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10
11 **BEFORE THE INSURANCE COMMISSIONER**
12 **OF THE STATE OF CALIFORNIA**

13 In the Matter of the Rate Application of
14 STATE FARM GENERAL INSURANCE
15 COMPANY,
16 Applicant.

17 File No. PA-2023-00006

18 **SETTLEMENT STIPULATION**

19 Applicant STATE FARM GENERAL INSURANCE COMPANY (“Applicant”),
20 Intervenor CONSUMER WATCHDOG (“Petitioner”), and the California Department of
21 Insurance (“Department”) (collectively, the “Parties”) stipulate as follows:

22 **RECITALS**

23 A. The Applicant is licensed by the Department to conduct insurance business in
24 California.

25 B. On February 28, 2023, Applicant filed a Rate Application with the Department
26 seeking approval of an overall 20 percent rate increase to its California Rental Dwelling Program
27 line of insurance (File No. 23-563 [“Application”]).

28 C. On March 17, 2023, the Department notified the public of the Application
pursuant to Insurance Code section 1861.05, subdivision (c).

D. On May 1, 2023, Petitioner submitted a timely Petition for Hearing, Petition to
Intervene, and Notice of Intent to Seek Compensation regarding the Application (collectively,
“Petition”).

1 E. On May 15, 2023, the Commissioner granted the Petition to Intervene.

2 F. On May 18, 2023, Applicant responded to the Petition.

3 G. The Parties have engaged in discussions regarding the Application and additional
4 information and analysis the Parties have provided.

5 H. As a result of the Parties' discussions and negotiations, Applicant has updated the
6 Application per the Parties' agreement.

7 **STIPULATION**

8 1. This Stipulation, together with the updated Application and the Commissioner's
9 approval in SERFF, represents the complete and final settlement resolving all issues between the
10 Parties regarding the Application.

11 2. Based upon the Application and additional information that the Parties provided,
12 the Parties agree that an overall rate increase of 11.43 percent is supportable and should be
13 implemented in accordance with this Stipulation, the updated Application, and the
14 Commissioner's approval in SERFF. Applicant has made appropriate updated filings in SERFF
15 to reflect the overall rate change. Approval of the Application described in this Stipulation will
16 only be effective when approved by the Commissioner in SERFF. Applicant will implement this
17 rate change with an effective date of February 1, 2024.

18 3. This Stipulation does not constitute an endorsement or approval of models
19 generally, or any specific model, eligibility or nonrenewal criteria, or rating methodology.

20 4. State Farm agrees that the terms of the Settlement Stipulation executed July 22,
21 2020 in CDI File No.PA-2018-00005; 18-4896, pertaining to underwriting guidelines, apply to
22 all prior approval rate applications filed by State Farm with respect to any line of insurance.

23 5. Consistent with Title 10 of the California Code of Regulations ("10 CCR")
24 sections 2656.1(b) and 2662.3(c), no agreement regarding Petitioner's compensation has been
25 made. However, the Parties agree that the Commissioner's approval of the Application,
26 consistent with this Stipulation, will be a decision or order within the meaning of Insurance Code
27 section 1861.10, subdivision (b). Petitioner agrees to submit any request for compensation to the
28 Public Advisor within 30 days after notice of the Commissioner's approval in SERFF.

1 6. Petitioner will withdraw its Petition for Hearing within 10 days after notice of the
2 Commissioner’s approval in SERFF.

3 7. This Stipulation is made solely to reach a compromise among the Parties. The
4 Commissioner’s approval of the Application shall not constitute approval of or precedent
5 regarding any principle or any issue in any other proceeding.

6 8. Consumer Watchdog’s assent to this Stipulation expressly reserves Consumer
7 Watchdog’s rights to challenge the Commissioner’s failure to enforce the requirement that any
8 proposed underwriting guideline changes be submitted in a rate application that must be
9 reviewed and approved prior to such changes being implemented and State Farm’s failure to
10 comply with that requirement in the future, and to challenge any new Rental Dwelling rate
11 application by State Farm seeking an additional rate increase with an effective date within one
12 year of the approval of the current Application at the stipulated rate. Applicant and the
13 Department disagree with Consumer Watchdog’s positions on law as stated in this paragraph,
14 and expressly retain and reserve all rights and defenses.

15 9. The Commissioner retains jurisdiction to ensure that the Parties comply with this
16 Stipulation and the updated Application and the Commissioner’s approval in SERFF.

17 10. This Stipulation may be executed in counterparts.

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[SIGNATURES ON NEXT PAGE]
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Dated:

HOGAN LOVELLS US, LLP

By: _____

Vanessa Wells
Attorneys for Applicant
State Farm General Insurance Company

Dated:

CONSUMER WATCHDOG

By: _____

Pamela Pressley
Ben Powell
Attorneys for Petitioner/Intervenor
Consumer Watchdog

Dated: 11/17/2023

CALIFORNIA DEPARTMENT OF
INSURANCE

By: _____

Nikki McKennedy
Nikki S. McKennedy
Attorneys for the California Department of
Insurance

1 Dated: November 17, 2023

HOGAN LOVELLS US, LLP

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By:  _____

Vanessa Wells
Attorneys for Applicant
State Farm General Insurance Company

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Dated:

CONSUMER WATCHDOG

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By: _____

Pamela Pressley
Ben Powell
Attorneys for Petitioner/Intervenor
Consumer Watchdog

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Dated:

CALIFORNIA DEPARTMENT OF
INSURANCE

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By: _____

Nikki S. McKennedy
Attorneys for the California Department of
Insurance

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1 Dated:

HOGAN LOVELLS US, LLP

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By: _____

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Vanessa Wells

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Attorneys for Applicant

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State Farm General Insurance Company

7 Dated: November 17, 2023

CONSUMER WATCHDOG

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By:  _____

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Pamela Pressley

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Ben Powell

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Attorneys for Petitioner/Intervenor

Consumer Watchdog

13 Dated:

CALIFORNIA DEPARTMENT OF
INSURANCE

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By: _____

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Nikki S. McKennedy

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Attorneys for the California Department of

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Insurance

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PROOF OF SERVICE
In the Matter of the Rate Application of
State Farm General Insurance Company, Applicant.
CDI File No. PA-2023-00006
(RRB FILE NO. HO-23-563)

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 November 17, 2023, I served the following document(s):

SETTLEMENT STIPULATION

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

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**In the Matter of the Rate Application of
State Farm General Insurance Company, Applicant.
CDI File No. PA-2023-00006
(RRB FILE NO. HO-23-563)**

<u>Name/Address</u>	<u>Phone/Fax Numbers</u>	<u>Method of Service</u>
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<u>NON PARTIES</u>		
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