

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

In the Matter of the Requests for Compensation of)	FILE NO. RFC-2023-002
)	
CONSUMER WATCHDOG,)	
)	<i>In the Matter of the Rate Application of</i>
)	<i>Mercury Insurance Co.</i>
Intervenor.)	Rate Filing No. 22-1219
)	
)	File No. PA-2022-00004
)	
)	
)	
)	

**NOTICE OF EX PARTE COMMUNICATION;
NOTICE OF OFFICIAL NOTICE; ORDER THEREON**

Pursuant to Government Code section 11430.50, the Administrative Law Judge presiding in this matter provides the parties appearing in this case notice of an ex parte written communication received from Insurance Commissioner Ricardo Lara on November 21, 2024. The written communication, attached to this Notice, is hereby entered as part of the public record in this matter, in accordance with Government Code sections 11430.50, subdivision (a)(1), and 11430.50, subdivision (b), and is hereinafter referred to as the “Commissioner’s Communication.”

The parties have the statutory right to address the Commissioner’s Communication by comment and may further request that the ALJ permit the parties to present evidence concerning the subject of the Commissioner’s Communication.¹

A party may elect to address the Commissioner’s Communication in a written comment

¹ Gov. Code, § 11430.50, subs. (c)(1), (c)(2).

and/or the submission of written evidence, provided it is filed within 10 calendar days of receipt of this Notice.² Any request for an opportunity to address the Commissioner's Communication through oral comment, testimonial evidence, or presentation of written or other evidence on a reported record must also be filed within 10 calendar days of receipt of this Notice.

Pursuant to Government Code section 11515 and California Code of Regulations section 2655.10, the ALJ takes official notice of the papers, pleadings, and administrative records in the Insurance Commissioner' Ruling on [Consumer Watchdog's] Request for a Finding of Eligibility to Seek Compensation dated August 2, 2024, and identified as File No. IE-2024-0002; and the papers, pleadings, and underlying administrative records in those Administrative Hearing Bureau cases identified as:

RFC-2023-001; RFC-2023-002; RFC-2023-003; RFC-2023-004;
RFC-2023-008; RFC-2023-009; RFC-2023-010; RFC-2023-012;
RFC-2023-013; RFC-2023-014; RFC-2023-015; RFC-2024-001;
RFC-2024-002; RFC-2024-003; RFC-2024-004; RFC-2024-005;
RFC-2024-006; RFC-2024-007; RFC-2024-008; RFC-2024-009;
RFC-2024-010; RFC-2024-011; RFC-2024-012; RFC-2024-013;
RFC-2024-014; RFC-2025-015; PA-2007-00004; PA-2007-00017;
PA-2007-00019; PA-2010-00014; PA-2013-00004; and PA-2015-
00004.

The parties have the statutory right to offer objections or written refutation concerning a matter of which the ALJ takes official notice herein.³

Any party wishing to offer objections or written refutation concerning a matter of which official notice is taken may do so within five calendar days of receipt of this Notice.⁴

Additionally, any request for an opportunity to refute the officially noticed matters by testimonial evidence or written or other evidence, or by making an oral presentation of authority on a

² Gov. Code, § 11430.50, subd. (c).

³ Gov. Code, § 11515; Cal. Code Regs., tit. 10, § 2655.10.

⁴ Gov. Code, § 11515; Cal. Code Regs., tit. 10, § 2655.10.

reported record must also be filed within five calendar days of receipt of this Notice.⁵

Absent a subsequent order providing otherwise, a case calendar call⁶ to accommodate any above-referenced request for a reported record will commence in-person on Friday, December 13, 2024, at 10:00 a.m. at the AHB's Los Angeles courtroom, located on the 1st Floor, in the Lobby level of the North Tower, in the Ronald Reagan State Building, located at 300 South Spring Street, in Los Angeles, California.

IT IS SO ORDERED.

Dated: December 3, 2024



KARL FREDRIC J. SELIGMAN
Administrative Law Judge
Administrative Hearing Bureau
California Department of Insurance

Enclosure

⁵ Gov. Code, § 11515.

⁶ Multiple cases may be scheduled for the same date and time, potentially requiring participants to wait.



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

November 21, 2024

VIA ELECTRONIC MAIL KRISTIN.ROSI@INSURANCE.CA.GOV

The Honorable Kristin Rosi
Supervising Administrative Law Judge
Administrative Hearing Bureau
California Department of Insurance
1901 Harrison Street, 3rd Floor
Oakland, CA 94162

RE: Delegation and Appointment Pursuant to Civil Service Rules Order of the California Insurance Commissioner to the Supervising Administrative Law Judge of the Administrative Hearing Bureau of the California Department of Insurance

Supervising Administrative Law Judge Rosi,

As the Insurance Commissioner for the State of California, I am currently engaged in a series of significant regulatory reforms as part of my Sustainable Insurance Strategy announced last September to stabilize and modernize our state's insurance marketplace at a crucial time where many insurers are withdrawing from or limiting their exposure in the state due to uncertainties created by the impacts of increasing climate change effects and escalating costs due to factors such as inflation and reinsurance pricing.

As part of my Sustainable Insurance Strategy, I am in the process of specifically reforming the Proposition 103 regulations to better guide insurers seeking to change their rates, including by amending the regulations describing what constitutes a complete rate application as well as providing new procedures and requirements for insurers to use probabilistic catastrophe modeling to project losses and to incorporate the net costs of reinsurance in setting premiums. All of this, plus other reforms, is designed to enable insurers to more accurately predict their rate needs and, therefore, feel more confident about increasing their exposure in the California marketplace. Additionally, I recently issued Bulletin 2024-7, in which I committed my staff to initiate certain organizational and programmatic changes in order to expedite my Department's rate application review process in order to further assist insurers in getting the rate changes they need that are deemed justified by my Department in order to continue to make insurance available and affordable to all Californians. Lastly, I am reviewing the existing intervenor process and implementing procedural solutions to more efficiently move those matters where intervenors are involved.

Accordingly, as a result of this crucial effort, it is more important than ever for all staff of my Department to work together in a unified approach to solving California's current and ongoing property insurance crisis. I believe this includes the Department's Administrative Hearing Bureau, which serves a vital role in providing evidentiary hearings and proposed decisions as needed and upon my request. To ensure consistency and clear delegation of authority and responsibilities

CALIFORNIA DEPARTMENT OF INSURANCE
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300 Capitol Mall, 16th Floor
Sacramento, CA 95814

among my staff, I am issuing the following delegation and appointment pursuant to civil service rules order.

DELEGATION AND APPOINTMENT PURSUANT TO CIVIL SERVICE RULES ORDER

I, **RICARDO LARA, INSURANCE COMMISSIONER** of the Department of Insurance, State of California, do hereby delegate to and appoint pursuant to civil service rules¹ the **SUPERVISING ADMINISTRATIVE LAW JUDGE OF THE ADMINISTRATIVE HEARING BUREAU**, Department of Insurance, State of California, authority to perform the following duties related to issues arising pursuant to Article 10 of Division 1, Part 2, Chapter 9 of the California Insurance Code (herein referred to as "Proposition 103"):

- After a notice of hearing has been issued by the Commissioner by and through his staff and filed with the Administrative Hearing Bureau, an appointment, to conduct administrative hearings on Proposition 103 rate applications pursuant to Insurance Code sections 1861.05 through 1861.10, and to propose a decision to the Commissioner within no later than 30 days after the evidentiary record in the hearing closes, for the Commissioner's adoption, amendment, or rejection pursuant to Government Code sections 11517 (c) and 11425.50.
- After a notice of hearing has been issued by the Commissioner by and through his staff and filed with the Administrative Hearing Bureau, an appointment, to conduct noncompliance hearings on Proposition 103 rating and underwriting issues pursuant to Insurance Code sections 1858 through 1858.3, 1858.4, and 1859.1, and to propose a decision to the Commissioner within no later than 30 days after the evidentiary record in the hearing closes, for the Commissioner's adoption, amendment, or rejection pursuant to Government Code sections 11517 (c) and 11425.50.
- After a notice of hearing has been issued by the Commissioner by and through his staff and filed with the Administrative Hearing Bureau, an appointment, to review proposed stipulations and settlements in Proposition 103 rate applications pursuant to the provisions set forth in sections 2656.1 through 2656.3 of Title 10 of the California Code of Regulations, for proposed acceptance and incorporation into a proposed decision to be provided to the Commissioner for adoption, amendment, or rejection pursuant to Government Code sections 11517 (c) and 11425.50, or rejection, within 30 days after filing of the proposed stipulation and settlement.
- After an intervenor has submitted a request for compensation pursuant to sections 2662.3-2662.4 of Title 10 of the California Code of Regulations and the request has been referred to the Administrative Hearing Bureau, an appointment, by the Department's Public Advisor to issue a proposed written decision on the request for compensation to be provided to the Public Advisor for adoption, amendment, or rejection pursuant to my authority under Insurance Code section 1861.10 and in accordance with the standards set forth in sections 2662.5-2662.6 of Title 10 of the California Code of Regulations, within no later than 90 days after the request for compensation was deemed complete by the Public Advisor and referred to the Administrative Hearing Bureau.

¹ As used in this Order, the terms 'appoint' and 'appointment' mean appointed by the Commissioner 'pursuant to civil service rules' within the meaning of Insurance Code section 21.5.

Additionally, authority to perform the following duties related to issues that are not solely related to Proposition 103 are also delegated and appointed to the **SUPERVISING ADMINISTRATIVE LAW JUDGE OF THE ADMINISTRATIVE HEARING BUREAU**, Department of Insurance, State of California as follows:

- After a notice of hearing has been issued by the Commissioner by and through his staff and filed with the Administrative Hearing Bureau, an appointment, to conduct administrative hearings on licensing application requests pursuant to Insurance Code section 1033, and to propose a decision to the Commissioner within no later than 30 days after the evidentiary record in the hearing closes, for the Commissioner's adoption, amendment, or rejection pursuant to Government Code sections 11517 (c) and 11425.50.

This delegation and appointment is expressly limited to the above-described duties and supersedes any and all prior delegations and appointments, including without limitation the Memorandum dated October 8, 2020².

The delegatee shall perform all above-described duties within all legally required timeframes, and this delegation and appointment of duties may be revoked if the delegatee is unable to complete the tasks within the legally required timeframes.

I, as Insurance Commissioner under my existing authority, may, from time to time, delegate and appoint additional duties in writing to the delegatee. However, except as expressly set forth herein, at the present time no further delegations or appointments are made, and at no time shall the delegatee have authority to reconsider, modify, overturn, or otherwise change an order of the Commissioner issued in any matter prior to the commencement of the delegatee's delegation and appointment as described above.

Except as expressly delegated and appointed herein, unless and until I, as Insurance Commissioner under my existing authority and by and through my Department staff, issue and file a notice of hearing in a prior approval rate application matter with the Administrative Hearing Bureau, the Administrative Hearing Bureau shall not have any jurisdiction over any such prior approval rate application matter, and the Administrative Hearing Bureau is expressly not authorized to apply the provisions of Regulations³ 2656.1 through 2656.3 to any such prior approval rate application matter.

This delegation and appointment is granted in accordance with Insurance Code sections 7, 21.5, and 1861.08(a), and Government Code Sections 11502, 11182, and 18572.

The authority delegated and appointed to the Supervising Administrative Law Judge hereby may be exercised personally by the Supervising Administrative Law Judge, or by subordinate Administrative Law Judges in the Administrative Hearing Bureau, whose authorization from the Supervising Administrative Law Judge shall be in writing.

This delegation and appointment order is effective immediately upon electronic delivery to the Supervising Administrative Law Judge, until actively revoked or until such time that the position of **SUPERVISING ADMINISTRATIVE LAW JUDGE OF THE ADMINISTRATIVE HEARING BUREAU** no longer exists.

² From Edward Wu, Attorney, Public Advisor, to, inter alia, Kristin Rosi, Supervising Administrative Law Judge, titled, "New procedure for reviewing intervenor fee requests and preparing draft fee award decisions."

³ The terms "Regulation" and "Regulations" refer to regulations set forth in the California Code of Regulations, Title 10.

Upon the effective date of this delegation and appointment, all previous delegations and appointments by the Insurance Commissioner or the Chief Deputy Commissioner to the position named above or any individual(s) within the Administrative Hearing Bureau are revoked.


RICARDO LARA
California Insurance Commissioner

November 21, 2024
Date

cc: Michael Martinez, Chief Deputy Commissioner
Laurie Menchaca, Deputy Commissioner, Administration & Licensing Services Branch
Teresa Campbell, Deputy Commissioner and General Counsel
Lucy Wang, Deputy Commissioner and Special Counsel to the Commissioner
Heather Hoesterey, Assistant General Counsel

PROOF OF SERVICE

Case Name/Number: In the Matter of the Request for Compensation of
CONSUMER WATCHDOG
File No. **RFC-2023-002**

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 December 3, 2024, I served the **NOTICE OF EX PARTE COMMUNICATION; NOTICE OF OFFICIAL NOTICE; ORDER THEREON** 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 December 3, 2024.

C. E. JOHNSON
(Print Name)


(Signature)

PARTY SERVICE LIST

Name/Address

Method of Service

Harvey Rosenfield, SBN 123082
Pamela Pressley, SBN 180362
Daniel 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
kaitlyn@consumerwatchdog.org

Attorney(s) for Real Party
in Interest

(via Email)

Jennifer McCune
Rate Enforcement Bureau
CALIFORNIA DEPARTMENT OF INSURANCE
1901 Harrison Street, 4TH Floor
Oakland, CA 94612
Tel. No.: (415) 538-4148
Fax No.: (510) 238-7830
Jennifer.McCune@insurance.ca.gov
Tina.Warren@insurance.ca.gov

(via Email)

Spencer Y. Kook
HINSHAW & CULBERTSON, LLP
350 S Grand Avenue #3600
Los Angeles, CA 90071
Tel. No.: (213) 614-7359
Fax No.: (213) 614-7399
skook@hinshawlaw.com

(via Email)

NON-PARTY

Margaret W. Hosel

Public Advisor

CALIFORNIA DEPARTMENT OF INSURANCE

1901 Harrison Street, 6th Floor

Oakland, CA 94612

Tel. No.: (415) 538-4383

Margaret.Hosel@insurance.ca.gov

(via email)