

Insurance commissioner, consumer advocate split over Allstate rates

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In the California insurance world, activist Harvey Rosenfield and Insurance Commissioner Dave Jones have been longtime collaborators. Until recently.

Rosenfield, a feisty consumer advocate from Santa Monica, wrote Proposition 103, a landmark 1988 ballot measure that turned the insurance commissioner into an elected position. It also gave the job powers to reject proposed rates for auto, home and other coverages that are deemed excessive.

Last year, Rosenfield and the group he founded, Consumer Watchdog, provided troops and money in a failed initiative drive to extend the commissioner's regulatory power to health insurance rates. Voters overwhelmingly defeated Proposition 45 after health insurers and other opponents spent \$57 million on a media campaign against it.

Now, the two once-solid allies are at loggerheads over Rosenfield's contention that Allstate Insurance Co. is overcharging for homeowners, rental and condominium policies.

In July, Consumer Watchdog filed a petition with the state Insurance Department, calling the premiums too high and asking Jones to hold hearings.

Allstate paid out claims of only 44 cents for every \$1 of premiums collected for homeowners insurance in 2014, Rosenfield said.

Jones was unimpressed. In February, he concluded there was "insufficient evidence" that Allstate's rates are "excessive." He also said he would order the Northbrook, Ill., company to file a new rate application. An unhappy Rosenfield denounced the commissioner's record on regulating rates as "lackluster." Jones, he warned, needs "to change his approach or his record is going to be one of costing people more money — rather than saving them more money."

Jones spokesman Byron Tucker agreed that Allstate losses have been low in recent years. "Looking solely at loss ratios," he cautioned, "makes for a good sound bite or press release." But that "ignores the fact that rates need to be set to cover the high risk of future, severe fires," he said.

Insurance rate proceedings can be lucrative for activist groups that are frequently paid fees for

intervening in these matters. Consumer Watchdog collected about \$3.1 million in so-called intervenor fees from Jones' agency for 2013 and 2014, according to the Insurance Department. The payments are intended to help outside groups defray the cost of spending time and doing research on pending legal proceedings.

Jones, now in his second term, is an ambitious politician with excellent pro-consumer credentials, said Amy Bach, executive director of United Policyholders, a San Francisco consumer group. "But after last year's initiative fight," she said, "I'm sure he wants to improve his relations with insurers, which have been pretty bad."

Allstate will comply with Jones' directives, spokesman Jim Klapthor said.

In California, Allstate was the third biggest seller of insurance on dwellings in 2013 with \$565 million in premiums and 12% of the California market, according to the Insurance Department.

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