# BEFORE THE COMMISSIONER OF INSURANCE OF THE STATE OF KANSAS

In the Matter of The Travelers	)
Indemnity Company of America	Docket No. 3005-SO

### **CONSENT ORDER**

The Travelers Indemnity Company of America wishes to resolve this matter without formal adjudicative proceedings by entering into this consent order. The Commissioner of Insurance ("Commissioner") hereby makes the following findings of fact, conclusions of law, and order, to-wit:

## **Findings of Fact**

- 1. Travelers Indemnity Insurance Company of America ("Travelers Indemnity") is a stock insurance company authorized to transact the business of insurance in the State of Kansas with its office located at One Tower Square, Hartford, CT, 06183, and is subject to the Kansas statutes regulating the business of insurance.
- 2. The Commissioner of Insurance ("the Commissioner") has jurisdiction over the subject matter of this proceeding, and this proceeding is held in the public interest.
- 3. On October 13, 1992, the Kansas Insurance Department ("the Department") approved the Supplementary Rate Plan ("the plan") filed by Travelers Indemnity. Because of poor loss experience, the company changed the discount range of the existing plan, but did not file new rates for approval by the Commissioner.
- 4. Seven hundred sixty-one (761) policyholders of Travelers Indemnity and its sister company, Phoenix Insurance Company, were negatively affected by the

change in discount. \$28,766 was credited by the companies to the negatively affected accounts.

## **Conclusions of Law**

5. K.S.A. 40-955(f) provides, in relevant part:

No insurer shall make or issue a contract or policy except in accordance with filings which have been filed or approved for such insurer as provided in this act.

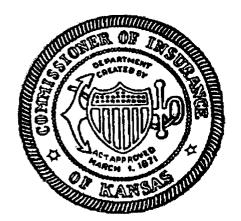
- 6. K.S.A. 40-963 provides, in relevant part:
  - ...if the commissioner finds any person or organization has violated any provision of this act, may impose a penalty of not more than \$500 for each violation, but, if the commissioner finds such violation to be willful, may impose a penalty of not more than \$2,000 for each such violation...
- 7. Based on the information contained in paragraphs three (3) and four (4) above, it appears that Travelers Indemnity Company of America changed its Supplementary Rating Plan without approval from the Commissioner in violation of K.S.A. 40-955(f).
- 8. For the purposes of this Consent Order, Travelers Indemnity Company of America waives its right to a formal adjudicative proceeding and notice thereof and voluntarily consents to the following order of the Commissioner of Insurance.

### IT IS THEREFORE, BY THE COMMISSIONER OF INSURANCE, ORDERED THAT:

1. Travelers Indemnity Company of America shall immediately cease and desist from all acts alleged to be violation herein. Specifically, they shall cease and desist from making or issuing contracts or policies except in accordance with filings which have been filed or approved for such insurers.

2. Travelers Indemnity Company of America shall remit to the Kansas Insurance Department an administrative penalty in the sum of three thousand dollars (\$3,000) for violating K.S.A. 40-955.

IT IS SO ORDERED THIS LAND DAY OF SHAWNEE, STATE OF KANSAS.



Kathleen Sebelius Commissioner of Insurance

BY:

Kathy Greenlee General Counsel

Reginald C. Momah

Travelers Indemnity Company of America

SUBMITTED AND APPROVED BY:

Deletria L. Nash

Attorney for Petitioner

Kansas Insurance Department