

1 CALIFORNIA DEPARTMENT OF INSURANCE
LEGAL DIVISION
2 Rate Enforcement Bureau
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8 **BEFORE THE INSURANCE COMMISSIONER**
9 **OF THE STATE OF CALIFORNIA**
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11 In the Matter of the Rate Application of
12 California State Automobile
Association Inter-Insurance Bureau
13 Applicant.
14

File No. PA03031877

NOTICE OF REQUEST FOR VARIANCE
AND OPPORTUNITY TO REQUEST
HEARING

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

21 **NOTICE**

22 The Applicant has filed the following rate application with the California Department of
23 Insurance (the Department):
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25 RFB App.No.

26 03-585

Line of Insurance

Private Passenger Automobile
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1 The rate application referenced directly above is subject to California Insurance Code
2 §1861.05 and was received by the Department on January 27, 2003. The Department provided
3 Public Notice, as required by California Insurance Code § 1861.06, on January 31, 2003.

4 The statutory sixty-day "deemed approved" date set forth in California Insurance Code
5 §1861.05(c) is April 1, 2003. The sixty-day deemed approved date, however, was tolled
6 indefinitely by correspondence from the Applicant dated March 24, 2003.

7 The Applicant has requested a variance under California Code of Regulations §
8 2646.4(c)(3) on the theory that the Applicant should be allowed a higher return on equity than is
9 allowed without a variance. A variance may be available under California Code of Regulations §
10 2646.4(c)(3) when the insurer should be allowed a higher or lower return on equity due to: (A)
11 higher or lower quality of service, as demonstrated by objective measures of consumer
12 satisfaction; or (B) demonstrably superior or inferior service to markets historically inadequately
13 served by the insurance industry.

14 The Department has reviewed the Applicant's rate application, including the variance
15 request, and has determined that approval would result in an overall rate increase of
16 approximately two and one-half percent (2½ %) and a rate of return of approximately 20%. The
17 Department will hold a hearing on this rate application if a member of the public submits a
18 written request for hearing, as described below. If a member of the public requests a hearing, the
19 requesting party should be prepared to present evidence showing why the rate application should
20 not be granted at the hearing.

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

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1 If no hearing is requested before 5:00 p.m. on September 30, 2003, the rate application,
2 and request for variance will be submitted to the Commissioner for his decision, without further
3 opportunity for public input.

4 Further communications with the Department regarding the above-referenced rate
5 application, including any request for hearing, shall be directed to the Department of Insurance,
6 Rate Enforcement Bureau, 45 Fremont St., 21st floor, San Francisco, California, 94105, and not
7 to the Rate Filing Bureau.

8 Dated: _____

CALIFORNIA DEPARTMENT OF INSURANCE

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By _____

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Bryant Henley
Staff Counsel

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