



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

February 20, 2025

VIA EMAIL

William Pletcher
Pamela Pressley
Consumer Watchdog
6330 San Vicente Blvd., Suite 250
Los Angeles, CA 90048

Re: Commissioner Request for Informal Conference

Dear Counsel:

I am in receipt of your February 19, 2025, correspondence regarding the upcoming informal conference on February 26, 2025 regarding State Farm General Insurance Company's (State Farm) letter request to the Insurance Commissioner (Commissioner) seeking approval of an Emergency Interim Rate on four lines of business based on concern over their "swift capital depletion."

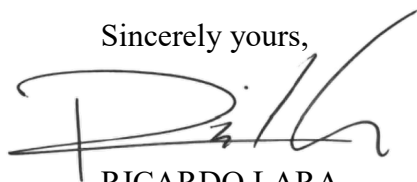
In my position, I am responsible for upholding the requirements of Proposition 103, including its guarantees of transparency and public participation in the process. Holding an informal conference with the Commissioner, State Farm, intervenor (Watchdog) and the Department of Insurance (Department) complies with the transparency requirements of Proposition 103. Informal does not mean secret. In this current situation, no notice of a rate hearing has been issued so there is no rate proceeding. I have directed a court reporter to transcribe this meeting, and a copy of the transcript will be available to the public. As you well know, Watchdog regularly participates in informal conferences with the Department and insurers regarding rate applications in which it intervenes prior to the issuance of a notice of hearing. After previous informal conferences, Watchdog agrees to major rate increases for Californians in exchange for compensation. Importantly, Watchdog, the Department and State Farm have held informal discussions about State Farm's June 2024 rate applications and the request for an emergency interim rate, but have not yet reached a resolution.

State Farm has now taken the unprecedented action of directly requesting emergency interim rate approval from the Commissioner. Under Proposition 103, I carry the responsibility of ensuring that approved insurance rates are not excessive, inadequate or unfairly

discriminatory. I also have the authority to grant the interim relief State Farm seeks. My primary responsibility is to maintain a stable insurance market in California and protect State Farm policyholders. Insurance companies are not legally obligated to provide coverage to everyone, and many Californians are currently facing challenges with insurance availability. State Farm's serious financial situation raises concerns for California's insurance market and its consumers. I have reviewed State Farm's request, along with submissions from Watchdog and the Department. However, I have questions I would like State Farm to address at next week's meeting, and I look forward to your participation.

Thank you for your attention to this matter.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'Ricardo Lara', with a large, stylized 'R' and 'L'.

RICARDO LARA
California Insurance Commissioner

cc: Michael Martinez, Chief Deputy Commissioner
Teresa Campbell, Deputy Commissioner, Legal Branch
Nikki McKennedy, Assistant Chief Counsel, Rate Enforcement Branch
William Pletcher, Consumer Watchdog
Pamela Pressley, Consumer Watchdog
David Grow, State Farm
Diane Bauer, State Farm
Vanessa Wells, Hogan Lovells