

1 NIKKI S. MCKENNEDY (SBN 184269)  
2 SARA AHN (SBN 292206)  
3 CALIFORNIA DEPARTMENT OF INSURANCE  
4 300 Capitol Mall, 16<sup>th</sup> Floor  
5 Sacramento, CA 95814  
6 Telephone: (213) 346-6635  
7 Email: [Sara.ahn@insurance.ca.gov](mailto:Sara.ahn@insurance.ca.gov)  
8 [Nikki.mckennedy@insurance.ca.gov](mailto:Nikki.mckennedy@insurance.ca.gov)

9 *Attorneys for The California Department of*  
10 *Insurance*

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

File No. NC-2024-00009

STIPULATION AND CONSENT ORDER

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

19 Respondent.

20 The California Department of Insurance (“Department”) and Respondent, Independence  
21 American Insurance Company (“Respondent” or “IAIC”) (collectively, the “Parties”), stipulate as  
22 follows:

23 1. The Department has jurisdiction over Respondent, who is, and at all relevant times  
24 was, an insurer licensed to transact the business of insurance in California.

25 2. At all relevant times, Respondent transacted the business of insurance in California  
26 on risks or lines subject to the provisions of the California Insurance Code (“CIC”) and title 10 of  
27 the California Code of Regulations (“CCR”), including, *inter alia*, Insurance Code section  
28 1861.05, subdivision (a) and CCR sections 2360.0, 2360.2, 2360.3, and 2360.4.

3. Respondent represents that it currently has five pet insurance products for  
individual consumers in California: (1) PPI (CDI File No. 20-648); (2) FIGO (CDI File No. 20-  
1174); (3) Pets Best 2.0 (CDI File No. 23-451); (4) Pets Best 1.0 (CDI File No. 11-10634), which

1 is a closed book; and (5) V4 Pet Medical (CDI File No. 23-2408). Additionally, Respondent has  
2 one group product for eligible employees of eligible employers: OnePack Group (CDI File No.  
3 21-1732). Respondent's pet insurance products each have different distribution, marketing,  
4 coverage, and pricing options.

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

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

16 6. Respondent acknowledges receipt of the Notice of Noncompliance in this matter,  
17 which includes all issues relevant to this Stipulation.

18 7. The purpose of this Stipulation is to resolve contested issues resulting from  
19 Respondent's marketing practices in violation of, *inter alia*, CIC section 1861.05 and CCR  
20 sections 2360.0, 2360.2, 2360.3, and 2360.4.

21 8. The Department and Respondent believe that it is in the public interest to resolve  
22 this matter without the need for a hearing or any further administrative action.

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

25 10. Respondent denies the allegations contained in the Notice of Noncompliance and  
26 by entering into this stipulated agreement, memorialized by this Stipulation, Respondent makes  
27 no admission of liability, wrongdoing or violation of law. Respondent further alleges that it  
28 attempted in good faith to institute measures to comply with CIC section 1861.05 and CCR

1 sections 2360.0, 2360.2, 2360.3, and 2360.4, of which efforts it discussed with the Department  
2 and believed aligned with the Department's interpretation of such statutes and regulations.

3 11. Without admitting wrongdoing, Respondent waives its rights to a hearing and any  
4 and all rights to which it may be entitled pursuant to CIC sections 1858.1, *et seq.*

5 12. Respondent has met and conferred with the Department, and will continue to meet  
6 and confer with the Department as necessary, to address concerns arising from the Department's  
7 review of Respondent's insurance practices raised in the Notice of Noncompliance.

8 13. Respondent has made, and/or has agreed to make, the following changes to its  
9 rating and underwriting practices:

- 10 a. Respondent agrees that the V4 Pet Medical program (CDI File No. 23-2408), will  
11 be its single individual pet insurance product to be offered in California for dogs  
12 and cats in accordance with the implementation timeline set forth in subsections  
13 13.c and 13.d below.
- 14 b. No later than 30 days after the Department's approval of the V4 Pet Medical  
15 program filing, Respondent agrees to file a revised prior approval rate application  
16 (revised V4 program) with appropriate adjustments to comply with this  
17 Stipulation.
- 18 c. Respondent agrees to implement the revised V4 program within 120 days of the  
19 Department's approval of the revised V4 program filing.
- 20 d. Within 120 days of the Department's approval of the revised V4 program,  
21 Respondent agrees to stop underwriting new individual pet insurance applicants  
22 with rates, policy terms, and coverages in any and all of its other programs being  
23 offered in California and to only offer the revised V4 program to all eligible new  
24 individual pet insurance applicants, regardless of which managing general agent or  
25 IAIC marketing distribution system the new applicant approaches.
- 26 e. No later than one year after implementation of the revised V4 program,  
27 Respondent agrees to begin transitioning its existing individual policyholders for  
28 all of its other pet insurance programs in California, on renewal, into the revised

1 V4 program. No later than two years after implementation of the revised V4  
2 program, Respondent agrees it will have completely transitioned its entire  
3 individual pet insurance book of business into the revised V4 program, other than  
4 the Pets Best 1.0 (CDI File No. 11-10634) program, which will remain as a closed  
5 book and Pets Best 2.0 (CDI File No. 23-451) which will be transitioned to an  
6 unaffiliated carrier in California.

7 f. Within 90 days of Respondent's commencement of transitioning existing  
8 policyholders to the revised V4 program in compliance with 13.e., above,  
9 Respondent agrees to submit program withdrawal filings for all of its other  
10 individual pet insurance programs being offered in California for the  
11 Commissioner's prior review and approval in order to transition the entirety of its  
12 individual pet insurance book of business into the single revised V4 program, with  
13 the exception of Pets Best 1.0 and Pets Best 2.0 programs.

14 g. If Respondent seeks to implement a new individual pet insurance program at any  
15 time after execution of this Stipulation, Respondent agrees it will comply with  
16 California law by, *inter alia*, offering all current and future IAIC pet insurance  
17 products, coverages, and pricing options to all eligible applicants, for both new and  
18 renewal business and regardless of which managing general agent or marketing  
19 distribution system the applicant or policyholder approaches.

20 14. The Department agrees that with the modifications in paragraph 13, Respondent  
21 will achieve compliance with California insurance laws with respect to their current pet insurance  
22 programs as of the date of the execution of the Stipulation.

23 15. Subject to any subsequent agreement by the Department or change in applicable  
24 law, if at any time during the next three (3) years after the terms of this Stipulation are adopted as  
25 an order of the Commissioner, the Department discovers that Respondent has not complied with  
26 any of the terms of paragraph 13, Respondent agrees to pay a lump-sum penalty of \$500,000.00  
27 plus an additional \$10,000.00 penalty for each noncompliant act subsequent to the execution of  
28 the stipulation, following an appropriate administrative enforcement action. Such payment will be

1 due within 30 days following the Department's determination that Respondent has failed to  
2 comply with paragraph. If at the end of the three-year period following the Commissioner's Order  
3 adopting the terms of this Stipulation the Department has not made a determination that  
4 Respondent has failed to comply with paragraph 13, then Respondent shall be fully and  
5 completely released from making the penalty payment described in paragraph 15.

6 16. This Stipulation represents a full and final settlement of all issues raised in the  
7 Notice of Noncompliance between the Department and Respondent. This Stipulation is intended  
8 by the parties to be an integrated writing representing the complete, final, and exclusive  
9 embodiment of their agreement. It supersedes any and all prior or contemporaneous agreements,  
10 understandings, discussions, negotiations, and commitments (written or oral). This Stipulation  
11 may not be altered, amended, modified, supplemented, or otherwise changed, except by a writing  
12 executed by an authorized representative of each of the parties.

13 17. Respondent acknowledges that this Stipulation is a public record as required by  
14 Government Code section 11517(d) and that this Stipulation will be accessible to the public  
15 pursuant to the Public Records Act, Government Code sections 6250 *et seq.* The Stipulation will  
16 be posted on the Department's Internet website pursuant to CIC section 12968.

17 18. Respondent acknowledges that CIC section 12921(a)(1) requires the  
18 Commissioner to approve the final settlement of this matter. Both the settlement terms and  
19 conditions in this Stipulation and the acceptance of those terms and conditions are contingent  
20 upon the Commissioner's approval. Respondent understands and agrees that counsel for the  
21 Department and Department staff may communicate directly with the Commissioner regarding  
22 the Stipulation and the Order, without notice to or participation by Respondent or its counsel. By  
23 signing the Stipulation, Respondent understands and agrees that it may not withdraw its  
24 agreement or seek to rescind the Stipulation prior to the time the Commissioner considers and  
25 acts upon the Stipulation and Order. If the Commissioner rejects the Stipulation and Order, the  
26 Stipulation shall be of no force or effect except for this paragraph, it shall be inadmissible in any  
27 legal action between the parties, and the Commissioner shall not be disqualified from further  
28 action by having considered this matter.

1           19.     This Stipulation will become final and effective when it is approved by the  
2 Commissioner as evidenced by the execution of the Order provided below, expressly adopting  
3 this Stipulation.

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

6           21.     This Stipulation and Consent Order includes all acts covered in the Notice of  
7 Noncompliance up to the date of this Stipulation and Consent Order. Nothing in this Stipulation  
8 precludes any action of the Department in pursuing action against Respondent for failure to  
9 correct problems that arise in the future that are the subject of this Stipulation and Consent Order.

10          22.     Nothing contained in this Stipulation and Consent Order constitutes a limitation  
11 upon, or a waiver of the rights and powers of the Commissioner to enforce any California law, to  
12 examine the rating, underwriting and any other business practices of Respondent, to take  
13 corrective or disciplinary action, to assess penalties against Respondent as provided for by law, or  
14 to take such other action as necessary to protect the public, including without limitation as set  
15 forth in paragraph 13.g. But the Department shall not seek any additional penalty against  
16 Respondent based on any of the allegations contained in the Notice of Noncompliance arising  
17 from acts occurring before the issuance of the Insurance Commissioner's final order settling this  
18 matter.

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

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

24     ///

25     ///

26     ///

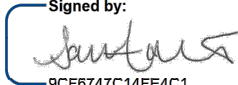
27     ///

28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

RESPONDENT

Dated: March 6, 2025

By  Signed by:  
9C6E747C14EE4C1  
On behalf of INDEPENDENCE AMERICAN  
INSURANCE COMPANY

Dated: March 6, 2025

CALIFORNIA DEPARTMENT OF INSURANCE

By **Ahn, Sara** Digitally signed by Ahn,  
Sara  
Date: 2025.03.06 09:18:28  
-08'00'  
Sara Ahn  
Nikki S. McKennedy

1 **BEFORE THE INSURANCE COMMISSIONER**  
2 **OF THE STATE OF CALIFORNIA**  
3

4 In the Matter of the Rating and  
5 Underwriting Practices and Procedures of  
6 the

7 INDEPENDENCE AMERICAN  
8 INSURANCE COMPANY  
9 (NAIC #26581),

10 Respondent.

File No. NC-2024-00009

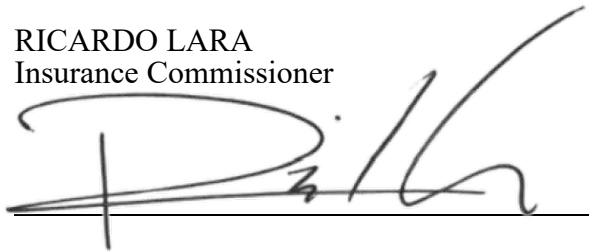
ORDER ADOPTING STIPULATION AND  
CONSENT ORDER

11 **ORDER**

12 Having reviewed the parties' Stipulation and good cause appearing, I approve the terms of  
13 the Stipulation and adopt those terms as the Order of the Insurance Commissioner of the State of  
14 California in this matter.  
15

16 Dated: March 13, 2025

17 RICARDO LARA  
18 Insurance Commissioner  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

A handwritten signature in black ink, appearing to read 'Ricardo Lara', is written over a horizontal line.