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

In the Matter of the License and Licensing Rights of

TOPA INSURANCE COMPANY,

Respondent.

File No. DISP-2022-00098

**ORDER ADOPTING
STIPULATION AND WAIVER**

In the Matter of the Rates, Rating Plans, or Rating Systems of

TOPA INSURANCE COMPANY,

Respondent.

The attached Stipulation and Waiver, in the Matter of the License and Licensing Rights of TOPA INSURANCE COMPANY and in the Matter of the Rates, Rating Plans or Rating Systems of TOPA INSURANCE COMPANY, is hereby adopted as the Order of the Insurance Commissioner of the State of California.

This Order shall be effective immediately.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed it by this official seal, this 25th day of September, 2023.


RICARDO LARA
Insurance Commissioner

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

In the Matter of the License and Licensing
Rights of

TOPA INSURANCE COMPANY,

Respondent.

File No. DISP-2022-00098

STIPULATION AND WAIVER

In the Matter of the Rates, Rating Plans, or
Rating Systems of

TOPA INSURANCE COMPANY,

Respondent.

TO THE DEPARTMENT OF INSURANCE OF THE STATE OF CALIFORNIA
(hereafter "Department"):

1. Respondent, **TOPA INSURANCE COMPANY** ("Respondent"), having fully reviewed the allegations of violations of the Insurance Code of the State of California as set forth in the Order to Show Cause, Notice of Hearing and Statement of Charges, Accusation, and Notice of Noncompliance ("OSC") filed in this matter, hereby voluntarily and willingly enters into the following Stipulation and Waiver with the Insurance Commissioner of the State of California ("Insurance Commissioner"), as a means of achieving a full and final resolution of the OSC, in lieu of an evidentiary hearing and decision.

2. Respondent acknowledges receipt of a copy of the OSC, Statement to Respondent and copies of a form entitled "Notice of Defense" in the above-entitled matter.

3. Although Respondent previously filed a Notice of Defense, Respondent hereby waives any and all rights concerning the OSC or those asserted in the Notice of Defense,

1 including the right to a hearing asserted through the filing of said Notice of Defense, which may
2 be afforded pursuant to Chapter 5, Part 1, Division 3, Title 2 (Sections 15000-11528, inclusive) of
3 the Government Code of the State of California, and by the Insurance Code of the State of
4 California.

5 4. Respondent neither admits nor denies the allegations contained in the OSC and
6 Respondent's decision to enter into this Stipulation and Waiver shall not be construed as an
7 admission of liability. Respondent hereby acknowledges that the facts alleged in the OSC, if
8 proven, would be grounds for enforcement action to be taken against Respondent by the
9 Insurance Commissioner, pursuant to the provisions of the California Insurance Code referred to
10 in the said OSC.

11 5. Respondent hereby acknowledges that this Stipulation and Waiver and the Order
12 issued pursuant to it are public records, pursuant to California Government Code section
13 11517(d), and will be accessible to the public pursuant to the California Public Records Act,
14 California Government Code sections 6250 *et seq.* Respondent also acknowledges this
15 Stipulation and Waiver and the Order adopting it will be posted on the Department's website as
16 required by California Insurance Code section 12968.

17 6. In full settlement and satisfaction of the alleged violations contained in the OSC
18 and to avoid the burden, uncertainty, and expense of an enforcement action, Respondent agrees to
19 pay a fine in the amount of two million one hundred eight thousand dollars (\$2,108,000.00) for
20 Respondent's alleged violations in the OSC; provided however, in consideration of Respondent's
21 mitigation efforts, the Department hereby agrees that it will suspend payment of half of the total
22 fine amount of one million fifty-four thousand dollars (\$1,054,000.00), which suspension of the
23 half of the total fine amount shall be contingent on the following:

- 24 a. During the next five (5) years, Respondent will ensure it has permanent
25 access to all policies managed by any future Managing General Agents
26 ("MGAs"), as defined in California Insurance Code section 769.81(c).
27 b. During the next five (5) years, Respondent will ensure any future MGAs
28 [as defined in California Insurance Code section 769.81(c)] and those

1 entities hired by said MGAs have all statutorily required California state
2 licenses.

3 7. If, after five years, Respondent has satisfied in all material respects the conditions
4 specified above in paragraphs 6(a) and 6(b), the suspended portion of the total fine amount will
5 become permanent and Respondent shall not be required to pay the suspended portion of the total
6 fine amount.

7 8. Respondent agrees to pay the one million fifty-four thousand-dollar
8 (\$1,054,000.00) amount, enumerated in paragraph 6 above, within 120 calendar days of the date
9 the Order Adopting this Stipulation and Waiver is signed, and if said amount is not so paid, the
10 Insurance Commissioner may revoke Respondent's certificate of authority without further notice
11 or hearing.

12 9. Respondent agrees that it will not seek to recover any money from those
13 consumers who were identified in connection with the OSC as having been undercharged for their
14 policies.

15 10. Respondent hereby agrees and acknowledges that if Respondent knowingly (i)
16 breaches its obligation to timely satisfy the payment obligation in paragraph 8 hereof, or (ii)
17 violates any of the material terms in paragraph 9, or (iii) having allowed a material violation of
18 any of the terms or conditions of paragraph 6 of this Stipulation and Waiver fails, within one
19 hundred twenty days (120) from demand by the Insurance Commissioner to timely pay the
20 balance of the suspended fine in the amount of one million fifty-four thousand dollars
21 (\$1,054,000.00), the Insurance Commissioner may at such time, without further notice or hearing,
22 revoke Respondent's license and licensing rights.

23 11. Respondent consents to the electronic service of future decisions, orders and other
24 documents issued by the Insurance Commissioner in this matter to Respondent's email address of
25 record and, pursuant to California Government Code section 11415.40, waives the right to
26 personal or registered mail service. During the period that Respondent is represented by counsel
27 in this matter, in lieu of serving Respondent, the Insurance Commissioner will electronically
28 serve Respondent's counsel at the email address provided by Respondent's counsel.


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personal or registered mail service. During the period that Respondent is represented by counsel in this matter, in lieu of serving Respondent, the Insurance Commissioner will electronically serve Respondent's counsel at the email address provided by Respondent's counsel.

12. Respondent acknowledges that California Insurance Code section 12921 requires the Insurance Commissioner to approve the final settlement of this matter. Both the settlement terms and conditions contained herein and the acceptance of those terms and conditions are contingent upon the Insurance Commissioner's approval.

13. Respondent acknowledges the opportunity to confer with counsel. Respondent freely and voluntarily executes this Stipulation and Waiver, with full realization of the legal rights set forth in the Statement to Respondent and other applicable law.

Respondent declares the above to be true, under penalty of perjury, under the laws of the State of California, and executes this document on the 20th day of April, 2023.



LAWRENCE GENALO
Chief Financial Officer
Topa Insurance Group