

COMMISSIONER ADOPTS ALJ RULING APPROVING 15.28% RATE INCREASE FOR FIREMAN'S FUND'S EQ

Thursday, January 22, 2009 at 01:57PM

The Commissioner adopted Administrative Law Judge Inama's 65-page proposed decision granting Fireman's Fund a 15.28% rate increase (In the Matter of the Rate Application of American Automobile Insurance Company et. al., File No. PA-2007-00019). A copy of that order is attached [here](#).

The central issues in the rate hearing involved justification of the RMS model, accounting for the cost of reinsurance, calculation of DCCE, and the use of demand surge. To a much lesser extent, the hearing involved variance requests. The decision contains a number of important findings and is helpful in providing guidance on what proof must be presented to support a rate request.

It also provides guidance on what not to do, as Consumer Watchdog's (formerly FTCR) expert, Allan Schwartz, found out. For Judge Inama, with respect to evidence provided in connection with one particular issue, he noted that "Mr. Schwartz's testimony on behalf of FTCR causes serious concern" and is "troubling in its contradictions and reliance on speculative and irrelevant material." Regarding the same, Judge Inama even remarked that the "testimony is, at least careless and may be dodgier than that."

[Disclosure: Our office (Steve Weinstein, Esq., Richard Dela Mora, Esq., and Spencer Y. Kook, Esq.) represented Fireman's Fund in this hearing.]