

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 Rating and Underwriting Practices and Procedures of the

AMERICAN PET INSURANCE COMPANY (NAIC #12190),

Respondent.

File No. NC-2022-00001
STIPULATION AND CONSENT ORDER

The California Department of Insurance (“the Department”) and Respondent American Pet Insurance Company (“Respondent” or “APIC”) (collectively, the “Parties”) stipulate as follows:

1. 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.
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 (“CIC”) and title 10 of the California Code of Regulations (“Regulations”).
3. Respondent acknowledges receipt of the Notice of Noncompliance in this matter which includes allegations that were the product of an examination undertaken by the California Department of Insurance, Field Rating and Underwriting Bureau, covering the time period of August 1, 2019 through October 31, 2019 (the “Exam”).

1 4. At the time of the Exam, Respondent had three different products available for
2 consumers in California. Respondent’s practices with respect to two of those products, the
3 Trupanion Pet Health Insurance (“Trupanion”) and the Pets Best Inc. Pet Health Insurance (“Pets
4 Best”)¹ products, are relevant for purposes of this Stipulation. Respondent’s Trupanion and Pets
5 Best products each have separate rates, different coverages, and different coverage options, but
6 overlapping eligibility guidelines.

7 5. Respondent alleges that, as part of a rate application (CDI file no. 15-6250) that
8 was approved on February 11, 2016, the Department previously accepted a manner for APIC to
9 comply with Regulations 2360.0, 2360.2, 2360.3, and 2360.4.

10 6. Respondent further alleges that it has continued to operate in compliance with the
11 Department’s prior approval of the rate application without any compliance or enforcement
12 issues.

13 7. On June 13, 2022, the Insurance Commissioner of the State of California
14 (“Commissioner”) adopted the Report of the Market Conduct Examination of the Rating and
15 Underwriting Practices, as they relate to laws other than CIC § 790.03, of The American Pet
16 Insurance Company (NAIC #12190) (the “Exam Report”).

17 8. As set forth in the Exam Report, the Department alleges that Respondent has been
18 marketing the Trupanion and Pets Best products to consumers in violation of, *inter alia*, CIC
19 section 1861.05 and Regulations 2360.0, 2360.2, 2360.3, and 2360.4.

20 9. The purpose of this Stipulation is to resolve contested issues resulting from the
21 Exam and the Exam Report.

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

24 11. Other than as set forth in the Exam Report and this Stipulation, the Parties agree
25 no factual findings or legal conclusions have been made.

26 12. Respondent denies the allegations contained in the Notice of Noncompliance and
27

28 ¹ For purposes of this Stipulation, the following list of previously filed and approved Pets Best rate applications is incorporated herein by reference: CDI rate filings # 15-6250, 16-1342, 16-4855, 16-4955, 18-5778, 19-1938, and 20-1441.

1 by entering into this stipulated agreement, memorialized by this Stipulation, Respondent makes
2 no admission of liability, wrongdoing or violation of law.

3 13. 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 14. From on or about September 13, 2021, until the present time Respondent has met
6 and conferred with the Department, and will continue to meet and confer with the Department as
7 necessary, to address concerns arising from the Exam. Respondent has modified rating rules and
8 underwriting guidelines and/or taken other remedial measures to address concerns set forth in the
9 Exam Report.

10 15. Respondent has made, and/or has agreed to make, the following changes to its
11 rating and underwriting practices:

12 a. Respondent will offer all current APIC products, coverages, and pricing options to
13 all eligible applicants, for both new and renewal business and regardless of which
14 managing general agent or APIC marketing distribution system the applicant or
15 policyholder approaches, effective on the date the Order adopting this Stipulation
16 is executed by the Commissioner, with the exception of the Pets Best products
17 which are subject to subsection 15.b. below.

18 b. APIC will discontinue underwriting new applicants with rates, policy terms, and
19 coverages in the Pets Best products identified in this Stipulation, or as may be
20 approved in rate filing #22-824 or any other future prior approval filing(s) related
21 to the Pets Best products identified in this Stipulation, in California by no later
22 than March 1, 2023.

23 16. Nothing in this Stipulation shall prohibit APIC from (i) seeking the Department's
24 prior approval to underwrite other products sold by different managing general agents, or (ii)
25 renewing Pets Best policies that were incepted before March 1, 2023, per the applicable terms of
26 the Pets Best products identified in this Stipulation, or as may be approved in rate filing # 22-824
27 or any other future rate filing(s) related to the Pets Best products identified in this Stipulation,
28 pursuant to policy terms and conditions. At the present time, the Department agrees that with

1 these modifications, Respondent has or will have achieved compliance with California insurance
2 laws with respect to its current Trupanion and Pets Best insurance programs. This Stipulation
3 represents a full and final settlement of all issues raised in the Exam and the Exam Report
4 between the Department and APIC. This Stipulation is intended by the parties to be an integrated
5 writing representing the complete, final, and exclusive embodiment of their agreement. It
6 supersedes any and all prior or contemporaneous agreements, understandings, discussions,
7 negotiations, and commitments (written or oral). This Stipulation may not be altered, amended,
8 modified, supplemented, or otherwise changed, except by a writing executed by an authorized
9 representative of each of the parties.

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

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

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

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

3 21. This Stipulation and Consent Order includes all acts covered in the Exam and the
4 Exam Report up to the date of this Stipulation and Consent Order. Nothing in this Stipulation
5 precludes any action of the Department in pursuing further action against Respondent for failure
6 to correct the actions which are the subject of this Stipulation and Consent Order.

7 22. Nothing contained in this Stipulation and Consent Order constitutes a limitation
8 upon, or a waiver of the rights and powers of the Commissioner to enforce any California law, to
9 examine the rating, underwriting and any other business practices of Respondent, to take
10 corrective or disciplinary action, to assess penalties against Respondent as provided for by law, or
11 to take such other action as necessary to protect the public. But the Department shall not seek any
12 additional penalty against Respondent based on any of the allegations contained in the Exam
13 Report arising from acts occurring before the issuance of the Insurance Commissioner’s final
14 order settling this matter.

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

17
18
19
20
21
22
23
24
25
26
27
28

RESPONDENT

Dated: October 21, 2022

By *Jucia Pleuf*
On behalf of AMERICAN PET INSURANCE
COMPANY

Dated: October 21, 2022

CALIFORNIA DEPARTMENT OF INSURANCE

By *Nikki McKennedy*
Nikki S. McKennedy

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 Rating and
Underwriting Practices and Procedures of
the

AMERICAN PET INSURANCE
COMPANY (NAIC #12190),

Respondent.

File No. NC-2022-00001

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: October 25, 2022

RICARDO LARA
Insurance Commissioner


