SHERNOFF BIDART ECHEVERRIA LLP
Michael J. Bidart (SBN 60582)
mbidart@shernoff.com
Ricardo Echeverria (SBN 166049)
recheverria@shernoff.com
Danica L. Crittenden (SBN 273309)
dcrittenden@shernoff.com
600 S. Indian Hill Blvd.
Claremont, CA 91711
Tel: (909) 621-4935
Fax: (909) 625-6915

LARSON LLP
Stephen G. Larson (SBN 145225)
slarson@larsonllp.com
Robert F. Ruyak (*Pro Hac Vice Forthcoming*)
rruyak@larsonllp.com
Paul A. Rigali (SBN 262948)
prigali@larsonllp.com
John S. Lee (SBN 267146)
jlee@larsonllp.com
555 South Flower Street, 30th Floor
Los Angeles, California 90071
Telephone: (213) 436-4888
Facsimile: (213) 623-2000

Attorneys for Plaintiffs

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

ANTHONY CANZONERI, individually, and as Trustee of THE ANTHONY CANZONERI REVOCABLE TRUST OF 2008, and on behalf of others similarly situated, Plaintiffs, vs. STATE FARM FIRE AND CASUALTY COMPANY; STATE FARM GENERAL INSURANCE COMPANY; STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY; 21ST CENTURY INSURANCE COMPANY; 21ST CENTURY CASUALTY COMPANY; 21ST CENTURY CENTENNIAL INSURANCE COMPANY; 21ST CENTURY NORTH AMERICA INSURANCE COMPANY; 21ST CENTURY PREMIER INSURANCE COMPANY; FOREMOST PROPERTY AND CASUALTY	Case No. **CLASS ACTION COMPLAINT FOR:** **1. VIOLATIONS OF THE CARTWRIGHT ACT (BUS. & PROF. CODE § 16720)** **2. VIOLATION OF UNFAIR COMPETITION LAW (BUS. & PROF. CODE § 17200)**

INSURANCE COMPANY; CIVIC PROPERTY AND CASUALTY COMPANY; ECONOMY FIRE & CASUALTY COMPANY; EXACT PROPERTY AND CASUALTY COMPANY; FARMERS DIRECT PROPERTY AND CASUALTY INSURANCE COMPANY; FARMERS GROUP PROPERTY AND CASUALTY INSURANCE COMPANY; FARMERS INSURANCE COMPANY, INC.; FARMERS INSURANCE COMPANY OF OREGON; FARMERS INSURANCE COMPANY OF WASHINGTON; FARMERS INSURANCE EXCHANGE; FIRE INSURANCE EXCHANGE; FOREMOST INSURANCE COMPANY GRAND RAPIDS, MICHIGAN; FOREMOST SIGNATURE INSURANCE COMPANY; MID-CENTURY INSURANCE COMPANY; TRUCK INSURANCE EXCHANGE; NEIGHBORHOOD SPIRIT PROPERTY AND CASUALTY COMPANY; BERKSHIRE HATHAWAY DIRECT INSURANCE COMPANY; AMGUARD INSURANCE COMPANY; PLATTE RIVER INSURANCE COMPANY; WELLFLEET NEW YORK INSURANCE COMPANY; BERKSHIRE HATHAWAY ASSURANCE CORPORATION; BERKSHIRE HATHAWAY SPECIALTY INSURANCE COMPANY; RSUI INDEMNITY COMPANY; CAPITOL INDEMNITY CORPORATION; CENTRAL STATES INDEMNITY CO. OF OMAHA; COLOGNE REINSURANCE COMPANY OF AMERICA; COLUMBIA INSURANCE COMPANY; FINIAL REINSURANCE COMPANY; GEICO INDEMNITY COMPANY; CYPRESS INSURANCE COMPANY; EASTGUARD INSURANCE COMPANY; GENERAL STAR NATIONAL INSURANCE COMPANY; FAIR AMERICAN INSURANCE AND REINSURANCE COMPANY; THE NATIONAL REINSURANCE CORPORATION; GENERAL REINSURANCE CORPORATION; GENESIS INSURANCE COMPANY; GOVERNMENT EMPLOYEES INSURANCE COMPANY; NATIONAL LIABILITY & FIRE INSURANCE COMPANY; MOUNT VERNON SPECIALTY INSURANCE COMPANY; NATIONAL INDEMNITY COMPANY; NATIONAL LIABILITY & FIRE INSURANCE COMPANY; THE NATIONAL

REINSURANCE CORPORATION; NORGUARD INSURANCE COMPANY; NORTH STAR REINSURANCE CORPORATION; REDWOOD FIRE AND CASUALTY INSURANCE COMPANY; TRANSATLANTIC REINSURANCE COMPANY; U.S. UNDERWRITERS INSURANCE COMPANY; UNIONE ITALIANA REINSURANCE COMPANY OF AMERICA, INC.; UNITED STATES LIABILITY INSURANCE COMPANY; ALLSTATE INDEMNITY COMPANY; ALLSTATE INSURANCE COMPANY; ALLSTATE NORTHBROOK INDEMNITY COMPANY; ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY; INTEGON PREFERRED INSURANCE COMPANY; INTEGON NATIONAL INSURANCE COMPANY; CENTURY-NATIONAL INSURANCE COMPANY; ENCOMPASS INSURANCE COMPANY; ESURANCE INSURANCE COMPANY; ESURANCE PROPERTY AND CASUALTY INSURANCE COMPANY; MIC GENERAL INSURANCE CORPORATION; NATIONAL FARMERS UNION PROPERTY AND CASUALTY COMPANY; NATIONAL GENERAL INSURANCE COMPANY; NATIONAL GENERAL PREMIER INSURANCE COMPANY; AUTO CLUB FAMILY INSURANCE COMPANY; AUTOMOBILE CLUB INTER-INSURANCE EXCHANGE; AUTOMOBILE CLUB OF SOUTHERN CALIFORNIA LIFE INSURANCE COMPANY; INTERINSURANCE EXCHANGE OF THE AUTOMOBILE CLUB; WAWANESA GENERAL INSURANCE COMPANY; TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA; TRAVELERS CASUALTY INSURANCE COMPANY OF AMERICA; TRAVELERS CASUALTY AND SURETY COMPANY; TRAVELERS CASUALTY COMPANY OF CONNECTICUT; TRAVELERS COMMERCIAL INSURANCE COMPANY; TRAVELERS PROPERTY CASUALTY INSURANCE COMPANY; ST. PAUL PROTECTIVE INSURANCE COMPANY; AMERICAN EQUITY SPECIALTY INSURANCE COMPANY; THE TRAVELERS CASUALTY COMPANY; AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CONNECTICUT; NORTHLAND CASUALTY COMPANY;

TRAVCO PERSONAL INSURANCE COMPANY; THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT; FARMINGTON CASUALTY COMPANY; FIDELITY AND GUARANTY INSURANCE COMPANY; FIDELITY AND GUARANTY INSURANCE UNDERWRITERS, INC.; ST. PAUL FIRE AND MARINE INSURANCE COMPANY; ST. PAUL PROTECTIVE INSURANCE COMPANY; NORTHLAND INSURANCE COMPANY; TRAVELERS CONSTITUTION STATE INSURANCE COMPANY; SELECT INSURANCE COMPANY; ST. PAUL GUARDIAN INSURANCE COMPANY; ST. PAUL MERCURY INSURANCE COMPANY; THE STANDARD FIRE INSURANCE COMPANY; TRAVELERS COMMERCIAL CASUALTY COMPANY; THE TRAVELERS INDEMNITY COMPANY; UNITED STATES FIDELITY AND GUARANTY COMPANY; AMERICAN ECONOMY INSURANCE COMPANY; AMERICAN FIRE AND CASUALTY COMPANY; AMERICAN STATES PREFERRED INSURANCE COMPANY; AMERICAN STATES INSURANCE COMPANY; AMERICAN STATES INSURANCE COMPANY OF TEXAS; ATLAS ASSURANCE COMPANY OF AMERICA; GOLDEN EAGLE INSURANCE COMPANY; EMPLOYERS INSURANCE COMPANY OF WAUSAU; THE FIRST LIBERTY INSURANCE CORPORATION; FIRST NATIONAL INSURANCE COMPANY OF AMERICA; GENERAL INSURANCE COMPANY OF AMERICA; GOLDEN EAGLE INSURANCE CORPORATION; INSURANCE COMPANY OF ILLINOIS; IRONSHORE INDEMNITY INC.; IRONSHORE SPECIALTY INSURANCE COMPANY; LIBERTY INSURANCE CORPORATION; LIBERTY MUTUAL FIRE INSURANCE COMPANY; LIBERTY MUTUAL INSURANCE COMPANY; LIBERTY NORTHWEST INSURANCE CORPORATION; LM GENERAL INSURANCE COMPANY; LM INSURANCE CORPORATION; LM PROPERTY AND CASUALTY INSURANCE COMPANY; THE NETHERLANDS INSURANCE COMPANY; THE OHIO CASUALTY INSURANCE COMPANY; THE OHIO SECURITY INSURANCE COMPANY; PEERLESS

INDEMNITY INSURANCE COMPANY; PEERLESS INSURANCE COMPANY; SAFECO INSURANCE COMPANY OF AMERICA; SAFECO INSURANCE COMPANY OF ILLINOIS; SAN DIEGO INSURANCE COMPANY; AMERICAN STATES INSURANCE COMPANY OF TEXAS; STATE AUTOMOBILE MUTUAL INSURANCE COMPANY; WAUSAU BUSINESS INSURANCE COMPANY; WAUSAU UNDERWRITERS INSURANCE COMPANY; WEST AMERICAN INSURANCE COMPANY; CSAA MID-ATLANTIC INSURANCE COMPANY; CSAA MID-ATLANTIC INSURANCE COMPANY OF NEW JERSEY; CSAA FIRE & CASUALTY INSURANCE COMPANY; CSAA INSURANCE EXCHANGE; CSAA AFFINITY INSURANCE COMPANY; CSAA GENERAL INSURANCE COMPANY; MOBILITAS INSURANCE COMPANY; AMERICAN MERCURY INSURANCE COMPANY; CALIFORNIA AUTOMOBILE INSURANCE COMPANY; CALIFORNIA GENERAL UNDERWRITERS INSURANCE COMPANY, INC.; MERCURY CASUALTY COMPANY; MERCURY INSURANCE COMPANY; ORION INDEMNITY COMPANY; ACE AMERICAN INSURANCE COMPANY; ACE FIRE UNDERWRITERS INSURANCE COMPANY; WESTCHESTER FIRE INSURANCE COMPANY; ACE PROPERTY AND CASUALTY INSURANCE COMPANY; AGRI GENERAL INSURANCE COMPANY; ALLIED INSURANCE COMPANY; EXECUTIVE RISK INDEMNITY INC.; BANKERS STANDARD INSURANCE COMPANY; CENTURY INDEMNITY COMPANY; CHUBB INDEMNITY INSURANCE COMPANY; CHUBB NATIONAL INSURANCE COMPANY; INDEMNITY INSURANCE COMPANY OF NORTH AMERICA; FEDERAL INSURANCE COMPANY; GREAT NORTHERN INSURANCE COMPANY; INSURANCE COMPANY OF NORTH AMERICA; PACIFIC EMPLOYERS INSURANCE COMPANY; PACIFIC INDEMNITY COMPANY; PENNSYLVANIA MILLERS MUTUAL INSURANCE COMPANY; VIGILANT INSURANCE COMPANY; NATIONAL CONTINENTAL INSURANCE COMPANY;

DRIVE INSURANCE COMPANY; ASI SELECT AUTO INSURANCE CORP; ASI SELECT INSURANCE CORP; PROGRESSIVE AMERICAN INSURANCE COMPANY; PROGRESSIVE CASUALTY INSURANCE COMPANY; PROGRESSIVE NORTHWESTERN INSURANCE COMPANY; PROGRESSIVE SOUTHEASTERN INSURANCE COMPANY; PROGRESSIVE SPECIALTY INSURANCE COMPANY; PROTECTIVE INSURANCE COMPANY; UNITED FINANCIAL CASUALTY COMPANY; GARRISON PROPERTY AND CASUALTY INSURANCE COMPANY; UNITED SERVICES AUTOMOBILE ASSOCIATION; USAA CASUALTY INSURANCE COMPANY; USAA GENERAL INDEMNITY COMPANY; HARTFORD CASUALTY INSURANCE COMPANY; FIRST STATE INSURANCE COMPANY; HARTFORD ACCIDENT AND INDEMNITY COMPANY; HARTFORD FIRE INSURANCE COMPANY; HARTFORD INSURANCE COMPANY OF THE MIDWEST; HARTFORD UNDERWRITERS INSURANCE COMPANY; NAVIGATORS INSURANCE COMPANY; NEW ENGLAND REINSURANCE CORPORATION; PROPERTY AND CASUALTY INSURANCE COMPANY OF HARTFORD; SENTINEL INSURANCE COMPANY, LTD.; TRUMBULL INSURANCE COMPANY; TWIN CITY FIRE INSURANCE COMPANY; ALLIED PROPERTY AND CASUALTY INSURANCE COMPANY; ALLIED INSURANCE COMPANY OF AMERICA; AMCO INSURANCE COMPANY; FREEDOM SPECIALTY INSURANCE COMPANY; CRESTBROOK INSURANCE COMPANY; NATIONWIDE INSURANCE COMPANY OF AMERICA; DEPOSITORS INSURANCE COMPANY; FARMLAND MUTUAL INSURANCE COMPANY; HARLEYSVILLE INSURANCE COMPANY; NATIONAL CASUALTY COMPANY; NATIONWIDE AGRIBUSINESS INSURANCE COMPANY; NATIONWIDE GENERAL INSURANCE COMPANY; NATIONWIDE MUTUAL INSURANCE COMPANY; NATIONWIDE PROPERTY AND CASUALTY INSURANCE COMPANY; SCOTTSDALE

INDEMNITY COMPANY; ALLIANCE UNITED INSURANCE COMPANY; UNITED CASUALTY INSURANCE COMPANY OF AMERICA; UNITRIN AUTO AND HOME INSURANCE COMPANY; RESPONSE INSURANCE COMPANY; UNITRIN DIRECT PROPERTY & CASUALTY COMPANY; KEMPER INDEPENDENCE INSURANCE COMPANY; MERASTAR INSURANCE COMPANY; RESPONSE WORLDWIDE INSURANCE COMPANY; TRINITY UNIVERSAL INSURANCE COMPANY; WARNER RECIPROCAL INSURERS; AMERICAN GUARANTEE AND LIABILITY INSURANCE COMPANY; AMERICAN ZURICH INSURANCE COMPANY; CENTRE REINSURANCE COMPANY OF NEW YORK; COLONIAL AMERICAN CASUALTY AND SURETY COMPANY; EMPIRE FIRE AND MARINE INSURANCE COMPANY; FARMERS REINSURANCE COMPANY; FIDELITY AND DEPOSIT COMPANY OF MARYLAND; US INTERNATIONAL REINSURANCE COMPANY; UNIVERSAL UNDERWRITERS INSURANCE COMPANY; ZURICH AMERICAN INSURANCE COMPANY; ZURICH AMERICAN INSURANCE COMPANY OF ILLINOIS; TOKIO MARINE GRV RE, INC.; AMERICAN CONTRACTORS INDEMNITY COMPANY; U.S. SPECIALTY INSURANCE COMPANY; TRANS PACIFIC INSURANCE COMPANY; TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.; TOKIO MARINE AMERICA INSURANCE COMPANY; TNUS INSURANCE COMPANY; SAFETY NATIONAL CASUALTY CORPORATION; PRIVILEGE UNDERWRITERS RECIPROCAL EXCHANGE; PHILADELPHIA INDEMNITY INSURANCE COMPANY; VALLEY FORGE INSURANCE COMPANY; AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA; THE CONTINENTAL INSURANCE COMPANY; FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY; KANSAS CITY FIRE AND MARINE INSURANCE COMPANY ; NATIONAL FIRE INSURANCE COMPANY OF HARTFORD; TRANSPORTATION INSURANCE COMPANY; PACIFIC INSURANCE COMPANY; AMTRUST

INSURANCE COMPANY; COREPOINTE INSURANCE COMPANY; DEVELOPERS SURETY AND INDEMNITY COMPANY; HERITAGE INDEMNITY COMPANY; MILFORD CASUALTY INSURANCE COMPANY; NORTH EAST INSURANCE COMPANY; PARK NATIONAL INSURANCE COMPANY; PRESERVER INSURANCE COMPANY; REPUBLIC FIRE AND CASUALTY INSURANCE COMPANY; ROCHDALE INSURANCE COMPANY; SECURITY NATIONAL INSURANCE COMPANY; SEQUOIA INSURANCE COMPANY; SOUTHERN INSURANCE COMPANY; SPRINGFIELD INSURANCE COMPANY; TECHNOLOGY INSURANCE COMPANY, INC.; TOWER INSURANCE COMPANY OF NEW YORK ; WESCO INSURANCE COMPANY; YORK INSURANCE COMPANY OF MAINE; ALLIED WORLD ASSURANCE COMPANY (U.S.) INC.; ALLIED WORLD INSURANCE COMPANY; ALLIED WORLD SPECIALTY INSURANCE COMPANY; AMERICAN SAFETY CASUALTY INSURANCE COMPANY; CLEARWATER INSURANCE COMPANY; CLEARWATER SELECT INSURANCE COMPANY; SENECA INSURANCE COMPANY, INC.; FAIRMONT INSURANCE COMPANY; FAIRMONT PREMIER INSURANCE COMPANY; FAIRMONT SPECIALTY INSURANCE COMPANY; GENERAL FIDELITY INSURANCE COMPANY; MT. MCKINLEY INSURANCE COMPANY; HUDSON INSURANCE COMPANY; INTERNATIONAL INSURANCE COMPANY; UNITED STATES FIRE INSURANCE COMPANY; NORTH RIVER INSURANCE COMPANY; ODYSSEY REINSURANCE COMPANY; TIG INSURANCE COMPANY; TIG INSURANCE COMPANY OF TEXAS; UNITED STATES FIRE INSURANCE COMPANY; VANTAPRO SPECIALTY INSURANCE COMPANY; ZENITH INSURANCE COMPANY; ZNAT INSURANCE COMPANY; MIDVALE INDEMNITY COMPANY; AMERICAN FAMILY CONNECT PROPERTY AND CASUALTY INSURANCE COMPANY; AMERICAN FAMILY MUTUAL INSURANCE COMPANY; HOMESITE INSURANCE COMPANY OF

CALIFORNIA; NGM INSURANCE COMPANY; AMERICAN HOME ASSURANCE COMPANY; AIU INSURANCE COMPANY; AIG PROPERTY CASUALTY COMPANY; GLATFELTER INSURANCE COMPANY; COMMERCE AND INDUSTRY INSURANCE COMPANY; GRANITE STATE INSURANCE COMPANY; THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA; LANDMARK INSURANCE COMPANY; NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA; NEW HAMPSHIRE INSURANCE COMPANY; STRATFORD INSURANCE COMPANY; PINNACLE NATIONAL INSURANCE COMPANY; MARKEL AMERICAN INSURANCE COMPANY; MARKEL INSURANCE COMPANY; STATE NATIONAL INSURANCE COMPANY, INC.; MARKEL GLOBAL REINSURANCE COMPANY; NATIONAL SPECIALTY INSURANCE COMPANY; CITY NATIONAL INSURANCE COMPANY; EVANSTON INSURANCE COMPANY, SPINNAKER INSURANCE COMPANY,

Defendants.

Plaintiff Anthony Canzoneri, individually, and as Trustee of the Anthony Canzoneri Revocable Trust of 2008, and on behalf of others similarly situated, state as follows:

INTRODUCTION

1. This class action seeks relief for hundreds of thousands of California homeowners who were the victims of Defendants' unlawful conspiracy to drive a vulnerable class of consumers out of lower-cost, higher-coverage fire insurance policies into higher-cost, lower-coverage policies. The net result of this scheme was that these homeowners were each unjustly forced to pay thousands of extra dollars for deficient policies, while Defendants collectively reaped a windfall worth billions of dollars.

2. Defendants' unlawful conspiracy targeted high fire-risk segments of the California marketplace for homeowners insurance. Before the conspiracy was implemented around early 2023, the homeowner victims were able to shop for and purchase homeowners insurance coverage within a competitive insurance marketplace. This meant these homeowners paid competitive premium rates for coverages designed to protect the replacement value of their home and personal property in the event of a fire loss. Defendants' conspiracy, however, wholesale eliminated the homeowners' access to this crucial insurance protection.

3. Defendants' unlawful conspiracy exploited the California FAIR Plan, which is intended to act as California's insurer of last resort for those who temporarily lack access to homeowners coverage. Defendants' illegal acts turned the stopgap protective purpose of the FAIR Plan on its head. It did so by subverting the FAIR Plan into an instrument to collectively enhance Defendants' profitability while shifting vast amounts of fire liability exposure back onto consumers.

4. Defendants instrumentalized the FAIR Plan by surreptitiously colluding to funnel designated segments of the market at greatest risk of fire loss into the FAIR Plan. Defendants agreed to jointly withhold their fire insurance products from these homeowners, who suddenly and simultaneously found themselves without an admitted carrier willing to extend fire coverage at any price—the opposite of a normal-functioning competitive marketplace.

5. Defendants' unlawful conspiracy was motivated by the dual objectives of artificially raising the cost of insurance for the affected homeowners, while at the same time dramatically reducing Defendants' risk exposure. By being driven into the FAIR Plan, these homeowners were limited to a single non-competitive option that was both significantly costlier while providing substantially inferior insurance coverage. At the same time, Defendants not only collectively diffused the risk of losses under these insurance policies through their shared control of the FAIR Plan, but also gained the ability to pass on 50% of such losses back to consumers.

6. Defendants' ill-gotten gains have come into full view in the aftermath of the devastating January 2025 wildfires that ravaged multiple regions of Los Angeles, California. Most visibly, those who lost their homes have been shocked to find themselves systemically and dramatically underinsured under FAIR Plan policies, despite having paid artificially inflated premiums. The FAIR Plan is also woefully mismanaged and has been non-responsive to many policyholders' attempts to process loss claims. And as a coup de grace, the FAIR Plan has already announced that half of the losses incurred as a result of the wildfires will be charged back to the consumer marketplace.

7. A more hidden—but just as collectively injurious—aspect of Defendants' scheme is the billions of dollars that have been siphoned from the pockets of homeowners who were spared from the recent wildfires, but are still paying inflated rates for deficient coverage. This is an ongoing scam on the affected segments of the marketplace that is resulting in a clandestine transfer of an enormous sum from consumers to Defendants. The success of this scheme is partly facilitated by the fact that no individual victim has suffered a loss of sufficient magnitude to economically justify an individual action. But taken as a whole, Defendants' conduct is inflicting large-scale injury to the marketplace that demands a remedy.

8. The class action procedure under Code of Civil Procedure section 382 exists precisely to vindicate rights under this type of circumstance. It is impracticable for any single class member to bring a standalone action, but the numerous class members here have suffered the same form of injury as a result of the same conduct by Defendants arising out of a single nucleus of operative facts and subject to the same governing laws. This class action thus seeks a collective

remedy grounded in the same discrete calculation for each class member: the portion of inflated premium amounts incurred as a result of being driven by Defendants' conspiracy into the FAIR Plan, together with treble damages, attorney's fees, costs, and interest.

JURISDICTION AND VENUE

9. This class action is brought pursuant to California Code of Civil Procedure section 382. The damages, restitution, penalties, and injunctive relief at issue exceed the minimal jurisdictional limits of the Superior Court for the County of Los Angeles, and will be established according to proof at trial. The amount in controversy for Plaintiffs, including his claim for injunctive relief, is less than $75,000. All of the proposed class members are citizens of California. At least one defendant (including from the Farmers Insurance Group) is a defendant: (i) from whom significant relief is sought by members of the plaintiff class; (ii) whose alleged conduct forms a significant basis for the claims asserted by the proposed plaintiff class; and (iii) who is a citizen of California. The principal injuries resulting from the alleged conduct or any related conduct of each defendant were incurred in California.

10. The Court also has jurisdiction over Defendants because Defendants are either citizens of the State of California, have sufficient minimum contacts with the state, or otherwise intentionally avail themselves of the California market.

11. This Court has jurisdiction under Code of Civil Procedure section 395.5, which provides in pertinent part that "[a] corporation or association may be sued in the county where the contract is made or is to be performed, or where the obligation or liability arises" and section 410.10, which provides that "[a] court of this state may exercise jurisdiction on any basis not inconsistent with the Constitution of this state or of the United States." Here, Defendants' misconduct occurred and their liability arises from premiums charged to and paid by Plaintiffs in Los Angeles County. The obligations and liability arose from Defendants' coordinated misconduct that occurred in Los Angeles County between approximately January 2023 and the date of this complaint.

12. Venue is proper pursuant to Civil Code section 395(a) because Plaintiffs reside in Los Angeles County and/or Defendants are authorized to do and do business in Los Angeles

County, and the insurance policies at issue are paid for and to be performed in Los Angeles County. Furthermore, this venue is convenient for the parties and relevant non-parties.

PARTIES

Plaintiffs

13. Plaintiff Anthony Canzoneri, individually, and as trustee of The Anthony and Cynthia Canzoneri Revocable Trust of 2008 (collectively, "Plaintiffs"), is a resident of Los Angeles County. The Anthony and Cynthia Canzoneri Revocable Trust of 2008 has been the owner of the real property, structures, improvements, located at 21016 Pacific Coast Highway, Malibu, CA 90265. Plaintiffs were the owners of the personal property contents located at 21016 Pacific Coast Highway, Malibu, CA 90265.

14. From approximately June 2008 to October 2024, Plaintiffs' property was covered for loss from multiple perils by property policies issued by admitted insurance carriers, including Spinnaker and Farmers, which provided coverage for structures, personal property contents, loss of use, the cost of rebuilding and other related losses at times in excess of $3 million.

15. In or about October 2024, Spinnaker cancelled Plaintiffs' Property Policy, and refused to offer any other replacement Property Policy.

16. Thereafter, Plaintiffs attempted to obtain a Property Policy from other insurance carriers registered in California and could not obtain a Property Policy from any Defendant or other insurance carrier.

17. As the only fire coverage available to them, Plaintiffs applied for and obtained a FAIR Plan property policy for limited fire coverage in October 2024 in the amount of $3,000,000, the maximum amount available under the FAIR Plan. For this coverage, Plaintiffs were charged substantially higher annual insurance premiums than they had paid before being forced into the FAIR Plan.

Defendants

18. Defendants comprise the top Insurance Groups in the State by Property and Casualty market share, and account for approximately 75% of all Property and Casualty insurance sales in California.

19. Defendants comprise the top Insurance Groups in the State by Property and Casualty market share, and account for approximately 75% of all Property and Casualty insurance sales in California.

20. State Farm Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants State Farm Fire and Casualty Company; State Farm General Insurance Company; and State Farm Mutual Automobile Insurance Company (collectively "State Farm")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

21. Farmers Insurance Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants 21st Century Insurance Company; 21st Century Casualty Company; 21st Century Centennial Insurance Company; 21st Century North America Insurance Company; 21st Century Premier Insurance Company; Foremost Property and Casualty Insurance Company; Civic Property and Casualty Company; Economy Fire & Casualty Company; Exact Property and Casualty Company; Farmers Direct Property and Casualty Insurance Company; Farmers Group Property And Casualty Insurance Company; Farmers Insurance Company, Inc.; Farmers Insurance Company of Oregon; Farmers Insurance Company of Washington; Farmers Insurance Exchange; Fire Insurance Exchange; Foremost Insurance Company Grand Rapids, Michigan; Foremost Signature Insurance Company; Mid-Century Insurance Company; Truck Insurance Exchange; and Neighborhood Spirit Property and Casualty Company (collectively "Farmers")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

22. Berkshire Hathaway Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants Berkshire Hathaway Direct Insurance Company; AmGUARD Insurance Company; Platte River Insurance Company; Wellfleet New York Insurance Company; Berkshire Hathaway Assurance Corporation; Berkshire Hathaway Specialty Insurance Company; RSUI Indemnity Company; Capitol Indemnity Corporation; Central States Indemnity Co. of Omaha; Cologne Reinsurance Company of America; Columbia Insurance Company; Columbia Insurance Company; Finial Reinsurance Company;

GEICO Indemnity Company; Cypress Insurance Company; EastGUARD Insurance Company; General Star National Insurance Company; Fair American Insurance and Reinsurance Company; The National Reinsurance Corporation; General Reinsurance Corporation; Genesis Insurance Company; Government Employees Insurance Company; National Liability & Fire Insurance Company; Mount Vernon Specialty Insurance Company; National Indemnity Company; National Liability & Fire Insurance Company; The National Reinsurance Corporation; NorGUARD Insurance Company; North Star Reinsurance Corporation; Redwood Fire and Casualty Insurance Company; Transatlantic Reinsurance Company; U.S. Underwriters Insurance Company; Unione Italiana Reinsurance Company of America, Inc.; United States Liability Insurance Company (collectively "Berkshire")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

23. Allstate Insurance Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants Allstate Indemnity Company; Allstate Insurance Company; Allstate Northbrook Indemnity Company; Allstate Property and Casualty Insurance Company; Integon Preferred Insurance Company; Integon National Insurance Company; Century-National Insurance Company; Encompass Insurance Company; Esurance Insurance Company; Esurance Property and Casualty Insurance Company; MIC General Insurance Corporation; National Farmers Union Property and Casualty Company; National General Insurance Company; and National General Premier Insurance Company (collectively "Allstate")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

24. Auto Club Enterprises Insurance Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants Auto Club Family Insurance Company; Automobile Club Inter-Insurance Exchange; Automobile Club of Southern California Life Insurance Company; Interinsurance Exchange of The Automobile Club; and Wawanesa General Insurance Company (collectively "Auto Club")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

25. Travelers Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants Travelers Casualty and Surety Company of America; Travelers Casualty and Surety Company; Travelers Casualty Company of Connecticut; Travelers Commercial Insurance Company; Travelers Property Casualty Insurance Company; St. Paul Protective Insurance Company; American Equity Specialty Insurance Company; The Travelers Casualty Company; Automobile Insurance Company of Hartford, Connecticut; Northland Casualty Company; TravCo Personal Insurance Company; The Travelers Indemnity Company of Connecticut; Farmington Casualty Company; Fidelity and Guaranty Insurance Company; Fidelity and Guaranty Insurance Underwriters, Inc.; St. Paul Fire and Marine Insurance Company; St. Paul Protective Insurance Company; Northland Insurance Company; Travelers Constitution State Insurance Company; Select Insurance Company; St. Paul Guardian Insurance Company; St. Paul Mercury Insurance Company; The Standard Fire Insurance Company; Travelers Commercial Casualty Company; The Travelers Indemnity Company; and United States Fidelity and Guaranty Company (collectively "Travelers")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

26. Liberty Mutual Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants American Economy Insurance Company; American Fire and Casualty Company; American States Preferred Insurance Company; American States Insurance Company; American States Insurance Company of Texas; Atlas Assurance Company of America; Golden Eagle Insurance Company; Employers Insurance Company of Wausau; The First Liberty Insurance Corporation; First National Insurance Company of America; General Insurance Company of America; Golden Eagle Insurance Corporation; Insurance Company of Illinois; Ironshore Indemnity Inc.; Ironshore Specialty Insurance Company; Liberty Insurance Corporation; Liberty Mutual Fire Insurance Company; Liberty Mutual Insurance Company; Liberty Northwest Insurance Corporation; LM General Insurance Company; LM Insurance Corporation; LM Property and Casualty Insurance Company; The Netherlands Insurance Company; The Ohio Casualty Insurance Company; The Ohio Security Insurance

Company; Peerless Indemnity Insurance Company; Peerless Insurance Company; Safeco Insurance Company of America; Safeco Insurance Company of Illinois; San Diego Insurance Company; American States Insurance Company of Texas; State Automobile Mutual Insurance Company; Wausau Business Insurance Company; Wausau Underwriters Insurance Company; and West American Insurance Company (collectively "Liberty Mutual")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

27. CSAA Insurance Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants CSAA Mid-Atlantic Insurance Company; CSAA Mid-Atlantic Insurance Company of New Jersey; CSAA Fire & Casualty Insurance Company; CSAA Insurance Exchange; CSAA Affinity Insurance Company; CSAA General Insurance Company; and Mobilitas Insurance Company (collectively "CSAA")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

28. Mercury General Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants American Mercury Insurance Company; California Automobile Insurance Company; California General Underwriters Insurance Company, Inc.; Mercury Casualty Company; Mercury Insurance Company; and Orion Indemnity Company (collectively "Mercury")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

29. Chubb Ltd Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants ACE American Insurance Company; ACE Fire Underwriters Insurance Company; Westchester Fire Insurance Company; ACE Property and Casualty Insurance Company; Agri General Insurance Company; Allied Insurance Company; Executive Risk Indemnity Inc.; Bankers Standard Insurance Company; Century Indemnity Company; Chubb Indemnity Insurance Company; Chubb National Insurance Company; Indemnity Insurance Company of North America; Federal Insurance Company; Great Northern Insurance Company; Insurance Company of North America; Pacific Employers

Insurance Company; Pacific Indemnity Company; Pennsylvania Millers Mutual Insurance Company; and Vigilant Insurance Company (collectively "Chubb")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

30. Progressive Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants National Continental Insurance Company; Drive Insurance Company; ASI Select Auto Insurance Corp; ASI Select Insurance Corp; Progressive American Insurance Company; Progressive Casualty Insurance Company; Progressive Northwestern Insurance Company; Progressive Southeastern Insurance Company; Progressive Specialty Insurance Company; Protective Insurance Company; and United Financial Casualty Company (collectively "Progressive")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

31. United Services Automobile Association Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants Garrison Property and Casualty Insurance Company; United Services Automobile Association; USAA Casualty Insurance Company; and USAA General Indemnity Company (collectively "USAA")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

32. Hartford Fire & Casualty Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants Hartford Casualty Insurance Company; First State Insurance Company; Hartford Accident and Indemnity Company; Hartford Fire Insurance Company; Hartford Insurance Company of the Midwest; Hartford Underwriters Insurance Company; Navigators Insurance Company; New England Reinsurance Corporation; Property and Casualty Insurance Company of Hartford; Sentinel Insurance Company, Ltd.; Trumbull Insurance Company; and Twin City Fire Insurance Company (collectively "Hartford")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

33. Nationwide Corporation Group conducts business in the State of California and the

County of Los Angeles and consists of the following entities: Defendants Allied Property and Casualty Insurance Company; Allied Insurance Company of America; AMCO Insurance Company; Freedom Specialty Insurance Company; Crestbrook Insurance Company; Nationwide Insurance Company Of America; Depositors Insurance Company; Farmland Mutual Insurance Company; Harleysville Insurance Company; National Casualty Company; Nationwide Agribusiness Insurance Company; Nationwide General Insurance Company; Nationwide Mutual Insurance Company; Nationwide Mutual Insurance Company; Nationwide Property and Casualty Insurance Company; and Scottsdale Indemnity Company (collectively "Nationwide")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

34. Kemper Corporation Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants Alliance United Insurance Company; United Casualty Insurance Company of America; Unitrin Auto and Home Insurance Company; Response Insurance Company; Unitrin Direct Property & Casualty Company; Kemper Independence Insurance Company; Merastar Insurance Company; Response Worldwide Insurance Company; Trinity Universal Insurance Company; and Warner Reciprocal Insurers (collectively "Kemper")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

35. Zurich Insurance Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants American Guarantee and Liability Insurance Company; American Zurich Insurance Company; Centre Reinsurance Company of New York; Colonial American Casualty and Surety Company; Empire Fire and Marine Insurance Company; Farmers Reinsurance Company; Fidelity and Deposit Company of Maryland; US International Reinsurance Company; Universal Underwriters Insurance Company; Zurich American Insurance Company; and Zurich American Insurance Company of Illinois (collectively "Zurich")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

36. Tokio Marine Holdings Inc Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants Tokio Marine GRV RE, Inc.; American Contractors Indemnity Company; U.S. Specialty Insurance Company; Trans Pacific Insurance Company; Tokio Marine & Nichido Fire Insurance Co., LTD; Tokio Marine America Insurance Company; TNUS Insurance Company; Safety National Casualty Corporation; Privilege Underwriters Reciprocal Exchange; and Philadelphia Indemnity Insurance Company (collectively "Tokio")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

37. CNA Insurance Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants Valley Forge Insurance Company; American Casualty Company of Reading, Pennsylvania; The Continental Insurance Company; Firemen's Insurance Company of Newark, New Jersey; Kansas City Fire and Marine Insurance Company; National Fire Insurance Company of Hartford; Transportation Insurance Company; and Pacific Insurance Company (collectively "CNA")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

38. AmTrust Financial Services Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants AmTrust Insurance Company; CorePointe Insurance Company; Developers Surety and Indemnity Company; Heritage Indemnity Company; Milford Casualty Insurance Company; North East Insurance Company; Park National Insurance Company; Preserver Insurance Company; Republic Fire and Casualty Insurance Company; Rochdale Insurance Company; Security National Insurance Company; Sequoia Insurance Company; Southern Insurance Company; Springfield Insurance Company; Technology Insurance Company, Inc.; Tower Insurance Company of New York; Wesco Insurance Company; and York Insurance Company of Maine (collectively "AmTrust")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

39. Fairfax Financial Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants Allied World Assurance

Company (U.S.) Inc.; Allied World Insurance Company; Allied World Specialty Insurance Company; American Safety Casualty Insurance Company; Clearwater Insurance Company; Clearwater Select Insurance Company; Seneca Insurance Company, Inc.; Fairmont Insurance Company; Fairmont Premier Insurance Company; Fairmont Specialty Insurance Company; General Fidelity Insurance Company; Mt. Mckinley Insurance Company; Hudson Insurance Company; International Insurance Company; United States Fire Insurance Company; North River Insurance Company; Odyssey Reinsurance Company; TIG Insurance Company; TIG Insurance Company of Texas; United States Fire Insurance Company; Vantapro Specialty Insurance Company; Zenith Insurance Company; and ZNAT Insurance Company (collectively "Fairfax")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

40. American Family Insurance Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants Midvale Indemnity Company; American Family Connect Property and Casualty Insurance Company; American Family Mutual Insurance Company; Homesite Insurance Company of California; and NGM Insurance Company (collectively "American Family")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

41. American International Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants American Home Assurance Company; AIU Insurance Company; AIG Property Casualty Company; Glatfelter Insurance Company; Commerce and Industry Insurance Company; Granite State Insurance Company; The Insurance Company of the State of Pennsylvania; Landmark Insurance Company; National Union Fire Insurance Company of Pittsburgh, PA; New Hampshire Insurance Company; and Stratford Insurance Company (collectively "AIG")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

42. Markel Corporate Group conducts business in the State of California and the County of Los Angeles and consists of the following entities: Defendants Pinnacle National Insurance Company; Markel American Insurance Company; Markel Insurance Company; State

National Insurance Company, Inc.; Markel Global Reinsurance Company; National Specialty Insurance Company; City National Insurance Company; and Evanston Insurance Company (collectively "Markel")—each of which is a corporation registered to do business in California and/or licensed by the California Department of Insurance.

43. Spinnaker Insurance Company ("Spinnaker") conducts business in the State of California and the County of Los Angeles and is registered to do business in California and/or licensed by the California Department of Insurance.

44. Plaintiffs are not currently aware of the true names and capacities, whether individual, corporate, associate, or otherwise, of the Defendants sued herein under the fictitious names Does 1 through 200, inclusive, and therefore sue such Defendants by such fictitious names. Plaintiffs will seek leave to amend this complaint to allege the true names and capacities of said fictitiously named Defendants when their true names and capacities have been ascertained. Plaintiffs are informed and believe and thereon allege that each of the fictitiously named Doe Defendants is legally responsible in some manner for the events and occurrences alleged herein and for the damage suffered by Plaintiffs.

45. Plaintiffs are informed, believe, and thereon allege that all Defendants, including the fictitious Doe Defendants, were at all relevant times acting as actual or ostensible agents, conspirators, partners, joint venturers and/or employees of all other Defendants, and that all acts alleged herein occurred within the course and scope of said agency, conspiracy, partnership, joint venture, enterprise and/or employment, and with the express and/or implied permission, knowledge, consent, authorization and ratification of their co-Defendants; however, this allegation is pleaded as an "alternative" theory wherever not doing so would result in a contradiction with other allegations.

46. The true names and capacities of Does 1 through 100, inclusive, whether individual, corporate, associate, partnership, sole proprietorship, or otherwise, are currently unknown to Plaintiffs, who therefore sue said defendants by such fictitious names. Plaintiffs will seek leave of court to amend this Complaint to show their true names and capacities when the same has been ascertained, or according to proof at the time of trial. Plaintiffs are informed and

believe and thereupon allege that at all times mentioned herein, each of the defendants was the agent of each of the remaining defendants and, in doing the things hereinafter alleged, was acting within the course and scope of such agency and with the permission and consent of its co-defendants.

GENERAL ALLEGATIONS

The California Fire Insurance Market

47. Defendants are all companies that, during the period 2015 through 2025, have been licensed by the California Department of Insurance ("CDI") and engaged in the business of offering their own Property Policies to homeowners in the State of California. Until approximately September 2023, Defendants offered and sold Property Policies to homeowners throughout California.

48. The Property Policies sold by Defendants were contracts for insurance which offered broad coverage to include multiple perils (*e.g.*, wind, fire, earthquake, mudslide, etc.) and included specific coverage terms to include, in addition to home structures, contents and personal property, additional coverages for total loss and rebuilding, and loss of use, among others.

49. Defendants offered and sold such Property Policies in competition with each other, to property owners with coverage amounts in dollars at levels that covered at least homeowners' mortgage liabilities, as routinely required by mortgage lenders to secure home purchase financing, and/or higher levels that covered the potential reconstruction cost amounts of the insured homes.

50. In 2022, the CDI reported that licensed insurers received approximately $1.6 billion in premiums from California's insured property owners for fire insurance alone. They reportedly received an additional $12.1 billion in premiums for homeowners insurance policies. The loss rate attributed to fire policies was 38.26% during 2022.

51. In 2023, the CDI reported that licensed insurers received approximately $1.9 billion in premiums from California's insured property owners for fire insurance alone. They reportedly received an additional $13.2 billion for homeowners insurance policies. The loss rate attributed to fire policies was 32.12% during 2023.

52. In or about September 2023, Defendants began to implement their scheme to terminate existing Property Policies in targeted segments of the California marketplace, including the Palisades, Malibu and Altadena, and began to notify homeowners with whom they had existing Property Policies that such policies were cancelled or would not be renewed upon expiration. At the same time, Defendants refused to write and sell new policies to replace the terminated Property Policies in the targeted areas. Defendants also refused to sell new Property Policies to any homeowners who had been dropped by another insurance carrier.

53. Defendants' coordinated decisions to cancel, stop renewing, and refuse to sell new Property Policies to homeowners in the targeted areas deteriorated competition in the marketplace for fire insurance coverage. For example, the Herfindahl-Hirschman Index, a commonly accepted measure of market concentration used to determine market concentration, spiked precipitously between 2020 to 2024, indicating a much less competitive market.

54. This left homeowners who were cancelled, or who were new to the market and seeking new Property Policies, with one, and only one, alternative for property insurance for fire peril: the FAIR Plan.

The FAIR Plan

55. After the Watts riots and brush fires of the 1960s, the Governor and the California State Legislature created the FAIR Plan in 1968—an insurance program statutorily mandated to make available basic property insurance to any persons having an interest in real or tangible personal property who, after diligent effort, are unable to procure such insurance through normal market channels from a licensed insurer.

56. Codified in California Insurance Code ("CIC") sections 10090 through 10100.2, the FAIR Plan obligates all real and personal property insurers—including Defendants—to apportion among themselves the responsibility for providing basic property insurance for "otherwise uninsurable" Californians, who own property in specified brush/wildfire areas and urban areas designated by the California Insurance Commissioner.

57. As the "insurer of last resort," the FAIR Plan's fundamental mission is to meet the needs of California homeowners and businesses unable to find insurance in the traditional

marketplace. Specifically, the FAIR Plan has four interrelated purposes: (1) assure stability in the property insurance market; (2) assure availability of property insurance; (3) encourage maximum use of the traditional insurance market; and (4) equitably distribute responsibility among all licensed insurers for providing basic property insurance to all qualified properties.

58. The FAIR Plan is an “involuntary” and unincorporated association, or a “joint reinsurance association,” comprised of Defendants and all other property insurers licensed in California. Membership is mandatory for all licensed insurers, (“Participating Insurers”), and all activity conducted by the FAIR Plan is on behalf of its Participating Insurers.

59. The FAIR Plan is not a state or public agency. The FAIR Plan is organized and administered by the FAIR Plan Association (the “Association”). As a private association, Defendants and other Participating Insurers financially support the Association, which receives the majority of its funds from the policies it sells to consumers. The Participating Insurers must remain members and share in any profits and losses, including risks, premiums, and expenses, as conditions of their authority to transact insurance in the state. Each Participating Insurer is considered to be a direct insurer for its share of the FAIR Plan’s writings. The Association has approximately 145 employees and is headquartered at 725 South Figueroa Street, Suite 3900, Los Angeles, California 90017.

60. The Association is statutorily mandated to propose a “Plan of Operation” that provides, among other things, for the allocation of profits and losses arising from the FAIR Plan among the Participating Insurers, based upon each respective Participating Insurer’s proportion of the California insurance market. For example, under CIC Section 10095 and the Plan of Operation, the Participating Insurers “shall participate in the writings, expenses, profits, and losses of the association in the proportion that its premiums written during the second preceding calendar year bear to the aggregate premiums written by all insurers in the program, excluding that portion of the premiums written attributable to the operation of the association.”

61. Unlike private insurers that must file detailed financial reports with state regulators, the FAIR Plan functions in near total secrecy. The Association produces only limited public information on its financial position, reserves and reinsurance arrangements. The Association is

led by an Executive Committee of the Participating Insurers' executive employees. However, the FAIR Plan does not publish a roster of current executives from Participating Insurers who are committee members.

62. The FAIR Plan operations are overseen by the CDI and the FAIR Plan's Governing Committee.

63. The CDI—led by the Insurance Commissioner—(1) approves the Plan of Operation; (2) may withdraw approval for the Plan of Operation and issue an order for the FAIR Plan to submit a new or revised Plan; (3) may order additional coverages; and (4) may inspect the FAIR Plan's insurance offerings at any time. The operative Plan of Operation is entitled "Stipulation and Order No. 2024-2 Promulgating the FAIR Plan Association's Plan of Operation," dated August 27, 2024.

64. The FAIR Plan's day-to-day operations are controlled by Defendants and their co-conspirators by their membership as Participating Insurers on the Governing Committee, which meets multiple times each year. The Governing Committee consists of 13 members, including nine voting members from Participating Insurers who are elected annually by the member companies and who serve for one year, or until successors are elected. Not more than one Participating Insurer within a holding company may serve on the Governing Committee. The additional four members of the 13-member committee are non-voting members appointed by the Governor for an indefinite term. All but one member is from the insurance industry: one insurance agents' representative; one insurance brokers' representative; one surplus line brokers' representative; and one representative from the public. The Governing Committee and its subcommittees meet multiple times each year.

The FAIR Plan Coverage Policies

65. The Association issues FAIR Plan property insurance policies to homeowners on behalf of its Participating Insurers, writes policies, collects premiums, pays claims and producer commissions, and incurs general expenses. All issued policies are one year in duration. The FAIR Plan does not have insurance agents and licensed producers are not appointed agents of the FAIR Plan. All property and casualty producers licensed by the CDI are eligible to submit

applications to the FAIR Plan through a statewide toll-free telephone number on behalf of their clients. Consumers may also seek coverage directly from the FAIR Plan without the use of a licensed producer. While the FAIR Plan does not verify if applicants attempted to place a risk with Defendants individually for Property policies, it requires that producers sign an acknowledgement that they have conducted a diligent search, as required by CIC §10093.

66. All issued FAIR Plan policies must comply with the requirements of the CIC.

67. As policies written by an "insurer of last resort," the FAIR Plan policies are written to cover much less than a standard residential insurance policy. CIC Section 10091(c) defines "basic property insurance" as "insurance against direct loss to real or tangible personal property at a fixed location in those geographic or urban areas designated by the commissioner, from perils insured under the standard fire policy." As applied, the standard FAIR Plan policy only provides financial protection for the insured's real property and personal property if they are damaged from four perils: fire, lightning, internal explosions, or smoke. An insured's damage is assessed at actual cash value. The FAIR Plan does not cover theft, flood, earthquake, hail, or vandalism, among other perils. Nor does it cover personal liability, medical payments to others, or damage to property of others.

68. Reviewed and approved by the CDI, FAIR Plan rates are higher than traditional insurance policies. In addition to location, FAIR Plan rates are also based on several additional factors, such as age and condition of the property, proximity to a fire station, the property owner's claims history, and the types and amount of coverage and deductibles chosen. In 2022, the average cost of a FAIR Plan policy was about $3,200 per year, which is more than double a typical home insurance policy in California, where the average homeowner paid $1,480 for broader dwelling coverage as of October 2024.

69. In the mid-1990s, the Legislature passed AB 1754, requiring FAIR Plan rates to be "actuarially sound so that premiums are adequate to cover expected losses, expenses and taxes." The Legislature believed that the bill was "necessary to protect the solvency of the FAIR Plan and to remove what is in effect an indirect tax on property owners." The Association has defined "actuarially sound" as "high enough to provide sufficient funds to pay the expected cost of claims,

as determined by a certified actuary, and administrative expenses, and include net cost of reinsurance whereby insurers purchase policies from other insurers." According to the Association, "the net cost of reinsurance must be part of the ratemaking process." The FAIR Plan accordingly purchases reinsurance for its policies.

70. Since 2020, the number of active FAIR Plan policies has dramatically increased. In May 2023, State Farm—California's largest property insurer—announced that it would no longer write new policies in the state. Since then, seven of California's twelve largest property insurers have limited their coverage. Even smaller insurers have stopped writing new homeowners policies. As a result, the FAIR Plan has experienced record growth in the past four fiscal years, with dwelling policies having increased by 123% and commercial policies by 161%.

71. In 2020, with only approximately 200,000 dwelling policies, the FAIR Plan covered less than three percent of residents. Ninety-seven percent of Californians then had a competitive market option for Property Policies. By the end of the 2024 fiscal year (September 30), due to Defendants' illegal collusion and group boycott, approximately 1,000 people each day were seeking FAIR Plan coverage. Depending on the source, the total number of FAIR Plan policies increased by 41% from 2022 to 2024 alone, with 451,799 residential polices by September 30, 2024, a four percent market share of all property fire insurance policies in the state. The FAIR Plan's total coverage exposure statewide was $458 billion, reflecting a 61.3% increase from September 2023.

72. After the January 2025 wildfires, the Association estimated that the FAIR Plan covers about 22% of the structures damaged by the Palisades Fire. The FAIR Plan reported in its last prior disclosures in March 2024 that it has only $200 million in reserves and $2.5 billion in reinsurance, which is inadequate to cover the claims arising from the Palisades Fire. These inadequate reserves and reinsurance amounts were controlled and set by Defendants and their co-conspirators through their participation in the FAIR Plan's Governing and Executive Committees as the only voting members.

73. Defendants were aware of the FAIR Plan's inadequacies. In June 2022, the CDI issued an operational assessment characterizing the FAIR Plan's operations as opaque and

insufficiently funded, and noted inaccuracies in its financial reporting. The CDI also admitted that the FAIR Plan's "bare bones dwelling fire policy is not enough," and stated that the FAIR Plan needed to be redirected to fulfill its intended purposes of: (1) providing insurance to homeowners and businesses unable to obtain coverage in the traditional insurance market; (2) offering more coverage and higher policy limits to California homeowners and businesses; and (3) expanding the FAIR Plan's own personnel and resources to meet the consumers' needs and make structural and operational changes to achieve its goals.

74. Despite these recognized defects, Defendants, through their control of the Association, took no actions to correct them. Instead, Defendants agreed to and did take concerted actions to substantially reduce coverages in the targeted areas to limit their risk of coverage liability at the expense of the very consumers, including Plaintiffs, that the CDI operational assessment addressed. Defendants forced more consumers into the FAIR Plan by dropping Property Policies through the cancellation/non-renewal in substantial numbers, and by refusing to sell new Property Policies in competition with each other in approximately late 2022 and throughout 2023 and 2024.

75. Defendants were keenly aware of the serious effects of their actions on insurance policy consumers. In March 2024, President of the FAIR Plan, Victoria Roach, speaking on behalf of the participating insurers, publicly warned that California residents "would be forced to pay billions of dollars to bail out the state's insurer of last resort if a major wildfire hits." President Roach stated that "[a]s the numbers climb our financial stability becomes more in question." Roach further stated that "[w]e are one event away from a large assessment. . . . There's no other way to say it, because we don't have the money on hand and we have a lot of exposure."

76. Based on these concerns, Insurance Commissioner Ricardo Lara announced, on July 26, 2024, a construct under which Defendants essentially enjoyed a "limitation of liability" under the FAIR Plan. Specifically, losses suffered by the state's insurer of last resort could be recouped by surcharges on residential and commercial insurance policies statewide in an "extreme worst-case scenario." Participating Insurers would be required to cover ***only*** up to $1 billion for

residential claims. Participating Insurers could then temporarily surcharge all of their own policyholders for half of what they are assessed under FAIR Plan, and to temporarily surcharge policyholders for 100% of claims in excess of those amounts, whether they were exposed to the fires or not. Criticizing this concession to the Participating Insurers, Carmen Balber, of Consumer Watchdog, stated that "[i]f the FAIR Plan gets into trouble, it will be because insurance companies dumped too many Californians onto [FAIR Plan's] books. Those companies should be on the hook for the fallout, not every homeowner in the state."

Defendants' Illegal Scheme

77. Before implementing their illegal scheme, Defendants actively and separately competed with each other in selling standard Property Policies to homeowners on the bases of premium prices, coverages, and terms; sought new customers and converted customers of other carriers to themselves; and wrote and sold broad coverage policies. These competitive Property Policies included coverage for content; for wind, earthquake, water, and other perils in addition to wildfire; for loss of use; and increased coverage for total losses and rebuilding, among other competitive terms.

78. For example, from 2017 to 2022, State Farm, in an effort to increase its market share and solidify its position as the largest residential property insurer in the state, aggressively sought new customers in Palisades and Malibu by undercutting competitors' premium prices for similar or the same broad coverage.

79. Upon information and belief, State Farm significantly increased its market share of residential policies during this competitive period, such that by 2022 State Farm insured more than 2,300 of approximately 8,966 residential properties in Palisades, or approximately 25% of the market in that community. During the same period, State Farm had more than 20% of the market statewide. In 2023 alone, Defendant State Farm received $2.7 billion of residential insurance premiums in the state, a 70% increase over 2018.

80. The competitive climate began to change in a wholesale fashion for designated segments of the market in approximately January 2023. This sea change is illustrated in dramatic effect through the experiences of class members leading up to the devastating wildfires in 2025.

Before Defendants' collusion took effect, class members like Plaintiffs had purchased homeowners insurance in a conventional marketplace governed by normal competitive practices. Class members were able to shop for and purchase homeowners insurance through price comparison and by evaluating other factors through which insurers such as Defendants competed for their business. That suddenly changed in the year before the wildfires, as Defendants' collusion coalesced in full force in the market.

81. Uncoincidentally, within the same narrow time period, class members like Plaintiffs were shocked to discover that no admitted insurance carrier in the market—led by Defendants—were willing to extend insurance coverage to their homes. This was despite the fact that class members like Plaintiffs had for years prior been able to obtain and maintain homeowners insurance coverage from carriers while the market was functioning in a competitive and non-collusive manner. This was also despite the fact that class members were part of an otherwise lucrative segment of the market in which insurers had typically charged, and insureds were willing to pay, high premium amounts for homeowners insurance coverage.

82. Class members' experience is illustrated by publicly reported statistics about trends in Defendants' business. For example, in March 2024, State Farm submitted filings to the CDI, announcing that the majority of the insurer's customers in Palisades and similar communities would lose coverage. The submission announced the elimination of approximately 72,000 Property Policies across California, and resulted in more than 1,600 of 2,342 (69.4%) of policy holders in Palisades losing coverage. The remaining Defendants similarly eliminated significant swaths of policies in the same markets.

83. Defendants' conduct is also reflected in publicly reported statistics about trends regarding the FAIR Plan. Only months before the 2025 Fires, the FAIR Plan released statistics revealing that the primary zip code for Palisades (90272) experienced an 85% increase in FAIR Plan policies between September 30, 2023 and September 30, 2024. A zip code in Altadena (91001) experienced a year-over-year increase of 28.8% during the same period.

84. The only plausible reason why the entire marketplace of purportedly competitive insurance suppliers, led by Defendants, would suddenly and simultaneously refuse their products

to lucrative segments of the buyer market was the existence of an agreement to drive those buyer segments into even higher-priced FAIR Plan insurance policies that enabled the insurers to continue to profit from these consumers and the broader California insurance market while dramatically reducing the insurers' liability exposure. Defendants were willing to forgo competition for these consumers and risk losing their business to a competitor only because of the agreement that ensured the consumers would end up en masse in the collectively controlled FAIR Plan.

85. Plaintiffs' experience brings into sharp focus Defendants' collusive abandonment of this market segment. They were lucrative customers who had paid significant sums to date to maintain insurance for high value properties. Prior to the collusive abandonment, Plaintiffs maintained insurance coverage at times over $3 million. Yet, once the conspiracy took effect, Plaintiffs found themselves in a marketplace that suddenly went from offering over $3 million in insurance coverage to $0 in insurance coverage, despite the fact that they were willing and able to pay more money to retain the same coverages they previously enjoyed. This is illustrative of the shared experiences of the class members at large. Competitive markets ordinarily do not operate in such an abrupt and economically irrational manner absent collusive action, which Defendants spearheaded here.

86. Defendants' collusion quickly reaped a significant windfall. By forcing class members like Plaintiffs into the FAIR Plan, the liability exposure from their policies was reduced by billions of dollars. By cancelling or refusing to renew existing policies and ceasing to write new policies, Defendants forced consumers whose homes cost into policies capped at either $3 million of coverage or at cash value amounts far below the actual amount required to rebuild after a catastrophe, and for which losses would be subsidized by the market at large. This amounted to a stunning manipulation of the FAIR Plan's above-mentioned characteristics (e.g., proportionate risk sharing, the ability to assess rate increases to recover 50% of certain losses, and operational secrecy). Defendants also forced class members into policies that had previously covered reconstruction costs, but which were downgraded to actual cash value coverage under the FAIR Plan. In doing so, Defendants' scheme succeeded in operating exactly as planned to collectively

billions of dollars in savings at the expense of class members.

87. These anti-competitive activities were the direct result of an illegal group boycott established and agreed upon by and between Defendants and their co-conspirators, for the purpose of financially benefitting all Defendants at the expense, risk and detriment of consumers insured by them and those seeking property insurance from them. This illegal group boycott was coordinated and maintained by and through a number of both joint and individual actions taken by Defendants in furtherance of its goals, including actions taken to affirmatively conceal the conspiracy, its purposes, and its goals, from class members. By and through Defendants' joint management and control of the FAIR Plan, Defendants utilized it as an artifice intended to deceive class members, and as a device to achieve their illegal goals. Defendants raised prices above competitive levels, reduced total quantity below what it would have been absent the conspiracy, changed incentives to inhibit interfirm competition and maintain higher prices, allocated the collusive gains among members, and substituted joint conduct for unilateral conduct.

88. Defendants dropped conventional Property Policies belonging to class members like Plaintiffs. These were at substantially lower premium prices and provided far greater coverages than the premium prices of the FAIR Plan coverage that Defendants forced class members like Plaintiffs to accept as the only available alternative. When considering the diminution in coverage and the increased premium per $1,000 in coverage, FAIR Plan premiums were 100-200% higher than Defendants' previous premium prices. Defendants used the FAIR Plan to fix prices at these supra-competitive levels by substituting the FAIR Plan's single-premium pricing structure for the previous individual, lower, diverse competitive pricing from competing carriers. By forcing class members into the FAIR Plan, Defendants used the plan to raise, fix, maintain and stabilize premium prices for those thousands of consumers to their joint financial benefit. These premium increases were achieved contrary to and in circumvention of the rate increase approval process required by Proposition 103 and the CDI.

89. Defendants also succeeded in substantially reducing the quantity of insurance coverage available in the market below what it had been in a competitive market. By refusing to insure class members and forcing them to purchase the capped coverages under the FAIR Plan,

Defendants jointly reduced the quantity of insurance coverage in the market by hundreds of millions of dollars below previous levels.

90. As a result of the eliminated competition, Defendants' incentives changed from competitive self-interest to the shared collusive interests in jointly reducing coverages, increasing premium prices, reducing the requirements for tying up revenue in reserves, using higher premium prices to fund re-insurance risk reduction, and limiting claims liability. The resulting reduction in reserve requirements enabled Defendants to increase profitability through increased liquidity that could be allocated toward investments. These substantial financial incentives, none of which were otherwise achievable by Defendants individually in the previous competitive market, were achieved by Defendants' group boycott.

91. The allocation of the collusive gains achieved by the arrangement among the Defendant participants in the conspiracy is further evidence of their agreement. Exploiting their management and control of the Fair Plain as an artifice and device of the conspiracy, Defendants allocated the financial benefits of the group boycott among themselves. In so doing, they fixed their relative market shares as potentially impacted by these boycotted policies, and allocated the benefits in accordance with their state-wide market shares. Revenue, reserve contribution obligations, required coverage of excess claims, and others are allocated by accounting on the "market-share" principle, as were financial benefits resulting from the conspiracy.

92. To effectuate this illegal group boycott, Defendants, through their executives as representatives, met and communicated to exchange confidential information including marketing plans, catastrophe and risk models, planned market withdrawals, premium prices, and their joint use of the FAIR Plan as a vehicle for reducing risk exposure and claims liability in a coordinated manner that would financially benefit all participating Defendants to the detriment of property insurance consumers. This coordination and collusion, which was intended to and, in fact, did eliminate competition between and among them, was accomplished, in part, through their joint participation in a series of meetings, including: (1) meetings of the FAIR Plan Governing Committee and its seven separate subcommittees; (2) weekly meetings at the Personal Insurance Federation of California ("PIFC"); (3) weekly meetings at the American Property Casualty

Insurance Association ("APCIA"); and (4) other meetings regarding the mechanism of the conspiracy. The PIFC and the APCIA were utilized to reach agreements, and to create, manage, and discipline the group boycott among Defendants.

93. Defendants' decision to act in concert is further evidenced by its other marketplace activities. In 2024, as Participating Insurers in the FAIR Plan, Defendants requested and received a rule change from the CDI that permitted Defendants to assess their customers in the event that the reserves and reinsurance amounts in the FAIR Plan were exceeded by claims. The rule provides that, if the Participating Insurers are proportionately assessed monies collectively in excess of the reserves and reinsurance (approximately $2.5 billion at that time), Defendants could add to their customers' bills 50% of the first additional billion and 100% of any amounts over that. This joint effort to enact a rule change does not comprise in of itself Defendants' anti-competitive conduct, but rather serves as evidence of Defendants' determination to act collusively.

94. Other marketplace activities that evidence Defendants' decision to act in concert include their participation in negotiations and workshops related to the Sustainable Insurance Strategy Initiative. In 2023 and 2024, Defendants requested and received a rule change from the CDI that permitted Defendants to use forward looking catastrophe models regarding wildfire risks and factor reinsurance costs into rate hikes, notwithstanding limitations imposed by Proposition 103. Once again, this serves as further evidence of Defendants' determination to act collusively, rather than as the anti-competitive conduct at issue itself.

95. To conceal their collusive agreement and group boycott, Defendants made multiple, individual public announcements within a short period of time in 2022 and 2023. Those announcements purported, among other things, that certain Defendants had "independently" made decisions to refuse to write new Property Policies, to restrict the absolute number of policies they would write state-wide, and to refuse to renew existing policies; and purported to assign responsibility for such coordinated anti-competitive actions away from themselves and their illegal conspiracy to other causes. These purported "causes" included state regulations and regulators, environmental factors, inadequate premium rates, the supposed distressed financial status of wholly-owned, separate California subsidiary entities, and their inability to earn an "adequate

return."

96. These diversionary media tactics were intended to and were used to conceal the true facts from class members like Plaintiffs, including that the scheme was intended to eliminate the coverage of homeowners with properties with values in excess of the FAIR Plan maximum coverage, so that the Defendants could use the FAIR Plan as a vehicle to limit their individual coverage liabilities and charge higher rates for less coverage, as a direct joint economic benefit to Defendants. These diversionary media tactics were also intended to and were used to conceal the true facts from class members like Plaintiffs that the scheme was used to achieve substantially higher premium rates from consumers across the board in California, while eliminating the selected high value property coverages that were cited as the risk basis to argue for and obtain approval of those higher rates. For example, in February 2023, representatives of State Farm met with the California Insurance Commissioner and threatened to stop writing policies in the State and requested a 28% increase in premiums. In response to that threat, the CDI granted State Farm a 20% rate increase. In June 2024, State Farm requested an additional 30% rate increase. Defendants' diversionary media tactics were also intended to and were used to conceal the true facts from class members like Plaintiffs that the scheme was intended to replace competitive individual underwriting with the non-competitive alternative FAIR Plan.

97. Defendants also concealed their illegal group boycott and collusive activities from class members like Plaintiffs by and through misrepresentations communicated to them by Defendants' brokers who were the principal contacts with class members for the sale of Property Policies. Among other things, such misrepresentations and falsehoods included: (1) that the dropping and non-renewal of their then-existing Property Policies was required by the California Insurance Commissioner Lara and/or the CDI; (2) that no other certified insurance carrier was permitted to sell a similar full coverage property policy in their geographic area by the CDI; (3) that, as a result of action taken by the CDI, the only property insurance coverage available was that provided by the FAIR Plan; and (4) that the consumer needed to immediately apply for and obtain FAIR Plan coverage or risk losing coverage altogether.

98. Defendants also concealed their illegal group boycott and collusive activities from class members like Plaintiffs by and through the withholding of material information by restricting communications to class members and other consumers by Defendants' agents and brokers. Among other things, Defendants restricted agents and brokers from providing such material information such as: (1) prohibiting agents and brokers from disclosing to insured parties that their policies would be terminated, dropped or not renewed for a period of months after the plan to drop the policies was made; and (2) prohibiting agents and brokers from disclosing to insured parties that the carriers had agreed that no other carrier would offer or sell property insurance to the dropped customer. This enabled Defendants to synchronize non-renewals and apply added pressure on consumers to quickly join the FAIR Plan.

99. Defendants had a common interest in jointly controlling the targeted market segments by eliminating competition between them in those areas, for the joint purposes of increasing premium rates and profitability, substantially reducing claim reserves, reducing multiple perils underwriting, and to coerce class members like Plaintiffs to the FAIR Plan which enabled them to assess consumers across the state if claims exceeded the FAIR Plan's reserves and reinsurance.

100. Certain Defendants, including Chubb and AIG, stopped offering policies in 2022 through their existing brands in the state to direct customers to other units of their companies, not licensed in California, that might, but are not required to, offer "excess and surplus lines" of insurance at up to five times the prior premiums of the dropped policies for significantly less coverage.

101. Defendants formed and executed a number of conspiratorial agreements, including: (a) to overtly or tacitly agree to limit coverages for Property Policies individually written by them in the market; (b) to overtly or tacitly agree to cancel, drop and refuse to renew existing Property Policies, and refuse to sell coverage policies to both new customers and to existing and former customers of other Defendants; (c) to overtly or tacitly agree not to compete with each other for the sale of Property Policies, by "redlining" certain geographic areas and home values in which and for which they would withdraw from providing Property Policies, including in the targeted

market segments; (d) to overtly or tacitly agree to boycott, as a group, class members like Plaintiffs seeking Property Policies in the targeted market segments.

102. Defendants thus coopted the FAIR Plan—which was intended as a consumer benefit of "last resort" to temporarily provide fire insurance for those unable to secure standard coverage until the CDI could arrange with carriers for traditional insurance—as a vehicle and artifice to effectuate their illegal conspiracy. By and through their joint control and management of the FAIR Plan, Defendants were able to conspire to construct and use the operations of the FAIR Plan to support their anti-competitive scheme by, among other things, using the FAIR Plan to conceal their anticompetitive group boycott scheme by portraying the FAIR Plan as a pro-consumer insurance exchange, when in fact it was the opposite.

103. As a result of Defendants' anticompetitive actions, the number of FAIR Plan policies for residential properties in the Palisades increased between September 2023 and September 2024 by an astounding 85%, and the FAIR Plan's total exposure increased by 61%. A Washington Post article confirms that, by March 2024: "State Farm dropped . . . . nearly 70 percent of policies in the Palisades zip code. Unable to find insurance on the private market, many of those homeowners turned to the state-backed "insurer of last resort" known as the FAIR Plan.

104. These collusive actions represent a clear antitrust violation under the Cartwright Act and California's Unfair Competition Statute by: (a) eliminating competition in the market by Defendants' group boycott of class members like Plaintiffs; (b) reducing capacity in the market by restricting the breadth and amount of insurance coverage available to consumers in the market to inadequate levels; and (c) price-fixing by making insurance coverage available *only* at the higher FAIR Plan premiums.

105. Through early 2025, the illegal group boycott was producing for Defendants the intended financial benefits and results. Their intent and ability to conceal their plans and execution of their group boycott had also succeeded. But the tragic wildfires of January 2025 laid bare Defendants' illegal conspiracy. The resulting cumulative damage exposed the group boycott and its illegality, as large swaths of class members' policies had been terminated, premiums had been substantially increased under the FAIR Plan, and coverages had been reduced.

106. The effects of the conspiracy on the FAIR Plan became immediately apparent. The claims resulting from the wildfires quickly exceeded the minimal reserves and reinsurance, risking failure of the Plan and requiring consumers throughout the State—rather than the carriers—to bear these costs through increased premiums for the exceeded claims.

<u>The Anticompetitive Harm of Defendants' Conspiracy</u>

107. In the aftermath of the January 2025 wildfires, the anticompetitive effects of Defendants' illegal conspiracy and the directly resulting harm to both competition and class members liked Plaintiffs are clear and undeniable.

108. Before Defendants' collusion, class members like Plaintiffs had been able to shop for and purchase homeowners insurance coverage within a competitive insurance marketplace. Defendants' illegal conspiracy, however, eliminated competition for the sale of standard Property Policies to class members like Plaintiffs in the targeted areas that had previously been characterized by aggressive competition on the bases of premium prices, multiple perils coverages, dollar coverage levels equal to a substantial portion of, or full home valuation, and other terms. By Defendants' collusive actions, competition in the market essentially ceased to exist, with the joint action of Defendants resulting, as they intended, in only one non-competitive insurance option for boycotted homeowners.

109. This non-competitive option, the FAIR Plan, jointly managed and controlled by the Defendants and their co-conspirators, issued standard policies which contained fixed terms, not subject to negotiation or competition. These terms dictated inflated premium prices, perils coverage limited to fire only, and limited the dollar amount of coverage to an inadequate level. Competition in the market was not just harmed but completely eliminated and replaced by a monopoly—the FAIR Plan—that controlled prices, capacity, and terms. The resulting monopoly was controlled by Defendants.

<u>Class Action Allegations</u>

110. Plaintiffs bring the First and Second Causes of Action individually and on behalf of a class of other similarly situated persons defined as: All California homeowners who obtained fire insurance through the FAIR Plan on or after the date that Defendants' conspiracy began,

presently believed to be approximately January 1, 2023, after previously maintaining fire insurance for the same residence through an admitted carrier.

111. The members of the class are so numerous that joinder of all members is impracticable. Although the exact number of class members is not known at this time, Plaintiffs believe that the class comprises up to hundreds of thousands of homeowners in California.

112. There are common issues of law and fact in this class action that relate to and affect the rights of each member of the class, including:

a. Did Defendants and their co-conspirators engage in a combination or conspiracy in restraint of trade or commerce, in violation of the California Cartwright Act, California Business and Professional Code §§ 16700 *et seq*.?

b. Did Defendants, acting in the form of an illegal trust, refuse to compete with each other in the sale of Property Policies and to boycott consumers of such products?

c. Did Defendants' misconduct eliminate or damage the competitive market for fire and casualty insurance, including by increasing the price of insurance products to inflated and non-competitive levels?

d. Did Defendants' misconduct eliminate or damage the competitive market for fire and casualty insurance, including by reducing the quality and quantity of insurance products available to class members?

e. Did Defendants' create a monopoly that they jointly managed and controlled, leaving the FAIR Plan as the sole of insurance coverage for Plaintiffs on fixed, non-negotiable and non-competitive terms?

f. Did Plaintiffs and similarly situated class members incur inflated premium costs and suffer harm as a result of Defendants' misconduct?

g. Did Defendants and their co-conspirators engage in unlawful and/or unfair business practices, in violation of California law?

113. The claims of Plaintiffs are typical of the claims of all class members. Plaintiffs are similarly situated to all class members with respect to the issues presented in this case. The two class claims pled by Plaintiffs are based on the same fundamental factual allegations and legal

theories as the claims of all other class members.

114. All class members have been adversely affected by the wrongful conduct of Defendants alleged herein.

115. Plaintiffs will adequately represent and protect the interests of the class and have no interests that conflict with or are antagonistic to the interests of the class.

116. The lawyers for Plaintiffs are experienced and capable of prosecuting complex, class litigation such as this case.

117. A class action is superior to any other method available for the fair and efficient adjudication of this controversy.

FIRST CAUSE OF ACTION

(Violations of California Cartwright Act, Business & Professions Code Sections 16720 *et seq.* Against All Defendants)

118. Plaintiffs re-allege and incorporate by reference the allegations contained in the preceding paragraphs, as though fully set forth herein.

119. Beginning at least as early as January 2023 and continuing until at least February 2025, Defendants and their co-conspirators engaged in a combination or conspiracy in restraint of trade or commerce, in violation of the California Cartwright Act, California Business and Professional Code §§ 16700 *et seq*.

120. Defendants, acting in concert in the form of an illegal trust, agreed and conspired to create and carry out restrictions on trade and commerce under California Business and Professional Code §§ 16720 and 16726 by (a) refusing to compete with each other in the sale of Property Policies and to boycott consumers of such products; (b) increasing the price of these insurance products to inflated, non-competitive levels; (c) reducing the quality and quantity of insurance coverage available; and (d) creating a monopoly, which they jointly managed and controlled, as the sole source of insurance coverage for Plaintiffs on fixed, non-negotiable and non-competitive terms.

121. As a direct and proximate result of Defendants' misconduct, Plaintiffs have been injured through incurring inflated premium costs and are entitled to recover damages, enhanced

damages, interest on their damages and injunctive relief as provided by Business & Professions Code Section 16750.

SECOND CAUSE OF ACTION

(Violation of California Unfair Competition Law Against All Defendants)

122. Plaintiffs re-allege and incorporate by reference the allegations contained in the preceding paragraphs, as though fully set forth herein.

123. California's Unfair Competition Law ("UCL") prohibits "unfair competition," including any unlawful, unfair or fraudulent business practice. A business practice or act is "unlawful" where it violates or is otherwise forbidden by law. A business practice or act is "unfair" when it offends an established public policy, or the practice is unethical, immoral, oppressive or unscrupulous or substantially injurious to consumers. A business practice or act is "fraudulent" when reasonable members of the public are likely to be deceived.

124. The aforementioned anti-competitive behavior, misrepresentations, and concealment constitute unlawful, unfair, or fraudulent business practices that violate the UCL. Specifically, Defendants' conduct was unlawful as it violated the Cartwright Act and California Civil Code section 1572 *et seq*. Defendants' conduct was also an unfair business practice as it operated in an unethical, immoral, oppressive or unscrupulous manner by systematically eliminating Plaintiffs' access to insurance coverage that they would have had access to in a non-collusive and competitive marketplace. This practice was performed in order to reap an improper financial windfall while being substantially injurious to consumers by depriving them of critically important insurance coverage and driving up the cost of premiums. This harm to consumers plainly outweighs any value that should be attributed to unscrupulous profits gained by Defendants through their unfair business practice. Defendants' conduct was also a fraudulent business practice because their efforts to conceal the collusive agreement were likely to deceive reasonable members of the public, which in fact occurred with Plaintiffs.

125. On information and belief, Defendants' misconduct was a widespread practice.

126. Plaintiffs have suffered widespread harm as a result of Defendants' violations of the UCL.

127. Plaintiffs are entitled to restitution of the inflated premium costs they incurred as a result of Defendants' conduct. Defendants should also be enjoined from engaging in the unlawful, unfair or fraudulent business practices described herein, including maintaining and executing the conspiratorial, anti-competitive agreements between and among them.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief as follows:

1. For an award of Plaintiffs' past, present, and future general, special, actual, and compensatory damages as proven at trial;
2. For an award of treble damages;
3. For attorneys' fees;
4. For prejudgment interest as allowed by law;
5. For injunctive relief enjoining Defendants from engaging in anticompetitive and/or unlawful behavior.
6. For such other and further relief which this Court deems just and proper.

Dated: April 18, 2025

SHERNOFF BIDART ECHEVERRIA LLP

Michael J. Bidart

Michael J. Bidart
Ricardo Echeverria
Danica Crittenden

Dated: April 18, 2025

LARSON LLP

By: S G Larson

Stephen G. Larson
Robert F. Ruyak
Paul A. Rigali
John S. Lee

Attorneys for Plaintiffs

DEMAND FOR JURY TRIAL

Plaintiffs hereby demand trial by jury.

Dated: April 18, 2025

SHERNOFF BIDART ECHEVERRIA LLP

Michael J. Bidart

Michael J. Bidart
Ricardo Echeverria
Danica Crittenden

Dated: April 18, 2025

LARSON LLP

By: S G Larson

Stephen G. Larson
Robert F. Ruyak
Paul A. Rigali
John S. Lee

Attorneys for Plaintiffs