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24 STATE FARM GENERAL INSURANCE

25 COMPANY

18 **BEFORE THE INSURANCE COMMISSIONER**

19 **OF THE STATE OF CALIFORNIA**

22 In the Matter of the Rate Applications of

23 STATE FARM GENERAL INSURANCE
24 COMPANY,

25 Applicant.

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

**STATE FARM GENERAL INSURANCE
COMPANY'S OPPOSITION TO CDI'S
MOTION TO COMPEL DISCOVERY
FROM STATE FARM GENERAL**

1 **I. INTRODUCTION**

2 California Department of Insurance (“CDI”) moves to compel State Farm General
3 Insurance Company (“SFG”) to produce documents in response to one Request (CDI No. 48),
4 which seeks documents showing the rate impact of SFG’s non-renewal program beginning in
5 March 2024. This motion should be denied because SFG has already produced responsive
6 documents via SERFF on June 6, 2025.¹

7 CDI contends that as part of April 4, 2025, Supplemental Stipulation, CDI would further
8 investigate the rate impact of SFG’s non-renewal program. Mot., at 2: 8–11. CDI has done just that,
9 and SFG has provided the relevant information about its non-renewal program that CDI is seeking.
10 To be clear, SFG’s position was that it would (and did) “address the potential rate impact, if any,
11 of the non-renewals in the anticipated amended rate Application.” Supp. Stip. (April 4, 2025) ¶ 4.
12 As SFG has already shown in the June 6, 2025, analysis provided to CDI, that rate impact is: 0%.

13 SFG has provided the information necessary for CDI to understand that calculation, which
14 fulfills the relevant portions of CDI Request No. 48. To the extent CDI seeks documents that do
15 not exist (e.g., “[a]n alternative indication that . . . adjusts for the non-renewal program”), this
16 matter must be handled through SERFF: APA discovery does not require a party to create
17 documents in order to produce them. Moreover, the subpart of CDI’s Request seeking “specific
18 details of the risks that were nonrenewed . . . and the objective underwriting criteria that detail the
19 risk profiles that are no longer eligible” consists of vague, overbroad, and irrelevant demands,
20 relating to underwriting concerns rather than potential rate impact. This rate proceeding is not a
21 market conduct exam, and such underwriting criteria are not relevant here. Regardless, it is not
22 even related to the request for which this is a subpart: calling for documents that “explain the rate
23 impact” resulting from the nonrenewal program. As the Supplemental Stipulation alludes, “rate
24 impact” of underwriting rules can be a rate issue, but, otherwise, underwriting criteria are not part
25 of rate approval.

26 In short, CDI was already given a quantitative analysis (and explanatory narrative) showing

27 ¹ Consistent with the nature of SERFF objections and responses, the dialogue commenced
28 with the SERFF objection is ongoing, and State Farm General expects to provide supplemental
information. This is, however, outside of the formal APA discovery process.

1 the 0% rate impact of the non-renewals. The dialogue in SERFF is ongoing. But there is nothing
2 to produce in response to this formal APA discovery and motion.

3 **II. STANDARD**

4 Following good faith meet and confer efforts, a party to a rate proceeding may move to
5 compel discovery, specifying “why the information is sought.” 10 C.C.R. § 2655.1(d). Discovery
6 in administrative proceedings is narrowly proscribed, and unlike civil discovery, participants may
7 only seek specific categories of information, such as the identification of witnesses and certain
8 categories of documents. *See* Cal. Gov. Code § 11507.6. Discovery “should be simple, quick, and
9 inexpensive.” *Administrative Adjudications by State Agencies*, 25 Cal. L. Revision Comm’n
10 Reports 55 (1995), at 116; *see also Brown v. Valverde*, 183 Cal. App. 4th 1531, 1548–49 (2010)
11 (discovery in administrative adjudications should be “simple, quick, and inexpensive”); Witkin,
12 Cal. Proc. 6th Admin Proc § 109 (2024) (similar). According to the Commissioner’s comments
13 adopting the regulations, the difference between discovery in civil litigation and administrative
14 proceedings is that “discovery is MUCH more limited in the administrative setting.” O’Connor
15 Decl. Ex. 1 (RH-339 Summaries and Responses to Comments).

16 Among the narrow categories of documents that are discoverable in administrative
17 proceedings are those that are “relevant and which would be admissible in evidence.” Cal. Gov.
18 Code § 11507.6(2)(e). Evidence is relevant if it has “any tendency in reason to prove or disprove
19 any disputed fact that is of consequence to the determination of the action.” Cal. Evid. Code § 210.
20 Evidence is admissible in administrative rate hearings if it “is the sort of evidence on which
21 responsible persons are accustomed to rely in the conduct of serious affairs.” Cal. Gov. Code
22 § 11513(c).

23 **III. THE INFORMATION CDI SEEKS TO COMPEL HAS ALREADY BEEN** 24 **PROVIDED OR IS OUTSIDE THE NARROW SCOPE OF DISCOVERY.**

25 The ALJ should deny CDI’s motion because SFG has already provided (or agreed to
26 provide) the requested information, and any additional information that CDI seeks about SFG’s
27 non-renewal program is outside the scope of discovery in these administrative proceedings. CDI’s
28 Request No. 48 asks SFG to provide documents that “*explain the rate impact* from [SFG’s]

1 nonrenewal program beginning in March 2024 as identified in [SFG’s] rule filings 24-651 and 24-
2 652” (emphasis added), which CDI believes may “includ[e]”:

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

9 CDI Ex. 1, SFRG’s Obj. and Resp. to CDI Discovery, Request No. 48.

10 There is no basis to compel SFG to provide any information responsive to this request
11 beyond what SFG has already provided. As CDI acknowledges, SFG attached to its responses an
12 exhibit that directed CDI specifically to information responsive to CDI’s Request No. 48 that is
13 publicly available on SERFF. *See* CDI Ex. 1, SFRG’s Obj. and Resp. to CDI Discovery, Ex. A. In
14 response to Request 48, SFG thus directed CDI to the following publicly available documents:

15

| Request # | SERFF documents |
|-----------|--|
| 48 | NT Filing 24-1271 Objections Response to 5-23 Objection 5-23-2025 Objection Response.pdf Question 5 Supplemental Exhibit E.pdf Supplemental Exhibit E.xlsx |

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21 SFG’s response to Question 5 in CDI’s objections, as copied below here, states exactly what
22 the rate impact of SFG’s non-renewal program was: 0.0%. As explained by SFG, the “indication
23 was not explicitly adjusted for non-renewals. As provided in the corresponding Underwriting
24 Guideline Filing (#24-651) the calculated rate impact of this change was immaterial, rounding to
25 0.0%.” O’Connor Ex. 2 (Response to 5/23/25 Objection, Resp. to Question No. 5). Along with its
26 narrative explanation, SFG also provided the details of its calculation in its Supplemental Exhibit
27 E to SFG’s objection responses. *See* O’Connor Decl. Ex. 3 (Supplemental Exhibit E). That exhibit
28 stated the number of non-renewed policies, the premium in force, the average premium per policy,

along with other metrics that SFG used to calculate the rate impact of the non-renewed policies:

| Group | (1) December 2023 In Force Policies | (2) December 2023 In Force Premium | (3) Average Premium per Policy | (4) Average Active Location Rating Factor | (5) Average Indicated Location Rating Factor | (6) Indicated LRF Rate Need | (7) Off-Balanced Indicated LRF Rate Need | (8) Rate Impact |
|----------------------|---|--|--------------------------------------|--|---|-----------------------------------|---|--------------------|
| Non-Renewed Policies | 28,727 | 251,253,951 | 8,746 | 1.622 | 1.662 | 2.5% | 2.4% | |
| Retained Policies | 1,204,156 | 2,518,514,570 | 2,092 | 0.989 | 0.988 | -0.2% | -0.2% | 0% |
| Total | | | | | | 0.1% | | |

SFG has thus provided the very information sought by CDI's Request No. 48—*i.e.*, documents that “explain the rate impact from [SFG's] nonrenewal program beginning in March 2024.”

CDI contends that these documents are not sufficient because they do not provide “specific details of the risks being non-renewed and the objective underwriting criteria that detail the risk provides that are no longer eligible.” Mot. at 5:27–6:1. CDI argues that it “needs this information to determine how much risk was taken out of the SFG program so that it can properly calculate [] rates.” *Id.*, at 6:1–2.

But CDI's request seeks information about the “details of the risks being non-renewed” only to the extent that they “explain the rate impact resulting from [SFG's] nonrenewal program.” SFG provided an explanation of how it calculated rate impact, and the “details of the risks being non-renewed” are not relevant to that specific calculation and as explained below have already been provided in any event. It is not even clear what CDI means by “specific details” or how those “specific details” would shed any light on the potentially relevant information—*i.e.*, the rate impact of the non-renewals.

For the same reason, the ALJ should reject CDI's argument that SFG provide information about “underwriting guidelines” and “risk[] based on characteristics that result in models scores above a certain limit” and that SFG produce documents “listing the ineligibility characteristics.” Mot., at 7:13–18. CDI fails to explain how those risk-based characteristics go to rate impact, and as SFG has already explained, there is no rate impact as a result of the nonrenewal program whatsoever. Indeed, underwriting guidelines are relevant to rate proceedings, and changes to underwriting guidelines need to be approved, only where the changes to the underwriting guidelines

1 have a rate impact. *See* O'Connor Decl. Ex. 4 at 12 (Prior Approval Rate Instructions (June 2023)).²
2 If underwriting action, like block nonrenewals, do not have a rate impact, then they are not even
3 considered when determining the appropriateness of SFG's requested rate in these proceedings.

4 Moreover, SFG *has* provided details of the risks that were non-renewed. In SFG and CDI's
5 February 7, 2025, Stipulation to Interim Rate, the parties stipulated to the facts around SFG's non-
6 renewal program. As explained there:

7 Previously in March 2024, [SFG] had announced that it would not offer renewals
8 on approximately 30,000 homeowners, rental dwellings, and other property
9 insurance policies and would also nonrenew all commercial apartment policies. On
10 January 15, 2025, [SFG] heeded the Commissioner's January 9th call for insurers to
11 voluntarily forego pending nonrenewals and cancellations in areas impacted by the
Palisades/Easton Fires, and paused the notification process on homeowner
nonrenewals in not only the areas affected by wildfires but also the entirety of Los
Angeles County.

12 Stip. To Interim Rate (Feb. 7, 2025) ¶ 13.

13 SFG also provided the details of its non-renewal program in a letter to the Commissioner
14 dated February 3, 2025. That letter, also attached as an exhibit to SFG and CDI's February 7, 2025,
15 Stipulation to Interim Rate, explained that to "better preserve its claims-paying capacity under these
16 circumstances, SFG made the difficult decision in May 2023 that it would stop writing any new
17 policies in California, and in March 2024 that it would nonrenew 72,000 existing policies,
18 approximately 29,000 of which are homeowners policies." Ex. A to Stip. To Interim Rate (Feb. 7,
19 2025), at 2. The letter explained that SFG paused nonrenewals in Los Angeles County following
20 the wildfires in January 2025. *Id.* Thus, CDI is well aware of the details of SFG's non-renewal
21 program and the risk that was removed. There is no basis to compel discovery of information that
22 CDI already has. *People ex rel. Harris v. Sarpas*, 225 Cal. App. 4th 1539, 1553 (2014) (denying
23 discovery because much of the information sought "had already been provided or could be obtained
24 by other means").

25 CDI contends that it "should not be burdensome" for SFG to locate the documents that CDI

26 ² The Prior Approval Rate Instructions attached as Exhibit 4 to the O'Connor Declaration became
27 effective June 2023, and were in effect when SFG filed its rate application at issue in these
28 proceedings. The current version of the Prior Approval Rate Instructions now require a 90 day
waiting period before an insurer may change its underwriting guidelines to allow CDI to evaluate
whether any underwriting guideline changes have a rate impact. *See* O'Connor Decl. ¶ 6.

1 seeks. But CDI's own motion shows how unreasonably CDI reads its own request. For example,
2 CDI acknowledges that if there were approximately 30,000 renewals, "at the very least there would
3 be 30,000 non-renewal notices." Mot., at 7:6–7. But CDI provides no explanation whatsoever how
4 30,000 non-renewal notices would help resolve any disputed issue in the case, Cal. Evid. Code
5 § 210, or be used and admitted at the hearing. Cal. Gov. Code § 11513(c). Indeed, introducing
6 30,000 non-renewal notices at a hearing, which should focus on the appropriateness of SFG's rates,
7 would be a waste of this Court's and the parties' resources, in addition to being irrelevant and
8 unduly burdensome for SFG to produce. Undertaking an effort to gather and produce such a
9 voluminous number of irrelevant documents is fundamentally contrary to the requirement that
10 discovery in this proceeding be "simple, quick, and inexpensive." *Brown*, 183 Cal. App. 4th at
11 1548–49.

12 Moreover, producing documents that contain policyholder information implicates serious
13 privacy concerns under California law. Policyholders have a right of privacy with respect to their
14 consumer files maintained by insurance companies under the Insurance Information and Privacy
15 Protection Act. *See* Rutter, California Civil Practice Guide: Insurance Litigation §15:758. An
16 insurance company generally may not disclose any "personal or privileged information about an
17 individual collected or received in connection with an insurance transaction" unless the insured has
18 provided written authorization. Cal. Ins. Code § 791.13; *see also Colonial Life & Accident Ins. Co.*
19 *v. Superior Ct. (Perry)*, 31 Cal. 3d 785, 792 n.10 (1982) (same). Insureds' information is also
20 protected from disclosure by the right of privacy afforded by the California Constitution. *In re Ins.*
21 *Installment Fee Cases*, 211 Cal. App. 4th 1395, 1426 (2012). Not only would compelling disclosure
22 of this information be a waste of resources, it would also be unlawful.

23 Tellingly, CDI does not appear to seek enforcement of its request for the "total number of
24 policies nonrenewed since March 2024 by Zip Code." CDI Ex. 1, SFRG's Obj. and Resp. to CDI
25 Discovery, Request No. 48. Nor could it. As CDI acknowledges, SFG provided CDI with Exhibit
26 18, which provides a list of ZIP codes along with the number of nonrenewed policies. *See* O'Connor
27 Decl. Ex. 5. CDI acknowledges that this document is "partially helpful and responsive." Mot., at
28 6:24–25. CDI nonetheless protests that this document is from September of 2023 and "appears to

1 list what SFG planned to do, but CDI needs documents reflecting what SFG actually did with []
2 nonrenewals.” Mot., at 6:24–73. SFG can confirm, however, that Exhibit 18 shows which policies
3 were non-renewed, except that SFG did not non-renew the policies listed for Los Angeles County.
4 O’Connor Decl. ¶ 7. CDI can thus readily determine the number of non-renewed policies by ZIP
5 code by looking at Exhibit 18. SFG has thus provided CDI with the precise information it has
6 requested. In SFG’s view, there should be no further dispute on this issue.

7 CDI also does not seek to enforce its request for an “alternative indication that appropriately
8 adjusts for the non-renewal program that began in March 2024 and excludes data from policies
9 non-renewed since March 2024.” CDI Ex. 1, SFRG’s Obj. and Resp. to CDI Discovery, Request
10 No. 48. CDI cannot enforce that request because SFG does not have an alternative indication. As
11 explained to CDI in response to its objection, the “indication was not explicitly adjusted for non-
12 renewals.” O’Connor Ex. 2 (Response to 5/23/25 Objection, Resp. to Question No. 5).

13 Finally, CDI suggests that if “SFG does not produce responsive documents, CDI will have
14 no choice but to ask this court to allow CDI to take the deposition of the Person Most Qualified at
15 SFG regarding its recent nonrenewal programs.” Mot., at 8:2–4. To the extent that CDI is requesting
16 that the ALJ order an SFG witness to sit for a Person Most Qualified deposition, that is clearly not
17 permitted in this administrative proceeding. Parties to an administrative proceeding may only seek
18 specific, enumerated categories of discovery, and a deposition is not among them. Cal. Gov. Code
19 § 11507.6.

20 **IV. CONCLUSION**

21 For the foregoing reasons, the ALJ should deny CDI’s motion for an order compelling SFG
22 to provide further information in response to CDI’s discovery Request No. 48.
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1 Dated: September 5, 2025

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