



**Allstate**  
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**ALLSTATE INDEMNITY COMPANY  
PRIVATE PASSENGER AUTOMOBILE  
MARYLAND**

Thank you for your continuing consideration of filing R26543. The following addresses the concerns outlined during the conference call on 12/16/13.

The concerns from the Maryland Insurance Administration revolve around details of the models used and process to determine the Complementary Group for each policy. **Attachment A** of this response includes the list of variables and data used in creating the loss model. **Attachment B** of this response includes the list of variables and data used in creating the retention models as well as a brief explanation of how each model is used. **Attachment C** of this response outlines the development of the Complementary Group assignment of populated micro-segments. An explanation, with references to the supporting exhibit, is provided below.

1. Micro-segment Identifiers:  
Includes (1a) Rating Territory, (1b) Gender of Oldest Operator, (1c) Birthdate of Oldest Operator, and (1d) Years with Prior Carrier. The table is sorted lowest to highest on (1a), then lowest to highest on (1d), then lowest to highest on (1c), then alphabetically on (1b).
2. Current Premium:  
The total premium of the micro-segment effective before renewing onto the new rating plan proposed in this filing.
3. Indicated Premium:  
The output total premium based on the loss model referenced above and in **Attachment A**.
4. Selected Premium:  
The result of the iterative process subject to constraints that consider policyholder disruption and business considerations. This is the selected premium for each micro-segment.
5. Underlying Rating Plan Proposed Premium:  
Includes (5a) Underlying Rating Plan Proposed CGR Applicable Coverage Premium, (5b) Proposed Fixed Expense and Other Premium, and (5c) Underlying Rating Plan Proposed Total Premium. Column (5a) includes premium for AA, BB, CC, VA, DD, HH, and SS coverages. The proposed premium is the premium obtained from the underlying rating plan. The CGR factor will apply to the premium in (5a). The selected premium is obtained by the adjusted premium in (5a) added to the premium in (5b). The Underlying Rating Plan Proposed Total Premium (5c) is the premium that would be charged if the CGR rating step is not included.
6. Selected Group Factor:  $\{(4) - (5b)\} / (5a)$
7. Complementary Group:  
The closest Complementary Group to the selected tier factor subject to remaining between current (2) and indicated (3) premiums.

Please note that 212 micro-segments, less than 0.3%, have a final premium outside the range of current and indicated premiums. This is because the CGR factors increase by 0.5% with each tier and there is not a factor to calculate a final premium within the range. All of the micro-segments outside of the range have less than a 0.5% absolute difference from either the current or indicated premium.