

CALIFORNIA DEPARTMENT OF INSURANCE
LEGAL BRANCH
RATE ENFORCEMENT BUREAU
LISBETH LANDSMAN-SMITH, Bar No. 166973
300 Capitol Mall, Suite 1700
Sacramento, CA 95814
Telephone: 916-492-3561

Attorney for The California Department of Insurance

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

In the Matter of the Rates, Rating Plans,
Rating Systems, and Underwriting Practices
of

File No. NC-2024-00015

GuideOne Insurance Company
(NAIC #15032),

Respondent.

TO RESPONDENT: GuideOne Mutual Insurance Company (NAIC #15032)

NOTICE OF NONCOMPLIANCE, PURSUANT TO INSURANCE CODE

SECTION 1858.1

THE CALIFORNIA DEPARTMENT OF INSURANCE (“Department”) HEREBY
NOTIFIES GUIDEONE INSURANCE COMPANY (“Respondent”) that the Insurance
Commissioner of the State of California (“Commissioner”) has good cause to believe that
Respondent’s rates, rating plans, rating systems, and underwriting rules violate California laws,
including, without limitation, Insurance Code section 1861.01, subdivision (c); Insurance Code
section 1861.05, subdivisions (a) and (b); and Title 10 of the California Code of Regulations (“10
CCR”) sections 2360.3 and 2360.4. Pursuant to Insurance Code section 1858.1, this Notice sets
forth the manner and extent of the noncompliance.

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2 *Response: Mono line coverage filings will be submitted by the end of February,*
3 *2021. The product will be offered as a package before the mono line filings are*
4 *approved.*

- 5 7. Since November 19, 2020, Respondent has not submitted a separate prior approval New
6 Program filing for any of the NIF Artisan Contractors mono line policy coverage.
- 7 8. Since November 19, 2020, Respondent continued to sell the NIF Artisan Contractors
8 mono line policy coverage.
- 9 9. On or around February 28, 2019, Respondent submitted a prior approval filing for the
10 Aegis Oil & Gas monoline commercial general liability policy, which was approved on or
11 around May 3, 2019.
- 12 10. On or around March 1, 2019, Respondent submitted a prior approval filing for the Aegis
13 Oil & Gas monoline commercial property liability policy, which was approved on or
14 around May 17, 2019.
- 15 11. Respondent currently sells a commercial package policy called Aegis Oil & Gas, which
16 includes commercial general liability, commercial burglary and theft, fidelity, commercial
17 property, and other commercial inland marine insurance.
- 18 12. Respondent has not filed a prior approval New Program application for the package
19 described in paragraph 11.

20 **SPECIFIC ALLEGATIONS**

21 **Allegation No. 1**

22 **Violation of Insurance Code §§1861.01, subd. (c) and 1861.05, subd. (b)**

- 23 13. Insurance Code section 1861.01, subdivision (c) and section 1861.05, subdivision (b)
24 require the Commissioner's prior approval of insurance rates before they are used.
- 25 14. Respondent sold mono line coverage to policyholders without obtaining the
26 Commissioner's prior approval for mono line coverage rates.
- 27 15. Respondent's failure to obtain prior approval of rates for monoline coverage rates is a
28 violation of Insurance Code sections 1861.01, subdivision (c) and section 1861.05,

subdivision (b) and have resulted in excessive, inadequate and /or unfairly discriminatory rates charged to policyholders in violation of Insurance Code section 1861.05, subdivision (a).

16. Each of Respondent's noncompliant acts is subject to monetary and other penalties pursuant to Insurance Code section 1858.07 and 1858.3 in amounts to be determined.

Allegation No. 2

Violation of Insurance Code §1861.05, subd. (a) and 10 CCR §§ 2630.3 and 2630.4

17. Insurance Code section 1861.05, subdivision (a) prohibits insurers from charging rates that are excessive, inadequate, unfairly discriminatory, or otherwise in violation of Chapter 9 of Part 2 of Division 1 of the Insurance Code; 10 CCR sections 2630.3 and 2630.4 require an insurer to determine and offer to each insured the lowest premium for which the insured qualifies.
18. By charging unapproved rates for mono line coverage, Respondent has charged excessive rates and failed to determine and/or offer to each of its respective policyholders the lowest premium for which they qualify.
19. Respondent's charging of excessive rates and its failure to determine and/or offer to each policyholder the lowest premium for which they qualify violates Insurance Code section subdivision (a) and 10 CCR section 2360.3 and 2360.4.
20. Each time an unapproved rate for mono line coverage has been charged, it constituted an act as defined in Insurance Code section 1858.07.
21. The number of noncompliant acts is unknown and will be determined at hearing.
22. Each of Respondent's noncompliant acts is subject to monetary and other penalties pursuant to Insurance Code section 1858.07 and 1858.3 in amounts to be determined.

Allegation No. 3

Violation of Insurance Code §§1861.01, subd. (c) and 1861.05, subd. (b)

23. Insurance Code section 1861.01, subdivision (c) and section 1861.05, subdivision (b) require the Commissioner's prior approval of insurance rates before they are used.

- 1 24. Respondent sold commercial package coverage to policyholders without obtaining the
2 Commissioner's prior approval for commercial package coverage rates.
- 3 25. Respondent's failure to obtain prior approval of rates for commercial package coverage
4 rates is a violation of Insurance Code sections 1861.01, subdivision (c) and section
5 1861.05, subdivision (b) and have resulted in excessive, inadequate and /or unfairly
6 discriminatory rates charged to policyholders in violation of Insurance Code section
7 1861.05, subdivision (a).
- 8 26. Each of Respondent's noncompliant acts is subject to monetary and other penalties
9 pursuant to Insurance Code section 1858.07 and 1858.3 in amounts to be determined.

10 **Allegation No. 4**

11 **Violation of Insurance Code §1861.05, subd. (a) and 10 CCR §§ 2630.3 and 2630.4**

- 12 27. Insurance Code section 1861.05, subdivision (a) prohibits insurers from charging rates
13 that are excessive, inadequate, unfairly discriminatory, or otherwise in violation of
14 Chapter 9 of Part 2 of Division 1 of the Insurance Code; 10 CCR sections 2630.3 and
15 2630.4 require an insurer to determine and offer to each insured the lowest premium for
16 which the insured qualifies.
- 17 28. By charging unapproved rates for commercial package coverage, Respondent has charged
18 excessive rates and failed to determine and/or offer to each of its respective policyholders
19 the lowest premium for which they qualify.
- 20 29. Respondent's charging of excessive rates and its failure to determine and/or offer to each
21 policyholder the lowest premium for which they qualify violates Insurance Code section
22 subdivision (a) and 10 CCR section 2360.3 and 2360.4.
- 23 30. Each time an unapproved rate for commercial package coverage has been charged, it
24 constituted an act as defined in Insurance Code section 1858.07.
- 25 31. The number of noncompliant acts is unknown and will be determined at hearing.
- 26 32. Each of Respondent's noncompliant acts is subject to monetary and other penalties
27 pursuant to Insurance Code section 1858.07 and 1858.3 in amounts to be determined.
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RELIEF REQUESTED

THE DEPARTMENT HEREBY NOTIFIES RESPONDENT that, to the extent that its unlawful practices are ongoing at the time of delivery of this Notice, Respondent must correct its noncompliance within ten (10) days of receipt of this Notice. With respect to the allegations set forth above, Respondent must provide proof of system-wide correction or other response permitted by Insurance Code section 1858.1 within ten (10) days of receipt of this Notice.

THE DEPARTMENT HEREBY FURTHER NOTIFIES RESPONDENT that if Respondent fails to make an adequate and timely response to this Notice, the Department will set a public hearing pursuant to Insurance Code section 1858.2 and 1858.3.

THE DEPARTMENT HEREBY FURTHER NOTIFIES RESPONDENT that, if after a hearing pursuant to Insurance Code section 1858.2, the Commissioner finds that any rate, rating plan, or rating system violates any provision of Chapter 9 of Part 2 of Division 1 of the Insurance Code applicable to it, the Commissioner shall issue an order to the Respondent that specifies in what respects that violation exists and states when, within a reasonable period of time, the further use of that rate or rating system by Respondent shall be prohibited. The Commissioner may, in addition to that order, direct Respondent to take such other corrective action as the Commissioner may deem necessary and proper.

THE DEPARTMENT HEREBY FURTHER NOTIFIES RESPONDENT that any person who uses any rate, rating plan or rating system in violation of Chapter 9 of Part 2 of Division 1 of the Insurance Code is liable to the State of California ("State") for a civil penalty not to exceed five thousand dollars (\$5,000) for each act or, if the act or practice was willful, a civil penalty not to exceed ten thousand dollars (\$10,000) for each act. The Commissioner shall have discretion to establish what constitutes an act. However, when issuance, amendment, or servicing of a policy or endorsement is inadvertent, all of those acts shall be a single act for the purpose of this section. The penalty imposed by this section shall be imposed by and determined by the Commissioner as provided by Insurance Code section 1858.3, except that no penalty shall be imposed by the Commissioner if a person has used any rate, rating plan or rating system that has been approved

1 for use by the Commissioner in accordance with the provision of Chapter 9 of Part 2 or Division
2 1 of the Insurance Code.

3 THE DEPARTMENT HEREBY FURTHER NOTIFIES RESPONDENT that any person,
4 insurer, organization, group or association who fails to comply with a final order of the
5 Commissioner under Chapter 9 of Part 2 of Division 1 of the Insurance Code shall be liable to the
6 State in an amount not exceeding fifty thousand dollars (\$50,000), but if the failure is willful, it
7 shall be liable to the State in an amount not exceeding two hundred fifty thousand dollars
8 (\$250,000) for the failure. That penalty shall be in addition to any penalty issued under Insurance
9 Code section 1858.07. The Commissioner shall collect the amount so payable and may bring an
10 action in the name of the People of the State of California to enforce collection. These penalties
11 may be in addition to any other penalties provided by law.

12 THE DEPARTMENT HEREBY FURTHER NOTIFIES RESPONDENT that a willful
13 violation of Chapter 9 of the Insurance Code by any person is a misdemeanor.

14 THE DEPARTMENT HEREBY FURTHER NOTIFIES RESPONDENT that in addition
15 to the aforementioned penalties, the Commissioner may, pursuant to Insurance Code section
16 1858.4, suspend, revoke, in whole or in part, the license or certificate of authority of any insurer
17 with an order of the Commissioner lawfully made pursuant to Insurance Code section 1858.3 and
18 effective pursuant to Insurance Code section 1858.6.

19 THE DEPARTMENT HEREBY FURTHER NOTIFIES RESPONDENT that the
20 Department may amend this Notice to set forth additional noncompliant acts in violation of
21 Chapter 9 of Part 2 of Division 1 of the Insurance Code and seek additional penalties for each act
22 and/or all appropriate remedial actions, including without limitation, any other corrective action
23 the Commissioner may deem appropriate, pursuant to Insurance Code section 1858.07 and
24 1858.3.

25 Dated: 8/27/2026

CALIFORNIA DEPARTMENT OF INSURANCE

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28 By _____
Lisbeth Landsman-Smith