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

13 In the Matter of the Rating and
14 Underwriting Practices and Procedures of
15 the

16 INDEPENDENCE AMERICAN
17 INSURANCE COMPANY
18 (NAIC #26581),

19 Respondent.

File No. NC-2024-00009

NOTICE OF NONCOMPLIANCE
[Ins. Code § 1858 et seq.]

20 **TO: RESPONDENT INDEPENDENCE AMERICAN INSURANCE COMPANY**

21 **NOTICE OF NONCOMPLIANCE**

22 **PURSUANT TO CALIFORNIA INSURANCE CODE SECTION 1858.1:**

23 THE CALIFORNIA DEPARTMENT OF INSURANCE (“Department”) HEREBY
24 NOTIFIES INDEPENDENCE AMERICAN INSURANCE COMPANY, (hereafter “IAIC” or
25 “RESPONDENT”) that the Insurance Commissioner of the State of California
26 (“Commissioner”) has good cause to believe that IAIC’s rates, rating plans, and underwriting
27 rules violate various provisions of California law, including but not limited to California
28 Insurance Code (“CIC”) sections 1861.05, and Title 10, California Code of Regulations
29 (“CCR”) sections 2360.0(b), 2360.2, 2360.3, and 2360.4. Pursuant to CIC section 1858, this
30 Notice sets forth the manner and extent of noncompliance.

1 **BACKGROUND FACTS**

2 The Department is informed and believes, and thereon alleges, the following:

3 1. Respondent is, and was at all relevant times, an insurer licensed to transact the
4 business of insurance in the State of California, including but not limited to those classes of
5 insurance discussed below.

6 2. Respondent transacts the business of insurance in California on risks or lines
7 subject to the provisions of, *inter alia*, CIC section 1861.05 and CCR sections 2360.0, 2360.2,
8 2360.3, and 2360.4.

9 3. Respondent currently has six different pet products in California. Respondent's pet
10 insurance products each have different distribution, marketing, coverage, and pricing options.

11 4. Beginning in and around March 2022, the Department began communicating with
12 Respondent regarding Respondent's obligation to offer and quote the lowest price plan option for
13 which the customer qualifies regardless of which managing general agent or marketing
14 distribution system the consumer approaches.

15 5. Based upon these ongoing communications as well as additional information and
16 documents Respondent has provided to the Department, the Department is informed and believes
17 and thereupon alleges that Respondent does not offer each of its current products, coverages, and
18 pricing options to every eligible consumer. Respondent's failure to offer each of its current
19 products, coverages, and pricing options to every eligible consumer is a violation of, *inter alia*,
20 Insurance Code section 1861.05, subdivision (a) and 10 CCR sections 2360.0, 2360.2, 2360.3,
21 and 2360.4.

22 **SPECIFIC ALLEGATIONS**

23 **ALLEGATION NO. 1: VIOLATION OF CIC SECTION 1861.05 AND CCR SECTIONS**
24 **2360.0(b), 2360.2, 2360.3, AND 2360.4**

25 1. CIC section 1861.05 and CCR sections 2360.0(b), 2360.2, 2360.3, and 2360.4
26 require that an insurer maintain separate eligibility guidelines for every line of insurance offered
27 for sale to the public. "Eligibility guidelines" mean specific, objective criteria defined by the
28 insurer and which have a substantial relationship to an insured's loss exposure. An insured or

1 applicant who meets the insurer's eligibility guidelines shall qualify to purchase the insurance.
2 An insurer is required to charge each insured, on application or renewal, the lowest premium for
3 which the insured qualifies. If an insurer delegates this responsibility to an agent, the insurer – not
4 the agent or the insured – remains responsible for ensuring the applicant is offered the lowest
5 premium for which the applicant qualifies.

6 2. The Department determines and thereon alleges that Respondent's practices with
7 respect to marketing its products to consumers have been in violation of, *inter alia*, CIC section
8 1861.05 and CCR sections 2360.0, 2360.2, 2360.3, and 2360.4.

9 **RELIEF REQUESTED**

10 THE DEPARTMENT NOTIFIES RESPONDENT that, to the extent Respondent's
11 unlawful practices are ongoing at the time of delivery of this Notice, Respondent must correct
12 its noncompliance within ten (10) days of receipt of this Notice. For each allegation listed
13 above, Respondent must provide proof of system-wide correction, or other response permitted
14 by CIC section 1858.1, within ten (10) days of receipt of this notice.

15 THE DEPARTMENT FURTHER NOTIFIES RESPONDENT that if Respondent fails
16 to make an adequate or timely response, the Department will set a public hearing pursuant to
17 CIC sections 1858.2 and 1858.3. If, at the conclusion of the hearing, the Commissioner finds
18 that Respondent has acted unlawfully as set forth in the Report and that Respondent's actions
19 constitute violations of the Insurance Code and/or Code of Regulations, as set forth, he may
20 issue an order for payment of money penalties and any other corrective action as he may deem
21 appropriate, pursuant to, *inter alia*, CIC sections 1858.07 and 1858.3.

22 The Department may amend this Notice to set forth additional noncompliant acts in
23 violation of Chapter 9, Part 2, Division 1, of the Insurance Code and to seek any and all
24 appropriate remedial actions.

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1 Dated: March 6, 2025

CALIFORNIA DEPARTMENT OF INSURANCE

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By /s/ Sara Ahn

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Sara Ahn

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*Attorney for the California Department
of Insurance*

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