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**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA**

In the Matter of the Rate Applications of

STATE FARM GENERAL
INSURANCE COMPANY,

Applicant.

File Nos. PA- 2024-00011, PA-2024-00012,
PA-2024-00013

REQUEST FOR DISCOVERY

SET ONE

TO: STATE FARM GENERAL INSURANCE COMPANY (“APPLICANT”):

Pursuant to California Insurance Code section 1861.08(e), Government Code section 11507.6, and Title 10, California Code of Regulations, section 2655.1(a), the California Department of Insurance (“Department”) requests that Applicant respond to these discovery requests within 20 days of the date of service of this request. Additionally, Applicant has an “ongoing duty to produce additional items . . . as new items become relevant” that are also responsive to these requests per section 2655.1(a); the Department agrees to allow Applicant to provide such ongoing responses in the same format as it originally responds to these requests.

I

DEFINITIONS AND GENERAL PROVISIONS

The following definitions and instructions apply to all requests:

- A. The terms “AFFILIATE” or “AFFILIATES” mean a business entity that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under

- 1 common control with the business entity specified as APPLICANT, including without
2 limitation, any such business relationship between a mutual holding company and a
3 subsidiary that is majority-owned and/or controlled by the holding company.
- 4 B. The term “APPLICANT” means State Farm General Insurance Company and its agents
5 and employees, and all persons working on their behalf.
- 6 C. The term “APPLICATIONS” means the prior approval rate applications APPLICANT
7 originally filed with the Department on or about June 27, 2024:(1) [RRB 24-1273, SFMA-
8 134139931, PA-2024-00011], seeking an overall 41.8% rate increase in its condominium
9 owners and renters coverages; and (2) (RRB 24-1271, SFMA-134139896, PA-2024-
10 00012), seeking an overall 30.0% rate increase in its homeowners coverages (also referred
11 herein as “the non-tenant HO-3 filing”), in addition to the prior approval rate application
12 APPLICANT originally filed with the Department on our about July 5, 2024 [RRB 24-
13 1330, SFMA-134139850, PA-2024-00013] seeking an overall 38% increase to its rental
14 dwelling coverage.
- 15 D. The terms “DOCUMENT” and “DOCUMENTS” mean any “writing” as defined by
16 California Evidence Code section 250, including without limitation, any report, statement,
17 e-mail communication or other kind of written communication, or drafts of such writings.
18 If a DOCUMENT has been prepared and several copies or additional copies have been
19 made that are not identical, or are no longer identical by reason of subsequent addition,
20 notation or other modification of the copy, each non-identical copy is a separate writing,
21 and thus, a separate DOCUMENT. In the event that APPLICANT does not have actual or
22 constructive possession, custody, or control of the original of any requested
23 DOCUMENT, APPLICANT shall produce a true, correct, complete and legible copy.
- 24 E. The terms “CALCULATION” or “CALCULATIONS” means the actual process of
25 determining, by mathematical process and actuarial judgment, any factor or information
26 variable used to support the rate change(s) and/or the variance requested in the
27 APPLICATIONS, as well as the results of any such process.
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- 1 F. The term “DATA” means any and all factual information or statistics used as a basis for
2 the CALCULATIONS that APPLICANT made when preparing the APPLICATIONS.
- 3 G. The terms “CALCULATIONS” and “DATA” include, but are not limited to, arithmetic,
4 formulas, code, and/or other similar information underlying any DOCUMENTS
5 requested, including but not limited to the actual CALCULATIONS, arithmetic, formulas,
6 code, or other similar information contained in or used in Microsoft Excel, R, or any
7 similar program used by APPLICANT to support the rate change(s) and/or the variance
8 requested in the APPLICATIONS.
- 9 H. The term “RELATE TO” means to refer to, mention, discuss, analyze, evidence, reflect,
10 document, support, or otherwise state or cite to.
- 11 I. The term “VARIANCE 6” refers to the variance request set forth in Title 10 of the
12 California Code of Regulations (“10 CCR”) section 2644.27(f)(6).
- 13 J. For each statement, DOCUMENT, or thing that is withheld pursuant to an assertion of
14 privilege, APPLICANT must identify the item in a privilege log by describing the type of
15 item (contract, policy, check, memorandum, letter, E-mail, etc.); the name, title, and
16 address of the author, creator or sender at the time the item was authored, created or sent;
17 the name, title, and address of the recipient at the time the item was received; the date the
18 item was authored, created or sent; the date the item was received; the identity of all
19 persons who have custody or control of the original or copies of the item; the request
20 number(s) to which the DOCUMENT is responsive; and the grounds for each claim of
21 privilege with respect to the item.
- 22 K. For each statement, DOCUMENT, or thing that is withheld on the ground that the request
23 is overly broad, oppressive, or burdensome, APPLICANT must describe with particularity
24 the reason the request is believed to be overbroad, oppressive, or burdensome, and then
25 produce the portion(s) of the request which falls outside the scope of the objection.
- 26 L. For every statement, DOCUMENT, or thing produced, APPLICANT shall indicate the
27 request number(s) to which it is responsive.
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- 1 M. These requests apply to all statements, DOCUMENTS, or things in the possession,
2 custody, or control of APPLICANT and/or APPLICANT's counsel, whether compiled by
3 APPLICANT or by any other individual or entity for any reason whatsoever.
- 4 N. Pursuant to 10 CCR section 2655.1(a), these Requests constitute ongoing, continuing
5 requests for any and all discoverable items that may come into the possession of
6 APPLICANT at any time prior to the first day of the hearing in this matter. If
7 APPLICANT learns of any responsive statement, DOCUMENT, thing, or information
8 after responding to this request, APPLICANT shall provide such item(s) to the
9 Department as soon thereafter as reasonably possible.
- 10 O. Nothing in these requests for discovery should be deemed to authorize the inspection or
11 copying of any writing or thing which is privileged from disclosure by law or otherwise
12 made confidential or protected as attorney's work product.
- 13 P. Pursuant to 10 CCR section 2655.1(a), in response to these discovery requests,
14 APPLICANT shall provide any and all updates to items previously submitted to the
15 Department in Excel format, as well as in working Excel format (with formulas intact).
- 16 Q. APPLICANT's responses to these requests for discovery should be made to the
17 undersigned attorney for the Department by directing such responses to the address given
18 above.
- 19 R. Pursuant to 10 CCR section 2655.1(a), APPLICANT shall have an ongoing duty to
20 supplement responses with additional items, including without limitation, DATA,
21 DOCUMENTS and/or other information, as such items become available.

22 II

23 DISCOVERY REQUESTED

24 Please provide the following:

25 GENERAL DISCOVERY

- 26 1. Any and all DATA, materials, and/or DOCUMENTS that APPLICANT has already provided
27 to the Department regarding the APPLICATIONS, to the extent that APPLICANT now
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1 claims the DOCUMENTS are confidential because they were provided in the context of pre-
2 hearing settlement negotiations.

3 2. Any and all DOCUMENTS relevant to the subject matter of this proceeding that are within
4 APPLICANT's possession, custody, and/or control.

5 3. Any and all DOCUMENTS relevant to the subject matter of this proceeding, including
6 without limitation, such DOCUMENTS made by the APPLICANT for any other party or
7 person.

8 4. Any and all DOCUMENTS containing any statement(s) by any witness(es) the APPLICANT
9 intends to call to testify at the hearing in this matter.

10 5. Any and all DOCUMENTS containing any statement(s), prepared in any form, relevant to the
11 subject matter of this proceeding.

12 6. Any and all DOCUMENTS containing any statement(s) of any person(s) relating to the
13 APPLICATIONS.

14 7. Any and all DOCUMENTS and/or things that the APPLICANT intends to offer in evidence at
15 the hearing in this matter.

16 8. Any and all DOCUMENTS relevant to the APPLICATIONS, including DOCUMENTS
17 provided in the System for Electronic Rate and Form Filing ("SERFF").

18 9. Any and all DOCUMENTS that describe, memorialize, govern, or contain information related
19 to any and all inter-affiliate transactions, including without limitation, the inter-affiliate
20 transfer of premiums, surplus, investable assets, and/or other income and the provision of
21 inter-affiliate services, reinsurance, cost-sharing, and/or liquidity pooling agreements,
22 between APPLICANT and State Farm Mutual Insurance Company, from January 1, 2015 to
23 the present.

24 10. Any and all DOCUMENTS that describe, memorialize, govern, or contain information related
25 to any and all inter-affiliate transactions [as detailed in 9 above] between APPLICANT and
26 any other AFFILIATE(S) of State Farm Mutual Insurance Company, from January 1, 2015 to
27 the present.
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- 1 11. Any and all DOCUMENTS that describe, memorialize, govern, or contain information related
2 to APPLICANT's reinsurance agreements with, between, or among State Farm Mutual
3 Insurance Company, any AFFILIATE(S) of State Farm Mutual Insurance Company, and/or
4 any other entity, including but not limited to (a) reinsurance premium(s), (b) allocation(s) of
5 reinsurance premium(s) to APPLICANT and other party or parties to reinsurance
6 agreement(s), (c) CALCULATIONS that form the basis of allocation(s) of reinsurance
7 premium(s) to APPLICANT and other parties to the reinsurance agreement(s), (d)
8 authorizations, and (e) approvals, from January 1, 2015 to the present.
- 9 12. Any and all DATA, DOCUMENTS, and/or CALCULATIONS that illustrate or RELATE TO
10 the losses ceded as part of APPLICANT's reinsurance agreements with State Farm Mutual
11 Insurance Company and/or any other AFFILIATE(S).
- 12 13. Any and all DOCUMENTS, draft or otherwise, pertaining in any way to the subject matter of
13 this proceeding, which were created for, intended, sent to or received by members of the
14 Board(s) of Directors of the State Farm General Insurance Company and/or the State Farm
15 Mutual Insurance Company.
- 16 14. Any and all DOCUMENTS, draft or otherwise, including reports of any kind, pertaining to
17 the subject matter of this proceeding, which were prepared by persons or companies hired or
18 retained to examine, analyze or investigate any issue which is the subject of this proceeding.
- 19 15. Any and all DATA, DOCUMENTS, and/or CALCULATIONS sufficient to show the
20 organizational chart and/or structure of APPLICANT and/or its parent company, including
21 without limitation, any and all affiliated companies.
- 22 16. Any and all DATA, DOCUMENTS, and/or CALCULATIONS sufficient to show the names
23 and titles of the Board of Directors of APPLICANT and its parent company, State Farm
24 Mutual Automobile Insurance Company.
- 25 17. Any and all DATA, DOCUMENTS, and/or CALCULATIONS exchanged between
26 APPLICANT, and/or any of its AFFILIATES on its behalf, on the one hand, and independent
27 financial rating companies AM Best and/or S&P Global, on the other hand, from 2020 to the
28 present, regarding APPLICANT's financial condition and/or rating.

DISCOVERY RELATED TO APPLICANT'S REQUEST TO USE VARIANCE 6

18. Any and all DOCUMENTS containing information that supports the use of VARIANCE 6, as asserted in Exhibit 13 of the APPLICATIONS.
19. Any and all DOCUMENTS containing information showing that APPLICANT'S financial condition is such that the maximum permitted earned premium should be increased in order to protect APPLICANT'S solvency, as set forth in VARIANCE 6.
20. Any and all DOCUMENTS containing information showing APPLICANT's financial condition based on application of standards, including but not limited to, those established by the National Association of Insurance Commissioners' ("NAIC") Insurance Regulatory Information System (IRIS). In addition, for each test provided, referenced, used, or otherwise relied upon:
- a. Identify the standard(s) used;
 - b. Explain why the standard(s) are appropriate measures to determine the APPLICANT's financial condition;
 - c. Provide a detailed explanation of the criteria, factors, and methodology for each standard used to test or evaluate APPLICANT'S financial condition; and
 - d. For each standard used to test or evaluate APPLICANT's financial condition, produce all DATA, DOCUMENTS and CALCULATIONS that contain or RELATE TO the results of such testing or evaluation, including all projections of APPLICANT'S financial condition for the years 2022-2024.
21. Any and all DOCUMENTS showing APPLICANT'S plan to restore its financial condition, including but not limited to, efforts other than rating and underwriting.
22. Any and all DOCUMENTS showing that, consistent with APPLICANT'S claimed financial condition, APPLICANT has reduced or foregone issuing dividends to stockholders or policyholders, and if so, when and for how long.
23. Any and all DOCUMENTS explaining APPLICANT's plan to reduce rates once Applicant's condition is restored, in order to compensate consumers for excessive charges, as set forth in 10 CCR section 2644.27(f)(6)(D).

- 1 24. Any and all DOCUMENTS that demonstrate APPLICANT's targeted capital surplus can
2 satisfy the NAIC Risk-Based Capital ("RBC") requirement or APPLICANT's own internal
3 RBC for the years 2022 through 2024.
- 4 25. Any and all Documents related to and including APPLICANT's Own Risk and Solvency
5 Assessment ("ORSA") for the years 2022 through 2024.
- 6 26. Any and all DATA, DOCUMENTS, and/or CALCULATIONS for every component of the
7 ratemaking formula(s) which APPLICANT used or otherwise relied upon in connection with
8 its VARIANCE 6 Applications, and which contain, RELATE TO, and/or support the amount
9 of the change that use of VARIANCE 6 will have on each component of the ratemaking
10 formula, including but not limited to, all documents that:
- 11 a. Identify the extent or amount of the variance requested and the applicable
12 component of the ratemaking formula(s);
 - 13 b. Set forth the expected result or impact on the maximum and minimum permitted
14 earned premium that the granting of VARIANCE 6 will have, as compared to the
15 expected result if VARIANCE 6 is denied; and
 - 16 c. Identify the facts and their source justifying APPLICANT'S request for use of
17 VARIANCE 6 and demonstrating the effect of VARIANCE 6 on the component(s)
18 of the ratemaking formula to which APPLICANT wishes to apply VARIANCE 6.
- 19 27. Any and all DATA, DOCUMENTS, and/or CALCULATIONS that RELATE TO
20 APPLICANT's financial projections if VARIANCE 6 is granted.
- 21 28. Any and all DOCUMENTS in the form of a flowchart which in any way RELATE TO the
22 APPLICATIONS or the APPLICANT's actions or requests for relief under VARIANCE 6.
- 23 29. Any and all DATA, DOCUMENTS and/or CALCULATIONS that describe, memorialize,
24 govern or contain information that RELATES TO APPLICANT'S fifty percent (50%)
25 leverage ratio.
- 26 30. Any and all DATA, DOCUMENTS and/or CALCULATIONS that describe, memorialize,
27 govern or contain information that RELATES TO APPLICANT'S projected fifteen percent
28 (15%) return on investment.

- 1 31. Any and all DATA, DOCUMENTS, and/or CALCULATIONS that RELATE TO
2 APPLICANT's responses to the questions posed by the Commissioner in his February 14,
3 2025 letter and APPLICANT's responses provided by APPLICANT (a) in APPLICANT's
4 February 25, 2025 letter and (b) at the informal meeting on February 26, 2025.
- 5 **DISCOVERY RELATED TO APPLICANT'S OVERALL RATE NEED EXCLUDING**
6 **THE USE OF VARIANCE 6**
- 7 32. To the extent the APPLICATIONS are subsequently revised with updated information and
8 data through the first quarter of 2025, or any other updated data cut-off date, provide any and
9 all updated DATA, DOCUMENTS, and/or CALCULATIONS in support of each of the above
10 requests.
- 11 33. Provide any and all DATA, DOCUMENTS, and/or CALCULATIONS that RELATE TO
12 APPLICANT's internal indications which illustrate APPLICANT's rate need for the
13 APPLICATIONS.
- 14 34. Provide any and all DATA, DOCUMENTS, and/or CALCULATIONS that RELATE TO
15 APPLICANT's adjusting and other expenses.
- 16 35. Provide any and all DATA, DOCUMENTS, and/or CALCULATIONS that RELATE TO
17 APPLICANT's direct and allocated expenses.
- 18 36. Provide any and all DATA, DOCUMENTS and/or CALCULATIONS showing
19 APPLICANT's premium and loss projections and resulting ratemaking formula(s) for the
20 non-tenant HO-3 line of business, including but not limited to:
- 21 a. Policies in force, including attrition, non-renewals, and/or cancellations;
 - 22 b. Earned premium based on rates changes and policies-in-force;
 - 23 c. Prospective loss trend;
 - 24 d. Catastrophe adjustment, including the prospective mix of exposures; and/or
 - 25 e. Assumed return from investment income.
- 26 37. Provide any and all DATA, DOCUMENTS, and/or CALCULATIONS supporting
27 APPLICANT's catastrophe adjustment, including but not limited to:
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- a. Catastrophe data split between loss and DCCE (Defense Cost and Containment Expenses);
- b. The AIY (Amount of Insurance Year) trend data underlying APPLICANT's AIY trend assumption and a detailed explanation of the selection;
- c. Detailed justification of APPLICANT's geometric weighting, including the rationale for the return periods implied for each year;
- d. DATA, DOCUMENTS and/or CALCULATIONS showing or indicating the approximate return period of all major wildfires in California since 1991 at the time of loss and at current evaluation;
- e. DATA, DOCUMENTS and/or CALCULATIONS showing or indicating the underlying risk exposures as measured by policies in force and total insurable to value (TIV) of all major wildfires in California by geographic footprint since 2017, including without limitation, aggregated data by zip code or other recognized or quantifiable measure;
- f. DATA, DOCUMENTS and/or CALCULATIONS showing or indicating the underlying risk exposures for all Homeowners' risks, shown separately by policy form (Non-Tenant, Condo, Renter, and Rental Dwelling), as measured by policies in force and total insurable to value (TIV) at June and December of each year since 2017 by geographic footprint, including without limitation, aggregated data by zip code or other recognized or quantifiable measure;
- g. The exhibits based on APPLICANT's new catastrophe definition and the exhibits using APPLICANT's prior catastrophe definition;
- h. Details and calculations explaining how APPLICANT has reflected any changes between the historical and prospective exposure to catastrophe due to a change in APPLICANT's coverage, other policy terms, or mix of business; and/or
- i. APPLICANT's current and prior definitions of wildfire loss.

- 1 38. Provide any and all DATA, DOCUMENTS and/or CALCULATIONS that describe,
2 memorialize, govern, or contain information that RELATES TO APPLICANT’S premium
3 trend selections.
- 4 39. Provide any and all DATA, DOCUMENTS and/or CALCULATIONS which define the
5 APPLICANT’S use of the term “internal indication.”
- 6 40. Provide any and all DATA, DOCUMENTS, and/or CALCULATIONS related to or
7 supporting reconciliation of the initially submitted data based on fourth quarter of 2024 data
8 to the data through the first quarter of 2025.
- 9 41. Provide any and all DATA, DOCUMENTS and/or CALCULATIONS that explain the
10 difference between the APPLICANT’S current “internal indication,” and the indication
11 produced by the Rate Template, including without limitation, any drivers which may affect
12 such difference.
- 13 42. Provide any and all DATA, DOCUMENTS and/or CALCULATIONS which explain the loss
14 reserving methodology and selections used in the APPLICANT’S Statement of Actuarial
15 Opinion (“SAO”), Actuarial Opinion Summary and Actuarial reports for year-end 2022 and
16 2023, including without limitation, (a) the SAO itself, (b) which loss development methods
17 were used, (c) what data was used, (d) whether paid or incurred methods were adopted, (e)
18 range or point estimates, and (f) indicated versus booked reserves.
- 19 43. Provide any and all DATA, DOCUMENTS, and/or CALCULATIONS which explain why
20 APPLICANT’S average case outstanding has changed, including without limitation,
21 a. Specific details about the changes to the case reserves, adjusting the data as
22 appropriate. If an adjustment is not possible, please explain why; and
23 b. Any steps or actions APPLICANT has taken to account for any changes in its
24 Statement of Actuarial Opinion, Actuarial Opinion Summary and Actuarial
25 Reports.
- 26 44. Provide any and all DATA, DOCUMENTS, and/or CALCULATIONS which support
27 APPLICANT’S loss development, including:
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- 1 a. Quarterly data in the form of the “Supplemental Quarterly Development
2 Template” posted on the Department’s public website;
- 3 b. Actual vs expected analysis of the loss development selection from the prior filing
4 (CDI tracking #23-613) to this filing, including an explanation for the differences;
- 5 c. A detailed explanation of the loss development assumptions; and
- 6 d. Annual loss development data by peril.
- 7 45. Provide any and all DATA, DOCUMENTS, and/or CALCULATIONS which supports
8 APPLICANT’s loss trend, including:
- 9 a. How APPLICANT collects and uses closed claims, as required by Code Regs, tit.
10 10, section 2644.7 (“Loss and Premium Trend”);
- 11 b. Detailed explanations of APPLICANT’s loss trend assumptions, including
12 addressing any unusual trend patterns or anomalies; and
- 13 c. Loss trend data by peril.
- 14 46. Provide any and all DATA, DOCUMENTS, and/or CALCULATIONS explaining or
15 supporting the drivers of any changes in diagnostics including, but not limited to:
- 16 a. Changes in the case reserves;
- 17 b. Changes in payment patterns;
- 18 c. Changes in claim counts (closed, reporting, closed without pay, etc.);
- 19 d. and anything else relevant to the selection of pertinent assumptions.
- 20 47. Provide any and all DATA, DOCUMENTS, and/or CALCULATIONS which explain the rate
21 impact resulting from APPLICANT’s nonrenewal practices beginning in 2023, including:
- 22 a. An alternative indication that appropriately adjusts for non-renewals and excludes
23 data from non-renewed policies;
- 24 b. The total number of policies and the nonrenewals by ZIP code for each year going
25 back five years; and
- 26 c. Specific details of the risks being non-renewed and the objective underwriting
27 criteria that detail the risk profiles that are no longer eligible.
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1 Dated: March 17, 2025

CALIFORNIA DEPARTMENT OF INSURANCE

2
3 By *Nikki McKennedy*
4 Nikki S. McKennedy

5 *Attorneys for The California Department of Insurance*

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