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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 KEMPER INDEPENDENCE INSURANCE COMPANY and UNITRIN DIRECT INSURANCE COMPANY, Respondents.	File No. NC-2025-00013 SETTLEMENT STIPULATION AND CONSENT TO ORDER; [PROPOSED] CONSENT ORDER

The DEPARTMENT OF INSURANCE OF THE STATE OF CALIFORNIA ("CDI" or "the Department") and KEMPER INDEPENDENCE INSURANCE COMPANY ("KIIC") and UNITRIN DIRECT INSURANCE COMPANY ("UDIC") (together, "Respondents") (collectively with CDI, the "Parties"), stipulate as follows:

1. The Department has jurisdiction over Respondents, both licensed, admitted insurers in the state of California at all relevant times.

2. At all relevant times, Respondents 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").

3. On or about September 9, 2023, Respondents submitted a rate, rule, and form filing (SERFF No. UNTR-133834584/CDI Nos. 23-2981[UDIC] and 23-2981A[KIIC]) to the Department's Rate Regulation Branch ("RRB") in order to effectuate a planned withdrawal from the personal lines market, including Respondents' private passenger automobile ("PPA")

programs. The rate, rule, and form filing was acknowledged and closed on November 29, 2023.

4. In or about January 2025, Respondents submitted Applications (CDI Nos. 25-300 [KIIC] and 25-323 [UDIC]) to the Department's Corporate Affairs Bureau ("CAB") to surrender their respective Certificates of Authority in order to effect a complete withdrawal from the California PPA market.

5. As set forth in the Notice of Noncompliance and based upon its review of Respondents' filings and additional information supplied by Respondents, the Department asserts that Respondents violated Insurance Code section 1861.03(c)(1) by issuing nonrenewal notices to their PPA customers before Respondents submitted applications to surrender their Certificates of Authority to effect withdrawal from the California insurance market as required by *Travelers Indemnity Co. v. Gillespie* (1990) 50 Cal.3d 82, 103 and *Dairyland Ins. Co. v. Gillespie* (1990) 223 Cal.App.3d 1229, 1235.

6. Respondents acknowledge receipt of the Notice of Noncompliance, which includes all issues relevant to this matter. Having fully reviewed the alleged violations of the California Insurance Code set forth in the Notice of Noncompliance in this matter, Respondents hereby voluntarily and willingly enter into this Settlement Stipulation and Consent to Order ("Stipulation") with the Insurance Commissioner of the State of California ("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 decision.

7. Respondents have met and conferred with the Department regarding the facts and circumstances giving rise to the allegations and Respondents' actions, including as set forth in the Notice of Noncompliance.

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

9. Respondents have agreed to take the following steps with respect to their nonrenewal practices:

a. Respondents shall pay a penalty of $500,000.00 within 30 days of receiving an invoice from the Department with payment instructions; and

b. Respondents shall transact all future insurance business in compliance with all applicable provisions of the Insurance Code and the California Code of Regulations.

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

11. 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.

12. Respondents waive their rights to a hearing and any and all rights to which they may be entitled pursuant to Chapter 5, Part 1, Division 3, Title 2, (Sections 11500-11529 of the California Government Code), and by Insurance Code Section 1858.1.

13. This Stipulation includes all acts related to Respondents' alleged actions and inactions that led the Department to issue the Notice of Noncompliance. Nothing in this Stipulation precludes the Department from pursuing other action against Respondents based upon conduct that is not related to Respondents' alleged actions and inactions described herein and in the Notice of Noncompliance.

14. 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.

15. Respondents acknowledge 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 Section 7920.000 *et seq*. The Stipulation will be posted on the Department's Internet website pursuant to Insurance Code Section 12968.

16. Respondents acknowledge that Insurance Code Section 1292l(b)(1) requires the 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, Respondents understand and agree that they may not withdraw their 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.

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

18. 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 Proposed Consent Order below.

19. 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, and in no instance are to be used as evidence of any noncompliance or wrongdoing on the part of the Respondents.

20. The Department and Respondents 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 Stipulation.

21. Neither this Stipulation nor 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 Respondents, 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, this Stipulation, and any executed Consent Order.

22. This Stipulation 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 each of the Parties has signed and delivered all counterparts 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.

23. Respondents acknowledge that they freely and voluntarily executed this Stipulation with full realization of their legal rights.

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

25. 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 enter into this Stipulation and bind the party on whose behalf they are signing to all of the terms of this Stipulation.

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IT IS SO STIPULATED.

Dated: July 29, 2026

KEMPER INDEPENDENCE INSURANCE COMPANY

By______________________________

Vanessa Wells
Counsel for Kemper Independence Insurance Company

Dated: July 29, 2026

UNITRIN DIRECT INSURANCE COMPANY

By______________________________

Vanessa Wells
Counsel for Unitrin Direct Insurance Company

Dated: July 29, 2026

CALIFORNIA DEPARTMENT OF INSURANCE

By Melissa A. Wurster

Melissa A. Wurster
Senior Staff Counsel

BEFORE THE INSURANCE COMMISSIONER

OF THE STATE OF CALIFORNIA

In the Matter of the Rating and Underwriting Practices and Procedures of the KEMPER INDEPENDENCE INSURANCE COMPANY and UNITRIN DIRECT INSURANCE COMPANY, Respondents.	File No. NC-2025-00013 **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:

Respondents shall take the following steps with respect to its nonrenewal practices:

a. Respondents shall pay a penalty of $500,000.00 within 30 days of receiving an invoice from the Department with payment instructions; and

b. Respondents shall transact all future insurance business in compliance with all applicable provisions of the California Insurance Code and the California Code of Regulations.

IT IS SO ORDERED.

Dated: August 5, 2026

RICARDO LARA
California Insurance Commissioner