

# SFG-DA-5

Harvey Rosenfield, SBN 123082  
Pamela Pressley, SBN 180362  
William Pletcher, SBN 212664  
Benjamin Powell, SBN 311624  
Ryan Mellino, SBN 342497  
**CONSUMER WATCHDOG**  
6330 San Vicente Blvd., Suite 250  
Los Angeles, CA 90048  
Tel. (310) 392-0522  
Fax (310) 861-0862  
harvey@consumerwatchdog.org  
pam@consumerwatchdog.org  
will@consumerwatchdog.org  
ben@consumerwatchdog.org  
ryan@consumerwatchdog.org

Attorneys for CONSUMER WATCHDOG

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

**CONSUMER WATCHDOG'S  
OBJECTIONS TO CDI AND STATE  
FARM'S TWO-WAY STIPULATION TO  
INTERIM RATE**

**Hearing Date/Time: April 8, 2025  
10:00 a.m.**

1 the Stipulation requiring State Farm to “maintain availability” of its homeowners policies such as  
2 by agreeing to halt non-renewals or to write new business if its requested rate increases are  
3 granted.

4 Moreover, State Farm’s claimed financial distress is entirely self-inflicted. For years, the  
5 insurer deliberately sold policies at unsustainably low premiums to aggressively grow its market  
6 share, ignoring repeated internal warnings about severe financial risks. According to a recent  
7 investigation by the Wall Street Journal, State Farm intentionally “sold policies at premiums it  
8 knew were unsustainably low” in a strategy aimed at dominating the California market.<sup>3</sup> Its  
9 internal actuaries and external consultants repeatedly warned that premiums were insufficient,  
10 yet the company pursued market dominance over prudent financial management.<sup>4</sup> Additionally,  
11 Consumer Watchdog has submitted an analysis establishing that State Farm entered into  
12 reinsurance arrangements with its Illinois-based parent company that siphoned approximately \$3  
13 billion from its California operations directly to the parent’s benefit. (Declaration of Benjamin A.  
14 Armstrong [hereinafter, “Armstrong Decl.”], ¶ 7; Consumer Watchdog’s Appendix of Exhibits  
15 [“Appendix”], Exh. 4.) Thus, the insurer’s current financial dissatisfaction arises not from  
16 regulatory burdens but from potentially unlawful pricing strategies and internal self-dealing.  
17 State Farm’s financial condition does not justify a policyholder-funded bailout, especially one  
18 that provides no tangible consumer protections or even assurances that its policyholders will not  
19 face immediate cancellation notices days after their rate-hike checks are cashed.

20 Consumer Watchdog thus submits these objections to the two-way Stipulation between  
21 State Farm and CDI pursuant to 10 CCR section 2656.1, subdivision (g).

## 22 PROCEDURAL BACKGROUND

23 In June and July 2024, State Farm submitted applications requesting significant rate  
24 increases across homeowners, renters/condo, and rental dwelling insurance lines, citing the  
25 insolvency variance criteria under 10 CCR section 2644.27, subdivision (f)(6), also known as

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27 <sup>3</sup> Jean Eaglesham & Susan Pulliam, *State Farm Was All In on California—Until It Pulled the*  
28 *Plug Before the Fires*, Wall Street Journal, Feb. 6, 2025. Ms. Pulliam is a Pulitzer Prize winning  
journalist. (See <https://www.wsj.com/news/author/susan-pulliam>.)

<sup>4</sup> *Ibid.*