

NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA

STATE OF NORTH CAROLINA
COUNTY OF WAKE

COPY

IN THE MATTER OF:

BEFORE THE
COMMISSIONER OF INSURANCE

THE FILING DATED
JANUARY 3, 2024 BY
NORTH CAROLINA RATE BUREAU
FOR THE REVISION OF
HOMEOWNERS INSURANCE RATES

DOCKET NO. 2157

BEFORE: AMY FUNDERBURK, HEARING OFFICER

TRANSCRIPT

OF

HEARING

VOLUME X - A. M. SESSION

Raleigh, North Carolina

October 29, 2024

9:07 a.m.

Reported by: Audra Smith, RPR, CRR, FCRR

APPEARANCES OF COUNSEL

ON BEHALF OF NORTH CAROLINA RATE BUREAU:

NORTH CAROLINA RATE BUREAU
BY: MARVIN M. SPIVEY, JR., ESQ.
BY: BRIAN O. BEVERLY, ESQ.
BY: LISA LEEAPHORN, ESQ.
3101 Glenwood Avenue
Raleigh, NC 27622
919.782.6860
mickkey.spivey@youngmoorelaw.com
brian.beverly@youngmoorelaw.com
lisa.leeaphorn@youngmoorelaw.com

ON BEHALF OF NORTH CAROLINA DEPARTMENT OF INSURANCE:

NORTH CAROLINA DEPARTMENT OF INSURANCE
BY: TERENCE D. FRIEDMAN, ESQ.
BY: SHANNON WHARRY, ESQ.
3200 Beechleaf Court
Raleigh, NC 27604
terence.friedman@ncdoi.gov
shannon.wharry@ncdoi.gov

Hearing in the matter of the filing dated January 3, 2024, by the North Carolina Rate Bureau for Revised Homeowners Insurance Rates, at the North Carolina Department of Insurance, 3200 Beechleaf Court, Raleigh, North Carolina, on the 29th day of October, 2024, at 9:07 a.m., before Audra Smith, RPR, CRR, FCRR and Notary Public.

I N D E X

PAGE

ALLAN SCHWARTZ

Direct Examination by Mr. Friedman

1571

P R E V I O U S L Y M A R K E D E X H I B I T S

NUMBER

ID

Exhibit 30

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P R O C E E D I N G S

MS. FUNDERBURK: Good morning,
everyone.

MR. BEVERLY: Good morning, Your Honor.

MS. FUNDERBURK: You may hear the court
reporter unmute today and ask that you repeat
something or speak up. She is doing her
recording and her listening through the Webex
outside of the room. But just in case she
needs something repeated, you may hear her
pop in.

Great. I'm sorry. We are back on the
record. It's 9:07 a.m., October 29, 2024.

Counsel, are there any administrative
matters we need to address before we proceed
this morning?

MR. FRIEDMAN: No, ma'am. I guess I
will be putting a number of exhibits through
Mr. Schwartz and then what I hope the
remainder of my exhibits through
Ms. Cavanaugh. Among those, though, are some
things that I think it will be fair for the
Court to take judicial notice of, and those
are all internal DOI things that --
basically, past decisions or past excerpts

1 from Rate Bureau filings, and I was hoping to
2 get some clarity, if the other side agrees,
3 that I can just simply put those in as DOI
4 records rather than taking the extra time to
5 run them through a witness. I can show
6 counsel what they are as I'm giving them out.

7 MS. FUNDERBURK: I'll ask counsel to
8 respond. I don't know if counsel has seen
9 those or would recognize them or has had an
10 opportunity to review.

11 MR. FRIEDMAN: I would make sure to
12 give everybody -- I can do that later.

13 MR. SPIVEY: Are you talking about
14 things that are already in the books?

15 MR. FRIEDMAN: No. Some of these, for
16 example, are excerpts from -- the easiest
17 example, the settlement agreements.

18 MS. FUNDERBURK: I need both of you to
19 talk into the microphone, please.

20 MR. FRIEDMAN: The easiest example are
21 the settlement agreements from 2014-2017 --
22 no, excuse me -- from 2017-2018 and 2020.
23 Those are things I haven't printed out.

24 MS. FUNDERBURK: I need you to get to
25 the microphone.

1 MR. FRIEDMAN: Those are things I have
2 printed out that are, I think, something that
3 the Court can take judicial notice of,
4 assuming that you-all don't have --

5 MR. SPIVEY: Those are settlement
6 agreements from homeowners filings?

7 MR. FRIEDMAN: Yes.

8 MR. BEVERLY: Okay. Your Honor, we
9 would --

10 (Reporter requested clarification.)

11 MR. BEVERLY: I'm sorry, Your Honor. I
12 don't think we're saying no. I think we're
13 saying we might need to see what the evidence
14 is and for what purpose it's offered. For
15 example, offers of settlement and compromise
16 may be inadmissible for certain purposes, so
17 perhaps we could just take it up at a break
18 and see what we're talking about, and
19 certainly we'll agree where we can.

20 MR. FRIEDMAN: These aren't themselves
21 the offers. These are the written and signed
22 settlements.

23 MS. FUNDERBURK: And I think it's still
24 reasonable for the Rate Bureau to have a look
25 at those and be able to review if those are

1 the settlements and make sure they're
2 comfortable with stipulating that they come
3 into the record.

4 So let's either look at those as they
5 come in, or if there's a break period where
6 the parties can confer and review those
7 documents. But I think we need some more
8 information, and they're going to certainly
9 need some more information before they're
10 willing to make a stipulation, and I think
11 that's a reasonable decision.

12 MR. FRIEDMAN: Perhaps, then, the
13 better course is to go ahead, put them on
14 through Mr. Anderson, have him identify them.
15 They can look at the copies in that moment,
16 however long they need, and decide on them.
17 I guess the other thing -- or I can wait
18 until one time, but I don't think my direct
19 -- I think my direct of him will be over this
20 morning.

21 MS. FUNDERBURK: Okay. I'll leave that
22 with you. If you want to introduce the
23 exhibits with him as you go to lay a proper
24 foundation and get them into the record,
25 that's your decision.

1 Is there anything else we need to
2 address?

3 MR. SPIVEY: Not from the Rate Bureau.

4 MS. FUNDERBURK: Anything else,
5 Mr. Friedman, for DOI?

6 MR. FRIEDMAN: No, except that these
7 are all public records that would be
8 available. So it would be up on our website,
9 I believe, so --

10 MS. FUNDERBURK: All right. Please
11 call your witness.

12 MR. FRIEDMAN: All right. I call
13 Mr. Allan Schwartz.

14 MS. FUNDERBURK: Thank you.
15 Mr. Schwartz, I'll remind you that when we
16 take breaks and you return to the stand, you
17 do remain under oath.

18 THE WITNESS: Thank you.

19 MS. FUNDERBURK: Thank you.

20 ALLAN SCHWARTZ,
21 having been first duly sworn, was examined and testified as
22 follows:

23 DIRECT EXAMINATION

24 BY MR. FRIEDMAN:

25 Q Mr. Schwartz, good morning.

1 Could you identify yourself for the
2 record, please.

3 A My name is Allan Schwartz. I'm a
4 consulting actuary doing work for the Department of
5 Insurance.

6 Q And where are you from?

7 A My office is in Freehold, New Jersey.

8 MR. FRIEDMAN: And, first of all, is
9 everyone hearing him or should he move
10 closer?

11 Is everybody hearing Mr. Schwartz, or
12 should he move closer?

13 MR. BEVERLY: Not terribly well. There
14 you go.

15 BY MR. FRIEDMAN:

16 Q All right. For each day of this
17 hearing, have you listened to the live testimony or
18 else read the transcript where you can listen to it
19 live?

20 A Yes.

21 Q Okay. So with regard to your
22 experience as an actuary, have you heard various
23 Rate Bureau witnesses describe their qualifications
24 during their additional direct?

25 A Yes.

1 Q Can you try to explain to me some of
2 your experience relevant to this rate proceeding?

3 A Yes. I've been working as an actuary
4 for more than 40 years, most of that time doing
5 consulting work. I've also been employed by the
6 North Carolina Department of Insurance as a chief
7 actuary and in New Jersey Department of Insurance as
8 assistant commissioner, the property liability
9 division, which dealt for rate filings -- well, rate
10 form and rule filings for property liability lines
11 of insurance.

12 A fellow of the Casualty Actuarial
13 Society, and I have various other designations,
14 Associate in Reinsurance and Associate in Insurance
15 Accounting and Finance. And I've testified on
16 issues, essentially all the issues that there are
17 for this case. I've given testimony in other rate
18 proceedings that's been accepted.

19 Q Approximately how many North Carolina
20 Rate Bureau proceedings have you been involved in?
21 That may be hard.

22 A Well, I think I've probably been
23 involved in every Rate Bureau -- rate filing since
24 the mid-'80s. There were a couple, when I was
25 employed by the Department of Insurance, where I

1 didn't testify as an expert witness, but essentially
2 every other time that there's been a rate
3 proceeding, I've been involved with it.

4 Q And some of that involvement would have
5 ended before a hearing be caught; that is, before a
6 hearing would occur because there was a settlement?

7 A That's correct.

8 Q And in those instances, did you receive
9 the bureau's filings shortly after they were made?

10 A Yes.

11 Q Did you -- I mean, did you immediately
12 begin work after you received the filings on
13 deciphering them?

14 A More or less. "Immediately" is like a
15 vague term. So I turned attention to them as was
16 appropriate in the circumstances of each filing,
17 depending on how urgent of the time frame was.

18 Q But in any case, when you received
19 them, you began doing work at some point on all of
20 them; reviewing the files, reviewing the -- talking
21 to the department, talking to the department's
22 attorneys about what was in them and their merits?

23 A Yes. I mean, you know, depending on my
24 involvement, and my involvement in some of them were
25 less than in others, depending on the particular

1 filing, but, again, my involvement was what was
2 deemed appropriate in this hearing, given the
3 circumstance of each filing.

4 Q And if you can recall, in which of them
5 were you a testifying expert for the department?

6 A It was a 2014 Homeowners Filing, and
7 there were a bunch of auto filings in the '90s and
8 2000s. There were also a couple of Workers'
9 Compensation filings. It would have maybe been in
10 the late '80s or early '90s.

11 Q Were you involved in the case that's
12 known as "1994 Auto"?

13 A I'm sure I was.

14 Q Do you recall being involved in "1996
15 Auto"?

16 A Yes.

17 Q And in "2001 Auto"?

18 A Yes.

19 Q Okay. In what other states have you
20 testified for regulators?

21 A I've done work -- I just want to define
22 what we mean, because every state has an insurance
23 department, which is the main regulatory agency, but
24 various states have a government office that
25 represents consumers in rate hearings. And so

1 they're a government office, but they don't have the
2 sort of final say on what goes on. So I don't know
3 if you want me to include those or not include
4 those?

5 Q I was thinking more of ones in which
6 you've been deposed or written expert reports or had
7 actually done either of those and testified live.

8 A Yeah. So I'm trying to go through the
9 list. Again, including government agencies that
10 were authorized to participate in the hearings --

11 (Overlapping speakers.)

12 Q Yes, whichever government agency was
13 dealing with the insurance issue. Sorry to cut you
14 off.

15 A Yes.

16 So there was Maine, Massachusetts,
17 Rhode Island, New Jersey, Delaware -- going down the
18 East Coast. Virginia, North Carolina, Georgia,
19 Florida, Texas, New Mexico. I'm not sure about
20 California. I mean, I've testified in a lot of
21 cases there. I can't remember if there might have
22 been some that we're doing for the insurance
23 department or if they were all in terms of a private
24 consumer organization.

25 Those are the ones I remember off the

1 top of my head. And not all of those were
2 homeowners. Some of those would have been other
3 lines of insurance.

4 Q Understood.

5 All right. Particularly, do you recall
6 the Court of Appeals decision in the 2014
7 Homeowners?

8 A I'm assuming you mean North Carolina?

9 Q Yes. Excuse me. The North Carolina
10 Court of Appeals.

11 A Yes, I'm familiar with that.

12 Q And what did the Court determine in
13 that case as far as your calculation of the profit
14 provision in the 2014 filing?

15 A Yes. So my understanding is the Court
16 of Appeals accepted the commissioner's order which
17 adopted, essentially, my profit calculation, and it
18 had been the same profit calculation that the Court
19 of Appeals had previously approved in earlier
20 private passenger auto filings.

21 Q And then did the Court of Appeals adopt
22 your calculation of the net cost of reinsurance?

23 A Yes. I think what the Court of Appeals
24 did was say that the commissioner's reliance on my
25 calculation for the net cost of insurance -- net

1 cost of reinsurance was appropriate.

2 So, I mean, really the Court of Appeals
3 was reviewing the commissioner's decision --

4 Q Understood.

5 A -- not my -- the commissioner's order,
6 not my testimony. But the Court of Appeals went
7 along with the commissioner's order adopting my net
8 cost of reinsurance.

9 Q Okay.

10 MR. SPIVEY: Your Honor, this is all
11 very nice, but I think everything we're
12 talking about at this point is in his
13 prefiled testimony. I'm not sure we need to
14 be repeating it on direct now.

15 MR. FRIEDMAN: Your Honor, they took up
16 to two hours with one witness on direct. I
17 didn't interrupt. There was a great variety
18 of things addressed. And then they had, all
19 in all, four expert witnesses testifying. I
20 think I've got some flexibility here.

21 MS. FUNDERBURK: You have some
22 flexibility. But is this duplicative of
23 what's in the prefiled or is this --

24 MR. FRIEDMAN: Some of this is beyond
25 what's in prefiled, but I'll cut it short and

1 move on. Namely, I think in prefilled, there
2 isn't discussion of his participation in the
3 prior auto cases, but I'm at a good moving-on
4 point.

5 MS. FUNDERBURK: Well, what you can add
6 to his prefilled, please feel free to do so.
7 But to the extent possible, let's avoid
8 duplication.

9 MR. FRIEDMAN: Okay.

10 BY MR. FRIEDMAN:

11 Q Did you review the testimony by Ms. Mao
12 about her having run the modeled data for the
13 hurricane losses, for the net cost of reinsurance,
14 and for calculation of these CAR?

15 A Yes. So I'm not sure that she actually
16 ran the model or had somebody who works for her run
17 the model. I mean, my recollection was she said at
18 one point she was running the models but now she has
19 people who work for her. And I think those are
20 likely the people who ran the -- actually ran the
21 models.

22 Q Okay. And do you recall whether she
23 said -- what she said about her own technical
24 knowledge about the assumptions built into the
25 models themselves?

1 A Well, yeah. I mean, she -- I recall
2 her testimony regarding what I would call the
3 "technical" or "scientific aspects of the model,"
4 like the engineering portion and damageability.

5 Q Did she testify that she was not an
6 expert on the inner workings of the models but
7 rather an expert on interpreting the data that came
8 out of the models?

9 A That's my understanding.

10 Q Do you have knowledge of the technical
11 workings of the AIR and RMS models?

12 A I have a general understanding and
13 overview of the models and what the components are
14 and generally the things that are looked at in the
15 models. But I haven't evaluated, you know,
16 engineering parts of the model, what the computer --
17 culminating of the model or the detailed -- what you
18 call "underlying scientific" or "engineering
19 aspects" of the model.

20 Q Or the financial assumptions built into
21 the model?

22 A Yeah, I mean, that's the other module.
23 I mean, I feel that if it was important, I could
24 understand the financial aspects of the model
25 because that's really taking the output of the

1 computer runs, saying, Here are the hurricanes and
2 here's the damage it caused. And once you know
3 that, how do the insurance or reinsurance provisions
4 impact that.

5 So I think if I took the time to
6 evaluate it and it was necessary to, you know, that
7 I could understand the financial part of the model.

8 But, again, in terms of the hazard part
9 of the model, the product dealing with technical
10 scientific aspects of hurricanes and damageability,
11 that's something that, you know, other people are
12 more qualified to talk about than me.

13 Q Has any other, besides Ms. Mao, of the
14 Rate Bureau's witnesses claimed to know about what
15 you called the inner working of either the AIR or
16 RMS models?

17 A Yeah. My understanding is that the two
18 actuaries who have testified for the bureau have
19 both essentially said the same thing; that they
20 haven't analyzed the scientific engineering parts of
21 the model but they relied on the output of the model
22 for their analysis.

23 Q Why do you contend you're qualified to
24 testify about hurricane models?

25 A Yes. I think I'm qualified to testify

1 about the output of the models and what that means
2 for insurance losses and how to evaluate different
3 aspects of the output, you know, such as, you know,
4 how many hurricane Cat 5s there are; you know,
5 what's called the exceedance curve, which is saying,
6 you know, at a certain level, how often do you
7 expect the hurricane losses to exceed that level.

8 So in terms of evaluating and analyzing
9 the data that's the output of the model, I think I'm
10 qualified. And my recollection is that's what the
11 Court of Appeals, in the 2014 decision, also
12 concluded; that my work as an actuary allowed me to
13 evaluate the output of the models and in terms of
14 what that meant for a rate calculation.

15 Q And do you recall whether the 2014
16 decision also found you were, as an actuary,
17 qualified to testify about the net cost of
18 reinsurance?

19 MR. SPIVEY: Objection. I don't recall
20 that there's any question raised about who
21 was qualified to testify about various topics
22 in these prior cases. I'm not sure where
23 this is going.

24 MR. FRIEDMAN: So actually, there's a
25 whole paragraph about the Rate Bureau's

1 challenges to Mr. Schwartz about whether he
2 could testify about reinsurance because he
3 didn't have a certain specialty in it. And
4 the Court held that, well, as an actuary
5 alone, he would be able to testify about it,
6 but also that he did have -- what it lists
7 is -- his résumé still now -- an Associate in
8 Reinsurance and an Associate in Insurance
9 Accounting and Finance.

10 So I just want to emphasize, for the
11 purposes of that challenge, the bureau
12 already made to his ability to testify about
13 certain subjects, that he's still able to
14 testify.

15 MS. FUNDERBURK: Please speak into the
16 microphone.

17 MR. SPIVEY: I'm sorry.

18 MS. FUNDERBURK: Please speak into the
19 microphone, Mr. Friedman.

20 Yes, Mr. Spivey.

21 MR. SPIVEY: I guess my objection is
22 that we're mischaracterizing the Court of
23 Appeals' opinion and the issues that were
24 presented there. I'll let it stand at that.

25 MS. FUNDERBURK: Okay. I'm going to

1 let your objection stand, but I'm going to
2 let Mr. Friedman continue.

3 As we discussed, one of the things I'm
4 going to ask for briefing on, is the
5 applicability of the prior order from 2014
6 and the Court of Appeals order because those
7 seem to be a major point of contention
8 between the parties.

9 So, Mr. Friedman, I'm going to allow
10 you to continue on the line of questioning.
11 I understand that there is some dispute about
12 applicability amongst the parties.

13 Please proceed.

14 BY MR. FRIEDMAN:

15 Q So what do you contend you're able to
16 testify about in an expert capacity regarding the
17 hurricane models?

18 A Essentially, it's the output of the
19 models and doing various statistical analyses of it.
20 You know, so comparing actual hurricane losses to
21 the modeled losses, comparing the -- seeing the
22 distribution of the hurricane losses and what that
23 means in terms of, you know, weather-extreme events,
24 like one-in-a-thousand results from the model, how
25 that impacts the overall level of losses put in the

1 Rate Bureau filing.

2 [[[[And also there were certain things
3 that the Commissioner of Insurance found in
4 connection with the 2014 filing in terms of demand
5 surge and Cat 5 hurricanes.

6 And so I did an analysis to determine
7 the impact of the issues that the commissioner found
8 in the 2014 filing as to what their numerical impact
9 would be in terms of demand surge in Cat 5
10 hurricanes --

11 (Reporter requested clarification.)

12 A So the Commissioner of Insurance, in
13 his order for 2014 filing, brought up certain issues
14 such as demand surge and Category 5 hurricanes. And
15 so what I did was use the current output of the
16 hurricane models to see what the numerical impact of
17 those issues previously brought up by the
18 Commissioner of Insurance would have in connection
19 with this case.

20 Q Do you have a copy of notebook 3 up
21 there? And if not, I'll bring one to you.

22 A Yes, I have it.

23 Q Okay. If you could turn to Exhibit 12.
24 These are a selection of ASOPs. And on what is
25 Bates-stamped as the third page, and particularly

1 under Section 2.6, I'm going to read into the record
2 one sentence there.

3 It's the sentence about midway down
4 beginning: The actuary should evaluate materiality
5 of the various aspects of the task using
6 professional judgment and any applicable law
7 (statutes, regulations, and other legally binding
8 authority), standard or guideline.

9 Based on that requirement in ASOP 1, do
10 you need to develop an understanding of the
11 applicable law of any particular state you're
12 working on with regard to ratemaking?

13 A Yes. I mean, the applicable law, and
14 then it also mentions a standard or a guideline. So
15 there may be things, for example, that the insurance
16 department has stated in regard to how I believe
17 things should be done, which aren't necessarily, you
18 know, a law but they could be considered a standard
19 or a guideline.

20 So those need to be taken into account
21 also.

22 Q When you worked for a state, whether
23 it's a state you've represented before or a new
24 client, do you regularly inquire not just about what
25 statutes or regulations you need to read but also

1 about whether there's any administrator decisions or
2 case authority you should be aware of?

3 A Yes. In doing work, I try and have an
4 understanding of the history of what's going on in
5 that state regarding the particular work that I'm
6 doing.

7 And so, again, I would say I'm not a
8 lawyer, so I'm not going to search online for court
9 cases or statutes. But to the extent that informed
10 about certain things, after having discussion with
11 the people, I'll try and read those so I can form an
12 understanding of it, taking into account what people
13 have told me and also what I would read.

14 Q Are you referring to -- like I said,
15 ask the client, "Are there things other than the
16 statutes and the regulations, like court cases or
17 policies that are published by the DOI that I ought
18 to be aware of?"

19 A Yes. I mean, that's part of what I
20 would be doing.

21 Q When you're offering your
22 interpretation of the law, are you contending that
23 your opinion is necessarily to correct legal
24 interpretation?

25 A No, no. As an actuary, I have to have

1 an understanding of what I think the law means in
2 order to do certain calculations. You know, I
3 understand -- or it's my understanding that neither
4 I nor the lawyers presenting the case for the
5 parties determines what the law is in the state.
6 It's up to the hearing officer and the commissioner
7 and the courts to make that final determination.
8 And whatever that determination is, if it's
9 different than how I've interpreted the law, I could
10 adjust the calculations to account for that.

11 Q Okay. And I'm thinking about
12 particularly 2014, the commissioner's order. But is
13 your recollection of that, that you calculated the
14 years by which the modeled hurricane results should
15 be modified or to which it should be compared, and
16 then the commissioner went on and added yet more
17 years of experience that he thought would present a
18 better picture to modify the modeled hurricane
19 results?

20 A Yes. I did an analysis based on the
21 information I had available. The commissioner
22 apparently had additional information which he took
23 into account.

24 Q You reviewed both Ericksen's --
25 Mr. Ericksen's oral testimony and his reports?

1 A Yes.

2 Q Did you review both Mr. Anderson's
3 written testimony and his oral testimony and his
4 report?

5 A Yes.

6 Q Okay. In both, did Mr. Ericksen
7 disclose that he was -- let's just say in both his
8 written testimony and his spoken testimony, did
9 Mr. Ericksen disclose that he was relying on the
10 calculations done by Ms. Mao and by Mr. --
11 Drs. Zanjani and by Anderson?

12 A I don't remember the exact wording, but
13 I know that he put in there he was relying on other
14 people for certain aspects of the rate indication,
15 such as the net cost of reinsurance, the modeled
16 hurricane losses, the contingency provision, and the
17 profit. And so those would have been done by those
18 other witnesses that you mentioned.

19 Q Okay. I'd like to point you -- well,
20 let me ask this: Did you notice that Anderson, too,
21 in his written testimony and his oral testimony said
22 that he was relying on the others for their work,
23 and that he had concentrated on creating a chart for
24 the contingency provision?

25 A Yes. Mr. Anderson actually didn't do a

1 rate calculation in the sense of Mr. Ericksen
2 explaining the rate calculation, necessarily. He
3 said he reviewed what the other people did, and
4 Mr. Anderson said he found what other people did
5 reasonable by relying on it, right? He didn't -- he
6 didn't contest it, but he didn't do his own
7 independent evaluation of those items.

8 Q Did both Mr. Ericksen and Mr. Anderson,
9 nonetheless -- although they were purely relying on
10 the others, add a bunch of language explaining why
11 they thought the others were reasonable?

12 A Yeah. I mean, they had some language
13 in there, like on the contingency provision. There
14 were statements about, you know, a general list of
15 the things which they claim would support a
16 contingency provision. But it was, you know, pretty
17 vague and not what I would call "real support."

18 Q When, under the ASOPs, you disclose
19 that you are relying on another actuary's work, are
20 you supposed just to merely -- and you don't state
21 that you have, in fact, validated their work, are
22 you supposed to hold forth about the merits of their
23 work anyway?

24 A Well, you're supposed to -- you know
25 either you could independently conclude what --

1 independently reach your own conclusion about what
2 was done, based on an analysis, or you could
3 disclaim any responsibility for it. And so that
4 would seem like the testimony of Mr. Ericksen and
5 Anderson tried to straddle that by not actually
6 doing their own independent analysis, but not really
7 disclaiming the analysis done by the other person.

8 MR. FRIEDMAN: Okay. So I'm going to
9 be handing up, Your Honor -- if I could
10 approach -- the -- I'm going to be handing up
11 two exhibits we're going to put in, and then
12 I'll also be referring to the bureau's
13 Exhibit 30, which is the chart of alleged CTR
14 results.

15 Does everybody have a copy of that
16 chart handy?

17 MS. FUNDERBURK: What exhibit is that
18 chart?

19 MR. FRIEDMAN: RB-30. And may I
20 approach and hand out?

21 MS. FUNDERBURK: Please approach.

22 (RB previously marked Exhibit Number 30
23 was identified.)

24 MS. FUNDERBURK: Counsel, do we need to
25 have a bench? Counsel, do we need to have a

1 bench conference, or do we need to discuss
2 something on the record?

3 THE WITNESS: Could I get up and get my
4 glass of water, my water bottle?

5 MS. FUNDERBURK: Yes. Yes, you may. I
6 don't believe that one's been opened. You're
7 free to use it, but please go ahead and get
8 yours as well while we're having a bench
9 conference.

10 (A bench conference was had.)

11 MS. FUNDERBURK: Mr. Friedman, did you
12 have additional documents to give to counsel
13 for review?

14 MR. FRIEDMAN: I am now going through
15 that right now.

16 MS. FUNDERBURK: I'm going to go ahead
17 and recess us for 15 minutes so you can start
18 your review. I'll check in at 15 minutes and
19 see if you have everything you need to
20 complete your review.

21 Mr. Schwartz, I'll just again remind
22 you, you continue to be under oath when you
23 retake the stand. We're in recess for
24 15 minutes.

25 Thank you.

1 (A recess was taken from 9:48 a.m. to
2 10:18 a.m.)

3 MS. FUNDERBURK: All right. Thank you,
4 Counsel. We're back on the record. It is
5 10:18. I understand the parties are
6 reviewing what exhibits need to be provided
7 by DOI, and that the Rate Bureau needs to
8 review.

9 One, I need to get a realistic timeline
10 of what that is so we can take a recess and
11 address that. And I have some personal
12 matters I need to take that recess to also
13 address. Where are we for production of
14 documents for the Rate Bureau to review?

15 MR. FRIEDMAN: We have given them one
16 copy of all of them and we are upstairs --
17 they've asked for three more copies in
18 addition to that one copy, and we are
19 upstairs Xeroxing those.

20 MS. FUNDERBURK: Of the same document?

21 MR. FRIEDMAN: Yes.

22 MS. FUNDERBURK: Okay. How long is
23 that going to take?

24 MR. FRIEDMAN: Probably, hopefully no
25 more than ten minutes once I'm back up there.

1 MS. FUNDERBURK: How long do you need
2 for review? Okay. Ballpark.

3 MR. SPIVEY: It's difficult to say,
4 Your Honor.

5 MS. FUNDERBURK: Okay.

6 MR. SPIVEY: One other item I would
7 suggest -- or want to make a request on, one
8 of these exhibits, I'm assuming that this is
9 an Excel spreadsheet.

10 MR. FRIEDMAN: It is.

11 MR. SPIVEY: Can we get it in Excel?

12 MR. FRIEDMAN: Absolutely.

13 MR. SPIVEY: Thank you.

14 MS. FUNDERBURK: Okay. I'm going to
15 take a long recess. During that recess,
16 everything that DOI has exhibit-wise that
17 needs to be provided to the Rate Bureau is to
18 promptly be provided to the Rate Bureau for
19 review. Anything. That needs to be provided
20 to them before we begin with -- before we
21 resume testimony this afternoon. And I trust
22 that you will conduct your review, we'll come
23 back on the record.

24 I apologize for the delay, but it seems
25 like we do need some time to accomplish that.

1 Again, I'm going to emphasize whatever they
2 need to get, they need to get promptly while
3 we are in recess to allow them time to review
4 that. We're going to be in recess until
5 2:30. Is there anything we need to address
6 before then?

7 MR. SPIVEY: No, Your Honor.

8 MS. FUNDERBURK: All right. Thank you,
9 Counsel.

10 MR. FRIEDMAN: Thank you, Your Honor.

11 MS. FUNDERBURK: I can be reached by
12 text, if there's anything I need to address,
13 via a telephone conference before we resume at
14 2:30 this afternoon.

15 Mr. Schwartz, you remain under oath
16 when you retake the stand. Thank you, sir.

17 (A recess was taken from 10:20 a.m. to
18 2:30 p.m.)

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1 STATE OF NORTH CAROLINA)

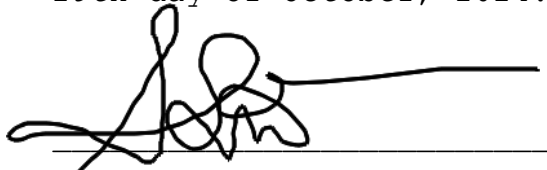
2 COUNTY OF FORSYTH)

3 REPORTER'S CERTIFICATE

4 I, Audra Smith, Registered Professional Reporter
5 in and for the above county and state, do hereby certify that
6 the hearing was taken before me at the time and place
7 hereinbefore set forth; that the proceedings were transcribed
8 and recorded by me by means of stenotype; which is reduced to
9 written form under my direction and supervision, and that this
10 is, to the best of my knowledge and belief, a true and correct
11 transcript.

12 I further certify that I am neither of counsel to
13 either party nor interested in the events of this case.

14 IN WITNESS WHEREOF, I have hereto set my hand this
15 29th day of October, 2024.

16 
17 _____

18 Audra Smith, RPR, CRR, FCRR

19 Notary Number: 201329000033

20 Commission Expires: June 26, 2025

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I, _____, after having read the foregoing transcript of the hearing In the Matter of: The Filing Dated January 3, 2024, by North Carolina Rate Bureau for the Revision of Homeowners Insurance Rates wish to make the above corrections.

SIGNATURE_____

AS DATE_____