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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

**DECLARATION OF NANCY P.
WATKINS**

1 6. In my contract with CDI, I agreed to avoid actual or potential conflicts of interest,
2 and not have any personal financial interest or benefit which directly or indirectly arises from the
3 CDI engagement. In evaluating whether to take on the expert witness assignment for SFG, I
4 determined that there was no actual or potential for conflict because the scope of my testimony
5 would not involve the cost of reinsurance, or any changes to regulations that CDI has made or is
6 making with my involvement. Specifically, I opined on CW's reselected assumptions for trend
7 (premiums, loss, and AIY), loss development, and catastrophe weighting, and CW's objections to
8 the time period of the data used by SFG in its interim rate indications. To be clear, those issues do
9 not involve the net cost of reinsurance or any changes to CDI's regulations, which are the issues I
10 am consulting on for CDI. I thus did not perceive, and do not perceive, any conflict between the
11 scope of my assignment and testimony in this matter, and the issues on which I am working for
12 CDI.

13 7. None of the issues within my scope in this matter deals with any consideration or
14 calculation of a reinsurance cost or use of a catastrophe model. I specifically indicated in my
15 declaration that I understand that the SFG interim rates, arising from filings submitted in
16 July/August 2024, are not subject to prospective changes in regulation occurring after the filings
17 were submitted. This understanding is based on CCR 2644.28. The CDI's new catastrophe model
18 and reinsurance regulations were issued in December 2024.

19 8. As part of my contract with CDI, I agreed not to disclose confidential information
20 provided to me pursuant to the CDI contract. After reviewing my declaration, the CDI stated that it
21 "believes" I have "not disclosed any confidential data or work product from" my "work with CDI
22 to this Court."⁴

23 9. The CDI is correct in its belief. My declaration provides a thorough list of the data
24 and information I relied upon for my testimony, none of which arose from my CDI engagement.

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28 ⁴ CDI Motion, Page 2 at 11-13.

1 10. I have abided by my contract with CDI and have not disclosed confidential CDI
2 information to SFG, counsel, or anyone else. Moreover, in my opinion none of the information I
3 was privy to on CDI's behalf would in any way benefit SFG in this matter.

4 11. As far as I understand, CDI believes that there is a potential conflict of interest
5 because I may be asked by CW on cross-examination about confidential issues outside the scope
6 of my SFG engagement and declaration. However, I am not aware of any question that CW would
7 ask that would require me to disclose confidential information. My ability to explain the actuarial
8 assumptions within a rate indication and understand the published California ratemaking
9 regulations does not require confidential information. I have not reviewed any information with
10 respect to reinsurance or the new regulations as it pertains to the SFG rate filings. I am not
11 prepared to testify on those issues and as such would decline to testify on them.

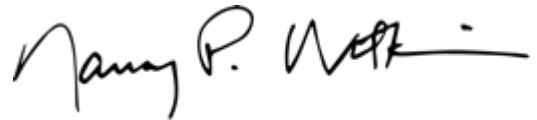
12 12. I believe that my duty as an expert allows me to confine my in-person testimony at
13 the interim hearing to the scope of work enumerated in my declaration with respect to the interim
14 rate applications. I do not plan to answer, nor am I required to answer, questions about matters
15 outside this scope, especially if they touch on a confidential engagement for another client. In the
16 unlikely event such questions were to arise, I would request that the judge allow me to decline to
17 answer.

18 13. The CDI Motion also raises issues about what might happen under the SFG rate
19 update if SFG were subject to the new regulations. That situation has not occurred, nor would I
20 expect it to occur during this interim hearing. I have not examined this issue with respect to SFG's
21 interim rate applications and could not provide testimony about it.

22 14. In conclusion, I am an independent expert who translates technical actuarial
23 concepts to decision-makers on a variety of different topics, many of which involve some aspect
24 of state regulation. I work for many different clients, including regulators and regulated entities,
25 and the value of my services (including testimony in this proceeding) is increased by my
26 independence from any specific entity and my understanding of multiple viewpoints. I do not
27 believe that either of the engagements I have undertaken with SFG or CDI hinders me in any way
28 from providing objective and independent actuarial services.

1 15. I declare under penalty of perjury under the laws of the United States and the State
2 of California that the foregoing is true and correct.

3 16. Executed April 8, 2025, at Orinda, California.
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Nancy P. Watkins
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