

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

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

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

AMERICAN NATIONAL
PROPERTY AND CASUALTY
COMPANY (NAIC #28401),

Respondent.

File No. NC-2023-00005

STIPULATION AND CONSENT ORDER

The California Department of Insurance ("Department") and AMERICAN NATIONAL PROPERTY AND CASUALTY COMPANY (NAIC #28401) ("Respondent") (collectively, the "Parties") hereby stipulate and agree to the resolution of this matter on the terms stated herein, and request the Insurance Commissioner of the State of California approve the terms of the Stipulation and adopt those terms as an Order on the basis of the parties' agreement as set forth here.

RECITALS

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

B. 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 and the California Code of Regulations.

1 C. Respondent received approval on August 31, 2021 for rate changes for its
2 homeowners program (filing 20-3610) and rental owners program (filing 20-3609) using the
3 CoreLogic model version 2021_01.

4 D. On June 3, 2021, Respondent stopped using the approved rating plan containing
5 the CoreLogic model version 2021_01 for wildfire eligibility and instead began using CoreLogic
6 model version 2021_04 for wildfire eligibility. Respondent reports that the error was inadvertent.

7 E. On November 28, 2021, Respondent stopped using the approved rating plan
8 containing the CoreLogic model version 2021_01 for wildfire rating and instead began using
9 CoreLogic model version 2021_04 for wildfire rating. Respondent reports that the error was
10 inadvertent. From November 28, 2021 until August 18, 2023 Respondent rated policyholders
11 using CoreLogic model version 2021_04. For homeowners, the rate differential between version
12 2021_01 and 2021_04 was +1.7%. For rental owners, the rate differential between version
13 2021_01 and 2021_04 was +0.8%.

14 F. Respondent acknowledges receipt of the Notice of Noncompliance in this matter
15 which includes the premium overcharge allegations set forth above ("Premium Overcharge
16 Allegations").

17 G. As set forth in the Notice of Noncompliance, the Department alleges that based on
18 the above allegations, Respondent has violated Insurance Code sections 1861.01(c) and
19 1861.05(b) and Title 10, California Code of Regulations (hereafter "CCR") sections 2360.2,
20 2360.3, and 2360.4, and that following a hearing Respondent may be subject to monetary and
21 other penalties pursuant to Insurance Code sections 1858.07, 1858.3, and 1859.1

22 **STIPULATION**

23 The Department and Respondent stipulate as follows:

24 1. The purpose of this Stipulation is to resolve contested issues resulting from the
25 Premium Overcharge Allegations.

26 2. The Department and Respondent believe that it is in the public interest to resolve
27 this matter without the need for a hearing or any further administrative action.
28

1 3. This Stipulation is entered into as a result of arm's length and good faith
2 discussions and negotiations between representatives of the Department and Respondent.
3 Respondent is fully aware of its legal rights in this matter, including the right to a hearing; the
4 right to confront and cross-examine witnesses, the right to the issuance of subpoenas to compel
5 the attendance of witnesses and the production of documents; the right to reconsideration and
6 court review of an adverse decision; and all other rights accorded by the Administrative
7 Procedure Act and other applicable laws. Respondent voluntarily and knowingly waives and
8 gives up each and every right set forth above, including without limitation any and all rights to
9 which it may be entitled pursuant to California Insurance Code sections 1858.1, *et seq.*

10 4. This Stipulation represents a full and final settlement of the contested issues raised
11 regarding the Premium Overcharge Allegations between the Department and Respondent. This
12 Stipulation is intended by the parties to be an integrated writing representing the complete, final,
13 and exclusive embodiment of the Parties' agreement regarding the contested issues. It supersedes
14 any and all prior or contemporaneous agreements, understandings, discussions, negotiations, and
15 commitments (written or oral). This Stipulation may not be altered, amended, modified,
16 supplemented, or otherwise changed, except by a writing executed by an authorized
17 representative of each of the parties.

18 5. If any provision of this Stipulation is held illegal or unenforceable in a judicial
19 proceeding, such provision shall be severed and shall be inoperative, and the remainder of this
20 Stipulation shall remain operative and binding on the parties.

21 6. This Stipulation may be executed in one or more counterparts and shall become
22 effective when counterparts have been signed by each party and delivered to the other party. The
23 parties understand and agree that Portable Document Format (PDF) and facsimile copies of this
24 Stipulation, including PDF and facsimile signatures thereto, shall have the same force and effect
25 as originals.

26 7. Other than as set forth in the Application and this Stipulation, the Parties agree no
27 factual findings or legal conclusions have been made.

28 8. By entering into this stipulated agreement, memorialized by this Stipulation,

1 Respondent makes no admission of liability, wrongdoing or violation of law.

2 9. Respondent has met and conferred with the Department, and will continue to meet
3 and confer with the Department as necessary, to address concerns arising from the Premium
4 Overcharge Allegations.

5 10. In order to resolve the Premium Overcharge Allegations, Respondent has agreed to
6 refund, and has refunded any and all premium overcharges, as identified by the Department in the
7 Premium Overcharge Allegations, to its policyholders along with 10% interest compounded
8 annually on the refund amount.

9 11. In further compromise of the issues arising from the Premium Overcharge
10 Allegations, Respondent agrees to and shall pay, within thirty (30) days after receiving an invoice
11 from the California Department of Insurance, Accounting Services Bureau, a fine in the amount
12 of \$513,000.

13 12. At the present time, the Department agrees that by paying these refunds with
14 interest and the fine specified in this Stipulation, Respondent has or will have achieved
15 compliance with California insurance laws with respect to the Premium Overcharge Allegations

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

18 14. Respondent acknowledges that this Stipulation is effective on the date the Order
19 adopting it is executed by the Commissioner.

20 15. This Stipulation shall have no force or effect if it is not approved by the
21 Commissioner.

22 16. This Stipulation and Consent Order includes all acts covered in the Premium
23 Overcharge Allegations up to the date of this Stipulation and Consent Order. Nothing in this
24 Stipulation precludes any action of the Department in pursuing further action against Respondent
25 for failure to correct the actions which are the subject of this Stipulation and Consent Order.

26 17. Nothing contained in this Stipulation and Consent Order constitutes a limitation
27 upon, or a waiver of the rights and powers of the Commissioner to enforce any California law, to
28 examine the rating, underwriting and any other business practices of Respondent, to take

1 corrective or disciplinary action, to assess penalties against Respondent as provided for by law, or
2 to take such other action as necessary to protect the public. But the Department shall not seek any
3 additional penalty against Respondent based on the Premium Overcharge Allegations arising
4 from acts occurring before the issuance of the Insurance Commissioner's final order settling this
5 matter.

6 18. Respondent acknowledges that California Insurance Code section 12921(a)(1)
7 requires the Insurance Commissioner of the State of California ("Commissioner") to approve the
8 final settlement of this matter. Both the settlement terms and conditions in this Stipulation and
9 the acceptance of those terms and conditions are contingent upon the Commissioner's approval.
10 This Stipulation will become final and effective when it is approved by the Commissioner as
11 evidenced by the execution of the Order provided below, expressly adopting this Stipulation.

12 19. The Stipulation and proposed Order shall be subject to approval by the
13 Commissioner. Respondent understands and agrees that counsel for the Department and
14 Department staff may communicate directly with the Commissioner regarding the Stipulation and
15 the Order, without notice to or participation by Respondent or its counsel.

16 20. By signing the Stipulation, Respondent understands and agrees that it may not
17 withdraw its agreement or seek to rescind the Stipulation prior to the time the Commissioner
18 considers and acts upon the Stipulation and Order. If the Commissioner rejects the Stipulation
19 and Order, the Stipulation shall be of no force or effect, except for this paragraph, it shall be
20 inadmissible in any legal action between the parties, and the Commissioner shall not be
21 disqualified from further action by having considered this matter.

22 21. This Stipulation is made solely for the purpose of reaching a compromise and
23 resolution of the disputes concerning the Premium Overcharge Allegations, and shall not be used
24 for any other purpose by any other party.

25 ///

26 ///

27 ///

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

RESPONDENT

Dated: November 20, 2024

On behalf of AMERICAN NATIONAL PROPERTY &
CASUALTY COMPANAY

Dated: November 14th, 2024

CALIFORNIA DEPARTMENT OF INSURANCE

By Jennifer McCune
Jennifer McCune

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

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

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

AMERICAN NATIONAL
PROPERTY AND CASUALTY
COMPANY (NAIC #28401),

Respondent.

File No. NC-2023-00005

ORDER ADOPTING STIPULATION AND
CONSENT ORDER

ORDER

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

Dated: 2-24-2025, 2025

RICARDO LARA
Insurance Commissioner

