



November 5, 2019

Rate Hearing Update:

The 2019 rate hearing is now in recess. This morning the hearing officer received testimony from the NMLTA's three non-actuary witnesses, Dr. Ted Jones, John Fox and J.W. Baldock. They had already pre-filed their testimony, so today's testimony was primarily limited cross-examination by the OSI's attorney, DJ Powers.

Dr. Jones had testified about the general state of the New Mexico economy, particularly about job growth and housing sales, and that was the focus of the cross-examination. John Fox had testified about the effect of a rate decrease, particularly on independent agents, and about the deficiencies of the current rate making process. Even though he was cross-examined hard and there were some pointed exchanges, he held his own and advocated his positions well. JW also had testified about the detrimental effect of a rate decrease and a large portion of his cross-examination was focused on his company's financial performance. Like John, JW was effective in his responses.

As you may already know, there is a new hearing officer this year, Alfred Walker. Mr. Walker seemed well-prepared for the hearing and those in the audience felt he was trying to do his job well, be fair and understand the issues.

The hearing is in recess to allow NMLTA and the Fidelity companies sufficient time to provide further written rebuttal testimony in response to the rebuttal testimony filed late Friday afternoon by OSI's actuarial expert, Mark Crawshaw.

There will be another conference call on November 21 to consider whether and how the hearing will resume for the purpose of taking actuaries' testimony or otherwise trying to resolve the case.

In the meantime, we will continue to keep you apprised of any new developments.

A big thanks to the many agents and underwriters who were present in the hearing room yesterday and today. Your show of support is very important.