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**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA**

In the Matter of the Rate Application of
State Farm Mutual Automobile Insurance
Company,
Applicant.

File No.: PA-2024-00010
SETTLEMENT STIPULATION

State Farm Mutual Automobile Insurance Company (“Applicant”), Consumer Watchdog (“Petitioner”), and the California Department of Insurance (“Department”) (collectively, the “Parties”) stipulate as follows:

RECITALS

- A. The Applicant is licensed by the Department to conduct insurance business in California.
- B. On April 11, 2024, Applicant filed for a rate increase to its auto line of insurance (File No. 24-788 [“Application”]) seeking an overall 23.4% rate increase to its Private Passenger Auto line of business.
- C. On April 26, 2024, pursuant to California Insurance Code (“CIC”) section 1861.05(c), the Department notified the public of the Application.
- D. On June 10, 2024, Petitioner submitted a timely Petition for Hearing, Petition to Intervene, and Notice of Intent to Seek Compensation regarding the Application.

1 E. On June 25, 2024, the Commissioner issued an Order Denying Consumer
2 Watchdog's Petition to Intervene and, later the same day, an Amended Order Denying Consumer
3 Watchdog's Petition to Intervene.

4 F. On July 3, 2024, Petitioner submitted: (1) a Petition to Amend Its Petition to
5 Intervene and Notice of Intent to Seek Compensation; and (2) a Petition for Hearing, Amended
6 Petition to Intervene, and Notice of Intent to Seek Compensation.

7 G. On July 18, 2024, the Commissioner granted Petitioner's Amended Petition to
8 Intervene (only) without ruling on Petitioner's Petition for Hearing and Request for
9 Compensation, which were reserved for later decision.

10 H. The Parties have engaged in discussions regarding the Application and additional
11 information and analysis that the Parties provided.

12 I. As a result of the Parties' discussions and negotiations, Applicant updated the
13 Application per the Parties' agreement.

14 **STIPULATION**

15 1. This Stipulation, together with the updated Application, amended in accordance
16 with this Stipulation, and the Commissioner's approval of the Application in SERFF, represents
17 the complete and final settlement resolving all issues between the Parties regarding the
18 Application.

19 2. Based upon the Application and additional information that the Parties provided,
20 the Parties agree and find based on their respective actuarial analyses that an overall rate increase
21 of 17.7%, implemented for policies with a target effective date of on or after January 31, 2025, is
22 supportable and results in rates that are not excessive, not inadequate, and not unfairly
23 discriminatory as they are within range of the minimum and maximum indicated permissible rate
24 changes calculated by the Department, State Farm, and Consumer Watchdog. The Parties further
25 agree that the stipulated rate changes reflected herein are the result of voluntary negotiations
26 based upon review of information that has been made public, and that this Stipulation will result
27 in a rate change that is fair, adequate, reasonable, and in the interests of justice and the public
28 interest as it will help promote available and affordable insurance options for California

1 consumers. The Parties also agree that the overall rate increase of 17.7% will be implemented for
2 policies with a target effective date on or after January 31, 2025, in accordance with this
3 Stipulation, the updated Application, and the Commissioner's approval in SERFF. The Parties
4 further agree to the changes by coverage set forth below:

Coverage	Stipulated Rate Change
BIPD	+ 26.20%
MPC	+ 19.80%
UM	+ 31.68%
COMP	+ 6.20%
COLL	+ 11.00%
Misc. Damage	+ 13.00%
Misc. Liability	- 9.90%
All Coverages	+ 17.70%

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15 State Farm's California written premium for its auto liability and physical damage line of
16 insurance for the most recent available prior calendar year (2022) was \$4,051,523,478.

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

22 4. Petitioner agrees to withdraw its Petition for Hearing, effective as of the date of
23 execution of this Stipulation, within 10 days after notice of the Commissioner's approval in
24 SERFF, provided the Application is approved by the Commissioner in SERFF in accordance with
25 the overall rate indication set forth in paragraph 2.

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

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

7. The Commissioner retains jurisdiction to ensure that the Parties comply with this Stipulation.

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

9. This Stipulation may be executed in counterparts.

Dated: December __, 2024

STATE FARM MUTUAL AUTOMOBILE
INSURANCE COMPANY

By _____

Dated: December 5, 2024

CONSUMER WATCHDOG

By Ryan Mellino
Ryan Mellino

Dated: December __, 2024

CALIFORNIA DEPARTMENT OF INSURANCE

By _____
Melissa Wurster
Daniel Wade
*Attorneys for the California Department
of Insurance*

1 6. This Stipulation does not constitute an endorsement or approval of models
2 generally, or any specific model, eligibility, or nonrenewal criteria or rating methodology.

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4 Stipulation.

5 8. Nothing contained in this Settlement Stipulation constitutes a limitation upon, or a
6 waiver of, the rights and powers of the Commissioner to enforce any California law, to examine
7 the rating practices of the Applicant or to take such other action as necessary to protect the public.

8 9. This Stipulation may be executed in counterparts.

9
10 Dated: December 5, 2024

STATE FARM MUTUAL AUTOMOBILE
INSURANCE COMPANY



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13 By: _____

Vanessa Wells
HOGAN LOVELLS US LLP
*Attorneys for State Farm Mutual Automobile
Insurance Company*

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16
17 Dated: December 5, 2024

CONSUMER WATCHDOG

18
19 By _____

20
21 Dated: December __, 2024

CALIFORNIA DEPARTMENT OF INSURANCE

22
23 By _____

Melissa Wurster
Daniel Wade
*Attorneys for the California Department
of Insurance*

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9

10 Dated: December __, 2024

STATE FARM MUTUAL AUTOMOBILE
INSURANCE COMPANY

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By _____

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15 Dated: December 5, 2024

CONSUMER WATCHDOG

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By _____

18

19 Dated: December 5, 2024

CALIFORNIA DEPARTMENT OF INSURANCE

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By *Melissa A. Wurster*

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Melissa Wurster

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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 & Rule Application of
State Farm Mutual Automobile Insurance Company, Applicant.
(Consumer Watchdog's Petition for Hearing)
CDI File No. PA-2024-00010
RRB File No. PPA-24-788

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 December 5, 2024, 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

Cecilia Padua

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SERVICE LIST
In the Matter of the Rate & Rule Application of
State Farm Mutual Automobile Insurance Company, Applicant.
(Consumer Watchdog's Petition for Hearing)
CDI File No. PA-2024-00010
RRB File No. PPA-24-788

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<u>Name/Address</u>	<u>Phone/Fax Numbers</u>	<u>Method of Service</u>
Harvey Rosenfield, Esq. Pamela Pressley, Esq. Ryan Mellino, Esq. Attorneys for Intervenor CONSUMER WATCHDOG 6330 San Vicente Blvd., Suite 250 Los Angeles, CA 90048 harvey@consumerwatchdog.org pam@consumerwatchdog.org ryan.m@consumerwatchdog.org	Tel: (310) 392-0522 Fax: (310) 392-8874	Via EMAIL

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Vanessa Wells, Esq. Attorney for Applicant HOGAN LOVELLS US LLP 855 Main Street, Suite 200 Redwood City, CA 94063 Vanessa.wells@hoganlovells.com	Tel: (650) 463-4000 Fax: (650) 463-4199	Via EMAIL
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Diane Bauer, CPCU Counsel, Corporate Law STATE FARM INSURANCE COMPANIES 1201 K Street, Suite 1200 Sacramento, CA 95814 Diane.bauer.vaajlj@statefarm.com	Tel: (916) 321-6939	Via EMAIL
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NON PARTIES

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Kenneth Allen Deputy Commissioner Rate Regulation Branch CALIFORNIA DEPARTMENT OF INSURANCE 300 South Spring Street, 14 th Floor Los Angeles, CA 90013 Ken.allen@insurance.ca.gov	Tel: (213) 346-6783 Fax: (213) 897-9051	Via EMAIL
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