

From: [Rinella, Angela](#)
To: [Martinez, Michael](#)
Subject: RE: GEICO's Pending PPA Rate Filing (Standard/Professional/Skilled Artisans/Affinity/Sponsored Mktg): UPDATE
Date: Thursday, April 27, 2023 11:31:11 AM
Attachments: [FW Thanks and follow up.msg](#)

Good afternoon Michael,

I hope you are doing well. This email is to confirm there are no outstanding issues that required a GEICO response from the email below. As you may know Ken and Tracey Laws have had some substantive conversations and email exchange since this email. I have left several messages and would appreciate if you would let me know when you are free to have a conversation.

Thank you for your time,

Angela Rinella

From: Allen, Ken <Ken.Allen@insurance.ca.gov>
Sent: Tuesday, April 11, 2023 8:25 PM
To: Rinella, Angela <ARinella@geico.com>
Cc: Martinez, Michael <Michael.Martinez@insurance.ca.gov>
Subject: GEICO's Pending PPA Rate Filing (Standard/Professional/Skilled Artisans/Affinity/Sponsored Mktg): UPDATE

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Good afternoon Angela,

Noting that the latest CDI Objection in SERFF had a response provided earlier this afternoon, I wanted to circle back with you as staff reviewing the filing (SERFF #GECC-133537712, lead CDI #23-189) has provided me with an update as I was out last week and I am getting caught up on a number of our pending rate filings including this one.

The filing review continues to press forward and is very active. Our reviewing actuary has met with GEICO staff at least on a couple different occasions recently to discuss outstanding items, one of which involves GEICO's trend selections. The filing includes requested variances to deviate from the allowable trend selections prescribed by our regulations to recognize distortions associated with the pandemic period, and there is considerable judgment in the trend selections GEICO made.

Our reviewing actuary also discussed data quality issues that were discovered which first needed to be resolved before the review could proceed further. My understanding is that the data quality

issues have been responded to and the trend selections discussed, so the review is proceeding. As the review continues, there may be additional objections posted in SERFF for GEICO to respond to.

I will also mention that for the prior PPA rate filing, approved in early December, the review of that filing was moderately curtailed in recognition of the time that had passed since GEICO's last PPA rate filing approval. Here, we will be taking a more standard review approach for the pending rate filing, which will take a bit more time than performing a more curtailed review again.

With the update from staff and the review that is on-going, my *expectation* is that it would still require a few weeks to complete the filing review including analysis of the actuarial selections, etc. for the nine different coverages and 18 different rate templates.

As any additional questions or concerns arise, staff will certainly place an objection in SERFF and/or directly contact GEICO staff to be able to resolve the question or concern and complete the review as quickly as possible.

And to the extent that there will be an additional PPA rate filing(s) on the heels of this one, has GEICO given any more thought to filing for a rate change closer to its indicated need? Successive +6.9% rate filings in relatively quick fashion are proving to be a challenge for staff who are trying their best to reduce their heavy workload as quickly as possible, but such successive rate filings do not afford them that opportunity.

Sincerely,

Ken Allen, CPCU, AIE

Deputy Commissioner, Rate Regulation Branch

California Department of Insurance

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From: [Laws, Tracey](#)
To: [Rinella, Angela](#)
Subject: FW: Thanks and follow up
Date: Thursday, April 27, 2023 11:18:36 AM
Attachments: [image001.png](#)



Tracey Laws

Head, Government and Public Affairs
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tlaws@geico.com

From: Allen, Ken <Ken.Allen@insurance.ca.gov>
Sent: Tuesday, April 25, 2023 9:49 PM
To: Laws, Tracey <TLaws@geico.com>
Cc: Bassaly, Sonya <SBassaly@geico.com>
Subject: RE: Thanks and follow up

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Hi Tracey,

I also received your voice-mail message, so I'm responding here on behalf of that message and your e-mail below.

In general, I will simply note that each rate filing is reviewed and stands on its own merits. Rate filing reviews are spread across dozens of reviewers including rate analysts and actuaries. At any given time an individual analyst/actuary may have a lighter workload, average workload, or heavy workload. Which means, in some cases, rate filings are not approved in the exact order in which they are received. Some rate filing reviews take a shorter or less than average amount of time while other rate filing reviews take a longer or greater than average amount of time. Many factors contribute to the length of review time for any given rate filing, including how well put together a filing is when it is first submitted, what data reconciliation issues exist or do not exist at the outset of the review, what justification and support is provided for the proposed revisions, the workload of the reviewer, etc. All rate filings are not submitted in an equal state.

Simply comparing the review time of competitor rate filings can lead to circumstantial expectations given the numerous mitigating factors involved in any rate filing review that impacts the review timeline. However, if just simply looking at such review metrics, I note that CDI currently has over 40

pending PPA rate filings, some being an insurer's *first* proposed PPA rate increase in many years, that were submitted prior to GEICO's *second* proposed PPA rate increase.

Of course, insurers love to track their competitor's rate filings. I note that after GEICO's prior PPA rate filings were approved in December, filing reviews that were limited in scope in order to achieve approvals more quickly, I received numerous inquiries from competitors complaining and asking why GEICO's PPA rate filings were approved when the GEICO filings were submitted *after* the inquiring insurer's rate filing. In some cases, the GEICO filings were submitted many weeks or months *after* the inquiring insurers' rate filings which were still under review.

All this to say, we are not holding filings, we are not holding approvals of filings until after some other filing is approved, etc. As the reviewing analyst/actuary completes their review of an assigned rate filing is when we approve the rate filing regardless of where it sits in relation to the timing of when any competitor rate filing was submitted. Some reviews take longer, some reviews take shorter, and numerous factors play into the length of review time. From the outside, rate filing reviews that take a shorter amount of time cause many competing insurers grief since the general perception is that it is unfair when a latter submitted rate filing is approved in advance of a former submitted rate filing.

For the current GEICO PPA rate filings, another solution would have been to have another actuary take over the review of the rate filing. However, the time it would take for another actuary to get up to speed from square one on a rate filing review they are unfamiliar with would be time not well spent in the short term, as it would delay the work the other actuary already has, and the time it would take to become familiar with a filing that is new to them won't necessarily move that filing any closer to approval. They may want to consult on various filing items with the actuary that has been reviewing the filing. If any staff were to go out on long-term leave, then yes, having another reviewer take over their workload makes sense. But for short term absences a shifting of workload will cause greater internal disruption than is merited.

The review will pick up next week, and what GEICO can do to facilitate the review of the filings is to be ready and answer quickly, completely, and wholly any objections that are submitted in SERFF, if any further objections are required to complete the filing review.

Thanks,

• *Ken*

From: Laws, Tracey <TLaws@geico.com>
Sent: Monday, April 24, 2023 10:36 AM
To: Allen, Ken <Ken.Allen@insurance.ca.gov>
Cc: Bassaly, Sonya <SBassaly@geico.com>
Subject: Thanks and follow up

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