

STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street
San Francisco, California 94105

NOTICE OF PROPOSED ACTION AND NOTICE OF PUBLIC HEARING
REGARDING PRIVATE PASSENGER AUTOMOBILE RATES
FOR THE CALIFORNIA AUTOMOBILE ASSIGNED RISK PLAN

REG-2012-00022

September 14, 2012

SUBJECT OF HEARING

The California Insurance Commissioner will hold a public hearing to consider the application of the California Automobile Assigned Risk Plan ("CAARP") to increase private passenger automobile rates referenced in California Code of Regulations, Title 10, Section 2498.5.

AUTHORITY TO ADOPT RATES

The Commissioner will consider the proposed rates pursuant to the authority vested in him by California Insurance Code Sections 11620 and 11624. Government Code Section 11343(a) applies to this proceeding.

HEARING DATE AND LOCATION

Notice is hereby given that a public hearing will be held to permit all interested persons the opportunity to present statements or arguments, orally or in writing, with respect to the proposed rates at the following date, time, and place:

Date and Time: November 15, 2012
11:00a.m.

Location: 45 Fremont Street
22nd Floor Hearing Room
San Francisco, California 94105

INFORMATIVE DIGEST

Pursuant to California Insurance Code Sections 11620 and 11624, the Commissioner sets rates to be charged to those obtaining coverage through the California Automobile Assigned Risk Plan (CAARP). California Code of Regulations, Title 10, Section 2498.5 references the simplified manual of rules and rates, which is approved by the Commissioner but not printed in full in the California Code of Regulations. CAARP has proposed an overall average **18.6 percent rate increase** for private passenger automobile insurance coverages. Further details appear in the application on file with the Commissioner, which is available for review, as set forth below.

TEXT OF RATE APPLICATION AND INITIAL STATEMENT OF REASONS

The Insurance Commissioner has prepared an initial statement of reasons for the proposed rate change, in addition to the informative digest included in this notice. Upon written request, the initial statement of reasons will be made available for inspection or copying. Written requests for the statement of reasons, or specific questions regarding this proceeding, should be directed to the contact person for these hearings (listed below).

The file for this proceeding is available for inspection **by prior appointment** at 45 Fremont Street, 21st Floor, San Francisco, California 94105, between the hours of 9:00 a.m. and 4:30 p.m., Monday through Friday.

ACCESS TO HEARING ROOMS

The facilities to be used for the public hearing are accessible to persons with mobility impairments. Persons with sight or hearing impairments are requested to notify the contact person for these hearings (listed below) in order to make special arrangements, if necessary:

PRESENTATION OF ORAL AND/OR WRITTEN COMMENTS: CONTACT PERSON

All persons are invited to submit written comments to the Commissioner prior to the public comment deadline. Comments should be addressed to the following contact person:

California Department of Insurance
Michael Riordan
Staff Attorney
45 Fremont Street, 21st Floor
San Francisco, CA 94105
Phone (415) 538-4226
Fax (415) 904-5490
riordanm@insurance.ca.gov

or
California Department of Insurance
Summer Volkmer
Staff Attorney
45 Fremont Street 21st Floor
San Francisco, CA 94105
(415) 538-4169
volkmers@insurance.ca.gov

Any interested person may present oral and/or written testimony at the public hearing. Written comments transmitted via facsimile machine will be accepted and considered. The facsimile number is (415) 904-5490. Written comments may also be submitted by e-mail to riordanm@insurance.ca.gov. If submitting written comments please limit them to one of the above mentioned options.

ADVOCACY OR WITNESS FEES

Persons or groups representing the interest of consumers may be entitled to reasonable advocacy fees, witness fees, and other reasonable expenses, in accordance with the provisions of California Code of Regulations, Title 10, Sections 2662.1-2662.6 in connection with their participation in this matter. Interested persons must submit a Petition to Participate, as specified in California Code of Regulations, Title 10, Section 2661.4. The Petition to Participate must be submitted to the Commissioner at the Office of the Public Advisor at the following address:

California Department of Insurance
Office of the Public Advisor
300 Spring Street 12th Floor
Los Angeles CA 90013
(213) 346-6635

A copy of the Petition to Participate must also be submitted to the contact person for this hearing (listed above). For further information please contact the Office of the Public Advisor.

DEADLINE FOR WRITTEN COMMENTS

All written materials, unless submitted at the hearing, must be **received** by the Insurance Commissioner at the address listed above **no later than 5:00 p.m. on, November 15, 2012**. Any written materials received after that time will not be considered. Written comments may also be submitted to the contact person by e-mail or facsimile transmission. Please select only one method to submit written comments.

COMPARABLE FEDERAL LAW

There are no comparable existing federal regulations or statutes.

LOCAL MANDATE DETERMINATION

The Insurance Commissioner has initially determined that the application will not result in any new program mandates on local agencies or school districts.

MANDATES ON LOCAL AGENCIES OR SCHOOL DISTRICTS OR COSTS WHICH MUST BE REIMBURSED PURSUANT TO GOVERNMENT CODE SECTIONS 17500 THROUGH 17630

The Insurance Commissioner has initially determined that the application will not result in any cost or significant savings to any local agency or school district for which Part 7 (commencing with Section 17500) of Division 4 of the Government Code would require reimbursement, or in other nondiscretionary costs or savings to local agencies.

COST OR SAVINGS TO ANY STATE AGENCY; FEDERAL FUNDING

The Commissioner has determined that the application will result in no cost or savings to any state agency and no cost or savings in federal funding to the state.

SIGNIFICANT STATEWIDE ADVERSE ECONOMIC IMPACT ON BUSINESSES AND THE ABILITY OF CALIFORNIA BUSINESSES TO COMPETE

Because the proposal involves a rate change for private passenger automobile rates, the proposal will not have a significant adverse impact on business, or on small business, including the ability of California businesses to compete with businesses in other states. The proposal will not have an adverse impact on competition or competitiveness. The proposal will not negatively affect the creation or elimination of jobs in California, the creation of new businesses, the elimination of existing businesses, or the expansion of businesses in California.

COST IMPACTS ON PRIVATE PERSONS OR ENTITIES

The Insurance Commissioner has determined that the proposal will not impact businesses but will impact private persons who are placed for coverage by CAARP.

IMPACT ON HOUSING COSTS

The Insurance Commissioner has initially determined that the application will not affect housing costs.

IMPACT ON SMALL BUSINESS

The proposed rate changes could affect small businesses.

SPECIFIC TECHNOLOGIES OR EQUIPMENT

The application would not mandate the use of specific technologies or equipment.

ALTERNATIVES

The Insurance Commissioner must determine that no reasonable alternative considered by the agency, or that has otherwise been identified and brought to the attention of the agency, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

PLAIN ENGLISH

The application describing the proposal is in plain English. However, the application itself is based on technical actuarial principles.

TEXT AND INITIAL STATEMENT OF REASONS

The Department has prepared an Initial Statement of Reasons addressing the proposed rate application in addition to the Informative Digest included in this notice. The Initial Statement of Reasons and this Notice of Proposed Action are available for inspection or copying, and will be provided at no charge upon request to the contact person listed above. Further details on CAARP's proposal are on file with the Commissioner and available for review as set forth below.

FINAL STATEMENT OF REASONS

A Final Statement of Reasons will be prepared at the conclusion of this proceeding. Upon written or e-mail request to the contact person listed above, the Final Statement of Reasons will be made available for inspection and copying once it has been prepared. A copy of the Final Statement of Reasons will also be posted on the Department's web site.

ACCESS TO RULEMAKING FILE

Any interested person may inspect a copy of or direct questions about CAARP's application, the statement of reasons, and any supplemental information contained in the rulemaking file by contacting the contact person listed above. **By prior appointment**, the rulemaking file is available for inspection at 45 Fremont Street, 21st Floor, San Francisco, California 94105, between the hours of 9:00 a.m. and 4:30 p.m. Monday through Friday.

AUTOMATIC MAILING

A copy of this Notice, including the Informative Digest is being sent to all persons on the Insurance Commissioner's mailing list.

AVAILABILITY OF DOCUMENTS ON THE INTERNET

Documents concerning this proceeding are available on the Department's website. To access them, go to <http://www.insurance.ca.gov>. On the right-hand column of the page, click the drop-down menu under the heading 'For Insurers.' In this section, scroll down until you see the subheading 'Regulations.' Below this subheading, click on the 'Proposed Regulations' link and then click on the 'Search for Proposed Regulations' link. When the 'Search or Browse for Documents for Proposed Regulations' screen appears, you may choose to find the documents either by conducting a search or by browsing for them by name.

To search, enter "REG-2012-00022" (the Department's regulation file number for these regulations) in the 'Search for' field. Alternatively, search using as your search term the California Insurance Code number of a code section that the regulations implement (for instance, "11624"), or search by keyword ("low cost," for example). Then, click on the 'Submit' button to display links to the various filing documents.

To browse, click on the 'Browse All Regulations' button near the bottom of the screen. A list of the names of regulations for which documents are posted will appear. Find in the list the 'Statistical Plan Enforcement Remedies' link, and click it. Links to the documents associated with these regulations will then be displayed.

AVAILABILITY OF MODIFIED TEXT OF REGULATIONS

If the Department amends the application with changes that are sufficiently related to the original application, the Department will make the full text of the amended rates, with the changes clearly indicated, available to the public for at least 15 days before the date the Department adopts the amended rates.

