

1 NIKKI S. MCKENNEDY (SBN 184269)
MELISSA A. WURSTER (SBN 198899)
2 DEIRDRE M. DIGRANDE (SBN 199766)
CALIFORNIA DEPARTMENT OF INSURANCE
3 1901 Harrison Street, Sixth Floor
Oakland, CA 94612
4 Tel: (415) 538-4162
Fax: (510) 238-7829
5 Email: nikki.mckennedy@insurance.ca.gov
melissa.wurster@insurance.ca.gov
6 deirdre.digrande@insurance.ca.gov

7 *Attorneys for the California Department of Insurance*

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9 **BEFORE THE INSURANCE COMMISSIONER**
10 **OF THE STATE OF CALIFORNIA**
11

12 In the Matter of the Rate Application of
13 STATE FARM GENERAL INSURANCE
14 COMPANY,
15 Applicant.

File No. PA-2023-00007

SETTLEMENT STIPULATION

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17 Applicant STATE FARM GENERAL INSURANCE COMPANY (“Applicant”),
18 Intervenor CONSUMER WATCHDOG (“Petitioner”), and the Department of Insurance
19 (“Department”; collectively, “Parties”) stipulate as follows:

20 **RECITALS**

21 A. The Applicant is licensed by the Department to conduct insurance business in
22 California.

23 B. On February 28, 2023, Applicant filed a rate application (Application File No. 23-
24 613 [“Application”]) with the Department seeking approval of an overall 28.1 percent rate
25 increase to its California Homeowners Program line of insurance.

26 C. On March 17, 2023, the Department notified the public of the Application
27 pursuant to Insurance Code section 1861.05, subdivision (c).

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1 D. On May 1, 2023, Petitioner submitted a timely Petition for Hearing, Petition to
2 Intervene, and Notice of Intent to Seek Compensation regarding the Application (collectively,
3 “Petition”).

4 E. On May 15, 2023, the Commissioner granted the Petition to Intervene.

5 F. On May 18, 2023, Applicant responded to the Petition.

6 G. The Parties have engaged in discussions regarding the Application and additional
7 information and analysis the Parties have provided.

8 H. As a result of the Parties’ discussions and negotiations, Applicant has updated the
9 Application per the Parties’ agreement.

10 **STIPULATION**

11 1. This Stipulation, together with the updated Application and the Commissioner’s
12 approval in SERFF, represents the complete and final settlement resolving all issues between the
13 Parties regarding the Application.

14 2. Based upon the Application and additional information provided by the Parties, the
15 Parties agree that an overall rate increase of 20.0 percent to Applicant’s California Homeowners
16 Program line of insurance (by coverage 20.8% for non-tenant homeowners, 0.0% for renters, and
17 20.0% for condominium unit-owners) complies with the applicable laws and regulations, and
18 results in rates that are not excessive, not inadequate, and not unfairly discriminatory. Applicant
19 has made appropriate updated filings in SERFF to reflect the agreed-upon overall rate change and
20 changes by coverage. Approval of the Application described in this Stipulation will only be
21 effective when approved by the Commissioner in SERFF. Applicant will implement this rate
22 change with an effective date of March 15, 2024 in accordance with this Stipulation, the updated
23 Application, and the Commissioner’s approval in SERFF.

24 3. In the event that Applicant submits a new rate increase application for its
25 homeowners line, it agrees that the effective date for such application will be no earlier than
26 September 15, 2024, except that Applicant may file for an earlier effective date if requested by a
27 state regulator with authority to regulate Applicant’s financial condition. As used herein,
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1 “effective date” means the first date on which premiums calculated at a new, approved rate are
2 due.

3 4. Following final resolution of the Application, Applicant further agrees that within
4 a reasonable time it will confidentially provide Petitioner with a copy of its 2023 Actuarial
5 Reserve Report (“Report”) pursuant to a nondisclosure agreement agreed-upon among Applicant,
6 Petitioner, and PwC (Applicant’s auditor and creator of the Report).

7 5. This Stipulation does not constitute an endorsement or approval of models
8 generally, or any specific model, eligibility, or nonrenewal criteria, or rating methodology.

9 6. Applicant agrees that the terms of the Settlement Stipulation executed on July 22,
10 2020 in Department File No. PA-2018-00005 (arising from Application File No. 18-4896)
11 pertaining to underwriting guidelines apply to all prior approval rate applications filed by
12 Applicant with respect to any line of insurance.

13 7. Consistent with Title 10 of the California Code of Regulations (“10 CCR”)
14 sections 2656.1(b) and 2662.3(c), no agreement regarding Petitioner’s compensation has been
15 made. However, the Parties agree that the Commissioner’s approval of the Application,
16 consistent with this Stipulation will be a decision or order within the meaning of Insurance Code
17 section 1861.10, subdivision (b). Petitioner agrees to submit any request for compensation to the
18 Public Advisor within 30 days after notice of the Commissioner’s approval in SERFF.

19 8. Petitioner will withdraw its Petition for Hearing within 10 days after notice of the
20 Commissioner’s approval in SERFF.

21 9. This Stipulation is made solely to reach a compromise among the Parties. The
22 Commissioner’s approval of the Application shall not constitute approval of or precedent
23 regarding any principle or any issue in any other proceeding.

24 10. The Commissioner retains jurisdiction to ensure that the Parties comply with this
25 Stipulation and the updated Application and the Commissioner’s approval in SERFF.

26 11. This Stipulation may be executed in counterparts.
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1 Dated: December 22, 2023

HOGAN LOVELLS US, LLP

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By: 

Vanessa Wells
*Attorneys for Applicant State Farm General
Insurance Company*

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6 Dated: December 22, 2023

Petitioner CONSUMER WATCHDOG

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By: _____
Pamela Pressley
*Attorneys for Petitioner/Intervenor
Consumer Watchdog*

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11 Dated: December 22, 2023

CALIFORNIA DEPARTMENT OF
INSURANCE

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By: _____
Nikki S. McKennedy
*Attorneys for the California Department of
Insurance*

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Dated: December 21, 2023

HOGAN LOVELLS US, LLP

By: _____
Vanessa Wells
*Attorneys for Applicant State Farm General
Insurance Company*

Dated: December 21, 2023

Petitioner CONSUMER WATCHDOG

By:  _____
Benjamin Powell
*Attorneys for Petitioner/
Intervenor Consumer Watchdog*

Dated: December 21, 2023

CALIFORNIA DEPARTMENT OF
INSURANCE

By: _____
Nikki S. McKennedy
*Attorneys for the California Department of
Insurance*

1 Dated: December 21, 2023

HOGAN LOVELLS US, LLP

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By: _____

Vanessa Wells

*Attorneys for Applicant State Farm General
Insurance Company*

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Petitioner CONSUMER WATCHDOG

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By: _____

Pamela Pressley

*Attorneys for Petitioner/Intervenor
Consumer Watchdog*

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11 Dated: December 21, 2023

CALIFORNIA DEPARTMENT OF
INSURANCE

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By: *Nikki McKennedy*

Nikki S. McKennedy

*Attorneys for the California Department of
Insurance*

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PROOF OF SERVICE
In the Matter of the Rate Application of
Sate Farm General Insurance Company, Applicant.
CDI File No. PA-2023-00007
(RRB FILE NO. HO-23-613)

I am over the age of eighteen years and am not a party to the within action. I am an employee of the Department of Insurance, State of California, employed at 1901 Harrison Street, 4th Floor, Oakland, CA 94612. On December 22, 2023, I served the following document(s):

SETTLEMENT STIPULATION

on all persons named on the attached Service List, by the method of service indicated, as follows:

If **U.S. MAIL** is indicated, by placing on this date, true copies in sealed envelopes, addressed to each person indicated, in this office's facility for collection of outgoing items to be sent by mail, pursuant to Code of Civil Procedure Section 1013. I am familiar with this office's practice of collecting and processing documents placed for mailing by U.S. Mail. Under that practice, outgoing items are deposited, in the ordinary course of business, with the U.S. Postal Service on that same day, with postage fully prepaid, in the city and county of San Francisco, California.

If **OVERNIGHT SERVICE** is indicated, by placing on this date, true copies in sealed envelopes, addressed to each person indicated, in this office's facility for collection of outgoing items for overnight delivery, pursuant to Code of Civil Procedure Section 1013. I am familiar with this office's practice of collecting and processing documents placed for overnight delivery. Under that practice, outgoing items are deposited, in the ordinary course of business, with an authorized courier or a facility regularly maintained by one of the following overnight services in the city and county of San Francisco, California: Express Mail, UPS, Federal Express, or Golden State overnight service, with an active account number shown for payment.

If **FAX SERVICE** is indicated, by facsimile transmission this date to fax number stated for the person(s) so marked.

If **PERSONAL SERVICE** is indicated, by hand delivery this date.

If **INTRA-AGENCY MAIL** is indicated, by placing this date in a place designated for collection for delivery by Department of Insurance intra-agency mail.

If **EMAIL** is indicated, by electronic mail transmission this date to the email address(es) listed.

Executed this date at San Francisco, California. I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Cecilia Padua
Cecilia Padua

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**In the Matter of the Rate Application of
Sate Farm General Insurance Company, Applicant.
CDI File No. PA-2023-00007
(RRB FILE NO. HO-23-613)**

<u>Name/Address</u>	<u>Phone/Fax Numbers</u>	<u>Method of Service</u>
Vanessa O. Wells, Esq. Victoria C. Brown, Esq. Attorney(s) for Applicant HOGAN LOVELLS US LLP 855 Main Street, Suite 200 Redwood City, CA 94063 Vanessa.wells@hoganlovells.com Victoria.brown@hoganlovells.com	Tel: (650) 463-4000 Fax: (650) 463-4199	Via EMAIL
Jordan D. Teti, Esq. Attorney(s) for Applicant HOGAN LOVELLS US LLP 1999 Avenue of the Stars, Suite 1400 Los Angeles, CA 90067 Jordan.teti@hoganlovells.com	Tel: (310) 785-4600 Fax: (310) 785-4601	Via EMAIL
Nicole Pettis Pricing Manager STATE FARM GENERAL INSURANCE COMPANY One State Farm Plaza Bloomington, IL 61710-0001 Nicole.pettis.m3ht@statefarm.com	Tel: (309) 766-2265	Via EMAIL
Harvey Rosenfield, Esq., Pamela Pressley, Esq. Benjamin Powell, Esq. Ryan Mellino, Esq. Attorney(s) for Intervenor CONSUMER WATCHDOG 6330 San Vicente Blvd., Suite 250 Los Angeles, CA 90048 harvey@consumerwatchdog.org pam@consumerwatchdog.org ben@consumerwatchdog.org ryan@consumerwatchdog.org	Tel: (310) 392-0522 Fax: (310) 392-8874	Via EMAIL

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NON PARTIES

Kenneth Allen
Deputy Commissioner
Rate Regulation Branch
**CALIFORNIA DEPARTMENT OF
INSURANCE**
300 South Spring Street, 14th Floor
Los Angeles, CA 90013
ken.allen@insurance.ca.gov

Tel: (213) 346-6783
Fax: (213) 897-9051

Via EMAIL

Jon Phenix, Esq.
Staff Counsel III & Public Advisor
Office of the Special Counsel
**CALIFORNIA DEPARTMENT OF
INSURANCE**
300 Capitol Mall, 17th Floor
Sacramento, CA 95814
Jon.phenix@insurance.ca.gov

Tel: (916) 492-3705
Fax: (510) 238-7830

Via EMAIL