Lewis re discovery request #19
10/5/2015	0.29	reviewing V Wells email re settlement matters and particularly SF's rejection of CFC's Variance 2A offer; emailing all parties in response (2 minutes)
10/6/2015	0.16	call with B Richard regarding V Wells commentary on Variance 2A proposal

10/6/2015	0.44	call with N McKennedy regarding Variance 2A, motion to strike and updated joint statement
10/7/2015	0.26	conversation with A Lewis regarding Motion to Strike hearing, Variance 2a discussion at CW motion to Compel hearing, and confidentiality hearing.
10/7/2015	0.49	call with V Wells regarding Variance 2A
10/7/2015	0.20	call with N McKennedy re Variance 2A
10/7/2015	0.22	call with T Foreman re Variance 2A
10/7/2015	0.15	Call with C Mammen and A Lewis regarding SF production of CAT loss data from 1980-89 and from 90-2014 on Accident Year basis
10/7/2015	0.25	call with B Richard regarding SF's production of CAT loss data from 1980-89 and from 90-2014 on an accident year basis; discussion of Variance 2a.
10/7/2015	0.18	facts
10/7/2015	0.18	emailing C Mammen about the failure of SF to provide CAT data on AY basis despite assurance that the data were provided.
10/8/2015	0.16	call with N McKennedy regarding CDI's views on Variance 2A and their ability to settle.
10/8/2015	0.94	Call with A Lewis to prepare for Motion to Strike hearing
10/8/2015	0.16	reviewing MTS tentative ruling
10/9/2015	0.15	Call With A Lewis regarding MTS hearing and Variance 2A settlement discussions
10/12/2015	0.17	call with B Richard regarding PDT of Mark Priven
10/13/2015	0.46	Reviewing PDT of Mark Priven
10/13/2015	0.34	regarding State Farm's willingness to accept 0.5% Variance 2A adjustment
10/13/2015	2.44	Reviewing M Priven PDT including review of Cal-Fire website and related documents cited in Watkins testimony to support use of Cal-Fire data.
10/13/2015	0.54	call with M Priven, B Richard to discuss Cat Adjustment and Fast Track data used in PDT; emailing with team regarding questions about SF's witnesses PDT (5 min)
10/13/2015	0.24	reviewing CSAA Hearing matters related to credibility weighting of CAT adjustment
10/13/2015	0.25	call with B Richard regarding use of CalFire data
10/13/2015	0.09	call with A Lewis regarding confidentiality agreements
10/13/2015	0.40	call with V Wells to confirm settlement of Variance 2A matter and discuss confidentiality agreement
10/14/2015	0.57	reviewing Priven PDT draft 2
10/14/2015	0.76	PDT
10/14/2015	1.03	reviewing PDT draft and exhibits

10/15/2015	0.34	Fast Track Data exhibit, discussion of Confidential documents in SF PDT
10/15/2015	1.22	Reviewing final draft of M Priven's PDT
10/15/2015	0.10	emailing B Richard, T Foreman re Fast Track data
10/16/2015	0.25	three related calls with A Lewis regarding finalizing PDT, including issues of redaction and edits.
10/16/2015	0.27	call with B Richard, M PRiven, A Lewis regarding final edits to PDT and questions about SF switch from calendar year to accident year basis in its 35 year analysis
10/16/2015	0.26	call with B Richard regarding SF indicated trend or 1.6% vs. 2.0% selection and how M PRiven's testimony might address it.
10/20/2015	0.20	Reviewing emails from various parties and associated docs (SF discovery response, CDI ltr to ALJ)
10/20/2015	0.27	call with A Lewis regarding confidentiality-related motion and discussing strategy for hearing
10/21/2015	0.17	reviewing objections to confidentiality designations; 4 minute call with A Lewis regarding pleading
10/23/2015	0.88	call with T Foreman, N McKennedy, S Volkmer, D Gooddell, A Lewis regarding
10/26/2015	0.54	call with M PRiven, B Richard, A Lewis regarding SF MTS Priven testimony; preparatory call for hearing.
10/27/2015	0.90	reviewing emails from T Warren and ltr to ALJ (.1), from L Baltodano and motion to seal and related decs (.8)
10/29/2015	0.85	Reviewing PDT of Karen Terry in prep for hearing
10/29/2015	0.65	reviewing and editing response to SF's MTS Priven testimny
10/29/2015	0.47	call with A Lewis regarding response to SF's MTS Priven testimony
10/30/2015	0.15	call with A Lewsi regarding state farm motion to seal
10/30/2015	0.37	Reviewing testimony of K Terry in preparation for hearing
11/2/2015	0.25	reviewing Bickmore notes on SF testimony in preparation for examination of witnesses
11/2/2015	0.88	Watkins testimony and problems with her Cal-FIRE data set and regarding potential items that SF attys might ask of Priven at hearing
11/4/2015	0.45	conversation with A Lewis regarding MTS hearing and issues related to credibility of State Farm CAT data.
11/6/2015	0.15	call with a lewis about notice of rate filing instructions as requested by ALJ, as well as other issues related to scheduling of witnesses.
11/6/2015	0.20	emailing with B Richard re CDI CAT tutorial
11/10/2015	0.33	call with A Lewis re planning for hearing
11/10/2015	2.13	reviewing testimony of K Terry, D APpel and N Watkins and preparing questions for hearing

11/11/2015	0.20	reviewing joint statement as edited by SF; reviewing and responding to emails re same
11/12/2015	0.67	call with T Foreman and A Lewis regarding CAT losses and Watkins cross
11/12/2015	1.01	reviewing testimony of Nancy Watkins and exhibits.
11/13/2015	2.79	preparing for cross exam of N Watkins
11/13/2015	0.43	California data, AIY as a base and othe matters related to testimony of N Watkins
11/13/2015	0.65	Call with B Richard to discuss Watkins smoothing techniques for determining trends and use of California data
11/14/2015	1.08	questions
11/14/2015	0.41	questions
11/15/2015	4.67	Preparing testimony questions for N Watkins
11/16/2015	0.92	preparing testimony questions for N Watkins and opening statement for hearing
11/16/2015	2.54	representing CFC at state farm evidentiary hearing
11/16/2015	3.37	Watkins
11/17/2015	2.08	Watkins
11/17/2015	2.60	Participating in SF hearing (examination of K Terry)
11/17/2015	1.57	Review of testimony of Dr. Hemphill and M Priven in advance of witness testimony
11/18/2015	2.64	Participating in hearing, including additional questions of Ms. Terry
11/18/2015	4.00	SF evidentiary hearing
11/18/2015	1.00	conferring with B Richard regarding hearing issues and preparing for testimony of M Priven
11/19/2015	0.50	mtg with B Richard and M Priven in preparation for hearing
11/19/2015	2.75	SF evidentiary hearing
11/19/2015	4.27	SF evidentiary hearing
11/20/2015	3.10	SF hearing, including cross of Dr. Appel
11/20/2015	2.48	SF hearing
11/24/2015	0.19	Call with A Lewis regarding transcripts and possibility of a declaration from fire personnel
11/25/2015	0.10	emails with team re rebuttal planning, emails with T Foreman re rebuttal topics
11/30/2015	0.20	reviewing B Richard's write up of Cal Fire call and research
12/1/2015	0.65	call with Priven Richard & Lewis regarding rebuttal testimony
12/1/2015	0.33	reviewing budget in preparation for submitting amended budget.
12/3/2015	0.10	email conference with team re Fast Track Data
12/7/2015	0.94	Priven
12/8/2015	0.45	testimony
12/9/2015	0.67	testimony

12/9/2015	0.67	Call with B Richard and A Lewis regarding rebuttal testimony
12/9/2015	0.58	expert.
12/11/2015	0.10	reviewing emails/letters to ALJ from N McKenedy
12/14/2015	0.43	testimony
12/15/2015	0.40	testimony
12/17/2015	1.66	researching Cal-Fire practices and draft declaration
12/17/2015	0.35	call with Becky Richard regarding rebuttal testimony
12/18/2015	0.44	reviewing Fast Track data email from N McKenedy and reviewing Wildland Fire Data Reporting Initiative meeting report related to use of NFIRS property loss data
12/18/2015	0.10	call with B Richard regarding new fast Track data
12/19/2015	0.16	Reviewing CDI discovery response regarding Oakland Hills Fire
12/19/2015	1.71	Reviewing rebuttal testimony of M. Priven
12/20/2015	1.01	reviewing rebuttal testimony of M Priven.
12/21/2015	0.25	call with A Lewis regarding rebuttal testimony and appropriateness of use of hearsay evidence.
12/21/2015	0.68	Call with A Lewis, B Richard, and M Priven regarding rebuttal testimony and outstanding questions to be addressed
12/21/2015	3.54	reviewing revised rebuttal testimony
12/22/2015	0.17	Reviewing AM Best reports produced by SF
12/22/2015	0.21	call with A Lewis to discuss rebuttal testimony, and AM BEst reports produced by SF
12/22/2015	1.26	Reviewing final draft of rebuttal; email conference with team regarding same (.2)
12/24/2015	2.51	Reviewing State Farm Rebuttal testimony
12/28/2015	0.84	reviewing letter from Wells re rebuttal witnesses, reviewing SF rebuttal testimpny
12/28/2015	1.05	reviewing testimony of Karen Terry, researching structures burned in 2015
12/29/2015	0.23	Call with B Richard regarding Coverage A issues addressed by Terry and CalFire issues addressed by Watkins
12/29/2015	0.17	reviewing SF discovery production, emailing SF requesting production of Supplemental Ex14 cited in Watkins Exhibit 109
12/29/2015	0.18	call with Aaron Lewis regarding Motion to Strike
12/29/2015	0.20	call with N McKenedy re ITV and Terry testimony
12/30/2015	0.33	review of CFC MTS rebuttal testimony, and conversation with A Lewis about MTS (5 minutes)
12/31/2015	0.16	Reviewing SF MTS CFC testimony
12/31/2015	0.10	emailing with B Richard re rebuttal preparation
1/3/2016	0.51	Preparing for MTS hearing related to SF's motion to strike Priven testimony

1/3/2016	1.78	preparing examination questions for N Watkins
1/4/2016	0.71	calculation of 2014- 2016 trend among other aspects of Watkins rebuttal
1/4/2016	0.34	researching WUI and demographics changes related to wildfire risk
1/4/2016	2.33	preparing cross examination of N Watkins
1/4/2015	0.10	email conference with team re rebuttal preparation
1/5/2016	1.33	preparing for hearing
1/5/2016	7.50	experts to discuss motions to Strike, and other matters related to the hearing.)
1/5/2016	2.18	preparing cross examination of Watkins
1/6/2016	1.30	Preparing for Examination of witnesses and hearing
1/6/2016	7.45	Hearing (including 1.25 working lunch meeting with M Priven and B Richard)
1/6/2016	1.89	preparing cross exam day 2 of Watkins.
1/7/2016	8.50	Hearing, including a working lunch with Priven, Richard
1/8/2016	7.33	Hearing, including a working lunch with A Lewis and M Priven
1/8/2016	1.00	Discussion with T Foreman regarding hearing, witnesses and other hearing related matters.
1/12/2016	0.58	preparing additional rebuttal questions for Mark Priven, Reviewing Hemphill testimony
1/12/2016	2.89	Hearing -morning
1/12/2016	3.78	Hearing - afternoon
1/12/2016	0.50	preparing additional oral rebuttal questions for M Priven
1/13/2016	8.13	Rebuttal hearing, including working lunch meeting.
1/15/2016	0.38	Reviewing ALJ order re confidentiality
1/19/2016	0.10	call with A Lewis regarding filing of template and joint exhibit list
1/25/2016	0.13	Call with B Richard, A Lewis regarding ALJ request for alternative templates.
1/27/2016	0.23	call with A Lewis regarding submission of template description and discussion of confidentiality issues
1/27/2016	0.29	Fires
1/28/2016	0.19	call with N McKennedy re Wells Declaration and proposed exhibits
1/28/2016	3.56	preparing for Status Conference (15 minutes); Status Conference with ALJ Larsen
1/28/2016	0.15	emailing with team re hearing and rate templates needed
1/29/2016	0.33	reviewing rebuttal hearing transcripts
1/29/2016	0.77	Call with A Lewis re Confidentiality brief and opening briefs
1/29/2016	0.18	call with A Lewis regarding objections to motion requesting official notice and motion regarding CFC exhibits.
2/1/2016	0.45	templates

2/2/2016	0.13	call with A Lewis regarding confidentiality motion and other procedural matters
2/2/2016	0.11	reviewing Bickmore weighting methodology
2/2/2016	0.10	emails with N McKennedy, B Richard re templates
2/3/2016	0.48	reviewing templates produced by Bickmore on order of ALJ
2/3/2016	0.46	Editing Joinder to CDI motion to Strike exhibits 204-206
2/4/2016	0.15	Call with Richard Holober regarding timeframe of hearing briefing for planning purposes
2/5/2016	0.21	reviewing confidentiality declaration of R Barlin.
2/10/2016	0.13	call with A Lewis regarding confidentiality reply brief
2/10/2016	0.46	reviewing parties' rate templates, responding to CDI question about our templates
2/11/2016	1.32	Reviewing Confidentiality reply brief
2/12/2016	0.33	call w/ A Lewis re confidentiality reply brief
2/16/2016	0.26	call with N McKennedy about rate template calculations
2/17/2016	0.17	call with B Richard regarding revised rate templates for all parties
2/17/2016	0.20	templates
2/17/2016	0.58	parties explaining change as well as other matters concerning our templates.
2/18/2016	0.51	call with A Lewis re SF Memo for Judicial Estoppel and preparation for hearing tomorrow.
2/18/2016	0.67	reviewing confidentiality briefs in preparation for Friday hearing
2/18/2016	0.44	Reviewing tentative ruling on confidentiality
2/18/2016	0.16	Reviewing SF motion for leave to present sur-rebuttal...
2/19/2016	0.18	call with R Holober regarding SF plan to file ex parte relief
2/19/2016	1.70	Hearing re confidentiality (morning)
2/19/2016	0.47	call with CDI and CW regarding a stay on the ruling
2/19/2016	2.25	Hearing re confidentiality motion (afternoon)
2/19/2016	1.11	drafting post-hearing brief
2/26/2016	0.11	call with A Lewis regarding SF request for increased # of pages in briefing
3/3/2016	0.21	call with Aaron Lewis regarding drafting of briefing.
3/3/2016	0.45	Drafting post-hearing brief
3/4/2016	0.17	reviewing Watkins testimony transcripts
3/8/2016	1.48	drafting post-hearing briefs
3/8/2016	0.61	drafting post-hearing briefs
3/9/2016	0.94	drafting post-hearing briefs
3/11/2016	0.90	drafting post-hearing brief
3/15/2016	1.02	drafting post hearing brief
3/15/2016	0.13	call with B Richard about Cat to non-Cat vs. Cat to AIY
3/15/2016	1.26	drafting post hearing brief

3/17/2016	1.12	drafting post hearing brief
3/17/2016	0.97	drafting post hearing brief
3/18/2016	1.89	drafting post hearing brief
3/22/2016	1.91	drafting post-hearing opening brief
3/23/2016	0.95	darfting post-hearing brief
3/24/2016	0.15	Call with A Lewis regarding yield and leverage factor.
3/24/2016	3.61	drafting post-hearing brief
3/24/2016	0.07	drafting post-hearing briefs
3/24/2016	0.15	call with N McKennedy regarding catastrophe adjustment
3/25/2016	1.98	drafting post-hearing briefing
3/28/2016	1.35	drafting post-hearing briefing
3/28/2016	1.84	drafting post-hearing briefing
3/29/2016	1.50	drafting post-hearing brief
3/29/2016	1.34	drafting post-hearing brief
3/29/2016	0.41	calculation.
3/30/2016	0.44	discussion with Pam Pressley regarding briefs including questions related to July 15 date, cat load and other items.
3/30/2016	3.79	drafting post-hearing brief
3/31/2016	5.92	drafting post-hearing brief
4/1/2016	3.15	drafting post-hearing opening brief
4/1/2016	1.89	drafting post-hearing opening brief
4/2/2016	2.17	drafting post-hearing opening brief
4/4/2016	2.29	drafting post-hearing opening brief
4/4/2016	2.40	drafting post-hearing opening brief
4/4/2016	2.34	drafting post-hearing opening brief
4/5/2016	0.92	drafting post-hearing opening brief
4/5/2016	0.08	Call with N McKennedy regarding CAT load, Cal Fire, weighting
4/5/2016	2.35	Drafting post-hearing opening brief
4/5/2016	0.30	Call with A Lewis re opening brief
4/5/2016	1.27	drafting opening brief
4/5/2016	5.52	opening brief - drafting
4/6/2016	1.01	integrating comments from actuaries to catastrophe load section
4/6/2016	0.22	call with B Richard regarding cat load-related questions
4/6/2016	1.80	integrating comments from actuaries to catastrophe load section
4/6/2016	1.69	drafting opening brief
4/7/2016	0.16	call with A Lewis regarding SF request for Official notice items, yield issue for briefing
4/7/2016	0.25	brief
4/7/2016	0.51	reviewing Opening brief sections on Yield and leverage
4/7/2016	0.78	Call with Aaron Lewis and N McKennedy (for 11 minutes of call) regarding yield and leverage issues

4/7/2016	0.63	reviewing yiled and leverage sections
4/7/2016	1.00	reviewing B Richard's notes on Countrywide and CalFire sections
4/8/2016	0.34	Reviewing M PRiven's notes on cat section
4/8/2016	1.31	Call with B Richard and M Priven and A Lewis regarding cat load section
4/8/2016	4.69	incorporating comments and suggestions of B Richard and MPriven {including call with A Lewis 9 min and B Richard 12 min)
4/9/2016	4.02	reviewing brief, including sections on Priop 103 and effective date
4/10/2016	7.01	Editing brief
4/11/2016	0.28	call with A Lewis regarding final edits to the opening brief...
4/11/2016	2.95	Reviewing Final draft
4/11/2016	0.03	discussing final edits with Aaron Lewis
4/11/2016	1.23	discussing final edits with Aaron Lewis
4/13/2016	1.07	reviewing CDI Opening Brief
4/15/2016	2.86	reviewing state farm brief, taking notes; reviewing RON exhibits
4/15/2016	0.67	reviewing CW brief
4/18/2016	1.03	drafting reply brief
4/19/2016	0.23	call with Aaron Lewis re Reply Brief
4/19/2016	0.45	reviewing SF brief; taking notes in preparation for Reply brief;emailing Bickmore
4/20/2016	0.20	brief
4/21/2016	1.08	call with A Lewis, T Foreman, N McKennedy et al to discuss Reply Briefs and questions stemming from Opening Briefs
4/21/2016	0.39	reviewing Bickmore notes on State Farm brief and emailing additional questions to Bickmore
4/25/2016	0.88	reviewing Bickmore comments on SF brief and drafting reply brief
4/26/2016	0.48	drafting reply brief (notes on SF opening brief)
4/27/2016	0.47	Call with N McKennedy re SF Request for Official Notice, ALJ Official Notice, and Cat trend issues in SF Opening brief
4/28/2016	1.99	reply brief (+25 minute call with N McKennedy on issues of insurer vs. insurers)
5/2/2016	1.72	Reply Brief and reviewing ALJ's proposed items for Official Notice
5/3/2016	1.98	Reply Brief
5/3/2016	0.18	call with Becky Richard re exhibits 508, 514
5/3/2016	0.65	Reply Brief
5/3/2016	0.08	call with N McKennedy re ALJ Order
5/3/2016	0.10	emails with team re ALJ order's discussion of Catastrophe and reply brief
5/3/2016	0.35	Reviewing ALJ order, apprising CFC and Bickmore
5/4/2016	0.21	call with A Lewis regarding ALJ Order, reply brief and SF Request for Official Notice

5/5/2016	1.55	Drafting Reply Brief
5/5/2016	1.82	Drafting Reply Brief
5/6/2016	3.39	Drafting Reply Brief
5/9/2016	1.52	Drafting Reply Brief
5/10/2016	3.53	Drafting Reply Brief
5/11/2016	2.07	Drafting Reply Brief
5/12/2016	0.88	Drafting Reply Brief
5/12/2016	0.25	call with A Lewis re Reply brief, motion to strike and opposition to request for official notice
5/12/2016	0.33	CALL WITH N McKennedy regarding Cat trends and 2015 data in SF brief
5/12/2016	6.60	Drafting Reply Brief
5/13/2016	1.67	Drafting Reply Brief
5/13/2016	0.29	Incorporating Aaron Lewis's edits
5/13/2016	1.59	Reply brief final sections...
5/13/2016	0.35	call w/ N McKennedy re effective date; email with N McKennedy re same + other aspects of SF opening brief
5/13/2016	0.14	call with aaron lewis re motion to strike/oppo to RON
5/15/2016	0.69	Drafting Reply Brief
5/16/2016	0.33	Call with Becky Richard re SF's three part trend and CAT provision per AIY
5/16/2016	2.70	Bickmore
5/16/2016	0.11	reviewing Motion to Strike
5/16/2016	0.17	Call with A Lewis regarding motion to Strike
5/17/2016	1.60	making final edits to brief
5/24/2016	0.74	reviewing SF Reply brief
5/25/2016	0.93	reviewing CDI and CW briefs
6/1/2016	0.10	emailing B Richard re rate template calculations
6/1/2016	0.12	Reviewing ALJ orders re RON, MTS and request for additional evidence
6/1/2016	0.41	call with N McKennedy regarding rate templates
6/2/2016	0.10	clarification/reconsideration
6/3/2016	0.49	reviewing SF's templates in response to ALJ order
6/3/2016	0.25	call with N McKennedy regarding templates ordered by ALJ
6/3/2016	0.18	ALJ
6/3/2016	0.41	reviewing ALJ order re templates and preparing and sending email to all parties regarding CFC templates in response to order
6/3/2016	0.17	reviewing and responding to emails from VWells, T Foreman regarding joint stipulation of rate templates
6/3/2016	0.20	reviewing and responding to V Wells emails about SFG's selected trend and the templates

6/3/2016	0.20	call with N McKennedy regarding weighting methodology
6/6/2016	0.32	two calls with A Lewis re template calculations for joint stip
6/6/2016	0.25	call with N McKennedy regarding templates for joint stipulation
6/6/2016	0.55	reviewing emails, templates and drafts of stipulation re templates
6/29/2016	0.36	Reviewing pleadings in Mercury V Jones related to SF request for judicial notice of material from State Farm rate hearing
7/21/2016	0.42	Reviewing series of SF emails about redacted, public versions of declarations
8/8/2016	0.34	reviewing SF letter to Commissioner Jones (including 3 minute call with A Lewsi)
8/9/2016	0.33	conversation with T Foreman regarding Commissioner Decision
8/9/2016	0.19	call with A Lewis regarding briefing of interest rate issue
8/9/2016	0.10	call with A Lewis to coordinate briefing process
8/9/2016	1.90	reviewing ALJ decision
8/10/2016	0.43	call with R Holober regarding ALJ proposed decision, Jones non-adoption and next steps
8/11/2016	0.51	Call with CDI, CW and CFC to discuss ALJ order on investment briefing
8/11/2016	0.21	call with A Lewis re drafting of brief
8/11/2016	2.02	Researching interest rates and Drafting brief on interest rates
8/12/2016	0.17	REviewing ALJ 8/12/16 order regarding taking evidence
8/12/2016	0.14	evidence
8/12/2016	0.27	call with T Foreman re order regarding evidence
8/15/2016	0.11	call with A Lewis regarding Wells letter to ALJ regarding interest rate questions
8/16/2016	0.25	call with A Lewis regarding submission of evidence regarding interest rates.
8/16/2016	0.28	reviewing V Wells email regarding stipulations and responding to all parties with proposed Meet and Confer time
8/17/2016	0.55	researching consumer interest rates
8/17/2016	0.08	call with A Lewis regarding document exchange re interest rates
8/18/2016	0.38	reviewing documents on interest rate standard and revising cover letter for document exchange.
8/19/2016	0.39	reviewing parties submissions regarding interest rates
8/19/2016	0.12	call with A Lewis regarding meet and confer re interest rates
8/22/2016	1.09	Meet and Confer call with all parties re interest rates
8/22/2016	0.75	rates
8/22/2016	0.00	post meet and confer call with A Lewis regarding interest rates and possible stipulation.
8/22/2016	0.28	call with todd foreman re stipulation
8/24/2016	0.73	Call with parties - reconvened meet and confer call re interest rates

8/24/2016	0.13	stipulations
8/24/2016	0.08	call with A Lewis re interest rates brief
8/26/2016	0.93	researching consumer finance issues for interest rate brief (including 4 minute call with A Lewis on subject)
8/26/2016	0.54	editing interest rate brief
8/26/2016	0.12	call with A Lewis regarding final edits to interest rate briefs
8/30/2016	1.19	reviewing SF Brief and declarations on Interest rates
8/31/2016	0.08	call with A Lewis regarding hearing order re interest rates
8/31/2016	0.08	Call with T Foreman regarding hearing order re interest rates
8/31/2016	0.40	reviewing ALJ order re interest rate hearing, parties' emails re same, and exhibits cited in ALJ Order
8/31/2016	0.20	Drafting telephonic appearance request
8/31/2016	0.00	reviewing CDI and CWD briefs on interest rates
9/1/2016	0.27	conversation with A Lewis to prepare for interest rate hearing
9/1/2016	0.21	call with N McKennedy re interest hearing
9/2/2016	0.07	reviewing CDI motion to object to SF briefing
9/2/2016	2.12	Interest rate status conference and hearing on submission of evidence; joined by telephone
9/6/2016	0.08	call with A Lewis regarding whether or not CFC needs to file a reply brief
9/7/2016	0.17	call with R Holober regarding reply brief on interest rates
9/8/2016	0.11	call with A Lewis about legal research concerning interest rates for reply brief
9/8/2016	0.25	Call with A Lewis regarding ALJ order for conference on interest rate reply briefs.
9/8/2016	0.35	Call with N McKennedy re ALJ order on Monday conference
9/9/2016	0.43	call w N McKennedy and Todd Foreman (12 min) re interest rate timing issue
9/12/2016	0.08	Call with A Lewis to prepare for Conference on interest rate timing
9/12/2016	0.48	reviewing relevant CCR and 20th century/Calfarm for interest rate timing issues
9/12/2016	0.63	ALJ-ordered conference regarding additional questions about interest rate on refunds
9/12/2016	0.13	Call with A Lewis to debrief on ALJ's interest rate conference
9/13/2016	0.11	call with A Lewis regarding interest rate reply brief
9/13/2016	0.94	call with A Lewis regarding interest rate conference (with N McKennedy for 30 min)
9/14/2016	0.24	Reviewing Exhibit List
9/15/2016	0.39	call with N McKennedy about the interest rate reply briefs
9/15/2016	0.44	editing interest rate brief
9/16/2016	2.86	editing interest rate reply brief

9/16/2016	0.08	call with A Lewis regarding 103 refund and interest issues
9/16/2016	0.44	call with N McKennedy regarding interest rate reply briefs
9/19/2016	0.25	reviewing reply brief and 9 minute call with A Lewis regarding interest rate reply brief
9/20/2016	0.61	editing Reply Brief on interest rates
9/20/2016	0.47	initial review of SF reply briefs
9/21/2016	0.14	call with A Lewis regarding reply briefs
9/22/2016	0.33	reviewing Reply briefs in interest hearing
9/26/2016	0.22	call with A Lewis regarding calculation of savings for SF customers and ALJ order re closing hearing
10/4/2016	0.20	reviewing SF calculation of refund amount (Terry Declaration) and comparing with Bickmore calculations
10/4/2016	0.14	call with N McKennedy re calculation of refunds
10/5/2016	1.23	Call with Holober and A Lewis re prospects of SF request for reconsideration and also challenge to Commissioner decision
10/6/2016	0.65	Call with T Foreman about ensuring the correct refund calculation
11/1/2016	0.50	5 minute call with R Holober, 5 minutes with N McKennedy re same.
11/7/2016	1.60	Reviewing final decision
11/7/2016	0.50	steps
11/7/2016	0.15	Call with N McKennedy re final decision
11/8/2016	0.26	call with R Holober about decision and next steps
11/9/2016	0.80	Summarizing SF decision and impact on consumers for R Holober
11/14/2016	0.47	call with A Lewis regarding fee request
11/15/2016	0.57	Preparing Request for Compensation (drafting section on initial petition and pre-hearing negotiation)
11/17/2016	2.24	Preparing Request for Compensation (drafting sections on hearings)
11/18/2016	0.96	Preparing Request for Compensation
11/18/2016	1.69	Preparing request for compensation (drafting hearing section)
11/21/2016	0.22	call with A Lewis re ALJ decision and preparation of Request for compensation
11/21/2016	2.53	Preparing request for compensation
11/22/2016	0.67	Preparing request for compensation
11/22/2016	0.48	Editing A Lewis sections of request for compensation
11/22/2016	0.41	call with A Lewis re Request For Comp.
11/23/2016	3.67	Preparing request for compensation
11/25/2016	0.37	Preparing request for petition
11/28/2016	0.22	call with A Lewis regarding Request for compensation and drafting of declaration
11/28/2016	3.29	editing Request for Compensation summary of proceeding, drafting section IV

11/29/2016	0.70	Drafting section for A Lewis declaration
11/29/2016	0.50	Reviewing Timesheet records
11/29/2016	0.23	compensation
11/30/2016	0.97	reviewing A Lewis declaration; adding info pre-hearing phase, hearings, Heller bio
12/1/2016	0.58	Reviewing Bickmore timesheets; editing A Lewis declaration
12/1/2016	1.50	Reviewing declaration of A Lewis, Request for compensation
12/2/2016	0.25	Reviewing expenses
12/2/2016	1.19	Final review and editing of Request for Compensation, Declaration of A Lewis

TOTAL 428.43

Hours for Richard Holober

Date	Work Performed	Hours	Fee
6/6/2015	call with Doug Heller regarding likelihood of hearing in SF challenge and strategy going forward	0.3	\$ 73
6/11/2015	Call with Doug Heller concerning hearing variance requests	0.2	\$ 50
6/18/2015	Call with Doug Heller and Bickmore to discuss hearing	0.2	\$ 50
6/18/2015	call with team and Consumer Watchdog team to discuss coordinating State Farm hearing responsibilities	0.7	\$ 175
7/29/2015	call with Doug Heller about hearing, possible stipulations, and key issues that may remain in dispute	0.4	\$ 100
7/30/2015	call with Doug Heller and CFC staff regarding attorney and advocate responsibilities in hearing	0.5	\$ 125
11/20/2015	Attend evidentiary hearing	2.6	\$ 650
2/5/2016	Call with Doug Heller regarding hearing	0.1	\$ 25
2/20/2016	call with Doug Heller re State Farm challenge	0.2	\$ 50
8/11/2016	call with Doug Heller: ALJ and Jones decisions, next steps	0.4	\$ 100
9/8/2016	call with Doug Heller regarding interest rates brief	0.2	\$ 50
10/6/2016	Call with team to prepare for possible request for reconsideration, other actions by SF	1.2	\$ 300
11/2/2016	Call with Doug Heller regarding timing of decision	0.1	\$ 25
11/8/2016	Call with team: SF Decision and next steps	0.5	\$ 125
11/9/2016	call with Doug Heller about decision	0.3	\$ 75
11/10/2016	Call with Doug Heller to discuss SF decision	0.8	\$ 200

8.7 \$ 2,173

Hours for Aaron Lewis

Date	Work Performed	Hours	Fee
6/17/2015	Call with Heller, Pressley, Foreman, Schwartz, Richard, Priven on avoiding duplication	0.7	\$ 221
6/18/2015	Review CFC filings	1.4	\$ 441
6/18/2015	Call with Heller on issues in dispute	0.35	\$ 110
7/2/2015	Call with Heller on status conference	0.1	\$ 32
7/6/2015	Call with Heller on status conference and discovery	0.1	\$ 32
7/7/2015	All parties call on discovery process	0.5	\$ 158
7/8/2015	Status conference with all parties	0.9	\$ 284
7/9/2015	Call with Heller on confidentiality	0.1	\$ 32
7/9/2015	Draft notice of appearance	0.2	\$ 63
7/10/2015	Call with Heller, Richard and priven on discovery request	0.3	\$ 95
7/10/2015	Call with Heller on protective order	0.2	\$ 63
7/13/2015	Call with Pressley, Foreman, Heller on discovery and protective order	0.5	\$ 158
7/13/2015	Review State Farm discovery requests	0.6	\$ 189
7/14/2015	Review draft protective order from CW	0.5	\$ 158
7/14/2015	Call with Heller on extra time for State Farm discovery request	0.2	\$ 63
7/17/2015	Call with Heller on State Farm notice of defense and discovery	0.8	\$ 252
7/20/2015	Call with Richard, Priven, Heller on Discovery	0.9	\$ 284
7/20/2015	Call with Heller on Status conf	0.35	\$ 110
7/20/2015	Review State Farm edits to protective order	0.2	\$ 63
7/20/2015	All-party call on schedule	0.9	\$ 284
7/20/2015	Draft discovery request	0.9	\$ 284
7/21/2015	Read and review emails re; protective order	0.1	\$ 32
7/21/2015	Review stipulated protective order draft	0.3	\$ 95
7/22/2015	Read and review emails re discovery draft	0.1	\$ 32
7/22/2015	Draft discovery request	1.4	\$ 441
7/23/2015	Call with Heller on discovery request	0.2	\$ 63
7/23/2015	Read and review emails re: protective order drafts	0.1	\$ 32
7/23/2015	Prepare and edit discovery request	1.6	\$ 504
7/24/2015	Read and review emails on status conference stmnt	0.1	\$ 32

7/24/2015	All-party call on protective order	1.2	\$	378
7/24/2015	Telephone Status Conference	0.7	\$	221
7/27/2015	Review further State Farm edits on protective order	0.3	\$	95
7/27/2015	Read and review emails on revised State Farm data	0.1	\$	32
7/28/2015	Read and review emails on protective order	0.2	\$	63
7/29/2015	All-party call on protective order	0.9	\$	284
7/29/2015	Call w/ Holober, Nussbaum and Heller on case status	0.5	\$	158
7/29/2016	Review joint scheduling conf statement	0.3	\$	95
7/30/2016	Review State Farm edits to joint scheduling conf statement	0.3	\$	95
7/31/2015	Scheduling conference	1	\$	315
8/3/2015	Call with Heller and Richards on discovery	0.55	\$	173
8/3/2015	Call with Heller on discovery	0.5	\$	158
8/3/2015	Draft and prepare discovery response to State Farm	2.6	\$	819
8/4/2015	Draft and prepare discovery response to State Farm	1.1	\$	347
8/4/2015	Call with C. Mammen on disc. production issue	0.1	\$	32
8/5/2015	Review produced documents form State Farm	0.6	\$	189
8/9/2015	Draft and edit discovery response to State Farm	0.6	\$	189
8/10/2015	Draft and edit discovery response to State Farm	1.7	\$	536
8/17/2015	Call with Heller, Priven, Richard on discovery review	0.6	\$	189
8/17/2015	Call with Heller on witness designation	0.2	\$	63
8/17/2015	Call with Heller on State Farm discovery production/format	0.4	\$	126
8/18/2015	Meet and confer with State Farm counsel Stacy Hovan	0.2	\$	63
8/21/2015	Review State Farm responses to CFC disc	0.6	\$	189
8/27/2015	Call with Heller on meet and confer	0.2	\$	63
8/31/2015	Meet and confer with Heller and Chris Mammen	0.75	\$	236
9/2/2015	Call with Heller on State Farm load files	0.2	\$	63
9/2/2015	Call with Heller, Foreman, Phenix on settlement discussion and nonduplication of work	0.7	\$	221
9/3/2015	Call with Heller on discovery reference doc	0.1	\$	32
9/3/2015	Call with Heller on State Farm discovery contentions	0.3	\$	95
9/3/2015	Call with Heller and Richards on potential settled issues	0.7	\$	221
9/3/2015	All parties call re: settlement	1.6	\$	504
9/4/2015	Review for dicoverly conference	0.4	\$	126
9/4/2015	Call with heller, prep for discovery conference	0.1	\$	32
9/4/2015	Discovery conference	1	\$	315
9/4/2015	Review Mammen email re Exh 14	0.2	\$	63
9/8/2015	Review motion to compel	0.6	\$	189

9/8/2015	Review Mammen email re dicover responsive to CDI	0.3	\$	95
9/8/2015	Review CW MTC	0.5	\$	158
9/8/2015	Call with Heller on MTC	0.6	\$	189
9/10/2015	Call with Heller on MTC	0.1	\$	32
9/10/2015	Call with Heller and Chris Mammen on MTC	0.25	\$	79
9/14/2015	Call with Heller discussing possible withdrawal of motion to compel	0.2	\$	63
9/14/2015	Call with Heller and CM on discovery	0.2	\$	63
9/14/2015	Draft notice of withdrawal	0.5	\$	158
9/15/2015	Call with Heller on withdrawing motion to compel	0.2	\$	63
9/15/2016	Review State Farm oppo to CW MTC	0.5	\$	158
9/15/2015	Call with Heller on joint statement	0.1	\$	32
9/21/2015	Call with Heller, Priven, and Richards on issues to raise in Priven prefiled direct testimony	0.5	\$	158
9/22/2016	Review State Farm responses to CFC disc	0.6	\$	189
9/23/2015	Draft and edits motion to strike	0.9	\$	284
9/23/2015	Review State Farm pre-filed direct testimony	1.9	\$	599
9/24/2015	Call with Heller, Priven, Richards, and Todd Foreman, Allan Schwartz on non-duplication	1	\$	315
9/24/2015	Call with Heller on motion to strike	0.4	\$	126
9/29/2015	hearing on Motions to Compel	4	\$	1,260
10/1/2015	Call with heller on discovery docs	0.1	\$	32
10/5/2015	Call with heller on Motion to strike	0.2	\$	63
10/5/2015	Call with Heller and Chris Mammen on discovery	0.25	\$	79
10/6/2015	Review statement of undisputed issues	0.4	\$	126
10/7/2015	Call with heller on Motion to strike hearing	0.2	\$	63
10/7/2015	Call with Heller and Mammen on cat loss data production	0.1	\$	32
10/8/2015	Call with Heller on tentative decision	0.1	\$	32
10/8/2015	Call with Heller on prep for motion to strike hearing	1	\$	315
10/9/2015	Call with Heller on Hearing	0.15	\$	47
10/9/2015	Motion to strike hearing	2.6	\$	819
10/13/2015	Call with Heller on confidentiality	0.1	\$	32
10/14/2015	Call with Heller, Priven, Richards on prefiled direct testimony	0.5	\$	158
10/14/2015	Review Priven prefiled direct testimony	1.6	\$	504
10/15/2015	Review and incorp Heller edits	1.1	\$	347
10/15/2015	Call with Heller on exhibits	0.3	\$	95
10/15/2015	review and incorporate Priven edits to prefiled direct testimony	0.7	\$	221
10/15/2015	Review and edit prefiled direct testimony	0.6	\$	189
10/16/2015	Edit prefiled direct testimony	1.9	\$	599

10/16/2015	Call with Heller, Priven, and Richards on prefiled direct testimony edits	0.25	\$	79
10/17/2015	Review filed prefiled direct testimony	1.7	\$	536
10/20/2015	Review State Farm discovery response	0.5	\$	158
10/20/2015	Call with Heller on hearing prep	0.3	\$	95
10/23/2015	Call with Heller, CDI and consumer watchdog on hearing	0.9	\$	284
10/26/2015	Call with Heller, Richards, and Priven on State Farm motion	0.5	\$	158
10/27/2015	Call with Richards on motion to strike	0.15	\$	47
10/29/2015	Draft and edit opposition to motion to strike	1	\$	315
10/29/2015	Call with Heller on motion to strike response	0.5	\$	158
10/30/2015	Call with Heller on State Farm motion	0.15	\$	47
11/2/2015	Call with Heller, Richards, Priven on State Farm testimony	0.9	\$	284
11/4/2015	Call with Heller on hearing prep	0.45	\$	142
11/6/2015	Review Watkins and Terry testimony	0.55	\$	173
11/6/2015	Call with Heller on witness schedule	0.2	\$	63
11/6/2015	Review and research cross q's for Terry	1.6	\$	504
11/10/2015	Review CDI Hemphill testimony	0.4	\$	126
11/10/2015	Call with Heller on hearing prep	0.3	\$	95
11/12/2015	Status conference with all parties	1	\$	315
11/12/2015	Call with Richards on cross exam q's	0.7	\$	221
11/12/2015	Call with Heller and Foreman on Watkins cross	0.6	\$	189
11/13/2015	Review consumer watchdog exhibits	0.4	\$	126
11/13/2015	Review all testimony for hearing	2	\$	630
11/13/2015	Review Watkins testimony	0.5	\$	158
11/14/2015	Review all testimony for hearing	1.1	\$	347
11/15/2015	Review for hearing incl Terry cross	1.2	\$	378
11/15/2015	Review for Terry cross	0.7	\$	221
11/16/2015	Prep for and attend evidentiary hearing	7.5	\$	2,363
11/17/2015	Prep for and attend evidentiary hearing	7.3	\$	2,300
11/18/2015	Prep for and attend evidentiary hearing	8.3	\$	2,615
11/19/2015	Prep for and attend evidentiary hearing	8.2	\$	2,583
11/20/2015	Prep for and attend evidentiary hearing	7.1	\$	2,237
11/23/2015	Prep for and attend evidentiary hearing	6.5	\$	2,048
11/24/2015	Call with Heller on Cal Fire Decl	0.2	\$	63
12/1/2015	Call with Heller, Richards and Priven on testimony	0.65	\$	205
12/7/2015	Review Richards possible rebuttal topics	0.5	\$	158
12/9/2015	Call with Heller and Richards on testimony	0.65	\$	205
12/15/2015	Call with Heller, Richards and Priven on testimony	0.4	\$	126
12/16/2015	Draft and edit possible Cal Fire declaration	1.6	\$	504

12/17/2015	Draft and edit potential cal fire decl	0.5	\$	158
12/18/2015	Review rebuttal testimony draft	1	\$	315
12/21/2015	Call with Heller on testimony	0.2	\$	63
12/21/2015	Call with Heller, Richards and Priven on rebuttal testimony	0.65	\$	205
12/21/2015	Review rebuttal draft	0.9	\$	284
12/22/2015	Review rebuttal draft	0.5	\$	158
12/22/2015	Call with Heller on rebuttal testimony	0.2	\$	63
12/22/2015	Review rebuttal testimony	1.2	\$	378
12/29/2015	Review rebuttal testimony	0.8	\$	252
12/29/2015	Call with Heller on motion to strike	0.2	\$	63
12/30/2015	Review and edit motion to strike	0.5	\$	158
12/30/2015	Review exhib list	0.3	\$	95
1/2/2016	Review testimony and prep for evidentiary hearing	1.7	\$	536
1/4/2016	Review cross X q's and hearing prep	0.6	\$	189
1/5/2016	Prep for and attend evidentiary hearing	7.5	\$	2,363
1/5/2016	Review for hearing re: watkins cross q's	0.3	\$	95
1/6/2016	Prep for and attend evidentiary hearing	7.7	\$	2,426
1/7/2016	Prep for and attend evidentiary hearing	8.6	\$	2,709
1/8/2016	Prep for and attend evidentiary hearing	7.9	\$	2,489
1/10/2016	Prep for hearings, review of proceeding	1.2	\$	378
1/11/2016	Prep for and attend evidentiary hearing	7.8	\$	2,457
1/12/2016	Prep for and attend evidentiary hearing	8.5	\$	2,678
1/19/2016	Call with Heller on templates and exhibit list	0.1	\$	32
1/21/2016	All party call on exhibits	1.1	\$	347
1/22/2016	Review revised exhibit list	0.3	\$	95
1/25/2016	Call with Heller and Richards on template	0.1	\$	32
1/27/2016	Call with Heller on template submission	0.2	\$	63
1/28/2016	Status conference w/all parties	3.2	\$	1,008
1/29/2016	Call with Heller on confidentiality motion	0.7	\$	221
1/29/2016	Call with Heller on official notice objection	0.2	\$	63
2/2/2016	Draft and edit joinder	0.8	\$	252
2/2/2016	Call with Heller on confidentiality motion	0.1	\$	32
2/10/2016	Call with Heller on confidentiality brief	0.1	\$	32
2/12/2016	Call with Heller on confidentiality brief	0.3	\$	95
2/17/2016	Read State Farm reply to objections	0.3	\$	95
2/18/2016	Review tentative	0.3	\$	95
2/19/2016	Hearing on confidentiality (morning and PM)	3.9	\$	1,229
2/26/2016	Call with Heller on State Farm briefing request	0.2	\$	63

3/8/2016	Review and edits joint exhibit list	0.3	\$	95
3/9/2016	Review and edit re-filed Priven PRT	0.4	\$	126
3/21/2016	Review and edit brief	1	\$	315
3/29/2016	Review discovery documents for Heller	0.3	\$	95
4/1/2016	Review and edit brief	0.8	\$	252
4/5/2016	Call with Heller on brief	0.3	\$	95
4/7/2016	Call with Heller on yield and leverage	0.7	\$	221
4/7/2016	Call with Heller on request for official notice	0.15	\$	47
4/8/2016	Draft and edit opening brief	1.1	\$	347
4/8/2016	Call with Heller, Priven, and Richard on cat load portion of brief	1.3	\$	410
4/8/2016	Edit opening brief	0.6	\$	189
4/9/2016	Edit opening brief	0.7	\$	221
4/10/2016	Review and edit draft of Brief	1.1	\$	347
4/10/2016	Review and edit draft of Brief	1.8	\$	567
4/11/2016	Review brief for final edits	0.7	\$	221
4/11/2016	Call with heller on final edits	0.3	\$	95
4/13/2016	Read filed briefs	0.8	\$	252
4/14/2016	Read filed briefs	1	\$	315
4/14/2016	Review brief for redaction	0.9	\$	284
4/19/2016	Call with Heller on reply brief	0.3	\$	95
4/21/2016	Call with heller, Foreman and McKennedy on reply brief	1.1	\$	347
4/21/2016	Review briefs	1.2	\$	378
4/26/2016	Research official notice for legislative hearings	0.2	\$	63
5/2/2016	Draft and edit reply brief section	1.1	\$	347
5/4/2016	Call with Heller on ALJ order re: reply briefs	0.18	\$	57
5/5/2016	Draft and edit motion to strike	0.7	\$	221
5/11/2016	Draft and edit motion to strike	1	\$	315
5/12/2016	Call with Heller on reply brief and MTS	0.2	\$	63
5/13/2016	Review Reply brief Draft	1	\$	315
5/13/2016	Call with Heller on Reply Brief	0.15	\$	47
5/13/2016	Review Reply brief Draft	0.5	\$	158
5/15/2016	Call with Heller on reply brief	0.1	\$	32
5/16/2016	Review and edit Reply Brief Draft	1.3	\$	410
5/16/2016	Call with heller on motion to strike	0.2	\$	63
5/16/2016	Review motion to strike	1.1	\$	347
5/17/2016	Review and edit Reply Brief Draft	0.9	\$	284
5/17/2016	Call with Heller on reply brief	0.1	\$	32
5/18/2016	Edit Reply brief	0.7	\$	221

5/18/2016	Citation check for brief	0.5	\$	158
5/19/2016	Read and review reply briefs	1.9	\$	599
5/19/2016	Read and review reply briefs	0.6	\$	189
5/20/2016	Review Reply brief for redaction	0.8	\$	252
5/23/2016	Discussion with Heller on timeline	0.1	\$	32
6/1/2016	Review State Farm filings	0.6	\$	189
6/2/2016	Discussion with Heller on State Farm filings	0.1	\$	32
6/2/2016	Review State Farm letter	0.3	\$	95
6/2/2016	Discussing with Heller on response to State Farm filing	0.1	\$	32
6/3/2016	Draft letter objecting to State Farm motion	0.3	\$	95
6/3/2016	Review template correspondence	0.3	\$	95
6/6/2016	call with Heller on templates	0.2	\$	63
6/6/2016	All party call on templates	0.3	\$	95
8/8/2016	Review State Farm ltr to Commisisoner	0.5	\$	158
8/8/2016	Call with Heller on Ltr	0.1	\$	32
8/9/2016	Call with Heller on briefing	0.1	\$	32
8/9/2016	Call with Heller on ALJ order re: reply briefs	0.1	\$	32
8/10/2016	Review refund portions of briefs	0.5	\$	158
8/10/2016	Review Proposed Decision	0.4	\$	126
8/11/2016	Call with CW and CDI on additional briefing	0.6	\$	189
8/11/2016	Call with Heller on briefing	0.2	\$	63
8/11/2016	Caselaw research on interest rates	1	\$	315
8/12/2016	Draft interest rate brief	1.2	\$	378
8/12/2016	Review new Order and discussion with Heller on Order	0.2	\$	63
8/15/2016	Call with Heller	0.1	\$	32
8/15/2016	Review Wells email re: M&C	0.2	\$	63
8/16/2016	Call with Heller on consumer interest rate and M&C	0.25	\$	79
8/17/2016	Research consumer interest rates	0.3	\$	95
8/18/2016	Draft and edit brief on interest rates	1	\$	315
8/19/2016	Call with heller on meet and confer for interest rates	0.2	\$	63
8/22/2016	Meet and confer	1.1	\$	347
8/22/2016	Call with Heller on M+C	0.15	\$	47
8/23/2016	Review edits on brief	0.2	\$	63
8/24/2016	Further M+C	0.7	\$	221
8/26/2016	Call with Heller on consumer rate evidence	0.1	\$	32
8/31/2016	Revie state farm interest rate submissions	0.5	\$	158
9/1/2016	Call with Heller on status conference	0.2	\$	63
9/2/2016	Prepare for and attend status conference	2.3	\$	725

9/6/2016	Call with Heller on need for reply brief	0.1	\$	32
9/7/2016	Research case law for treatment of consumer interest/refund standard across JXs	0.8	\$	252
9/8/2016	Research case law and regs per new ALJ order	0.8	\$	252
9/8/2016	Call with Heller on interest rate research	0.1	\$	32
9/8/2016	Call with Heller on new ALJ order	0.2	\$	63
9/12/2016	Review refund timing caselaw	1	\$	315
9/12/2016	All parties status conference	0.7	\$	221
9/12/2016	Call with Heller post conference	0.15	\$	47
9/13/2016	Call with Heller on reply brief	0.1	\$	32
9/13/2016	Call with Heller and N. McKennedy on Sept 12 conf	0.9	\$	284
9/14/2016	Review exhibit list for errors	0.2	\$	63
9/14/2016	Draft and edit reply brief	0.8	\$	252
9/16/2016	Call with Heller on reply brief	0.1	\$	32
9/16/2016	Draft and edit reply brief	0.7	\$	221
9/21/2016	Call with Heller on reply briefs	0.1	\$	32
9/21/2016	Review filed briefs	1	\$	315
10/4/2016	Call with Heller on refund percentage rates	0.2	\$	63
10/5/2016	Call with Heller and Holober on case status and potential mtn for reconsideration from State	1.2	\$	378
10/10/2016	Review docket for purposes of compensation claim	0.5	\$	158
10/11/2016	Prepare and draft compensation claim	1	\$	315
11/14/2016	Call with heller on compensation claim	0.5	\$	158
11/18/2016	Draft and edit compensation claim	2.3	\$	725
11/21/2016	Draft and edit compensation claim	1.3	\$	410
11/21/2016	Call with Heller on compensation claim	0.2	\$	63
11/22/2016	Call with Heller on compensation claim	0.4	\$	126
11/28/2016	Draft and edit Lewis Decl	0.9	\$	284
11/29/2016	Draft and edit Lewis Decl	1.6	\$	504
12/1/2016	Call with Heller on compensation claim	0.1	\$	32
12/1/2016	Call with Heller on compensation claim	0.3	\$	95
12/2/2016	Call with Heller on compensation claim	0.1	\$	32
12/5/2016	Compile exhibits for ocmp cliam	0.9	\$	284
12/5/2016	final edit of claim	1.1	\$	347

264.38 \$ 83,280

ATTACHMENT 2

Date	Category	Submitted	
		by	Amount
9/10/2016	Postage	Lewis	\$ 26.60
9/2/2016	Parking	Lewis	\$ 33.00
9/12/2016	Parking	Lewis	\$ 32.00
8/29/2016	Postage	Lewis	\$ 22.67
5/18/2016	Postage	Lewis	\$ 22.29
11/16/2015	Meals	Holober	\$ 32.27
5/27/2016	Postage	Lewis	\$ 58.77
6/3/2016	Postage	Lewis	\$ 28.51
5/16/2016	Postage	Lewis	\$ 28.22
3/10/2016	Postage	Lewis	\$ 24.84
1/27/2016	Postage	Lewis	\$ 22.61
2/19/2016	Parking	Lewis	\$ 34.00
2/12/2016	Postage	Lewis	\$ 18.59
1/5/2016	Parking	Lewis	\$ 33.00
1/6/2016	Parking	Lewis	\$ 32.00
1/7/2016	Parking	Lewis	\$ 32.00
1/8/2016	Parking	Lewis	\$ 32.00
1/11/2016	Parking	Lewis	\$ 32.00
1/12/2016	Parking	Lewis	\$ 32.00
1/13/2016	Parking	Lewis	\$ 32.00
1/8/2016	Meals	Lewis	\$ 4.89
1/5/2016	Meals	Lewis	\$ 7.80
1/12/2016	Meals	Lewis	\$ 10.75
1/7/2016	Meals	Lewis	\$ 5.71
1/5/2016	Meals	Lewis	\$ 3.80
1/12/2016	Meals	Lewis	\$ 10.55
1/12/2016	Printing & Reproduction	Lewis	\$ 14.94
1/12/2016	Printing & Reproduction	Lewis	\$ 6.20
2/4/2016	Postage	Lewis	\$ 22.35
1/4/2016	Airfare	Heller	\$ 335.96
1/4/2016	Lodging	Heller	\$ 988.20
1/4/2016	Meals	Heller	\$ 16.11
1/4/2016	Ground transportation	Heller	\$ 69.50
1/5/2016	Meals	Heller	\$ 7.37
1/5/2016	Meals	Heller	\$ 22.90
1/5/2016	Meals	Heller	\$ 11.90
1/6/2016	Meals	Heller	\$ 14.84
1/6/2016	Meals	Heller	\$ 30.45
1/6/2016	Meals	Heller	\$ 6.23
1/7/2016	Meals	Heller	\$ 10.66
1/7/2016	Meals	Heller	\$ 4.78
1/7/2016	Meals	Heller	\$ 27.75
1/8/2016	Meals	Heller	\$ 4.38
1/8/2016	Meals	Heller	\$ 10.55
1/10/2016	Airfare	Heller	\$ 228.98
1/12/2016	Meals	Heller	\$ 10.94
1/12/2016	Meals	Heller	\$ 16.41
1/12/2016	Lodging	Heller	\$ 506.33
1/12/2016	Ground transportation	Heller	\$ 10.20
1/12/2016	Meals	Heller	\$ 11.17
1/13/2016	Airfare	Heller	\$ 228.98
1/13/2016	Parking	Heller	\$ 36.08
1/13/2016	Meals	Heller	\$ 14.54

1/13/2016	Meals	Heller	\$	16.41
1/13/2016	Meals	Heller	\$	5.98
1/13/2016	Ground transportation	Heller	\$	10.20
1/5/2016	Legal Expenses	Transcript	\$	542.50
1/6/2016	Legal Expenses	Transcript	\$	681.70
1/7/2016	Legal Expenses	Transcript	\$	809.30
1/8/2016	Legal Expenses	Transcript	\$	690.40
1/11/2016	Legal Expenses	Transcript	\$	757.10
1/12/2016	Legal Expenses	Transcript	\$	849.90
1/3/2016	Legal Expenses	Transcript	\$	774.50
11/17/2015	Legal Expenses	Transcript	\$	684.60
11/16/2015	Legal Expenses	Transcript	\$	813.40
11/23/2015	Legal Expenses	Transcript	\$	614.60
11/16/2015	Legal Expenses	Transcript	\$	670.60
11/18/2015	Legal Expenses	Transcript	\$	791.00
11/20/2015	Legal Expenses	Transcript	\$	656.60
9/29/2015	Legal Expenses	Transcript	\$	423.60
7/27/2015	Postage	Lewis	\$	22.83
9/4/2015	Parking	Lewis	\$	34.00
9/15/2015	Postage	Lewis	\$	34.73
8/6/2015	Postage	Lewis	\$	33.20
10/9/2015	Parking	Lewis	\$	34.00
10/16/2015	Postage	Lewis	\$	28.42
10/20/2015	Postage	Lewis	\$	23.74
10/21/2015	Postage	Lewis	\$	23.74
10/30/2015	Postage	Lewis	\$	23.74
11/3/2015	Postage	Lewis	\$	24.08
9/29/2015	Parking	Lewis	\$	34.00
9/30/2015	Postage	Lewis	\$	23.91
11/19/2015	Parking	Lewis	\$	33.00
11/18/2015	Parking	Lewis	\$	34.00
11/20/2015	Parking	Lewis	\$	33.00
11/23/2015	Parking	Lewis	\$	34.00
11/16/2015	Parking	Lewis	\$	34.00
11/17/2015	Parking	Lewis	\$	34.00
11/19/2015	Meals	Lewis	\$	6.53
11/16/2015	Meals	Lewis	\$	4.00
11/19/2015	Meals	Lewis	\$	2.00
11/19/2016	Meals	Lewis	\$	6.00
11/20/2016	Meals	Lewis	\$	8.16
11/16/2016	Printing & Reproduction	Lewis	\$	78.11
11/16/2016	Printing & Reproduction	Lewis	\$	15.96
12/14/2015	Postage	Lewis	\$	24.08
12/22/2015	Postage	Lewis	\$	28.83
10/23/2015	Lodging	Heller	\$	297.18
10/23/2015	Lodging	Heller	\$	1,076.34
10/26/2015	Airfare	Heller	\$	366.96
11/5/2015	Lodging	Heller	\$	334.32
11/15/2015	Ground transportation	Heller	\$	55.00
11/15/2015	Ground transportation	Heller	\$	20.00
11/15/2015	Meals	Heller	\$	16.76
11/16/2015	Meals	Heller	\$	76.80
11/16/2015	Meals	Heller	\$	2.81
11/17/2015	Meals	Heller	\$	27.72
11/17/2015	Meals	Heller	\$	9.67

11/17/2015	Meals	Heller	\$	14.23
11/18/2015	Meals	Heller	\$	10.66
11/19/2015	Meals	Heller	\$	6.50
11/19/2015	Ground transportation	Heller	\$	12.10
11/19/2015	Meals	Heller	\$	8.06
11/19/2015	Meals	Heller	\$	10.88
11/20/2015	Ground transportation	Heller	\$	10.10
11/20/2015	Ground transportation	Heller	\$	23.95
11/20/2015	Meals	Heller	\$	13.59
11/20/2015	Meals	Heller	\$	21.42
1/11/2016	Meals	Holober	\$	3.24
1/13/2016	Meals	Holober	\$	6.99
1/16/2016	Meals	Holober	\$	6.99

ATTACHMENT 3

<u>Name</u>	<u>Date</u>	<u>Qty</u>	<u>Notes</u>
Becky Richard	1/3/2015	1.0	State Farm HO 14-8381 14-8381 filing review
Becky Richard	1/5/2015	0.4	Call with Doug Heller
Becky Richard	1/5/2015	3.6	State Farm HO 14-8381 14-8381 Filing Review,
Becky Richard	1/21/2015	0.2	Call with Doug Heller to dicuss State Farm HO 14-8381 14-831 filing intervention
Becky Richard	1/22/2015	3.7	State Farm HO 14-8381 14-8381 Filing Intervention memo
Becky Richard	1/22/2015	0.3	Call with Doug Heller to discuss petition evidence
Becky Richard	4/3/2015	0.3	Call with Doug Heller to discuss new data
Becky Richard	5/19/2015	4.9	Review State Farm HO 14-8381 Data Submissions and determining Bickmore State Farm Indication
Becky Richard	5/20/2015	4.0	Review State Farm HO 14-8381 Data Submissions and determining Bickmore State Farm Indication
Becky Richard	5/21/2015	3.8	Review State Farm HO 14-8381 Data Submissions and determining Bickmore State Farm Indication
Becky Richard	5/26/2015	0.2	Call with Doug Heller at CFC to discuss State Farm HO 14-8381 Indication memo
Becky Richard	5/27/2015	5.6	State Farm HO 14-8381 Indications and memo preparation
Becky Richard	5/27/2015	0.4	Calls with Doug Heller to discuss State Farm 14-8381 indication memo
Mark Priven	5/27/2015	1.5	Review indication memo regarding State Farm HO 14-8381 filing
Becky Richard	5/29/2015	0.5	Review CDI State Farm HO 14-8381 Indication
Becky Richard	6/1/2015	1.2	Pre-Call with Doug Heller for State Farm HO 14-8381
Becky Richard	6/17/2015	0.2	call with CFC to discuss State Farm HO 14-8381
Becky Richard	6/17/2015	0.9	call with CFC, CW to discuss State Farm Hearing
Mark Priven	6/17/2015	0.2	call with CFC to discuss State Farm HO 14-8381
Mark Priven	6/17/2015	0.9	call with CFC, CW to discuss State Farm Hearing

Becky Richard	7/10/2015	0.3	Call with CFC to discuss State Farm HO 14-8381 hearing discovery requests
Mark Priven	7/10/2015	0.3	Call with CFC to discuss State Farm HO 14-8381 hearing discovery requests
Becky Richard	7/13/2015	0.2	Call with Doug Heller to discuss discovery issues
Becky Richard	7/13/2015	4.8	Prepare State Farm HO 14-8381 Discovery Request
Becky Richard	7/14/2015	0.2	Call with Doug Heller to discuss discovery
Becky Richard	7/14/2015	6.5	Prepare State Farm HO 14-8381 Discovery Request
Becky Richard	7/15/2015	5.5	Prepare State Farm HO 14-8381 Discovery Request
Becky Richard	7/16/2015	6.0	Prepare State Farm HO 14-8381 Discovery Request
Mark Priven	7/16/2015	2.0	Review State Farm HO 14-8381 Discovery Request
Becky Richard	7/17/2015	2.5	Researching investment strategies for State Farm HO 14-
Becky Richard	7/20/2015	0.9	State Farm HO 14-8381 Hearing Discovery conference
Becky Richard	7/20/2015	6.1	Prepare State Farm HO 14-8381 Hearing Discovery
Mark Priven	7/20/2015	0.9	State Farm HO 14-8381 Hearing Discovery conference
Becky Richard	7/21/2015	7.9	Preparing State Farm HO 14-8381 Hearing Discovery
Becky Richard	7/22/2015	3.0	State Farm HO 14-8381 Hearing discovery request
Becky Richard	7/23/2015	0.5	State Farm HO 14-8381 Hearing Discovery Request
Becky Richard	7/26/2015	4.0	State Farm HO 14-8381 12/31/14 Revised template and exhibit analysis
Becky Richard	7/27/2015	6.7	State Farm HO 14-8381 12/31/14 Revised template and exhibit analysis
Becky Richard	7/28/2015	0.3	Call with Doug Heller to discuss new data
Becky Richard	8/3/2015	0.6	call with CFC to discuss submission and email proposal
Becky Richard	8/3/2015	3.4	Review State Farm's HO 14-8381 new data submission and proposal email from 7/31/15
Mark Priven	8/3/2015	1.0	Review State Farm HO 14-8381 new data submission and proposal email from 7/31/15
Becky Richard	8/4/2015	0.7	Call with CFC to discuss State Farm HO 14-8381 data submissions on disk and confidentiality concerns; completing protective order for Mark Priven and myself.

Mark Priven	8/4/2015	0.7	Call with CFC to discuss State Farm HO 14-8381 data submissions on disk and confidentiality concerns; completing protective order for Becky Richard and myself.
Becky Richard	8/10/2015	2.5	Review State Farm HO 14-8381 response to CW 2nd discovery request, Review State Farm HO 14-8381 data submission, particularly movement from 24 pt to 8 pt to 24 pt and new severity base
Mark Priven	8/10/2015	0.9	Review State Farm HO 14-8381 response to CW 2nd discovery request, Review State Farm HO 14-8381 data submission, particularly movement from 24 pt to 8 pt to 24 pt and new severity base
Becky Richard	8/11/2015	2.9	Working with IT to get software loaded onto system to download State Farm HO 14-8381 data from disk and actual downloading data and organizing it
Becky Richard	8/17/2015	0.6	Call with CFC to discuss strategy for tackling the massive State Farm HO 14-8381 data submission in regards to CDI discovery request
Mark Priven	8/17/2015	0.6	Call with CFC to discuss strategy for tackling the massive State Farm HO 14-8381 data submission in regards to CDI discovery request
Becky Richard	8/31/2015	2.0	Downloading State Farm HO 14-8381 response to CFC discovery request #1
Becky Richard	9/1/2015	0.5	State Farm HO 14-8381 Filing; Exhibit 14 review
Becky Richard	9/3/2015	0.7	Calls with CFC to discuss settlement call
Becky Richard	9/3/2015	0.3	Calls with CFC to discuss settlement call and Variance
Becky Richard	9/3/2015	1.6	Call with State Farm, CDI and CFC to discuss
Becky Richard	9/3/2015	0.4	Call with Doug Heller to discuss Exhibit 14
Becky Richard	9/3/2015	1.2	State Farm HO 14-8381: Summarize outstanding Issues; review FFE data and load, Exhibit 14
Becky Richard	9/10/2015	0.5	Review State Farm HO 14-8381 response to our request for Exhibit 14 data compared to Exhibit 9
Becky Richard	9/15/2015	1.5	Review State Farm HO 14-8381 DRAFT Joint Statement of Undisputed Facts and Disputed Issues
Becky Richard	9/15/2015	0.5	mail back the State Farm HO 14-8381 CDs at their

Becky Richard	9/18/2015	1.5	Downloading revised State Farm HO 14-8381 response to CFC request for discovery disks
Becky Richard	9/21/2015	0.5	Discuss with CFC Hearing strategy on CAT loads and efficiency standard
Becky Richard	9/21/2015	0.2	Review CDI Efficient Standard calculation and State Farm's 2013 calculated expenses factor
Mark Priven	9/21/2015	0.5	State Farm HO 14-8381: Call with CFC to discuss State Farm Hearing strategy on CAT loads and efficiency standard
Becky Richard	9/23/2015	3.0	Summarizing our discovery request to State Farm HO 14-8381 with the documents State Farm submitted in response to our discovery request
Becky Richard	9/24/2015	1.0	State Farm HO 14-8381 call re State Farm with CW
Becky Richard	9/24/2015	0.4	2 calls with Doug Heller to discuss State Farm
Becky Richard	9/24/2015	9.6	Efficiency standard variance analysis, Review Nancy Watkins Testimony, Research R-Squared papers, ISO CAT calculations and ISO California CAT data, Review HO 14-8381 Mao and Karen Terry Testimony for "Motion to Strike"
Mark Priven	9/24/2015	1.0	State Farm HO 14-8381 call re State Farm with CW
Becky Richard	9/25/2015	0.1	Call with Doug Heller to discuss FFEQ, etc
Becky Richard	9/25/2015	8.9	State Farm HO 14-8381 California and Countrywide trends; ISO trends; credibility of trends
Becky Richard	9/28/2015	2.7	Download new State Farm documents and summarize by CFC discovery requests
Nina Gau	9/28/2015	3.0	State Farm intervention - analysis of cat. load trending procedure, review of expert witness testimony, review of related actuarial literature.
Becky Richard	9/29/2015	3.5	State Farm Mark Priven Testimony write-up on CAT adjustment.
Becky Richard	9/29/2015	0.5	Discussion of critical weaknesses of State Farm assumptions with Nina Gau
Nina Gau	9/29/2015	2.5	State Farm intervention - analysis of cat. load trending procedure. Calculation of alternative trending method HO 14-8381ds.

Nina Gau	9/29/2015	0.5	Discussion of State Farm assumptions with Becky Richard.
Becky Richard	9/30/2015	8.0	State Farm Mark Priven Testimony write-up on CAT adjustment
Becky Richard	10/1/2015	8.7	Separating our State Farm CAT data submission for remainder of data submission; summarizing what issues have been taken off the table for the hearing and what issues are still outstanding; researching credibility of trend papers; Mark Priven testimony write-up, HO 14-8381urs summary to date
Becky Richard	10/1/2015	0.2	Call with Doug Heller and Aaron Lewis to discuss discovery documents
Becky Richard	10/2/2015	8.5	Mark Priven testimony write-up
Becky Richard	10/3/2015	2.5	Mark Priven testimony write-up
Becky Richard	10/4/2015	2.9	Mark Priven testimony write-up
Becky Richard	10/5/2015	9.5	Mark Priven testimony write-up
Becky Richard	10/6/2015	0.2	Call with Doug Heller to discuss Var 2A
Becky Richard	10/6/2015	1.8	Mark Priven State Farm Testimony; NAII Fast Track ordering
Mark Priven	10/6/2015	9.0	work on written testimony re State Farm HO 14-8381 filing
Becky Richard	10/7/2015	0.3	Call with Doug Heller to discuss CAT loss data, etc/
Becky Richard	10/7/2015	4.7	Updating analysis with NISS data received and Meeting with Mark Priven to discuss State Farm Testimony
Mark Priven	10/7/2015	5.4	work on written testimony re State Farm HO 14-8381 filing
Becky Richard	10/8/2015	5.9	Made revisions to exhibits and testimony after meeting with Mark Priven to discuss State Farm Testimony
Mark Priven	10/8/2015	3.0	work on written testimony re State Farm HO 14-8381 filing
Becky Richard	10/9/2015	3.5	Made revisions to exhibits and testimony after meeting with Mark Priven to discuss State Farm Testimony
Mark Priven	10/9/2015	4.0	work on written testimony re State Farm HO 14-8381 filing

Becky Richard	10/12/2015	0.1	discussed testimony with Doug Heller
Becky Richard	10/12/2015	5.1	State Farm testimony - researching sources for Fast Track; contacting ISS and ISO; revising exhibits on new fast track data found
Becky Richard	10/13/2015	0.4	discuss testimony with Doug Heller and Mark Priven
Becky Richard	10/13/2015	6.6	revised testimony and exhibits on using 20 years of Fast Track data, Review/research CalFire data that Watkins used, Revise testimony based on feedback from Doug Heller and Mark Priven.
Mark Priven	10/13/2015	2.6	Review written testimony State Farm HO 14-8381 filing
Mark Priven	10/13/2015	0.4	Call with Doug Heller and Becky Richard regarding testimony
Becky Richard	10/14/2015	0.8	Call with Doug Heller, Aaron Lewis and Mark Priven to discuss testimony
Becky Richard	10/14/2015	0.3	Call with Mark Priven regarding changes
Becky Richard	10/14/2015	4.9	Revised testimony and exhibits on Doug Heller and Mark Priven's comments to Version #2 of testimony
Mark Priven	10/14/2015	0.8	Call with Doug Heller, Aaron Lewis and Becky Richard to discuss testimony
Mark Priven	10/14/2015	0.3	call with Becky Richard regarding changes
Mark Priven	10/14/2015	1.4	Reviewed written testimony and exhibits
Becky Richard	10/15/2015	0.2	Call with Mark Priven to discuss revisions to testimony
Becky Richard	10/15/2015	6.8	Revised testimony and exhibits on Doug Heller and Mark Priven's comments to Version #3 of testimony
Mark Priven	10/15/2015	4.3	Review written testimony State Farm HO 14-8381 filing
Mark Priven	10/15/2015	0.2	Call with Becky Richard regarding revisions
Becky Richard	10/16/2015	0.3	Call with Doug Heller to discuss State Farm trend
Becky Richard	10/16/2015	0.3	Call with Doug Heller, Aaron Lewis and Mark Priven regarding testimony changes
Becky Richard	10/16/2015	6.4	Final testimony and exhibits changes and review

Mark Priven	10/16/2015	0.3	Con Call with Doug Heller, Aaron Lewis and Becky Richard regarding testimony changes
Mark Priven	10/16/2015	1.7	Final testimony and exhibits review
Nina Gau	10/16/2015	3.0	Peer review of written testimony. Verification of Bickmore calculations and exhibits in support of our testimony. Produced alternative calculations to support our case. Research of Catastrophe Load trending techniques.
Becky Richard	10/19/2015	0.7	reviewing Mark Priven testimony exhibits
Becky Richard	10/20/2015	0.5	reviewing Mark Priven testimony exhibits with Aaron Lewis for confidentiality
Becky Richard	10/22/2015	2.0	reading through direct testimony of Allan Swartz
Becky Richard	10/26/2015	0.6	call with Doug Heller, Aaron Lewis and Mark Priven to discuss timing/structure of hearing week and process needed to review direct testimony in preparation for hearing
Becky Richard	10/26/2015	1.9	reviewing Nancy Watkins
Mark Priven	10/26/2015	0.6	Call with CFC, review & prepare questions regarding my testimony, review State Farm filings & documents
Mark Priven	10/26/2015	2.4	Prepare for oral testimony
Becky Richard	10/27/2015	3.5	Meeting with Mark Priven going over his testimony
Becky Richard	10/27/2015	2.9	Review Bickmore testimony for potential objections
Mark Priven	10/27/2015	4.0	Prepare for oral testimony: review State Farm rate filings, Bickmore written testimony, CAS Basic Ratemaking text
Becky Richard	10/28/2015	8.0	Review Bickmore testimony for potential objections and prepare responses

Becky Richard	10/29/2015	6.0	Review prepare responses to potential questions on direct testimony, Review Nancy Watkins testimony for hearing questions, Review response to State Farm Motion to Strike
Mark Priven	10/29/2015	6.0	Prepare for oral testimony: review Fast Track information, Actuarial Standards of Practice, Nancy Watkins written testimony
Becky Richard	10/30/2015	6.2	Review prepare responses to potential questions on direct testimony, Review Nancy Watkins testimony for hearing questions, Review response to State Farm Motion to Strike
Mark Priven	10/30/2015	7.0	Prepare for oral testimony: review initial CF intervention, Bickmore written testimony, "Classical Partial Credibility with Application to Trend" (Venter), "A Statistical Note on Trend Factors: The Meaning of R-Squared" (Barclay), written testimony Karen Terry
Becky Richard	11/2/2015	0.9	Call with Consumer Federation
Becky Richard	11/2/2015	2.1	CDI Direct Testimony review
Mark Priven	11/2/2015	0.9	Call with Consumer Federation
Mark Priven	11/2/2015	2.1	Call with Consumer Federation, Review Testimony: Karen Terry, Review Fast Track filings
Becky Richard	11/3/2015	3.0	Karen Terry Direct Testimony review
Mark Priven	11/3/2015	4.0	Review testimony Rachel Hemphill, Isabel Spiker
Becky Richard	11/6/2015	1.5	Review missing page from CDI CAT tutorial
Mark Priven	11/9/2015	0.9	review "Basic Ratemaking" info related to testimony
Becky Richard	11/10/2015	2.0	Reviewed newly submitted State Farm Documents
Becky Richard	11/12/2015	0.7	State Farm Hearing prep of Karen Testimony questions with Aaron Lewis
Becky Richard	11/13/2015	0.7	Conference call with Aaron Lewis, Mark Priven regarding testimony

Becky Richard	11/13/2015	0.4	Call with Doug Heller to discuss Watkins testimony
Becky Richard	11/13/2015	2.9	Review testimony of Consumer Federation, Venter paper, State Farm filings, CDI "catastrophe and modeled losses" powerpoint
Mark Priven	11/13/2015	0.7	Conference call with Aaron Lewis, Becky Richard regarding testimonies
Mark Priven	11/13/2015	3.3	Review testimony of Consumer Federation, Venter paper, State Farm filings, CDI "catastrophe and modeled losses" powerpoint
Becky Richard	11/16/2015	8.0	6.0 State Farm HO 14-8381 Hearing, 2 hours prep
Becky Richard	11/16/2015	3.0	State Farm HO 14-8381 Hearing
Mark Priven	11/16/2015	8.0	state farm Homeowners, 4 hours court, 2 hours travel, 2 hours prep
Becky Richard	11/17/2015	7.0	State Farm HO 14-8381 Hearing. 3.0 hours travel
Mark Priven	11/17/2015	10.0	state farm Homeowners, 6 hours court, 2 hours travel, 2 hours prep
Becky Richard	11/18/2015	8.5	6.0 State Farm HO 14-8381 Hearing, 2.5 hours travel
Mark Priven	11/18/2015	11.0	state farm Homeowners, 6 hours court, 2 hours travel, 3 hours prep
Becky Richard	11/19/2015	9.0	6.0 State Farm HO 14-8381 Hearing, 3.0 additional prep for Mark Priven testimony
Mark Priven	11/19/2015	8.0	state farm HO 14-8381, 6 hours court, 2 hours travel
Becky Richard	11/20/2015	3.0	State Farm hearing
Mark Priven	11/20/2015	8.0	state farm HO 14-8381:6 hours court, 2 hours travel
Becky Richard	11/23/2015	8.0	State Farm hearing
Becky Richard	11/23/2015	6.0	State Farm hearing
Becky Richard	11/30/2015	2.0	1.5 Researching the Cal Fire data, 0.5 call with CalFire
Mark Priven	11/30/2015	0.5	State Farm HO 14-8381, Prepare written testimony for
Becky Richard	12/1/2015	0.7	call with CFC to discuss rebuttal testimony process,
Becky Richard	12/1/2015	0.8	Reviewing and compiling billing for CFC budget update

Mark Priven	12/1/2015	0.7	Call regarding rebuttal testimony
Becky Richard	12/2/2015	1.5	researching R-Squared reliability and writing up rebuttal
Becky Richard	12/3/2015	8.0	Mark Priven rebuttal testimony
Becky Richard	12/4/2015	8.0	Mark Priven rebuttal testimony
Becky Richard	12/7/2015	8.0	Mark Priven rebuttal testimony
Becky Richard	12/8/2015	2.5	Mark Priven rebuttal testimony; researching r-square
Becky Richard	12/9/2015	0.2	call with Mark Priven to discuss rebuttal testimony,
Becky Richard	12/9/2015	0.7	Conference call to discuss rebuttal testimony with CFC
Becky Richard	12/9/2015	0.6	rebuttal testimony revisions
Mark Priven	12/9/2015	0.2	Call with Becky Richard to discuss rebuttal testimony
Mark Priven	12/14/2015	4.0	Prepare rebuttal written testimony
Becky Richard	12/15/2015	0.4	conference call regarding rebuttal written testimony
Mark Priven	12/15/2015	0.4	conference call regarding rebuttal written testimony
Mark Priven	12/15/2015	5.6	Prepare rebuttal written testimony
Becky Richard	12/16/2015	8.0	Mark Priven Rebuttal Testimony
Mark Priven	12/16/2015	2.0	Prepare rebuttal written testimony
Becky Richard	12/17/2015	0.4	Call with Doug Heller to discuss rebuttal testimony
Becky Richard	12/17/2015	7.6	Mark Priven Rebuttal Testimony
Mark Priven	12/17/2015	5.0	Prepare rebuttal written testimony
Becky Richard	12/18/2015	0.1	Call with Doug Heller to discuss Fast Track data
Becky Richard	12/18/2015	9.4	Mark Priven Rebuttal Testimony
Mark Priven	12/18/2015	5.0	Prepare rebuttal written testimony
Becky Richard	12/21/2015	0.7	Call with CFC to discuss testimony
Becky Richard	12/21/2015	11.3	Mark Priven rebuttal testimony
Mark Priven	12/21/2015	0.7	Call with CFC regarding testimony
Mark Priven	12/21/2015	6.8	Prepare written rebuttal: State Farm HO 14-
Becky Richard	12/22/2015	10.0	Mark Priven Rebuttal Testimony
Mark Priven	12/22/2015	7.0	Prepare written rebuttal: State Farm HO 14-
Becky Richard	12/27/2015	1.5	Review Watkins Rebuttal testimony
Becky Richard	12/28/2015	4.0	Review Watkins Rebuttal Testimony
Mark Priven	12/28/2015	2.0	review rebuttal testimony of Watkins, Terry, Appel, Hemphill
Becky Richard	12/29/2015	0.2	Call with Doug Heller to discuss Terry and Watkins rebuttals
Becky Richard	12/29/2015	8.8	Review rebuttal testimony of Watkins, Terry, Appel, Hemphill

Mark Priven	12/29/2015	6.0	review rebuttal testimony of Watkins, Terry, Appel, Hemphill
Becky Richard	12/30/2015	8.0	Review rebuttal testimony of Watkins, Terry, Appel, Hemphill
Mark Priven	12/30/2015	8.0	review rebuttal testimony of Watkins, Terry, Appel, Hemphill
Becky Richard	12/31/2015	5.0	review rebuttal testimony of Watkins, Terry, Appel, Hemphill. Prepare questions for rebuttal
Becky Richard	12/31/2015	3.5	Prepare for Mark Priven rebuttal oral testimony, Review Watkins rebuttal testimony, Review Terry rebuttal testimony
Mark Priven	12/31/2015	8.0	review rebuttal testimony of Watkins, Terry, Appel, Hemphill. Prepare questions for rebuttal
Becky Richard	1/4/2016	0.7	Calls with Doug Heller to discuss Watkins rebuttal
Becky Richard	1/4/2016	3.3	Watkins Rebuttal exhibits and testimony review
Mark Priven	1/4/2016	8.0	State Farm HO 14-8381meowners prep rate hearing
Becky Richard	1/5/2016	8.0	State Farm Rate Hearing
Becky Richard	1/5/2016	3.5	State Farm Rate Hearing
Mark Priven	1/5/2016	8.0	State Farm Homeowners rate hearing & Prep
Becky Richard	1/6/2016	8.0	State Farm Rate Hearing
Mark Priven	1/6/2016	10.0	State Farm Homeowners rate hearing & Prep
Becky Richard	1/7/2016	8.0	State Farm Homeowners rate hearing & Prep
Mark Priven	1/7/2016	10.0	State Farm Homeowners rate hearing & Prep
Becky Richard	1/8/2016	5.0	State Farm Rate Hearing
Becky Richard	1/8/2016	3.5	State Farm Rate Hearing
Mark Priven	1/8/2016	8.0	State Farm Homeowners rate hearing & Prep
Mark Priven	1/9/2016	4.0	State Farm Homeowners rate hearing prep
Mark Priven	1/10/2016	4.0	State Farm Homeowners rate hearing prep
Mark Priven	1/11/2016	11.0	State Farm Homeowners rate hearing & Prep
Becky Richard	1/12/2016	8.0	State Farm Hearing
Becky Richard	1/12/2016	3.5	State Farm Hearing
Mark Priven	1/12/2016	11.0	State Farm Homeowners rate hearing & Prep
Becky Richard	1/13/2016	7.0	State Farm Hearing
Becky Richard	1/13/2016	3.5	State Farm Hearing
Mark Priven	1/13/2016	7.0	State Farm Homeowners rate hearing

Becky Richard	1/19/2016	0.9	Preparing updated State Farm HO 14-8381 templates for
Becky Richard	1/20/2016	0.5	Preparing updated State Farm HO 14-8381 templates for
Becky Richard	1/25/2016	0.1	Call with CFC to discuss potential alternative
Becky Richard	1/29/2016	0.5	SF ALJ template indications
Becky Richard	2/2/2016	2.0	ALJ indications
Becky Richard	2/3/2016	5.0	ALJ Indications
Mark Priven	2/3/2016	0.5	Review options for ALJ
Becky Richard	2/9/2016	1.5	ALJ template calculations
Becky Richard	2/10/2016	1.5	ALJ template calculations; review other party templates
Becky Richard	2/17/2016	0.2	Call with Doug Heller to discuss revised templates
Becky Richard	2/26/2016	0.7	State Farm Revised Billing Estimate
Becky Richard	3/15/2016	0.1	Call with Doug Heller to discuss exposure bases
Becky Richard	3/15/2016	1.3	SF HO summary questions answered for Doug Heller
Becky Richard	3/18/2016	1.5	Review SF HO summary for Doug Heller
Becky Richard	4/4/2016	8.0	Review of State Farm HO brief
Becky Richard	4/6/2016	0.2	Call with Doug Heller to discuss Cat Load
Becky Richard	4/6/2016	0.8	SF opening brief review
Becky Richard	4/7/2016	0.3	Call with Doug Heller to discuss rate calculation
Becky Richard	4/7/2016	2.7	SF HO opening Brief Review
Mark Priven	4/7/2016	3.0	review of "opening brief"
Becky Richard	4/8/2016	1.3	Call with CFC to discuss Cat Load
Becky Richard	4/8/2016	1.2	Review SF HO Brief
Mark Priven	4/8/2016	1.3	Call with CFC regarding Cat Load
Mark Priven	4/8/2016	1.7	Review of "opening brief" and conference call
Becky Richard	4/11/2016	1.5	SF HO Brief review
Mark Priven	4/13/2016	2.0	review State Farm opening brief
Mark Priven	4/20/2016	3.0	review and comment on SF initial closing argument
Becky Richard	4/21/2016	6.0	SF HO Brief review
Becky Richard	5/3/2016	0.2	Call with Doug Heller to discuss exhibits for brief
Becky Richard	5/3/2016	0.3	SF HO Brief review
Becky Richard	5/13/2016	2.0	SF HO reply brief
Becky Richard	5/16/2016	0.3	Call with Doug Heller to discuss SF cat trend
Becky Richard	5/16/2016	3.7	reviewing SF reply brief
Mark Priven	5/16/2016	2.0	review of written reply brief
Becky Richard	6/1/2016	1.5	SF HO Revised Rate Indications
Becky Richard	6/3/2016	0.2	Call with Doug Heller to discuss templates
Becky Richard	6/3/2016	3.3	SF HO Revised Rate Indications

Becky Richard	6/6/2016	2.0	SF HO Revised Rate Indications
Becky Richard	9/26/2016	0.2	Calculating State Farm Decision Impact per CFC
Becky Richard	11/16/2016	0.5	Reviewing Hours

ATTACHMENT 4

Mark Priven, FCAS, MAAA

President, Regulatory & Alternative Risk Consulting

As President, Regulatory & Alternative Risk Consulting, Mark Priven is responsible for managing and promoting the development and expansion of this service area, while continuing to perform actuarial and risk financing studies for his current clients. Mark is an actuary with extensive experience serving both public and private agencies and pools over the last 15 years. Active in the risk management industry, he currently serves on the California Workers' Compensation Insurance Rating Bureau Actuarial Committee, the Associate Member Council of the International Association of Industrial Accident Boards and Commissions (IAIABC), is a Member of the National Academy of Social Insurance, and is Past President of Casualty Actuaries of the Bay Area (CABA).

Mark is a frequent speaker at industry conferences, such as RIMS, Institutional Investor, PARMA, CAJPA, and ASSE. He has presented on a variety of topics, including the following Enterprise Risk Management, insurance regulation, impact of workers' compensation reform, total cost of risk, actuarial reserving, insurance versus gambling, benchmarking, and measuring the effectiveness of risk control.

Mark also taught a class for several years to actuaries on retrospective rating, pricing individual accounts, excess loss pricing, and risk classification.

EXPERIENCE

Prior to joining Bickmore, for five years Mark was Vice President supporting retail brokerage clients at one of the largest international brokerage firms. He provided risk managers and brokers with loss forecasts, reserve studies, cost allocation plans, program comparisons, risk retentions analyses, benchmarking, and price negotiations, and assisted in program design and feasibility studies for finite risk, captives, and self-insurance.

As a Senior Reserving Analyst for one of California's largest insurance companies, Mark was responsible for special studies of \$1 billion in workers' compensation reserves and claims handling costs. He also served as lead actuary supporting captives and franchise/association accounts.

EDUCATION

Bachelor of Arts, Philosophy & Mathematics – University of Pennsylvania

Junior Year of Undergraduate Studies – University of Bristol

PUBLICATIONS

Claims Liabilities and Liability Reporting, IAIABC Journal, Fall, 2009

Actuarial Issues in Mergers and Acquisitions, Co-author, 1999

An Introduction to Capitation and Healthcare Provider Excess Insurance, Co-author, 1997 – Winner of CAS Michelbacher Prize

Bringing Actuarial Science to the Risk Management Process, Co-author, 1995

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PROFESSIONAL AFFILIATIONS

Fellow of the Casualty Actuarial Society (FCAS)

Member of the American Academy of Actuaries (MAAA)

HONORS

Selected by *Workers' Comp Executive* as one of the "Most Influential People in Workers' Comp for 2010"



Becky Richard, ACAS, MAAA

Senior Actuarial Analyst, Property & Casualty Actuarial Services

Becky Richard provides actuarial and risk management consulting services to public entity pools and self-insured organizations. She has several years of experience in the property/casualty insurance industry, specializing in ratemaking and reserving.

EXPERIENCE

Prior to joining Bickmore in 2010, Becky was a Commercial Lines Pricing Actuary for Cal Farm Insurance. She was primarily responsible for developing competitive rates for new business auto programs. Becky's previous experience also includes working at California Casualty Management Company as a Loss Reserve Analyst where she performed semi-annual reviews of case and bulk reserves.

EDUCATION

Bachelor of Science, Mathematics – California State University, Chico

PROFESSIONAL AFFILIATIONS

Associate of the Casualty Actuarial Society (ACAS)

Member of the American Academy of Actuaries (MAAA)



Nina Gau, FCAS, MAAA

Director, Property & Casualty Actuarial Services

Nina Gau provides actuarial and risk management consulting services to public entity pools and self-insured organizations. She joined Bickmore in 2008 and brings over 15 years of experience in the actuarial field, including ratemaking, reserving, financial modeling, and predictive modeling. Nina has also served on the Examination Committee of the Casualty Actuarial Society.

EXPERIENCE

Prior to joining Bickmore, Nina worked for Nationwide Insurance Company as a Pricing Director. Throughout her career at Nationwide, she worked in different capacities in Commercial Lines pricing, Corporate Reserving and Planning and Forecasting departments. In her most recent role she managed a research and development unit for Commercial Lines Pricing and carried primary responsibility for the Pricing Segmentation initiative.

From August of 1999 through July 2000, Nina worked as Management Analyst for the CSAC Excess Insurance Authority. Her responsibilities included policy control and statistical data reporting. She also served as a primary liaison between member counties and excess insurance brokers.

Nina served as an Actuarial Analyst for CalFarm Insurance Company from August 1996 to August of 1999. Her primary responsibilities there included rate reviews for the Personal Auto and Homeowners lines of business. She also performed various ad-hoc analyses for Personal Lines profitability and planning studies, as well as assisted in the development of a Personal Lines data warehouse.

EDUCATION

Master of Science, Applied Mathematics – Moscow State University, Moscow, Russia

PROFESSIONAL AFFILIATIONS

Fellow of the Casualty Actuarial Society (FCAS)

Member of the American Academy of Actuaries (MAAA)



ATTACHMENT 5

Project Name	User Name	Expense Code	Incurred Date	Amount
Consumer Federation - P&C				
	Priven, Mark	Meals	11/17/2015	\$6.25
	Priven, Mark	Meals	1/7/2016	\$8.32
	Priven, Mark	Meals	1/8/2016	\$6.80
	Priven, Mark	Meals	1/11/2016	\$21.19
	Priven, Mark	Personal Car Mileage	2/9/2016	\$82.08
	Priven, Mark Total			\$124.64
	Richard, Becky	Meals	11/16/2015	\$14.13
	Richard, Becky	Travel-Taxi/Train/Tips/Etc	11/16/2015	\$20.00
	Richard, Becky	Meals	11/17/2015	\$21.34
	Richard, Becky	Travel-Taxi/Train/Tips/Etc	11/17/2015	\$15.00
	Richard, Becky	Meals	11/18/2015	\$66.29
	Richard, Becky	Meals	11/19/2015	\$82.23
	Richard, Becky	Hotel	11/20/2015	\$1,800.32
	Richard, Becky	Personal Car Mileage	11/20/2015	\$218.88
	Richard, Becky	Travel-Taxi/Train/Tips/Etc	11/20/2015	\$17.00
	Richard, Becky	Meals	11/23/2015	\$16.35
	Richard, Becky	Personal Car Mileage	11/23/2015	\$103.74
	Richard, Becky	Travel-Taxi/Train/Tips/Etc	11/23/2015	\$13.30
	Richard, Becky	Meals	1/5/2016	\$22.89
	Richard, Becky	Personal Car Mileage	1/5/2016	\$102.60
	Richard, Becky	Meals	1/6/2016	\$63.79
	Richard, Becky	Meals	1/7/2016	\$77.59
	Richard, Becky	Hotel	1/8/2016	\$763.51
	Richard, Becky	Meals	1/8/2016	\$5.40
	Richard, Becky	Travel-Taxi/Train/Tips/Etc	1/8/2016	\$23.40
	Richard, Becky	Meals	1/12/2016	\$28.04
	Richard, Becky	Personal Car Mileage	1/12/2016	\$103.68
	Richard, Becky	Travel-Taxi/Train/Tips/Etc	1/12/2016	\$17.20
	Richard, Becky	Hotel	1/13/2016	\$338.47
	Richard, Becky	Meals	1/13/2016	\$16.47
	Richard, Becky	Travel-Taxi/Train/Tips/Etc	1/13/2016	\$5.00
	Richard, Becky Total			\$3,956.62
	Grand Total			\$4,081.26

EXHIBIT 3

1
2
3 **BEFORE THE INSURANCE COMMISSIONER**
4 **OF THE STATE OF CALIFORNIA**
5

6 In the Matter of the Request for Award of
7 Compensation of

8 Consumer Watchdog,
9

10
11 Intervenor.
12

File No. IP-2015-00003

AMENDED DECISION AWARDED
COMPENSATION TO CONSUMER
WATCHDOG

*In the Matter of the Rate Application of State
Farm General Insurance Company*

Rate Application No.14-8381 (homeowners)

Prior Approval File No. PA-2015-00004

13
14 **1. SUMMARY**

15 State Farm General Insurance Company ("State Farm") filed a rate application with the
16 California Insurance Commissioner. The Insurer requested a 6.9%% rate increase for their
17 homeowners line of insurance. A consumer advocacy group, Consumer Watchdog ("CW"),
18 petitioned to intervene. The Department granted the petition. CW contended that the rate
19 application violated the Insurance Code.

20 Following discussions among the parties and a rate hearing before an Administrative Law
21 Judge, the Commissioner ordered State Farm to lower their rates by -7.0%.

22 CW requested compensation of \$1,952,149.06 in advocate, attorney and expert fees for its
23 participation and contribution to the decision. CW supported the application with a declaration
24 by Pamela Pressley, an attorney for CW.

25 The Insurer objected to CW's fee request.

26 The Commissioner concludes: (1) CW made a "substantial contribution" to the rate
27 decision (Ins. Code § 1861.10(b)), (2) the contribution was "separate and distinct" from that of
28

1 the Department (10 CCR § 2661.1(k)), (3) CW charged appropriate market rates (*id.* § 2661.1(c)),
2 and (4) except for the fees listed in Section 6.C. of this Decision, the requested fees are
3 reasonable (Ins. Code § 1861.10(b)).

4 Accordingly, the Commissioner approves CW's fee request in the reduced amount of
5 \$1,928,469.52. The Insurer shall pay the award. Ins. Code § 1861.10(b).

6 **2. CONSUMER WATCHDOG'S PARTICIPATION IN THE PROCEEDING**

7 **A. CW's Petition to Intervene**

8 On December 4, 2014, State Farm filed a prior approval rate application seeking to
9 increase the premiums for their homeowners line of insurance by 6.9% - the maximum rate
10 increase allowed by law without automatically triggering a rate hearing. The public was duly
11 notified of State Farm's filing of said rate application on December 19, 2014.

12 On January 26, 2015, CW filed a Petition to for Hearing, to Intervene and Notice of Intent
13 to Seek Compensation. CW stated as grounds for the Petition, numerous issues it found with
14 State Farm's rate application, including large underwriting profits and income from previous
15 years which may suggest that the proposed rate increase would result in excessive rates, excessive
16 and unsupported provision for fire following an earthquake, improper and unsupported
17 catastrophe adjustment, failure to support or provide data for its loss and premium trends,
18 unsupported values for excluded expenses, failure to properly calculate the projected yield,
19 improper request for a variance from the efficiency standard, and unsupported request for a
20 variance from the leverage factor. In light of these issues that CW in consultation with their
21 actuarial experts found with the rate application, they determined that the 6.9% rate increase
22 sought by State Farm would violate provisions of the Insurance Code, the Insurance Code's
23 implementing regulations, and the statutes implemented by the passage of Proposition 103.

24 On February 2, 2015, State Farm filed an objection to CW's Petition. State Farm
25 generally denied the allegations in CW's Petition and objected to the fact that another consumer
26 advocate had also found issues in State Farm's rate application and thus also sought to intervene.
27 The Commissioner found that CW raised important issues pertinent to the prior approval rate
28 process and granted CW's Petition to Intervene only, on February 10, 2015. CW's Petition for a

1 Hearing would be considered at a later date.

2 Another consumer advocacy group, Consumer Federation of California, also Petition to
3 Intervene in the same rate application. Consumer Federation of California's Petition to Intervene
4 was also granted.

5 **B. CW's Participation in the Pre-Hearing Process**

6 CW began review of State Farms rate application before the filing of their Petition to
7 Intervene. CW's consulting actuarial experts identified serious issues with State Farm's rate
8 application and issues why it should not be approved.

9 During the pre-hearing process, CW provided all of the parties with a detailed written
10 analysis of the issues they found in State Farm's rate application. The written analysis was
11 prepared by CW's consulting actuarial expert.

12 On June 1, 2015, CW's advocate and actuarial expert participated in an all-parties
13 conference call where CW presented their argument supported by actuarial analysis regarding
14 issues they identified in the rate application.

15 **C. CW's Contribution to the Administrative Hearing**

16 The parties were unable to resolve the issues identified in State Farm's rate application.
17 using the pre-hearing process. On June 22, 2015, the Commissioner ordered that an
18 administrative hearing be held to resolve the issues. A Notice of Hearing was served on the
19 parties on that date.

20 During the pre-hearing process, CW propounded its own discovery on State Farm and
21 defended the discovery requests. CW's discovery requests lead to the production of thousands of
22 pages of additional data and documents that were not previously provided by State Farm.

23 The actuarial experts retained by CW submitted pre-filed direct expert testimony to be
24 considered by the Administrative Law Judge. CW also analyzed and moved to strike portions of
25 State Farm's experts' pre-filed direct testimony. CW also defended its own expert pre-filed direct
26 testimony against motions to strike portions of it from State Farm.

27 At the administrative hearing that began on November 16, 2015, CW actively participated
28 throughout the multi-day, multi-part hearing. CW presented direct evidence through its actuarial

1 expert on pertinent issues before the Administrative Law Judge and cross-examined State Farm's
2 expert witnesses.

3 After the conclusion of the administrative hearing CW provided expert pre-filed rebuttal
4 testimony, moved to strike portions of State Farm's expert pre-filed rebuttal testimony and
5 defended its own experts pre-filed rebuttal testimony.

6 CW actively participated in the rebuttal hearing which began on January 5, 2016. During
7 the rebuttal hearing CW's experts provided rebuttal testimony and examined State Farm's rebuttal
8 witnesses.

9 CW also submitted post hearing briefs that provided unique actuarial analysis of the issues
10 that were argued before the Administrative Law Judge.

11 Throughout the hearing process CW actively participated and contributed to the rate
12 process by providing expert testimony and actuarial analysis on pertinent issues before the
13 Administrative Law Judge such as the catastrophe trend.

14 **D. The Commissioner's Decision**

15 On October 6, 2016, the Commissioner's adopted the Administrative Law Judge's
16 Revised Proposed Decision which ordered an overall decrease of -7.0% effective July 15, 2015,
17 with retroactive excessive premium refunds for policyholders beginning from that date.

18 **3. STANDARDS FOR INTERVENOR COMPENSATION**

19 Intervenor's that have been granted a Finding of Eligibility to Seek Compensation are
20 entitled to submit a request for compensation for their intervention in property and casualty
21 insurance rate making matters before the Commissioner. 10 CCR § 2662.3(a).

22 Intervenor's may seek compensation for time, additional fees and costs spent and or
23 incurred after submitting an initial fee request. 10 CCR § 2662.4.

24 Intervenor's who make a showing in their request of an award for compensation that they
25 made a substantial contribution to the rate making decision of the Commissioner (10 CCR §
26 2662.5(a)(1)) and represented the interests of consumers (*id.* § 2662.5(a)(2)) are entitled to
27 reasonable advocacy and witness fees. Ins. Code § 1861.10(b).
28

1 Intervenor must show substantial contribution by contributing as a whole to the
2 decision of the commissioner resulting in more relevant, credible, and non-frivolous information
3 being available for the Commissioner to make a decision than would have been available had the
4 intervenor not participated. 10 CRR § 2661.1(k).

5 Intervenor compensation can be reduced to the extent that the intervenor's substantial
6 contribution duplicates the substantial contribution of another party. 10 CCR § 2662.5(b). In
7 determining whether there was duplication, the Commissioner considers whether the intervenor
8 presented relevant issues, evidence or arguments which were separate and distinct from those
9 presented by another party. *Id.* §§ 2661.1(k) and 2662.5(b).

10 The request for compensation must be verified (10 CCR § 2662.3(b)) and include
11 detailed descriptions of the services and expenditures (*id.* § 2662.3(b)(1)), legible time and billing
12 records (*id.* § 2662.3(b)(2)), and a description of the intervenor's substantial contribution (*id.* §
13 2662.3(b)(3)).

14 **4. STATE FARM'S OBJECTION TO CW'S FEE REQUEST**

15 On December 22, 2016, State Farm filed an Opposition to CW's Request for
16 Compensation. State Farm argued that some of CW's did not make a substantial contribution,
17 CW's work was duplicative of the efforts of CDI, CW's fee request is excessive, CW's actuarial
18 expert charged hourly rates that were beyond his true market rate, and that CW should wait until
19 the conclusion of State Farm's civil court appeal/court actions before seeking compensation for
20 their over two years of work and participation in thirteen days of trial at the administrative level.

21 **5. CW's REPLY IN-SUPPORT OF THEIR FEE REQUEST**

22 On January 10, 2017, CW filed a Reply In-Support of their fee request. CW's stated
23 reasons why they meet the standards for substantial contribution, and defended the reasonableness
24 of their rates and the rates of their outside experts.

25 CW also filed a supplemental fee request to include the time and additional expenses
26 incurred in responding to State Farm's Objection to the fee request. 10 Cal. Code Regs. § 2662.4.

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1 **6. CW MEETS THE REQUIREMENTS FOR COMPENSATION**

2 **A. CW Represents the Interests of Consumers and Is Eligible to Seek**
3 **Compensation**

4 The Commissioner previously approved a finding of eligibility for CW. Finding of
5 Consumer Federation of California's Eligibility to Seek Compensation, effective May 1, 2016-
6 April 30, 2018. That finding determined that CW "represents the interests of consumers" (Ins.
7 Code § 1861.10(b) & 10 CCR § 2661.1(j)) and may seek compensation.

8 **B. CW Made a Substantial Contribution to the Commissioner's Decision**

9 CW provided written analysis of relevant issues presented in the rate application and data
10 provided by the Insurers. CW engaged in discussions regarding the rate application with the
11 Insurers and the Department during the pendency of the rate application. CW's allegations led
12 the Insurers to provide additional data.

13 During the pre-hearing phase of the proceeding, CW propounded and defended discovery,
14 which led to the provision of additional data.

15 During the hearing CW provided expert actuarial testimony, cross examined State Farm's
16 experts and actively participated in the proceedings.

17 After the conclusion of the hearing, CW continued to provide written analysis of issues
18 discussed during the rebuttal phase. At the rebuttal hearing CW again provided expert testimony,
19 cross examined witnesses and actively participated in the proceedings.

20 CW's active participation during all phases of the proceeding led to more relevant
21 information being made available for consideration by the Administrative Law Judge in rendering
22 a proposed decision that was ultimately adopted by the Commissioner as his own decision after
23 revisions.

24 **C. CW's Contribution Was Separate and Distinct from That of the Department**

25 CW's contribution and participation in the proceedings was separate and distinct from that
26 of the Department. CW provided an unique perspective and original actuarial analysis of the data
27 that was provided by State Farm before, during and after the hearing. While CW and the
28 Department worked on the same set of data that was being considered by the Administrative Law

1 Judge, CW provided an analysis of the data which resulted in a different conclusion and led to
2 provide to the court arguments and analysis on important issues before the court that were entirely
3 different from that of the Department.

4 Just one example of which was CW's original analysis of the data in calculating the
5 projected yield. CW's analysis of this particular issue led to an original conclusion, wholly
6 different from that of the Department. CW's analysis of this one exemplary issue was directly
7 considered by the ALJ in the rendering of the proposed decision which was ultimately adopted by
8 the Commissioner.

9 CW's active participation through all phases of the proceeding that spanned almost two
10 years, and thirteen days of trial provided unique analysis and overall the provisioning of
11 additional data for the ALJ's consideration and rendering of a proposed decision that was
12 ultimately adopted as the Commissioner's own decision. CW satisfied the requirement of making
13 a separate and distinct contribution.

14 **D. CW'S Fee Request is Timely**

15 Intervenor may seek compensation within 30 days after the service of the order of the
16 Commissioner in the proceeding for which an intervenor is intervening. 10 CCR § 2662.3. There
17 is no requirement that intervenors wait until the conclusion of any civil court appeals or actions
18 before a fee request may be submitted after an order of the Commissioner has been served in the
19 proceeding the intervenor is intervening in.

20 **E. State Farm Did Not Disclose Its Fees and Expenses as Required by Regulation**

21 State Farm opposes the fee request submitted by CW and questioned both the amount and
22 reasonableness of the fees sought by CW. Any party questioning the reasonableness of any
23 amount set forth in a fee request shall provide a statement setting forth the fees, rates and costs it
24 expects to expend in the proceeding. 10 Cal. Code Regs. § 2662.3(g).

25 State Farm did not disclose any of its fees, rates or costs in their opposition to CW's fee
26 request.

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1 **7. AWARD**

2 **A. CW's Hourly Rates Are Reasonable**

3 The Commissioner finds that the hourly rates requested for the attorney, advocates and
4 experts who worked on this matter are within the reasonable market range that attorneys,
5 advocates and experts with similar skills and experience in San Francisco and Los Angeles
6 charged in 2016.

7 Intervenors are allowed to bill for attorney and advocate time at prevailing market rates at
8 the time of the submission of the Request for Compensation for attorneys and advocates
9 providing similar services in the private sector in the Los Angeles and San Francisco areas. 10
10 Cal. Code Regs. § 2661.1(c).

11 CW bills for its attorney's and outside legal counsels time from \$300 per hour for an
12 attorney with over 1 year of professional experience to \$675 per hour for an attorney with over 30
13 years of professional experience.

14 CW's outside expert consultants billed from \$150 per hour for an individual with over 30
15 years of experience in insurance regulation to \$695 per hour for an actuary with over 30 years of
16 actuarial experience.

17 CW's requested hourly rates are within the range of rates previously approved by the
18 Department for attorneys, and experts of similar professional background and experience in
19 recent, similar matters.

20 The Commissioner grants CW its requested hourly rates for its attorney, advocates and
21 experts.

22 **B. The Total Hours CW Spent on This Matter Were Almost All Reasonable**

23 The Commissioner finds that CW's attorney's and experts' time charges were reasonable.
24 CW billed contemporaneously and only for activities directly related to their intervention in this
25 rate matter. None of the time charges recorded in the billing statements was excessive for the
26 type, quality and nature of the work completed.

27 **C. CW's Outside Legal Counsel Submitted Inappropriate Billing Entries**

28 On numerous occasions CW's outside legal counsel billed for travel time; time spent---

traveling to and from the hearing, separate from actual travel costs. The regulations specifically allow for billing and compensation for actual travel costs, but not for travel time. CW's in-house legal counsel and CW's actuarial expert witness did not bill for travel time. Billing at an attorney's market rate for time spent solely on travel is not a reasonable expense.

CW's legal counsel also billed for miscellaneous reading material identified as a mass circulation newspaper and for subscriptions to Westlaw (a general topic legal research/library service). These expenses cannot be identified as being specific to the work conducted on this particular rate application and thus are not reasonable expenses.

CW's legal counsels' compensation is reduced by 2.5%.

D. CW Is Entitled to a reduced Award of \$1,928,469.51

Accordingly, CW is awarded the following fees and expenses:

	Hours	Hourly Rate	Amount
Pamela Pressley, Esq., CW	302.6	\$575	\$173,995.00
Harvey Rosenfeld, Esq., CW	183.2	\$675	\$123,660.00
Jonathan Phenix, Esq., CW	443.40	\$300	\$133,020.00
Jonathan Phenix, Law Clerk, CW	169.1	\$150	\$25,365.00
Expenses for CW			\$13,034.83
TOTAL FOR CW			\$469,074.83
Daniel Zohar, Esq., Zohar Firm	506.3	\$600	\$303,780.00
Todd Foreman, Esq., Zohar Firm	1,240.3	\$500	\$620,150.00
Expenses for Zohar Firm			\$23,251.65
<i>SUB-TOTAL FOR ZOHAR FIRM</i>			<i>\$947,181.65</i>
2.5% REDUCTION			-\$23,679.54
TOTAL FOR ZOHAR FIRM			\$923,502.11
Allen Schwartz, Actuary, AIS	665.4	\$695	\$462,453.00
Katherine Tollar, Actuary, AIS	166.4	\$320	\$53,248.00
Maryanne Dwyer, Actuary, AIS	19.1	\$290	\$5,539.00
Expenses for AIS			\$10,602.58
TOTAL FOR AIS			\$531,842.58
Raymond K. Conover, Insurance Consultant	27.0	\$150	\$4,050.00
TOTAL FOR RAYMOND CONOVER			\$4,050.00
Total Fees Compensated			\$1,928,469.52

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1 **8. FINDINGS AND CONCLUSIONS**

2 The Commissioner finds and determines that Consumer Watchdog made a substantial
3 contribution to the Commissioner's decision to approve the applications; that Consumer
4 Watchdog's contribution was separate and distinct from that of the CDI; and that Consumer
5 Watchdog's participation resulted in more relevant, credible, and non-frivolous information being
6 available to the Commissioner than would otherwise have been available.

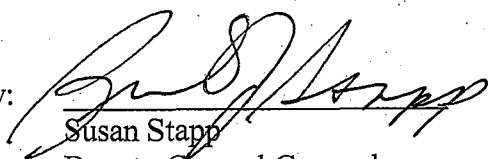
7 Consumer Watchdog is hereby awarded \$1,928,469.52 in reasonable advocacy, legal
8 counsel and expert fees¹.

9 The Insurers shall pay the award. Ins. Code § 1861.10(b).

10 Applicants shall make payment no later than 30 days from the date of this Decision and
11 shall notify the CDI's Office of the Public Advisor² when they have made the payment.

12
13 Date: June 22, 2017

DAVE JONES
Insurance Commissioner

14
15
16 By: 

Susan Stapp
Deputy General Counsel

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26
27 ¹ Consumer Watchdog, 2701 Ocean Park Blvd. #112, Santa Monica, CA 90405

28 ² Edward Wu, 300 South Spring Street, 12th Floor, Suite 12700, Los Angeles, CA 90013 or
edward.wu@insurance.ca.gov.

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PROOF OF SERVICE
In the Matter of the Request for Award of Compensation of
CONSUMER WATCHDOG, Intervenor
Case No. IP-2015-00003

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 45 Fremont Street, 19th Floor, San Francisco, California 94105. On June 22, 2017, I served the following document(s):

AMENDED DECISION AWARDING COMPENSATION TO CONSUMER WATCHDOG
In the Matter of the Rate Application of State Farm General Insurance Company - Rate Application No. 14 -8381 (homeowners) - Prior Approval File No. PA-2015-00004

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 and county of San Francisco, 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 and county of San Francisco, California: Express Mail, UPS, Federal Express, or Golden State overnight service, with an active account number shown for payment.

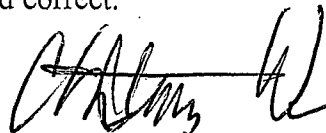
If **FAX SERVICE** is indicated, by facsimile transmission this date to fax number stated for the person(s) so marked.

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 San Francisco, California. I declare under penalty of perjury under the laws of the State of California that the above is true and correct.



Christine Warren

SERVICE LIST
In the Matter of the Request for Award of Compensation of
CONSUMER WATCHDOG, Intervenor
Case No. IP-2015-00003

<u>Name/Address</u>	<u>Phone/Fax Numbers</u>	<u>Method of Service</u>
Vanessa Wells Victoria Brown HOGAN LOVELLS US LLP 4085 Campbell Avenue, Suite 100 Menlo Park, CA 94025 vanessa.wells@hoganlovells.com victoria.brown@hoganlovells.com	Tel: (650) 463-4000 Fax: (650) 463-4199	EMAIL
Michael J. Shepard Christian E. Mammen HOGAN LOVELLS US LLP 3 Embarcadero Center, Suite 1500 San Francisco, CA 94111-4038 michael.sheppard@hoganlovells.com chris.mammen@hoganlovells.com	Tel: (415) 374-2300 Fax: (415) 374-2499	EMAIL
Harvey Rosenfield Pamela Pressley Jonathan Phenix CONSUMER WATCHDOG 2701 Ocean Park Blvd., Suite 112 Santa Monica, CA 90405 harvey@consumerwatchdog.org pam@consumerwatchdog.org jon@consumerwatchdog.org	Tel: (310) 392-0522 Fax: (310) 392-8874	EMAIL
Daniel Y. Zohar Todd M. Foreman ZOHAR LAW FIRM 601 S. Figueroa Street, Suite 2675 Los Angeles, CA 90017 dzohar@zoharlawfirm.com tforeman@zoharlawfirm.com	Tel: (213) 689-1300 Fax: (213) 689-1305	EMAIL

SERVICE LIST**Continued**

<u>Name/Address</u>	<u>Phone/Fax Numbers</u>	<u>Method of Service</u>
Richard Holober Douglas Heller Aaron Lewis CONSUMER FEDERATION OF CALIFORNIA 1107 9 th Street, Suite 625 Sacramento, CA 95814 holober@consumercal.org douglasheller@ymail.com alewis@consumercal.org	Tel: (916) 498-9608 Fax: (916) 498-9611	EMAIL
Nikki S. McKennedy Summer Volkmer Daniel Goodell CALIFORNIA DEPARTMENT OF INSURANCE 45 Fremont Street, 21 st Floor San Francisco, CA 94105 nikki.mckennedy@insurance.ca.gov summer.volkmer@insurance.ca.gov daniel.goodell@insurance.ca.gov	Tel: (415) 538-4500 Fax: (415) 904-5490	EMAIL

EXHIBIT 4

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

In the Matter of the Requests for Compensation of	) FILE NO. RFC-2023-006
	)
CONSUMER WATCHDOG,	)
	)
Intervenor.	) <i>In the Matter of the Rate Application of</i>
	) <i>Farmers Exchange, Fore Insurance, and</i>
	) <i>Mid-Century Insurance Company</i>
	)
	) <i>PA-2022-00007</i>
	)
	)
	)
	)

DECISION AWARDING COMPENSATION

In this Request for Compensation (RFC) Consumer Watchdog (CW or Petitioner) seeks \$82,814.50 in compensation for its intervention in a Rate Application (RA) filed by Farmers Exchange, Fore Insurance, and Mid-Century Insurance Company (Farmers or Applicant). The RA sought a 24.9 percent increase in its homeowners multiple peril insurance line of insurance, but was ultimately resolved by a stipulation, granting Farmers a 17.7% increase. Farmers did not oppose CW's Request for Compensation arising therefrom. For the reasons explained below, the Request for Compensation is GRANTED.

FINDINGS OF FACT

Farmers' Rate Application

On June 15, 2022, Farmers filed a Rate Application with the Department of Insurance (Department) seeking a 24.9 percent increase in its homeowners' multiple peril insurance line.¹

¹ RFC, p. 3.

The Department assigned the RA to Darjen Kuo for investigation.² On July 8, 2022, Farmers' RA was made public.³ Several events occurred on August 22, 2022. The Department requested that Applicant waive the deemer period,⁴ Applicant responded by waiving both the 60-day and the 180-day deemer periods,⁵ and CW filed a Petition for Hearing, Petition to Intervene, and Notice of Intent to Seek Compensation (collectively, "Petition").⁶

In its Petition, CW raised a number of concerns, which may be briefly described as Farmers': (a) failure to demonstrate that its proposal to non-renew 10,000 policies will not create excessive and/or unfairly discriminatory rates;⁷ (b) use of only one model for Fire Following Earthquake (FFEQ);⁸ (c) use of quarterly rather than annual paid loss development;⁹ (d) failure to demonstrate that the use of incurred rather than paid loss development is the most actuarially sound method;¹⁰ (e) failure to demonstrate that the selected trend factors and trend data period used were the most actuarially sound, and how the non-renewal of policies would likely impact the trend;¹¹ (f) failure to demonstrate that all institutional advertising expenses were accounted for;¹² (g) failure to justify for the loss trend factors proposed in the Variance 7B request;¹³ (h) failure to justify the loss trend factors proposed in the variance 8B request;¹⁴ and (i)

² Rate Applications may be found online at

https://interactive.web.insurance.ca.gov/apex_extprd/f?p=186:1:13936543914997. An administrative agency may take official notice of its own records, (See Evid. Code, § 452, subd. (d).) Official Notice is hereby taken of the Rate Application number 22-1617, as well as the related Rate Applications numbered 22-1617-A, and 22-1617-B. Citations in this decision to a Rate Application ("RA") utilize the State Tracking number. Although Rate Applications do not contain continuous internal pagination, page numbers are referenced according to their order of appearance in the .pdf.

³ RFC, p. 3.

⁴ RA #22-1617, p. 17.

⁵ RA #22-1617, p. 38.

⁶ Exh. 3, attached to Powell Decl., RFC, p. 4.

⁷ Petition, ¶ 8.a.

⁸ Petition, ¶ 8.b.

⁹ Petition, ¶ 8.c.

¹⁰ Petition, ¶ 8.d.

¹¹ Petition, ¶ 8.e.

¹² Petition, ¶ 8.f.

¹³ Petition, ¶ 8.g.

¹⁴ Petition, ¶ 8.h.

failure to comply with filing instructions and submission of exhibits in searchable Excel and PDF format.¹⁵

On September 6, 2022, the Commissioner granted CW's Petition to Intervene.¹⁶ The Commissioner found that CW complied with the procedural requirements in the Insurance Regulations, and that the issues it sought to address were relevant to the ratemaking process.¹⁷ The decision withheld a ruling on the Petition for Hearing.¹⁸

On October 4, 2022, the Department issued an Objection Letter asking Farmers to respond to eight concerns. In brief, the concerns raised by the Department seek the following information: (1) how the decision to non-renew 10,000 policies due to wildfire risk will affect the proposed rate and premium; (2) a justification for the use of only one model to calculate FFEQ; (3) a justification for the use of quarterly time rather than annual in calculating catastrophe adjustment; (4) an explanation for why using incurred losses to develop ultimate losses is the most actuarially sound selection; (5) a justification for the use of 12-point for premium trends and 12-point with closed Frequency and Total Paid Severity; (6) a standard exhibit 7 for Smart Plan Home data only; (7) given annual losses and exposures, a correction to the assigned 0% credibility for Smart Plan Home's experiences in calculating the loss trends and loss development factors; and (8) the resubmission of multiple exhibits in Excel and PDF formats according to specifications.¹⁹ Six of the eight Objections raised by the Department had already been raised or partially raised by CW in its August 22 Petition.

On October 11, 2022, Farmers responded to the Department's inquiries by resubmitting

¹⁵ Petition, ¶ 8.i.

¹⁶ RFC, p. 6.

¹⁷ Exh. 4, attached to Powell Decl.

¹⁸ *Ibid.*

¹⁹ RA #22-1617, p. 16.

exhibits in Excel and PDF formats.²⁰ In its response, Farmers rescinded the non-renewal plan and declared that it was not moving forward with any “wildfires non-renewals.”²¹ In explanation for its use of only one model to calculate FFEQ, Farmers argued that use of only one model was the commonly accepted practice among its competitors. It referenced other rate applications by various competitors where only one model was used and argued that the RMS model complies with “actuarial statutory standards.”²² Farmers’ explanation for calculating quarterly, rather than annual, catastrophe ratios, was because the main contributor to catastrophe losses in California—wildfires—occur more frequently in the 4th quarter of the fiscal year. According to Farmers, “this causes the total to [*sic*] non-CAT factor to be inflated in years experiencing extreme Q4 event[s] and extraordinary CAT losses,” as was the case in years 2003, 2007, 2018, and 2020.²³ To explain its use of incurred losses, Farmers argued that, paid losses are driven by smaller damage claims, while incurred losses more accurately reflect rising inflation and other repair costs and ALE expenses.²⁴ As explanation for its use of 12-point, rather than 20-point, loss experience, Farmers explained that the shorter period gave greater weight to the pandemic and recent inflation, which it believed would be more suited to prospective rate making.²⁵ In response to the Department’s request for a standard Exhibit 7 for Smart Plan Home data only, Farmers provided it in an electronic attachment.²⁶ Farmers did not provide corrected loss trends and loss development factors in response to the Department’s concerns about its use of 0% credibility for Smart Plan Home’s experiences. It did, however, provide a reasoned explanation for its failure to do so. Essentially, Farmers stated its willingness to make the requested changes,

²⁰ RA #22-1617, p. 33; see also Exh. C, attached to Powell Decl.

²¹ Exh. C, attached to Powell Decl.

²² *Ibid.*

²³ *Ibid.*

²⁴ *Ibid.*

²⁵ *Ibid.*

²⁶ *Ibid.*

as soon as sufficient data became available.²⁷ Finally, Farmers provided Excel files for each exhibit requested by the Department.²⁸

On November 21, 2022, CW made a request for information, seeking the following additional information from Farmers: (1) A new table showing competitors' filings where more than one model was used for FFEQ; (2) support for Applicant's claim that inflation has caused longer cycle time on repairs, higher lumber costs, higher material costs, and increasing ALE expenses, and support for the claim that paid losses are driven by smaller damage claims; (3) a complete description and explanation of the impact from the pandemic on California homeowners insurance costs; (4) a basis for the claim that the response to Item 5 was the most actuarially sound choice for frequency and severity analysis; (5) an annual distribution of modeled losses used to obtain the expected average annual losses for the RMS FFEQ model results; (6) which portion of the AAL is attributable to the use of Loss Amplification factors in the RMS FFEQ model results; (7) any analyses performed showing the underwriting and operating results of the Applicants for Homeowners Insurance in California covering 2019 to the present; (8) a description of any changes in operations related to California homeowners insurance that has occurred from 2019 to the present, as well as any such changes anticipated for the future; and (9) a list of the actions taken or expected to be taken by Farmers regarding homeowners insurance in California.²⁹

On November 18, 2022, the Department issued an Objection Letter in which it asserted that Farmers, through subsidiaries, was applying the Supergroup Exemption and Multi-policy Discount at the same time.³⁰ To correct for this error, the Department ordered Farmers to revise

²⁷ *Ibid.*

²⁸ *Ibid.*

²⁹ Powell Decl., ¶ 42; Exh. D, attached to RFC.

³⁰ RA # 22-1617, p. 15.

its manuals to indicate which companies the multi-policy discounts could be applied to. On November 23, 2022 Farmers responded to the Department's Objections by disputing the Department's apparent contention that the Super Group Exemption applies to all Farmers programs, including Homeowners programs.

On November 26, 2022, the Department issued an Objection Letter, demanding that Farmers provide premiums, losses, and loss ratios information for each peril in Excel format to justify the proposed base rate change by peril, for each policy form.

On November 28, 2022, Farmers responded to the November 26 Objection Letter, stating, "Current base rates used to develop proposed base rates already reflect the latest loss experience by peril; therefore, no further adjustments at the peril level were needed and applied in this filing. As a result, base rates were revised uniformly for each peril to achieve overall rate proposal for each form." In short, Farmers made no changes to its Application, and provided no additional documents.

On December 6, 2022, the Department issued an Objection Letter following up on Farmers' October 11 response. In particular, the Department sought further explanation for: (1) why incurred ultimate loss is the most actuarially sound selection, given that there had been a drastic increase of Average Case Reserve on Open Claims for each of the perils in the three most recent accident years; (2) "why the closed frequencies for 'All Other' peril are so high ranging from 17.9% to 76.98% for Smart Plan Renter, and from 3.9% to 32.92% for Next Generation form. What perils are included in 'All Other' Peril?"; (3) proof that all institutional advertising expenses had been reflected in the excluded expense provision.³¹

On December 7, 2022, Farmers provided a response to CW's November 21 inquiry. In brief, Farmers responded: (1) with a list of other companies using a single model to develop

³¹ RA #22-1617, p.12.

FFEQ losses, and a list of their SERFF filing numbers; (2) documentation supporting trends toward higher prices for lumber and other repair materials, as well as shortages in those materials resulting in smaller damage claims dominating paid losses, making accurate future predictions more difficult; (3) supply chain issues, increased cost of goods, and a strong demand for building materials in the California market have increased materials costs, as well as putting pressure on labor costs; (4) the basis for this claim is that this approach provides the closest match in terms of timing of when a claim is counted as fully paid and the total dollar amount associated with that claim; (5) Farmers identified the exhibit that shows annual aggregate losses by policy form for various return periods underlying the expected average annual losses; (6) Farmers provided a graph with breakdown of the percentage of total AAL attributable to the demand surge for each policy form; (7) Farmers provided a table showing the results for its most recent five year history; (8) a statement affirming that there have been no significant changes in operations since 2019, and no future changes are planned; and (9) a statement affirming that all major actions have been filed with the Department, with a supporting list of filings/tracking numbers.

On January 19, 2023, the parties participated in a teleconference.³² In late January and early February 2023, CW and Farmers engaged in a series of communications both seeking and providing additional information and explanation regarding the Rate Application.³³

On January 31, 2023, CW made two Requests for Information. It sought a list of payments to affiliates for the period 2019-2021, with supporting documentation, and requested a discussion of the loss reserving methods used to derive the values for homeowners insurance reserves contained in the Annual and Quarterly financial statements submitted to the

³² Powell Decl., ¶ 44.

³³ Powell Decl., ¶ 45; Exh. F, attached to Powell Decl.

Department.³⁴ On February 1, 2023, Farmers partially responded to the January 31 request for information, but also disputed, to some degree, CW's asserted need for the information.³⁵ CW provided a justification for the requested information on February 3, 2023, followed by its actuarial analysis of the Rate Application on February 6.³⁶ On February 8, the parties participated in another teleconference, which resulted in Farmers providing additional information regarding its trend selections, loss development method, and management fees.³⁷ On February 9, 2023, CW sought more data directly arising from the February 8 response by Farmers.³⁸ Farmers provided the data the same day.³⁹

On March 10, 2023, the parties reached a Settlement Stipulation.⁴⁰ In it, the parties agreed that a 17.7 percent increase was "supportable" and should be implemented with an effective date of June 17, 2023.⁴¹ In return, CW agreed to withdraw its Petition for Hearing upon the Commissioner's approval of the Settlement Agreement.⁴²

On March 14, 2023, the Commissioner gave his approval of the Settlement Stipulation and, accordingly, CW withdrew its Petition for Hearing, effective March 24, 2023.⁴³

This Request for Compensation was filed on April 11, 2023. In total, CW seeks \$42,425.50 in fees for its employees' time, and \$40,389 in expert witness fees.⁴⁴

CW's Request for Compensation

CW is a non-profit, public interest organization that conducts its education and advocacy

³⁴ Powell Decl., ¶ 45.

³⁵ Powell Decl., ¶46; Exh. G, attached to RFC.

³⁶ Powell Decl., ¶ 47, Exh. H, attached to RFC.

³⁷ RFC, p. 8.

³⁸ RFC, pp. 8-9.

³⁹ RFC, p. 9; Exh. K, attached to RFC.

⁴⁰ Exh. 5, attached to Powell Decl.

⁴¹ *Ibid.*

⁴² *Ibid.*

⁴³ Exh. 6, attached to Powell Decl.

⁴⁴ Exh. A, attached to RFC.

efforts as a public interest service.⁴⁵ As a result of its intervention in Farmers' RA, CW's attorneys and paralegal incurred 80.6 hours of labor in the proceeding.⁴⁶ Attached to Benjamin Powell's Declaration as Exhibit 1.a. are detailed billing records for CW's attorneys Pamela Pressley, Harvey Rosenfield, and Benjamin Powell, as well as for CW Paralegal, Kaitlyn Gentile.⁴⁷

In total, Pressley performed 51.6 hours of work on this matter, for which she billed \$595 per hour.⁴⁸ Pressley has over 26 years' experience as a consumer advocate.⁴⁹ In that role, she has litigated a number of matters of first impression involving the implementation and enforcement of Proposition 103.⁵⁰ She has also participated in a number of rulemaking proceedings involving implementation of Proposition 103's rating factor requirements.⁵¹ Pressley's hourly rate is within the range of rates charged by similarly-qualified attorneys in the Los Angeles area.⁵²

CW's attorney Benjamin Powell performed 15.4 hours of work on this matter, at an hourly rate of \$350.⁵³ Powell began working at CW before he was admitted to the California State Bar in 2016. His employment at CW has included work on civil litigation matters as well as on matters relating to Proposition 103.⁵⁴ Powell's hourly rate of \$350 is within the range of rates charged by similarly-qualified attorneys in Los Angeles and the San Francisco Bay Area.⁵⁵

CW's attorney Harvey Rosenfield is an attorney with over 40 years of experience in

⁴⁵ Powell Decl., ¶ 4.

⁴⁶ Powell Decl., ¶ 6.

⁴⁷ Exh. 1.a., attached to Powell Decl.

⁴⁸ *Ibid.*

⁴⁹ Powell Decl., ¶ 13.

⁵⁰ *Ibid.*

⁵¹ *Ibid.*

⁵² Exh. 2, attached to Powell Decl.

⁵³ Exh. 1.a., attached to Powell Decl.

⁵⁴ Powell Decl., ¶ 16.

⁵⁵ Powell Decl., ¶ 19; Exh. 2, attached to Powell Decl.

insurance regulatory and litigation matters.⁵⁶ He is the founder of CW and author to Proposition 103. As such, he has participated in numerous lawsuits involving the interpretation and enforcement of Proposition 103.⁵⁷ He has also participated in numerous rulemaking proceedings implementing Proposition 103.⁵⁸ Rosenfield spent 7.3 hours working on this matter, for which he billed his hourly rate of \$695.⁵⁹ Rosenfield's hourly rate is within the range of hourly rates charged by similarly-qualified attorneys in Los Angeles and the San Francisco Bay Area.⁶⁰

Finally, CW's paralegal, Kaitlyn Gentile, has over 14 years of professional experience.⁶¹ Gentile worked 6.3 hours on this matter, for which she billed \$200 per hour.⁶² Gentile's hourly rate is within the range of hourly rates charged by paralegals in Los Angeles and the San Francisco Bay Area.⁶³

In addition to seeking fees for work performed by its own staff, CW seeks fees for 56.6 hours performed by its expert witnesses, AIS Risk Consultants, in the amount of \$40,389.⁶⁴ Allan I. Schwarz is an actuary with over 40 years of consulting actuarial experience.⁶⁵ He performed 34.3 hours of work on this matter at his rate of \$915 per hour. Data regarding consulting actuarial rates are typically not made public.⁶⁶ However, Schwarz's prior approved rates are known. For example, in 2021 and 2022, Schwarz's hourly rate was \$835 and \$870, respectively.⁶⁷ In a 2023 request for compensation, Schwarz's hourly rate of \$870 was deemed

⁵⁶ Powell Decl., ¶ 9.

⁵⁷ *Ibid.*

⁵⁸ Powell Decl., ¶ 10.

⁵⁹ Powell Decl., p. 19.

⁶⁰ Exh. 2, attached to Powell Decl.

⁶¹ Powell Decl., ¶ 20.

⁶² Powell Decl., p. 19.

⁶³ Exh. 2, attached to Powell Decl.

⁶⁴ Exh. 8, attached to Schwarz Decl.

⁶⁵ Schwarz Decl., ¶ 1.

⁶⁶ Schwarz Decl., ¶ 2.

⁶⁷ Schwarz Decl., ¶¶ 2-3.

reasonable for work performed in 2022.⁶⁸ His current rate of \$915 represents a 5.2% increase over his 2022 billing rate. This increase is lower than the rate of inflation in the U.S. for the same period.⁶⁹

Katherine Tollar is an Actuarial Assistant with over 30 years of professional experience.⁷⁰ Tollar worked for 17.3 hours on this matter, for which she billed \$415 per hour.⁷¹

Marianne Dwyer is an Actuarial Assistant with over 30 years of professional experience.⁷² She spent 5 hours on this matter, for which she billed \$365 per hour.⁷³

DISCUSSION

I. Prior Approval Framework and Public Participation

The 1988 approval of Proposition 103 by California's voters added Article 10, "Reduction and Control of Insurance Rates" to Division 1, Part 2, Chapter 9 of the Insurance Code. Proposition 103 establishes a system of "prior approval" for changes to insurance rates in automobile, home, and other property-casualty policies.⁷⁴ The application for rate change and any hearings arising therefrom are subject to public notice and scrutiny.⁷⁵ Thus, as of November 8, 1989, "insurance rates . . . must be approved by the Commissioner prior to their use."⁷⁶

Insurance Code section 1861.05(a) prohibits the Commissioner from approving any rate that is "excessive, inadequate, unfairly discriminatory, or otherwise in violation of this chapter," or from allowing such rates to remain in effect. The primary consideration in the

⁶⁸ Schwarz Decl., ¶ 8.

⁶⁹ Schwarz Decl., fn. 5.

⁷⁰ Exh. 6, attached to Schwarz Decl.

⁷¹ Exh. 8, attached to Schwarz Decl.

⁷² Exh. 7, attached to Schwarz Decl.

⁷³ Exh. 8, attached to Schwarz Decl.

⁷⁴ Cal. Code Regs., tit. 10, § 1861.05, subd. (b).

⁷⁵ Cal. Code Regs., tit. 10, § 1861.05, subd. (c), and §§ 1861.06 – 1861.07.

⁷⁶ Cal. Code Regs., tit. 10, § 1861.01, subd. (c).

Commissioner's determination must be "whether the rate mathematically reflects the insurance company's investment income."⁷⁷

In order to encourage consumer participation, Section 1861.10 of the Insurance Code authorizes any person to initiate a proceeding to enforce any provision of Proposition 103.⁷⁸ To that end, the Commissioner has promulgated regulations setting forth the substantive and procedural requirements for those seeking compensation under the code.⁷⁹ Given the statute's purpose to encourage public participation, the regulations should be liberally construed in favor of compensation.⁸⁰ The statute and regulations set forth both procedural and substantive requirements for an award of compensation.

Intervenors who represent the interests of consumers and make a substantial contribution to the adoption of any order, regulation, or decision by the Commissioner are to be compensated for reasonable advocacy and witness fees.⁸¹

A. CW Met the Procedural Prerequisites to Compensation for Public Participation

Before an intervenor may file a request for compensation, they must first obtain a finding from the Commissioner's Public Advisor that they are eligible to seek compensation—i.e., that they represent the interests of the consumer.⁸² An intervenor is found to represent the interests of the consumer if it represents the interests of individual insurance consumer(s), or the intervenor is a group organized for the purpose of consumer protection as demonstrated by, but is not limited to, a history of representing consumers in administrative, legislative or judicial

⁷⁷ Ins. Code, § 1861.05, subd. (a).

⁷⁸ Ins. Code, § 1861.10, and *State Farm Insurance Co. v. Lara* (2021) 71 Cal.App.5th 197

⁷⁹ Cal. Code Regs., tit. 10, §§ 2661.3 – 2661.4.

⁸⁰ *State Farm Insurance Co. v. Lara*, *supra*, 71 Cal.App.5th 197.

⁸¹ Ins. Code, § 1861.10, and Cal. Code Regs., tit. 10, § 2662.5.

⁸² Cal. Code Regs., tit. 10, § 2662.3.

proceedings.⁸³

Once granted, a Finding of Eligibility to Seek Compensation is valid in any proceeding in which the intervenor's participation commences within two years of the finding of eligibility, provided the intervenor still meets all the requirements in the initial request.⁸⁴

In addition to establishing that it represents the interests of the consumer the intervenor must also submit a request for an award of compensation within 30 days after the Commissioner's decision or action in the proceeding for which intervention was sought, or within 30 days after conclusion of the entire proceeding.⁸⁵ A "proceeding" is any action conducted pursuant to Proposition 103, including a proceeding other than a rate proceeding.⁸⁶

Failing to comply with the procedural as well as substantive requirements may be fatal to a Request for Compensation. For example, where the Commissioner failed to grant permission to intervene in a particular matter, a later request for compensation by the putative intervenor was denied.⁸⁷

1. CW Represents the Interests of Consumers

On July 26, 2022, the Commissioner issued CW its most recent Finding of Eligibility, effective for two years from July 12, 2022.⁸⁸ The Commissioner's finding of eligibility to seek compensation under Insurance Regulation 2662.2 is conclusive on this matter.

2. CW Made a Timely Request for Compensation

CW filed the present RFC on April 11, 2023, less than 30 days from the Commissioner's March 14 approval of the Settlement Stipulation. Accordingly, CW has made a timely Request

⁸³ Cal. Code Regs., tit. 10, § 2661.1, subd. (j).

⁸⁴ Cal. Code Regs., tit. 10, § 2662.2

⁸⁵ Cal. Code Regs., tit. 10, § 2662.3, subd. (a).

⁸⁶ Cal. Code Regs., tit. 10, § 2661.2, subd. (f).

⁸⁷ RFC-2021-002.

⁸⁸ RFC, p. 2, fn. 3.

for Compensation, per Insurance Regulation section 2662.3, subdivision (a).

B. CW Met the Substantive Requirements for Compensation

Once the intervenor has established that it is eligible to seek compensation, and has made a timely request for compensation, it must then establish that it has made a “substantial contribution” to the proceedings.

An intervenor’s contribution is substantial when, viewed as a whole, their contribution results in more relevant, credible, and non-frivolous information being available than would otherwise have been available to the Commissioner to make a decision.⁸⁹ In the context of an application for a rate change, a substantial contribution may be found whether a petition for hearing is granted or denied.⁹⁰ Moreover, the intervenor need not be a prevailing party in order to be deemed to have made a substantial contribution.⁹¹

1. CW Made a Substantial Contribution to the Commissioner’s Decision

In its RFC, CW describes its asserted “substantial contribution” as: initiating the proceeding and raising issues through its Petition; identifying issues regarding Farmers’ payments of management fees and the proper accounting therefor; eliciting Farmers’ responses to its requests for information; teleconferences; and participation discussions leading to the Settlement Stipulation.

Of particular importance to the determination whether CW’s contribution was relevant, were the requests for information that prompted Farmers’ response thereto. In particular, Farmers’ December 7 response to CW’s November 21 request for information resulted in more relevant, credible, and non-frivolous information being available to the commissioner.

⁸⁹ Cal. Code Regs., tit. 10, § 2661.1, subd. (k).

⁹⁰ *Ibid.*

⁹¹ *State Farm Insurance Co. v. Lara, supra*, 71 Cal.App.5th 197.

Specifically, this data came in the form of lists of other companies utilizing similar models for FFEQ losses, documentation of economic factors affecting damages claims, as well as graphic breakdowns and tables justifying the requested increase. Accordingly, CW has made a substantial contribution to these proceedings.

C. An Intervenor is Entitled to Reasonable Fees and Expenses

Reasonable advocacy and witness fees are determined according to the prevailing rate for comparable services in the private sector in the Los Angeles and San Francisco Bay Areas at the time of the Commissioner's decision awarding compensation.⁹² This standard is applied to attorney advocates, non-attorney advocates, and experts with similar experience, skill and ability. Reasonable, actual out of pocket costs may also be compensated.⁹³ Billing rates shall not exceed the market rate.⁹⁴

The requirement that fees be reasonable preserves the Commissioner's discretion to reduce fees for unnecessary, excessive, or duplicative work.⁹⁵ For example, when an intervenor seeks contributions for efforts that were not authorized in the ruling on the Petition to Intervene, and when those efforts duplicate the contribution of another party, the request for compensation may be reduced accordingly.⁹⁶ An intervenor may not reopen matters that were decided prior to their petition being granted.⁹⁷ The intervenor is required to file a "detailed description of services and expenditures," "legible time and/or billing records," and citations to the record of the proceedings.⁹⁸

⁹² Cal. Code Regs., tit. 10, § 2661.1, subd. (c).

⁹³ Cal. Code Regs., tit. 10, § 2661.1, subds. (b) and (d).

⁹⁴ *Ibid.*

⁹⁵ *State Farm Insurance Co. v. Lara*, *supra*, 71 Cal.App.5th 197.

⁹⁶ Cal. Code Regs., tit. 10, § 2662.5, subd. (b).

⁹⁷ Cal. Code Regs., tit. 10, § 2661.3, subd. (h).

⁹⁸ Cal. Code Regs., tit. 10, § 2662.3, subd. (b).

1. Petitioner's Requested Fees are Reasonable.

CW has provided detailed billing records for the staff and expert witnesses who worked on this matter. Moreover, it has established through the Declarations of Richard M. Pearl and Allan I. Schwarz that the hourly rates charged by its staff and expert witnesses were reasonable and/or comparable to services in the private sector in the Los Angeles and San Francisco Bay Area at the time they were incurred. Accordingly, CW's fees are reasonable.

CONCLUSIONS

CW is entitled to advocacy and witness fees in the amount of \$82,814.50 for its substantial contribution to the *Matter of the Rate Application of Farmers Exchange, Fore Insurance, and Mid-Century Insurance Company*, PA-2022-00007. The award shall be paid by Respondent.

ORDER

1. Consumer Watchdog is hereby awarded \$82,814.50 in advocacy fees in connection with the *Matter of the Rate Application of Farmers Exchange, Fore Insurance, and Mid-Century Insurance Company*, PA-2022-00007.

2. Respondent shall pay the award no later than thirty (30) days after the date of this Decision and shall notify the Department's Office of the Public Advisor⁹⁹ upon making payment.

Date: July 12, 2023

RICARDO LARA
Insurance Commissioner

By: _____



Alicia A. Clement
Administrative Law Judge

⁹⁹ Jamie Katz, 1901 Harrison Street, 4th Floor, Oakland, California 94612 or jamie.katz@insurance.ca.gov.

PROOF OF SERVICE

Case Name/Number: In the Matter of the Request for Compensation of

CONSUMER WATCHDOG

File No. **RFC-2023-006**

I, Camille E. Johnson, declare that:

I am employed by the California Department of Insurance, Administrative Hearing Bureau, in the City of Oakland and County of Alameda. I am over the age of eighteen (18) years and not a party to this action. My business address is 1901 Harrison Street, 3rd Floor, Oakland, CA 94612.

I am readily familiar with the business practices of the California Department of Insurance for collecting and processing correspondence for mailing, electronic filing and electronic mail. On July 12, 2023, I served the **DECISION AWARDED COMPENSATION** regarding in the **Matter of the Request for Compensation of CONSUMER WATCHDOG**.

 X **(By U.S. Mail)** on those identified parties in said action, 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.

 X **(By Intra-Agency Mail)** on those identified parties in said action, by placing this correspondence in a place designated for collection for delivery by Department of Insurance intra-agency mail.

 (By Facsimile transmission) on those identified parties in said action, by transmitting said document(s) from our office by facsimile machine to facsimile machine number(s) shown below. Following the transmission, I received a "Transmission Report" from our fax machine indicating that the transmission had been transmitted without error.

 X **(By Email)** on those identified parties in said action, in accordance with Code of Civil Procedure §1013, by emailing true copies thereof at the address set forth below.

SEE ATTACHED PARTY SERVICE LIST

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed in Oakland, California, on July 12, 2023.

July 12, 2023

DATE



C. E. JOHNSON

PARTY SERVICE LIST

Name/Address

Method of Service

Harvey Rosenfield, SBN 123082

(via Email and U. S. Mail)

Pamela Pressley, SBN 180362

Benjamin Powell, SBN 311624

Ryan Mellino, SBN 342497

CONSUMER WATCHDOG

6330 San Vicente Boulevard, Suite 250

Los Angeles, CA 90048

Tel No.: (310) 392-0522

Fax No.: (310) 392-8874

harvey@consumerwatchdog.org

pam@consumerwatchdog.org

ben@consumerwatchdog.org

ryan.m@consumerwatchdog.org

Lisbeth Landsman-Smith

(via Email and Intra-agency Mail)

Legal Division, Rate Enforcement Bureau

CALIFORNIA DEPARTMENT OF INSURANCE

1901 Harrison Street, 6TH Floor

Oakland, CA 94612

Tel. No.: (415) 538-4111

Fax No.: (415) 904-5490

Lisbeth.Landsman@insurance.ca.gov

Tina.Warren@insurance.ca.gov

Richard De La Mora, Esq.

(via Email and U. S. Mail)

Victoria McCarthy

FARMERS INSURANCE EXCHANGE

6301 Owensmouth Avenue

Woodland Hills, CA 91367

Tel. No.: (818) 865-0433

Richard.delamora@farmersinsurance.com

Victoria.mccarthy@farmersinsurance.com

NON-PARTY

Jamie Katz

(via Email)

CALIFORNIA DEPARTMENT OF INSURANCE

Legal - Enforcement Bureau - Oakland

1901 Harrison Street

Oakland, CA 94612

Tel: (415) 538-4180

Fax: (510) 238-7830

Jamie.Katz@insurance.ca.gov

Consumer Watchdog (“CW” or Petitioner), files this Request for Compensation (RFC) in the amount of \$77,693.50, for its intervention in proceedings initiated by a Rate Application (RA) filed by CSAA Insurance Exchange (CSAA or Applicant). CSAA did not oppose the RFC. Upon consideration of all the facts and evidence in this case, and for the reasons explained below, the Request for Compensation is GRANTED.

FINDINGS OF FACT¹

On February 1, 2023, CSAA filed a Rate Application² with the Department, seeking a 25 percent increase in its Auto Liability and Physical Damage lines. Over the course of the ensuing investigation, the Department issued five objection letters.³ CSAA responded to each of the Objection Letters in a timely fashion.⁴ On April 10, 2023, CW filed a Petition for Hearing, Petition to Intervene, and Notice of Intent to Seek Compensation.⁵ In its Request for Hearing, CW provided a non-exhaustive list of issues related to the Rate Application that it intended to explore, along with a list of evidence it intended to produce.⁶ On April 14, 2023, CSAA filed an Answer to the Request for Hearing, refuting CW's claims that the RA was actuarially unsound.⁷ On April 24, 2023, the Department granted CW's Petition to Intervene.⁸ In it, the Department found that CW "has raised and seeks to address issues that are relevant to the ratemaking process."⁹

On May 2, 2023, CW submitted a Request for Information to CSAA that sought responses to 24 separate inquiries.¹⁰

On May 3, 2023, CSAA submitted a "Response to Consumer Watchdog's Petition to

¹ All findings of fact in this matter are derived from the Petitioner's filings and attachments, and from the Department's official files. Neither CSAA nor the Department filed a response to the RFC.

² Rate applications may be found online at https://interactive.web.insurance.ca.gov/apex_extprd/f?p=186:1:13936543914997. An administrative agency may take official notice of its own records, such as the Rate Application filed with the Department of Insurance on February 1, 2023, and assigned State Tracking Number 23-385. (See Evid. Code, § 452, subd. (d).) Official Notice is hereby taken of the Rate Application number 23-385. Citations in this decision to the Rate Application ("RA") utilize the State Tracking # 23-385. Although the document does not contain continuous internal pagination, page numbers are referenced according to their order of appearance in the .pdf.

³ RA #23-385, p. 4.

⁴ *Ibid.*

⁵ Exh. 3 attached to Declaration of Daniel L. Sternberg.

⁶ Request for Hearing, ¶¶ 7-9.

⁷ Answer to Request for Hearing.

⁸ Ruling Granting Consumer Watchdog's Petition to Intervene.

⁹ Ruling Granting Consumer Watchdog's Petition to Intervene, ¶ 5.

¹⁰ Exh. B, attached to RFC.

Intervene.”¹¹ In its response, CSAA included argument and “a detailed explanation for how [it] derived the selected trends for the four largest coverages....”¹² It also provided excerpts of financial statements from 2020 and 2021 to support its variance for loss development.¹³

On May 4, 2023, CSAA provided an extensive “Response to Consumer Watchdog’s Requests for Information.” In its point-by-point response to CW’s information request, CSAA included, among other things, additional annual statements from 2019 through 2022, additional consolidated annual statements from 2019 through 2022, corrected tables of data (upon discovery of an error), and comparison data between the trends filed in the RA compared against the actuarial reserve report for 2022.¹⁴

On May 16, 2023, CW submitted a “Second Set of Requests for Information” to CSAA.¹⁵

On May 17, 2023, CSAA provided a detailed “Response to Consumer Watchdog’s Second Set of Requests for Information.”¹⁶ In CSAA’s response to the second set of information requests, CSAA defined its newly-coined phrase, “*reverse catastrophe*” as “a rare phenomenon (once in a century) that led to *fewer* than expected losses.”¹⁷ CSAA also provided additional data justifying its application of annual trends to trend historical losses to 2022 levels.¹⁸

On May 23, 2023, the parties and the Department participated in the first of two teleconferences.¹⁹

On June 20, 2023, in advance of a second teleconference scheduled for June 23, CSAA

¹¹ Exh. C, attached to RFC.

¹² *Ibid.*

¹³ *Ibid.*

¹⁴ Exh. D, attached to RFC.

¹⁵ Exh. E, attached to RFC.

¹⁶ Exh. F, attached to RFC.

¹⁷ *Ibid.*, emphasis added.

¹⁸ *Ibid.*

¹⁹ Sternberg Decl., ¶ 43.

provided CW with advance copies of its yet-to-be filed updated rate templates.²⁰ CSAA prefaced its e-mail to which these updated rate templates were attached, with the statement, “These differ from the filing in selected trends, which we’ll be prepared to fully discuss on Friday.”²¹ A second teleconference was convened on June 23, 2023.

On July 17, 2023, the parties entered into a settlement stipulation that includes a rate change of 16.7 percent, rather than the 25 percent increase sought in the RA.²²

The Commissioner approved the Stipulated Settlement on July 20, 2023.²³

In keeping with the terms of the Stipulated Settlement, CW subsequently withdrew its Petition for Hearing on July 28, 2023.²⁴

At various times during their intervention, the attorneys for CW engaged in the following tasks: conferred regarding overall strategy and positions; drafted, reviewed, and edited CW’s filed documents; reviewed CSAA’s RA and updated filings; prepared the requests for information; exchanged correspondence regarding and participated in the two conference calls; consulted with CW’s actuary; negotiated the stipulated settlement; and drafted the Request for Compensation, including supporting declarations and exhibits.²⁵ In addition to this generalized list, CW includes detailed records of how each attorney, paralegal, and expert witness spent their time on this matter.

An extensive survey of hourly rates charged by attorneys in the Los Angeles area in 2022, correlated to their relative level of experience demonstrates that the rates CW charged in 2022 were comparable and competitive at that time.²⁶ In April 2023 the Department approved of

²⁰ Exh. G, attached to RFC.

²¹ *Ibid.*

²² RFC, pp.1, 8.

²³ RFC, p. 8.

²⁴ *Ibid.*

²⁵ Decl. of Sternberg, ¶ 8.

²⁶ Exh. 2, attached to Sternberg Decl.

CW's current hourly rates in its Ruling Granting Consumer Watchdog's Petition to Intervene in the Application of CSAA Insurance Exchange, application number 23-385.²⁷

Pamela Pressley is an attorney with over 26 years of experience in consumer advocacy. She has spent 16 years as an attorney with CW, focusing primarily on insurance regulatory and litigation matters before the Department.²⁸ Detailed time records of Pressley's work demonstrate that she was heavily involved in this matter from its inception and continuing until the RFC was filed, from April through August 2023.²⁹ Pressley spent a total of 33.9 hours on this matter. At her hourly rate of \$595.00, she billed a total of \$20,170.50.³⁰

Harvey Rosenfield is an attorney with over 40 years of experience in insurance regulatory and litigation matters.³¹ As the author of Proposition 103, he has participated in a number of major lawsuits interpreting and enforcing the statute.³² Detailed time records of Rosenfield's work tend to demonstrate that he provided oversight ("review") of CSAA's RA from April through June 2023.³³ Rosenfield spent a total of 2.3 hours on this matter. At his hourly rate of \$695.00, his bill for services amounts to \$1,598.50.³⁴

Daniel L. Sternberg is an attorney with seven years of professional experience in litigation and advocacy.³⁵ He has been with CW for less than a year, but has spent the majority of that time litigating matters before the Department.³⁶ Detailed records of Sternberg's work reveal that his involvement in this matter was concentrated on reviewing CW's correspondence with CSAA as well as CW's internal work product, including e-mails, requests for information,

²⁷ Exh. 5, attached to Sternberg Decl.

²⁸ Sternberg Decl., ¶13.

²⁹ Exh. 1a, attached to Sternberg Decl.

³⁰ Sternberg Decl., ¶ 7; Exh. 1a, attached to Sternberg Decl.

³¹ Sternberg Decl., ¶ 9.

³² *Ibid.*

³³ Exh. 1a, attached to Sternberg Decl.

³⁴ Sternberg Decl., ¶ 7; Exh. 1a, attached to Sternberg Decl.

³⁵ Sternberg Decl., ¶ 16.

³⁶ *Ibid.*

and settlement offers.³⁷ Sternberg spent a total of 36.2 hours on this matter. At his hourly rate of \$350.00 his bill for services amounts to \$12,670.00.³⁸

Ryan Mellino was admitted to the California State Bar in 2022.³⁹ His professional experience includes work with the Legal Aid Foundation of Los Angeles, the ACLU, and the Los Angeles Homeless Services Authority, as well as CW.⁴⁰ Detailed records of Mellino's work show that he was only involved in this matter during May 2023 with regard to requests for information.⁴¹ Mellino spent a total of 2.1 hours on this matter. At his hourly rate of \$250.00, his bill for services totals \$525.00.⁴²

Kaitlyn Gentile is a paralegal at CW with over fourteen years of professional experience in litigation support. Gentile worked a total of 7.1 hours on this matter. Detailed time records of Gentile's work demonstrate that she was primarily engaged in preparing and finalizing the RFC during the month of August 2023.⁴³ At her hourly rate of \$200.00, her bill for services totals 1,420.00.⁴⁴

Allan I. Schwartz is the President of AIS Risk Consultants, Inc., and is an actuary with over 40 years consulting actuarial experience.⁴⁵ He provided consulting actuarial services to CW on this matter, as he has in numerous Proposition 103 matters.⁴⁶ Detailed time records of Schwartz's work demonstrate that he spent larger blocks of time reviewing CSAA's initial filings, as well as its responses to CW's information requests in April and May 2023.⁴⁷ Schwartz

³⁷ Exh. 1a, attached to Sternberg Decl.

³⁸ Sternberg Decl., ¶ 7; Exh. 1a, attached to Sternberg Decl.

³⁹ Sternberg Decl., ¶ 20.

⁴⁰ *Ibid.*

⁴¹ Exh. 1a, attached to Sternberg Decl.

⁴² Sternberg Decl., ¶ 7; Exh. 1a, attached to Sternberg Decl.

⁴³ Exh. 1a, attached to Sternberg Decl.

⁴⁴ Sternberg Decl., ¶ 7; Exh. 1a, attached to Sternberg Decl.

⁴⁵ Schwartz Decl., ¶ 1.

⁴⁶ Schwartz Decl., ¶ 2.

⁴⁷ Exh. 8, attached to Schwartz Decl.

worked 41.7 hours on this matter.⁴⁸ At his hourly rate of \$915.00,⁴⁹ his bill for services totals \$38,155.50.⁵⁰

Katherine Tollar is an Actuarial Assistant at AIS Risk Consultants, Inc., with over 20 years of professional actuarial experience.⁵¹ Detailed records of Tollar's work demonstrate that the majority of her time was spent on "trend and indication," work, which was primarily performed during May and June 2023.⁵² Tollar worked a total of 7.6 hours on this matter at her hourly rate of \$415.00, for which she billed \$3,154.00.⁵³

In total, CW has established that its hourly rates, and the hours billed for services rendered in this matter are reasonable.

DISCUSSION

I. Prior Approval Framework and Public Participation

In California, insurance rates for automobile, home, and other property-casualty policies must be approved by the Commissioner prior to their use."⁵⁴ Insurance Code section 1861.05, subdivision (a), prohibits the Commissioner from approving any rate that is "excessive, inadequate, unfairly discriminatory, or otherwise in violation of this chapter," or from allowing such rates to remain in effect. The primary consideration in the Commissioner's determination must be "whether the rate mathematically reflects the insurance company's investment income."⁵⁵

⁴⁸ Exh. 8, attached to Schwartz Decl.

⁴⁹ Schwartz Decl., ¶ 6.

⁵⁰ Exh. 8, attached to Schwartz Decl.

⁵¹ Exh. 6, attached to Schwartz Decl.

⁵² Exh. 8, attached to Schwartz Decl.

⁵³ Exh. 8, attached to Schwartz Decl.

⁵⁴ Ins. Code, § 1861.01, subd. (c).

⁵⁵ Ins. Code, § 1861.05, subd. (a).

In order to foster “consumer participation in the rate-setting process,”⁵⁶ section 1861.10 of the Insurance Code authorizes any person to initiate a proceeding to enforce any provision of Proposition 103.⁵⁷ Intervenor who represent the interests of consumers and make a substantial contribution to the adoption of any order, regulation, or decision by the Commissioner are to be compensated for reasonable advocacy and witness fees.⁵⁸ To that end, the Commissioner has promulgated regulations setting forth the substantive and procedural requirements for those seeking compensation under the code.⁵⁹ These regulations are binding on the AHB and have the force of statute.⁶⁰ Given the statute’s purpose to encourage public participation, the regulations should be liberally construed in favor of compensation.⁶¹

A. The Procedural Prerequisites for Compensation are Met

Before an intervenor may file a request for compensation, they must first obtain a finding from the Commissioner’s Public Advisor that they are eligible to seek compensation—i.e., that they represent the interests of the consumer.⁶² Once granted, a Finding of Eligibility to Seek Compensation is valid in any proceeding in which the intervenor’s participation commences within two years of the finding of eligibility, provided the intervenor still meets all the requirements in the initial request.⁶³ There is no dispute that CW is eligible to seek compensation in this case.

In addition to establishing that it represents the interests of the consumer the intervenor must also submit a request for an award of compensation within 30 days after the

⁵⁶ See *State Farm General Ins. Co. v. Lara* (2021) 71 Cal.App.5th 197, 215, citing *State Farm Mutual Automobile Ins. Co. v. Garamendi*, *supra*, 32 Cal.4th 1029.

⁵⁷ Ins. Code, § 1861.10, and *State Farm Insurance Co. v. Lara* (2021) 71 Cal.App.5th 197

⁵⁸ Ins. Code, § 1861.10, and Cal. Code Regs., tit. 10, § 2662.5.

⁵⁹ Cal. Code Regs., tit. 10, §§ 2661.3 – 2661.4.

⁶⁰ *Agriculture Labor Relations Board v. Superior Court* (1976) 16 Cal.3d 392.

⁶¹ *State Farm Insurance Co. v. Lara*, *supra*, 71 Cal.App.5th 197.

⁶² Cal. Code Regs., tit. 10, § 2662.3.

⁶³ Cal. Code Regs., tit. 10, § 2662.2

Commissioner's decision or action in the proceeding for which intervention was sought, or within 30 days after conclusion of the entire proceeding.⁶⁴ CW's RFC was filed on August 18, 2023, less than 30 days after the Commissioner approved the Stipulated Settlement on July 20, 2023. Accordingly, the RFC was timely filed.

B. The Substantive Requirements for Compensation are Met

Once the intervenor has established that it is eligible to seek compensation, and has made a timely request for compensation, as CW has done here, it must then establish that it has made a "substantial contribution" to the proceedings.⁶⁵ The only *statutory requirements* for compensation are set out subdivision (b) of Insurance Code section 1861.10.⁶⁶ But the statutory language does not encapsulate the whole of the intervenor's obligation. The regulations adopted by the Insurance Commissioner fill in the details not specified by Proposition 103.⁶⁷ The regulations state that a "substantial contribution"

"...means that the intervenor substantially contributed, as a whole, to a decision, order, regulation, or other action of the Commissioner by presenting relevant issues, evidence, or arguments which were separate and distinct from those emphasized by the Department of Insurance staff or any other party, such that the intervenor's participation resulted in more relevant, credible, and non-frivolous information being available for the Commissioner to make the Commissioner's decision than would have been available to the Commissioner had the intervenor not participated. A substantial contribution may be demonstrated without regard to whether a petition for hearing is granted or denied."⁶⁸

⁶⁴ Cal. Code Regs., tit. 10, § 2662.3, subd. (a).

⁶⁵ Ins. Code, §1861.10, subd. (b); Cal. Code Regs., tit. 10, §§ 2661.2, subd. (k), and 2662.3, subd. (b)(3).

⁶⁶ *Association of California Insurance Companies v. Poizner* (2009) 180 Cal.App.4th 1029, 1047-1048.

⁶⁷ *Association of California Insurance Companies v. Poizner* (2009) 180 Cal.App.4th 1029, 1050.

⁶⁸ Cal. Code Regs., tit. 10, § 2661.2(k).

What constitutes a substantial contribution requires a fact-intensive analysis by the tribunal in which the matter originated.⁶⁹ And, while the intervenor's substantial contribution may be shown with documents,⁷⁰ it is incumbent on the intervenor to provide specific citations to its services and expenditures.⁷¹ There is no question in this case that CW participated in the rate proceedings.

As a direct result of CW's participation in this case, CSAA produced additional analysis and data concerning the Trend Selection for Bodily Injury Property Damage, Comprehensive and Collision;⁷² CSAA also provided several years' worth of Annual Statements and Consolidated Annual Statements;⁷³ and in connection with CW's inquiries, CSAA discovered and corrected several data errors.⁷⁴ Accordingly, CW has established that its intervention in this case made a substantial contribution to the Commissioner's ultimate approval of the stipulated settlement by providing more relevant credible, and non-frivolous information than would have been available had the intervenor not participated. Additionally, through detailed time records, rate surveys, and prior findings by the Department, CW has established that it charged market rates, as that phrase is defined by regulation.⁷⁵

⁶⁹ *Economic Empowerment Foundation v. Quackenbush* (1997) 57 Cal.App.4th 677.

⁷⁰ *Association of California Insurance Companies v. Poizner* (2009) 180 Cal.App.4th 1029, 1040.

⁷¹ *Economic Empowerment Foundation v. Quackenbush*, *supra*, 57 Cal.App.4th 677, 681; Cal.Code Regs., tit. 10, § 2662.5, subd. (a)(1).

⁷² Exh. C, attached to RFC.

⁷³ Exh. D, attached to RFC.

⁷⁴ Exh. D, attached to RFC.

⁷⁵ Cal. Code Regs., tit. 10, § 2661.1, subd. (c).

CONCLUSION

For the foregoing reasons, CSAA is entitled to expenses and advocacy fees *in the Matter of the Rate Application of CSAA Insurance Exchange*, Prior Approval File No. PA-2023-00004, in the amount of \$77,693.50.

ORDER

1. Consumer Watchdog is hereby awarded \$77,693.50 in advocacy and expert witness fees in connection with CSAA's Rate Application (Prior Approval File No. *PA-2023-00004*).
2. CSAA shall pay the award no later than 30 days after the date of this Decision and shall notify the Department's Office of the Public Advisor⁷⁶ upon making payment.

Date: November 8, 2023

RICARDO LARA
Insurance Commissioner

By:



Alicia A. Clement
Administrative Law Judge

⁷⁶ Jon Phenix, Public Advisor, 1901 Harrison Street, 4th Floor, Oakland, CA 94612, or jon.phenix@insurance.ca.gov.

PROOF OF SERVICE

Case Name/Number: In the Matter of the Request for Compensation of
CONSUMER WATCHDOG
File No. **RFC-2023-011**

I, Florinda Cristobal, declare that:

I am employed by the California Department of Insurance, Administrative Hearing Bureau, in the City of Oakland and County of Alameda. I am over the age of eighteen (18) years and not a party to this action. My business address is 1901 Harrison Street, 3rd Floor, Oakland, CA 94612.

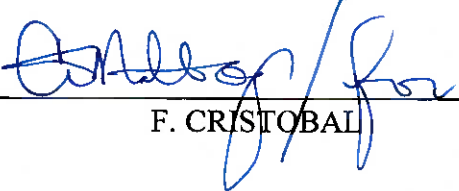
I am readily familiar with the business practices of the California Department of Insurance for collecting and processing correspondence for mailing, electronic filing and electronic mail. On August 18, 2023, I served **DECISION AWARDING COMPENSATION** regarding **In the Matter of the Request for Compensation of Consumer Watchdog**.

- X (By U.S. Mail) on those identified parties in said action, 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.
- X (By Intra-Agency Mail) on those identified parties in said action, by placing this correspondence in a place designated for collection for delivery by Department of Insurance intra-agency mail.
- (By facsimile transmission) on those identified parties in said action, by transmitting said document(s) from our office by facsimile machine Fax Number to facsimile machine number(s) shown below. Following the transmission, I received a "Transmission Report" from our fax machine indicating that the transmission had been transmitted without error.
- X (By Email) on those identified parties in said action, in accordance with Code of Civil Procedure §1013, by emailing true copies thereof at the address set forth below.

SEE ATTACHED PARTY SERVICE LIST

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed in Oakland, California, on August 18, 2023

November 8, 2023
(Date)


F. CRISTOBAL

PARTY SERVICE LIST

Name/Address

Method of Service

Harvey Rosenfield, SBN 123082
Pamela Pressley, SBN 180362
Daniel L. Sternberg, SBN 329799
Ryan Mellino, SBN 342497
CONSUMER WATCHDOG
6330 San Vicente Boulevard, Suite 250
Los Angeles, CA 90048
Tel No.: (310) 392-0522
Fax No.: (310) 392-8874
harvey@consumerwatchdog.org
pam@consumerwatchdog.org
danny@consumerwatchdog.org
ryan.m@consumerwatchdog.org

via Email & U. S. mail

Lisbeth Landsman-Smith
Melissa Wurster
Sara Ahn
Rate Enforcement Bureau
CALIFORNIA DEPARTMENT OF INSURANCE
1901 Harrison Street, 4th Floor
Oakland, CA 94612
Tel No.: (415) 538-4500
Fax No.: (510) 238-7830
Lisbeth.Landsman@insurance.ca.gov
Melissa.Wurster@insurance.ca.gov
Sara.Ahn@insurance.ca.gov

via Email & Intra-agency

Katherine Evans
Vice President, Regulatory & Government Affairs
CSAA INSURANCE GROUP
3055 Oak Road
Walnut Creek, CA 94597
Tel No.: (925) 279-4152
Katherine.Evans@csaa.com

via Email & U. S. Mail

Bob Hoffman
Dentons US LLP
1999 Harrison St., Suite 1300
Oakland, CA 94612-4709
Tel. No.: (415) 882-5000
Fax. No.: (415) 882-0300
Robert.hoffman@dentons.com

via Email & U. S. Mail

NON-PARTY

Jon Phenix
Public Advisor & Attorney III
Office of the Special Counsel
CALIFORNIA DEPARTMENT OF INSURANCE
300 Capitol Mall, 17th Floor
Sacramento, CA 95814
Tel. No.: (916) 492-3705
Fax No.: (510) 238-7830
Jon.Phenix@insurance.ca.gov

(via Email)

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

In the Matter of the Request for Compensation of	) FILE NO. RFC-2022-001
	)
CONSUMER WATCHDOG,	) DECISION AWARDING
	) COMPENSATION
Intervenor.	)
	) <i>In the Matter of the Rate Application</i>
	) <i>of Farmers Insurance Exchange, Fire</i>
	) <i>Insurance Exchange, and Mid-Century</i>
	) <i>Insurance Company</i>
	)
	) Rate Applications No. 21-1731, 21-1731-A
	) and 21-1731-B
	) Prior Approval File No PA-2021-00007
	)

Consumer Watchdog, a consumer advocacy group, intervened in a proceeding concerning Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-Century Insurance Company's (Farmers) applications for an overall rate increase to its Dwelling Fire Program, including base rate revisions to its Fire, Allied Lines, and Other Liabilities coverages. At the conclusion of the proceeding, Consumer Watchdog filed a request for compensation seeking advocacy and expert witness fees and expenses for its participation. For the reasons discussed below, Consumer Watchdog's request for compensation is granted.

PROCEDURAL AND FACTUAL BACKGROUND

I. Application Proceedings

On June 11, 2021, Farmers filed Applications No. 21-1731, 21-1731-A, and 21-1731-B (Applications) with the California Department of Insurance (CDI or Department), seeking an overall rate of increase of +6% for its Dwelling Fire Program. On July 2, 2021, the Department

notified the public of Farmers Applications.

On August 16, 2021, Consumer Watchdog filed a Petition for Hearing, Petition to Intervene, and Notice of Intent to Seek Compensation (Petition), regarding Farmers Applications. The Petition asserted that the Applications resulted in rates that were excessive and/or unfairly discriminatory in violation of Insurance Code section 1861.05, subdivision (a).¹ Specifically, Consumer Watchdog alleged Farmers used a single model for its Fire Following Earthquake provision, which, it contended, was unreasonably high. Additionally, Consumer Watchdog alleged Farmers failed to provide the required formulas for Catastrophe Adjustment; failed to explain large differences between paid and incurred loss development; overstated the projected losses in its excessive net trend, resulting in an inflated rate indication; calculated the excluded expense factor and the projected yield using outdated financial statement data only through 2019; failed to disclose or provide any support or justification for its FireLine Score factors applied to its fire premiums or its Special Hazard Interface Area (SHIA) scoring system used to determine eligibility for new business, potentially resulting in unfairly discriminatory rates and premiums; and used outdated financial statement data in the Reconciliation, Program Detail, and Statutory sheets of the Applications.²

On September 27, 2021, the Commissioner granted Consumer Watchdog's Petition to Intervene, finding that Consumer Watchdog "has raised and seeks to address issues that are relevant to the ratemaking process."³ The Ruling specifically reserved for a later date any findings on the Petition for Hearing.

On October 1, 2021, the Department raised each of the concerns outlined by Consumer Watchdog in an Objection Letter, seeking responses and additional information from Farmers by

¹ Petition, pp.4-6.

² Request for Compensation, pp. 3-4.

³ Ruling Granting Consumer Watchdog's Petition to Intervene, p. 4.

October 22, 2021.⁴

On January 27, 2022, Consumer Watchdog's Actuary, Allan I. Schwartz, submitted a written analysis of Farmers' Applications' Loss Trend, Loss Development, and Modeled Catastrophe Losses, finding them improper or unsupported. According to Schwartz's analysis, Farmers deviated from the commonly accepted practice of considering the results from more than one catastrophe model in a rate calculation by utilizing only a single model to estimate the losses used in the catastrophe provision for the fire coverage. Schwartz's analysis resulted in different rate indications in all categories.

On January 31, February 3, and February 15, 2022, the parties and the Department met by teleconference in order to discuss outstanding issues and exchange additional information. On February 18 and 25, 2022, the parties met to discuss settlement.

On March 3, 2022, the parties reached an agreement, to wit, that Farmers would adopt an overall rate increase of 2.3%. This agreement was memorialized in a final settlement stipulation on March 17, 2022

On April 12, 2022, the Commissioner approved the filing via SERFF. In accordance with the Stipulation, on April 22, 2022, Consumer Watchdog withdrew its Petition.

On May 11, 2022, Consumer Watchdog filed a Request for Compensation for advocacy and witness fees for work performed by Consumer Watchdog employees and consultants for a total of \$65,615.00. Consumer Watchdog supported the Request for Compensation with a declaration by Pamela Pressley, and Allan I. Schwartz. The hours billed are limited to time spent on Farmers Applications, including preparation of the Request for Compensation.⁵

⁴ Request for Compensation, Exh. B.

⁵ Pressley Decl. at ¶¶ 20-22.

Pressley is a Senior Staff attorney for Consumer Watchdog.⁶ She has been Consumer Watchdog's Litigation Director for 16 years, with a focus primarily on matters before the California Department of Insurance, particularly on the enforcement and implementation of Proposition 103.⁷ Benjamin Powell is Staff Attorney for Consumer Watchdog with six years of professional experience in litigation and advocacy.⁸ Kaitlyn Gentile is a Paralegal for Consumer Watchdog with over fourteen years of professional experience in litigation matters, including drafting pleadings and motions.⁹ The Request for Compensation seeks compensation for Legal fees in the amount of 33.4 hours of Pressley's time at the rate of \$595 per hour, 10.9 hours of Powell's time at the rate of \$350 per hour, 10.0 hours of Gentile's time at \$200 per hour;

Schwartz is an actuary with over 40 years of experience in consulting actuarial experience, including numerous Proposition 103 proceedings.¹⁰ Schwartz founded and is currently employed by and President of AIS Risk Consultants, Inc, a New Jersey consulting firm.¹¹ Katherine Tollar is an Actuarial Assistant with over 20 years of actuarial experience.¹² Marianne Dwyer is an Actuarial Assistant with over 20 years of actuarial experience.¹³ The Request for Compensation seeks compensation for expert witness fees in the amount of 33.1 hours of Schwartz's time at the rate of \$870 per hour, 21.0 hours of Tollar's time at the rate of \$395 per hour, and 8.1 hours of Dwyer's time at the rate of \$350 per hour.¹⁴

⁶ Pressley Decl. at ¶ 1.

⁷ Pressley Decl. at ¶ 9.

⁸ Pressley Decl. at ¶ 12.

⁹ Pressley Decl. at ¶ 16, Exh 1b.

¹⁰ Schwartz Decl. Exh. 5.

¹¹ Schwartz Decl. at ¶ 1.

¹² Schwartz Decl. at ¶ 10, Exh. 6.

¹³ Schwartz Decl. at ¶ 10, Exh. 7.

¹⁴ Pressley Decl. at ¶ 8; Schwartz Decl. ¶ 14, Exhibit 8.

APPLICABLE LAW

I. Prior Approval Framework

In 1988, California's voters approved Proposition 103, which added Article 10 "Reduction and Control of Insurance Rates"¹⁵ (Article 10) to Division 1, Part 2, Chapter 9 of the Insurance Code. Article 10 governs automobile, home, and other property-casualty insurance rates. It requires that the Commissioner approve the rates insurers charge prior to use, so as to prevent "excessive, inadequate, [or] unfairly discriminatory" rates.¹⁶ Insurers wishing to change their rates must file complete rate applications with the Commissioner.¹⁷ All application information must be available for public inspection.¹⁸ Public hearings may be held on the applications.¹⁹

II. Compensation for Public Participation

To promote enforcement of the rate control laws, Insurance Code section 1861.10, subdivision (a) authorizes consumers and their representatives to initiate and intervene in rate proceedings and to enforce Article 10's provisions. The Insurance Code and the intervenor regulations (Regulations)²⁰ provide that intervenors must be compensated for their participation if various substantive and procedural requirements are met.

A. Substantive Requirements

Insurance Code section 1861.10, subdivision (b) provides that the Commissioner "shall award reasonable advocacy and witness fees and expenses" to persons demonstrating that (1) they "represent the interests of consumers," and (2) they have "made a substantial contribution to

¹⁵ Ins. Code, § 1861.01 et seq.

¹⁶ Ins. Code, §§ 1861.01, subd. (c), 1861.05, subd. (a).

¹⁷ Ins. Code, § 1861.05(b).

¹⁸ Ins. Code, § 1861.07.

¹⁹ Ins. Code, § 1861.05, subd. (c).

²⁰ Cal. Code Regs., tit. 10, §§ 2662.1—2662.8

the adoption of any order, regulation, or decision by the commissioner[.]” The Regulations contain substantially identical requirements.²¹

An intervenor “represents the interests of consumers” if it “represents the interests of individual insurance consumer[s], or the intervenor is a group organized for the purpose of consumer protection as demonstrated by, but is not limited to, a history of representing consumers in administrative, legislative or judicial proceedings.”²²

An intervenor makes a “substantial contribution” if the intervenor “substantially contributed, as a whole, to a decision, order, regulation, or other action of the Commissioner by presenting relevant issues, evidence, or arguments which were separate and distinct from those emphasized by the Department of Insurance staff or any other party, such that the intervenor’s participation resulted in more relevant, credible, and non-frivolous information being available for the Commissioner to make his or her decision than would have been available to a Commissioner had the intervenor not participated. A substantial contribution may be demonstrated without regard to whether a petition for hearing is granted or denied.”²³

B. Procedural Requirements

The Regulations set forth various procedural requirements for claiming intervenor compensation. The intervenor must obtain the Commissioner’s approval of a petition to intervene.²⁴ The intervenor must be found eligible to seek compensation by the Commissioner’s Public Advisor.²⁵ And the intervenor must submit a request for an award of compensation within 30 days after the Commissioner’s decision or action in the proceeding for which intervention was

²¹ Cal. Code Regs., tit. 10, § 2662.5, subd. (a).

²² Cal. Code Regs., tit. 10, § 2661.1, subd. (j).

²³ Cal. Code Regs., tit. 10, § 2661.1, subd. (k).

²⁴ Cal. Code Regs., tit. 10, § 2662.3.

²⁵ *Ibid.*

sought, or within 30 days after conclusion of the entire proceeding.²⁶ The request for compensation must be verified and include detailed descriptions of the services and expenditures, legible time and billing records, and a description of the intervenor's substantial contribution.²⁷

C. Payment and Amount of Compensation Award

Where an intervenor's advocacy occurs in response to an insurer's rate application, the insurer must pay the intervenor's reasonable advocacy fees, witness fees and expenses.²⁸ Time spent preparing the intervenor's request for compensation may be included in those amounts.²⁹

The intervenor's advocacy and witness fees must not exceed "the prevailing rate for comparable services in the private sector in the Los Angeles and San Francisco Bay Areas at the time of the Commissioner's decision awarding compensation for attorney advocates, non-attorney advocates, or experts with similar experience, skill and ability."³⁰

DISCUSSION

I. Consumer Watchdog Satisfied the Requirements for Compensation

Consumer Watchdog's Request for Compensation satisfies both the statutory and regulatory substantive and procedural requirements for intervenor compensation. In addition, Consumer Watchdog's advocacy and expert witness fees are reasonable. Accordingly, the Request for Compensation must be granted.

A. Consumer Watchdog Represented the Interests of Consumers and Made a Substantial Contribution to the Commissioner's Decision

Consumer Watchdog satisfied the requirements of Insurance Code section 1861.10,

²⁶ *Ibid.*

²⁷ *Ibid.*

²⁸ Ins. Code, § 1861.10, subd. (b).

²⁹ Cal. Code Regs., tit. 10, § 2661.1(d).

³⁰ Cal. Code Regs., tit. 10, § 2661.1(c).

subdivision (b) and Regulations section 2662.5 to “represent[] the interests of consumers” and to make “a substantial contribution” to the Commissioner’s decision or action in connection with Farmers’ Applications. Consumer Watchdog has a long history of participation in Department proceedings. In addition, on August 25, 2020, the Commissioner issued Consumer Watchdog a Finding of Eligibility stating “Consumer Watchdog represents the interests of consumers, and on those grounds, the Commissioner hereby finds Consumer Watchdog eligible to seek compensation in Department proceedings pursuant to [Insurance Code section] 1861.02 *et seq.*”³¹

As to substantial contribution, Consumer Watchdog’s Petition initiated the proceeding and raised a number of issues with the Applications, including (1) Farmers’ use of just one model for its Fire Following Earthquake provision; (2) Farmers’ failure to provide the required formulae for Catastrophe Adjustment; (3) Farmers’ failure to explain large differences between the paid and incurred loss development; (4) Farmers’ excessive net trend’s overstatement of the projected loss, resulting in an inflated rate indication; (5) Farmers’ use of outdated financial statement data only through 2019 in the calculation of the excluded expense factor and the projected yield; (6) Farmers’ failure to disclose or provide any support or justification for its FireLine Score factors applied to its fire premiums or its Special Hazard interface Area (SHIA) scoring system used to determine eligibility for new business, potentially resulting in unfairly discriminatory rates and premiums in violation of Insurance Code section 1861.05; and (7) Farmers’ use of outdated financial statement data in the Reconciliation, Program Detail, and Statutory sheets of the Applications.³² On September 27, 2021, the Department found that Consumer Watchdog “has raised and seeks to address issues that are relevant to the ratemaking

³¹ Finding of Consumer Watchdog’s of Eligibility to Seek Compensation, dated Aug. 25, 2020, File No. IE-2020-0002, p. 4. Consumer Watchdog’s eligibility is effective until July 2022.

³² Request for Compensation at p. 9; Pressley Decl. at ¶ 32.

process.³³

Consumer Watchdog's actuary submitted written analyses to Farmers and the Department's actuaries and rate regulation team on January 27 and February 15, 2022. This, in turn, caused Farmers to file additional justification for its decisions regarding liability trend, loss development, and model usage.³⁴

Consumer Watchdog's presentation of relevant issues, evidence and arguments which were separate and distinct from those emphasized by the Department of Insurance staff or any other party, resulted in more relevant, credible information being available for these proceedings. As such, Consumer Watchdog made a substantial contribution to the Commissioner's ultimate decision.³⁵

B. Consumer Watchdog Met the Procedural Requirements for Compensation

The Commissioner approved Consumer Watchdog's Petition to Intervene on September 27, 2021, and the Public Advisor found Consumer Watchdog eligible to seek compensation.³⁶ Consumer Watchdog submitted a timely request for compensation and the request was verified.³⁷ It included detailed descriptions of the services and expenditures, legible time and billing records, and a description of Consumer Watchdog's substantial contribution.³⁸ Accordingly, Consumer Watchdog met the procedural requirements for compensation.

C. Consumer Watchdog's Requested Fees Are Reasonable

Consumer Watchdog billed 33.4 hours at the hourly rate of \$595 for Pressley, an attorney with over 25 years of consumer advocacy experience; 10.9 hours at the hourly rate of \$350 for

³³ Pressley Decl. at ¶ 27, quoting Ruling Granting Consumer Watchdog's Petition to Intervene, Sept. 27, 2021, at 4:7-8.

³⁴ Pressley Decl. at ¶ 26.

³⁵ Cal. Code Regs, tit. 10, § 2661.1(k).

³⁶ Finding of Consumer Watchdog's of Eligibility to Seek Compensation, Aug. 25, 2020, File No. IE-2020-0002.

³⁷ Cal. Code Regs., tit. 10, § 2662.3(a).

³⁸ Request for Compensation at pp. 9-13; Pressley Decl., Exh. 1a.

Powell, at attorney with six years' experience, and 10.0 hours at the hourly rate of \$200 for Gentile, a paralegal with over 14 years of litigation experience.³⁹ These rates are consistent with the current prevailing private sector rates for advocates in Los Angeles with similar experience, skill and ability.⁴⁰

In addition, Consumer Watchdog billed 33.1 hours at the hourly rate of \$870 for Schwartz, an actuary with over 40 years' experience; 21.0 hours at the rate of \$395 per hour for Tollar, an actuarial assistant with over 20 years' experience, and 8.1 hours at \$350 per hour for Dwyer, an actuarial assistant with over 20 years' experience.⁴¹

That time is reasonable for the work Consumer Watchdog performed reviewing the Applications, preparing the Petition and their detailed Responses, preparing the Compensation Request, and engaging in related conferences, calls, correspondence and negotiations over several months. None of Consumer Watchdog's advocacy or witness fees were excessive for the nature and quality of work performed. Nor did that work duplicate the Department's participation, since Consumer Watchdog first raised the issues and arguments regarding Farmers' underwriting changes. As such, Consumer Watchdog's advocacy and witness fees are reasonable.⁴²

II. Conclusions

For the foregoing reasons, the Commissioner concludes and determines that Consumer Watchdog is entitled to advocacy and witness fees in the amount of \$65,615.00, pursuant to Insurance Code section 1861.10, subdivision (b) and the regulations thereunder. Because Consumer Watchdog's advocacy was in response to Farmers' Applications, Farmers must pay

³⁹ Pressley Decl. at pp. 3-12.

⁴⁰ See Pressley Decl., Exh. 2 [fee expert declaration].

⁴¹ Schwartz Decl. at ¶ 10, Exhibits 5-7.

⁴² Cal. Code Regs, tit. 10, § 2661.1(a) and (l).

the award.⁴³

ORDER

1. Consumer Watchdog is hereby awarded \$65,615.00 in advocacy and expert witness fees in connection with Farmers' rule and form change Application (Prior Approval File No. PA-2021-00007).

2. Farmers shall pay the award no later than 30 days after the date of this Decision and shall notify the Department's Office of the Public Advisor⁴⁴ upon making payment.

Date: June 29, 2022

RICARDO LARA
Insurance Commissioner

By: 
ALICIA A. CLEMENT
Administrative Law Judge

⁴³ Ins. Code, § 1861.10, subd. (b).

⁴⁴ Edward Wu, 300 South Spring Street, 12th Floor, Suite 12700, Los Angeles, CA 90013 or edward.wu@insurance.ca.gov.

PROOF OF SERVICE

Case Name/Number: In the Matter of the Request for Compensation of

CONSUMER WATCHDOG

File No. **RFC-2022-001**

I, Florinda Cristobal, declare that:

I am employed by the California Department of Insurance, Administrative Hearing Bureau, in the City of Oakland and County of Alameda. I am over the age of eighteen (18) years and not a party to this action. My business address is 1901 Harrison Street, 3rd Floor, Oakland, CA 94612.

I am readily familiar with the business practices of the California Department of Insurance for collecting and processing correspondence for mailing, electronic filing and electronic mail. On June 29, 2022, I served **DECISION AWARDING COMPENSATION** regarding the **Matter of the Request for Compensation of CONSUMER WATCHDOG**.

 X **(By U.S. Mail)** on those identified parties in said action, 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.

 (By Intra-Agency Mail) on those identified parties in said action, by placing this correspondence in a place designated for collection for delivery by Department of Insurance intra-agency mail.

 (By facsimile transmission) on those identified parties in said action, by transmitting said document(s) from our office by facsimile machine Fax Number to facsimile machine number(s) shown below. Following the transmission, I received a "Transmission Report" from our fax machine indicating that the transmission had been transmitted without error.

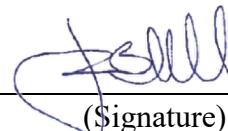
 X **(By Email)** on those identified parties in said action, in accordance with Code of Civil Procedure §1013, by emailing true copies thereof at the address set forth below.

SEE ATTACHED PARTY SERVICE LIST

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed in Oakland, California, on June 29, 2022.

FLORINDA CRISTOBAL

(Print Name)


(Signature)

PARTY SERVICE LIST

<u>Name/Address</u>	<u>Method of Service</u>
Harvey Rosenfield, SBN 123082 Pamela Pressley, SBN 180362 Daniel L. Sternberg, SBN 329799 Benjamin Powell, SBN 311624 CONSUMER WATCHDOG 6330 San Vicente Boulevard, Suite 250 Los Angeles, CA 90048 Tel No.: (310) 392-0522 Fax No.: (310) 392-8874 harvey@consumerwatchdog.org pam@consumerwatchdog.org danny@consumerwatchdog.org ben@consumerwatchdog.org	via U.S. Mail/E-mail
Alec Stone Nikki McKennedy Rate Enforcement Bureau Legal Division, Rate Enforcement Bureau CALIFORNIA DEPARTMENT OF INSURANCE 1901 Harrison Street, 4 TH Floor Oakland, CA 94612 Tel. No.: (415) 538-4111 FAX No.: (510) 238-7830 Alec.Stone@insurance.ca.gov Nikki.McKennedy@insurance.ca.gov	via E-mail
Julie Erickson PL Product Manager II FARMERS INSURANCE EXCHANGE 6301 Owensmouth Avenue Woodland Hills, CA 91367 Julie.erickson@farmersinsurance.com	via E-mail

Richard De La Mora
Head of Personal and Specialty Lines and Strategy
Farmers Insurance Exchange
6301 Owensmouth Avenue
Woodland Hills, CA 91367
Tel.: (818) 965-0433
Richard.delamora@farmersinsurance.com

via E-mail

NON-PARTY

Jamie Katz, Esq.
Staff Counsel & Public Advisor
Office of the Public Advisor
CALIFORNIA DEPARTMENT OF INSURANCE
1901 Harrison Street
Oakland, CA 94612
Tel. No.: (415) 538-4180
FAX No.: (510) 238-7830
Jamie.Katz@insurance.ca.gov

via E-mail

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

In the Matter of the Requests for Compensation of	)	FILE NO. RFC-2022-004
	)	
CONSUMER WATCHDOG,	)	
	)	
	)	<i>In the Matter of the Rulemaking Hearing</i>
Intervenor.	)	<i>Re: Mitigation in Rating Plans and</i>
	)	<i>Wildfire Risk Models</i>
	)	
	)	REG-2020-00015
	)	REG-2020-00016
	)	
	)	
	)	
	)	
	)	

DECISION AWARDING COMPENSATION

Passed by voters in 1988, Proposition 103, gives the Insurance Commissioner authority to regulate insurance rates by requiring insurers to obtain prior approval from the Insurance Commissioner before changing their rates. As enacted, Proposition 103 did not establish a detailed method of processing and deciding rate applications, and it was left to the Commissioner to adopt rules and regulations to promote the policies of Proposition 103. In response to growing concerns that insurers in California were unfairly raising insurance rates for homeowners in fire-prone areas of California without consideration for the policy-holders' risk mitigation, and that insurers were doing so in a manner that was calculated to avoid public scrutiny and comment upon such practices, the Insurance Commissioner began soliciting the public's input on new proposed regulations to address and curtail this practice.

California Code of Regulations, title 10, section 2644.9 was approved on October 14,

2022, and became operative on the same day. The process of drafting the new regulation took place over the course of approximately 24 months, throughout which, Consumer Watchdog (CW) was a constant participant. CW now seeks compensation for its efforts.

PROCEDURAL HISTORY

On September 16, 2020, the California Department of Insurance (CDI or Department) issued a public “Invitation to Investigatory Hearing on Homeowners’ Insurance and Affordability” to be held on October 19, 2020.

On November 5, 2020, the Commissioner issued a public “Invitation to Virtual Meeting regarding Home Hardening Standards and Wildfire Catastrophe Modeling” for December 10, 2020.

On February 23, 2021, CDI issued a public “Invitation to Prenotice Public Discussions on Mitigation in Rating Plans and Wildfire Risk Models and Draft Text of Regulation.”

On October 11, 2021, CDI issued a public “Invitation to Prenotice Public Discussions on Mitigation in Rating Plans and Wildfire Risk Models,” to be held on November 10, 2021.

On February 25, 2022, CDI issued a public “Notice of Proposed Action and Notice of Public Hearing on Mitigation in Rating Plans and Wildfire Risk Models” to be held on April 13, 2022.

On June 15, 2022, CDI issued a public “Notice of Availability of Amended Text” of proposed regulations.

On July 26, 2022, CDI’s Public Advisor renewed CW’s Finding of Eligibility to seek compensation for their participation in Proposition 103 proceedings.¹

On September 7, 2022, CDI submitted its final regulations to the Office of Administrative Law (OAL) for approval. OAL subsequently approved the regulations on

¹ CW’s Request for Compensation, p. 2, fn. 1.

October 14, 2022.

On November 7, 2022, less than 30 days after OAL approved the new regulations, CW filed its Request for Compensation. Included with its request are Declarations from attorney Pamela Pressley, actuary Allan I. Schwartz, and itemized billing records for Pressley, Schwartz, and attorney Harvey Rosenfield.

FINDINGS OF FACT²

Consumer Watchdog is a nonprofit, tax-exempt consumer research, education, litigation, and advocacy organization. Consumer Watchdog advocates on behalf of consumers before regulatory agencies, the Legislature, and the courts.³

Pamela Pressley is a Senior Staff attorney for CW, with over 26 years of professional experience.⁴ For the last 16 years, Pressley has worked for CW where her focus has been insurance regulatory and litigation matters before the California Department of Insurance and the courts, with an emphasis on enforcement and implementation of Proposition 103.⁵

Harvey Rosenfield is an attorney with over 40 years of professional experience in insurance regulatory and litigation matters.⁶ He is the author and proponent of Proposition 103.⁷ Rosenfield has been involved in multiple major lawsuits and administrative hearings to enforce Proposition 103.⁸ He has also been involved in numerous rulemaking proceedings implementing Proposition 103.⁹

² CW's Request was unopposed. The facts set forth in this Proposed Decision are derived from the public record and CW's filings, supported by declarations. Because CW's filings were unopposed and filed under penalty of perjury, they are accepted as true and correct. This recital of facts includes those facts essential to providing context to the findings herein, and may not include all the facts recited in the filings.

³ Declaration of Pamela Pressley, ¶ 2.

⁴ Declaration of Pamela Pressley, ¶¶ 1, 9.

⁵ *Ibid.*

⁶ Declaration of Pamela Pressley, ¶ 12.

⁷ *Ibid.*

⁸ Declaration of Pamela Pressley, ¶¶ 12-13.

⁹ Declaration of Pamela Pressley, ¶ 13.

Allan Schwartz is an actuary who has provided actuarial consulting services to CW in this matter and numerous other matters involving Proposition 103.¹⁰ Schwartz has over 40 years of consulting actuarial experience, and is the founder and President of AIS Risk Consultants, Inc. an actuarial consulting firm in Freehold, New Jersey.¹¹ He has also served as the Assistant Commissioner of the New Jersey Department of Insurance and as the Chief Actuary for the North Carolina Department of Insurance.¹²

In response to Commissioner Lara's September 16, 2020 invitation for public participation in the Investigatory Hearing on Homeowners' Insurance and Affordability, CW's attorneys began researching the topics for discussion listed in the invitation. Those topics include:

- Why are insurers declaring their own rates to be 'inadequate' and refusing to renew many homes in the wildland-urban interface, while at the same time these same insurers seek rate increases that are lower than California's law permits?
- Why are insurance companies reluctant to take homeowner wildfire mitigation efforts into account when pricing residential property insurance?
- How will climate change, including extreme heat events, continue to effect future homeowners' insurance rates, availability of insurance and financial health of our insurance market?
- How – if at all – would the use of catastrophe modeling in ratemaking help to make homeowners' insurance more affordable and more widely available to homeowners?
- What other rules should the Commissioner adopt to obligate insurers to spread risk and sell more policies to show homeowners in the wildland-urban interface who seek to purchase and maintain homeowners' insurance?¹³

In October 2020, insurance companies argued at the investigatory hearing that the Insurance Commissioner lacked authority to promulgate the proposed regulations. Rosenfield

¹⁰ Declaration of Allan I. Schwartz.

¹¹ Declaration of Allan I. Schwartz, ¶ 1.

¹² Declaration of Allan I. Schwartz, ¶10.

¹³ See Exhibit 3, attached to Declaration of Pamela Pressley.

participated in the Investigatory Hearing on October 19, 2020, by providing commentary, as well as rebuttal to the arguments by insurers.¹⁴

On November 5, 2020, Commissioner Lara issued an “Invitation to Virtual Meeting regarding Home Hardening Standards and Wildfire Catastrophe Modeling,” to be held on December 10, 2020.¹⁵ CDI staff sought input and participation in the upcoming meeting from CW’s consulting actuary, Schwartz.¹⁶ In the e-mail to CW, CDI staff suggested that Schwartz’s presentation cover Catastrophe modeling, with a specific focus on how the actuarial standards of practice apply to the use of wildfire models.¹⁷ Schwartz subsequently testified at the December 10, 2020 meeting, in accordance with CDI’s suggestion.¹⁸

On January 21, 2021, Schwartz provided an additional 27 pages of written comments on the topics discussed at the December 10, 2020 meeting.¹⁹ Schwartz’s written statement addressed the use of catastrophe modeling in ratemaking, and the impact of wildfire mitigation measures to reduce the spread and risk of future wildfires. In brief, Schwartz’s written statement explained that the use of wildfire mitigation credits in the insurance rating system can incentivize homeowners to implement home hardening measures that will, in turn, reduce the spread and risks of future wildfires.²⁰ Schwartz’s written statement went on to explain that the use of wildfire mitigation credits in the rating system is actuarially sound. By Schwartz’s estimation, the use of mitigation credits in setting wildfire premiums would “serve a useful societal purpose by decreasing the expected frequency and severity of wildfires.”²¹ Schwartz’s written statement

¹⁴ Declaration of Pamela Pressley, at ¶ 20.

¹⁵ Exhibit 4, attached to the Declaration of Pamela Pressley.

¹⁶ Exhibit 4, attached to the Declaration of Pamela Pressley.

¹⁷ Exhibit 4, attached to the Declaration of Pamela Pressley.

¹⁸ CW’s Request for Compensation, pp. 4-5.

¹⁹ Declaration of Pamela Pressley at ¶ 23.

²⁰ Statement of Allan I. Schwartz in Connection with California Department of Insurance Virtual Meeting Regarding Home Hardening and Wildfire Catastrophe Modeling, pp. 1-2.

²¹ *Id.*, at p. 5.

then proposed a method for calculating wildfire credit values, using both complex catastrophe modeling (CCM) and historical insurance data. Schwartz recognized that the current preference for CCM in wildfires presents a number of challenges to the affordability and availability of wildfire insurance and concludes that use of CCM for wildfire ratemaking procedures should be “fully documented” and “transparent,” and the burden of proof should be on the proponents of changes, to show that its use would constitute “an improvement.”

On February 23, 2021, CDI issued an “Invitation to Prenotice Public Discussions on Mitigation in Rating Plans and Wildfire Risk Models,” for a discussion scheduled on March 30, 2021. A draft text of the regulation was attached to the invitation.²² The March 30 meeting was postponed and ultimately held in November 2021.

Meanwhile, on May 26, 2021, in response to the position taken by the insurance industry that the Commissioner has no legal authority to promulgate new wildfire regulations, CW published a legal memo refuting the insurers’ position.²³ Among the topics covered by this memo are the lack of any countervailing case law; the authority under Proposition 103 to protect consumers against unjustified and unreasonable rates; Supreme Court affirmation of the Commissioner’s broad regulatory authority under Proposition 103; and the prior adoption of similar regulations governing auto insurance premiums.²⁴

The May 26, 2021 memo contains 16 pages of legal analysis with citations to California statute and case law. It also contains comments on and proposed edits to CDI’s April 5 Draft Regulations.²⁵ Among the edits suggested by CW are the removal and replacement of ambiguous language; replacing permissive terms with mandatory terms; standardizing usage of

²² Declaration of Pamela Pressley, ¶ 24.

²³ Exhibit 6 attached to the Declaration of Pamela Pressley.

²⁴ Declaration of Pamela Pressley, ¶25 and Exhibit 6, attached to the Declaration of Pamela Pressley.

²⁵ See Exhibit 7, attached to Declaration of Pamela Pressley.

terms and phrases; adding language to require disclosures of formulae used by insurers; and other suggestions based on historical contextual information.²⁶

Based on CW's analysis of the law, it argued that the Insurance Commissioner has the legal authority to require insurance companies to consider homeowners' actual risk of loss when setting rates and premiums and to prevent insurance companies from arbitrarily withdrawing from specific neighborhoods and communities across the state.²⁷ CW argued that the Commissioner could accomplish this type of oversight by virtue of the statutory authority vested in the Commissioner to prevent unfair rate discrimination.²⁸

On October 11, 2021, CDI issued an "Invitation to Prenotice Public Discussions on Mitigation in Rating Plans and Wildfire Risk Models," to be held on November 10, 2021.²⁹ A draft of the proposed regulations was attached.³⁰ Notably, several of the edits proposed by CW in May were incorporated in CDI's draft of regulation 2644.9.³¹

On November 10, 2021, CW provided additional written comments to the Draft Regulations.³² In its written comments, CW raises six points: 1) mitigation discounts incentivize homeowners to make mitigation efforts thereby reducing overall wildfire damage; 2) regulations should require that wildfire risk scores that are generated from computer models be subject to the same eligibility guidelines that apply when an insurer performs a rate analysis, to ensure that the insured's eligibility has a substantial relationship to an insured's loss exposure; 3) public disclosure and transparency of all Wildfire Risk Models used in Rate Applications should be mandated; 4) Wildfire Risk Models should not be allowed for projecting losses under

²⁶ *Ibid.*

²⁷ Exhibit 6 attached to the Declaration of Pamela Pressley.

²⁸ *Ibid.*

²⁹ Exhibit 7 attached to the Declaration of Pamela Pressley.

³⁰ Declaration of Pamela Pressley, ¶ 26.

³¹ *Ibid.*

³² Exhibit 8 attached to the Declaration of Pamela Pressley.

regulations 2644.4 and 2644.5; 5) Regulations should standardize use of or replace phrases like, “take into account,” “reflect,” “accord consideration,” and “include consideration”; and 6) provisions regulating Wildfire Risk Scores and appeals thereof should be strengthened, giving consumers a meaningful process to understand and challenge their risk classification.³³ Pamela Pressley, who was one of the authors of CW’s written comments, also made public statements at the meeting on November 10, 2021.³⁴

CW’s November 10 written comments were accompanied by a fresh round of proposed edits to the Draft Regulations.³⁵ A recurring theme in these proposed edits was CW’s insistence that the proposed regulations should make clear that they do not allow use of catastrophe models for overall rates. Additional edits were recommended to enhance consumers’ knowledge of and access to appellate review of an insurer’s decision regarding risk scores and non/renewal decisions.

On February 25, 2022, CDI issued a “Notice of Proposed Action and Notice of Public Hearing on Mitigation in Rating Plans and Wildfire Risk Models” for April 13, 2022.³⁶ In response to CDI’s Notice and Proposed Regulations, CW provided written comments urging additional measures by the Commissioner in addition to those already proposed. Primarily, CW urged CDI to refine its language in order to minimize ambiguity and strengthen enforcement.³⁷ Pressley also made comments at the April 13 meeting.³⁸ The 11 pages of written comment were accompanied by 23 pages of proposed edits to the Proposed Regulations.³⁹

On June 15, 2022, CDI issued a “Notice of Availability of Amended Text.” Two weeks

³³ Declaration of Pamela Pressley, ¶ 27, and Exhibit 8 attached to Declaration of Pamela Pressley.

³⁴ Declaration of Pamela Pressley, ¶28.

³⁵ Exhibit 8 attached to Declaration of Pamela Pressley.

³⁶ Declaration of Pamela Pressley, ¶29.

³⁷ See Exhibit 10 attached to Declaration of Pamela Pressley.

³⁸ Declaration of Pamela Pressley, ¶31.

³⁹ Exhibit 9 attached to Declaration of Pamela Pressley.

later, CW submitted three pages of written comments and proposed edits in response.⁴⁰

On July 12, 2020, CW's August 25, 2020 finding of eligibility to seek compensation in departmental proceedings was renewed through July 22, 2022.⁴¹

CDI's final version of Regulation section 2644.9 was filed with the Office of Administrative Law (OAL) on September 7, 2022, along with a summary of all public comments. In its final form, Regulation section 2644.9 states:

(a) Applicability.

(1) An insurer that applies or uses a rate that is developed with, determined by or relies upon, in whole or in part, a rating plan that segments, creates a rate differential, or surcharges the premium based upon a policyholder or applicant's wildfire risk shall comply with this Section 2644.9. If a rate that is developed with, determined by or relies upon a rating plan that complies with this section is approved, in whole or in part, and thereafter such rating plan is replaced, or modified in any manner, including but not limited to, the inclusion of new factors, or different criteria or algorithms, the insurer shall, prior to implementing the new or modified rating plan, file a new rate application, which shall include the new or modified rating plan. No such new or modified rating plan shall be used unless and until the new rate application is approved.

(2) A rating plan shall satisfy the requirements of subdivision (d)(1) of this Section 2644.9 only if the rating plan taken as a whole, including the operation of any Wildfire Risk Models that may be incorporated into the rating plan, takes into account and reflects the factors described in subdivisions (d)(1)(A) and (d)(1)(B) of this section. Nothing in this section shall be construed to require the use of a Wildfire Risk Model.

(b) Definitions.

As used in this section, each of the following terms has the meaning set forth below:

(1) Building Being Evaluated.

The term "Building Being Evaluated" means the residential or commercial structure in question, and includes decks that are attached to or abut the structure.

(2) Class-A Fire Rated Roof.

The term "Class-A Fire Rated Roof" has the same meaning as in the Chapter 7A California Building Code (2019) as modified by

⁴⁰ Exhibit 11, attached to Declaration of Pamela Pressley.

⁴¹ CW's Request for Compensation, p. 2, fn. 1.

the July 2021 supplement thereto, codified at Section 705A.1 of Part 2 of Title 24.

(3) Enclosed Eaves.

“Enclosed Eaves” are roof eaves that have either (1) boxed-in roof eave soffits with a horizontal underside or (2) an exterior covering applied to the underside of the rafter tails supporting the eaves, which covering is sloped corresponding to the slope of the rafter tails. Enclosed Eaves are thus distinguishable from open roof eaves, whose rafter tails are exposed.

(4) Fire-Resistant Vents.

The term “Fire-Resistant Vents” has the same meaning as in the Chapter 7A California Building Code (2019) as modified by the July 2021 supplement thereto, codified at Sections 706A.1 and 706A.2 of Part 2 of Title 24.

(5) Firewise USA Site in Good Standing.

A “Firewise USA Site in Good Standing” is a community that, at the time the Building Being Evaluated is rated, is recognized as such by the National Fire Protection Association, a Massachusetts 501(c)(3) corporation.

(6) Wildfire Risk Model.

(A) The term “Wildfire Risk Model” means any tool, instrumentality, means or product, including but not limited to a map-based tool, a computer-based tool or a simulation, that is used by an insurer, in whole or in part, to measure or assess the wildfire risk associated with a residential or commercial structure for purposes of:

1. Classifying individual structures according to their wildfire risk; or
2. Estimating losses corresponding to such wildfire risk classifications.

(B) The term “Wildfire Risk Model” does not include models used for purposes of projecting aggregate losses under Section 2644.4 or 2644.5.

(c) Wildfire Risk Models to be provided to the Commissioner. Pursuant to Insurance Code section 1861.05, subdivision (b), any Wildfire Risk Model, as defined in subdivision (b)(6) of this section, that is used, in whole or in part, in an insurer's rating plan shall be provided to the Commissioner as part of an insurer's complete rate application.

(d) Mandatory factors.

(1) No insurer shall use a rating plan that does not take into account and reflect the following mandatory factors:

(A) Community-level mitigation designations: The rating plan shall reflect, and the rate offered to the applicant or insured shall be based in part on, the reduced wildfire risk associated with each and every community-level mitigation designation listed below in

this subdivision (d)(1)(A) that is applicable to the community in which the Building Being Evaluated is located. Community-level mitigation designations include:

1. Fire Risk Reduction Community listed by the Board of Forestry pursuant to Public Resources Code section 4290.1; and
2. Firewise USA Site in Good Standing.

(B) Property-level mitigation efforts.

The rating plan shall reflect, and the rate offered to the applicant or insured shall be based in part on, the reduced wildfire risk resulting from each and every property-level wildfire risk mitigation effort listed in subdivisions (d)(1)(B)1.a. through (d)(1)(B)1.e. and (d)(1)(B)2.a. through (d)(1)(B)2.e., below, that is undertaken with respect to an individual property being assessed for risk. Individual property-level wildfire risk mitigation efforts include:

1. Measures addressing the immediate surroundings of the Building Being Evaluated, including:
 - a. Clearing of vegetation and debris from under decks,
 - b. Clearing of vegetation, debris, mulch, stored combustible materials, and any and all movable combustible objects, from the area within five (5) feet of the Building Being Evaluated,
 - c. Incorporation of only noncombustible materials into that portion of any improvements to the property on which the Building Being Evaluated is located, including fences and gates, which is situated within five (5) feet of the Building Being Evaluated,
 - d. Removal or absence of combustible structures, including sheds and other outbuildings, from the area within thirty (30) feet of the Building Being Evaluated or, in the event that the applicant or insured does not control the entirety of the area extending thirty feet from the Building Being Evaluated, removal of combustible structures from as much of such area as is under the control of the applicant or policyholder, and
 - e. Whether the property upon which the Building Being Evaluated is situated complies with Section 4291 of the Public Resources Code, and any applicable local ordinances, governing defensible space; and
2. Building hardening measures, including provision of the following:
 - a. Class-A Fire Rated Roof,
 - b. Enclosed Eaves,
 - c. Fire-Resistant Vents,
 - d. Multipane windows, including dual pane windows, or functional shutters, which when closed, cover the entire window and do not have openings, and
 - e. At least six (6) inches of noncombustible vertical clearance at the bottom of the exterior surface of the building, measured from the ground up.

(2) No later than one hundred eighty (180) days following the date this section is filed with the Secretary of State, each insurer shall file a rate application that incorporates a rating plan that includes the factors described in subdivision (d)(1) of this section.

(e) Optional factors.

An insurer may use a rating plan which incorporates other factors that the insurer demonstrates are substantially related to risk of wildfire loss, and do not result in rates that are excessive, inadequate or unfairly discriminatory. These optional factors may include, but are not limited to:

(1) Fuel: This factor shall take into account the various types of combustible materials, and the density of those materials, in the vicinity of the Building Being Evaluated, including the location of trees, grass, brush, and other vegetation relative to the structure. The fuel factor shall take into account the fact that different fuels burn at different rates and intensities, resulting in different levels of wildfire risk. If used, this factor shall reflect the historic and estimated impact on losses related to fuel, as described in this subdivision (e)(1).

(2) Slope: This factor shall take into account the position of the Building Being Evaluated on a slope relative to potential sources of ignition, and the steepness of the slope between those potential sources of ignition and the structure. If used, this factor shall reflect the historic and estimated impact on losses related to slope, as described in this subdivision (e)(2).

(3) Access: Access reflects the ease or difficulty with which firefighting personnel and equipment can reach structures at risk of wildfire. The access factor shall include consideration of the presence of dead-end roads, road width, shoulders, and availability of multiple access points with respect to the Building Being Evaluated. If used, this factor shall reflect the historic and estimated impact on losses related to access, as described in this subdivision (e)(3).

(4) Aspect: The aspect factor shall reflect the direction the slope upon which the Building Being Evaluated is located faces. If used, this factor shall reflect the historic and estimated impact on losses related to aspect, as described in this subdivision (e)(4).

(5) Structural characteristics: The structural characteristics factor shall reflect the materials used in the construction, and may reflect such items as the design, of the Building Being Evaluated. The structural characteristics factor shall not reflect the construction materials or any other item the insurer is required to take into account pursuant to subdivision (d) of this section. If used, the structural characteristics factor shall reflect the historic and estimated impact on losses related to structural characteristics, as described in this subdivision (e)(5).

(6) Wind: The wind factor shall take into account the degree to which wind speed and direction in the vicinity of the Building Being Evaluated may impact a wildfire's progression. If used, the wind factor shall reflect the historic and estimated impact on losses related to wind, as described in this subdivision (e)(6).

(7) Other community-level or property-level mitigation efforts, or designations, not specified in subdivision (d) of this section as recommended by a state or local fire safety agency or organization as reducing wildfire risk.

(f) Availability for public inspection.

Any rating plan, or Wildfire Risk Model submitted to the Commissioner in connection with a complete rate application pursuant to subdivision (c) of this section, or any additional documentation relating to such rating plan or model as may be requested by the Commissioner during the review of any such application, including any records, data, algorithms, computer programs, or any other information used in connection with the rating plan or Wildfire Risk Model used by the insurer which is provided to the Commissioner, shall be available for public inspection pursuant to Insurance Code sections 1861.05, subdivision (b), and 1861.07, regardless of the source of such information, or whether the insurer or the developer of the rating plan or Wildfire Risk Model claims the rating plan or Wildfire Risk Model is confidential, proprietary, or trade secret. Pursuant to Insurance Code section 1855.5, subdivision (a), a Wildfire Risk Model as defined in subdivision (b)(6) of this section that is made available by an advisory organization to its members for use in California shall be filed with the Commissioner and made available for public inspection.

(g) Credible data.

Any rate application shall incorporate the insurer's own California wildfire loss data to the extent that it is credible to support each segment, rating differential, or surcharge being requested. To the extent the insurer's own California data is not fully credible, the insurer shall credibility-weight its data with an appropriate complement of credibility to support each segment, rating differential, or premium surcharge. If the Commissioner aggregates California premium-and-loss data by wildfire risk to create a fire and wildfire exposure risk manual pursuant to Insurance Code section 929.2, an insurer may rely on the then-current version of the manual as support for each segment, rating differential, or surcharge being requested in connection with a residential property rate application, either directly or as a complement of credibility to the insurer's own California wildfire loss data.

(h) Provision of wildfire risk score or other wildfire risk

classification to policyholder or applicant.

An insurer utilizing a Wildfire Risk Model, or rating factor, to segment, create a rate differential, or surcharge the premium based upon the policyholder or applicant's wildfire risk shall, within one hundred eighty (180) days after the date this section is filed with the Secretary of State, implement a written procedure to provide, in writing, to each such policyholder or applicant for property insurance the wildfire risk score or other wildfire risk classification used by the insurer to segment, create a rate differential, or surcharge the premium based upon the policyholder or applicant's wildfire risk. The insurer shall provide to the policyholder or applicant such wildfire risk score or classification at the following times:

- (1) No later than fifteen (15) days following the submission to the insurer of the applicant's completed application;
- (2) At least forty-five (45) days prior to each renewal;
- (3) At least seventy-five (75) days prior to any nonrenewal; and
- (4) In the event that the policyholder or applicant has completed a mitigation measure on the subject property since the time of the last application to or renewal by the insurer, no later than thirty (30) days following the submission to the insurer of the policyholder or applicant's request that the insurer provide a revised wildfire risk score or wildfire risk classification.

(i) Policyholder or applicant's right to appeal.

The procedure described in subdivision (h) of this section shall permit a policyholder under, or applicant for, a policy of property insurance who disagrees with the assignment of the wildfire risk score, or other wildfire risk classification, provided to the policyholder or applicant pursuant to that subdivision the right to appeal orally or in writing that assignment directly to the insurer. The insurer shall notify the policyholder or applicant in writing of this right to appeal the wildfire risk score or other wildfire risk classification whenever such score or classification is provided to the policyholder or applicant as set forth in subdivision (h) of this section. If the policyholder or applicant appeals the wildfire risk score or other wildfire risk classification, the insurer shall acknowledge receipt of the appeal in writing within ten (10) calendar days of receipt of the appeal. The insurer shall respond to the appeal in writing with a reconsideration and decision within thirty (30) calendar days after receiving the appeal. In the event that an appeal is denied, the insurer shall, upon request by the Department, forward a copy of the appeal, and the insurer's response, to the Department.

(j) Representation by broker or agent.

If the policyholder or applicant is represented by a broker, or the insurer is represented by an insurance agent with respect to the

policyholder's policy or the applicant's application, the policyholder or applicant may appeal orally or in writing to the agent or broker the assignment of wildfire risk score or other wildfire risk classification, who shall then forward that appeal to the insurer no later than five (5) calendar days after receiving the appeal from the policyholder or applicant. The insurer shall acknowledge receipt of the appeal in writing to the policyholder or applicant and the agent or broker no later than five (5) calendar days after receipt of the appeal from the broker or agent. The insurer shall respond to the appeal to the policyholder or applicant and the agent or broker with a written reconsideration and decision of the appeal within thirty (30) calendar days after receiving the appeal from the broker or agent. In the event that an appeal is denied, the insurer shall, upon request by the Department, forward a copy of the appeal, and the insurer's response, to the Department.

(k) Explanation of wildfire risk score or other wildfire risk classification.

Whenever a wildfire risk score, or other wildfire risk classification used by the insurer to segment, create a risk differential or surcharge the premium for a particular policyholder or applicant, is identified or provided to the policyholder or applicant pursuant to subdivision (h) of this section, the insurer shall also provide in writing:

- (1) The range of such scores or classifications that could possibly be assigned to any policyholder or applicant;
- (2) The relative position of the score or classification assigned to the policyholder or applicant in question within that range of possible scores or classifications, and the impact of the score or classification on the rate or premium; and
- (3) A detailed written explanation of why the policyholder or applicant received the assigned score or classification; the explanation shall make specific reference to the features of the property in question that influenced the assignment of the score or classification.

The insurer shall provide, in addition, the following information:

- (A) Which mitigation measure or measures can be taken by the policyholder or applicant to lower the wildfire risk score or classification; and
- (B) The amount of premium reduction the policyholder or applicant would realize as a result of performing each such measure under the insurer's rating plan that is in effect at the time.
- (l) Notification to policyholder or applicant of right to contact Department in connection with insurer's response to appeal.

When an insurer responds to the applicant or policyholder in connection with an appeal pursuant to subdivision (i) or (j) of this section, it shall also notify the policyholder or applicant in writing

that the policyholder or applicant may contact the Department of Insurance for assistance if the policyholder or applicant disagrees with the insurer's written reconsideration and decision. In any event, the insurer shall provide the policyholder or applicant with the Department of Insurance toll-free consumer hotline and web address of the Department's Consumer Complaint Center.

(m) No curtailment of applicant or policyholder's rights.

Nothing in this section shall be construed to limit the right of an applicant or policyholder to complain directly to the Commissioner at any time or to pursue any other remedy or other action allowed under California or federal law.

(n) Inapplicability to certain commercial policies.

This section shall not apply to a commercial policy insuring multiple locations, none of whose wildfire risk is considered in rating the policy.”⁴²

As noted in its September 1, 2022 Final Statement of Reasons, some, but not all, of CW’s comments and proposed edits were incorporated into the final draft.⁴³ For example, regulation section 2644.9, subdivision (b)(6)(B) states that “the term Wildfire Risk Model” does not include models used for purposes of projecting aggregate losses under Section 2644.4 or 2644.5.” This language was recommended by CW in its October 11, 2021 comments to the written draft.

CW also specifically recommended public disclosure and transparency of all Wildfire Risk Models. Regulation section 2644.9, subdivision (c) states, “Pursuant to Insurance Code section 1861.05, subdivision (b), any Wildfire Risk Model, as defined in subdivision (b)(6) of this section, that is used, in whole or in part, in an insurer’s rating plan shall be provided to the Commissioner as part of an insurer’s complete rate application.” And Regulation section 2644.9, subdivision (f) states, “Any rating plan, or Wildfire Risk Model submitted to the Commissioner . . . shall be available for public inspection pursuant to Insurance Code sections 1861.05, subdivision (b), and 1861.07....” In the comments included with the draft regulations, CDI states that sections 2644.9, subdivisions (c) and (f) work together to ensure that the models used

⁴² Cal. Code Regs. tit. 10, § 2644.9

⁴³ See Exhibit 13, attached to the Declaration of Pamela Pressley.

by insurers are made public.

With its November 7, 2022 Request for Compensation, CW included bills for the work of Pressley, Rosenfield, and Schwartz in this matter. In total, CW is seeking \$372,737.88 in fees and expenses.⁴⁴ Detailed breakdowns of the hours spent by each of these professionals is included.

Schwartz provides a breakdown of his billable hours in an attachment to his Declaration. In total, he spent 21.8 hours at his billable rate of \$870 per hour. The largest concentrations of his time were spent in preparation for and attendance at the December 10, 2020 Virtual Hearing convened by CDI.⁴⁵

Schwartz's rate of \$870 per hour is an increase from the \$835 per hour he charged in 2021.⁴⁶ His previous rates have been approved by CDI, going back to 2015-2016, when he was billing \$695 per hour for his time.⁴⁷ His rates have increased at a rate of approximately 4 percent per year.⁴⁸ As Schwartz points out, comparison rates for actuaries are difficult to ascertain, as most actuaries' consulting rates are considered private and proprietary.⁴⁹ This is especially true in Schwartz's case because he has more experience and a deeper curriculum vitae than other consulting actuaries in the San Francisco and Los Angeles markets.⁵⁰

Rosenfield spent a total of 217.7 hours on this matter, at his billable rate of \$695 per hour.⁵¹ Notably, some of the largest concentrations of billable time were spent on or near dates when CDI hosted hearings or meeting to gather testimony from CW and other members of the public. In particular, Rosenfield spent over eight hours on October 15, 2020 preparing testimony

⁴⁴ Exhibit A, attached to the Request for Compensation.

⁴⁵ Exhibit 8, attached to the Declaration of Allan I. Schwartz.

⁴⁶ Schwartz Declaration, ¶ 8.

⁴⁷ Schwartz Declaration, ¶¶ 5-6.

⁴⁸ Schwartz Declaration, ¶ 8.

⁴⁹ Schwartz Declaration, ¶ 5.

⁵⁰ Schwartz Declaration, ¶ 10.

⁵¹ Exhibit 1a, attached to the Declaration of Pamela Pressley.

for the October 19, 2020 Investigatory Hearing. Rosenfield spent another 6 hours prepping for the October 19 hearing on October 18, followed by his October 19 attendance, for which he billed an additional 5.6 hours.⁵² On January 21, 2021, Rosenfield billed seven hours of his time reviewing and editing Schwartz's January 21 written testimony. Rosenfield also appears to have spent several larger blocks of time on this matter in early April 2021.⁵³ The remainder of the entries on Rosenfield's time log are for smaller increments of time, peppered throughout the relevant period from September 2020 until October 2022.⁵⁴

Rosenfield's rate of \$695 per hour for an attorney with over 40 years' experience in insurance litigation and regulatory law is consistent with the current prevailing private sector rates for advocates in Los Angeles with similar experience, skill and ability.⁵⁵ For example, in 2019, a court found that an attorney with 33 years of experience was charging a reasonable rate of \$750 per hour.⁵⁶ Indeed, Pressley provides numerous examples of attorneys with less experience charging more than Rosenfield.⁵⁷

Pressley provided detailed records of her own 338.8 hours spent on this matter at her billable rate of \$595 per hour.⁵⁸ As with Rosenfield's time log, Pressley appears to have spent larger concentrations of time immediately prior to her public appearances and/or written testimony.⁵⁹ For example, in early March 2021 there are entries for 3.5 and 4.5 hours, respectively.⁶⁰ There are also larger blocks of Pressley's time billed in the third week of April

⁵² *Ibid.*

⁵³ *Ibid.*

⁵⁴ *Ibid.*

⁵⁵ Exhibit 1a attached to Declaration of Pamela Pressley, ¶ 7.

⁵⁶ *Ibid.*

⁵⁷ *Ibid.*

⁵⁸ Exhibit 1a attached to Declaration of Pamela Pressley, pp. 8-15.

⁵⁹ *Ibid.*

⁶⁰ Exhibit 1a attached to Declaration of Pamela Pressley, p. 9

2021, and in the first three weeks of May 2021.⁶¹ These entries correlate to the meeting that was scheduled for March 30 but later postponed, as well as to Pressley's May 26, 2021 memo containing legal analysis and proposed edits to the latest draft regulations. Larger increments of billable hours are also seen on Pressley's log in late October and early November 2021, in the lead-up to the November 10, 2021 Prenotice Public Discussions.⁶² Another concentration of time was spent by Pressley in the third week of October 2022 in preparation for the submission of the November 2022 Request for Compensation.⁶³ As with the entries for Rosenfield, additional smaller increments of Pressley's time are logged throughout the relevant period.

Pressley's rate of \$595 per hour for an attorney with over 26 years of legal experience is also within the market rates charged by attorneys with similar experience level and skill. Pressley's data regarding comparable hourly rates for legal services is based on a related declaration filed by attorney Richard M. Pearl.⁶⁴

Pressley also provides a breakdown of CW's expenses. It includes phone and internet charges, travel expenses for the April 2022 Rulemaking Hearing, and charges for photocopies.⁶⁵

DISCUSSION

I. Prior Approval Framework and Public Participation

The 1988 approval of Proposition 103 by California's voters added Article 10, "Reduction and Control of Insurance Rates" to Division 1, Part 2, Chapter 9 of the Insurance Code. Proposition 103 establishes a system of "prior approval" for changes to insurance rates in automobile, home, and other property-casualty policies.⁶⁶ The application for rate change and

⁶¹ Exhibit 1a attached to Declaration of Pamela Pressley, pp. 10-11

⁶² Exhibit 1a attached to Declaration of Pamela Pressley, pp. 12-13.

⁶³ Exhibit 1a attached to Declaration of Pamela Pressley, pp.14-15.

⁶⁴ Exhibit 2, attached to Declaration of Pamela Pressley.

⁶⁵ Declaration of Pamela Pressley, ¶ 17.

⁶⁶ Cal. Code Regs., tit. 10, § 1861.05, subd. (b).

any hearings arising therefrom are subject to public notice and scrutiny.⁶⁷ Thus, as of November 8, 1989, “insurance rates . . . must be approved by the Commissioner prior to their use.”⁶⁸

Insurance Code section 1861.05(a) prohibits the Commissioner from approving any rate that is “excessive, inadequate, unfairly discriminatory, or otherwise in violation of this chapter.” Section 1861.05(b) requires an insurer, at a minimum, to provide a complete rate application that includes specified data demonstrating that the requested rate change is justified and meets the requirements of this article. Once a complete rate change application has been filed, section 1861.05, subdivisions (c) and (d) provide the procedural mechanism used by the Commissioner to approve or disapprove of the application.

II. Compensation for Public Participation

In order to encourage consumer participation, Section 1861.10 of the Insurance Code authorizes any person to initiate a proceeding to enforce any provision of Proposition 103.⁶⁹ To that end, the Commissioner has promulgated regulations setting forth the substantive and procedural requirements for those seeking compensation under the code.⁷⁰ Given the statute’s purpose to encourage public participation, the regulations should be liberally construed in favor of compensation.⁷¹ Intervenors who represent the interests of consumers and make a substantial contribution to the adoption of any order, regulation, or decision by the Commissioner are to be compensated for reasonable advocacy and witness fees.⁷²

The intervenor must submit a request for an award of compensation within 30 days after the Commissioner’s decision or action in the proceeding for which intervention was sought, or

⁶⁷ Cal. Code Regs., tit. 10, § 1861.05, subd. (c), and §§ 1861.06 – 1861.07.

⁶⁸ Cal. Code Regs., tit. 10, § 1861.01, subd. (c).

⁶⁹ Cal. Ins. Code, § 1861.10, and *State Farm Insurance Co. v. Lara* (2021) 71 Cal.App.5th 197

⁷⁰ Cal. Code Regs., tit. 10, §§ 2661.3 – 2661.4.

⁷¹ *State Farm Insurance Co. v. Lara*, *supra*, 71 Cal.App.5th 197.

⁷² Cal. Ins. Code, § 1861.10, and Cal. Code Regs., tit. 10, § 2662.5.

within 30 days after conclusion of the entire proceeding.⁷³ A “proceeding” is any action conducted pursuant to Proposition 103, including a rate proceeding established upon the submission of a petition for hearing pursuant to Insurance Code, section 1861.05 and section 2653.1 of Title 10 of the California Code of Regulations.

If the Commissioner determines that the intervenor has made a substantial contribution to the proceedings, a written decision will issue, specifying the amount of compensation to be paid, which shall be served on all parties.⁷⁴

The primary concern that prompted the adoption of regulation 2644.9 was that insurers were charging different premiums to similarly situated homeowners in fire prone areas of California without consideration of risk mitigation measures, in violation of Insurance Code section 679.71.⁷⁵ CW represented the interests of consumers at the rulemaking hearings in this matter and, as discussed at greater length below, made a substantial contribution to the adoption of regulation 2644.9. As such, CW is eligible for compensation for its reasonable advocacy and fees.

A. CW Represents the Interests of Consumers

Before an intervenor may file a request for compensation, they must first obtain a finding from the Commissioner’s Public Advisor that they are eligible to seek compensation—i.e., that they represent the interests of the consumer.⁷⁶ An intervenor is found to represent the interests of the consumer if it represents the interests of individual insurance consumer(s), or the intervenor is a group organized for the purpose of consumer protection as demonstrated by, but is not limited to, a history of representing consumers in administrative, legislative or judicial

⁷³ Cal. Code Regs., tit. 10, § 2662.3, subd. (a).

⁷⁴ Cal. Code Regs., tit. 10, § 2662.6.

⁷⁵

⁷⁶ Cal. Code Regs., tit. 10, § 2662.3.

proceedings.⁷⁷

Once granted, a Finding of Eligibility to Seek Compensation is valid in any proceeding in which the intervenor's participation commences within two years of the finding of eligibility, provided the intervenor still meets all the requirements in the initial request.⁷⁸

CW satisfied the procedural requirements of Insurance Code section 1861.10, subdivision (b) and Regulations 2662.2, subdivision (a)(2) by showing that it represents the interests of consumers. As noted above, CDI's public advisor has continuously granted CW's requests for eligibility throughout the time period relevant to this case.⁷⁹ The findings of the Public Advisor are conclusive on this issue. Additionally, CW filed its request for compensation on November 7, 2022, within 30 days of the October 14, 2022 approval of Insurance Regulation section 2644.9.

B. CW Made a Substantial Contribution to the Adoption of Regulation 2644.9.

An intervenor's contribution is substantial when, viewed as a whole, their contribution results in more relevant, credible, and non-frivolous information being available than would otherwise have been available to the Commissioner to make a decision.⁸⁰ In the context of an application for a rate change, intervenors who present relevant issues, evidence, or arguments which were separate and distinct from those emphasized by other parties may be deemed to have contributed substantially, regardless of whether a petition for hearing is granted or denied.⁸¹ Moreover, the intervenor need not be a prevailing party in order to be deemed to have made a substantial contribution.⁸²

⁷⁷ Cal. Code Regs., tit. 10, § 2661.1, subd. (j).

⁷⁸ Cal. Code Regs., tit. 10, § 2662.2

⁷⁹ CW's Request for Compensation, p. 2, fn. 1.

⁸⁰ Cal. Code Regs., tit. 10, § 2661.1, subd. (k).

⁸¹ *Ibid.*

⁸² *State Farm Insurance Co. v. Lara*, *supra*, 71 Cal.App.5th 197.

As noted above, CW's actuary made a presentation at CDI's public meeting on December 10, 2020 to explain catastrophe modeling and how the actuarial standards of practice apply to the use of wildfire models. This information was relevant to establishing both that wildfire mitigation credits are actuarially sound, as well as to establish that its use is socially beneficial by incentivizing home hardening efforts by policyholders, which in turn reduces the frequency and severity of wildfires.

In its May 26, 2021 memo, CW's attorneys also presented written counter-arguments to the insurance companies, who argued that CDI did not have authority to adopt a regulation requiring insurance companies to consider a homeowner's actual risk of loss from wildfire when setting rates and premiums. The issue of the Commissioner's authority to regulate insurance rates goes to the heart of the rulemaking process and is highly relevant and in no way frivolous.

Finally, CW not only advocated for CDI to adopt its proposed regulation to require insurers to consider homeowners' mitigation measures, but pushed CDI to adopt stronger language than originally proposed, in order to reduce ambiguities and strengthen enforcement, potentially increasing the efficacy of the regulation to achieve its stated goal. This factor is most evident in the May 26, 2021 memo, which includes 12 pages of additional proposed edits to CDI's April 5 draft of the regulation.

C. CW's Contribution was Separate and Distinct

Given that CDI staff expressly recognized CW's participation in this rulemaking process, specifically assigning topics to CW's consulting actuary for its December 10, 2020 meeting, there can be little doubt that CW's contribution was separate and distinct from the contributions made by CDI and others. Indeed, in response to CDI's invitation, CW provided CDI with both legal and actuarial justifications for the new regulation as well as specific recommendations as to

the proposed language of the regulation. But this is not the only evidence that CW's contribution differed from the contributions of others.

After arguing for the inclusion of homeowners' risk mitigation measures in the calculation of premiums, CW also argued that the models used in projecting aggregate losses under regulations 2644.4 and 2644.5 should be explicitly excluded from use by insurers in setting homeowners' rates.

D. CW's Advocacy, Witness Fees, and Other Expenses are Reasonable.

Reasonable advocacy and witness fees are determined according to the prevailing rate for comparable services in the private sector in the Los Angeles and San Francisco Bay Areas at the time of the Commissioner's decision awarding compensation.⁸³ This standard is applied to attorney advocates, non-attorney advocates, and experts with similar experience, skill and ability. Reasonable, actual out of pocket costs may also be compensated.⁸⁴ Billing rates shall not exceed the market rate.⁸⁵

The requirement that fees be reasonable preserves the Commissioner's discretion to reduce fees for unnecessary, excessive, or duplicative work.⁸⁶ For example, when an intervenor seeks contributions for efforts that were not authorized in the ruling on the Petition to Intervene, and when those efforts duplicate the contribution of another party, the request for compensation may be reduced accordingly.⁸⁷ An intervenor may not reopen matters that were decided prior to their petition being granted.⁸⁸ The intervenor is required to file a "detailed description of

⁸³ Cal. Code Regs., tit. 10, § 2661.1, subd. (c).

⁸⁴ Cal. Code Regs., tit. 10, § 2661.1, subds. (b) and (d).

⁸⁵ *Ibid.*

⁸⁶ *State Farm Insurance Co. v. Lara*, *supra*, 71 Cal.App.5th 197.

⁸⁷ Cal. Code Regs., tit. 10, § 2662.5, subd. (b).

⁸⁸ Cal. Code Regs., tit. 10, § 2661.3, subd. (h).

services and expenditures,” “legible time and/or billing records,” and citations to the record of the proceedings.⁸⁹

Based on the comparison records attached to Pressley’s declaration, the rates charged by Rosenfield and Pressley are below that charged by many attorneys in similar markets with similar experience. A review of the detailed billing records provided for both Rosenfield and Pressley does not reveal any unauthorized or duplicative efforts. Finally, as noted above, the time records kept for both Rosenfield and Pressley correlate to the dates upon which public or written comment was made and/or filed in CDI proceedings.

Time records for Schwartz are similarly reliable as a source of accurate information regarding his fees and expenses. Like Pressley, Schwartz provides comparative data on other, similarly-situated professionals demonstrating that his rates are at least comparable in the market. There is no evidence that Schwartz’s efforts were duplicated by any other party, indeed, CDI appears to have “assigned” Schwartz to provide analysis that likely would not have been provided otherwise. Finally, like Pressley and Rosenfield, allocations of Schwartz’s time correlate to the dates upon which public or written comments were made and/or filed in CDI proceedings.

CONCLUSIONS

Consumer Watchdog is entitled to advocacy and witness fees and costs in the amount requested. Because this matter was initiated by the Insurance Commissioner, rather than in response to a Rate Application, the fees should be paid from the Proposition 103 Fund.

ORDER

1. Consumer Watchdog is hereby awarded \$372,737.88 in advocacy and witness fees and expenses in connection with the Insurance Commissioner’s Investigatory Hearing on

⁸⁹ Cal. Code Regs., tit. 10, § 2662.3, subd. (b).

Homeowners' Insurance Availability and Affordability.

2. The award shall be paid from the Proposition 103 Fund.

Date: March 8, 2023

RICARDO LARA
Insurance Commissioner

By: 
Alicia A. Clement
Administrative Law Judge

PROOF OF SERVICE

Case Name/Number: In the Matter of the Request for Compensation of

CONSUMER WATCHDOG

File No. **RFC-2022-004**

I, Florinda Cristobal, declare that:

I am employed by the California Department of Insurance, Administrative Hearing Bureau, in the City of Oakland and County of Alameda. I am over the age of eighteen (18) years and not a party to this action. My business address is 1901 Harrison Street, 3rd Floor, Oakland, CA 94612.

I am readily familiar with the business practices of the California Department of Insurance for collecting and processing correspondence for mailing, electronic filing and electronic mail. On March 9, 2023, I served **DECISION AWARDING COMPENSATION** regarding In the **Matter of the Request for Compensation of CONSUMER WATCHDOG**.

_____ **(By U.S. Mail)** on those identified parties in said action, 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.

_____ **(By Intra-Agency Mail)** on those identified parties in said action, by placing this correspondence in a place designated for collection for delivery by Department of Insurance intra-agency mail.

_____ **(By facsimile transmission)** on those identified parties in said action, by transmitting said document(s) from our office by facsimile machine Fax Number to facsimile machine number(s) shown below. Following the transmission, I received a "Transmission Report" from our fax machine indicating that the transmission had been transmitted without error.

 X **(By Email)** on those identified parties in said action, in accordance with Code of Civil Procedure §1013, by emailing true copies thereof at the address set forth below.

SEE ATTACHED PARTY SERVICE LIST

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed in Oakland, California, on March 9, 2023.

F. CRISTOBAL

(Print Name)



(Signature)

PARTY SERVICE LIST

Name/Address

Method of Service

Pamela Pressley, Esq.
Harvey Rosenfield, Esq.
CONSUMER WATCHDOG
6330 San Vicente Boulevard, Suite 250
Los Angeles, CA 90048
Tel No.: (310) 392-0522
Fax No.: (310) 392-8874
pam@consumerwatchdog.org
harvey@consumerwatchdog.org

Attorney(s) for Real Party
in Interest

via U.S. Mail/E-Mail

Daniel Wade
Rate Enforcement Bureau
CALIFORNIA DEPARTMENT OF INSURANCE
1901 Harrison Street, 4th Floor
Oakland, CA 94612
Tel No.: (415) 538-4111
Fax No.: (510) 238-7830
Daniel.Wade@insurance.ca.gov

via E-Mail

NON-PARTY

Jamie Katz, Esq.
Staff Counsel & Public Advisor
Office of the Public Advisor
CALIFORNIA DEPARTMENT OF INSURANCE
1901 Harrison Street
Oakland, CA 94612
Tel. No.: (415) 538-4180
FAX No.: (510) 238-7830
Jamie.Katz@insurance.ca.gov

via E-Mail

BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA

In the Matter of the Request for Compensation of

CONSUMER WATCHDOG,

Intervenor.

) FILE NO. RFC-2021-003
)
) **DECISION AWARDING**
) **COMPENSATION**
)
) *In the Matter of the Rate Applications of*
) *Farmers Insurance Exchange,*
) *Fire Insurance Exchange, and Mid-*
) *Century Insurance Company*
) Rule Change Application Nos. 20-865,
) 20-865-A, 20-865-B
) Prior Approval File No. PA-2020-00006
)

Consumer Watchdog, a consumer advocacy group, intervened in a proceeding concerning three 2019 homeowners insurance eligibility rule change applications of Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-Century Insurance Company (collectively, “Farmers”). Consumer Watchdog a filed Request for Compensation seeking advocacy fees and expenses for its participation in the proceeding. Farmers has not opposed the request. For the reasons below, Consumer Watchdog’s Request for Compensation is granted.

BACKGROUND

On or about March 13, 2020, Farmers filed Rule Change Application Nos. 19-3278, 19-3278-A and 19-3278-B (“Applications”) with the Department of Insurance (“Department”), seeking approval of changes to Farmers’ homeowners policy eligibility guidelines for wildfire prone properties.¹ The Department notified the public of the pending Applications on or about

¹ Declaration of Pamela Pressley in support of Consumer Watchdog's Request for Compensation, dated June 10, 2021 ("Pressley Decl."), ¶ 27.

March 27, 2020.²

Consumer Watchdog and its consulting actuary reviewed the Applications and formed the opinion that Farmers' proposed rule changes potentially violated Insurance Code section 1861.05(a).³

On May 11, 2020, Consumer Watchdog submitted to the Department a Petition for Hearing, Petition to Intervene, and Notice of Intent to Seek Compensation ("Petition"), challenging the Applications.⁴ The Petition alleged that Farmers failed to prove that their proposed rule changes—which sought to use a new fire-risk modeling system to determine eligibility for homeowner insurance—did not result in rates that violated Insurance Code section 1861.05.⁵ Specifically, the Petition asserted that Farmers' did not provide sufficient information to determine whether its proposed rule changes had a rate impact, and whether any such rate impact resulted in excessive, inadequate or unfairly discriminatory rates.⁶ The Petition further argued that Farmers made apparently contradictory statements in a cover letter accompanying its Applications, namely that the proposed rule changes would increase the number of fire-prone properties meeting Farmers' risk management practices yet Farmers did not expect the changes would materially impact premiums or the overall mix of insured properties.⁷ In addition, the Petition stated that Consumer Watchdog would show that Farmers violated Insurance Code section 1861.07 by failing to publicly file a complete version of the proposed changes to their eligibility guidelines.⁸

On July 30, 2020, the Commissioner granted Consumer Watchdog's Petition to intervene,

² *Ibid.*

³ Pressley Decl., ¶ 28.

⁴ Pressley Decl., ¶ 32.

⁵ Petition, ¶¶ 9-11; Pressley Decl., ¶ 33.

⁶ Petition, ¶ 9; Pressley Decl., ¶¶ 33, 35.

⁷ Petition, ¶ 9; Pressley Decl., ¶ 34.

⁸ Petition, ¶ 10; Pressley Decl., ¶ 36.

finding that “the specific issues that CW seeks to address ... are relevant to the ratemaking process.”⁹ The Commissioner specifically noted Consumer Watchdog’s arguments concerning Farmers’ contention that the proposed changes to its eligibility guidelines would have no rate impact, Farmers’ alleged failure to publicly file complete changes to the guidelines, and Farmers’ alleged failure to provide support that the proposed fire model is accurate and reliable.¹⁰

Between May 2020 and May 2021, Consumer Watchdog, Farmers and the Department exchanged ongoing communications concerning the subject matter of the Applications and the Petition.¹¹ During that time, Consumer Watchdog reviewed information provided by Farmers, submitted requests for additional information, and drafted multiple letters to Farmers and the Department that forth detailed commentary on the information supplied by Farmers.¹²

On May 7, 2021, Consumer Watchdog participated in a conference call with the Department, during which the Department stated it was satisfied that Farmers resolved the issues raised in Consumer Watchdog’s Petition.¹³

On May 11, 2021, the Commissioner issued a decision denying Consumer Watchdog’s petition for hearing.¹⁴ The decision summarized the Department’s position as follows: (1) Farmers’ proposed rule changes would not impact current policyholders’ rates; (2) Farmers publicly filed a complete version of their proposed changes to their eligibility guidelines; and (3) the Department had no concerns about the accuracy or reliability of Farmers’ fire risk model.¹⁵

⁹ Ruling Granting Consumer Watchdog’s Petition to Intervene, July 30, 2020, p. 3 (“July 2020 Ruling”); Pressley Decl., ¶ 50.

¹⁰ July 2020 Ruling, p. 3; Pressley Decl., ¶ 50.

¹¹ Pressley Decl., ¶¶ 44-54.

¹² *Ibid.*

¹³ Pressley Decl., ¶ 55.

¹⁴ Decision Denying Petitioner’s Petition for Hearing, May 11, 2021, No. PA-2020-00006 (“Denial Decision”); Pressley Decl., ¶ 56.

¹⁵ Denial Decision, p. 3.

The decision concluded:

The Department has considered all of the factors and issues which Petitioner raised and has thoroughly reviewed the Applications. The Department concluded that Applicant's rule filing is reasonable for purposes of this Application, as required by [Insurance Code] § 1861.05.¹⁶

On June 10, 2021, Consumer Watchdog filed a Request for Compensation with the Commissioner, pursuant to Insurance Code section 1861.10(b), seeking advocate fees for work performed by Consumer Watchdog employees Pamela Pressley, Harvey Rosenfield, Benjamin Powell, and Kaitlyn Gentile.¹⁷ Ms. Pressley is an attorney with over 25 years of consumer advocacy and litigation experience.¹⁸ Mr. Rosenfield is an attorney with over 40 years of insurance regulatory and litigation experience.¹⁹ Mr. Powell is an attorney with four years of litigation experience.²⁰ Ms. Gentile is a paralegal with over 13 years of litigation experience.²¹

The Request for Compensation also seeks witness fees for actuarial analysis of the Applications performed by Consumer Watchdog's consulting actuary, Allan I. Schwartz, of AIS Risk Consultants, Inc.²² Mr. Schwartz has over 40 years of professional actuarial experience.²³

Consumer Watchdog seeks the following fees for work in connection with the Applications and for preparing the Request for Compensation: 48.7 hours of Ms. Pressley's time at \$595 per hour, 5.4 hours of Mr. Rosenfield's time at \$695 per hour, 22.6 hours of Mr. Powell's time at \$350 per hour, 14.0 hours of Ms. Gentile's time at \$200 per hour, and 14.0 hours of Mr. Schwartz's time at \$835 per hour, for total advocate and witness fees of

¹⁶ *Ibid.*

¹⁷ Request for Compensation, Exh. A.

¹⁸ Pressley Decl., ¶ 9.

¹⁹ *Id.* at ¶ 12.

²⁰ *Id.* at ¶ 16.

²¹ *Id.* at ¶ 20.

²² Request for Compensation, Exh. A; Declaration of Allan I. Schwartz in Support of Consumer Watchdog's Request for Compensation ("Schwartz Declaration"), Exh. 7.

²³ Pressley Decl., ¶ 26.

\$55,129.50.²⁴ Consumer Watchdog supported the Request for Compensation with declarations by Ms. Pressley and Mr. Schwartz. Ms. Pressley's declaration attached a declaration by Richard Pearl, an expert on California attorneys' fees.²⁵

Farmers did not submit a response to the Request for Compensation.

The Request for Compensation was assigned to Administrative Law Judge Clarke de Maigret (the "ALJ") for review.

APPLICABLE LAW

I. Prior Approval Framework

In 1988, California's voters approved Proposition 103, which added Article 10 "Reduction and Control of Insurance Rates"²⁶ ("Article 10") to Division 1, Part 2, Chapter 9 of the Insurance Code. Article 10 governs automobile, home, and other property-casualty insurance rates. It requires that the Commissioner approve the rates insurers charge prior to use, so as to prevent "excessive, inadequate, [or] unfairly discriminatory" rates.²⁷ Insurers wishing to change their rates must file complete rate applications with the Commissioner.²⁸ All application information must be available for public inspection.²⁹ Public hearings may be held on the applications.³⁰

II. Compensation for Public Participation

To promote enforcement of the rate control laws, Insurance Code section 1861.10(a) authorizes consumers and their representatives to initiate and intervene in rate proceedings and to enforce Article 10's provisions. The Insurance Code and the intervenor regulations

²⁴ Request for Compensation, Exh. A.

²⁵ Pressley Decl., Exh. 2.

²⁶ Ins. Code, § 1861.01 et seq.

²⁷ Ins. Code, §§ 1861.01(c), 1861.05(a).

²⁸ Ins. Code, §1861.05(b).

²⁹ Ins. Code, § 1861.07.

³⁰ Ins. Code, §1861.05(c).

(“Regulations”)³¹ provide that intervenors must be compensated for their participation if various substantive and procedural requirements are met.

A. Substantive Requirements

Insurance Code section 1861.10(b) provides that the Commissioner “shall award reasonable advocacy and witness fees and expenses” to persons demonstrating that (1) they “represent the interests of consumers,” and (2) they have “made a substantial contribution to the adoption of any order, regulation, or decision by the commissioner[.]” The Regulations contain substantially identical requirements.³²

An intervenor “represents the interests of consumers” if it “represents the interests of individual insurance consumer[s], or the intervenor is a group organized for the purpose of consumer protection as demonstrated by, but is not limited to, a history of representing consumers in administrative, legislative or judicial proceedings.”³³

An intervenor makes a “substantial contribution” if the intervenor “substantially contributed, as a whole, to a decision, order, regulation, or other action of the Commissioner by presenting relevant issues, evidence, or arguments which were separate and distinct from those emphasized by the Department of Insurance staff or any other party, such that the intervenor’s participation resulted in more relevant, credible, and non-frivolous information being available for the Commissioner to make his or her decision than would have been available to a Commissioner had the intervenor not participated. A substantial contribution may be demonstrated without regard to whether a petition for hearing is granted or denied.”³⁴

³¹ Cal. Code Regs., tit. 10, §§ 2662.1—2662.8

³² Cal. Code Regs., tit. 10, § 2662.5(a).

³³ Cal. Code Regs., tit. 10, § 2661.1(j).

³⁴ Cal. Code Regs., tit. 10, § 2661.1(k).

B. Procedural Requirements

The Regulations set forth various procedural requirements for claiming intervenor compensation. The intervenor must obtain the Commissioner's approval of a petition to intervene.³⁵ The intervenor must be found eligible to seek compensation by the Commissioner's Public Advisor.³⁶ And the intervenor must submit a request for an award of compensation within 30 days after the Commissioner's decision or action in the proceeding for which intervention was sought, or within 30 days after conclusion of the entire proceeding.³⁷ The request for compensation must be verified and include detailed descriptions of the services and expenditures, legible time and billing records, and a description of the intervenor's substantial contribution.³⁸

C. Payment and Amount of Compensation Award

Where an intervenor's advocacy occurs in response to an insurer's rate application, the insurer must pay the intervenor's reasonable advocacy fees, witness fees and expenses.³⁹ Time spent preparing the intervenor's request for compensation may be included in those amounts.⁴⁰

The intervenor's advocacy and witness fees must not exceed "the prevailing rate for comparable services in the private sector in the Los Angeles and San Francisco Bay Areas at the time of the Commissioner's decision awarding compensation for attorney advocates, non-attorney advocates, or experts with similar experience, skill and ability."⁴¹

DISCUSSION

Consumer Watchdog's Request for Compensation satisfies the substantive and

³⁵ Cal. Code Regs., tit. 10, § 2662.3.

³⁶ *Ibid.*

³⁷ *Ibid.*

³⁸ *Ibid.*

³⁹ Ins. Code, § 1861.10(b).

⁴⁰ Cal. Code Regs., tit. 10, § 2661.1(d).

⁴¹ Cal. Code Regs., tit. 10, § 2661.1(c).

procedural requirements for intervenor compensation, and its fees are reasonable. Its Request for Compensation must be granted.

I. Consumer Watchdog Represented the Interests of Consumers and Made a Substantial Contribution to the Commissioner's Decision.

Consumer Watchdog argues that it satisfied the requirements of Insurance Code section 1861.10, subdivision (b) and Regulations section 2662.5 to “represent[] the interests of consumers” and to make “a substantial contribution” to the Commissioner’s decision the Applications.⁴² Consumer Watchdog indisputably met the first requirement. The Commissioner has determined that “Consumer Watchdog represents the interests of consumers, and on those grounds, the Commissioner hereby finds Consumer Watchdog eligible to seek compensation in Department proceedings pursuant to [Insurance Code section] 1861.02 *et seq.*”⁴³

Turning to the substantial contribution requirement, Consumer Watchdog’s Petition asserted that (1) Farmers did not provide sufficient information to determine whether its proposed rule changes had a rate impact, and whether any such rate impact resulted in excessive, inadequate or unfairly discriminatory rates; (2) Farmers made apparently contradictory statements in a cover letter accompanying its Applications; and (3) Farmers failed to publicly file a complete version of the proposed changes to their eligibility guidelines.⁴⁴

Those issues and arguments—which Consumer Watchdog advanced throughout the proceeding—were “separate and distinct from those emphasized by the Department of Insurance staff or any other party”⁴⁵ because only Consumer Watchdog raised them.⁴⁶ Consumer Watchdog’s participation thus resulted in “more relevant, credible, and non-frivolous

⁴² Request for Compensation, pp. 1, 11-13.

⁴³ Finding of Consumer Watchdog’s of Eligibility to Seek Compensation, Aug. 25, 2020, File No. IE-2020-0002, p. 4. Consumer Watchdog’s eligibility is effective until July 2022.

⁴⁴ Petition, ¶¶ 9-10; Pressley Decl., ¶¶ 33-36.

⁴⁵ Cal. Code Regs., tit. 10, § 2662.3(a).

⁴⁶ See Denial Decision, p. 3 [summarizing Department’s positions].

information being available for the Commissioner” to make his final decision on the Applications.⁴⁷ Accordingly, Consumer Watchdog satisfied the substantial contribution requirement.

II. Consumer Watchdog Met the Procedural Requirements for Compensation.

The Commissioner approved Consumer Watchdog’s petition to intervene,⁴⁸ and the Public Advisor found Consumer Watchdog eligible to seek compensation.⁴⁹ Consumer Watchdog submitted a timely verified request for compensation on June 10, 2021, within 30 days after the Commissioner’s May 11, 2021 final decision on the Applications.⁵⁰ It included detailed descriptions of the services and expenditures, legible time and billing records, and a description of Consumer Watchdog’s substantial contribution.⁵¹ Therefore, Consumer Watchdog satisfied the procedural requirements for compensation.

III. Consumer Watchdog’s Requested Fees Are Reasonable and Must Be Paid by Farmers.

Consumer Watchdog billed at hourly rates of \$595 for an attorney with over 25 years of consumer advocacy and litigation experience, \$350 for an attorney with four years of litigation experience, and \$200 for a paralegal with over 13 years of litigation experience.⁵² These rates are consistent with the current prevailing private sector rates for advocates in Los Angeles with similar experience, skill and ability.⁵³

Consumer Watchdog billed a total of 90.7 advocacy hours in connection with the proceeding on the Applications, including 76.7 hours of attorney time and 14.0 hours of

⁴⁷ Cal. Code Regs., tit. 10, § 2662.3(a).

⁴⁸ July 2020 Ruling.

⁴⁹ Finding of Consumer Watchdog’s of Eligibility to Seek Compensation, Aug. 25, 2020, File No. IE-2020-0002.

⁵⁰ Request for Compensation [attached Proof of Service].

⁵¹ Request for Compensation, Exh. A; Pressley Decl., Exh. 1a.; Schwartz Decl., Exh. 7.

⁵² Pressley Decl., ¶¶ 9, 12, 16, 20, Exh. 1a.

⁵³ See Pressley Decl., Exh. 2 [fee expert declaration].

paralegal time.⁵⁴ Those hours are not excessive, given the nature and quality of work Consumer Watchdog's advocates performed reviewing the Applications, preparing the Petition, engaging with the consulting actuary, communicating with Farmers and the Department over the course of a year, and preparing the Request for Compensation.

Mr. Schwartz's expert witness rate of \$835 per hour, when adjusted for inflation, is consistent with rates charged by other similarly-experienced consulting actuaries in earlier prior approval cases.⁵⁵ His rates are also consistent with rates he charged clients in other matters.⁵⁶ There is no indication his charges exceed prevailing Los Angeles or San Francisco Bay Area rates for comparable services.

Consumer Watchdog seeks compensation for the 14.0 hours Mr. Schwartz spent performing actuarial analysis of the Applications.⁵⁷ That time is not excessive for the work performed.

For these reasons, the advocacy and expert fees Consumer Watchdog seeks are reasonable. Because Consumer Watchdog's advocacy was in response to Farmers applications, Farmers must pay the fees.⁵⁸

CONCLUSIONS AND DETERMINATIONS

The Commissioner concludes and determines that Consumer Watchdog is entitled to advocacy and witness fees of \$55,129.50 for work concerning the Applications, and that Farmers must pay the award, pursuant to Insurance Code section 1861.10(b) and the Regulations.

ORDER

1. Consumer Watchdog is hereby awarded \$55,129.50 in advocacy and witness fees

⁵⁴ Pressley Decl., Exh. 1a.

⁵⁵ Schwartz Declaration, ¶¶ 5-9.

⁵⁶ *Ibid.*

⁵⁷ Schwartz Decl., Exh. 7.

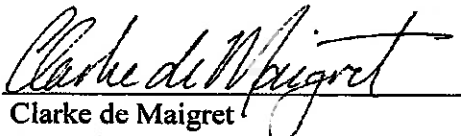
⁵⁸ Ins. Code, § 1861.10(b).

in connection with Farmers' Applications.

2. Farmers shall pay the award no later than 30 days after the date of this Decision and shall notify the Department's Office of the Public Advisor⁵⁹ upon making payment.

Date: October 6, 2021

RICARDO LARA
Insurance Commissioner

By: 
Clarke de Maigret
Administrative Law Judge

⁵⁹ Edward Wu, 300 South Spring Street, 12th Floor, Suite 12700, Los Angeles, CA 90013 or edward.wu@insurance.ca.gov.

PROOF OF SERVICE

Case Name/Number: In the Matter of the Request for Compensation of
CONSUMER WATCHDOG
File No. **RFC-2021-003**

I, Florinda Cristobal, declare that:

I am employed by the California Department of Insurance, Administrative Hearing Bureau, in the City of Oakland and County of Alameda. I am over the age of eighteen (18) years and not a party to this action. My business address is 1901 Harrison Street, 3rd Floor, Oakland, CA 94612.

I am readily familiar with the business practices of the California Department of Insurance for collecting and processing correspondence for mailing, electronic filing and electronic mail. On October 6, 2021, I served **DECISION AWARDING COMPENSATION** regarding the **Matter of the Request for Compensation of CONSUMER WATCHDOG**.

- X (By U.S. Mail) on those identified parties in said action, 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.
- (By Intra-Agency Mail) on those identified parties in said action, by placing this correspondence in a place designated for collection for delivery by Department of Insurance intra-agency mail.
- (By facsimile transmission) on those identified parties in said action, by transmitting said document(s) from our office by facsimile machine Fax Number to facsimile machine number(s) shown below. Following the transmission, I received a "Transmission Report" from our fax machine indicating that the transmission had been transmitted without error.
- X (By Email) on those identified parties in said action, in accordance with Code of Civil Procedure §1013, by emailing true copies thereof at the address set forth below.

SEE ATTACHED PARTY SERVICE LIST

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed in Oakland, California, on October 6, 2021.

(Print Name)



(Signature)

PARTY SERVICE LIST

Name/Address

Method of Service

Harvey Rosenfield, SBN 123082
Pamela Pressley, SBN 180362
Daniel L. Sternberg, SBN 329799
Benjamin Powell, SBN 311624
CONSUMER WATCHDOG
6330 San Vicente Boulevard, Suite 250
Los Angeles, CA 90048
Tel No.: (310) 392-0522
Fax No.: (310) 392-8874
harvey@consumerwatchdog.org
pam@consumerwatchdog.org
danny@consumerwatchdog.org
ben@consumerwatchdog.org

via U.S. Mail/E-mail

Daniel Goodell, Asst. General Counsel
Lisbeth Landsman-Smith
Alec Stone
Daniel Wade
Rate Enforcement Bureau
Legal Division, Rate Enforcement Bureau
CALIFORNIA DEPARTMENT OF INSURANCE
1901 Harrison Street, 6TH Floor
Oakland, CA 94612
Tel. No.: (415) 538-4111
FAX No.: (415) 904-5490
Daniel.Goodell@insuance.ca.gov
Lisbeth.Landsman@insurance.ca.gov
Alec.Stone@insurance.ca.gov
Daniel.Wade@insurance.ca.gov

via Inter-office/E-mail

Richard De La Mora
Victoria McCarthy
Alissa Vreman
Jessica Keifer, PL Product Manager
Farmers Insurance Exchange
6301 Owensmouth Avenue
Woodland Hills, CA 91367
Richard.delamora@farmersinsurance.com
Victoria.mccarthy@farmersinsurance.com
Alissa.vreman@farmersinsurance.com
Jessica.keifer@farmersinsurance.com

via U.S. Mail/E-mail

NON-PARTY

Edward Wu, Esq.
Staff Counsel & Public Advisor
Office of the Public Advisor
CALIFORNIA DEPARTMENT OF INSURANCE
300 South Spring St., 12th Floor
Los Angeles, CA 90013
Tel. No.: (213) 346-6635
FAX No.: (213) 897-9241
edward.wu@insurance.ca.gov

via E-mail

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

In the Matter of the Request for Compensation of	) FILE NO. RFC-2021-005
	)
CONSUMER WATCHDOG,	) DECISION AWARDING
	) COMPENSATION
Intervenor.	)
	) <i>In the Matter of the Rate Application of</i>
	) <i>Homesite Insurance Company</i>
	) <i>of California</i>
	) Rate Application No. 20-100
	) Prior Approval File No. PA-2020-00003
	)

Consumer Watchdog, a consumer advocacy group, intervened in a proceeding concerning a 2020 rate application of Homesite Insurance Company of California (“Homesite”). Consumer Watchdog filed Request for Compensation seeking advocacy fees and expenses for its participation in the proceeding. Homesite has not opposed the request. For the reasons below, Consumer Watchdog’s Request for Compensation is granted.

BACKGROUND

On or about January 3, 2020, Homesite filed Application No. 20-100 (“Application”) with the Department of Insurance (“Department”), seeking approval of rate changes to a homeowners program and a condominium program.¹ The Department notified the public of the pending Application on or about January 17, 2020.²

Consumer Watchdog and its actuarial consultant reviewed the Application and formed

¹ Declaration of Pamela Pressley in support of Consumer Watchdog’s Request for Compensation, dated September 3, 2021 (“Pressley Decl.”), ¶ 27.

² *Ibid.*

the opinion that Homesites' proposed rule changes potentially violated the Insurance Code.³

On March 2, 2020 Consumer Watchdog submitted to the Department a Petition for Hearing, Petition to Intervene, and Notice of Intent to Seek Compensation ("Petition"), challenging the Application.⁴ The Petition alleged: (a) Homesite had used only a single computer model for calculating fire following earthquake losses, for which no underlying support or documentation was provided, and Homesite had not shown that the use of the single model was the most actuarially sound or that the model was properly implemented;⁵ (b) Homesite had not shown that the value of the selected catastrophe adjustment was reasonable to use during the rate period;⁶ (c) Homesite's selected annual loss trends were unreasonably high;⁷ (d) Homesite failed to show that all institutional advertising expenses had been reflected in the excluded expense provision;⁸ and (e) Homesite had proposed various other changes that were not adequately supported.⁹

On March 9, 2020, Homesite filed an answer to the Petition.¹⁰

On April 30, 2020, the Commissioner served a ruling granting Consumer Watchdog's Petition to intervene, finding that "the specific issues that CW seeks to address ... are relevant to the ratemaking process."¹¹ The Commissioner specifically noted Consumer Watchdog's allegations concerning "Improper use of complex catastrophe model; Failure to demonstrate that the value of the selected catastrophe adjustment is reasonable; Selected loss trends that are unreasonably high; Improper and or unsupported use of excluded expenses; and Proposed

³ Pressley Decl., ¶ 28.

⁴ Pressley Decl., ¶ 29.

⁵ Petition, ¶ 7(a); Pressley Decl., ¶ 30.

⁶ Petition, ¶ 7(b); Pressley Decl., ¶ 31.

⁷ Petition, ¶ 7(c); Pressley Decl., ¶ 32.

⁸ Petition, ¶ 7(d); Pressley Decl., ¶ 33.

⁹ Petition, ¶ 7(e); Pressley Decl., ¶ 34.

¹⁰ Pressley Decl., ¶ 35.

¹¹ Ruling Granting Consumer Watchdog's Petition to Intervene, dated April 29, 2020, p. 3 ("April 2020 Ruling"); Pressley Decl., ¶ 32.

changes that have not been adequately supported as well as unreasonable rate increases for many insureds.”¹²

On May 22, 2020, Homesite provided additional information and responses to the issues raised in the Petition.¹³ Thereafter Consumer Watchdog sought further information concerning those matters and Homesite provided certain of the information requested.¹⁴ The parties engaged in ongoing telephone and email discussions concerning the Application and related information through July 2021.¹⁵

On July 20, 2021, Consumer Watchdog, Homesite and the Department executed a final settlement stipulation resolving the issues raised concerning the Application.¹⁶

On July 21, 2021, the Commissioner approved the Application.¹⁷

Pursuant to the terms of the stipulation, Consumer Watchdog withdrew its Petition for hearing on July 30, 2021.¹⁸ Consumer Watchdog subsequently requested, and the other parties agreed, that the deadline for filing its Request for Compensation be extended to September 3, 2021.¹⁹

On September 3, 2021, Consumer Watchdog filed a Request for Compensation with the Commissioner, pursuant to Insurance Code section 1861.10(b), seeking advocate fees for work performed by Consumer Watchdog employees Harvey Rosenfield, Pamela Pressley, Benjamin Powell, and Kaitlyn Gentile.²⁰ Mr. Rosenfield is an attorney with over 40 years of experience in

¹² April 2020 Ruling, p. 2 (bullets omitted).

¹³ Pressley Decl., ¶ 37; Consumer Watchdog’s Request for Compensation, dated September 3, 2021 (“Request for Compensation”), Exh. B.

¹⁴ Pressley Decl., ¶¶ 38-41.

¹⁵ Pressley Decl., ¶¶ 38-50.

¹⁶ Pressley Decl., ¶ 52.

¹⁷ Pressley Decl., ¶ 54.

¹⁸ Pressley Decl., ¶ 55.

¹⁹ Request for Compensation, p. 3.

²⁰ Request for Compensation, Exh. A.

insurance regulatory and litigation matters.²¹ Ms. Pressley is an attorney with over 25 years of consumer advocacy and litigation experience.²² Mr. Powell is an attorney with four years of litigation experience.²³ Ms. Gentile is a paralegal with over 13 years of litigation experience.²⁴

The Request for Compensation also seeks witness fees for actuarial analysis of the Application performed by Consumer Watchdog's consulting actuary, Allan I. Schwartz, and his associate, Katherine Tollar, of AIS Risk Consultants, Inc.²⁵ Mr. Schwartz has over 40 years of professional actuarial experience.²⁶ Ms. Tollar has over 30 years of experience as an actuarial assistant.²⁷

Consumer Watchdog seeks the following fees for work in connection with the Application and for preparing the Request for Compensation: 4.9 hours of Mr. Rosenfield's time at \$695 per hour, 60.6 hours of Ms. Pressley's time at \$595 per hour, 22.1 hours of Mr. Powell's time at \$350 per hour, 5.1 hours of Ms. Gentile's time at \$200 per hour, 52.2 hours of Mr. Schwartz's time at \$835 per hour, and 13.8 hours of Ms. Tollar's time at \$380 per hour, for total advocate and witness fees of \$97,048.50.²⁸ Consumer Watchdog supported the Request for Compensation with declarations by Ms. Pressley and Mr. Schwartz. Ms. Pressley's declaration attached a declaration by Richard Pearl, an expert on California attorneys' fees.²⁹

Homesite did not submit a response to the Request for Compensation.

The Request for Compensation was assigned to Administrative Law Judge Clarke de Maigret (the "ALJ") for review.

²¹ Pressley Decl., ¶ 12.

²² Pressley Decl., ¶ 9.

²³ *Id.* at ¶ 16.

²⁴ *Id.* at ¶ 20.

²⁵ Request for Compensation, Exh. A; Declaration of Allan I. Schwartz in Support of Consumer Watchdog's Request for Compensation ("Schwartz Declaration"), Exh. 7.

²⁶ Schwartz Decl., ¶ 1.

²⁷ Schwartz Decl., Exh. 6.

²⁸ Request for Compensation, Exh. A; Pressley Decl., Exh. 1a.

²⁹ Pressley Decl., Exh. 2.

APPLICABLE LAW

I. Prior Approval Framework

In 1988, California's voters approved Proposition 103, which added Article 10 "Reduction and Control of Insurance Rates"³⁰ ("Article 10") to Division 1, Part 2, Chapter 9 of the Insurance Code. Article 10 governs automobile, home, and other property-casualty insurance rates. It requires that the Commissioner approve the rates insurers charge prior to use, so as to prevent "excessive, inadequate, [or] unfairly discriminatory" rates.³¹ Insurers wishing to change their rates must file complete rate applications with the Commissioner.³² All application information must be available for public inspection.³³ Public hearings may be held on the applications.³⁴

II. Compensation for Public Participation

To promote enforcement of the rate control laws, Insurance Code section 1861.10(a) authorizes consumers and their representatives to initiate and intervene in rate proceedings and to enforce Article 10's provisions. The Insurance Code and the intervenor regulations ("Regulations")³⁵ provide that intervenors must be compensated for their participation if various substantive and procedural requirements are met.

A. Substantive Requirements

Insurance Code section 1861.10(b) provides that the Commissioner "shall award reasonable advocacy and witness fees and expenses" to persons demonstrating that (1) they "represent the interests of consumers," and (2) they have "made a substantial contribution to the adoption of any order, regulation, or decision by the commissioner[.]" The Regulations contain

³⁰ Ins. Code, § 1861.01 et seq.

³¹ Ins. Code, §§ 1861.01(c), 1861.05(a).

³² Ins. Code, § 1861.05(b).

³³ Ins. Code, § 1861.07.

³⁴ Ins. Code, § 1861.05(c).

³⁵ Cal. Code Regs., tit. 10, §§ 2662.1—2662.8

substantially identical requirements.³⁶

An intervenor “represents the interests of consumers” if it “represents the interests of individual insurance consumer[s], or the intervenor is a group organized for the purpose of consumer protection as demonstrated by, but is not limited to, a history of representing consumers in administrative, legislative or judicial proceedings.”³⁷

An intervenor makes a “substantial contribution” if the intervenor “substantially contributed, as a whole, to a decision, order, regulation, or other action of the Commissioner by presenting relevant issues, evidence, or arguments which were separate and distinct from those emphasized by the Department of Insurance staff or any other party, such that the intervenor’s participation resulted in more relevant, credible, and non-frivolous information being available for the Commissioner to make his or her decision than would have been available to a Commissioner had the intervenor not participated. A substantial contribution may be demonstrated without regard to whether a petition for hearing is granted or denied.”³⁸

B. Procedural Requirements

The Regulations set forth various procedural requirements for claiming intervenor compensation. The intervenor must obtain the Commissioner’s approval of a petition to intervene.³⁹ The intervenor must be found eligible to seek compensation by the Commissioner’s Public Advisor.⁴⁰ And the intervenor must submit a request for an award of compensation within 30 days after the Commissioner’s decision or action in the proceeding for which intervention was sought, or within 30 days after conclusion of the entire proceeding.⁴¹ The request for compensation must be verified and include detailed descriptions of the services and

³⁶ Cal. Code Regs., tit. 10, § 2662.5(a).

³⁷ Cal. Code Regs., tit. 10, § 2661.1(j).

³⁸ Cal. Code Regs., tit. 10, § 2661.1(k).

³⁹ Cal. Code Regs., tit. 10, § 2662.3.

⁴⁰ *Ibid.*

⁴¹ *Ibid.*

expenditures, legible time and billing records, and a description of the intervenor's substantial contribution.⁴²

C. Payment and Amount of Compensation Award

Where an intervenor's advocacy occurs in response to an insurer's rate application, the insurer must pay the intervenor's reasonable advocacy fees, witness fees and expenses.⁴³ Time spent preparing the intervenor's request for compensation may be included in those amounts.⁴⁴

The intervenor's advocacy and witness fees must not exceed "the prevailing rate for comparable services in the private sector in the Los Angeles and San Francisco Bay Areas at the time of the Commissioner's decision awarding compensation for attorney advocates, non-attorney advocates, or experts with similar experience, skill and ability."⁴⁵

DISCUSSION

Consumer Watchdog's Request for Compensation satisfies the substantive and procedural requirements for intervenor compensation, and its fees are reasonable. Its Request for Compensation must be granted.

I. Consumer Watchdog Represented the Interests of Consumers and Made a Substantial Contribution to the Commissioner's Decision.

Consumer Watchdog argues that it satisfied the requirements of Insurance Code section 1861.10, subdivision (b) and Regulations section 2662.5 to "represent[] the interests of consumers" and to make "a substantial contribution" to the Commissioner's decision the Application.⁴⁶ Consumer Watchdog indisputably met the first requirement. The Commissioner has determined that "Consumer Watchdog represents the interests of consumers, and on those grounds, the Commissioner hereby finds Consumer Watchdog eligible to seek compensation in

⁴² *Ibid.*

⁴³ Ins. Code, § 1861.10(b).

⁴⁴ Cal. Code Regs., tit. 10, § 2661.1(d).

⁴⁵ Cal. Code Regs., tit. 10, § 2661.1(c).

⁴⁶ Request for Compensation, pp. 1, 11-13.

Department proceedings pursuant to [Insurance Code section] 1861.02 *et seq.*”⁴⁷

Turning to the substantial contribution requirement, Consumer Watchdog’s Petition asserted that Homesite used an improper catastrophe model, failed to demonstrate the reasonableness of the selected catastrophe adjustment, used improper loss trends, and engaged in improper or unsupported use of excluded expenses.⁴⁸

Those issues and arguments were “separate and distinct from those emphasized by the Department of Insurance staff or any other party”⁴⁹ because only Consumer Watchdog raised them. Consumer Watchdog’s participation thus resulted in “more relevant, credible, and non-frivolous information being available for the Commissioner” to make his final decision on the Application.⁵⁰ Accordingly, Consumer Watchdog satisfied the substantial contribution requirement.

II. Consumer Watchdog Met the Procedural Requirements for Compensation.

The Commissioner approved Consumer Watchdog’s petition to intervene,⁵¹ and the Public Advisor found Consumer Watchdog eligible to seek compensation.⁵² Consumer Watchdog submitted a timely verified request for compensation on September 3, 2021, within the period stipulated by the other parties.⁵³ It included detailed descriptions of the services and expenditures, legible time and billing records, and a description of Consumer Watchdog’s substantial contribution.⁵⁴ Therefore, Consumer Watchdog satisfied the procedural requirements for compensation.

⁴⁷ Finding of Consumer Watchdog’s of Eligibility to Seek Compensation, Aug. 25, 2020, File No. IE-2020-0002 (“Eligibility Finding”), p. 4. Consumer Watchdog’s eligibility is effective until July 2022.

⁴⁸ Petition, ¶ 7; Pressley Decl., ¶¶ 30-34.

⁴⁹ Cal. Code Regs., tit. 10, § 2662.3(a).

⁵⁰ Cal. Code Regs., tit. 10, § 2662.3(a).

⁵¹ April 2020 Ruling.

⁵² Eligibility Finding, p. 4.

⁵³ Request for Compensation, p. 3.

⁵⁴ Request for Compensation, Exh. A; Pressley Decl., Exh. 1a.; Schwartz Decl., Exh. 7.

III. Consumer Watchdog's Requested Fees Are Reasonable and Must Be Paid by Homesite.

Consumer Watchdog billed at hourly rates of \$695 for an attorney with over 40 years of insurance regulatory and litigation experience, \$595 for an attorney with over 25 years of consumer advocacy and litigation experience, \$350 for an attorney with four years of litigation experience, and \$200 for a paralegal with over 13 years of litigation experience.⁵⁵ These rates are consistent with the current prevailing private sector rates for advocates in Los Angeles with similar experience, skill and ability.⁵⁶

Consumer Watchdog billed a total of 92.7 advocacy hours in connection with the proceeding on the Application, including 87.6 hours of attorney time and 5.1 hours of paralegal time.⁵⁷ Those hours are not excessive, given the nature and quality of work Consumer Watchdog's advocates performed reviewing the Application, preparing the Petition, engaging with the consulting actuary, communicating with Homesite and the Department concerning the Application, negotiating the settlement stipulation, and preparing the Request for Compensation.

Mr. Schwartz's expert witness rate of \$835 per hour, when adjusted for inflation, is consistent with rates charged by other similarly-experienced consulting actuaries in earlier prior approval cases.⁵⁸ His rates are also consistent with rates he charged clients in other matters.⁵⁹ There is no indication his charges, or the \$380 per hour charges of his associate, Ms. Tollar, exceed prevailing Los Angeles or San Francisco Bay Area rates for comparable services.

Consumer Watchdog seeks compensation for the 52.2 hours Mr. Schwartz and the 13.8 hours Ms. Tollar spent performing actuarial analysis concerning the Application.⁶⁰ That time is

⁵⁵ Pressley Decl., Exh. 1a; Request for Compensation, Exh. A.

⁵⁶ See Pressley Decl., Exh. 2 [fee expert declaration].

⁵⁷ Pressley Decl., Exh. 1a.

⁵⁸ Schwartz Declaration, ¶¶ 3-6.

⁵⁹ *Ibid.*

⁶⁰ Schwartz Decl., Exh. 7.

not excessive for the work performed.

For these reasons, the advocacy and expert fees Consumer Watchdog seeks are reasonable. Because Consumer Watchdog's advocacy was in response to Homesite's application, Homesite must pay the fees.⁶¹

CONCLUSIONS AND DETERMINATIONS

The Commissioner concludes and determines that Consumer Watchdog is entitled to advocacy and witness fees of \$97,048.50 for work concerning the Application, and that Homesite must pay the award, pursuant to Insurance Code section 1861.10(b) and the Regulations.

ORDER

1. Consumer Watchdog is hereby awarded \$97,048.50 in advocacy and witness fees in connection with Homesite's Application.
2. Homesite shall pay the award no later than 30 days after the date of this Decision and shall notify the Department's Office of the Public Advisor⁶² upon making payment.

Date: February 14, 2022

RICARDO LARA
Insurance Commissioner

By: 
Clarke de Maigret
Administrative Law Judge

⁶¹ Ins. Code, § 1861.10(b).

⁶² Edward Wu, 300 South Spring Street, 12th Floor, Suite 12700, Los Angeles, CA 90013 or edward.wu@insurance.ca.gov.

PROOF OF SERVICE

Case Name/Number: In the Matter of the Request for Compensation of
CONSUMER WATCHDOG
File No. **RFC-2021-005**

I, Florinda Cristobal, declare that:

I am employed by the California Department of Insurance, Administrative Hearing Bureau, in the City of Oakland and County of Alameda. I am over the age of eighteen (18) years and not a party to this action. My business address is 1901 Harrison Street, 3rd Floor, Oakland, CA 94612.

I am readily familiar with the business practices of the California Department of Insurance for collecting and processing correspondence for mailing, electronic filing and electronic mail. On February 15, 2022, I served **DECISION AWARDING COMPENSATION** regarding the **Matter of the Request for Compensation of CONSUMER WATCHDOG**.

- X **(By U.S. Mail)** on those identified parties in said action, 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.
- X **(By Intra-Agency Mail)** on those identified parties in said action, by placing this correspondence in a place designated for collection for delivery by Department of Insurance intra-agency mail.
- (By facsimile transmission)** on those identified parties in said action, by transmitting said document(s) from our office by facsimile machine Fax Number to facsimile machine number(s) shown below. Following the transmission, I received a "Transmission Report" from our fax machine indicating that the transmission had been transmitted without error.
- X **(By Email)** on those identified parties in said action, in accordance with Code of Civil Procedure §1013, by emailing true copies thereof at the address set forth below.

SEE ATTACHED PARTY SERVICE LIST

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed in Oakland, California, on February 15, 2022.

FLORINDA CRISTOBAL

(Print Name)



(Signature)

PARTY SERVICE LIST

Name/Address

Method of Service

Harvey Rosenfield, SBN 123082
Pamela Pressley, SBN 180362
Benjamin Powell, SBN 311624
CONSUMER WATCHDOG
6330 San Vicente Boulevard, Suite 250
Los Angeles, CA 90048
Tel No.: (310) 392-0522
Fax No.: (310) 392-8874
harvey@consumerwatchdog.org
pam@consumerwatchdog.org
ben@consumerwatchdog.org

via U.S. Mail/E-mail

Jennifer McCune, Acting Chief Counsel
Nikki McKennedy, Attorney IV
Rate Enforcement Bureau
Legal Division, Rate Enforcement Bureau
CALIFORNIA DEPARTMENT OF INSURANCE
1901 Harrison Street, 6TH Floor
Oakland, CA 94612
Tel. No.: (415) 538-4111
FAX No.: (415) 904-5490
Jennifer.McCune@insurance.ca.gov
Nikki.McKennedy@insurance.ca.gov

via E-mail/Intra-agency

David Berger
Government Affairs Counsel
HOMESITE INSURANCE COMPANY OF CALIFORNIA
One Federal Street, 4th Floor
Boston, MA 02110
Tel. No.: N/A
david.berger@homesite.com

via U.S. Mail/E-mail

Robert P. Barbarowicz
DENTONS
601 Figueroa Street, Suite 2500
Los Angeles, CA 90017-5704
Tel. No.: N/A
robert.barbarowicz@dentons.com

via U.S. Mail/E-mail

NON-PARTY

Jamie Katz

(E-Mail)

California Department of Insurance

Legal - Enforcement Bureau - Oakland

1901 Harrison Street

Oakland, CA 94612

Tel: (415) 538-4180

Fax: (510)238-7830

Jamie.Katz@insurance.ca.gov

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

In the Matter of the Request for Compensation of	)	FILE NO. RFC-2021-004
	)	
CONSUMER WATCHDOG,	)	DECISION AWARDDING
	)	COMPENSATION
Intervenor.	)	
	)	<i>In the Matter of</i>
	)	<i>the New Program Applications of</i>
	)	<i>Farmers Insurance Exchange</i>
	)	<i>and Fire Insurance Exchange</i>
	)	New Program Application Nos. 20-444
	)	and 20-444-B
	)	Prior Approval File No. PA-2020-00004
	)	

Consumer Watchdog, a consumer advocacy group, intervened in a proceeding concerning 2020 rate applications of Farmers Insurance Exchange and Fire Insurance Exchange (collectively, “Farmers”). Consumer Watchdog a filed Request for Compensation seeking advocacy fees and expenses for its participation in the proceeding. Farmers has not opposed the request. For the reasons below, Consumer Watchdog’s Request for Compensation is granted.

BACKGROUND

On or about January 24, 2020, Farmers filed Application Nos. 20-444 and 20-444-B (“Applications”) with the Department of Insurance (“Department”), seeking approval of two new products called Farmers Smart Plan Renters Policy (“SPR”) and Farmers Smart Plan Condominium Policy (“SPC”) that would update Farmers’ legacy renters and condominium programs.¹ The Department notified the public of the pending Applications on or about February

¹ Declaration of Pamela Pressley in support of Consumer Watchdog’s Request for Compensation, dated August 27, 2021 (“Pressley Decl.”), ¶ 27.

14, 2020.²

Consumer Watchdog and its actuarial consultant reviewed the Applications and formed the opinion that Farmers' use of unsupported "FireLine Score Factors" potentially violated the Insurance Code.³

On March 30, 2020 Consumer Watchdog submitted to the Department a Petition for Hearing, Petition to Intervene, and Notice of Intent to Seek Compensation ("Petition"), challenging the Applications.⁴ The Petition alleged that Farmers had failed to sufficiently justify the FireLine Score Factors in their SPC and SPR rate manuals, and that such failure potentially resulted in unfairly discriminatory rates and premiums in violation of Insurance Code section 1861.05.⁵ The Petition also alleged that the Applications referenced certain adjustments to base rates used in the SPC and SPR programs without showing that those adjustments would not result in excessive or unfairly discriminatory rates.⁶

On May 4, 2020, the Commissioner granted Consumer Watchdog's Petition to Intervene, finding that "the specific issues that CW seeks to address ... are relevant to the ratemaking process."⁷ The Commissioner specifically noted Consumer Watchdog's allegations concerning potentially excessive and/or discriminatory rates resulting from unsupported use of FireLine Score Factors.⁸

Over a year later, on June 1, 2021, the parties held a teleconference discussion of the issues raised in Consumer Watchdog's Petition.⁹ During that discussion, Consumer Watchdog

² *Ibid.*

³ Pressley Decl., ¶ 28.

⁴ Pressley Decl., ¶ 29.

⁵ Pressley Decl., ¶ 30.

⁶ Pressley Decl., ¶ 31.

⁷ Ruling Granting Consumer Watchdog's Petition to Intervene, May 4, 2020, p. 3 ("May 2020 Ruling"); Pressley Decl., ¶ 32.

⁸ May 2020 Ruling, pp. 2-3; Pressley Decl., ¶ 33.

⁹ Pressley Decl., ¶ 35.

requested documentation to support the FireLine Score Factors and rate changes.¹⁰ Farmers responded to those requests shortly thereafter.¹¹

Between June 9 and June 23, 2021, Consumer Watchdog, its actuarial consultant, the Department and Farmers participated in numerous discussions and email exchanges concerning the issues raised in the Petition and information provided by Farmers in response to Consumer Watchdog's requests.¹²

On July 14, 2021 the parties executed a settlement stipulation, resolving all issues between them concerning the Applications, including the FireLine Score factors and rate impact issues raised by the Petition.¹³

On July 30, 2021, the Commissioner approved the Applications.¹⁴

On August 9, 2021, Consumer Watchdog withdrew its Petition for hearing, in accordance with the Stipulation.¹⁵

On August 27, 2021, Consumer Watchdog filed a Request for Compensation with the Commissioner, pursuant to Insurance Code section 1861.10(b), seeking advocate fees for work performed by Consumer Watchdog employees Harvey Rosenfield, Pamela Pressley, Benjamin Powell, and Kaitlyn Gentile.¹⁶ Mr. Rosenfield is an attorney with over 40 years of experience in insurance regulatory and litigation matters.¹⁷ Ms. Pressley is an attorney with over 25 years of consumer advocacy and litigation experience.¹⁸ Mr. Powell is an attorney with four years of

¹⁰ *Ibid.*

¹¹ Pressley Decl., ¶ 36.

¹² Pressley Decl., ¶¶ 37-43

¹³ Pressley Decl., ¶ 44.

¹⁴ Pressley Decl., ¶ 46.

¹⁵ Pressley Decl., ¶ 47.

¹⁶ Consumer Watchdog's Request for Compensation, dated August 27, 2021 ("Request for Compensation"), Exh. A.

¹⁷ Pressley Decl., ¶ 12.

¹⁸ Pressley Decl., ¶ 9.

litigation experience.¹⁹ Ms. Gentile is a paralegal with over 13 years of litigation experience.²⁰

The Request for Compensation also seeks witness fees for actuarial analysis of the Applications performed by Consumer Watchdog's consulting actuary, Allan I. Schwartz, and his associate, Katherine Tollar, of AIS Risk Consultants, Inc.²¹ Mr. Schwartz has over 40 years of professional actuarial experience.²² Ms. Tollar has over 30 years of experience as an actuarial assistant.²³

Consumer Watchdog seeks the following fees for work in connection with the Applications and for preparing the Request for Compensation: 0.9 hours of Mr. Rosenfield's time at \$695 per hour, 37.7 hours of Ms. Pressley's time at \$595 per hour, 9.2 hours of Mr. Powell's time at \$350 per hour, 6.5 hours of Ms. Gentile's time at \$200 per hour, 16.0 hours of Mr. Schwartz's time at \$835 per hour, and 3.4 hours of Ms. Tollar's time at \$380 per hour, for total advocate and witness fees of \$42,428.50.²⁴ Consumer Watchdog supported the Request for Compensation with declarations by Ms. Pressley and Mr. Schwartz. Ms. Pressley's declaration attached a declaration by Richard Pearl, an expert on California attorneys' fees.²⁵

Farmers did not submit a response to the Request for Compensation.

The Request for Compensation was assigned to Administrative Law Judge Clarke de Maigret (the "ALJ") for review.

APPLICABLE LAW

I. Prior Approval Framework

In 1988, California's voters approved Proposition 103, which added Article 10

¹⁹ *Id.* at ¶ 16.

²⁰ *Id.* at ¶ 20.

²¹ Request for Compensation, Exh. A; Declaration of Allan I. Schwartz in Support of Consumer Watchdog's Request for Compensation ("Schwartz Declaration"), Exh. 7.

²² Schwartz Decl., ¶ 1.

²³ Schwartz Decl., Exh. 6.

²⁴ Request for Compensation, Exh. A.

²⁵ Pressley Decl., Exh. 2.

“Reduction and Control of Insurance Rates”²⁶ (“Article 10”) to Division 1, Part 2, Chapter 9 of the Insurance Code. Article 10 governs automobile, home, and other property-casualty insurance rates. It requires that the Commissioner approve the rates insurers charge prior to use, so as to prevent “excessive, inadequate, [or] unfairly discriminatory” rates.²⁷ Insurers wishing to change their rates must file complete rate applications with the Commissioner.²⁸ All application information must be available for public inspection.²⁹ Public hearings may be held on the applications.³⁰

II. Compensation for Public Participation

To promote enforcement of the rate control laws, Insurance Code section 1861.10(a) authorizes consumers and their representatives to initiate and intervene in rate proceedings and to enforce Article 10’s provisions. The Insurance Code and the intervenor regulations (“Regulations”)³¹ provide that intervenors must be compensated for their participation if various substantive and procedural requirements are met.

A. Substantive Requirements

Insurance Code section 1861.10(b) provides that the Commissioner “shall award reasonable advocacy and witness fees and expenses” to persons demonstrating that (1) they “represent the interests of consumers,” and (2) they have “made a substantial contribution to the adoption of any order, regulation, or decision by the commissioner[.]” The Regulations contain substantially identical requirements.³²

An intervenor “represents the interests of consumers” if it “represents the interests of

²⁶ Ins. Code, § 1861.01 et seq.

²⁷ Ins. Code, §§ 1861.01(c), 1861.05(a).

²⁸ Ins. Code, § 1861.05(b).

²⁹ Ins. Code, § 1861.07.

³⁰ Ins. Code, § 1861.05(c).

³¹ Cal. Code Regs., tit. 10, §§ 2662.1—2662.8

³² Cal. Code Regs., tit. 10, § 2662.5(a).

individual insurance consumer[s], or the intervenor is a group organized for the purpose of consumer protection as demonstrated by, but is not limited to, a history of representing consumers in administrative, legislative or judicial proceedings.”³³

An intervenor makes a “substantial contribution” if the intervenor “substantially contributed, as a whole, to a decision, order, regulation, or other action of the Commissioner by presenting relevant issues, evidence, or arguments which were separate and distinct from those emphasized by the Department of Insurance staff or any other party, such that the intervenor's participation resulted in more relevant, credible, and non-frivolous information being available for the Commissioner to make his or her decision than would have been available to a Commissioner had the intervenor not participated. A substantial contribution may be demonstrated without regard to whether a petition for hearing is granted or denied.”³⁴

B. Procedural Requirements

The Regulations set forth various procedural requirements for claiming intervenor compensation. The intervenor must obtain the Commissioner’s approval of a petition to intervene.³⁵ The intervenor must be found eligible to seek compensation by the Commissioner’s Public Advisor.³⁶ And the intervenor must submit a request for an award of compensation within 30 days after the Commissioner’s decision or action in the proceeding for which intervention was sought, or within 30 days after conclusion of the entire proceeding.³⁷ The request for compensation must be verified and include detailed descriptions of the services and expenditures, legible time and billing records, and a description of the intervenor’s substantial

³³ Cal. Code Regs., tit. 10, § 2661.1(j).

³⁴ Cal. Code Regs., tit. 10, § 2661.1(k).

³⁵ Cal. Code Regs., tit. 10, § 2662.3.

³⁶ *Ibid.*

³⁷ *Ibid.*

contribution.³⁸

C. Payment and Amount of Compensation Award

Where an intervenor's advocacy occurs in response to an insurer's rate application, the insurer must pay the intervenor's reasonable advocacy fees, witness fees and expenses.³⁹ Time spent preparing the intervenor's request for compensation may be included in those amounts.⁴⁰

The intervenor's advocacy and witness fees must not exceed "the prevailing rate for comparable services in the private sector in the Los Angeles and San Francisco Bay Areas at the time of the Commissioner's decision awarding compensation for attorney advocates, non-attorney advocates, or experts with similar experience, skill and ability."⁴¹

DISCUSSION

Consumer Watchdog's Request for Compensation satisfies the substantive and procedural requirements for intervenor compensation, and its fees are reasonable. Its Request for Compensation must be granted.

I. Consumer Watchdog Represented the Interests of Consumers and Made a Substantial Contribution to the Commissioner's Decision.

Consumer Watchdog argues that it satisfied the requirements of Insurance Code section 1861.10, subdivision (b) and Regulations section 2662.5 to "represent[] the interests of consumers" and to make "a substantial contribution" to the Commissioner's decision the Applications.⁴² Consumer Watchdog indisputably met the first requirement. The Commissioner has determined that "Consumer Watchdog represents the interests of consumers, and on those grounds, the Commissioner hereby finds Consumer Watchdog eligible to seek compensation in

³⁸ *Ibid.*

³⁹ Ins. Code, § 1861.10(b).

⁴⁰ Cal. Code Regs., tit. 10, § 2661.1(d).

⁴¹ Cal. Code Regs., tit. 10, § 2661.1(c).

⁴² Request for Compensation, pp. 1, 11-13.

Department proceedings pursuant to [Insurance Code section] 1861.02 *et seq.*”⁴³

Turning to the substantial contribution requirement, Consumer Watchdog’s Petition asserted that Farmers failed to sufficiently justify the FireLine Score Factors in its rate manuals and failed to show that adjustments to base rates used in the SPC and SPR programs would not result in excessive or unfairly discriminatory rates.⁴⁴

Those issues and arguments—which Consumer Watchdog advanced throughout the proceeding—were “separate and distinct from those emphasized by the Department of Insurance staff or any other party”⁴⁵ because only Consumer Watchdog raised them. Consumer Watchdog’s participation thus resulted in “more relevant, credible, and non-frivolous information being available for the Commissioner” to make his final decision on the Applications.⁴⁶ Accordingly, Consumer Watchdog satisfied the substantial contribution requirement.

II. Consumer Watchdog Met the Procedural Requirements for Compensation.

The Commissioner approved Consumer Watchdog’s petition to intervene,⁴⁷ and the Public Advisor found Consumer Watchdog eligible to seek compensation.⁴⁸ Consumer Watchdog submitted a timely verified request for compensation on August 27, 2021, within 30 days after the Commissioner’s July 30, 2021 final decision on the Applications.⁴⁹ It included detailed descriptions of the services and expenditures, legible time and billing records, and a description of Consumer Watchdog’s substantial contribution.⁵⁰ Therefore, Consumer Watchdog

⁴³ Finding of Consumer Watchdog’s of Eligibility to Seek Compensation, Aug. 25, 2020, File No. IE-2020-0002 (“Eligibility Finding”), p. 4. Consumer Watchdog’s eligibility is effective until July 2022.

⁴⁴ Petition, ¶¶ 7-8; Pressley Decl., ¶¶ 30-31.

⁴⁵ Cal. Code Regs., tit. 10, § 2662.3(a).

⁴⁶ Cal. Code Regs., tit. 10, § 2662.3(a).

⁴⁷ May 2020 Ruling.

⁴⁸ Eligibility Finding, p. 4.

⁴⁹ Request for Compensation [attached Proof of Service].

⁵⁰ Request for Compensation, Exh. A; Pressley Decl., Exh. 1a.; Schwartz Decl., Exh. 7.

satisfied the procedural requirements for compensation.

III. Consumer Watchdog's Requested Fees Are Reasonable and Must Be Paid by Farmers.

Consumer Watchdog billed at hourly rates of \$695 for an attorney with over 40 years of insurance regulatory and litigation experience, \$595 for an attorney with over 25 years of consumer advocacy and litigation experience, \$350 for an attorney with four years of litigation experience, and \$200 for a paralegal with over 13 years of litigation experience.⁵¹ These rates are consistent with the current prevailing private sector rates for advocates in Los Angeles with similar experience, skill and ability.⁵²

Consumer Watchdog billed a total of 54.3 advocacy hours in connection with the proceeding on the Applications, including 47.8 hours of attorney time and 6.5 hours of paralegal time.⁵³ Those hours are not excessive, given the nature and quality of work Consumer Watchdog's advocates performed reviewing the Applications, preparing the Petition, engaging with the consulting actuary, communicating with Farmers and the Department concerning the Applications, and preparing the Request for Compensation.

Mr. Schwartz's expert witness rate of \$835 per hour, when adjusted for inflation, is consistent with rates charged by other similarly-experienced consulting actuaries in earlier prior approval cases.⁵⁴ His rates are also consistent with rates he charged clients in other matters.⁵⁵ There is no indication his charges, or the \$380 per hour charges of his associate, Ms. Tollar, exceed prevailing Los Angeles or San Francisco Bay Area rates for comparable services.

Consumer Watchdog seeks compensation for the 16.0 hours Mr. Schwartz and the 3.4

⁵¹ Pressley Decl., Exh. 1a; Request for Compensation, Exh. A.

⁵² See Pressley Decl., Exh. 2 [fee expert declaration].

⁵³ Pressley Decl., Exh. 1a.

⁵⁴ Schwartz Declaration, ¶¶ 3-6.

⁵⁵ *Ibid.*

hours Ms. Tollar spent performing actuarial analysis concerning the Applications.⁵⁶ That time is not excessive for the work performed.

For these reasons, the advocacy and expert fees Consumer Watchdog seeks are reasonable. Because Consumer Watchdog's advocacy was in response to Farmers' applications, Farmers must pay the fees.⁵⁷

CONCLUSIONS AND DETERMINATIONS

The Commissioner concludes and determines that Consumer Watchdog is entitled to advocacy and witness fees of \$42,428.50 for work concerning the Applications, and that Farmers must pay the award, pursuant to Insurance Code section 1861.10(b) and the Regulations.

ORDER

1. Consumer Watchdog is hereby awarded \$42,428.50 in advocacy and witness fees in connection with Farmers' Applications.
2. Farmers shall pay the award no later than 30 days after the date of this Decision and shall notify the Department's Office of the Public Advisor⁵⁸ upon making payment.

Date: February 16, 2022

RICARDO LARA
Insurance Commissioner

By: 
Clarke de Maigret
Administrative Law Judge

⁵⁶ Schwartz Decl., Exh. 7.

⁵⁷ Ins. Code, § 1861.10(b).

⁵⁸ Edward Wu, 300 South Spring Street, 12th Floor, Suite 12700, Los Angeles, CA 90013 or edward.wu@insurance.ca.gov.

PROOF OF SERVICE

Case Name/Number: In the Matter of the Request for Compensation of
CONSUMER WATCHDOG
File No. **RFC-2021-004**

I, Camille E. Johnson, declare that:

I am employed by the California Department of Insurance, Administrative Hearing Bureau, in the City of Oakland and County of Alameda. I am over the age of eighteen (18) years and not a party to this action. My business address is 1901 Harrison Street, 3rd Floor, Oakland, CA 94612.

I am readily familiar with the business practices of the California Department of Insurance for collecting and processing correspondence for mailing, electronic filing and electronic mail. On February 16, 2022, I served **DECISION AWARDED COMPENSATION** regarding the **Matter of the Request for Compensation of CONSUMER WATCHDOG**.

- X (By U.S. Mail) on those identified parties in said action, 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.
- X (By Intra-Agency Mail) on those identified parties in said action, by placing this correspondence in a place designated for collection for delivery by Department of Insurance intra-agency mail.
- (By Facsimile transmission) on those identified parties in said action, by transmitting said document(s) from our office by facsimile machine to facsimile machine number(s) shown below. Following the transmission, I received a "Transmission Report" from our fax machine indicating that the transmission had been transmitted without error.
- X (By Email) on those identified parties in said action, in accordance with Code of Civil Procedure §1013, by emailing true copies thereof at the address set forth below.

SEE ATTACHED PARTY SERVICE LIST

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed in Oakland, California, on February 16, 2022.

February 16, 2022
DATE


C. E. JOHNSON

PARTY SERVICE LIST

<u>Name/Address</u>	<u>Method of Service</u>
Harvey Rosenfield, SBN 123082 Pamela Pressley, SBN 180362 Benjamin Powell, SBN 311624 CONSUMER WATCHDOG 6330 San Vicente Boulevard, Suite 250 Los Angeles, CA 90048 Tel No.: (310) 392-0522 Fax No.: (310) 392-8874 harvey@consumerwatchdog.org pam@consumerwatchdog.org ben@consumerwatchdog.org	via Email and U. S. Mail
Daniel Goodell, Asst. General Counsel Jennifer McCune Lisbeth Landsman-Smith Alec Stone Legal Division, Rate Enforcement Bureau CALIFORNIA DEPARTMENT OF INSURANCE 1901 Harrison Street, 6 TH Floor Oakland, CA 94612 Tel. No.: (415) 538-4111 FAX No.: (415) 904-5490 Daniel.Goodell@insurance.ca.gov Jennifer.McCune@insurance.ca.gov Lisbeth.Landsman@insurance.ca.gov Alec.Stone@insurance.ca.gov Tina.Warren@insurance.ca.gov	via Email/Intra-agency Mail
Richard De La Mora Victoria McCarthy Alissa Vreman Farmers Insurance Exchange 6301 Owensmouth Avenue Woodland Hills, CA 91367 Tel. No.: (818) 865-0433 Richard.delamora@farmersinsurance.com Victoria.mccarthy@farmersinsurance.com Alissa.vreman@farmersinsurance.com	via Email and U. S. Mail

NON-PARTY

Jamie Katz

via Email

California Department of Insurance

Legal - Enforcement Bureau - Oakland

1901 Harrison Street

Oakland, CA 94612

Tel: (415) 538-4180

Fax: (510) 238-7830

Jamie.Katz@insurance.ca.gov

EXHIBIT 5

ALLAN I. SCHWARTZ
President
AIS Risk Consultants, Inc.
4400 Route 9 South
Freehold, New Jersey 07728
732-780-0330

EDUCATION

Cooper Union, B.S., Physics, 1975

PROFESSIONAL AFFILIATIONS

Casualty Actuarial Society, Fellow - 1981, Associate - 1979

American Academy of Actuaries, Member - 1979

Associate in Reinsurance - June 1998
(Received Reinsurance Association of America Award for Academic Excellence)

Associate in Claims - September 1998

Associate in Premium Auditing - May 1999

Associate in Underwriting - June 1999

Associate in Insurance Accounting and Finance - June 2002
(Received National Association of Mutual Insurance Companies Award for Academic Excellence)

Associate in Risk Management - September 2002

Associate in Personal Insurance – January 2008

Associate, Customer Service – March 2008 (With Honors)

Certified Rate of Return Analyst – April 2011

PUBLICATIONS

"Workers' Compensation and Investment Income" : Best's Review, Property / Casualty Insurance Edition, 10/82

"A Note on Calendar Year Loss Ratios" : Proceedings of the Casualty Actuarial Society, 11/82

"An Actuary's Analysis of the Security of a Self-Insured" : Business Insurance, 9/26/83

"Actuarial Issues to be Addressed in Pricing Excess of Loss Reinsurance" : Proceedings of the Los Angeles Chapter CPCU Technical Conference, 6/84 (Received Research Excellence Award from Farmers Insurance Group)

"An Actuarial Analysis of Self-Insurance" : The Self-Insurer, Volume 1, Issue 3, 1984

"Loss and Loss Expense Reserving" : The Self-Insurer, Volume 1, Issue 4, 1984

"The ABC's of Reinsurance" : The Self-Insurer, Volume 2, Issue 4, 1985

"Actuarial Implications of Claims-Made Policies" : The Journal of the Independent Reinsurance Underwriters Association, Volume I, Number 1, October 1985

"Considerations in the Regulatory Analysis of Workers' Compensation Rate Filings" : Best's Review, Property / Casualty Insurance Edition, 8/88

"Delays in Payment of Private Passenger Auto Premium Receipts / Commissions : Impact on Calculation of Investment Income", Journal on Insurance Regulation, Volume 7, No. 3, March 1989

"Various Studies Related to Workers' Compensation", State of California - Workers' Compensation Rate Study Commission, Volume V, March 1992

LECTURES PRESENTED

"Reserving Losses for Self-Insureds" & "Actuarial Sufficiency of Self-Insurance Programs" : Eleventh Workers' Compensation College of the IAIABC - 4/84

"Problems, Trends, and History of Self-Insurance" : 1984 IAIABC Central States Association Conference - 6/84

"Actuarial Issues to be Addressed in Pricing Excess of Loss Reinsurance" : Los Angeles CPCU Technical Conference - 6/84

"Types of Security Available for the Self-Insured Employer" : 1984 Mid-Year Meeting of the National Council of Self-Insurers - 9/84

"Actuarial Implications of Claims-Made Policies" : Fall 1985 Meeting of the Independent Reinsurance Underwriters Association - 10/85

"North Carolina Medical Malpractice Closed Claim Study" : Duke University - Conference on Developing Information Bases for Medical Malpractice Claim Studies - 5/87

"A Regulator's Perspective on Rate Filings" : Casualty Actuarial Society Seminar on Ratemaking - 3/88

"Understanding the Insurance Industry and Regulation" : Public Citizen's Taming the Insurance Giant Conference - 2/90

"Analyzing Insurance Company Rate Filings" : National Association of Attorneys General Insurance Committee Meeting - 4/90

"Where Does All The Money Go - Insurance Profitability" : Workers Compensation in New York - 5/95

WORK EXPERIENCE

AIS RISK CONSULTANTS, INC.

President - 11/84 to Present

Responsibilities include performing actuarial analyses for all lines of property/casualty insurance. Loss reserve and rate level studies for insurance companies, reinsurance companies, state insurance funds, self-insurers, captive insurers, brokerage firms and attorneys. Work also involves projection of payment patterns, excess insurance studies, production of management information systems and development of individual risk rating plans.

I have provided expert testimony in insurance rate proceedings in Arkansas, California, Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Massachusetts, Nevada, New Jersey, New Mexico, North Carolina, Oklahoma, Rhode Island, South Carolina, Texas, Vermont and Virginia.

I have worked on health insurance rate filings in California, Colorado, Massachusetts, New Jersey, New Mexico, Oregon and Vermont during the last several years. This involved the review of rate filings and the preparation of analyses which could be submitted to the state insurance regulatory agency. My work in health insurance includes providing actuarial assistance to the NAIC Consumer Representatives during the last several years dealing with various issues such as the Medical Loss Ratio calculation.

NEW JERSEY DEPARTMENT OF INSURANCE

Assistant Commissioner - 5/88 to 1/90

Supervised a staff of 20+ which regulated rates, rules and policy forms in New Jersey for property/casualty insurance to determine compliance with the applicable statutes and regulations. Also responsible for the statistical section for property/casualty insurance. This section gathers and analyzes data related to property/casualty insurance. Provided advice to the Insurance Commissioner and other senior staff members of the Insurance Department regarding the impact of proposed legislation, regulations and overall policy directives.

Provided recommendations in regard to the financial analysis and condition of insurers, including excess profits reports.

NORTH CAROLINA DEPARTMENT OF INSURANCE

Chief Actuary - 6/86 to 4/88

Responsible for all actuarial studies performed in the Department of Insurance covering property / casualty / life / health / accident insurance.

Work included the analysis of filings made by insurance companies to see that they are in compliance with the insurance laws and regulations of the State of North Carolina. Also interacted with the legal staff of the Insurance Department in drafting proposed insurance laws and regulations.

Responsible for the analysis of the loss and loss adjustment expense reserves established by insurance companies to meet the liabilities they have incurred in the past, but which will not be payable until some time in the future.

Involved in various special projects relating to the financial analysis of insurance operations. These included the review of reinsurance contracts, the financial analysis of the North Carolina State Property Fire Insurance Fund and a study of medical malpractice closed claims.

Was in charge of a staff of six, including four professional and two clerical people. Other duties involved the writing of computer programs, providing expert testimony at rate hearings and assisting the Insurance Commissioner prepare for legislative committees.

WOODWARD & FONDILLER

Senior Actuary - 8/77 to 11/84

Consulting property/casualty actuarial studies (see description under AIS Risk Consultants, Inc.)

NATIONAL COUNCIL ON COMPENSATION INSURANCE

Actuarial Trainee - 3/76 to 8/77

Performed ratemaking analyses and prepared rate filings for workers' compensation insurance. Regularly evaluated the impact of changes in workers' compensation benefits. Also assisted the Director of Research with special studies related to data collection, ratemaking procedures and benefit evaluations.

EXHIBIT 6

Katherine Tollar

Work Experience:

November 1999 to present : AIS Risk Consultants , Freehold, NJ

Actuarial Assistant

- Analysis of loss and loss adjustment expenses for companies self-insured for medical malpractice and workers' compensation.
- Analysis of trends and loss development for private passenger automobile, medical malpractice and workers' compensation.
- Research of insurance rating systems and applicable laws.

1990–1993 : Prudential Property and Casualty Insurance, Holmdel, NJ

Actuarial Assistant

- Rotational assignments in the areas of Reserves, Pricing and Product Development.
- Assignments included setting insurance rates for policies and estimating capital outflow from incoming claims.
- Supervised Group PCAT insurance area.

1994–1999 : St John Vianney High School, Holmdel, NJ

Mathematics Teacher

- Taught classes targeted at all levels of students.
- Designed and taught 2 new courses, Probability and Statistics, and BC Calculus.

Casualty Actuarial Society Examinations

Part 1 – Mathematical Foundations of Actuarial Science

Part 2- Financial Mathematics

Part 5 - Introduction to Property & Casualty Insurance and Ratemaking

VEE – Applied Statistical Methods

VEE – Economics

VEE – Finance

Professional Designations

- Associate in Commercial Underwriting April 2003
- Associate in Risk Management December 2004

Education

1978-1982	Purdue University	West Lafayette, IN
B.S. in Mathematics Education.		
1982-1985	Florida State University	Tallahassee, FL
Graduate work in Mathematics totaling 30 credit hours.		

EXHIBIT 7

Marianne E. Dwyer

Work Experience:

August 1990 to Present AIS Risk Consultants Freehold, NJ

Actuarial Assistant

- Compiling loss data data for private passenger automobile, medical malpractice and workers' compensation.
- Analysis of loss and loss adjustment expenses for companies self-insured medical malpractice and workers' compensation.
- Analysis of trends.
- Analysis of loss development.
- Research of insurance rating systems and applicable laws.

Casualty Actuarial Society Examinations

- Exam 1 – Mathematical Foundations of Actuarial Science
- Exam 2 – Interest Theory, Economics, and Finance
- Exam 3 – Actuarial Models
- Exam 4 – Actuarial Modeling

Honorary Affiliations

- Pi Mu Epsilon – National Honorary Mathematics Society
– Past Vice President of Trenton State College Chapter
- Phi Kappa Phi – National Honorary Society
- Society of Industrial and Applied Mathematics

Education

1986-1990 Trenton State College (now The College of New Jersey) Trenton, NJ

- B.A., Mathematics.
- Graduated Summa Cum Laude.

EXHIBIT 8

AIS RISK CONSULTANTS, INC.

Consulting Actuaries · Insurance Advisors

4400 Route 9 South · Suite 1000 · Freehold, NJ 07728 · (732) 780-0330

Date: September 3, 2024

To: Pamela Pressley
Consumer Watchdog

From: Allan I. Schwartz

Re: Bill for Actuarial Analysis of
Allstate Insurance Company - Homeowners Insurance, 23-1267

<u>Name</u>	<u>Time</u>	<u>Hourly Rate</u>	<u>Time Charges</u>
Allan Schwartz	9.4	\$955	\$8,977.00

Time Charges	\$8,977.00
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Time for Allan I. Schwartz

Actuarial Analysis of
Allstate Insurance Company - Homeowners Insurance, 23-1267

<u>Date</u>	<u>Description</u>	<u>Time</u>
5/30/2024	Review filing & docs / work on analysis	3.8
5/31/2024	Review filing & docs / work on analysis, e mails with CWD (BA, PP, BP)	3.6
6/3/2024	Work on rate calc, analysis of new / renewal business, e mails with CWD (BA, PP, BP)	0.9
6/5/2024	Work on rate calc, analysis of new / renewal business, e mails with CWD (BA, PP, BP)	0.6
6/6/2024	Work on rate calc / letter, analysis of new / renewal business, e mails with CWD (BA, PP, BP)	0.5
Total		9.4

Service List

Nikki McKennedy
Jennifer McCune
Daniel Wade
Rate Enforcement Bureau
California Department of Insurance
1901 Harrison Street, 6th Floor
Oakland, CA 94612
Tel. (415) 538-4500
Fax (510) 238-7830
Nikki.McKennedy@insurance.ca.gov
Jennifer.McCune @insurance.ca.gov
Daniel.Wade@insurance.ca.gov

☐ FAX
☐ U.S. MAIL
☐ OVERNIGHT MAIL
☐ HAND DELIVERED
☒ EMAIL

Jon Phenix
Public Advisor
Tina Warren
Office of the Public Advisor
California Department of Insurance
300 Capitol Mall, 17th Floor
Sacramento, CA 95814
Tel. (916) 492-3705
Fax (510) 238-7830
Jon.Phenix@insurance.ca.gov
Tina.Warren@insurance.ca.gov

☐ FAX
☐ U.S. MAIL
☐ OVERNIGHT MAIL
☐ HAND DELIVERED
☒ EMAIL

Laura L. Geist
Willkie Farr & Gallagher LLP
One Front Street, 34th Floor
San Francisco, CA 94111
Tel: (415) 858-7400
lgeist@willkie.com

☐ FAX
☐ U.S. MAIL
☐ OVERNIGHT MAIL
☐ HAND DELIVERED
☒ EMAIL

David Nadig
Willkie Farr & Gallagher LLP
300 North LaSalle Drive
Chicago, CA 960654-4406
Tel: (312) 728-9097
dnadig@willkie.com

☐ FAX
☐ U.S. MAIL
☐ OVERNIGHT MAIL
☐ HAND DELIVERED
☒ EMAIL

EXHIBIT 5

Harvey Rosenfield, SBN 123082
Pamela Pressley, SBN 180362
Benjamin Powell, SBN 311624
Ryan Mellino, SBN 342497
CONSUMER WATCHDOG
6330 San Vicente Blvd., Suite 250
Los Angeles, CA 90048
Tel. (310) 392-0522
Fax (310) 392-8874
harvey@consumerwatchdog.org
pam@consumerwatchdog.org
ben@consumerwatchdog.org
ryan.m@consumerwatchdog.org

Attorneys for CONSUMER WATCHDOG

BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA

In the Matter of the Rate/Rule Applications of

Farmers Insurance Exchange,
Fire Insurance Exchange, and
Mid-Century Insurance Company,

Applicants.

File Nos.: 23-1129, 23-1129-A, 23-1129-B

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

[Ins. Code §§ 1861.02, 1861.05, and 1861.10;
Cal. Code Regs, tit. 10, §§ 2653.1, 2661.2 and
2661.3]

Pursuant to Insurance Code sections 1861.05 and 1861.10(a) and the Settlement Stipulation in the recently concluded rate proceeding (PA-2023-00009) on the homeowners rate applications of Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-Century Insurance Company (“Farmers” or “Applicants”), Consumer Watchdog hereby petitions for a hearing and requests that it be granted leave to intervene in the proceeding on Applicants’ above-referenced Rate and Rule Applications seeking approval of new property-level and community-level mitigation designations and discounts to comply with California Code of Regulations, title 10 (“10 CCR”), section 2644.9. Consumer Watchdog intends to seek compensation in this proceeding, and, pursuant to 10 CCR, section 2661.3, subdivision (c), Consumer Watchdog’s proposed budget is attached hereto as Exhibit A.

In support of its petition, Consumer Watchdog alleges:

I. THE APPLICATIONS

1. On or about April 12, 2023, Applicants filed Prior Approval Rate and Rule Applications with the California Department of Insurance (“CDI”), seeking approval of rule and rating plan changes to implement new property-level and community-level mitigation designations and discounts to comply with 10 CCR Section 2644.9, “Consideration of Mitigation Factors; Wildfire Risk Models” (File Nos. 23-1129, 23-1129-A, and 23-1129-B [“the Applications”]).

2. On or about May 5, 2023, the public was notified of the Applications.

II. PETITIONER

3. Petitioner Consumer Watchdog is a nonprofit, nonpartisan, public interest corporation organized to represent the interests of consumers and taxpayers. A core focus of Consumer Watchdog’s advocacy is the representation of the interests of insurance consumers and policyholders, particularly as they relate to the implementation and enforcement of Proposition 103, in matters before the Legislature, the courts, and the CDI.

4. Consumer Watchdog’s founder authored Proposition 103 and led the successful campaign for its enactment by California voters in 1988. Consumer Watchdog’s staff and

1 consultants include some of the nation’s foremost consumer advocates and experts on insurance
2 ratemaking matters.

3 5. Consumer Watchdog has served as a public watchdog with regard to insurance
4 rates and insurer rollback liabilities under Proposition 103 by: monitoring rollback settlements
5 and the status of the rollback regulations; reviewing and challenging rate filings made by insurers
6 seeking excessive rates; participating in rulemaking and adjudicatory hearings before the CDI
7 including the rulemaking proceeding that led to the adoption of the mitigation discount and
8 wildfire risk model regulations in 10 CCR § 2644.9; and educating the public concerning industry
9 underwriting and rating practices, their rights under Proposition 103, and other provisions of state
10 law. Consumer Watchdog has also initiated and intervened in actions in state court and appeared
11 as amicus curiae in matters involving the interpretation and application of Proposition 103 and the
12 Insurance Code.¹

13 6. Consumer Watchdog has initiated and intervened in numerous proceedings before
14 the CDI related to the implementation and enforcement of Proposition 103’s reforms, including
15 over 125 such proceedings in the last twenty years. In every rate proceeding that has resulted in a
16 final decision and in which Consumer Watchdog sought compensation from 2003–2022, the
17 Commissioner found that Consumer Watchdog made a substantial contribution, meaning that its
18 participation was separate and distinct from any other party and that it presented relevant issues,
19 evidence, and arguments that resulted in more credible, non-frivolous information being
20 available to the Commissioner in making his final decision.

21
22
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’ Foundation v. Low* (2000) 85 Cal.App.4th 1179; *Donabedian v. Mercury*
28 *Insurance Co.* (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; and *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 **III. EVIDENCE**

2 7. In the proceeding initiated by Consumer Watchdog's petition, Consumer
3 Watchdog will present and elicit evidence to show that the proposed rate and rule changes result
4 in rates that are excessive and/or unfairly discriminatory in violation of Insurance Code section
5 1861.05, subdivision (a), which provides that "[n]o rate shall be approved or remain in effect
6 which is excessive, inadequate, [or] unfairly discriminatory." Additionally, Consumer Watchdog
7 will present and elicit evidence that Applicants' proposed rating plan and rule changes
8 potentially violate 10 CCR § 2644.9's requirements relating to the use of wildfire risk models
9 and the implementation of mandatory wildfire risk mitigation factors.

10 8. Based on Consumer Watchdog's preliminary analysis in consultation with its
11 actuarial expert and the information contained in the Applications, Consumer Watchdog has
12 identified the following issues with the Applications on which it intends to present and elicit
13 evidence as set forth in (a)–(c) below.

- 14 a. 10 CCR § 2644.9(d)(1)(B) [property mitigation discounts]; see also (d)(1)(A)
15 [community mitigation discount]; 10 CCR § 2644.9(g): The regulation provides, "The
16 rating plan shall reflect, and the rate offered to the applicant or insured shall be based
17 in part on, the reduced wildfire risk resulting from each and every property-level
18 wildfire risk mitigation effort listed in subdivisions (d)(1)(B)1.a. through (d)(1)(B)1.e.
19 and (d)(1)(B)2.a. through (d)(1)(B)2.e., below, that is undertaken with respect to an
20 individual property being assessed for risk." (10 CCR § 2644.9(d)(1)(B) [property
21 mitigation discounts]; see also (d)(1)(A) [community mitigation discount].) The
22 regulation further provides, "To the extent the insurer's own California data is not
23 fully credible, the insurer shall credibility-weight its data with an appropriate
24 complement of credibility to support each segment, rating differential, or premium
25 surcharge. If the Commissioner aggregates California premium-and-loss data by
26 wildfire risk to create a fire and wildfire exposure risk manual pursuant to Insurance
27 Code section 929.2, an insurer may rely on the then-current version of the manual as
28 support for each segment, rating differential, or surcharge being requested in

1 connection with a residential property rate application, either directly or as a
2 complement of credibility to the insurer’s own California wildfire loss data.” (10 CCR
3 § 2644.9(g).) Farmers has not demonstrated compliance with the regulation as its
4 proposal fails to provide any meaningful premium discounts to homeowners who
5 complete the wildfire mitigation measures set forth in § 2644.9. Per comments made
6 by Farmers during a call with Consumer Watchdog on August 9, 2023, the average
7 mitigation discount for customers with FireLine scores of 0–3 is \$20 to \$30. This
8 could conceivably be justified, as customers in those areas have negligible wildfire
9 risk. However, for customers with higher FireLine scores (and thus more significant
10 wildfire risk), the average discount is still quite small—in the range of \$40 to \$75—
11 again per Farmers’ comments. This is especially troubling given that, as Farmers
12 revealed for the first time in its August 8, 2023 email response to Consumer
13 Watchdog’s August 7 email, customers must pay out-of-pocket for a home inspection
14 in order to even be eligible for the mitigation discounts, and Farmers stated on the
15 aforementioned August 9 call that the cost of the inspection is around \$100. Since the
16 average mitigation discount across all of Farmers’ business is in the range of \$20 to
17 \$75, the average net “discount” is in fact a surcharge when the \$100 inspection cost is
18 factored in.

- 19 b. Ins. Code § 1859: Farmers fails to disclose the cost of the home inspection in their
20 proposed rate or rule manuals, instead giving the impression that any premium
21 discounts for undertaking wildfire mitigation measures (which are themselves quite
22 costly) will have a net effect of reducing the overall amount consumers pay for
23 homeowners insurance.
- 24 c. 10 CCR § 2644.9(h)–(k): Based on the information and documents provided by
25 Farmers to date in response to Consumer Watchdog’s prior requests for information in
26 PA-2023-00009 regarding the written procedure Farmers proposes to adopt to comply
27 with subdivisions (h)–(k) of the regulation, it appears that Farmers’ written procedures
28 and notifications do not include a clear explanation of all the information required

1 under the regulation, including but not limited to the rate impact of the wildfire risk
2 score, and steps the homeowner could take to lower their score.

3 9. Consumer Watchdog reserves the right to modify, withdraw, and/or add issues for
4 consideration as more information becomes available, including but not limited to violations of
5 Insurance Code section 1859 and 1861.07 for failure to publicly disclose information in its filings
6 that will affect policyholders' rates and premiums.

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

8 10. The authority for this petition for hearing is Insurance Code section 1861.10,
9 subdivision (a), which grants "any person" the right to initiate or intervene in a proceeding
10 permitted or established by Proposition 103 and the right to enforce Proposition 103. Specifically,
11 as stated above, Consumer Watchdog initiates this proceeding to enforce Insurance Code sections
12 1861.05 and 1861.07 and 10 CCR § 2644.9.

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

18 12. Although this petition was not filed within forty-five (45) days of the May 5, 2023
19 public notice date pursuant to Insurance Code section 1861.05, subdivision (c), and 10 CCR
20 § 2646.4(a)(1), it is timely, as Consumer Watchdog, Farmers, and the CDI previously stipulated
21 that Consumer Watchdog will be permitted to intervene and participate in discussions regarding
22 the Applications. (Settlement Stipulation, Aug. 10, 2023, *In the Matter of the Rate Applications*
23 *of Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-Century Insurance*
24 *Company*, File No. PA-2023-00009, p. 2, ¶ 3.)

25 **V. INTEREST OF PETITIONER**

26 13. Consumer Watchdog's interest in the above-captioned proceeding is to ensure that
27 Applicants' homeowners insurance policyholders are charged rates and premiums that comply
28 with the provisions of Insurance Code section 1861.05(a)'s requirement that "no rate shall be

1 approved or remain in effect which is excessive, inadequate, [or] unfairly discriminatory or
2 otherwise in violation of this chapter,” and the requirements contained in the regulations
3 promulgated thereunder. For many homeowners, their home is their most valuable asset and they
4 are required to purchase homeowners insurance by their mortgage lenders. Consumers who are
5 overcharged by insurers for this insurance coverage and/or arbitrarily non-renewed, even when
6 they have undertaken significant wildfire mitigation efforts to protect their homes and lower their
7 risk of loss, are part of Consumer Watchdog’s core constituency.

8 14. As noted in paragraphs 3–6 above, Consumer Watchdog’s staff and consultants
9 have substantial experience and expertise in insurance rate matters, which Consumer Watchdog
10 believes will aid the CDI in its review of the Applications and aid the Commissioner in making
11 his ultimate decision as to whether to approve or disapprove the requested rates. If leave to
12 intervene is granted, Consumer Watchdog will participate fully in all aspects of this proceeding.

13 15. Consumer Watchdog also has an interest in assuring that Applicants, the CDI, and
14 the Insurance Commissioner comply with the laws enacted by the voters under Proposition 103,
15 and the rules and regulations that implement those laws.

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

17 16. The authority for Consumer Watchdog’s petition to intervene is Insurance Code
18 section 1861.10, subdivision (a), which grants “any person” the right to “initiate or intervene in
19 any proceeding permitted or established pursuant to this chapter [Chapter 9 of Part 2 of Division 1
20 of the Insurance Code] . . . and enforce any provision of this article.” This proceeding is a
21 proceeding to enforce Insurance Code sections 1861.05 and 1861.07 pursuant to Insurance Code
22 section 1861.10(a), and hence is a proceeding both “permitted” and “established” by Chapter 9.
23 This petition to intervene is also authorized by 10 CCR § 2661.1 et seq. Although consumer
24 presence in departmental proceedings typically results in significant reductions to policyholders’
25 rates, the amount of savings for each individual consumer is outweighed by the time and expense
26 of hiring individual counsel or an advocacy group to protect his or her rights. Thus, an
27 independent organization like Consumer Watchdog introduces a voice that otherwise would be
28 absent from this proceeding.

1 **VII. PARTICIPATION OF CONSUMER WATCHDOG**

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

5 **VIII. INTENT TO SEEK COMPENSATION**

6 18. The Commissioner has awarded Consumer Watchdog compensation for its
7 reasonable advocacy and witness fees and expenses in past departmental proceedings. The
8 Commissioner issued Consumer Watchdog's latest Finding of Eligibility on July 26, 2022,
9 effective for two years as of July 12, 2022. Consumer Watchdog was previously found eligible to
10 seek compensation on August 25, 2020, effective as of July 12, 2020; July 12, 2018; July 14,
11 2016; July 24, 2014; July 24, 2012; July 2, 2010; August 25, 2008; July 14, 2006; July 2, 2004;
12 June 20, 2002; October 1, 1997; September 26, 1995; September 27, 1994; and September 13,
13 1993.

14 19. Consumer Watchdog intends to seek compensation in this proceeding. Pursuant to
15 10 CCR § 2661.3(c), Consumer Watchdog's estimated budget in this proceeding is attached
16 hereto as Exhibit A. Consumer Watchdog has based its estimated budget on several factors
17 including: (1) the technical and legal expertise needed to address these issues; (2) its current best
18 estimate of the time needed to participate effectively in these proceedings, taking into account the
19 time already expended by Consumer Watchdog staff and its consulting actuary and an estimate of
20 time needed to complete remaining tasks through completion of the proceeding; and (3) past
21 experience in similar rate proceedings before the CDI. The estimated budget is reasonable and the
22 staffing level is appropriate, given the expertise that Consumer Watchdog and its consultants
23 bring to these proceedings when the issues involved are issues at the very core of its
24 organizational mission and strike at the very heart of Proposition 103 itself. The budget presented
25 in the attached Exhibit A is a preliminary estimate, and Consumer Watchdog reserves the right to
26 amend its proposed budget as its expenses become more certain and/or if an evidentiary hearing is
27 noticed, or in its request for final compensation. Consumer Watchdog will give notice of such
28

1 modifications as soon as practicable after it discovers the need to revise its estimates and shall
2 comply with the budget revision requirements in the relevant intervenor regulations.

3 WHEREFORE, Consumer Watchdog respectfully requests that the Insurance
4 Commissioner GRANT its petition for hearing and petition to intervene in the proceeding.

5
6 DATED: August 30, 2023

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

10
11 By: *Pamela Pressley*
12 Pamela Pressley
13 Attorney for CONSUMER WATCHDOG
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**VERIFICATION OF PAMELA PRESSLEY IN SUPPORT OF CONSUMER
WATCHDOG'S PETITION FOR HEARING, PETITION TO INTERVENE, AND
NOTICE OF INTENT TO SEEK COMPENSATION**

I, Pamela Pressley, verify:

1. I am Senior Staff Attorney for Consumer Watchdog. If called as a witness, I could and would testify competently to the facts stated in this verification.

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

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

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

Executed August 30, 2023, at Los Angeles, California.

Pamela Pressley
Pamela Pressley

**EXHIBIT A
PRELIMINARY BUDGET**

ITEMS

ESTIMATED COST

1. Consumer Watchdog Attorneys and Paralegal

Pamela Pressley (Senior Staff Attorney) @ \$595 per hour, 50 hours \$29,750

- Draft and edit petition for hearing and petition to intervene; supervise Consumer Watchdog counsel; confer with Consumer Watchdog counsel and outside experts regarding legal and evidentiary issues; participate in discussions with CDI and Applicants' counsel regarding issues raised by the petition; assist in all phases of proceeding and preparation of request for compensation.

Benjamin Powell (Staff Attorney) @ \$350 per hour, 75 hours \$26,250

- Confer with Consumer Watchdog counsel and outside experts regarding legal and evidentiary issues; participate in discussions and communications with CDI and Applicants' counsel; prepare request for compensation.

Kaitlyn Gentile (Paralegal) @ \$200 per hour, 25 hours \$5,000

- Draft and edit petition for hearing and petition to intervene; prepare requests for information; 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 filing and additional information submitted by Applicants; prepare requests for information and actuarial analysis; participate in meet and confers with the parties as needed.

3. Consumer Watchdog Expenses

Office expenses (photocopies, facsimile, telephone calls, postage, etc.)\$1,000

TOTAL ESTIMATED BUDGET: \$114,925

Service List

Nikki McKennedy
Lisbeth Landsman-Smith
Jennifer McCune
Rate Enforcement Bureau
California Department of Insurance
1901 Harrison Street, 6th Floor
Oakland, CA 94612
Tel. (415) 538-4500
Fax (510) 238-7830
Nikki.McKennedy@insurance.ca.gov
Lisbeth.Landsman@insurance.ca.gov
Jennifer.McCune@insurance.ca.gov

- ☐ FAX
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☒ EMAIL

Jamie Katz
Public Advisor
Enforcement Bureau
California Department of Insurance
1901 Harrison Street
Oakland, CA 94612
Tel. (415) 538-4180
Fax (510) 238-7830
Jamie.Katz@insurance.ca.gov

- ☐ FAX
☐ U.S. MAIL
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Francesco Macchia
Product Manager
Farmers Insurance
6301 Owensmouth Ave
Woodland Hills, CA 91367
Tel. 818-965-0734
Fax 323-932-3950
francesco.macchia@farmersinsurance.com

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EXHIBIT 6

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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-2023-00012

RULING GRANTING CONSUMER
WATCHDOG'S PETITION TO INTERVENE in
the Applications of Farmers Insurance Exchange,
Fire Insurance Exchange, and Mid-Century
Insurance Company

Application(s):
23-1129, 23-1129-A, 23-1129-B

PA-2023-00015

On August 30, 2023, Consumer Watchdog ("Petitioner") filed its Petition for Hearing, Petition to Intervene, and Notice of Intent to Seek Compensation ("Petition") in connection with the above-referenced proceeding regarding the applications of Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-Century Insurance Company ("Applicants").

California Insurance Commissioner Ricardo Lara ("Commissioner") grants the Petition to Intervene and makes the following findings and determinations.

1. APPLICABLE LAW

In November 1988, California initiative measure Proposition 103 added §§ 1861.01, *et seq.*, to the California Insurance Code ("CIC"), governing the approval of premium rates for property and casualty lines of insurance in California.

Cal. Ins. Code § 1861.10 provides for consumer intervention in California Department of Insurance ("Department") proceedings relating to Proposition 103:

(a) Any person may initiate or intervene in any proceeding permitted or established pursuant to this chapter, challenge any action of the commissioner under this article and enforce any provision of the article.

(b) The commissioner or a court shall award reasonable advocacy and witness fees and expenses to any person who demonstrates that (1) the person represents the interests of consumers, and (2) that he or she has made a substantial contribution to the adoption of any order, regulation or decision by the commissioner or a court.

1 The provisions of CIC § 1861.10 are implemented by California Code of Regulations (Cal. Code
2 Regs.), Title 10, §§ 2661.1, *et seq.*, governing the Department’s Intervenor Program.

3 Cal. Code Regs. § 2661.2 permits intervention if the intervenor’s issues are relevant to the issues
4 of the proceeding:

5 Any person shall be permitted to intervene in any proceeding on any rate application or in
6 any proceeding subject to Chapter 9 or Part 2 of Division 1 of the California Insurance
7 Code if the issues to be raised by the intervenor or participant are relevant to the issues of
the proceeding.

8 Cal. Code Regs. § 2661.2 and Cal. Code Regs. § 2661.3 set forth the procedures for such
9 intervention.

10 Cal. Code Regs. § 2661.3(d) requires that an amended budget be submitted as soon as possible
11 when the intervenor learns that the total estimated budget amount has increased by \$10,000 or more.

12 Cal. Code Regs. § 2653.4 allows an insurer to submit an answer to a Petition for Hearing within 5
13 business days of the service of the Petition for Hearing.

14 Cal. Code Regs. § 2661.3(f) allows any party to submit a response to a Petition to Intervene within
15 5 days of filing of the Petition to Intervene.

16 **2. RATE APPLICATIONS**

17 On April 12, 2023, Applicants filed rate applications (File Nos. 23-1129, 23-1129-A, and 23-
18 1129-B) with the Department, seeking approval of rule and rating plan changes to implement new
19 property-level and community-level mitigation designations and discounts to comply with 10 Cal Code
20 Regs. § 2644.9, “Consideration of Mitigation Factors: Wildfire Risk Models”. On May 5, 2023, the
21 Department notified the public of the pending applications.

22 **3. PETITION**

23 On August 30, 2023, Petitioner submitted its verified Petition. Petitioner requested that the
24 Commissioner schedule a public hearing regarding the above-referenced applications and grant it leave to
25 intervene in the proceeding.

26 Petitioner stated it would present and elicit evidence that Applicants applications violate
27 provisions of the California Insurance Code and the implementing Regulations.

28

Petitioner also stated that it will “attend and participate in this proceeding without unreasonably delaying this proceeding or any other proceedings before the Insurance Commissioner.”

Petitioner stated that, based on its preliminary analysis in consultation with its actuarial expert and the information contained in the applications, it has identified the following issues with respect to the applications on which it intends to present and elicit evidence:

1. Failure to demonstrate compliance with Cal. Code Regs § 2644.9, as the proposal fails to provide any meaningful premium discounts to homeowners who complete the wildfire mitigation measures set forth in the regulation.
2. Failure to disclose the cost of the home inspection in the proposed rate or rule manuals, instead giving the impression that any premium discounts for undertaking wildfire mitigation measures (which are themselves quite costly) will have a net effect of reducing the overall amount consumers pay for homeowners insurance.
3. Written procedures and notifications do not include a clear explanation of all the information required under Cal. Code Regs § 2644.9, including but not limited to the rate impact of the wildfire risk score and steps the homeowner could take to lower their score.

Petitioner stated that its Petition is based on a preliminary analysis of the rate application. Petitioner reserved the right to modify, withdraw, and/or add issues for consideration as more information becomes available.

Pursuant to Cal. Code Regs. § 2661.3(c), Petitioner stated that it intends to seek compensation in this proceeding and submitted its Preliminary Budget for purposes of participation:

<u>CONSUMER WATCHDOG STAFF FEES</u>	Hours	Rates	Fees/Expenses
Harvey Rosenfield (Attorney)	15	\$695	\$10,425
Pamela Pressley (Attorney)	50	\$595	\$29,750
Benjamin Powell (Attorney)	75	\$350	\$26,250
Kaitlyn Gentile (Paralegal)	25	\$200	\$5,000
Consumer Watchdog Office Expenses			\$1,000
<u>EXPERT WITNESS FEES</u>			
Ben Armstrong, Actuary, Consumer Watchdog	100	\$425	\$42,500
TOTAL ESTIMATED FEES and EXPENSES			\$114,925

4. APPLICANTS DID NOT RESPOND TO PETITIONER'S PETITION

As of the date of this Ruling, Applicants have not responded to Petitioner's Petition to Intervene.

5. FINDINGS

Petitioner has complied with Cal. Code Regs. §§ 2661.3 and 2661.4 and has met the requirements set forth in Cal. Code Regs. §§ 2652.1 through 2652.4, inclusive. (See, Cal. Code Regs. section 2661.4(a).)

1 The Commissioner finds that Petitioner has raised and seeks to address issues that are relevant to
2 the ratemaking process. The Commissioner finds that the amount of compensation sought is not grounds
3 for denying intervention.

4 **6. ORDER**

5 For the foregoing reasons, Petitioner's Petition to Intervene is hereby **Granted**.

6 This Ruling grants only Petitioner's Petition to Intervene. The Petition for Hearing will be
7 determined in a separate Order.

8 This Ruling Granting the Petition to Intervene does not ensure compensation or compensation at
9 the rates sought. Petitioner must show substantial contribution to the proceedings and document and
10 substantiate the hourly rate being sought in the Request for Compensation, including but not limited to, the
11 attorneys' hourly rate, before compensation will be awarded. In order to receive compensation in this
12 matter, Petitioner must comply with all of the relevant provisions of CIC § 1861.10 and Cal. Code Regs.
13 §§ 2661.1, *et seq.* A separate Decision regarding compensation, if any, will be issued on the basis of
14 Petitioner's substantial contribution to the proceeding.

15 Dated: September 13, 2023

RICARDO LARA
Insurance Commissioner

16
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18 By 
19 TERESA R. CAMPBELL
Deputy General Counsel
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PROOF OF SERVICE
In the Matter of the Petition to Intervene of
CONSUMER WATCHDOG, Petitioner
Case No. IP-2023-00012

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 September 13, 2023, I served the following document(s):

RULING GRANTING CONSUMER WATCHDOG'S PETITION TO INTERVENE in the Applications of Farmers Insurance Exchange, Fire Insurance Exchange, and Mid-Century Insurance Company - Application(s): 23-1129, 23-1129-A, and 23-1129-B - Prior Approval File No. PA-2023-00015

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

SERVICE LIST
In the Matter of the Petition to Intervene of
CONSUMER WATCHDOG, Petitioner
Case No. IP-2023-00012

<u>Name/Address</u>	<u>Phone/Fax Numbers</u>	<u>Method of Service</u>
Harvey Rosenfield Pamela Pressley Benjamin Powell Ryan Mellino CONSUMER WATCHDOG 6330 San Vicente Blvd., Suite 250 Los Angeles, CA 90048 harvey@consumerwatchdog.org pam@consumerwatchdog.org ben@consumerwatchdog.org ryan.m@consumerwatchdog.org	Tel: (310) 392-9522 Fax: (310) 392-8874	Via EMAIL
Francesco Macchia Product Manager FARMERS INSURANCE 6301 Owensmouth Ave. Woodland Hills, CA 91367 francesco.macchia@farmersinsurance.com	Tel: (818) 965-0734 Fax: (323) 932-3950	Via EMAIL
Daniel Wade Jennifer McCune Melissa Wurster Rate Enforcement Bureau CALIFORNIA DEPARTMENT OF INSURANCE 1901 Harrison Street, 6 th Floor Oakland CA 94612 Daniel.Wade@insurance.ca.gov JenniferMcCune@insurance.ca.gov Melissa.Wurster@insurance.ca.gov	Tel: (415) 538-4500 Fax: (510) 238-7830	Via EMAIL

EXHIBIT 7

1 NIKKI S. McKENNEDY (SBN 184269)
MELISSA WURSTER (SBN 198899)
2 DANIEL WADE (SBN 296958)
CALIFORNIA DEPARTMENT OF INSURANCE
3 1901 Harrison Street, Sixth Floor
Oakland, CA 94612
4 Tel: (415) 538-4162
Fax: (510) 238-7829
5 Email: nikki.mckennedy@insurance.ca.gov
daniel.wade@insurance.ca.gov

7 *Attorneys for the California Department of Insurance*

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

11 In the matter of the rates of Farmers
Insurance Exchange,
12
13 Applicant.

File No. PA-2023-00015/IP-2023-00012
DECISION DENYING PETITIONER'S
PETITION FOR HEARING

14 The Commissioner has considered the Petition for Hearing, Petition to Intervene, and
15 Notice of Intent to Seek Compensation submitted by Consumer Watchdog ("Petitioner"). For the
16 reasons stated below, the Commissioner denies the Petition for Hearing.

17 **I.**

18 **FACTUAL SUMMARY**

19 On April 12, 2023, the Department of Insurance (the "Department") received the
20 following rule applications (the "Applications") from Farmers Insurance Exchange ("Applicant").

- 21
- 22 • 23-1129
 - 23 • 23-1129-A
 - 24 • 23-1129-B

25 The Applications are subject to California Insurance Code §1861.05.

26 On May 5, 2023, the Department notified the public of the Applications.

27 On August 30, 2023, the Commissioner received Petitioner's Petition for Hearing, Petition
to Intervene, and Notice of Intent to Seek Compensation (collectively "the Petition")

28 Applicant did not submit an Answer to the Petition.

On September 13, 2023, the Commissioner granted the Petition to Intervene, but did not rule on the Petition for Hearing or Notice of Intent to Seek Compensation, except that he found the amount of compensation sought was not grounds for denying intervention.

II.

REASONS FOR DENYING PETITION FOR HEARING

In the Petition, Petitioner stated:

“Consumer Watchdog will present and elicit evidence to show that the proposed rate and rule changes result in rates that are excessive and/or unfairly discriminatory in violation of Insurance Code section 1861.05, subdivision (a), which provides that “[n]o rate shall be approved or remain in effect which is excessive, inadequate, [or] unfairly discriminatory.” Additionally, Consumer Watchdog will present and elicit evidence that Applicants’ proposed rating plan and rule changes potentially violate 10 CCR § 2644.9’s requirements relating to the use of wildfire risk models and the implementation of mandatory wildfire risk mitigation factors.”

The specific allegations as stated in the Ruling Granting Consumer Watchdog’s Petition to Intervene will be addressed below:

1. Failure to demonstrate compliance with Cal. Code Regs § 2644.9, as the proposal fails to provide any meaningful premium discounts to homeowners who complete the wildfire mitigation measures set forth in the regulation.

Department Response

The Department has considered the allegation, but the regulation does not prescribe any particular discount amount. The Department is satisfied that Applicant’s rating plan takes into account and reflects the mandatory mitigation measures, as required by the regulation. The intent of the regulation is that available data will determine appropriate discounts (which will likely increase over time), not to prescribe any particular discount amount at the outset.

2. Failure to disclose the cost of the home inspection in the proposed rate or rule manuals, instead giving the impression that any premium discounts for undertaking wildfire mitigation measures (which are themselves quite costly) will have a net effect of reducing the overall amount consumers pay for homeowners insurance.

Department Response

The Department has considered the allegation and accordingly has required Applicant to provide, in addition to a fee-based home inspection option (IBHS, Allied Disaster Defense; Madronus Wildfire Defense; Preferred Inspection Services; Safeguard Property

1 Inspections), a free inspection option (CAL FIRE, local fire department, Fire Safe
2 Council).

- 3 3. Written procedures and notifications do not include a clear explanation of all the
4 information required under Cal. Code Regs §2644.9, including but not limited to the rate
5 impact of the wildfire risk score and steps the homeowner could take to lower their score.

6 **Department Response**

7 The Department has considered the allegation and finds the substance of the notifications
8 and disclosures outside the scope of the review of the Application. To the extent that
9 Applicant's disclosures do not comply with the regulation, Applicant is required to bring
10 them into compliance; if appropriate, failure to do so may be addressed in an enforcement
11 action following a Market Conduct Examination per Insurance Code section 730 *et. seq.*

12 **III.**

13 **CONCLUSION**

14 For the foregoing reasons, the Department believes the issues raised in the Petition for
15 Hearing have been satisfactorily resolved. The Petition is therefore denied.

16 IT IS SO ORDERED this 26th day of November 2024.

17 RICARDO LARA
18 Insurance Commissioner

19 By



20 Kenneth Allen
21 Deputy Commissioner
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PROOF OF SERVICE
In the Matter of the Rate/Rule Application of
Farmers Insurance Exchange, Applicant.
(Consumer Watchdog's Petition for Hearing)
CDI File No. PA-2023-00015
RRB File Nos. 23-1129, 23-1129A & 23-1129B

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, CA 94612. On December 2, 2024, I served the following document(s):

DECISION DENYING PETITIONER'S PETITION FOR HEARING

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 and county of San Francisco, 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 and county of San Francisco, 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 San Francisco, California. I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Cecilia Padua

Cecilia Padua

SERVICE LIST
In the Matter of the Rate/Rule Application of
Farmers Insurance Exchange, Applicant.
(Consumer Watchdog's Petition for Hearing)
CDI File No. PA-2023-00015
RRB File Nos. 23-1129, 23-1129A & 23-1129B

<u>Name/Address</u>	<u>Phone/Fax Numbers</u>	<u>Method of Service</u>
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Harvey Rosenfield, Esq. Pamela Pressley, Esq. Benjamin Powell, Esq. Ryan Mellino, Esq. Attorneys for Intervenor CONSUMER WATCHDOG 6330 San Vicente Blvd., Suite 250 Los Angeles, CA 90048 harvey@consumerwatchdog.org pam@consumerwatchdog.org ben@consumerwatchdog.org ryan.m@consumerwatchdog.org	Tel: (310) 392-0522 Fax: (310) 392-8874	Via EMAIL
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Richard De La Mora, Esq. Head of Personal Lines Specialty Lines & Strategy Attorney(s) for Applicant FARMERS INSURANCE EXCHANGE 6301 Owensmouth Avenue Woodland Hills, CA 91367 Richard.delamora@farmers.insurance.com	Tel: (661) 523-9755 Fax: (626) 272-8249	Via EMAIL
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Francesco Macchia Product Manager FARMERS INSURANCE EXCHANGE 6301 Owensmouth Avenue Woodland Hills, CA 91367 Francesco.macchia@farmers.insurance.com	Tel: (818) 965-0734 Fax: (323) 932-3950	Via EMAIL
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NON PARTIES

Kenneth Allen Deputy Commissioner Rate Regulation Branch CALIFORNIA DEPARTMENT OF INSURANCE 300 South Spring Street, 14 th Floor Los Angeles, CA 90013 Ken.allen@insurance.ca.gov	Tel: (213) 346-6783 Fax: (213) 897-9051	Via EMAIL
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Margaret Hosel, Esq.
Attorney & Public Advisor
Office of the Public Advisor
**CALIFORNIA DEPARTMENT OF
INSURANCE**
1901 Harrison Street, 6th Floor
Oakland, CA 94612
Margaret.Hosel@insurance.ca.gov

Tel: (415) 538-4383 Via EMAIL
Fax: (510) 238-7830

Service List

Nikki McKennedy

Daniel Wade

Jennifer McCune

Melissa Wurster

Rate Enforcement Bureau

California Department of Insurance

1901 Harrison Street, 6th Floor

Oakland, CA 94612

Tel. (415) 538-4500

Fax (510) 238-7830

Nikki.McKennedy@insurance.ca.gov

Daniel.Wade@insurance.ca.gov

Jennifer.McCune @insurance.ca.gov

Melissa.Wurster@insurance.ca.gov

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Richard De La Mora

Francesco Macchia

Farmers Insurance

6301 Owensmouth Ave

Woodland Hills, CA 91367

Tel. 818-965-0734

Fax 323-932-3950

richard.delamora@farmersinsurance.com

francesco.macchia@farmersinsurance.com

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☐ HAND DELIVERED

☒ EMAIL

Margaret Hosel

Public Advisor

Tina Warren

California Department of Insurance

1901 Harrison Street, 6th Floor

Oakland, CA 94612

Tel. (415) 538-4383

Margaret.Hosel@insurance.ca.gov

Tina.Warren@insurance.ca.gov

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