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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

PACIFIC SPECIALTY INSURANCE COMPANY,

Respondents.

File No. NC-2025-00036

SETTLEMENT STIPULATION AND CONSENT TO ORDER; [PROPOSED] CONSENT ORDER

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

1. The Department has jurisdiction over Respondent, who is 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 Proposition 103 (Insurance Code section 1861.01 *et seq*.).

3. Respondent writes a motorcycle line of insurance under its certificate of authority. Motorcycle insurance is considered private passenger automobile insurance ("PPA") under Insurance Code section 660, subdivision (a).

4. PPA insurance is subject to Insurance Code sections 1861.02, 1861.025, and 1861.15 and sections 2632.13.1 and 2632.14 of Title 10 of the California Code of Regulations (collectively the "Good Driver Rules"). The Good Driver Rules require, *inter alia*, that an insurer writing PPA insurance offer minimum financial responsibility limits to good drivers.

5. On or about July of 2023, Respondent closed its online application portal used by its producers to submit new motorcycle insurance applicants. Respondent continued to renew existing good drivers, as required. The Department became aware of the aforementioned in October of 2025.

6. 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 the Good Driver Rules.

7. Respondent has represented to the Department that, after it closed its online application portal, new good driver applicants could still purchase motorcycle insurance via paper applications submitted by producers. During the applicable timeframe, the company did not receive or deny any good driver motorcycle inquiries or applications.

8. 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.

9. 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.

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

11. Respondent has already undertaken corrective action in the form of re-opening its online portal as of February 2026.

12. In addition to the corrective action discussed above, Respondent agrees to take the

following additional steps with respect to its rate filing practices:

a. Respondents shall pay a penalty of $25,000 within 30 days of receiving an invoice with payment instructions from the Department; and

b. Respondents shall transact all current and future insurance business in compliance with Insurance Code sections 1861.02, 1861.025, 1861.15, and all other applicable provisions of the Insurance Code and Regulations, including but not limited to sections 2632.13.1 and 2632.14 of Title 10 of the California Code of Regulations.

13. At the present time, in good faith reliance upon the representations by Respondent set forth above in paragraph 7 and its understanding of the facts as set forth herein, 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 as of the date this Stipulation is approved by the Commissioner.

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

15. Respondents deny the allegations contained in the Notice of Noncompliance and by entering into this stipulated agreement, memorialized by this Stipulation, Respondents make no admission of liability, wrongdoing, or violation of law.

16. Respondents waive their 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 Insurance Code Section 1858.1.

17. This Stipulation includes all acts currently known to the Department related to Respondents' alleged actions and inactions that led the Department to issue the Notice of Noncompliance in this matter. Nothing in this Stipulation precludes the Department from pursuing future actions against Respondent based upon conduct that is not reasonably related to Respondents' alleged actions and inactions with respect to violations of the Good Driver Rules described in the Notices of Noncompliance. If Respondent were to close its online portal to good

drivers in the future, the Department will consider that a willful violation of the Good Driver Rules and will pursue new administrative actions, including additional penalties and corrective actions, as appropriate.

18. 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.

19. 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.

20. Respondent acknowledges that Insurance Code Section 1292l subdivision (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.

21. This Stipulation represents a full, final, and complete resolution and settlement of all issues raised in the Notice of Noncompliance between the Department and 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.

22. 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.

23. 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.

24. 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.

25. 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 Respondents 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.

26. 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.

27. Respondent acknowledges that they freely and voluntarily executed this Stipulation with full realization of their respective legal rights.

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

29. 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 make the representations as set forth herein on behalf of Respondent and 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 9, 2026 PACIFIC SPECIALTY INSURANCE COMPANY

By

Anisha Basi
General Counsel

Dated: June 10, 2026 CALIFORNIA DEPARTMENT OF INSURANCE

By Daniel Wade

Daniel Wade
Senior Staff Counsel

BEFORE THE INSURANCE COMMISSIONER

OF THE STATE OF CALIFORNIA

In the Matter of the Rating and Underwriting Practices and Procedures of PACIFIC SPECIALTY INSURANCE COMPANY, Respondent.	**File No. NC-2025-00036** **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:

In order to settle this matter, Respondent shall:

a. Pay a penalty of $25,000 within 30 days of receiving an invoice with payment instructions from the Department; and

b. Respondent shall transact all future insurance business in compliance with Insurance Code sections 1861.02, 1861.025, and 1861.15, as well as all other applicable provisions of the Insurance Code and the California Code of Regulations, including but not limited to sections 2632.13.1 and 2632.14 of Title 10 of the California Code of Regulations.

IT IS SO ORDERED.

Dated: July 7, 2026

RICARDO LARA
California Insurance Commissioner