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5
6 **BEFORE THE INSURANCE COMMISSIONER**
7 **OF THE STATE OF CALIFORNIA**

8 In the Matter of the Rate Application of

File No.: PA-2023-00023

9 UNITED STATES AUTOMOBILE
10 ASSOCIATION

SETTLEMENT STIPULATION

11 Applicant.

12 United States Automobile Association (“Applicant”), Consumer Watchdog (“Petitioner”),
13 and the California Department of Insurance (“Department”) (collectively, the “Parties”) stipulate
14 as follows:

15 **RECITALS**

- 16 A. The Applicant is licensed by the Department to conduct insurance business in
17 California.
- 18 B. On or about October 25, 2023, the Applicant filed for a rate increase to its base
19 rates for its Owners (HO-3), Unit-Owners (HO-6), Renters Contents, and Renters Liability
20 policies for its homeowners line of insurance (File No. 23-3147 [“the Application”]) with an
21 overall rate impact of +20.2%.
- 22 C. On November 3, 2023, pursuant to California Insurance Code (“CIC”) section
23 1861.05(c), the Department notified the public of the Application.
- 24 D. On December 18, 2023, Petitioner submitted a timely Petition for Hearing, Petition
25 to Intervene, and Notice of Intent to Seek Compensation regarding the Applications.
- 26 E. On January 5, 2024, Applicant filed an answer to the Petition.
- 27 F. On January 2, 2024, the Commissioner granted Petitioner’s Petition to Intervene.
28

1 G. The Parties have engaged in discussions regarding the Application and additional
2 information and analysis that the Parties provided.

3 H. As a result of the Parties' discussions and negotiations, Applicant updated the
4 Application per the Parties' agreement.

5 **STIPULATION**

6 1. This Stipulation, together with the updated Application and the Commissioner's
7 approval in SERFF, represents the complete and final settlement resolving all issues between the
8 Parties regarding the Application.

9 2. Based upon the Application and additional information that the Parties provided,
10 the Parties agree that an overall rate increase of +16.8% complies with the applicable laws and
11 regulations, and results in rates that are not excessive, not inadequate, and not unfairly
12 discriminatory. This overall percentage shall be distributed as follows: HO3: +16.2%; HO6:
13 +31%; Renters Contents: +9.2%; Renters Liability: +31.7%. Applicant will implement the rate
14 change with an effective date of February 12, 2025. Applicant has made appropriate updated
15 filings in SERFF to reflect the agreed upon overall rate change as well as the agreed-upon rate
16 changes by policy form.

17 3. Approval of the Application described in this Stipulation will only be effective
18 when approved by the Commissioner in SERFF in accordance with the agreed upon rate changes
19 set forth in paragraph 2.

20 4. Consistent with 10 CCR sections 2656.1(b) and 2662.3(c), no agreement regarding
21 Petitioner's compensation has been made. However, the Parties agree that the Commissioner's
22 approval of the Application, consistent with this Stipulation, will be a decision or order within the
23 meaning of CIC section 1861.10(b). Petitioner agrees to submit any request for compensation to
24 the Public Advisor within 30 days after notice of the Commissioner's approval in SERFF.

25 5. Petitioner agrees to withdraw its Petition for Hearing effective as of the date of
26 execution of this Stipulation, provided the Application is approved by the Commissioner in
27 SERFF in accordance with the agreed upon rate changes set forth in paragraph 2 within 10 days.
28

1 6. This Stipulation is made solely to reach a compromise among the Parties. Each
2 Party expressly reserves the right to raise any of their arguments or positions in future matters.
3 Further, the Parties agree to comply with 10 CCR section 2656.4, entitled Inadmissibility, to the
4 extent permitted by 10 CCR section 2662.3(b)(3), entitled Request for Award.. The
5 Commissioner’s approval of the Application shall not constitute approval of or precedent
6 regarding any principle or any issue in any other proceeding.


7 7. The Commissioner retains jurisdiction to ensure that the Parties comply with this
8 Stipulation.

9 8. Nothing in this Settlement Stipulation constitutes a limitation upon or a waiver of
10 the Commissioner's rights and powers to enforce any California law, examine the Applicant's
11 rating practices, or take such other action as necessary to protect the public.

12 9. This Stipulation may be executed in counterparts.

13 Dated: October 4, 2024

UNITED STATES AUTOMOBILE ASSOCIATION

14
15 By 


16
17 Dated: October 4, 2024

CONSUMER WATCHDOG

18
19 By 

20
21 Dated: October 4, 2024

CALIFORNIA DEPARTMENT OF INSURANCE

22
23 By 
24 Jennifer McCune
25 *Attorney for the California Department*
26 *of Insurance*