

STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION  
BUREAU OF INSURANCE

IN RE:

APPEAL OF DISAPPROVED RATE  
FILINGS BY PROGRESSIVE CASUALTY  
INSURANCE COMPANY, PROGRESSIVE  
NORTHWESTERN INSURANCE  
COMPANY, PROGRESSIVE NORTHERN  
INSURANCE COMPANY, AND UNITED  
FINANCIAL CASUALTY COMPANY

Docket No. INS-15-1001

**FIRST INFORMATION REQUEST  
OF THE SUPERINTENDENT TO  
THE INSURERS**

Superintendent of Insurance Eric Cioppa hereby directs Progressive Casualty Insurance Company, Progressive Northwestern Insurance Company, Progressive Northern Insurance Company, and United Financial Casualty Company (collectively, the “Insurers”) to provide written responses and produce documents responsive to the numbered information requests below. The Insurers shall furnish all requested information and documents regardless of whether it is in the possession, custody, or control of the Insurers or any subsidiary, affiliate, parent, or agent of the Insurers. If the Insurers refuse for any reason to provide any of the information or documents requested, the Insurers must file with the Superintendent, no later than November 13, 2015, a written objection describing the reason for such refusal.

Each of the Requests below is continuing in nature. The Insurers must supplement the responses provided should the information change or more information become available at any time during the pendency of this proceeding.

If hard copy, paper responses of electronic spreadsheet files are provided in response to any request, the Insurers also shall file via e-mail the electronic spreadsheet version of the file (*e.g.*, Excel) with embedded formulas included (*i.e.*, active files). Designate with particularity any documents or information requested provided under claim of confidentiality, and provide a statement for the legal basis for the claim of confidentiality.

The Insurers shall deliver to the Bureau of Insurance all requested documents and information (except any subject to a pending objection) no later than 4:00 p.m. on November 18, 2015.

## REQUESTS

1. As Bureau of Insurance Bulletin 334 interprets the statutory prohibition, imposed by 24-A M.R.S. § 2916, from “increas[ing] the premium of any automobile insurance policy of any kind whatsoever for the sole reason that the person to whom such policy has been issued has reached a certain age,” the result is that “an insured’s premium may not increase if the only change is the change in the age of the insured,” even if increased classification rate factors for operators above specified ages are “part of a multivariate analysis of loss expectation.” Suppose, *arguendo*, that the Bulletin’s interpretation of the statute is correct. If so, did Bureau staff properly disapprove the proposed rate filings as being in contravention of section 2916? If the disapproval was improper even if the Bulletin correctly interprets the statute, why? Please provide a detailed explanation.
2. Consider the following two possible interpretations of 24-A M.R.S. § 2916.
  - I. An automobile insurance rating plan in Maine may never include one or more increased classification rate factors for operators above specified ages.
  - II. An automobile insurance rating plan in Maine may include increased classification rate factors for operators above specified ages if and only if such factors are part of an actuarially justified multivariate analysis of loss expectation.
- (a) Do the Insurers agree that the rating plans at issue in this proceeding should be disapproved if Interpretation I is correct and approved if Interpretation II is correct? If not, please provide a detailed explanation.
- (b) Is there a third interpretation that the Superintendent should consider as a possible alternative to Interpretations I and II? If so, please describe it and explain, with examples, why it is different from Interpretations I and II.
3. If, *arguendo*, Bureau staff improperly disapproved the proposed rate filings when they determined that the rating factors for drivers over the age of 65 appearing in Exhibit 1C violated section 2916, what reason(s) demonstrated in the rate filings, other than age, formed the basis for the increases in premiums for drivers over the age of 65? Please provide a detailed explanation.
4. Consider a female, single, 64 year-old policyholder who buys bodily injury (BI), property damage (PD), and uninsured/underinsured (UM/UIM) coverages from one of the Insurers. Her coverage levels and actuarial characteristics make her subject to the base rates under Exhibit 1A (applying Rate Plan 1 if she obtains coverage from one of the three Progressive companies), with no multipliers other than the applicable rating factors from Exhibit 1C. She then renews the identical coverage the following year, at age 65, with no changes to any rating characteristic

except age. What are her issue and renewal premiums under Progressive Product 201502 ME PCIC PNWIC PNIC and under United Financial Product 201502 ME UFCC?

<b>COMPANY</b>	<b>PREMIUM AT ISSUE: AGE 64</b>	<b>PREMIUM AT RENEWAL: AGE 65</b>
Progressive		
United Financial		

5. If the premium for the policyholder described in Question 4 increased at policy renewal, for what reason(s) demonstrated in the rate filings, other than reaching age 65, did her premium increase? Please provide a detailed explanation.

6. A hypothetical rating plan uses only two rating factors, age and violation status. The rates for one policy with a typical package of coverages are shown below. As the Insurers interpret the statute, would the rates for this policy comply with 24-A M.R.S. § 2916? Explain your answer. If this table does not provide sufficient information, describe the additional information you would need in order to determine whether the rates for this policy do or do not comply with this particular statute. If these rates would violate 24-A M.R.S. § 2916 as the Insurers interpret the statute, identify the plan characteristics that cause these hypothetical rates to violate the statute while the rating plans at issue in this proceeding do not violate the statute.

<b>DRIVER AGE</b>	<b>PREMIUM: NO VIOLATIONS PAST 5 YEARS</b>	<b>PREMIUM: ONE OR MORE VIOLATIONS PAST 5 YEARS</b>
16-18	\$800	\$801
19-24	\$500	\$501
25-64	\$300	\$301
65-69	\$375	\$376
70-74	\$450	\$451
75-up	\$600	\$601

PER ORDER OF THE SUPERINTENDENT OF INSURANCE

November 6, 2015

  
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 ERIC A. CIOPPA  
 Superintendent of Insurance