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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

**OPPOSITION TO MOTION FOR  
STRIKE AND FOR SANCTIONS**

Hearing: April 8, 2025  
10:00a.m.  
1901 Harrison St., 3rd Fl.  
Oakland, CA 94612

1 On the literal eve of the Interim Rate Hearing in this matter, Intervenor Consumer  
2 Watchdog (“CW”) has submitted a motion seeking to scuttle the hearing by asking that the ALJ (i)  
3 strike the brief, declarations, and documentary support submitted by State Farm General Insurance  
4 Company in support of its interim rate stipulation with the Department of Insurance (“CDI”), (ii)  
5 strike the supplemental stipulation between State Farm General and CDI, and (iii) impose  
6 sanctions on State Farm General. CW’s desperate gambit offers no basis for striking State Farm’s  
7 filings, for disregarding the supplemental stipulation between State Farm General and CDI, or for  
8 imposing sanctions. CW’s motion should be denied. Indeed, granting CW’s motion and failing  
9 to approve the Interim Rate agreed to between CDI and State Farm would harm California  
10 consumers and policyholders, the very result CW professes to be trying to avoid.

11  
12 **I. STATE FARM HAS ACTED IN ACCORDANCE WITH THE LAW AND THIS**  
13 **COURT’S ORDERS.**

14 Much of CW’s motion amounts to a complaint about the Interim Rate hearing process set  
15 by the Commissioner and by this Court. For example, CW acknowledges that the Commissioner’s  
16 March 14 Order set the hearing in this matter for April 8 and that this Court’s March 27 Order set  
17 an April 2 date for State Farm General to file declarations in support of the interim rate stipulated  
18 to between State Farm General and CDI (*see* motion at 5:18-20; 6:5-7). Yet CW’s motion  
19 nevertheless spends considerable time complaining that State Farm General should have submitted  
20 declarations in support of the stipulation long before the Commissioner even issued his March 14  
21 order and that State Farm’s General’s general rate application had not moved forward quickly  
22 enough before State Farm General and CDI “abruptly” entered into a stipulation regarding an  
23 interim rate following the January 2025 Los Angeles fires (*see* motion at 7:5-17). But CW’s  
24 unhappiness with the compressed timetable the Commissioner set for this Interim Rate hearing,  
25 and its apparent dissatisfaction with the pace of progress with respect to the hearing on State  
26 Farm’s full rate application that is set to take place later this year, provide no support for striking  
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1 the evidence that State Farm General has submitted in support of its stipulation with CDI over an  
2 interim rate.

3 As it relates to the evidence submitted in connection with the interim rate stipulation,  
4 CW's motion raises two primary issues. First, CW complains that State Farm General improperly  
5 submitted its brief and declarations in support of the rate stipulation filings after 4:30 p.m. on  
6 April 2. This complaint is surprising, and disingenuous. Although CW's motion invokes the 4:30  
7 p.m. deadline that applies to in-person/paper filings in its effort to exclude State Farm General's  
8 evidence, the practice of all the parties in this matter, including CW, has been to submit filings  
9 electronically and at times to do so after 4:30 p.m. To cite just one example, CW itself  
10 electronically submitted its original March 24, 2025 objections to the interim rate stipulation, the  
11 declaration of Benjamin Armstrong in support of its objections, and all the exhibits in support of  
12 those objections at 7:53 p.m.. Similarly, CW likewise electronically submitted (i) its March 31  
13 motion for an order shortening time at 4:58 p.m. and (ii) its objections to the interim rate  
14 stipulation and State Farm General's evidence, as well as its request for sanctions at 6:21 p.m.  
15 yesterday evening. Moreover, the Court specifically acknowledged that the parties may make  
16 after hours filings and requested courtesy copies of any such filings by email in the days leading  
17 up to the April 8, 2025 hearing. *See* April 4, 2025 email from Florinda Cristobal to the parties.  
18 Thus, there was nothing improper about State Farm General electronically submitting its April 2,  
19 2025 brief, declarations, and evidence in support of the interim rate stipulation after 4:30 p.m. on  
20 April 2.

21 CW also complains that the supplemental stipulation between State Farm General and CDI  
22 was submitted in an untimely manner and should be disregarded. *See also* CW's Notice Of and  
23 Motion In Limine No 2. to Exclude Evidence Regarding the Supplement to the February 7, 2025  
24 Stipulation.

25 As explained more fully in State Farm General's opposition to CW's Motion in Limine  
26 No. 2, the supplemental stipulation was the direct result of State Farm General and CDI diligently  
27 following the Commissioner's instructions. The Commissioner's order setting this interim rate  
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1 hearing expressly instructs the ALJ to consider “such additional correspondence, evidence and  
2 argument provided at the hearing,” including with respect to the “the Commissioner’s subsequent  
3 proposal to the parties.” (Interim Rate Order at 2]. The supplemental stipulation is the result of  
4 CDI and State Farm General’s additional discussions with respect to the Commissioner’s proposal  
5 that State Farm General obtain a loan from State Farm Mutual and pause non-renewals. (*See* State  
6 of California Department of Insurance, Closed Meeting Transcript, March 11, 2025, IRH-SFG-  
7 159-05 at 6-6:34 [“I would like State Farm to obtain a loan or capital infusion from State Farm  
8 Mutual....”]; *id.* at 9:49-10:20 [discussing request to “suspend non-renewals”].)

9 In the supplemental stipulation, State Farm General agreed “that if and when the  
10 Commissioner enters an order approving the interim rates” set forth in the supplemental  
11 stipulation, State Farm General “shall obtain a surplus note of \$400 million from State Farm  
12 Mutual.” (Supplemental to February 7, 2025 Stipulation to Interim Rate Subject to Refunds with  
13 Interest Pending a Final Determination of the Legality of the Rate at 3 [“Supplemental  
14 Stipulation”].) In addition, in recognition of State Farm General’s position that “it would be  
15 contrary to prudent management of the company and fiscally irresponsible to agree and stipulate to  
16 cease its currently implemented and ongoing nonrenewal program,” State Farm General and CDI  
17 agreed to decrease “the requested interim rate in the Homeowners Non-Tenant HO-3 line from  
18 21.8% to 17.0%.” (*Id.* at 3.) The supplemental stipulation is thus highly relevant to this interim  
19 rate proceeding, because it represents State Farm General and CDI’s negotiations to address the  
20 Commissioner’s subsequent proposal to the parties.

21 State Farm General acknowledges that the ALJ requested the supplemental stipulation by  
22 April 2, 2025. However, exigent circumstances prevented the finalization and submission of a  
23 stipulation prior to the morning of April 4, 2025. Specifically, Vanessa Wells, the lead attorney  
24 for State Farm General, negotiated the supplemental stipulation on behalf of State Farm General.  
25 Vanessa’s mother tragically suffered a stroke last week, and Vanessa was unable to further the  
26 negotiating process because she was in the hospital assisting her mother, who subsequently passed  
27 away on Sunday. In Vanessa’s unexpected last minute absence, State Farm General and CDI  
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1 worked diligently on the supplemental stipulation and were able to finalize it on the morning of  
2 April 4, 2025, despite the slight delay resulting from Ms. Wells’ unavailability. State Farm  
3 General also has moved forward in all other respects to be ready for the April 8, 2025 Interim Rate  
4 hearing, recognizing the urgency of the hearing for both State Farm General individually and for  
5 the California Insurance market as a whole.

6 In any event, CW’s claim that it was prejudiced by this slightly delayed submission of a  
7 supplemental stipulation should be disregarded because CDI filed a declaration on April 2, 2024,  
8 directly supporting its proposal for a \$400 million surplus note from State Farm Mutual and a 17%  
9 interim rate increase for State Farm General’s homeowner’s line – the terms of the supplemental  
10 stipulation. (*See* Shaw Declaration at 8] The declarations filed by State Farm General also directly  
11 support the supplemental stipulation because they explain why a higher interim rate is warranted.  
12 CW thus had a sufficient opportunity to review and respond to the declarations supporting the  
13 supplemental stipulation. Indeed, CW specifically responded to the terms of the supplemental  
14 stipulation in the supplemental declaration of Benjamin Armstrong that CW submitted on April 7,  
15 2025. CW also will have a further opportunity to respond at the interim rate hearing. (*See*  
16 *Barclay Hollander Corp. v. California Reg’l Water Quality Control Bd.* (2019) 38 Cal. App. 5th  
17 479, 511 [finding no due process violation where agency gave party “several opportunities . . . to  
18 address the entire range of issues presented in the proceeding before it”]); (*Pinnacle Armor, Inc. v.*  
19 *United States* (9th Cir. 2011) 648 F.3d 708, 717 [similar].)

20 Moreover, it is unclear how CW possibly could be prejudiced as a result of a supplemental  
21 agreement between State Farm General and CDI that is closer to CW’s position. CW repeatedly  
22 has advocated for State Farm Mutual to contribute capital to State Farm General, and Consumer  
23 Watchdog claims that a 22% interim rate increase for the homeowner’s line is too high. (CW  
24 Objections at 10, 17-18.) There is no prejudice to Consumer Watchdog in these circumstances.  
25 Indeed, under 10 CCR § 2656.1, the ALJ has the authority to “hold a hearing” within 10 business  
26 days of a party’s objection to a “stipulation.” That is exactly what is occurring here—the ALJ is  
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1 holding a hearing that encompasses the supplemental stipulation within 10 business days of  
2 Consumer Watchdog's objections to that supplemental stipulation.

3 In summary, there is no basis for the ALJ to strike State Farm's brief and evidence or to  
4 disregard the supplemental stipulation entered into between State Farm General and CDI.

5  
6 **II. STATE FARM GENERAL WILL ADDRESS ANY MOTION FOR SANCTIONS**  
7 **AT AN APPROPRIATE TIME, BUT THERE IS NO BASIS FOR SANCTIONS**  
8 **AGAINST STATE FARM GENERAL.**

9 CW's motion gives notice that it intends to seek sanctions, but it does not actually constitute  
10 a motion for sanctions, indicate what sanctions CW will seek, or explain how those sanctions would  
11 be justified. Accordingly, rather than engage in anticipatory shadow-boxing with an imagined  
12 motion, State Farm General will respond to any sanctions motion at an appropriate time. State Farm  
13 General wishes to make its own position emphatically clear, however – there is absolutely no legal  
14 or factual basis for any sanctions of any kind based on State Farm General's conduct in this matter.

15 Moreover, State Farm General rejects CW's attempt to portray itself as the only party in  
16 these proceedings that cares about California consumers and policyholders. Contrary to CW's  
17 portrayal, the interim rate agreement between State Farm General and CDI is focused on protecting  
18 California policyholders and the California insurance market. It is CW's opposition to that interim  
19 rate that threatens to harm California consumers.

20 **CONCLUSION**

21 For all of the foregoing reasons, State Farm General respectfully requests that the ALJ deny  
22 CW's motion to strike and reject any effort CW may make to seek sanctions.

23  
24 Dated: April 8, 2025

Respectfully submitted,

25 **HOGAN LOVELLS US LLP**

26 /s/ Michael M. Maddigan

27 Michael M. Maddigan (Bar No. 163450)

28 Jordan D. Teti (Bar No. 284714)

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