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12 *Attorneys for The California Department of Insurance*

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

15 In the Matter of the Rating and
 16 Underwriting Practices and Procedures of
 17
 18 FALLS LAKE FIRE AND CASUALTY
 19 COMPANY,
 20
 21 Respondent.

22 **File No. NC-2023-00006**

23 **SETTLEMENT STIPULATION AND**
 24 **CONSENT TO ORDER; [PROPOSED]**
 25 **CONSENT ORDER**

26 The DEPARTMENT OF INSURANCE OF THE STATE OF CALIFORNIA (the
 27 “Department”) and FALLS LAKE FIRE AND CASUALTY COMPANY (“Respondent”)
 28 (collectively the “Parties”), stipulate as follows:

1. The Department has jurisdiction over Respondent, 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”).
3. In 2019, Respondent requested and obtained approval to begin offering and selling policies through its Voluntary Homeowners Multi Peril Program, CDI File No. 19-3255 (the Homeowners Program).
4. Beginning in or around May 2023, the Department began communicating with Respondent about its obligation to comply with the California Insurance Code in connection

1 with Respondent’s decision to cease offering the Homeowners Program and issuance of notices
2 of nonrenewal to its policyholders.

3 5. Based upon these ongoing communications as well as additional information and
4 documents provided to the Department, including but not limited to information contained in
5 Respondent’s rate filing number 23-2303, and as set forth in the Notice of Noncompliance,
6 which has been provided to Respondent, the Department is informed and believes and
7 thereupon alleges that Respondent violated Insurance Code sections 674.6, subsections (a) and
8 (b)(4), 675(a)(1), and 678(c)(1) by failing to provide advance notice to the Commissioner of
9 Respondent’s intent to cease offering the Homeowners Program and in at least one instance, by
10 failing to provide a policyholder with the minimum amount of notice.

11 6. Respondent having fully reviewed the allegations of violations of the Insurance
12 Code of the State of California as set forth in the Notice of Noncompliance filed in this matter,
13 hereby voluntarily and willingly enters into this Settlement Stipulation and Consent to Order
14 (“Stipulation”) with the Insurance Commissioner of the State of California (hereafter
15 “Commissioner”), as a means of achieving a full and final resolution of the allegations set forth
16 in the Notice of Noncompliance, in lieu of an evidentiary hearing and decision.

17 7. Respondent has met and conferred with the Department regarding the facts and
18 circumstances giving rise to the allegations set out in the final Notice of Noncompliance.

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

21 9. Respondent has agreed to take the following steps with respect to its nonrenewal
22 practices:

- 23 a. Respondent shall pay a penalty of \$150,000 within 30 days of receiving an invoice
24 with payment instructions; and
- 25 b. Respondent shall transact its insurance business in compliance with all applicable
26 provisions of the Insurance Code and the California Code of Regulations.

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

1 11. Respondent denies the allegations contained in the Notice of Noncompliance and
2 by entering into this stipulated agreement, memorialized by this Stipulation, Respondent makes
3 no admission of liability, wrongdoing, or violation of law.

4 12. Respondent waives its rights to a hearing and any and all rights to which it may be
5 entitled pursuant to Chapter 5, Part 1, Division 3, Title 2, (Sections 11500-11529 of the California
6 Government Code), and by Insurance Code Section 1858.1.

7 13. This Stipulation includes all acts related to Respondent’s actions and inactions
8 that led the Department to issue the Notice of Noncompliance. Nothing in this Stipulation
9 precludes the Department from pursuing other action against Respondent based upon conduct that
10 is not related to Respondent’s actions and inactions described herein and in the Notice of
11 Noncompliance.

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

17 15. Respondent acknowledges that this Stipulation is a public record as required by
18 Government Code Section 11517(d), and that this Stipulation will be accessible to the public
19 pursuant to the California Public Records Act, Government Code Sections 6250 *et seq.* The
20 Stipulation will be posted on the Department’s Internet website pursuant to Insurance Code
21 Section 12968.

22 16. Respondent acknowledges that Insurance Code Section 12921(b)(1) requires the
23 Insurance Commissioner of the State of California (“Commissioner”) to approve the final
24 settlement of this matter. Both the settlement terms and conditions in this Stipulation and the
25 acceptance of those terms and conditions are contingent upon the Commissioner’s approval,
26 which shall be evidenced and memorialized by the Commissioner’s execution of the PROPOSED
27 CONSENT ORDER set forth below. By signing the Stipulation, Respondent understands and
28 agrees that it may not withdraw its agreement or rescind the Stipulation prior to the time the

1 Commissioner considers and acts upon the Stipulation and Proposed Consent Order. If the
2 Commissioner rejects the Stipulation and does not execute the proposed Consent Order, the
3 Stipulation shall be of no force and effect except for this paragraph, and it shall be inadmissible
4 in any legal action between the Parties. Any dispute over the admissibility, or lack thereof, of the
5 rejected stipulation and any related drafts or communications regarding settlement shall be
6 governed by applicable provisions of the California Insurance Code and related regulations, the
7 California Evidence Code, and any other applicable California law or regulation.

8 17. This Stipulation represents a full, final, and complete resolution and settlement of
9 all issues raised in the Notice of Noncompliance between the Department and the Respondent and
10 supersedes and replaces prior negotiations, communications, or agreements on the subject matter
11 of this Stipulation. This Stipulation may not be modified unless agreed in a writing executed by
12 all parties and approved by an Order of the Commissioner.

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

15 19. Discussions, admissions, concessions, or offers to stipulate or settle made by any
16 party in negotiating this Stipulation, are not discoverable, shall remain confidential, and shall not
17 be admissible for any purpose in any proceeding unless so authorized by a judicial officer (e.g.,
18 Administrative Law Judge or California Superior Court Judge) in compliance with applicable
19 California laws and regulations.

20 20. The Department and Respondent have participated jointly in the negotiation and
21 drafting of this Stipulation, and, in the event an ambiguity or question of intent or interpretation
22 arises, this Stipulation shall be construed as jointly drafted by the Parties hereto, and no
23 presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the
24 authorship of any provision of this Agreement.

25 21. Nothing contained in this Stipulation and any executed Consent Order constitutes
26 a limitation upon or a waiver of the rights and powers of the Commissioner to enforce any
27 California law, to examine the rating, underwriting, and/or any other business practices of
28 Respondent, to take corrective or disciplinary action, to assess penalties against Respondent as

1 provided for by law, or to take such other action as necessary to protect the public based upon
2 conduct that is not addressed in the Notice of Noncompliance and in this Stipulation and any
3 executed Consent Order.

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

11 23. Respondent acknowledges that it freely and voluntarily executed this Stipulation
12 with full realization of its legal rights.

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

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

18 **IT IS SO STIPULATED.**

19 Dated: January 20, 2026

FALLS LAKE FIRE AND CASUALTY COMPANY

20 Signed by:
21 By Lisa M Binnie
22 D8AC572631D8475...
Name Lisa M. Binnie
Title President

23 Dated: January 21, 2026

CALIFORNIA DEPARTMENT OF INSURANCE

24 By Melissa A. Wurster
25 Melissa Wurster
26 Staff Counsel

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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 the
FALLS LAKE FIRE AND CASUALTY COMPANY,
Respondent.

File No. NC-2023-00006
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:

- Respondent shall take the following steps with respect to its nonrenewal practices:
- a. Respondent shall pay a penalty of \$150,000 within 30 days of receiving an invoice and payment instructions; and
 - b. Respondent shall transact its insurance business in compliance with all applicable provisions of the California Insurance Code and the California Code of Regulations.

IT IS SO ORDERED.

Dated: February 11, 2026

RICARDO LARA
California Insurance Commissioner

