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Intervenor

BEFORE THE INSURANCE COMMISSIONER OF
THE STATE OF CALIFORNIA

In the Matter of the Rate Application of State)	File No.: PA-2024-00011, PA-2024-
)	00012, PA-2024-00013
Farm General Insurance Company, Applicant.)	
)	MERRITT DAVID FARREN'S DISCOVERY
)	REQUEST
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TO: STATE FARM GENERAL INSURANCE COMPANY ("APPLICANT"):

Pursuant to California Insurance Code section 1861.08(e), Government Code section 11507.6, and Title 10, California Code of Regulations, section 2655.1(a), Intervenor, Merritt David Farren ("Intervenor") requests that APPLICANT respond to these discovery requests. Additionally, APPLICANT has an "ongoing duty to produce additional items . . . as new items become relevant" that are also responsive to these requests per section 2655.1(a); Intervenor agrees to allow

1 APPLICANT to provide such ongoing responses in the same format as it originally responds to these
2 requests.

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4 **I. DEFINITIONS AND GENERAL PROVISIONS**

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7 The following definitions and instructions apply to all requests:

- 8 1. The term “APPLICANT” means State Farm General Insurance Company and its agents and
9 employees, and all persons working on their behalf.
- 10 2. The terms “DOCUMENT” and “DOCUMENTS” mean any “writing” as defined by
11 California Evidence Code section 250, including without limitation, any report, statement, e-
12 mail communication or other kind of written communication, or drafts of such writings.
- 13 3. If a DOCUMENT has been prepared and several copies or additional copies have been made
14 that are not identical, or are no longer identical by reason of subsequent addition, notation or
15 other modification of the copy, each non-identical copy is a separate writing, and thus, a
16 separate DOCUMENT. In the event that APPLICANT does not have actual or constructive
17 possession, custody, or control of the original of any requested DOCUMENT, APPLICANT
18 shall produce a true, correct, complete and legible copy.
- 19 4. The term “data” includes, but is not limited to, arithmetic, formulas, code, and/or other similar
20 information underlying any DOCUMENTS requested, including but not limited to arithmetic,
21 formulas, code, or other similar information contained in or used in Microsoft Excel, R, or
22 any similar program used by APPLICANT related to the discovery requested.
- 23 5. The term “relate to” means to refer to, mention, discuss, analyze, evidence, reflect, document,
24 support, or otherwise state or cite to.
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- 1 6. For each statement, DOCUMENT, or thing that is withheld pursuant to an assertion of
2 privilege, APPLICANT must please identify the item in a privilege log by describing the type
3 of item (contract, policy, check, memorandum, letter, E-mail, etc.); the name, title, and
4 address of the author, creator or sender at the time the item was authored, created or sent; the
5 name, title, and address of the recipient at the time the item was received; the date the item
6 was authored, created or sent; the date the item was received; the identity of all persons who
7 have custody or control of the original or copies of the item; the request number(s) to which
8 the DOCUMENT is responsive; and the grounds for each claim of privilege with respect to
9 the item.
10
11 7. For each statement, DOCUMENT, or thing that is withheld on the ground that the request is
12 overly broad, oppressive, or burdensome, APPLICANT must please describe with
13 particularity the reason the request is believed to be overbroad, oppressive, or burdensome,
14 and then produce the portion(s) of the request which falls outside the scope of the objection.
15
16 8. For every statement, DOCUMENT, or thing produced, APPLICANT shall indicate the
17 request number(s) to which it is responsive.
18
19 9. These requests apply to all statements, DOCUMENTS, or things in the possession, custody,
20 or control of APPLICANT and/or APPLICANT's counsel, whether compiled by
21 APPLICANT or by any other individual or entity for any reason whatsoever. Pursuant to 10
22 CCR section 2655.1(a), these requests constitute ongoing, continuing requests for any and all
23 discoverable items that may come into the possession of APPLICANT at any time prior to the
24 first day of the hearing in this matter. If APPLICANT learns of any responsive statement,
25 DOCUMENT, thing, or information after responding to this request, APPLICANT shall
26 provide such item(s) to Intervenor as soon thereafter as reasonably possible.
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- 1 10. Nothing in these requests for discovery should be deemed to authorize the inspection or
2 copying of any writing or thing which is privileged from disclosure by law or otherwise made
3 confidential or protected as attorney's work product.
4
- 5 11. APPLICANT's responses to these requests for discovery should be made by directing such
6 responses to the address given above with a copy sent electronically to
7 merritt@FarrenLLP.com. Pursuant to 10 CCR section 2655.1(a), APPLICANT shall have an
8 ongoing duty to supplement responses with additional items, including without limitation,
9 data responsive to these discovery requests, DOCUMENTS and/or other information, as such
10 items become available.
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12 **II. DISCOVERY REQUESTED**

13 **A. INTRODUCTION**

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16 Intervenor notes the following:

- 17 1. In prior filings in the Proceedings, Intervenor has articulated the various reasons why it is
18 crucial that the Proceedings include evidence detailing the key claims handling policies and
19 practices that determine both the financial strength of APPLICANT and the benefits
20 California citizens who buy or who have bought insurance policies from APPLICANT can
21 expect to receive or have historically received in the event they suffer a total loss or
22 constructive total loss due to wildfire. Among other things, this evidence is imperative to
23 ensure that any historical data submitted by APPLICANT in the Proceedings to predict
24 APPLICANT'S future losses will, in fact, be predictive of APPLICANT'S future losses.
25 APPLICANT'S financial losses related to claims are, mathematically, a direct function of its
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1 claims payment policies and practices that materially impact the amount paid on claims and
2 the speed with which they are paid out. Accordingly, APPLICANT'S historic losses can only
3 be predicative of its future losses and only be used in the Proceedings to justify the rate
4 increases APPLICANT is requesting, if the claims payment policies and practices of
5 APPLICANT that pertained during the period of any historical data submitted by
6 APPLICANT have not changed to date in a way that is detrimental to the interests of those
7 who have or will buy insurance from APPLICANT and will not change during the period for
8 which future losses are predicted in a way that is detrimental to the interests of those who
9 have or will buy insurance from APPLICANT.
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11 2. It is Intervenor's desire that this discovery request will provide a mechanism for introducing
12 that evidence into the Proceedings.
13

14 3. Intervenor is cognizant of the fact that (i) significant discovery requests have already been
15 made in the Proceedings by the Department and by intervenor Consumer Watchdog
16 ("Consumer Watchdog"), and (ii) the Proceedings are on a tight schedule which demands
17 efficiency in all matters that remain to be accomplished in order for the Proceedings to be
18 completed as currently scheduled. Accordingly, Intervenor would welcome a meet and confer
19 with APPLICANT and an ongoing dialog with APPLICANT to determine ways that will
20 allow for APPLICANT'S timely and efficient response to these discovery requests and in a
21 way that will allow the relevant evidence to enter into the record of the Proceedings without
22 undue burden to APPLICANT and without risk to delay in the schedule for the Proceedings.
23 To the extent to which APPLICANT is of the opinion that any of these discovery requests are
24 duplicative of discovery requests already made by the Department or Consumer Watchdog,
25 Intervenor would welcome a meet and confer between all the parties to address
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1 APPLICANT’S concern. Intervenor is convinced that, with the right cooperation by
2 APPLICANT, the required evidence and discovery requested in this request can be provided
3 by APPLICANT without undue burden to APPLICANT or any need for delay in the
4 Proceedings.
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7 **B. REQUESTED DISCOVERY**
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9 Please provide the following:
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- 11
12 1. The following information related to APPLICANT’S personal property loss coverages under
13 APPLICANT’S insurance policies in place with homeowners in the State of California
14 (“California Insured Homeowners”) during the period covered by any historical data
15 submitted by APPLICANT to predict APPLICANT’S future losses (the “Historical Loss
16 Period”) and during 2025 for claims payment to those suffering a total loss or effective total
17 loss in the Palisades and Eaton fires (the “Current Loss Period”), where an “effective total
18 loss” is understood to mean a loss making a residence uninhabitable due to the extent of
19 damage incurred, even if partial, including, without limitation, residences made uninhabitable
20 due to smoke damage alone. As used in this request, a total loss and an effective total loss are
21 referred to together as a “Total Loss”:
22

- 23 a. Any and all DOCUMENTS instructing claims adjusters with respect to or otherwise
24 establishing APPLICANT’S claims payment policies and practices on the question of
25 whether payments by APPLICANT to insureds for personal property losses made
26 ahead of receipt of an itemization of lost property from insureds are to be considered
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1 final payments to insureds which will stand, notwithstanding losses which may
2 ultimately be shown in lost property itemization lists provided by insureds, or whether,
3 in the event APPLICANT, subsequent to making such a payment, receives a personal
4 property itemization from the insured which APPLICANT deems does not
5 substantiate a loss equaling or exceeding the amount paid prior to receipt of the
6 itemization by APPLICANT, APPLICANT will seek re-imbursement of what it
7 perceives to be the overage or will seek to offset what it perceives to be the overage
8 against future payments due the insured under other coverages that pertain under the
9 insured's policy (any such amount perceived as an overage by APPLICANT a
10 "Perceived Personal Property Payment Overage").
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- 13 b. For each of the Historical Loss Period and the Current Loss Period, the percentage of
14 California Insured Homeowners making claims as a result of a Total Loss due to
15 community wildfire with respect to which the APPLICANT sought reimbursement of
16 a Perceived Personal Property Payment Overage or sought to offset a Perceived
17 Personal Property Payment Overage against other payments due by APPLICANT.
18
- 19 c. For each of the Historical Loss Period and the Current Loss Period, the following data
20 with respect to payments made by APPLICANT for personal property loss coverages
21 to APPLICANT'S California Insured Homeowners making claims as a result of a
22 Total Loss due to community wildfire, broken out by applicable wildfire:
23
- 24 i. The average percentage of personal property loss liability limits and the mean
25 of the percentage of personal property loss liability limits paid out to such
26 individuals at each of the following intervals:
27
- 28 1. 1 month following the applicable loss;

2. 3 months following the applicable loss;
3. 6 months following the applicable loss;
4. 9 months following the applicable loss; and
5. 1 year following the applicable loss (provided that the one-year data shall only be provided for the Current Loss Period when that data becomes available for the Current Loss Period, should the Proceedings not be concluded by the date one year following the Eaton and Palisades fires).

2. The following information related to home rebuild loss coverages under APPLICANT'S insurance policies in place with California Insured Homeowners during the Historical Loss Period and the Current Loss Period:

- a. Any and all DOCUMENTS of APPLICANT explicitly or implicitly providing claims estimators and claims adjusters and those in APPLICANT'S employ who review their work, instruction on the matters below, with respect to Total Loss Claims, broken out for each distinct community wildfire event during the Historical Loss Period and the Current Loss Period, where an implicit instruction is understood to be one that is not directly stated but that is communicated in an indirect way that will cause it to be understood, such as a practice, should one exist, of not re-hiring an independent estimator who provides a rebuild estimate over a certain cost per square foot, which practice will lead estimators to keep their estimates at or below that certain cost per square foot:

- i. how APPLICANT expects rebuild cost estimates to be made;

- ii. the speed with which APPLICANT expects rebuild cost estimates to be completed and provided to insureds who have suffered a Total Loss;
- iii. the criteria used by APPLICANT in determining whether an estimator will be re-hired;
- iv. the accuracy APPLICANT expects in the components included in rebuild cost estimates that drive the total estimated rebuild cost shown in the estimate (e.g., accuracy in the number of fireplaces in the home lost shown in “preliminary” and subsequent estimates and square footage totals shown in “preliminary” and subsequent estimates;
- v. the per square foot rebuild cost ranges in which APPLICANT expects estimates to fall;
- vi. the percent of the preliminary and final estimates APPLICANT expects to be paid out to insureds following the completion of each such estimate, and the delay between the provision of the estimate and the making of the payment.

3. In light of the apparent lack of any attempt by APPLICANT to determine, in a systematic way, in connection with the Palisades and Eaton fires, local rebuild costs and to ensure that they are taken into account in the production of “preliminary” rebuild cost estimates and “final” rebuild cost estimates, any DOCUMENTS of APPLICANT related to the Historical Loss Period and the Current Loss Period showing APPLICANT’S internal policies and practices for determining the degree to which APPLICANT, following a community wildfire, conducts a methodical, centrally lead, local rebuild market cost review studying anticipated rebuild costs to help ensure estimates are accurate and are completed promptly and to help ensure that estimates reflect local rebuild conditions, including prevailing quality of build in

1 the community and local materials and labor costs, current and anticipated during the rebuild
2 period, local building codes, existing and anticipated, in the event changes in codes are
3 anticipated to help “fire harden” rebuilds or for other purposes.

- 4
- 5 4. DOCUMENTS of APPLICANT related to the Historical Loss Period and the Current Loss
6 Period showing APPLICANT’S internal policies and practices for ensuring that good data
7 regarding rebuild costs obtained by estimators and adjusters are shared with other estimators
8 and adjusters working on losses related to the same community wildfire;
- 9
- 10 5. In light of evidence that APPLICANT, in connection with the handling of claims following
11 the Palisades and Eaton fires, after receiving estimates from in-field estimators, has
12 summarily reduced estimates before providing them to insureds, any DOCUMENTS of
13 APPLICANT, related to the Historical Loss Period or Current Loss Period, showing
14 APPLICANT’S internal policies and practices that determine the degree to which estimates
15 provided by estimators and/ or adjusters are or may be subsequently summarily reduced, and
16 how that reduction is determined, e.g., whether any additional data is sought from insureds
17 before an estimate from an estimator is summarily reduced by APPLICANT.
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- 19 6. Any DOCUMENTS that would confirm or negate a belief that APPLICANT’S insurance
20 policy non-renewal decisions with respect to California Insured Homeowners have been
21 determined, during the Historical Loss Period or during the Current Loss Period, in whole or
22 in part, by something other than a direct loss based financial analysis of risks related to
23 individual California Insured Homeowners’ policies, including any a belief that policies were
24 non-renewed in order to create a perception of crisis that would drive the Department to
25 support or speed a rate increase request by APPLICANT or to otherwise “play” the
26 Department, as some have interpreted widely reported recorded statements of a former senior
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executive of APPLICANT’S parent State Farm Mutual Automobile Insurance Company to suggest, such information being relevant, among other things, to the question as to whether APPLICANT is systemically shifting its exposure risk in a way that makes loss data for the Historical Loss Period non-predictive of APPLICANT’S future losses.

7. For each of the Historical Loss Period and the Current Loss Period, the following data with respect to payments made by APPLICANT for property rebuild loss coverages to APPLICANT’S California Insured Homeowners making claims as a result of a Total Loss due to community wildfire, broken out by community and by the wildfire event generating the Total Loss:

- i. “Preliminary” Estimates: The average percentage of all rebuild cost loss liability limits, for all structure related coverages, directly under policy coverages and pursuant to any so called “riders” to coverages, including, without limitation, so-called code upgrade coverages, (together, “Structure Rebuild Liability Limits”) and the mean of the percentage of Structure Rebuild Liability Limits estimated by APPLICANT and provided by APPLICANT to insureds as “preliminary” rebuild cost loss estimates at each of the following intervals, together with the percentage of the “preliminary” estimate paid out to insureds by APPLICANT at each of such intervals:

1. 1 month following the applicable loss;
2. 3 months following the applicable loss;
3. 6 months following the applicable loss;
4. 9 months following the applicable loss; and

1 5. 1 year following the applicable loss (provided that the one year data
2 shall only be provided for the Current Loss Period at such time as it
3 becomes available, should the Proceedings not be concluded by the
4 date one year following the Eaton and Palisades fires).

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6 ii. “Final” Estimates: The average percentage of Structure Rebuild Liability
7 Limits and the mean of the percentage of Structure Rebuild Liability Limits
8 estimated by APPLICANT and provided by APPLICANT to insureds as
9 “final” rebuild cost loss estimates at each of the following intervals, together
10 with the percentage of the “preliminary” estimate paid out to insureds by
11 APPLICANT at each of such intervals:

- 12 1. 1 month following the applicable loss;
13 2. 3 months following the applicable loss;
14 3. 6 months following the applicable loss;
15 4. 9 months following the applicable loss; and
16 5. 1 year following the applicable loss (provided that the one year data
17 shall only be provided for the Current Loss Period at such time as it
18 becomes available, should the Proceedings not be concluded by the
19 date one year following the Eaton and Palisades fires).

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22 iii. Total Structure Related Payments: The average percentage of Structure
23 Rebuild Liability Limits and the mean of the percentage of Structure Rebuild
24 Liability Limits actually paid out to insureds by APPLICANT at each of the
25 following intervals:

- 26 1. 1 month following the applicable loss;
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2. 3 months following the applicable loss;
3. 6 months following the applicable loss;
4. 9 months following the applicable loss; and
5. 1 year following the applicable loss (provided that the one year data shall only be provided for the Current Loss Period at such time as it becomes available, should the Proceedings not be concluded by the date one year following the Eaton and Palisades fires).

8. Any other DOCUMENTS or data that APPLICANT believes would negate a belief that APPLICANT'S claims payment policies and practices have changed during the Historical Loss Period and/or during the Current Loss Period in a way that would make historical loss data provided by APPLICANT in the Proceedings non-predictive of APPLICANT'S future losses.

Dated September 2, 2025

Respectfully submitted,



Merritt David Farren

Intervenor

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2 **PROOF OF SERVICE**

3 **[BY OVERNIGHT OR U.S. MAIL, FAX TRANSMISSION,**
4 **EMAIL TRANSMISSION AND/OR PERSONAL SERVICE]**
5

6 State of California, City and County of Los Angeles

7 I am employed in the City and County of Los Angeles, State of California. I am
8 over the age of 18 years. My business address 26565 West Agoura Rd, Suite 200, Calabasas, CA
9 91302, and I am employed in the city and county where this
10 service is occurring. On September 2, 2025, I caused service of true and correct
11 copies of the document entitled: **MERRITT DAVID FARREN'S DISCOVERY REQUEST** in the
12 Matter of the Rate Application of State Farm General Insurance Company, Applicant, upon the
13 persons named in the attached service list, in the following manner:
14

- 15 1. If marked FAX SERVICE, by facsimile transmission this date to the FAX number
16 stated to the person(s) named.
17
18 2. If marked EMAIL, by electronic mail transmission this date to the email address
19 stated.
20
21 3. If marked U.S. MAIL or OVERNIGHT or HAND DELIVERED, by placing this
22 date for collection for regular or overnight mailing true copies of the within
23 document in sealed envelopes, addressed to each of the persons so listed. I am
24 readily familiar with the regular practice of collection and processing of
25 correspondence for mailing of U.S. Mail and for sending of Overnight mail. If mailed
26 by U.S. Mail, these envelopes would be deposited this day in the ordinary course of
27 business with the U.S. Postal Service. If mailed Overnight, these envelopes would be
28

1 deposited this day in a box or other facility regularly maintained by the express
2 service carrier or delivered this day to an authorized courier or driver authorized by
3 the express service carrier to receive documents, in the ordinary course of business,
4 fully prepaid.

5
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7 I declare under penalty of perjury that the foregoing is true and correct.

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9 Executed on September 2, 2025, at Los Angeles, California.

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13 Merritt David Farren
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1 **SERVICE LIST**

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3
4 Hon. Karl Frederic J. Seligman
5 Administrative Law Judge
6 Administrative Hearing Bureau
7 California Department of Insurance
8 1901 Harrison Street, 3rd Floor
9 Oakland, CA 94612
10 Florinda Cristobal - Tel. (415) 538-4172
11 Camille Johnson - Tel. (415) 538-4243
12 AHBFilings@insurance.ca.gov

11 ☐ FAX
12 ☐ U.S. MAIL
13 ☐ OVERNIGHT MAIL
14 ☐ HAND DELIVERED
15 ☒ EMAIL

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