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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

**DECLARATION OF RYAN MELLINO IN
SUPPORT OF CONSUMER
WATCHDOG'S REPLY IN SUPPORT OF
MOTION TO EXCLUDE TESTIMONY
REGARDING RBC CALCULATIONS**

**Hearing Date/Time: April 10, 2025
10:00 a.m.**

1 I, Ryan Mellino, declare as follows:

- 2 1. I am an active member in good standing of the Bar of the State of California. I am a Staff
3 Attorney with Consumer Watchdog and am one of the counsel for intervenor Consumer
4 Watchdog in the above-captioned matters. I have personal knowledge of the facts set
5 forth herein, and, if called upon, could and would competently testify thereto under oath.
- 6 2. Attached as **Exhibit A** is a true and correct copy of relevant excerpts of the RBC
7 Instructions obtained from the National Association of Insurance Commissioner's
8 website, available at [https://content.naic.org/publications?name=risk-](https://content.naic.org/publications?name=risk-based+capital&field_publication_category_target_id=All)
9 [based+capital&field_publication_category_target_id=All](https://content.naic.org/publications?name=risk-based+capital&field_publication_category_target_id=All), document RBCP-2024 listed in
10 the drop down menu.

11
12 I declare under penalty of perjury that the foregoing is true and correct and that this Declaration
13 was executed on April 10, 2025 in Los Angeles, California.

14
15 DATED: April 10, 2025

16 **CONSUMER WATCHDOG**

17 /s/ Ryan Mellino
18 Ryan Mellino (SBN: 342497)
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23 *Attorneys for Intervenor*
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EXHIBIT A

PROPERTY / CASUALTY

2024

RBC
Risk-Based Capital

**Forecasting and
Instructions**

NAIC NATIONAL ASSOCIATION OF
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CAPITAL NOTES BEFORE LIMITATION PR028

Years to Maturity at the Time of the Statement		(1) <u>Original Principal Amount</u>	Limitation <u>Factor</u>	(2) <u>Limitation on Principal Amount</u>	(3) <u>Current Principal Amount</u>	(4) <u>Credit to Total Adjusted Capital*</u>
Capital Notes Maturing 15 Years or less from the Year of Issue						
(1)	Greater than 0 and less than or equal to 1	0	0.00	0	0	0
(2)	Greater than 1 and less than or equal to 2	0	0.20	0	0	0
(3)	Greater than 2 and less than or equal to 3	0	0.40	0	0	0
(4)	Greater than 3 and less than or equal to 4	0	0.60	0	0	0
(5)	Greater than 4 and less than or equal to 5	0	0.80	0	0	0
(6)	Greater than 5	0	1.00	0	0	0
Capital Notes Maturing more than 15 Years from the Year of Issue						
(7)	Greater than 0 and less than or equal to 1	0	0.00	0	0	0
(8)	Greater than 1 and less than or equal to 2	0	0.10	0	0	0
(9)	Greater than 2 and less than or equal to 3	0	0.20	0	0	0
(10)	Greater than 3 and less than or equal to 4	0	0.30	0	0	0
(11)	Greater than 4 and less than or equal to 5	0	0.40	0	0	0
(12)	Greater than 5 and less than or equal to 6	0	0.50	0	0	0
(13)	Greater than 6 and less than or equal to 7	0	0.60	0	0	0
(14)	Greater than 7 and less than or equal to 8	0	0.70	0	0	0
(15)	Greater than 8 and less than or equal to 9	0	0.80	0	0	0
(16)	Greater than 9 and less than or equal to 10	0	0.90	0	0	0
(17)	Greater than 10	0	1.00	0	0	0
(18)	Credit for Capital Notes Before Limitation (sum of lines (1) through (17))	0		0	0	0

* Column (4) is calculated as the lesser of Column (2) or Column (3).
 Denotes items that must be manually entered on the filing software.

CALCULATION OF TOTAL ADJUSTED CAPITAL PR029

	<u>Annual Statement Reference</u>	(1) <u>Statement Value*</u>	<u>Factor</u>	(2) <u>Adjusted Capital</u>
(1) Capital and Surplus	P3 C1 L37	0	1.000	0
(2) Non-Tabular Discount - Losses	Sch P P1-Sum C32 L12	0	1.000	0
(3) Non-Tabular Discount - Expense	Sch P P1-Sum C33 L12	0	1.000	0
(4) Discount on Medical Loss Reserves Reported as Tabular in Schedule P	Company Records	0	1.000	0
(5) Discount on Medical Expense Reserves Reported as Tabular in Schedule P	Company Records	0	1.000	0
(6) P&C Subs Non-Tabular Discount - Losses	Subs' Sch P Pt1-Sum C32 L12	0	1.000	0
(7) P&C Subs Non-Tabular Discount - Expense	Subs' Sch P Pt1-Sum C33 L12	0	1.000	0
(8) P&C Subs Discount on Medical Loss Reserves Reported as Tabular in Schedule P	Subs' Company Records	0	1.000	0
(9) P&C Subs Discount on Medical Expense Reserves Reported as Tabular in Schedule P	Subs' Company Records	0	1.000	0
(10) AVR - Life Subs §	Subs P3 C1 L24.01 §	0	1.000	0
(11) Dividend Liability - Life Subs	Subs P3 C1 L6.1 + L6.2	0	0.500	0
(12) Carrying Value of Non-Admitted Insurance Affiliates	Included in PR003 Column 5 and Column 9	0	1.000	0
(13) Total Adjusted Capital Before Capital Notes	L(1)-L(2)-L(3)-L(4)-L(5)-L(6)-L(7)-L(8)-L(9)+L(10)+L(11)+L(12)			0
Credit for Capital Notes				
(14.1) Surplus Notes	Page 3 Column 1 Line 33	0		
(14.2) Limitation on Capital Notes	0.5x[Line(13)-Line(14.1)]-Line 14.1, but not less than zero	0		
(14.3) Capital Notes Before Limitation	PR028 Column (4) Line (18)	0		
(14.4) Credit for Capital Notes	Lesser of Column (1) Line (14.2) or Line (14.3)			0
(15) Total Adjusted Capital (Post-Deferred Tax)	Line (13) + Line (14.4)			0
Sensitivity Test :				
(16) Deferred Tax Assets	Page 2, Column 3, Line 18.2	0	1.000	0
(16.1) Deferred Tax Liabilities	Page 3, Column 1, Line 7.2	0	1.000	0
(17) Deferred Tax Assets for Subsidiary	Company Record	0	1.000	0
(17.1) Deferred Tax Liabilities for Subsidiary	Company Record	0	1.000	0
(18) Total Adjusted Capital For Sensitivity Test	Line (15) - Line (16)+(16.1)-(17)+(17.1)			0
Ex DTA ACL RBC Ratio Sensitivity Test				
(19) Deferred Tax Asset	Page 2 Column 3 Line 18.2	0	1.000	0
(20) Total Adjusted Capital Less Deferred Tax Asset	Line (15) less Line (19)			0
(21) Authorized Control Level RBC	PR034 Comparison of Total Adjusted Capital to Risk-Based Capital Line (4)			0
(22) Ex DTA ACL RBC Ratio	Line (20) / Line (21)			0.000%

* Report amounts in this column as whole dollars.

Denotes items that must be manually entered on the filing software.

§ The portion of the AVR that can be counted as capital is limited to the amount not utilized in asset adequacy testing in support of the Actuarial Opinion for reserves.

Calculation of Total Risk-Based Capital After Covariance PR030 R0-R1

(1)

R0 - Subsidiary Insurance Companies and Misc. Other Amounts		PRBC O&I Reference	RBC Amount
(1)	Directly Owned Property and Casualty Insurance Affiliates	PR004 L(2)C(2)	0
(2)	Indirectly Owned Property and Casualty Insurance Affiliates	PR004 L(5)C(2)	0
(3)	Directly Owned Life Insurance Affiliates	PR004 L(3)C(2)	0
(4)	Indirectly Owned Life Insurance Affiliates	PR004 L(6)C(2)	0
(5)	Directly Owned Health Insurance Companies or Health Entities	PR004 L(1)C(2)	0
(6)	Indirectly Owned Health Insurance Companies or Health Entities	PR004 L(4)C(2)	0
(7)	Directly Owned Alien Insurance Companies or Health Entities	PR004 L(9)+L(10)+L(11)C(2)	0
(8)	Indirectly Owned Alien Insurance Companies or Health Entities	PR004 L(12)+L(13)+L(14)C(2)	0
(9)	Misc Off-Balance Sheet - Non-controlled Assets	PR014 L(15) C(3)	0
(10)	Misc Off-Balance Sheet - Guarantees for Affiliates	PR014 L(16) C(3)	0
(11)	Misc Off-Balance Sheet - Contingent Liabilities	PR014 L(17) C(3)	0
(12)	Misc Off-Balance Sheet - SSAP No.101 Par. 11A DTA	PR014 L(19) C(3)	0
(13)	Misc Off-Balance Sheet - SSAP No.101 Par. 11B DTA	PR014 L(20) C(3)	0
(14)	Total R0	L(1)+L(2)+L(3)+L(4)+L(5)+L(6)+L(7)+L(8)+L(9)+L(10)+L(11)+L(12)+L(13)	0
R1 - Asset Risk - Fixed Income			
(15)	Bonds Subject to Size Factor	PR006 L(27)C(5)	0
(16)	Bond Size Factor RBC	PR006 L(30)C(5)	0
(17)	Off-balance Sheet Collateral & Sch DL, PT1 - Total Bonds	PR015 L(27)C(4)	0
(18)	Off-balance Sheet Collateral & Sch DL, PT1 - Cash, & Short-Term Investments and Mort Loans on Real Est.	PR015 L(38)+(39)C(4)	0
(19)	Other Long-Term Assets - Mortgage Loans, LIHTC, & WCFI, & Residual Tranches or Interests	PR008 L(10)+L(13)+L(14)+L(15)+L(16)+L(17)+L(19)+L(21)+L(22)C(2)	0
(20)	Misc Assets - Collateral Loans	PR009 L(13)C(2)	0
(21)	Misc Assets - Cash	PR009 L(3)C(2)	0
(22)	Misc Assets - Cash Equivalents	PR009 L(7)C(2)	0
(23)	Misc Assets - Other Short-Term Investments	PR009 L(10)C(2)	0
(24)	Replication - Synthetic Asset: One Half	PR010 L(9999999)C(7)	0
(25)	Asset Concentration RBC - Fixed Income	PR011 L(21)C(3) Grand Total Page	0
(26)	Total R1	L(15)+L(16)+L(17)+L(18)+L(19)+L(20)+L(21)+L(22)+L(23)+L(24)+L(25)	0

Calculation of Total Risk-Based Capital After Covariance PR031 R2-R3

(1)

R2 - Asset Risk - Equity		PRBC O&I Reference	RBC Amount
(27)	Common & Preferred- Affiliate Investment Subsidiary	PR004 L(8)C(2)	0
(28)	Common & Preferred- Affiliate Holding Company in excess of Indirect Subs	PR004 L(7)C(2)	0
(29)	Common & Preferred- Investment in Parent	PR004 L(15)C(2)	0
(30)	Common & Preferred- Aff'd US P&C Not Subj to RBC	PR004 L(17)C(2)	0
(31)	Common & Preferred- Affil US Life Not Subj to RBC	PR004 L(18)C(2)	0
(32)	Common & Preferred- Affil US Health Insurer Not Subj to RBC	PR004 L(16)C(2)	0
(33)	Common & Preferred- Aff'd Non-insurer	PR004 L(19)+L(20)+L(21)C(2)	0
(34)	Unaffiliated Preferred Stock	PR007 L(7)C(2)+PR015 L(34)C(4)	0
(35)	Total Unaffiliated Common Stock and Fair Value Excess Affiliated Stocks	PR007 L(13)C(2)+PR015 L(35)C(4)	0
(36)	Other Long -Term Assets - Real Estate	PR008 L(7)C(2)	0
(37)	Other Long -Term Assets - Schedule BA Assets	PR008 L(20)C(2)+PR015 L(36)+L(37)C(4)	0
(38)	Misc Assets - Receivable for Securities	PR009 L(1)C(2)	0
(39)	Misc Assets - Aggregate Write-ins for Invested Assets	PR009 L(2)C(2)	0
(40)	Misc Assets - Derivatives	PR009 L(14)C(2)	0
(41)	Replication - Synthetic Asset: One Half	PR010 L(9999999)C(7)	0
(42)	Asset Concentration RBC - Equity	PR011 L(33)C(3) Grand Total Page	0
(43)	Total R2	L(27)+L(28)+L(29)+L(30)+L(31)+L(32)+L(33)+L(34)+L(35)+L(36)+L(37)+L(38)+L(39)+L(40)+L(41)+L(42)	0
R3 - Asset Risk - Credit			
(44)	Other Credit RBC	PR012 L(8)-L(1)-L(2)C(2)	0
(45)	One half of Rein Recoverables	0.5 x (PR012 L(1)+L(2)C(2))	0
(46)	Other half of Rein Recoverables	If R4 L(50)>(R3 L(44) + R3 L(45)), 0, otherwise, R3 L(45)	0
(47)	Health Credit Risk	PR013 L(12)C(2)	0
(48)	Total R3	L(44) + L(45) + L(46) + L(47)	0

Calculation of Total Risk-Based Capital After Covariance PR032 R4-Rcat

			(1)
R4 - Underwriting Risk - Reserves		PRBC O&I Reference	RBC Amount
(49)	One half of Reinsurance RBC	If R4 L(50)>(R3 L(44) + R3 L(45)), R3 L(45), otherwise, 0	0
(50)	Total Adjusted Unpaid Loss/Expense Reserve RBC	PR017 L(15)C(20)	0
(51)	Excessive Premium Growth - Loss/Expense Reserve	PR016 L(13) C(8)	0
(52)	A&H Claims Reserves Adjusted for LCF	PR024 L(5) C(2) + PR023 L(6) C(4)	0
(53)	Total R4	L(49)+L(50)+L(51)+L(52)	0
R5 - Underwriting Risk - Net Written Premium			
(54)	Total Adjusted NWP RBC	PR018 L(15)C(20)	0
(55)	Excessive Premium Growth - Written Premiums Charge	PR016 L(14)C(8)	0
(56)	Total Net Health Premium RBC	PR022 L(21)C(2)	0
(57)	Health Stabilization Reserves	PR025 L(8)C(2) + PR023 L(3) C(2)	0
(58)	Total R5	L(54)+L(55)+L(56)+L(57)	0
Rcat - Catastrophe Risk			
(59)	Total Rcat	PR027 L(5) C(1)	0
(60)	Total RBC After Covariance Before Basic Operational Risk = $R0 + \text{SQRT}(R1^2 + R2^2 + R3^2 + R4^2 + R5^2 + Rcat^2)$		0
(61)	Basic Operational Risk = $0.030 \times L(60)$		0
(62)	C-4a of U.S. Life Insurance Subsidiaries (from Company records)		0
(63)	Net Basic Operational Risk = Line (61) - Line (62) (Not less than zero)		0
(64)	Total RBC After Covariance including Basic Operational Risk = $L(60) + L(63)$		0
(65)	Authorized Control Level RBC including Basic Operational Risk = $.5 \times L(64)$		0

TREND TEST PR033

	<u>Annual Statement Source</u>	(1) <u>Amount</u>	(2) <u>Result</u>
<u>Original RBC % Before Applying Trend Test</u>			
(1) Authorized Control Level Risk-Based Capital Including Basic Operational Risk	PR032, C(1) L(65)	0	
(2) Total Adjusted Capital	PR029, C(2) L(15)	0	
(3) RBC %	L(2)C(1) / L(1)C(1)	0.000%	
<u>Combined Ratio Data</u>			
(4) Premiums Earned	Pg 4, Col 1, L 1	0	
(5) Losses Incurred	Pg 4, Col 1, L 2	0	
(6) Loss Expenses Incurred	Pg 4, Col 1, L 3	0	
(7) Other Underwriting Expenses Incurred	Pg 4, Col 1, L 4	0	
(8) Aggregate Write-ins for Underwriting Deductions	Pg 4, Col 1, L 5	0	
(9) Dividends to Policyholders	Pg 4, Col 1, L 17	0	
(10) Net Written Premiums	Pg 8, Col 6, L 35	0	
<u>Combined Ratio Calculation</u>			
(11) Loss Ratio	[Pg 4, Col 1, L 2 + Pg 4, Col 1, L 3] / Pg 4, Col 1, L 1	0.000%	
(12) Dividend Ratio	Pg 4, Col 1, L 17 / Pg 4, Col 1, L 1	0.000%	
(13) Expenses Ratio	[Pg 4, Col 1, L 4 + Pg 4, Col 1, L 5] / Pg 8, Col 6, L 35	0.000%	
(14) Combined Ratio	L(11) + L(12) + L(13)	0.000%	
(15) Trend Test Result †	If L(3) Between 200% & 300% & L(14) >120%, L(15), YES, Otherwise, NO		_____

†The Trend Test applies only if L(15) = YES

‡If result = YES, the company triggers regulatory attention at the Company Action Level based on the trend test.

COMPARISON OF TOTAL ADJUSTED CAPITAL TO RISK-BASED CAPITAL PR034

Excluding the Trend Test:

	<u>Abbreviation</u>	<u>(1) Amount</u>
(1) Total Adjusted Capital (Post-Deferred Tax: PR029 Line 15)		<u>0</u>
(2) Company Action Level=200% of Authorized Control Level	CAL	<u>0</u>
(3) Regulatory Action Level=150% of Authorized Control Level	RAL	<u>0</u>
(4) Authorized Control Level=100% of Authorized Control Level	ACL	<u>0</u>
(5) Mandatory Control Level=70% of Authorized Control Level	MCL	<u>0</u>
(6) Level of Action, if Any (excluding the trend test)		<u>NONE</u>

Including the Trend Test:

(7) Level of Action, if Any (including the trend test)		<u>NONE</u>
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THE FOLLOWING NUMBERS MUST BE REPORTED IN THE FIVE YEAR HISTORY EXHIBIT ON THE INDICATED LINE

Total Adjusted Surplus to Policyholders	Five Yr Hist C1 L28	L(1)C(1)	0
Authorized Control Level Risk-Based Capital	Five Yr Hist C1 L29	L(4)C(1)	0

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