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BEFORE THE INSURANCE COMMISSIONER

OF THE STATE OF CALIFORNIA

In the Matter of the Rating and Underwriting Practices and Procedures of SPINNAKER INSURANCE COMPANY, Respondent.	**File No. NC-2025-00025** **SETTLEMENT STIPULATION AND CONSENT TO ORDER; [PROPOSED] CONSENT ORDER**

The DEPARTMENT OF INSURANCE OF THE STATE OF CALIFORNIA (the "Department") and SPINNAKER INSURANCE COMPANY ("Respondent") (collectively the "Parties"), stipulate as follows:

1. The Department has jurisdiction over Respondent, a licensed, admitted insurer in the state of California.

2. At all relevant times, Respondent transacted the business of insurance in California on risks or lines subject to the provisions of the California Insurance Code ("Insurance Code") and the California Code of Regulations ("Regulations"), in particular Insurance Code section 1861.05 and Regulation section 2644.9.

3. In or around May 2025, the Department discovered that Respondent had failed to implement wildfire mitigation credits, as required under its approved plan and mandated by Insurance Code 1861.05 and Regulation section 2644.9.

4. In or around December 2023, Respondent had submitted an application (CDI 24-

29) with the Department which it named the "Harborway Insurance Program – Businessowners" (hereinafter "Harborway Program"). Harborway is also the name of Respondent's managing general agent ("MGA") which the Department understands managed Respondent's businessowners' rating plan, including the Harborway Program. As such, Respondent remains liable for the actions of its MGA. (Insurance Code section 769.85).

5. On or around July 23, 2024, the Department approved CDI File #24-29, which requires Respondent to offer wildfire mitigation credits to its policyholders.

6. In January 2025, Respondent submitted a Rule Form application (CDI 25-8), in which it made various revisions to the Harborway Program. However, CDI File #25-8 did not address or otherwise request any changes to Respondent's wildfire mitigation requirement previously approved in its rating plan (CDI File #24-29).

7. In May 2025, while reviewing Respondent's pending file application (CDI File #25-8), the Department requested certain information from Respondent, specifically, samplings of its then-current policyholders rates with wildfire mitigation credits. Despite repeated requests, Respondent failed to provide this requested information.

8. The Department subsequently discovered that Respondent, in fact, had failed to implement the wildfire mitigation credits as mandated under its approved rating plan (CDI File #24-29).

9. Respondent states that its understanding is that, as Harborway did not believe it specifically rated for wildfire, Harborway did not believe the wildfire mitigation credits applied. Respondent therefore asserts that the failure to apply the wildfire mitigation credit was not intentional.

10. Based upon these facts and additional information Respondent provided to the Department, the Department issued a Notice of Noncompliance, which Respondent acknowledges having received, alleging that Respondent violated, *inter alia*, Insurance Code sections 1861.01, subsection (c), 1861.05, subsection (b), and Regulation sections 2644.9, subsection (a), 2360.3, and 2360.4, by failing to implement the wildfire mitigation credits approved by the commissioner.

11. Having fully reviewed the allegations of violations of the California Insurance Code and Regulations as set forth in the Notice of Noncompliance filed in this matter, Respondent hereby voluntarily and willingly enters into this Settlement Stipulation and Consent to Order ("Stipulation") with the Insurance Commissioner of the State of California (hereafter "Commissioner"), as a means of achieving a full and final resolution of the allegations set forth in the Notice of Noncompliance, in lieu of an evidentiary hearing and Order.

12. Respondent has met and conferred with the Department regarding the facts and circumstances giving rise to the allegations set out in the Notice of Noncompliance.

13. The Parties believe it is in the public interest to resolve this matter without the need for a hearing or any other administrative action.

14. Respondent has already undertaken several corrective steps with respect to its previous applications and other actions, including:

a. Issuing wildfire credit refunds to specific policyholders by rerating all policyholders since inception of the wildfire mitigation credit program, and multiplying the overcharge by each policyholder's respective earned exposure;

b. Applying a one dollar ($1.00) premium reduction to all policyholders regardless of whether or not they qualify for the wildfire mitigation credit, in addition to the multiplicative credit to customers; and

c. Agreeing to submit a new prior approval rate application for the Harborway Program to remove wildfire exposure as a rating factor. Should Respondent wish to rate for wildfire exposures in the future, Respondent acknowledges that it will be required to submit a new prior approval application to do so.

15. In addition to the actions discussed above, Respondent agrees to take the following steps with respect to its rate application practices:

a. Respondent shall pay a penalty of $126,200 within 30 days of receiving an invoice with payment instructions from the Department;

b. Respondent shall submit a new prior approval rate application for the Harborway Program to remove wildfire exposure as a rating factor within 30 days from the date of this executed Stipulation; and

c. Respondent shall transact all current and future insurance business in compliance with Insurance Code sections 1861.01, subsection (c), 1861.05, subsection (b), and Regulation sections 2644.9, subsection (a), 2360.3, and 2360.4, and all other applicable provisions of the Insurance Code and Regulations.

16. At the present time, the Department agrees that by taking the corrective actions listed above and paying the fine specified in this Stipulation, Respondent has or will have achieved compliance with California insurance laws with respect to the violations set forth in the Notice of Noncompliance and herein.

17. Other than as set forth in this Stipulation, the Parties agree that no factual findings or legal conclusions have been made.

18. Respondent denies the allegations contained in the Notice of Noncompliance and by entering into this stipulated agreement, memorialized by this Stipulation, Respondent makes no admission of liability, wrongdoing, or violation of law.

19. Respondent waives its rights to a hearing and any and all rights to which it may be entitled pursuant to Chapter 5, Part 1, Division 3, Title 2, (Sections 11500-11529 of the California Government Code), and by Insurance Code Section 1858.1.

20. This Stipulation includes all acts related to Respondent's alleged actions and inactions that led the Department to issue the Notice of Noncompliance. Nothing in this Stipulation precludes the Department from pursuing other actions against Respondent based upon

conduct that is not related to Respondent's alleged actions and inactions described herein and in the Notice of Noncompliance.

21. The Parties intend this Stipulation to be an integrated writing representing the complete, final, and exclusive embodiment of their agreement. It supersedes any and all prior or contemporaneous agreements, understandings, discussions, negotiations, and commitments (written or oral). This Stipulation may not be amended, modified, supplemented, or otherwise changed, except by a writing executed by an authorized representative of each of the parties.

22. Respondent acknowledges that this Stipulation is a public record as required by Government Code Section 11517(d), and that this Stipulation will be accessible to the public pursuant to the California Public Records Act, Government Code Sections 6250 *et seq*. The Stipulation will be posted on the Department's Internet website pursuant to Insurance Code Section 12968.

23. Respondent acknowledges that Insurance Code Section 1292l(b)(1) requires the Insurance Commissioner of the State of California ("Commissioner") to approve the final settlement of this matter. Both the settlement terms and conditions in this Stipulation and the acceptance of those terms and conditions are contingent upon the Commissioner's approval, which shall be evidenced and memorialized by the Commissioner's execution of the PROPOSED CONSENT ORDER set forth below. By signing the Stipulation, Respondent understands and agrees that it may not withdraw its agreement or rescind the Stipulation prior to the time the Commissioner considers and acts upon the Stipulation and Proposed Consent Order. If the Commissioner rejects the Stipulation and does not execute the proposed Consent Order, the Stipulation shall be of no force and effect except for this paragraph, and it shall be inadmissible in any legal action between the Parties. Any dispute over the admissibility, or lack thereof, of the rejected stipulation and any related drafts or communications regarding settlement shall be

governed by applicable provisions of the California Insurance Code and related regulations, the California Evidence Code, and any other applicable California law or regulation.

24. This Stipulation represents a full, final, and complete resolution and settlement of all issues raised in the Notice of Noncompliance between the Department and the Respondent and supersedes and replaces prior negotiations, communications, or agreements on the subject matter of this Stipulation. This Stipulation may not be modified unless agreed in a writing executed by all parties and approved by an Order of the Commissioner.

25. This Stipulation will become final and effective only when it is approved and expressly adopted by the Commissioner as evidenced by the execution of the Order below.

26. Discussions, admissions, concessions, or offers to stipulate or settle made by any party in negotiating this Stipulation, are not discoverable, shall remain confidential, and shall not be admissible for any purpose in any proceeding unless so authorized by a judicial officer (e.g., Administrative Law Judge or California Superior Court Judge) in compliance with applicable California laws and regulations, and in no instance are to be used as evidence of any noncompliance or wrongdoing on the part of Respondent.

27. The Department and Respondent have participated jointly in the negotiation and drafting of this Stipulation, and, in the event an ambiguity or question of intent or interpretation arises, this Stipulation shall be construed as jointly drafted by the Parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

28. Nothing contained in this Stipulation and any executed Consent Order constitutes a limitation upon or a waiver of the rights and powers of the Commissioner to enforce any California law, to examine the rating, underwriting, and/or any other business practices of Respondent, to take corrective or disciplinary action, to assess penalties against Respondent as

provided for by law, or to take such other action as necessary to protect the public based upon conduct that is not addressed in the Notice of Noncompliance and in this Stipulation and any executed Consent Order.

29. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement and shall only become effective when counterparts have been signed and delivered by each of the Parties to the Department. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the Party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

30. Respondent acknowledges that it freely and voluntarily executed this Stipulation with full realization of its legal rights.

31. The Commissioner retains jurisdiction to ensure that the Parties comply with the provisions and terms of this Stipulation and the Order requested thereon.

32. The undersigned represent and warrant under the penalty of perjury under the laws of the State of California that they have full and complete authority to enter into this Stipulation and bind the party on whose behalf they are signing to all of the terms of this Stipulation.

IT IS SO STIPULATED.

Dated: June __, 2026

SPINNAKER INSURANCE COMPANY

Signed by:

By Torben Ostergaard

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Name Torben Ostergaard

Title CEO

Dated: June 2, 2026

CALIFORNIA DEPARTMENT OF INSURANCE

By Duncan Montgomery

Duncan Montgomery

Staff Counsel

BEFORE THE INSURANCE COMMISSIONER

OF THE STATE OF CALIFORNIA

In the Matter of the Rating and Underwriting Practices and Procedures of the

SPINNAKER INSURANCE COMPANY,

Respondent.

File No. NC-2025-00025

ORDER ADOPTING STIPULATION AND CONSENT ORDER

CONSENT ORDER

Having reviewed the parties' Stipulation and good cause appearing, I approve the terms of the Stipulation and adopt and incorporate those terms by reference as though fully set forth herein as the Order of the Insurance Commissioner of the State of California in this matter, and order as follows:

Respondent shall take the following steps with respect to its rate application practices:

a. Respondent shall pay a penalty of $126,200 within 30 days of receiving an invoice with payment instructions from the Department;

b. Respondent shall issue wildfire credit refunds to specific policyholders by rerating all policyholders since inception of the wildfire mitigation credit program, and multiply the overcharge by each policyholder's respective earned exposure;

c. Respondent shall apply a one dollar ($1.00) premium reduction to all policyholders regardless of whether or not they qualify for the wildfire mitigation credit, in addition to the multiplicative credit to customers;

d. Respondent shall submit a new prior approval rate application to remove wildfire exposure as a rating factor in its Harborway Program within 30 days of the execution of the parties' Stipulation; and

e. Respondent shall transact all future insurance business in compliance with Insurance Code sections 1859.1, subsection (a), 1861.05 and 1858.07, subsection (a), as well as Regulation sections 2360.3, 2360.4, and 2644.9, as well as all other applicable provisions of the Insurance Code and the California Code of Regulations;

IT IS SO ORDERED.

Dated: July 7, 2026

RICARDO LARA
California Insurance Commissioner