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July 14, 2025

Via Electronic Mail

Hon. Karl Fredric J. Seligman
Administrative Law Judge
Administrative Hearing Bureau
California Department of Insurance
1901 Harrison Street, 3rd Floor
Oakland, California 94612

**Re: Statement of Applicant State Farm General Insurance Company
Regarding Merritt Farren's Motion to Extend the Discovery
Deadlines to Allow For Limited Additional Discovery; CDI File
Nos.: PA-2024-00012, PA-2024-00013**

Dear ALJ Seligman,

I am writing this letter after reviewing Mr. Farren's submission requesting that discovery be reopened. It is State Farm General's position that Mr. Farren's submission is, at the threshold, premature, and should not be entertained unless and until Mr. Farren does the work of attempting to establish "good cause." "Good cause," inherently, must include (1) existing discovery does not include requests sufficient for purpose, and (2) additional discovery is necessary to obtain documents which are "relevant **and** would be admissible in evidence", in a rate hearing. See Government Code § 11507.6(e) (emphasis added).

State Farm General has received 142 discovery requests from the Department and Consumer Watchdog (this counts only official discovery; not objections served through SERFF or Consumer Watchdog's "Requests for Information"). All of these requests were served by the agreed-upon, extended date for serving discovery, which was prior to Your Honor's order granting Mr. Farren's motion for leave to intervene. Mr. Farren has not requested copies of this discovery.

By regulation,

No person whose petition has been granted shall be permitted to reopen matters decided before the petition is granted without a showing of good cause.

10 CCR § 2661.3(h). The discovery schedule was set before Mr. Farren's petition was granted, and the extensions were agreed by the parties before Mr. Farren's petition was granted. At the least, Mr. Farren must review the discovery already served, and then explain why he needs more including to which element of the formula his discovery relates, to show "good cause" to reopen discovery and subject State Farm General to even more discovery requests.

To reiterate, Mr. Farren's pricing theory is incompatible with the "cost plus" formula binding under the regulations. The Order allows intervention, but does not allow relitigation of the formula that determines rates in the State of California. The Order postulates that a change in claims handling practices might impact trend, but that isn't Mr. Farren's argument. Mr. Farren

has consistently stated that his argument is that consumer-friendly practices, as he defines them, affect price. "Good cause" to reopen discovery must include connecting proposed discovery to real issues in the case—i.e. the documents subject to the proposed discovery would be **admissible**—not *ex-formula* market-based theories.

We are contemporaneously transmitting to Mr. Farren the discovery that has been served. We do not copy others on that voluminous documentation.

Sincerely,



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cc: See attached Service List

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