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Attorneys for The California Department of Insurance

**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”)

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

2 4. In or about January 2025, Respondents submitted Applications (CDI Nos. 25-
3 300 [KIIC] and 25-323 [UDIC]) to the Department's Corporate Affairs Bureau ("CAB") to
4 surrender their respective Certificates of Authority in order to effect a complete withdrawal
5 from the California PPA market.

6 5. As set forth in the Notice of Noncompliance and based upon its review of
7 Respondents' filings and additional information supplied by Respondents, the Department asserts
8 that Respondents violated Insurance Code section 1861.03(c)(1) by issuing nonrenewal notices to
9 their PPA customers before Respondents submitted applications to surrender their Certificates of
10 Authority to effect withdrawal from the California insurance market as required by *Travelers*
11 *Indemnity Co. v. Gillespie* (1990) 50 Cal.3d 82, 103 and *Dairyland Ins. Co. v. Gillespie* (1990)
12 223 Cal.App.3d 1229, 1235.

13 6. Respondents acknowledge receipt of the Notice of Noncompliance, which
14 includes all issues relevant to this matter. Having fully reviewed the alleged violations of the
15 California Insurance Code set forth in the Notice of Noncompliance in this matter, Respondents
16 hereby voluntarily and willingly enter into this Settlement Stipulation and Consent to Order
17 ("Stipulation") with the Insurance Commissioner of the State of California ("Commissioner"),
18 as a means of achieving a full and final resolution of the allegations set forth in the Notice of
19 Noncompliance, in lieu of an evidentiary hearing and decision.

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

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

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

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

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

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

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

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

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

17 14. The Parties intend this Stipulation to be an integrated writing representing the
18 complete, final, and exclusive embodiment of their agreement. It supersedes any and all prior or
19 contemporaneous agreements, understandings, discussions, negotiations, and commitments
20 (written or oral). This Stipulation may not be amended, modified, supplemented, or otherwise
21 changed, except by a writing executed by an authorized representative of each of the parties.

22 15. Respondents acknowledge that this Stipulation is a public record as required by
23 Government Code Section 11517(d), and that this Stipulation will be accessible to the public
24 pursuant to the California Public Records Act, Government Code Section 7920.000 *et seq.* The
25 Stipulation will be posted on the Department's Internet website pursuant to Insurance Code
26 Section 12968.

27 16. Respondents acknowledge that Insurance Code Section 12921(b)(1) requires the
28 Commissioner to approve the final settlement of this matter. Both the settlement terms and

1 conditions in this Stipulation and the acceptance of those terms and conditions are contingent
2 upon the Commissioner's approval, which shall be evidenced and memorialized by the
3 Commissioner's execution of the PROPOSED CONSENT ORDER set forth below. By signing
4 the Stipulation, Respondents understand and agree that they may not withdraw their agreement
5 or rescind the Stipulation prior to the time the Commissioner considers and acts upon the
6 Stipulation and Proposed Consent Order. If the Commissioner rejects the Stipulation and does
7 not execute the proposed Consent Order, the Stipulation shall be of no force and effect except
8 for this paragraph, and it shall be inadmissible in any legal action between the Parties. Any
9 dispute over the admissibility, or lack thereof, of the rejected Stipulation and any related drafts
10 or communications regarding settlement shall be governed by applicable provisions of the
11 California Insurance Code and related regulations, the California Evidence Code, and any other
12 applicable California law or regulation.

13 17. This Stipulation represents a full, final, and complete resolution and settlement
14 of all issues raised in the Notice of Noncompliance between the Department and the
15 Respondents and supersedes and replaces prior negotiations, communications, or agreements on
16 the subject matter of this Stipulation. This Stipulation may not be modified unless agreed in a
17 writing executed by all Parties and approved by an Order of the Commissioner.

18 18. This Stipulation will become final and effective only when it is approved and
19 expressly adopted by the Commissioner as evidenced by the execution of the Proposed Consent
20 Order below.

21 19. Discussions, admissions, concessions, or offers to stipulate or settle made by any
22 party in negotiating this Stipulation are not discoverable, shall remain confidential, and shall not
23 be admissible for any purpose in any proceeding unless so authorized by a judicial officer (e.g.,
24 Administrative Law Judge or California Superior Court Judge) in compliance with applicable
25 California laws and regulations, and in no instance are to be used as evidence of any
26 noncompliance or wrongdoing on the part of the Respondents.

27 20. The Department and Respondents have participated jointly in the negotiation and
28 drafting of this Stipulation, and, in the event an ambiguity or question of intent or interpretation

1 arises, this Stipulation shall be construed as jointly drafted by the Parties hereto, and no
2 presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the
3 authorship of any provision of this Stipulation.

4 21. Neither this Stipulation nor any executed Consent Order constitutes a limitation
5 upon or a waiver of the rights and powers of the Commissioner to enforce any California law, to
6 examine the rating, underwriting, and/or any other business practices of Respondents, to take
7 corrective or disciplinary action, to assess penalties against Respondents as provided for by law,
8 or to take such other action as necessary to protect the public based upon conduct that is not
9 addressed in the Notice of Noncompliance, this Stipulation, and any executed Consent Order.

10 22. This Stipulation may be executed in counterparts, each of which shall be deemed
11 to be an original but all of which taken together shall constitute one and the same agreement and
12 shall only become effective when each of the Parties has signed and delivered all counterparts to
13 the Department. In the event that any signature is delivered by facsimile transmission or by e-
14 mail delivery of a “.pdf” format data file, such signature shall create a valid and binding
15 obligation of the Party executing (or on whose behalf such signature is executed) with the same
16 force and effect as if such facsimile or “.pdf” signature page were an original thereof.

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

19 24. 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 25. The undersigned represent and warrant under the penalty of perjury under the
22 laws of the State of California that they have full and complete authority to enter into this
23 Stipulation and bind the party on whose behalf they are signing to all of the terms of this
24 Stipulation.

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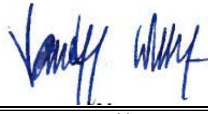
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IT IS SO STIPULATED.

Dated: July 29, 2026

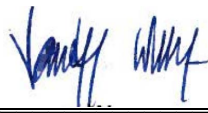
KEMPER INDEPENDENCE INSURANCE COMPANY

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
Senior Staff Counsel

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

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

7 KEMPER INDEPENDENCE
8 INSURANCE COMPANY and UNITRIN
9 DIRECT INSURANCE COMPANY,

10 Respondents.

File No. NC-2025-00013

**ORDER ADOPTING STIPULATION AND
CONSENT ORDER**

11 **CONSENT ORDER**

12 Having reviewed the Parties' Stipulation and good cause appearing, I approve the terms
13 of the Stipulation and adopt and incorporate those terms by reference as though fully set forth
14 herein as the Order of the Insurance Commissioner of the State of California in this matter, and
15 order as follows:

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

- 17 a. Respondents shall pay a penalty of \$500,000.00 within 30 days of receiving an invoice
18 from the Department with payment instructions; and
19 b. Respondents shall transact all future insurance business in compliance with all applicable
20 provisions of the California Insurance Code and the California Code of Regulations.

21 IT IS SO ORDERED.

22 Dated: August 5, 2026

23 
24 RICARDO LARA
25 California Insurance Commissioner
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