



Via email

March 6, 2025

The Honorable Ricardo Lara
Commissioner of Insurance
California Department of Insurance
300 Capitol Mall, 17th Floor
Sacramento, CA 95814
commissionerlara@insurance.ca.gov

Re: Additional Supplemental Information concerning State Farm's Emergency
Interim Rate Increase Request
In the Matter of the Rate Applications of State Farm General Insurance Company
PA-2024-00012/SFMA-134139896 – Homeowners;
PA-2024-00011/SFMA-134139931 – Renters and Condo; and
PA-2024-00013/SFMA-134139850 – Rental Dwelling

Dear Commissioner Lara:

I write to bring your attention to recent statements¹ made by Mr. Haden Kirkpatrick, Vice President of Innovation and Venture Capital at State Farm,² that expose troubling contradictions in the company's stance on policy cancellations in California. His recorded remarks suggest that State Farm is not simply reacting to financial risk but is deliberately using cancellations and the threat of future cancellations to pressure the Department of Insurance for rate increases—directly contradicting the company's public assurances to you and CDI that it will remain in the market if granted an emergency interim rate adjustment.

State Farm is telling you one thing, and an executive, in unguarded moments, admits another. As Insurance Commissioner, you have a duty to uncover the truth and ensure that insurers do not exploit policyholders as leverage to extract rate increases without the full scrutiny required by Proposition 103.

At the recent informal meeting on State Farm's emergency interim rate increase request on February 26, 2025, you directly asked State Farm:

¹ <https://youtu.be/DRnLed7wxd4?si=ntYoHCxx4XSuF7Rr>

² Unconfirmed media reports suggest that Mr. Kirkpatrick's employment may have been recently terminated by State Farm.

“[I]f I were to approve this interim rate increase, would you commit to [not] non-renewing your existing customers?”³

State Farm responded with a lengthy answer, stating “that’s an appropriate way to think about it,”⁴ and emphasizing that an “ability for State Farm General to be rate adequate, to have the ability to be self-sustaining is just so critical looking forward to send that positive signal to allow us to have a bridge to the future.”⁵

But Mr. Kirkpatrick is clear that his job, which he states includes overseeing two companies, including an insurance company⁶, is to “future proof the company.”⁷ And in his recorded conversation, Mr. Kirkpatrick provided a starkly different perspective. He described how State Farm evaluates its financial exposure and approaches the Department for rate increases. He stated:

“We’ll go to the Department of Insurance and say we’re overexposed here, you have to let us catch up our rating... and they’ll say ‘eh’ because the Department of Insurance and the Insurance Commissioner is an elected position in California. He’ll say ‘nah.’ And we’ll say, ‘Okay, then we are going to cancel these policies.’”⁸

These remarks strongly suggest that policy cancellations are being wielded as a strategic bargaining tool rather than as a necessary response to financial risk. This contradicts the impression State Farm sought to convey at the meeting—that it would remain in the market if rate relief were granted, and calls into question the transparency and good faith of State Farm’s dealings with both regulators and policyholders.

Additionally, Mr. Kirkpatrick’s statements contradict State Farm’s position on the alleged regulatory obstacles to obtaining necessary rate increases. When asked whether State Farm’s withdrawal from the California market was “orchestrated,” on the recording, Mr. Kirkpatrick appeared to agree, attributing the orchestration to regulatory delays and political considerations.⁹ Yet at the February 26 meeting, you reminded State Farm:

³ Feb. 26, 2025 Transcript at 38:25-39:2.

⁴ Feb. 26, 2025 Transcript at 39:5 -10.

⁵ Feb. 26, 2025 Transcript at 40:2-6.

⁶ <https://youtu.be/DRnLed7wxd4?si=ntYoHCxx4XSuF7Rr> at approx. time stamp 00:04:26:13 - 00:04:33:19.

⁷ <https://youtu.be/DRnLed7wxd4?si=ntYoHCxx4XSuF7Rr> at approx. time stamp 00:05:23:24 - 00:05:33:03.

⁸ <https://youtu.be/DRnLed7wxd4?si=ntYoHCxx4XSuF7Rr> at approx. time stamp 00:06:42:20 - 00:07:07:17.

⁹ <https://youtu.be/DRnLed7wxd4?si=ntYoHCxx4XSuF7Rr> at approx. time stamp 00:05:51:19 - 00:08:13:10.

“[N]othing in Prop 103 impedes you from asking for the actual rate that you need.”¹⁰

State Farm responded by acknowledging that message, stating:

“[B]eing responsive to that message from you and your staff, we began to work towards those larger rating paces that led to the last rate increase with you, so I acknowledge what you're saying.”¹¹

Despite this acknowledgment, Mr. Kirkpatrick’s recorded remarks indicate that State Farm sees policy cancellations as a negotiating tactic, rather than an unavoidable consequence of regulatory constraints.

Finally, at the meeting, State Farm insisted to you that it “want[s] to be in the California market,” “to continue to serve the millions of customers in the State of California,” and that “we want to support the California market.”¹² But Mr. Kirkpatrick’s comments suggest a different attitude toward certain California homeowners at State Farm:

“Like in Marin County and Northern California, or some of the fringe areas, like where the Palisades are, there should never be houses built in the first place”

because Californians are building homes in these locations “where they have natural areas around them for their ego.”¹³ This statement reflects a dismissive attitude toward large portions of the state, raising further concerns about State Farm’s true commitment to maintaining coverage for homeowners in California.

Given the ongoing insurance crisis in California and the vital role of the Department of Insurance in protecting consumers, we urge you to investigate this matter further. State Farm’s statements at the February 26 meeting are inconsistent with Mr. Kirkpatrick’s more candid remarks, and this discrepancy warrants closer scrutiny. At a minimum, this is yet another reason to give notice of an expedited formal hearing on State Farm’s rate application—where company officials can be placed under oath and cross-examined about conflicting statements. California consumers deserve to know whether this insurer is truly committed to serving them or merely using the threat of cancellation of their coverage as a bargaining chip. California consumers should not be threatened with the loss of coverage due to orchestrated strategic corporate maneuvers.

There is no justification for approving an unprecedented interim rate increase request, especially if State Farm intends to pocket the cash and abandon consumers. Consumers should not be forced to fund State Farm’s exit strategy from the California market.

¹⁰ Feb. 26, 2025 Transcript at 23:12-13.

¹¹ Feb. 26, 2025 Transcript at 23:18-22.

¹² Feb. 26, 2025 Transcript at 38:1-22.

¹³ <https://youtu.be/DRnLed7wxd4?si=ntYoHCxx4XSuF7Rr> at approx. time stamp 00:09:57:13 - 00:10:36:07.

Thank you for your attention to this urgent issue. I appreciate your dedication to ensuring fairness and stability in California's insurance market.

Sincerely,

A handwritten signature in black ink that reads "William Pletcher". The signature is written in a cursive, flowing style.

WILLIAM PLETCHER
Litigation Director
PAMELA PRESSLEY
Senior Staff Attorney
CONSUMER WATCHDOG

cc: Michael Martinez, Chief Deputy Commissioner
Nikki McKennedy, Assistant Chief Counsel, Rate Enforcement Bureau
Vanessa Wells, Hogan Lovells, Counsel for State Farm General