

1 NIKKI S. MCKENNEDY (SBN 184269)  
2 JENNIFER MCCUNE (SBN 160089)  
3 DANIEL WADE (SBN 296958)  
4 DUNCAN MONTGOMERY (SBN 176138)  
5 CALIFORNIA DEPARTMENT OF INSURANCE  
6 1901 Harrison Street, Sixth Floor  
7 Oakland, CA 94612  
8 Tel: (415) 538-4162  
9 Fax: (510) 238-7829  
10 Email: [nikki.mckennedy@insurance.ca.gov](mailto:nikki.mckennedy@insurance.ca.gov)  
11 [jennifer.mccune@insurance.ca.gov](mailto:jennifer.mccune@insurance.ca.gov)  
12 [daniel.wade@insurance.ca.gov](mailto:daniel.wade@insurance.ca.gov)  
13 [duncan.montgomery@insurance.ca.gov](mailto:duncan.montgomery@insurance.ca.gov)

14 *Attorneys for The California Department of Insurance*

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

17 In the Matter of the Rate Applications of  
18 STATE FARM GENERAL INSURANCE  
19 COMPANY,  
20 Applicant.

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

**SUPPLEMENT TO FEBRUARY 7, 2025  
STIPULATION TO INTERIM RATE  
SUBJECT TO REFUNDS WITH  
INTEREST PENDING A FINAL  
DETERMINATION OF THE LEGALITY  
OF THE RATE**

**SUPPLEMENT TO FEBRUARY 7, 2025  
STIPULATION TO INTERIM RATE SUBJECT TO REFUNDS WITH INTEREST  
PENDING A FINAL DETERMINATION OF THE LEGALITY OF THE RATE**

Applicant STATE FARM GENERAL INSURANCE COMPANY (“Applicant”) and the Department of Insurance (“Department”) (collectively, “Parties”) hereby stipulate and agree to the following additional terms to the Stipulation<sup>1</sup> the Parties previously entered into, in order to effect the interim resolution of a factual issue and the applicability of provisions of law material to the pending rate applications. Again, the Parties stipulate to an appropriate interim rate, subject to refunds with interest following a full rate hearing process in this matter, with the proposed revisions set forth herein (“Supplemental Stipulation”). Pursuant to the inherent authority vested in the Commissioner under Proposition 103 and confirmed by the California Supreme Court in *Calfarm Insurance Company v. Deukmejian* (1989) 48 Cal.3d 805 and 20<sup>th</sup> *Century Insurance Company v. Garamendi* (1994) 8 Cal.4<sup>th</sup> 216, the Parties expressly adopt the terms of the prior Stipulation and renew their request in this Supplemental Stipulation that the Commissioner issue the proposed stipulated interim rate order subject to refunds with interest following further investigation and proof as part of the full rate hearing process in this matter, with the following proposed revised and supplemental terms:

**RECITALS**

A. On February 7, 2025, the Parties submitted the Stipulation to the Commissioner.

B. On February 26, 2025, the Commissioner held an informal conference with the Parties regarding the Stipulation.

C. On March 11, 2025, the Commissioner proposed that Applicant agree to the following additional terms, in order for the Commissioner to be able to approve the interim rate request: first, that Applicant obtain a capital infusion from its parent company, State Farm Mutual Automobile Insurance Company (“State Farm Mutual”); and second, that Applicant cease its currently ongoing nonrenewal program, initiated in March 2024, through year-end 2025.

D. The Parties hereby submit this Supplemental Stipulation in response to the

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<sup>1</sup> Stipulation to Interim Rate Subject to Refunds with Interest Pending a Final Determination of the Legality of the Rate (“Stipulation”), previously submitted to the California Insurance Commissioner on February 7, 2025.

Commissioner's proposals.

**SUPPLEMENT TO STIPULATION AND REQUEST FOR INTERIM RATE ORDER**

**Applicant Will Obtain Capital if the Interim Rate Is Granted**

1. Applicant stipulates and agrees that if and when the Commissioner enters an order approving the interim rates as set forth herein, it will obtain capital from its parent company, State Farm Mutual Automobile Insurance Company ("State Farm Mutual"), in the form of a surplus note of \$400 million.

2. Accordingly, the Parties supplement the terms of the prior Stipulation by stipulating and agreeing as an additional term that, should the Commissioner approve the interim rates as set forth herein, Applicant shall obtain a surplus note of \$400 million from State Farm Mutual.

**The Parties Also Supplement the Terms of the Prior Stipulation by Stipulating to a Reduced HO3 Interim Rate and to No New Nonrenewal Program Through 2025**

3. Applicant maintains that it would be contrary to prudent management of the company and fiscally irresponsible to agree and stipulate to cease its currently implemented and ongoing nonrenewal program that was initiated in March 2024 in the lines represented by the Applications identified in the table below, and therefore reports that it will complete that program by year-end 2025. However, the Department believes that the Commissioner may be able to offset the potential rate impact of these non-renewals by decreasing the requested interim rate in the Homeowners Non-Tenant HO-3 line from 21.8% to 17.0%, subject to further investigation and proof regarding the ultimate rate as part of the full rate hearing process.

4. The Department further believes that the reduction of the HO-3 interim rate to 17.0% may either over- or under-estimate the potential rate impact, if any, of these nonrenewals, and therefore intends to fully investigate and determine the actual rate impact, if any, of these nonrenewals during the full rate hearing process, as well as the overall appropriate rate indication. Applicant believes that it will address the potential rate impact, if any, of the non-renewals in the anticipated amended rate Application.

1           5.       Accordingly, the Parties revise the prior Stipulation as set forth herein and  
2 stipulate and agree that Applicant shall implement an overall interim rate increase, subject to  
3 potential refunds with interest following a full rate hearing process and final determination of the  
4 legality of the rate by the Commissioner, to be implemented with a revised effective date of June  
5 1, 2025 for new and renewal business, and with a decrease in the agreed-upon interim rate for the  
6 Non-Tenant Homeowners HO-3 line from 21.8% to 17.0%, so that the overall stipulated and  
7 agreed-upon interim rates by the Parties are as follows:

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File No.	Application Line	Interim Rate Subject to Refunds with Interest following Rate Hearing
24-1271	Homeowners Non-Tenant HO-3	+17.0%
24-1273	Overall Renter/Condo Tenant	+15%
24-1330	Rental Dwelling	+38%

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18           6.       Additionally, the Parties stipulate and agree that Applicant shall not initiate any  
19 new block nonrenewal program(s) in the lines represented by the Applications through year-end  
20 2025.

21           7.       The Parties stipulate and agree that the Commissioner shall retain jurisdiction for  
22 the purpose of enforcing the provisions and terms of this Supplemental Stipulation and the Order  
23 requested thereon as well as on the prior Stipulation.

24           8.       The undersigned represent and warrant under penalty of perjury under the laws of  
25 the State of California that they have full and complete authority to enter into and bind the party  
26 on whose behalf they are signing to all of the terms of this Supplemental Stipulation.

27           Based on all of the foregoing, the parties again respectfully request that the Commissioner  
28 issue an Interim Rate Order Subject to Refunds with Interest Pending a Final Determination of the

1 Legality of the Rate, based upon the terms of the previously submitted Stipulation and this  
2 Supplemental Stipulation as set forth above to resolve the above-described legal and factual  
3 issues.

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5 Dated: April 4, 2025


STATE FARM GENERAL INSURANCE  
COMPANY

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9 By: \_\_\_\_\_  
Jordan D. Teti  
10 HOGAN LOVELLS US LLP  
11 Attorneys for Applicant State Farm General  
Insurance Company

12  
13 Dated: April 4, 2025

CALIFORNIA DEPARTMENT OF  
INSURANCE

15  
16 By:  \_\_\_\_\_  
Nikki S. McKennedy  
17 Attorneys for the California Department of  
Insurance  
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**PROOF OF SERVICE**  
**In the Matter of the Rate Applications of**  
**State Farm General Insurance Company, Applicant**  
**CDI File Nos. PA-2024-00011 (RRB File #24-1273),**  
**PA-2024-00012 (RRB File #24-1271 &**  
**PA-2024-00013 (RRB File #24-1330)**

I am over the age of eighteen years and am not a party to the within action. I am an employee of the Department of Insurance, State of California, employed at 1901 Harrison Street, 4<sup>th</sup> Floor, Oakland, CA 94612. On April 4, 2025, I served the following document(s):

**SUPPLEMENT TO FEBRUARY 7, 2025 STIPULATION TO INTERIM RATE**  
**SUBJECT TO REFUNDS WITH INTEREST PENDING A FINAL**  
**DETERMINATION OF THE LEGALITY OF THE RATE**

on all persons named on the attached Service List, by the method of service indicated, as follows:

If **U.S. MAIL** is indicated, by placing on this date, true copies in sealed envelopes, addressed to each person indicated, in this office's facility for collection of outgoing items to be sent by mail, pursuant to Code of Civil Procedure Section 1013. I am familiar with this office's practice of collecting and processing documents placed for mailing by U.S. Mail. Under that practice, outgoing items are deposited, in the ordinary course of business, with the U.S. Postal Service on that same day, with postage fully prepaid, in the city and county of San Francisco, California.

If **OVERNIGHT SERVICE** is indicated, by placing on this date, true copies in sealed envelopes, addressed to each person indicated, in this office's facility for collection of outgoing items for overnight delivery, pursuant to Code of Civil Procedure Section 1013. I am familiar with this office's practice of collecting and processing documents placed for overnight delivery. Under that practice, outgoing items are deposited, in the ordinary course of business, with an authorized courier or a facility regularly maintained by one of the following overnight services in the city and county of San Francisco, California: Express Mail, UPS, Federal Express, or Golden State overnight service, with an active account number shown for payment.

If **FAX SERVICE** is indicated, by facsimile transmission this date to fax number stated for the person(s) so marked.

If **PERSONAL SERVICE** is indicated, by hand delivery this date.

If **INTRA-AGENCY MAIL** is indicated, by placing this date in a place designated for collection for delivery by Department of Insurance intra-agency mail.

If **EMAIL** is indicated, by electronic mail transmission this date to the email address(es) listed.

Executed this date at San Francisco, California. I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

*Cecilia Padua*  
\_\_\_\_\_  
Cecilia Padua

**SERVICE LIST**  
**In the Matter of the Rate Applications of**  
**State Farm General Insurance Company, Applicant**  
**CDI File Nos. PA-2024-00011 (RRB File #24-1273),**  
**PA-2024-00012 (RRB File #24-1271 &**  
**PA-2024-00013 (RRB File #24-1330)**

<u><b>Name/Address</b></u>	<u><b>Phone/Fax Numbers</b></u>	<u><b>Method of Service</b></u>
Karl Fredric J. Seligman Administrative Law Judge Administrative Hearing Bureau <b>CALIFORNIA DEPARTMENT OF INSURANCE</b> 1901 Harrison Street, 3 <sup>rd</sup> Floor Oakland, CA 94612 <a href="mailto:Florinda.Cristobal@insurance.ca.gov">Florinda.Cristobal@insurance.ca.gov</a> <a href="mailto:Camille.Johnson@insurance.ca.gov">Camille.Johnson@insurance.ca.gov</a>	Tel: (415) 538-4243 Fax: (510) 238-7828	Via EMAIL
Vanessa Wells Victoria Brown Kristel Gelera Cathy Perry Attorneys for Applicant <b>HOGAN LOVELLS US LLP</b> 855 Main Street, Suite 200 Redwood City, CA 94063 <a href="mailto:Vanessa.wells@hoganlovells.com">Vanessa.wells@hoganlovells.com</a> <a href="mailto:Victoria.brown@hoganloverlls.com">Victoria.brown@hoganloverlls.com</a> <a href="mailto:Kristel.gelera@hoganlovells.com">Kristel.gelera@hoganlovells.com</a> <a href="mailto:Cathy.perry@hoganlovells.com">Cathy.perry@hoganlovells.com</a>	Tel: (650) 463-4000 Fax: (650) 463-4199	Via EMAIL
Katherine Wellington Attorney(s) for Applicant <b>HOGAN LOVELLS US LLP</b> 125 High Street, Suite 2010 Boston, MA 02110 <a href="mailto:Katherine.Wellington@hoganlovells.com">Katherine.Wellington@hoganlovells.com</a>	Tel: (617) 371-1000 Fax: (617) 371-1037	Via EMAIL
Jordan D. Teti Attorney(s) for Applicant <b>HOGAN LOVELLS US LLP</b> 1999 Avenue of the Stars, Suite 1400 Los Angeles, CA 90067 <a href="mailto:Jordan.Teti@hoganlovells.com">Jordan.Teti@hoganlovells.com</a>	Tel: (310) 785-4600 Fax: (310) 785-4601	Via EMAIL
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1	Harvey Rosenfield	Tel: (310) 392-0522	Via EMAIL
2	Pamela Pressley	Fax: (310) 392-8874	
3	William Pletcher		
4	Ryan Mellino		
5	Benjamin Powell		
6	Attorneys for Intervenor		
7	<b>CONSUMER WATCHDOG</b>		
8	6330 San Vicente Blvd., Suite 250		
9	Los Angeles, CA 90048		
10	<a href="mailto:harvey@consumerwatchdog.org">harvey@consumerwatchdog.org</a>		
11	<a href="mailto:pam@consumerwatchdog.org">pam@consumerwatchdog.org</a>		
12	<a href="mailto:will@consumerwatchdog.org">will@consumerwatchdog.org</a>		
13	<a href="mailto:ryan@consumerwatchdog.org">ryan@consumerwatchdog.org</a>		
14	<a href="mailto:ben@consumerwatchdog.org">ben@consumerwatchdog.org</a>		
15	The Honorable California Insurance	Tel: (916) 492-3500	Via EMAIL
16	Commissioner Ricardo Lara	Fax: (916) 445-5280	
17	Office of the Commissioner		
18	<b>CALIFORNIA DEPARTMENT OF</b>		
19	<b>INSURANCE</b>		
20	300 Capitol Mall, 16 <sup>th</sup> Floor		
21	Sacramento, CA 95814		
22	<a href="mailto:CommissionerLara@insurance.ca.gov">CommissionerLara@insurance.ca.gov</a>		
23	Michael Martinez	Tel: (916) 492-3573	Via EMAIL
24	Chief Deputy Commissioner		
25	Office of the Commissioner		
26	<b>CALIFORNIA DEPARTMENT OF</b>		
27	<b>INSURANCE</b>		
28	300 Capitol Mall, 17 <sup>th</sup> Floor		
29	Sacramento, CA 95814		
30	<a href="mailto:Michael.Martinez@insurance.ca.gov">Michael.Martinez@insurance.ca.gov</a>		
31	Lucy F. Wang, Deputy Commissioner &	Tel: (415) 538-4377	Via EMAIL
32	Special Counsel to the Commissioner		
33	Office of the Special Counsel		
34	<b>CALIFORNIA DEPARTMENT OF</b>		
35	<b>INSURANCE</b>		
36	1901 Harrison Street, 6 <sup>th</sup> Floor		
37	Oakland, CA 94612		
38	<a href="mailto:Lucy.Wang@insurance.ca.gov">Lucy.Wang@insurance.ca.gov</a>		
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44	///		
45	///		



1 Teresa Campbell, Deputy Commissioner      Tel: (415) 538-4126      Via EMAIL  
2 & General Counsel      (415) 538-4176  
3 Heather Hoesterey      Fax: (510) 238-7829  
4 Assistant General Counsel  
5 Legal Division  
6 **CALIFORNIA DEPARTMENT OF**  
7 **INSURANCE**  
8 1901 Harrison Street, 6<sup>th</sup> Floor  
9 Oakland, CA 94612  
10 [Teresa.Campbell@insurance.ca.gov](mailto:Teresa.Campbell@insurance.ca.gov)  
11 [Heather.Hoesterey@insurance.ca.gov](mailto:Heather.Hoesterey@insurance.ca.gov)

8 **NON PARTIES**

9 Kenneth Allen      Tel: (213) 346-6783      Via EMAIL  
10 Deputy Commissioner      Fax: (213) 897-9051  
11 Rate Regulation Branch  
12 **CALIFORNIA DEPARTMENT OF**  
13 **INSURANCE**  
14 300 South Spring Street, 14<sup>th</sup> Floor  
15 Los Angeles, CA 90013  
16 [Ken.allen@insurance.ca.gov](mailto:Ken.allen@insurance.ca.gov)

14 Margaret W. Hosel      Tel: (415) 538-4383      Via EMAIL  
15 Attorney and Public Advisor      Fax: (510) 238-7830  
16 Office of the Public Advisor  
17 **CALIFORNIA DEPARTMENT OF**  
18 **INSURANCE**  
19 1901 Harrison Street, 6<sup>th</sup> Floor  
20 Oakland, CA 94612  
21 [Margaret.Hosel@insurance.ca.gov](mailto:Margaret.Hosel@insurance.ca.gov)

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