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12 *Attorneys for the California Department of Insurance*

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

15 In the Matter of the Rates, Rating Plans, or
16 Rating Systems of

17 TRANS PACIFIC INSURANCE
18 COMPANY,

19 Respondent.

20 **File No. NC-2025-00020**

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

23 **TO: TRANS PACIFIC INSURANCE COMPANY**

24 **NOTICE OF NONCOMPLIANCE**

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

26 THE CALIFORNIA DEPARTMENT OF INSURANCE (“Department”) NOTIFIES YOU
27 that the Insurance Commissioner of the State of California (“Commissioner”) has good cause to
28 believe that TRANS PACIFIC INSURANCE COMPANY (hereafter “Respondent”) violated
various provisions of California law, including but not limited to California Insurance Code
section 1861.03(c)(1). Pursuant to Insurance Code section 1858.1, this Notice
sets forth the manner and extent of noncompliance. The Department is informed and believes, and
thereon alleges, the following:

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BACKGROUND FACTS

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

5 2. Respondent transacts the business of insurance in California on risks or lines subject to the
6 provisions of the California Insurance Code (hereafter, "Insurance Code") and Title 10 of the
7 California Code of Regulations (hereafter "Regulations").

8 3. On or about May 16, 2025, Respondent submitted a rate, rule, and form filing (CDI No.
9 25-935/SERFF No. WESA-134537210) to the Department's Rate Regulation Branch (RRB) in
10 order to effectuate a planned withdrawal from the personal lines market, including Respondent's
11 private passenger automobile (PPA) program.

12 4. Also on or about May 16, 2025, Respondent submitted an Application to Amend its
13 Certificate of Authority (UCAA No. 1001154) to the Department's Corporate Affairs Bureau
14 (CAB) in order to delete the automobile class of insurance from Respondent's certificate of
15 authority. Respondent paid the application fee on or about May 20, 2025, and provided an
16 additional form to complete its application on or about May 27, 2025.

17 5. Through its review of Respondent's filings as referenced above, the Department discovered
18 that Respondent began issuing notices of non-renewal to its PPA customers on May 1, 2025, and
19 issued approximately 314 such notices by May 31, 2025.

20 6. The Department asserts that the nonrenewal notices issued in May 2025 violated Insurance
21 Code section 1861.03(c)(1) because Respondent had not yet filed a complete application to amend
22 its certification of authority as required by *Travelers Indemnity Co. v. Gillespie* (1990) 50 Cal.3d
23 82, 103 and *Dairyland Ins. Co. v. Gillespie* (1990) 223 Cal.App.3d 1229, 1235.

24 7. Based upon the foregoing, the Department has concluded that Respondent's nonrenewal
25 practices identified above violate various provisions of California law, including without limitation
26 Insurance Code section 1861.03(c)(1).

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1 **SPECIFIC ALLEGATIONS**

2 **ALLEGATION NO. 1: VIOLATION OF INSURANCE CODE § 1861.03(c)(1)**

3 1. Insurance Code section 1861.03(c)(1) states in part, “cancellation or nonrenewal of a
4 policy for automobile insurance shall be effective only if it is based on one or more of the following
5 reasons: (A) nonpayment of premium; (B) fraud or material misrepresentation affecting the policy
6 or insured; (C) a substantial increase in the hazard insured against.” Respondent’s decision to cease
7 writing PPA was not based on one of the permissible factors enumerated in Insurance Code section
8 1861.03(c)(1), subsections (A) through (C). The only other exception to the mandatory renewal
9 requirement of Insurance Code section 1861.03(c)(1) is where an insurer has surrendered its
10 Certificate of Authority to the Department, or where an insurer has filed a proper application to
11 delete auto from its Certificate of Authority, under Insurance Code sections 1070 to 1076. (*See,*
12 *Travelers Indemnity Co. v. Gillespie* (1990) 50 Cal.3d 82, 103; *Dairyland Ins. Co. v. Gillespie*
13 (1990) 223 Cal.App.3d 1229, 1235.).

14 2. Respondent failed to comply with Insurance Code section 1861.03(c)(1), and the
15 procedures announced in *Travelers* and *Gillespie, supra*, by issuing nonrenewal notices to its PPA
16 customers before Respondent submitted a complete application to amend its Certificate of
17 Authority.

18 3. All of these noncompliant acts are subject to monetary penalties pursuant to Insurance
19 Code Section 1858.07. The Department does not currently know the exact number of
20 noncompliant acts, which may be determined at hearing.

21 **RELIEF REQUESTED**

22 THE DEPARTMENT NOTIFIES RESPONDENT that if Respondent fails to make an
23 adequate or timely response, the Department will set a public hearing pursuant to Insurance Code
24 Sections 1858.2 and 1858.3. If, at the conclusion of the hearing, the Commissioner finds that the
25 facts are as alleged above and constitute violations of the Insurance Code and/or Code of
26 Regulations, as set forth herein, the Commissioner may issue an order for payment of money
27 penalties and any other corrective action as the Commissioner may deem appropriate.

28 THE DEPARTMENT FURTHER NOTIFIES RESPONDENT that if the noncompliance

1 referred to above is found to constitute willful acts involving the use of rates, rating plans, and/or
2 rating systems in violation of Chapter 9, Part 2, Division 1 of the Insurance Code, the Department
3 may seek civil penalties pursuant to Insurance Code Section 1858.07 in the amount of \$10,000.00
4 for each act.

5 The Department may amend this Notice to set forth additional willful noncompliant acts
6 in violation of Chapter 9, Part 2, Division 1, of the Insurance Code and to seek additional penalties
7 in the amount of \$10,000.00 for each act.

8 THE DEPARTMENT FURTHER NOTIFIES RESPONDENT that, in the alternative, if
9 the Commissioner does not find those acts involving the use of rates, rating plans, and/or rating
10 systems in violation of Chapter 9, Part 2, Division 1 of the Insurance Code to be willful violations
11 of that chapter, the Department may seek civil penalties in the amount of \$5,000.00 for each act
12 pursuant to Insurance Code Section 1858.07.

13 The Department may amend this Notice to set forth additional non-willful noncompliant
14 acts in violation of Chapter 9, Part 2, Division 1, of the Insurance Code and seek additional
15 penalties in the amount of \$5,000.00 for each act.

16 THE DEPARTMENT FURTHER NOTIFIES RESPONDENT that if the noncompliance
17 referred to above constitutes a willful failure to comply with a final order of the Commissioner
18 under Chapter 9, Part 2, Division 1 of the Insurance Code, the Department may seek civil penalties
19 pursuant to Insurance Code Section 1859.1 in in an amount not exceeding \$250,000.00.

20 THE DEPARTMENT FURTHER NOTIFIES RESPONDENT that, in addition to
21 penalties, the Commissioner shall, pursuant to Insurance Code Section 1858.4, suspend or revoke,
22 in whole or in part, the license of any rating organization or the certificate of authority of any
23 insurer with respect to the class or classes of insurance specified in that order, which fails to
24 comply within the time provided by that order or any extension thereof which the commissioner
25 may grant, with an order of the commissioner lawfully made by him or her pursuant to Insurance
26 Code Sections 1858.3 and 1858.6.

27 The Department may amend this Notice to set forth additional willful noncompliant acts
28 in violation of Chapter 9, Part 2, Division 1, of the Insurance Code and to seek additional penalties

1 in the amount of \$50,000.00 for each act.

2 Dated: April 8, 2026

CALIFORNIA DEPARTMENT OF INSURANCE

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By Melissa A. Wurster

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Melissa Wurster
Staff Counsel

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