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2 CALIFORNIA DEPARTMENT OF INSURANCE
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3 Oakland, CA 94612

4 *Attorneys for the California Department of Insurance*

5
6 **BEFORE THE INSURANCE COMMISSIONER**
7 **OF THE STATE OF CALIFORNIA**

8 In the Matter of the Rate Applications of
9 Farmers Insurance Exchange, Mid-
10 Century Insurance Company, and
11 Truck Insurance Exchange,
12 Applicants.

File No.: PA-2023-00008

SETTLEMENT STIPULATION

13 Farmers Insurance Exchange (“Farmers”), Mid-Century Insurance Company (“Mid-
14 Century”) and Truck Insurance Exchange (“Truck”) (collectively “Applicants”), Consumer
15 Watchdog (“Petitioner”), and the California Department of Insurance (“Department”)
16 (collectively, the “Parties”) stipulate as follows:

17 **RECITALS**

18 A. The Applicants are licensed by the Department to conduct insurance business in
19 California.

20 B. On March 10, 2023, Applicants filed rate applications (23-648, 23-648-A, 23-648-
21 B, 23-649, 23-649-A, 23-649-B, 23-650, 23-650-A, and 23-650-B) (collectively, “Applications”)
22 seeking overall rate increases to their personal passenger auto line of insurance for their separate
23 occupation-based groups – Regular Program, Business and Professional Group I, and Business
24 and Professional Group II – of 29.95%, 29.99%, and 29.99%, respectively.

25 C. On March 31, 2023, pursuant to California Insurance Code (“CIC”) section
26 1861.05(c), the Department notified the public of the Applications.

27 D. On May 15, 2023, Petitioner submitted a timely Petition for Hearing, Petition to
28 Intervene, and Notice of Intent to Seek Compensation regarding the Applications (“Petition”). On

1 May 16, 2023, Petitioner submitted a Corrected Petition for Hearing, Petition to Intervene, and
2 Notice of Intent to Seek Compensation regarding the Applications (“Petition”).

3 E. Applicants have not responded to Petitioner’s Petition to Intervene.

4 F. On May 30, 2023, the Commissioner granted Petitioner’s Petition to Intervene.

5 G. The Parties have engaged in discussions regarding the Applications and additional
6 information and analysis that the Parties provided.

7 H. As a result of the Parties’ discussions and negotiations, Applicants updated the
8 Applications per the Parties’ agreement.

9 **STIPULATION**

10 1. This Stipulation, together with the updated Applications and the Commissioner’s
11 approvals in SERFF, represents the complete and final settlement resolving all issues between the
12 Parties regarding the Applications.

13 2. Based upon the Applications and additional information that the Parties provided,
14 the Parties agree that an overall rate increase of 8.35% for Farmers’ Regular Program, 13.0% for
15 Mid-Century’s Business and Professional Group I Program, and 10.15% for Truck’s Business and
16 Professional Group II Program are supportable and will be implemented for policies effective
17 September 26, 2023, in accordance with this Stipulation, the updated Applications, and the
18 Commissioner’s approvals in SERFF. The parties further agree to the coverage distributions on
19 Page 4 of Applicant’s Rate Applications with a September 26, 2023 effective date.

20 3. Consistent with 10 CCR sections 2656.1(b) and 2662.3(c), no agreement regarding
21 Petitioner’s compensation has been made. However, the Parties agree that the Commissioner’s
22 approval of the Applications, consistent with this Stipulation, will be a decision or order within
23 the meaning of CIC section 1861.10(b). Petitioner agrees to submit any request for compensation
24 to the Public Advisor within 30 days after notice of the Commissioner’s approvals in SERFF.

25 4. Petitioner will withdraw its Petition for Hearing within 10 days after notice of the
26 Commissioner’s approvals in SERFF.

27 5. This Stipulation is made solely to reach a compromise among the Parties.
28 Pursuant to 10 CCR § 2656.4, discussions, admissions, concessions, or offers to stipulate or settle

1 made by any party in negotiating this stipulated settlement are confidential and are not
2 discoverable or admissible for any purpose in any proceeding, except to the extent permitted by
3 10 CCR section 2662.3(b)(3), and the Commissioner's approval of the Applications shall not
4 constitute approval of or precedent regarding any principle or any issue in any other proceeding.

5 6. This Stipulation does not constitute an endorsement or approval of any specific
6 eligibility or nonrenewal criteria or rating methodology.

7 7. This Stipulation does not address or resolve Petitioner's allegation that occupation-
8 based rating groups violate the provisions of Proposition 103. By entering into this Stipulation,
9 Petitioner does not waive its right to challenge Applicants' use of occupation-based rating groups
10 in a future proceeding. Applicants agree that they will not assert, in any matter in which Petitioner
11 is a party and/or Petitioner's counsel represents a party challenging the continued use of
12 occupation-based rating groups in any forum, that approval of the Applications or this Stipulation
13 is evidence of or determinative of whether Applicants' use of occupation-based rating groups
14 complies with the Insurance Code and/or the applicable regulations.

15 8. Applicants agree to continue to comply with California law regarding the sale of
16 private passenger automobile insurance to statutory Good Drivers under Insurance Code sections
17 1861.02 and 1861.025 and the implementing regulations.

18 9. The Commissioner retains jurisdiction to ensure that the Parties comply with this
19 Stipulation.

20 10. Nothing contained in this Settlement Stipulation constitutes a limitation upon, or a
21 waiver of, the rights and powers of the Commissioner to enforce any California law, to examine
22 the rating practices of the Applicants or to take such other action as necessary to protect the
23 public.

24 11. This Stipulation may be executed in counterparts.
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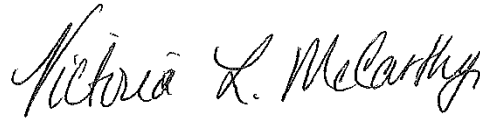
1 Dated:

Applicants FARMERS INSURANCE EXCHANGE
MID-CENTURY INSURANCE COMPANY
TRUCK INSURANCE EXCHANGE

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By _____

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Petitioner CONSUMER WATCHDOG

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CALIFORNIA DEPARTMENT OF INSURANCE

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By _____

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Nikki McKennedy

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Daniel Wade

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*Attorneys for the California Department
of Insurance*

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Applicants FARMERS INSURANCE EXCHANGE
MID-CENTURY INSURANCE COMPANY
TRUCK INSURANCE EXCHANGE

By _____

Dated:

8-10-23

Petitioner CONSUMER WATCHDOG

By  _____

Dated:

CALIFORNIA DEPARTMENT OF INSURANCE

By _____

Nikki McKennedy
Daniel Wade
*Attorneys for the California Department
of Insurance*

1 Dated:

Applicants FARMERS INSURANCE EXCHANGE
MID-CENTURY INSURANCE COMPANY
TRUCK INSURANCE EXCHANGE

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Petitioner CONSUMER WATCHDOG

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CALIFORNIA DEPARTMENT OF INSURANCE

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By *Nikki McKennedy*

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Nikki McKennedy

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Daniel Wade

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*Attorneys for the California Department
of Insurance*

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PROOF OF SERVICE
In the Matter of the Rate Applications of
Farmers Insurance Exchange, Mid-Century Insurance Company, and
Truck Insurance Exchange, Applicants
(Consumer Watchdog's Petition for Hearing)
CDI File No. PA-2023-00008

I am over the age of eighteen years and am not a party to the within action. I am an employee of the Department of Insurance, State of California, employed at 1901 Harrison Street, 4th Floor, Oakland, CA 94612. On August 10, 2023, I served the following document(s):

SETTLEMENT STIPULATION
(RRB APP. NOS. 23-648, 23-648-A, 23-648-B, 23-649, 23-649-A, 23-649-B, 23-650,
23-650-A, AND 23-650-B)

on all persons named on the attached Service List, by the method of service indicated, as follows:

If **U.S. MAIL** is indicated, by placing on this date, true copies in sealed envelopes, addressed to each person indicated, in this office's facility for collection of outgoing items to be sent by mail, pursuant to Code of Civil Procedure Section 1013. I am familiar with this office's practice of collecting and processing documents placed for mailing by U.S. Mail. Under that practice, outgoing items are deposited, in the ordinary course of business, with the U.S. Postal Service on that same day, with postage fully prepaid, in the city and county of San Francisco, California.

If **OVERNIGHT SERVICE** is indicated, by placing on this date, true copies in sealed envelopes, addressed to each person indicated, in this office's facility for collection of outgoing items for overnight delivery, pursuant to Code of Civil Procedure Section 1013. I am familiar with this office's practice of collecting and processing documents placed for overnight delivery. Under that practice, outgoing items are deposited, in the ordinary course of business, with an authorized courier or a facility regularly maintained by one of the following overnight services in the city and county of San Francisco, California: Express Mail, UPS, Federal Express, or Golden State overnight service, with an active account number shown for payment.

If **FAX SERVICE** is indicated, by facsimile transmission this date to fax number stated for the person(s) so marked.

If **PERSONAL SERVICE** is indicated, by hand delivery this date.

If **INTRA-AGENCY MAIL** is indicated, by placing this date in a place designated for collection for delivery by Department of Insurance intra-agency mail.

If **EMAIL** is indicated, by electronic mail transmission this date to the email address(es) listed.

Executed this date at San Francisco, California. I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Cecilia Padua

Cecilia Padua

In the Matter of the Rate Applications of
Farmers Insurance Exchange, Mid-Century Insurance Company, and
Truck Insurance Exchange, Applicants
(Consumer Watchdog's Petition for Hearing)
CDI File No. PA-2023-00008
(RRB APP./FILE NOS. 23-648, 23-648-A, 23-648-B, 23-649, 23-649-A, 23-649-B,
23-650, 23-650-A, AND 23-650-B)

<u>Name/Address</u>	<u>Phone/Fax Numbers</u>	<u>Method of Service</u>
RICHARD DE LA MORA, ESQ. Head of Personal Lines Specialty Lines and Strategy Adam Morris, Esq. Office of the General Counsel Attorney(s) for Applicant VICTORIA MCCARTHY Head of Regulatory Strategy and Analytics Alissa Vreman, Sr. State Manager – CA Personal Lines Product Management Wei Hsiang Ryan Chou, Product Manager FARMERS GROUP, INC. 6301 Owensmouth Avenue Woodland Hills, CA 91367 richard.delamora@farmersinsurance.com adam.morris@farmersinsurance.com victoria.mccarthy@farmersinsurance.com Alissa.vreman@farmersinsurance.com Wei.hsiang@farmersinsurance.com Ryan.chou@farmersinsurance.com	Tel: (661) 523-9755 (626) 272-8249	Via EMAIL
HARVEY ROSENFELD, ESQ., PAMELA PRESSLEY, ESQ. DANIEL L. STERNBERG, ESQ. RYAN MELLINO, ESQ. Attorney(s) for Intervenor CONSUMER WATCHDOG 6330 San Vicente Blvd., Suite 250 Los Angeles, CA 90048 harvey@consumerwatchdog.org pam@consumerwatchdog.org danny@consumerwatchdog.org ryan@consumerwatchdog.org	Tel: (310) 392-0522 Fax: (310) 392-8874	Via EMAIL

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NON PARTIES

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Deputy Commissioner
Rate Regulation Branch
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