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8 BEFORE THE INSURANCE COMMISSIONER
9 OF THE STATE OF CALIFORNIA
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11 In the Matter of the Rate Application of
12 STATE FARM GENERAL INSURANCE
13 COMPANY,
14 Applicant.
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File Nos. PA-2024-00011, PA-2024-00012,
PA-2024-00013

**CDI's MOTION TO COMPEL
DISCOVERY FROM STATE FARM
GENERAL INSURANCE COMPANY;
DECLARATION OF JENNIFER McCUNE**

(CCR §2655.1(d))

Hearing Date: Monday, September 15, 2025

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20 **TO: STATE FARM GENERAL INSURANCE COMPANY ("APPLICANT"):**
21 **PLEASE TAKE NOTICE** that the California Department of Insurance (CDI) hereby
22 moves pursuant to Government Code §11507.7 and CCR §2655.1, for an order compelling
23 Applicant State Farm General Insurance Company (SFG, State Farm General or Applicant) to
24 provide discovery to the CDI.
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I

INTRODUCTION

On May 13, 2025, the Commissioner issued an Order (Interim Rate Order) adopting this Court's Proposed Decision approving the February 7, 2025 Proposed Interim Rate Stipulation, as Supplemented on April 4, 2025 (collectively, Supplemental Stipulation), entered into between applicant State Farm General Insurance Company (State Farm General, SFG, or Applicant) and the California Department of Insurance (CDI or the Department). As relevant to this motion, the Interim Rate Order and Supplemental Stipulation provide that Applicant's nonrenewal program, and its rate impact, will be "subject to further investigation and proof regarding the ultimate rate as part of the full hearing process." (See Supplemental Stipulation, ¶ 3.)

The Department has propounded discovery related to Applicant's nonrenewal program, specifically Request no. 48, but to date, Applicant has provided inadequate responses. This information sought is relevant because the Department needs the information to evaluate what impact the nonrenewals have on SFG's requested rates. Applicant has no valid objection because it did not list any documents responsive to Request No. 48 on its privilege log, and the documents responsive to request No. 48 are relevant to this proceeding. Therefore, an order should issue compelling SFG to produce responsive documents.

II.

FACTUAL BACKGROUND

This is an action in which State Farm General submitted a request for an emergency interim rate approval to Insurance Commissioner Ricardo Lara, originally seeking interim rate increases for homeowners of 22%, 15% for renters/condo, and 38% for rental dwelling policies, citing severe capital depletion, especially following the January 2025 Los Angeles wildfires. Consumer Watchdog (CW) intervened in this matter, and on March 17, 2025, the Department filed a Notice of Hearing along with its first set of Discovery Requests. On April 8-10, 2025, an interim rate hearing was held before ALJ Seligman in Oakland, California, regarding the two-party stipulation reached between SFG and CDI providing SFG an interim rate increase of 17%,

1 subject to certain conditions, and CW's objections to the stipulation.¹

2 The parties are now steeped in discovery in preparation for the full rate hearing scheduled
3 to commence on December 2, 2025. At issue in this motion to compel is the Department's
4 document request 48 which requests documents and other information from State Farm regarding
5 its block nonrenewal programs, including the most recent program initiated in March 2024. In
6 March 2025, as part of the discussions leading up to the interim rate hearing, the Commissioner
7 asked that State Farm General "cease its currently ongoing nonrenewal program, initiated in
8 March 2024, through year-end 2025."² SFG refused. SFG maintained that, "it would be contrary
9 to prudent management of the company and fiscally irresponsible to agree and stipulate to cease
10 its current implemented and ongoing nonrenewal program that was initiated in March 2024."³
11 However, in the Supplemental Stipulation SFG agreed to decrease its interim rate request in its
12 owner-occupied homeowners line by 5%, i.e., from 22% to 17%, in response to CDI's attempt to
13 account for the possible rate impact of the block nonrenewal program. This term was
14 subsequently incorporated into the Interim Rate Order. The Court issued its proposed decision
15 adopting the terms of the Stipulation, including the 17% interim rate on the owner-occupied
16 homeowners line, on May 12, 2025, and the Commissioner fully adopted the proposed decision
17 on May 13, 2025. The interim rates are now subject to proof in the full rate hearing process, or
18 the Commissioner will require SFG to pay refunds with interest. Part of this full rate hearing
19 process will necessarily consider whether the interim rates have properly accounted for the
20 impact, if any, of the block nonrenewal programs on SFG's requested rates.

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23 ¹ Stipulation to Interim Rate Subject to Refunds with Interest Pending a Final Determination of
24 the Legality of the Rate, dated February 7, 2025 ("Original Stipulation"). CW did not agree with
nor was a party to the Original Stipulation.

25 ² The parties noted the Commissioner's request in the two-party "Supplement to February 7, 2025
26 Stipulation to Interim Rate Subject to Refunds with Interest Pending a Final Determination of the
27 Legality of the Rate," dated April 4, 2025 ("Supplemental Stipulation"), which was submitted to
this Court as part of the interim rate hearing on CW's objections to the Original Stipulation. CW
did not agree with nor was a party to the Supplemental Stipulation. Collectively, the Original
Stipulation and the Supplemental Stipulation are referred to as the "Stipulation."

28 ³ *Id.* at p. 4, para. 3.

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III.

THE RELEVANT REQUEST AND SFG'S RESPONSE

CDI moves to compel discovery solely as to request no. 48 which is set forth below along with SFG's response thereto.

CDI DISCOVERY REQUEST No. 48

Provide any and all DATA, DOCUMENTS, and/or CALCULATIONS which explain the rate impact resulting from APPLICANT's nonrenewal program beginning in March 2024 as identified in APPLICANT's rule filings 24-651 and 24-652, including:

- a. An alternative indication that appropriately adjusts for the non-renewal program that began in March 2024 and excludes data from policies non-renewed since March 2024;
- b. The total number of policies nonrenewed since March 2024 by ZIP Code; and
- c. Specific details of the risks that were non-renewed as part of the nonrenewal program that began in March 2024 and the objective underwriting criteria that detail the risk profiles that are no longer eligible.

RESPONSE TO REQUEST FOR DISCOVERY NO. 48:

SFG incorporates its General Objections and Objections to Definitions as if fully set forth herein.

SFG objects to this Request to the extent it seeks documents not relevant to the Rate Hearing and not admissible in evidence. Cal. Gov. Code § 11507.6(2)(e). Nor would this category of documents be the sort of evidence on which responsible persons would rely in these rate review proceedings. Cal. Gov. Code § 11513(c).

SFG further specifically objects to the extent this Request seeks documents protected from disclosure by the attorney-client privilege, work product doctrine, joint or common interest privilege, or any other privilege, protection, or immunity.

SFG further objects to the extent this Request seeks SFG trade secrets (including but not limited to competitively sensitive information), which are privileged and protected under California law and SFG objects to their disclosure without a suitable protective order, including sealing when such trade secret information is introduced into the record, and an agreement by the parties to keep such material confidential and use only in this proceeding. *See* Cal. Evid. Code §§352, 1060; Cal. Civ. Code § 3426.1; Cal. Code Civ. P. § 2031.60(f).

SFG further objects that this Request is vague, ambiguous, and unduly burdensome as it relates to the terms and phrases "the rate impact resulting from APPLICANT's nonrenewal program," "[a]n alternative indication that appropriately adjusts for the non-renewal program," "excludes data from policies non-renewed," and "[s]pecific details of the risks that were nonrenewed as part of the nonrenewal program."

1 SFG objects to this Request as overly broad and unduly burdensome, including due to the
2 use of the terms “any and all” and “including.”

3 SFG objects to this Request as duplicative or previously propounded requests.
4 SFG also objects to this Request as it seeks documents and information already provided
5 to CDI via SERFF.

6 Subject to and consistent with the foregoing objections, SFG responds as follows:
7 SFG is conducting a reasonably diligent search and will produce responsive,
8 nonprivileged documents responsive to this Request, if any, based on that search. In
9 addition, SFG directs CDI to responsive documents submitted by SFG via SERFF. **In the
10 attached Exhibit A, which is incorporated by reference herein, SFG identifies
11 SERFF documents that SFG believes are responsive to this CDI Request. (Emphasis
12 added.)**

13 (See CDI Exhibit 1 attaching SFG’s written objections and responses.)

14 SFG then produced documents on or about August 5, 2025. At CDI’s request, SFG
15 subsequently served an index listing which documents were responsive to which request. (See
16 Exhibit 2.) For CDI request no 48, SFG did not list any responsive documents. Thus, SFG
17 admits that it did not produce any documents responsive to CDI request no. 48 in its August 5th
18 production. However, in SFG’s response set forth above, it did refer to a chart listing potentially
19 responsive documents that SFG previously posted in SERFF. (See Exhibit 1.)

20 SFG also served a privilege log. (See Exhibit 3.) The privilege log did not list any
21 documents responsive to CDI request no. 48. Accordingly, SFG is not asserting that it withheld
22 any responsive documents based on privilege.

23 IV.

24 ARGUMENT

25 Here, the Department seeks to compel discovery regarding SFG’s 2024 nonrenewal
26 program as requested in CDI Request no. 48.

27 The existence of SFG’s nonrenewal program is not in dispute. Although SFG pointed to a
28 few documents it posted to SERFF that are tangentially related to the nonrenewal program, none
are specifically responsive to CDI’s Request No. 48. For example, none provide “specific details
of the risks being non-renewed and the objective underwriting criteria that detail the risk profiles

1 that are no longer eligible.” CDI needs this information to determine how much risk was taken
2 out of the SFG program so that it can properly calculate the rates. But SFG takes the position that
3 no such documents exist that were not already posted to SERFF. SFG does not even
4 acknowledge that it has any responsive privileged or otherwise allegedly protected documents,
5 despite its prior representation that the 2024 block nonrenewal program was necessary for its
6 financial health and it thus must have numerous internal documents regarding this issue. The
7 Department believes such documents exist, and respectfully asks this Court to order SFG to
8 produce them.

9 State Farm General has repeatedly acknowledged the existence of its nonrenewal
10 program. For example, SFG effectively stated it would be improvident to “cease its current
11 implemented and ongoing nonrenewal program that was initiated in March 2024.”⁴ Even this
12 Court has acknowledged the existent of such documents. In this Court’s Proposed Order
13 Granting Stipulation, dated May 12, 2025,⁵ your Honor wrote “SFG [has] committed to refraining
14 from new block nonrenewal programs through the end of 2025.”⁶

15 Nor should it be burdensome for State Farm General to locate these documents as the
16 2024 nonrenewal program was labeled by State Farm General as crucial to its financial health.
17 Certainly, it knows where it keeps such crucial documents.

18 During meet and confer yesterday, August 19, 2025, SFG pointed CDI to another
19 document posted to SERFF – exhibit 18 to a separate rule filing made by SFG in another matter.
20 CDI is still reviewing this document but currently believes it to be a document indicating the
21 number of policies SFG anticipated non-renewing by ZIP Code as of September 2023. CDI
22 understands that some of these nonrenewals did not occur because they were prohibited by the
23 Commissioner’s one-year moratorium on nonrenewals in wildfire impacted areas. (Cal. Ins. Code
24 §675.1(b).) Thus, exhibit 18, while partially helpful and responsive, does not provide the most
25 recent list of policies actually nonrenewed. CDI also does not know if SFG non-renewed

26 ⁴ Supplemental Stipulation, dated April 4, 2025, at p. 4.

27 ⁵ Proposed Order Granting Stipulation, dated May 12, 2025.

28 ⁶ *Id.* at p. 3

1 additional policies not on that list, in order to fill the gap left by the policies that were not
2 renewed due to the moratorium. Simply put, this document appears to list what SFG planned to
3 do, but CDI needs documents reflecting what SFG actually did with regard to nonrenewals.

4 In addition to exhibit 18, CDI expects there would be a litany of documents responsive to
5 request no. 48 (b) seeking documents related to “The total number of policies nonrenewed since
6 March 2024 by ZIP Code.” For example, if 30,000 policies were non-renewed, at the very least
7 there would be 30,000 non-renewal notices.

8 Similarly, CDI expects there would be a host of documents responsive to Request No.
9 48(c) which seeks documents containing “specific details of the risks that were non-renewed as
10 part of the nonrenewal program that began in March 2024 and the objective underwriting criteria
11 that detail the risk profiles that are no longer eligible.” SFG should have hundreds of documents
12 discussing the attributes of these risks that made SFG decide they were too risky to renew. And
13 in a blatant disregard of the law, SFG has not filed underwriting guidelines in the pending
14 applications that sufficiently detail the risk characteristics that are no longer acceptable. CDI
15 understands that SFG may be using models to reject risks based on characteristics that result in
16 models scores above a certain limit. But SFG still has not told CDI publicly, in this proceeding,
17 what those characteristics are. The characteristics cannot be hidden in a model. SFG must
18 produce its documents listing the ineligibility characteristics. SFG must also list ineligibility
19 characteristics in its underwriting guidelines. Once that is done, those underwriting guidelines
20 should also be produced in response to Request No. 48, pursuant to the continuing obligation to
21 produce.

22 V

23 **CDI REQUIRES THE DOCUMENTS REQUESTED**

24 The Department requires the documents requested from SFG in Document Request No 48
25 because they are relevant to determining the rate impact of SFG’s nonrenewal programs. These
26 documents will help CDI determine whether and to what extent SFG is entitled to the rate
27 increase at issue in this hearing. To be clear, in light of SFG’s numerous admissions that its
28 nonrenewal program exists, and SFG’s own statements regarding how it will affect its “financial

1 health,” it is incongruous to assert there are no documents responsive to the Department’s
2 requests. If SFG does not produce responsive documents, CDI will have no choice but to ask this
3 court to allow CDI to take the deposition of the Person Most Qualified at SFG regarding its recent
4 nonrenewal programs.

5 **VI**

6 **CDI HAS MET AND CONFERRED ON THIS ISSUE**

7 The Department has met its meet and confer obligations with respect to this document
8 request. Specifically, on August 12, 2025, CDI attorneys Nikki McKennedy, Jennifer McCune,
9 Duncan Montgomery and Dan Wade began the meet and confer process via a telephone call with
10 SFG attorneys. Ms. McCune sent a written meet and confer on August 18, 2025. On August 18,
11 2025, CDI attorney, Jennifer McCune also conducted a telephone call with SFG’s attorney,
12 Vanessa Wells, during which Ms. McCune requested that State Farm General produce the
13 documents or explain why such documents will not be produced. Declaration of Jennifer
14 McCune at p. 2.

15 **VII**

16 **CONCLUSION**

17 For the reasons set forth above, the Department respectfully moves this Court for an Order
18 instructing State Farm General to produce documents responsive to CDI’s document request no.
19 48.

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21 Date: August 20, 2025

CALIFORNIA DEPARTMENT OF INSURANCE

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24 _____ *Jennifer McCune*

Jennifer McCune