



# Office of Public Insurance Counsel

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**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: Redpoint County Mutual Insurance Co. (Amigo and Pronto MGAs)  
Personal Auto Rate Filing  
TDI Link #s S640807 and S627903**

Dear Ms. Byckovski:

Pursuant to TEX. INS. CODE ANN. Section 2251.106, the Office of Public Insurance Counsel (OPIC) objects to the above captioned private passenger auto rate filings. The filings do not comply with rating standards set forth in TEX. INS. CODE ANN. Sections 2251.051, 2251.052, and 560.002. These filings, and the filings they reference, provide no actuarial basis for the selected rate differentials between the limited and standard policies.

### **Amigo MGA**

This company filed rates for a standard auto policy by reference to ACCC Insurance Company's rates. Amigo incorporates these rates by reference then adds 8% to account for the difference in coverage between ACCC's "named driver only" policy and this policy. Amigo MGA offered no actuarial basis for this rate differential but based it loosely on the filed rate differentials of several competitors: Pronto MGA, Falcon Insurance Company, and United Group Underwriters writing through Old American County Mutual. Based on our review, all the referenced rate differentials between named driver and standard policies are provided without any statistical basis. There is also no explanation of the differences between ACC's policies and Amigo's policies.

### **Pronto MGA**

This company filed rates for a named driver auto policy by reference to MGA Insurance Company's rates for a standard auto policy. Pronto incorporates these rates by reference then discounts them 10% to for bodily injury and property damage coverage to account for the difference in coverage between named driver and standard policies. Pronto MGA offered no actuarial basis for the rate differential which appears to be wholly judgmental.

## Summary

Based on the information provided to date, we believe the rates for these MGA products are unsupported and inappropriate. We recommend these products be re-filed with appropriate support that provides an actuarial basis for their rates. Since at least 2014, OPIC is unaware of any insurer filing that provided actuarial data to support their chosen rate differentials between limited and standard policies. We are also unaware of any actuarial data that addresses the differential directly resulting from changing a policy from a standard policy to a "named driver" policy. The "limited" policies in the market that include "named driver" language often include other limitations as well. TDI should require these companies to 1) provide the actuarial basis for the rate differentials they use and 2) explain how coverage limitations like the use of "named driver" language in the policy results in specific rate reductions.

Sincerely,



Joe Matetich  
Deputy Public Counsel

cc: Christopher McClellan, CEO  
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