



Dear Deputy Commissioner Cignarale:

Enclosed please find the attached adjustment to the Encompass Insurance Company (“Encompass”) Labor Rate Survey (“Survey”), that is based off of the Allstate Survey that was filed on 1/7/2019 for use starting January 1, 2019. Please note that the adjustment is based on the monthly (All Items) consumer price index for all urban consumers for California (“California CPI-U”) index provided in paragraph (d)(1)(C) of Section 2695.81 CCR of the voluntary methodology. The resulting adjustment is an increase to the prevailing market rates for each labor rate category in each geographic area in the amount of 2.9%.

No other changes were made to the Survey.

We believe the resulting labor rates accurately reflect the existing market and will allow for the fair and reasonable settlement of claims.