



INS CONSULTANTS, INC.

Insurance Regulatory Consultants

419 S. 2nd Street
New Market, Suite 206
Philadelphia, PA 19147
Phone: (215) 625-9877
Fax: (215) 627-7104

TO: Delaware Insurance Department

FROM: Dave Macesic, ACAS, MAAA
Chief Property/ Casualty Actuary
INS Consultants, Inc. (INS)

DATE: March 9, 2012

SUBJECT: Public Information Session
Allstate Indemnity Company
Private Passenger Automobile Rate Filing
Company Filing Number: R24381: AI RATE
State Tracking Number: 45814

Scope of Engagement

INS Consultants, Inc. ("INS") has been retained by the Delaware Department of Insurance ("Delaware") to conduct an independent actuarial review of Allstate Indemnity Company's ("Allstate Indemnity" or "Company") Private Passenger Automobile Rate Filing that was submitted on November 14, 2011. The scope includes a review of the filing submitted by Allstate Indemnity, an evaluation of the key assumptions contained in the Company's rate level analysis and the independent development of an indicated rate level change. The rate filing was submitted by Rick Wisniewski, Associate State Filings Director, of Allstate Indemnity.

This review was conducted by David J. Macesic, ACAS, MAAA and key elements of this review were peer reviewed by Robert W. Gardner, FCAS, MAAA. This report presents the conclusions of INS' review.

Summary of Findings

INS has reviewed the submission in its entirety, along with other filing material requested of, and received from Allstate Indemnity. The rate filing requested an overall rate level change of +15.0%. INS finds that the proposed rate level change of +15.0% is not substantiated by the materials received from the Company. INS finds that a proposed rate level change in an amount no larger than +8.8% is substantiated by the filing material received.

Detailed Comments

Allstate Indemnity' requested an overall rate level change of +15.0% with an indicated rate level change of +27.0%. Allstate Indemnity assigned 100% credibility to their Delaware historical loss data. After receiving questions from INS, Allstate Indemnity submitted a revised indicated rate level change of +26.4%, assigning various credibility values by coverage to Company data.

INS finds that Allstate Indemnity's rate filing follows the Actuarial Standards of Practice concerning Property and Casualty Ratemaking.

INS reviewed the key assumptions contained in the rate level analysis and contained in responses to INS questions on December 21, 2011, January 23, 2012 and February 3, 2012. Based on the information received from Allstate Indemnity, INS developed an indicated rate level change of +8.8%. The difference between the INS and the Allstate Indemnity estimates of the indicated rate level change is due to differences in the selection of certain ratemaking parameters, including loss development, trend, expenses and underwriting profit.

By email to INS on February 3, 2012, Allstate Indemnity intends to amend their original proposed rate level change from +15.0% to +8.5%. Allstate Indemnity has not submitted a filing amendment with the revised detailed rate schedules, preferring instead to await Delaware's notification that a proposal for this amount would be acceptable to Delaware.