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Attorneys for Applicant
STATE FARM GENERAL INSURANCE
COMPANY

**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

**STATE FARM GENERAL'S MOTION
TO STRIKE PORTIONS OF CONSUMER
WATCHDOG'S OBJECTIONS TO CDI
AND STATE FARM'S TWO-WAY
STIPULATION TO INTERIM RATE
AND FOR AN ORDER EXCLUDING
EVIDENCE**

1 **I. INTRODUCTION**

2 Pursuant to the Administrative Law Judge’s (“ALJ”) authority to control the conduct of
3 these proceedings, (*see* Cal. Gov’t Code § 11512(b); 10 C.C.R. § 2654.1(a),) Applicant State Farm
4 General Insurance Company (“State Farm General”) requests an order that the following portions
5 of Consumer Watchdog’s (“CW”) Objections to CDI and State Farm’s Two-Way Stipulation to
6 Interim Rate, filed on March 24, 2025 (“CW Objections” or “CW Obj.”) be struck from the record
7 and that their subject matter be excluded from the upcoming emergency rate hearing scheduled for
8 April 8, 2025:

- 9 • References to Wall Street Journal article and purported predatory rates:
- 10 ○ CW Objections at 3:4–10 & nn.3–4
- 11 ○ CW Objections at 20:15–17 & n.26
- 12 ○ CW Objections at 21:8–22
- 13 • References to ABC News article regarding discussions with Haden Kirkpatrick:
- 14 ○ CW Objections 20:18–21:7 & n.27
- 15 ○ Consumer Watchdog’s Appendix of Exhibits, Ex. 8

16 These allegations should be struck from the record, and discussion of their contents
17 excluded from the April 8 hearing, because they are based on salacious news articles that will only
18 distract from the real issues. The allegations are irrelevant, hearsay, unduly prejudicial, without
19 foundation, and not the type of material on which responsible people would be accustomed to rely
20 in the conduct of serious affairs. (Cal. Gov’t Code § 11513(c).)

21 **II. ARGUMENT**

22

23 **A. The ALJ Has The Authority To Control These Proceedings And Exclude**
24 **Evidence.**

25 The ALJ shall “control the course of proceedings[,]” including ruling on objections and
26 motions that do not involve the final determination of proceedings. (10 C.C.R. § 2654.1(a).) The
27 ALJ shall also “rule on the admission and exclusion of evidence” and “exercise all other powers
28

1 relating to the conduct of the hearing.” (Cal. Gov’t Code § 11512(b).) While hearings “need not
2 be conducted according to technical rules relating to evidence and witnesses,” evidence in
3 administrative proceedings must still be “relevant” and the sort of evidence “on which responsible
4 persons are accustomed to rely in the conduct of serious affairs[.]” (*Id.* § 11513(c).) On April 8,
5 2025 State Farm General will appear for a hearing on a stipulation it entered into with the
6 Department of Insurance regarding an emergency interim rate. CW filed its Objections to the
7 stipulation on March 24, 2025. The ALJ should grant State Farm General’s request because the
8 referenced materials in CW’s Objections are not admissible at the April 8 hearing.

9
10 **B. Allegations About The Wall Street Journal Article Discussing Purported**
11 **Predatory Pricing Should Be Struck.**

12 In its Objections, CW cites a Wall Street Journal article as purported evidence that State
13 Farm General “deliberately sold policies at unsustainably low premiums to aggressively grow its
14 market share, ignoring repeated internal warnings about severe financial risks.” (CW Obj. at 3:4–
15 7.)¹ CW likens this to anticompetitive predatory pricing, and attempts to use that argument as a
16 purported reason why the ALJ should sustain CW’s Objections. (*See id.* at 21:16–18 [accusing
17 State Farm General of using “an exclusionary tactic condemned under antitrust law for its harmful
18 effects on both market competition and the public”].)

19 These allegations should be struck, and the subject matter excluded from the hearing,
20 because unsubstantiated accusations in a newspaper about alleged anticompetitive pricing are not
21 the sort of information on which “responsible persons are accustomed to rely in the conduct of
22 serious affairs” when reviewing a stipulated, agreed-to rate increase. (Cal. Gov’t Code
23 § 11513(c).) The article is hearsay with no sponsoring witness. (*Id.* § 11513(d) [hearsay “shall
24 not be sufficient in itself to support a finding unless it would be admissible over objection in civil
25 actions”].) The article is irrelevant because sweeping antitrust allegations have no bearing on the

26
27 ¹ Citing Jean Eaglesham & Susan Pulliam, *State Farm Was All In on California—Until It Pulled*
28 *the Plug Before the Fires*, Wall St. J., Feb. 6, 2025, available at
<https://www.wsj.com/business/state-farm-california-pulled-plug-fires-c702fff8>.

1 narrow issues related to State Farm General’s emergency interim rate increase pursuant to a
2 stipulation.

3 The allegations are also unduly prejudicial and a waste of time. (*See* Cal. Evid. Code
4 § 352.) Allegations of anticompetitive pricing are of course salacious and designed to inflame the
5 finder of fact. Indeed, CW knows exactly why and what State Farm General’s prior rates were
6 because CW intervened in nearly every rate application and argued that the rate increases were too
7 high. For example, when State Farm General sought to increase its rates in 2014, CW intervened
8 and argued at a rate hearing “that under the regulatory formula, SFG’s then-existing rates were
9 excessive.” (SFG-VW-8, Consumer Watchdog’s Combined Appellant’s Reply Brief and Cross-
10 Respondent’s Brief at p. 45, *State Farm Gen. Ins. Co. v. Ricardo Lara*, No. D075529 (Cal. Ct.
11 App. Nov. 2, 2020).) It is disingenuous at best for CW to now contend that State Farm General
12 did not previously charge higher rates and attempt to use that to scuttle an agreed-to emergency
13 rate increase.

14 **C. Allegations About The ABC News Article Discussing Statements From A**
15 **Former Employee Should Be Struck.**
16

17 In their Objections, and in Exhibit 8 to its Appendix of Exhibits, CW cites an ABC News
18 article as purported evidence that State Farm General “used threats of cancellations and non-
19 renewals as a strategic bargaining tool to pressure the Department to approve the rate hikes State
20 Farm wants.” (CW Obj. at 20:18–21:7.)² Allegations about this article are similarly not the type
21 of information that “responsible persons are accustomed to rely in the conduct of serious affairs”
22 when reviewing a stipulated, agreed-to rate increase. (Cal. Gov’t Code § 11513(c).) The article
23 and associated video claim that Haden Kirkpatrick was a “State Farm executive” who purportedly
24 made disparaging comments on a Tinder date and who “appear[ed] to describe a bargaining
25

26 ² Citing Marc Cota-Robles, *State Farm exec fired after secret recording appears to show him*
27 *discussing rate hikes*, ABC News, Mar. 10, 2025, available at <https://abc7.com/post/state-farm-exec-haden-kirkpatrick-fired-secret-recording-appears-show-discussing-rake-hikes-socal-wildfires/16003843/>.
28

1 situation with the department of insurance[,] [where] [h]e describe[d] a final bargaining chip of
2 threatening to cancel policies.”³ The article then compares Mr. Kirkpatrick’s purported statements
3 with information concerning State Farm General’s application for an emergency rate increase.⁴

4 These allegations and the article should be struck. Mr. Kirkpatrick lacks foundation and
5 omits that he was not even a State Farm General employee (he was a State Farm Mutual
6 employee) who has no personal knowledge of or involvement with State Farm General’s
7 relationship with the California Department of Insurance. (See Cal. Evid. Code § 702.) The ABC
8 article consists of multiple layers of hearsay statements that Mr. Kirkpatrick made to a woman on
9 a Tinder date. (Cal. Gov’t Code § 11513(d); Cal. Evid. Code § 1200-01.) And the news article is
10 plainly irrelevant and unduly prejudicial. (Cal. Evid. Code § 352.) The sole issue before the ALJ
11 is whether State Farm General and the California Department of Insurance’s stipulation to an
12 interim rate may be approved. Salacious allegations about statements a former employee of a
13 different company made on a Tinder date would clearly inflame the fact finder and consume
14 undue time on irrelevant issues. It is purely tabloid material designed to smear mud on State Farm
15 General that should be struck.

16 **III. CONCLUSION**

17 For the foregoing reasons, the ALJ should strike from the record, and exclude any evidence
18 concerning, the following portions of Consumer Watchdog’s Objections to CDI and State Farm’s
19 Stipulation to Interim Rate, filed on March 24, 2025:

- 21 • References to Wall Street Journal article and purported predatory rates:
 - 22 ○ CW Objections at 3:4–10 & nn.3–4
 - 23 ○ CW Objections at 20:15–17 & n.26
 - 24 ○ CW Objections at 21:8–22
- 25 • References to ABC News article regarding discussions with Haden Kirkpatrick:

27 ³ Cota-Robles, *supra* note 3.

28 ⁴ *Id.*

- CW Objections 20:18–21:7 & n.27
- Consumer Watchdog’s Appendix of Exhibits, Ex. 8.

Dated: April 2, 2025

Respectfully submitted,

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