



Office of Public Insurance Counsel

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July 21, 2017

Via Hand Delivery

J'ne Byckovski, FCAS, MAAA
Chief Actuary, Property and Casualty
Texas Department of Insurance
333 Guadalupe Street, MC 105-5F
Austin, TX 78701

**Re: Infinity County Mutual Insurance Co.
Private Passenger Auto Rate Filings
TDI Link # S642604 (Low Cost) and S642605 (Value Added)**

Dear Ms. Byckovski:

Pursuant to TEX. INS. CODE ANN. Section 2251.106, the Office of Public Insurance Counsel (OPIC) objects to these rate filings because they do not comply with rating standards set forth in TEX. INS. CODE ANN. Sections 2251.051, 2251.052, and 560.002 or with 28 TAC § 5.9334.

Both filings are effective on June 26, 2017 for new business and July 25, 2017 for renewals. The Low Cost program implements a 3.7% increase and the Value Added program implements an increase of 2.9%.

Insufficient Filing Support

Both filings severely lack the necessary support for the rate increases proposed. There are no loss development exhibits or premium trend data and there is no data supporting the comprehensive coverage loss trends or the proposed increase in fees.

Comprehensive Coverage (OTC) Rate Indication

Both filed rate increases are significantly impacted by the OTC coverage. The primary peril associated with this coverage is damage due to inclement weather, which is frequently in the form of hailstorms. For this reason it is customary for insurers to develop a catastrophe load for this coverage. Based on the data provided, it appears Infinity simply loads all the weather losses into the experience year. Given that Texas experienced higher than normal hail losses, and in some areas catastrophic hail losses, over the experience period in the filing, we question how this is reasonable.

Another problem that is separate from the apparent lack of adjustment for catastrophe losses is that the experience year OTC losses are trended based on collision losses. There is no explanation provided for the use of collision losses as a proxy for trending OTC losses. This is especially problematic if random weather losses are included in the experience being trended.

Credibility

We question using a full credibility standard of 1,084 claims for the bodily injury coverage. A credibility standard this low does not give sufficient consideration to 1) the use of essentially only one year of experience, 2) the long tail nature of the coverage, or 3) the significantly higher distribution of loss severity for bodily injury claims than other auto lines.

Installment Fee Increase

OPIC questions how an installment billing fee of \$15 can be reasonable. We further question what percentage of the policyholder's overall insurance payment is comprised of just billing fees. Absent forthcoming support, we believe this fee to be exorbitant and unreasonable.

Summary

Based on the data provided, we are unable to fully determine the reasonability of the rates proposed in these filings. The rate increases proposed are, in a best case scenario, insufficiently supported. We certainly believe the installment fees are excessive. We reserve the right to supplement our objection should more information be forthcoming.

Sincerely,



Joe Matetich
Deputy Public Counsel

cc: Kerrie LeCompte
Infinity County Mutual Insurance Co.
11700 Great Oak Way
Alpharetta, GA 30022
[No email/No fax #]
Via First Class Mail

Norma Garcia, General Counsel, TDI
Leah Gillum, Enforcement, TDI
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