

1-14-10

Randy,

I appreciate your efforts and those of the modeling commission in studying the mitigation discount issue and preparing the draft report. Upon reviewing the draft, I would like to offer the following brief comments for your consideration.

1. On page 25, in the second paragraph before Section III. Historical Background begins, it might be worth noting that the referenced percentages are an example of the impact of the discounts based on actual data. I'm not aware of a source that would have that information for the industry as a whole, so I would not want to imply that the percentages I provided are aggregate industry percentages.
2. On page 45 in the second paragraph relating to problems and issues in the ratemaking and rate review process, a comment is attributed to me that insurers have criticized the OIR for failing to adopt the 2008 ARA study. Upon reviewing my initial presentation and listening to it again, I mentioned by way of background that the 2008 study has been completed and is available for review but is not the subject of any statute or rule requiring it to be implemented. My comments did not reflect criticism of the OIR for not moving forward with the 2008 study (and in fact implementing the newer study without addressing some of the issues identified in the report might compound the challenges for some insurers).
3. Finally, the executive summary of the report mentions that the discounts should not apply to Coverage B or contents-type policies. A similar key issue is that the discounts should apply only to the portion of the wind rate that varies according to the mitigation features. If the commission agrees, this potentially could be clarified at item 1.b. of the recommendations by adding to the end of the sentence a statement such as "including appropriate adjustments for fixed expenses," or could warrant a separate mention in section 1 of the recommendations.

Thank you for the opportunity to provide these thoughts. If I can be of any assistance, please let me know.

Travis Miller

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