

In the Matter of STIRLING COOKE)
INSURANCE SERVICES INC.) Docket No. 3028-CO

4. In January, 1997, the Kansas Insurance Department Department (“KID”) notified Stirling that policyholders must receive notices 60 days prior to non-renewal and an extension endorsement could not be issued to make the notices comply. The company agreed to comply with our law in the future.

5. On December 6, 1999, Stirling sent five policyholders written notices on behalf of Clarendon that their policies would expire on February 1, 2000. The form was not filed with the KID prior to use.

6. A "Miscellaneous Information Worksheet" was sent as an endorsement to "Workers Compensation and Employers Liability Insurance Policy, Form Number 'WC 99 06 01'" to the five policyholders to change the date of cancellation from February 1 to February 5. The endorsement was not submitted to the KID prior to use in Kansas.

7. Stirling issued notices rescinding the non-renewals after the department notified it of the violation of our laws.

Conclusions of Law

8. K.S.A. 40-216 provides in relevant part...

...The commissioner may also require the filing of such other documents and papers as are necessary to determine compliance with the laws of this state...

9. K.S.A. 40-2,121 provides, in relevant part:

Any insurance company that denies renewal or substitution of similar coverage for the same exposures under any property or casualty insurance policy which is used primarily for business or professional needs shall give at least 60 days' written notice to the named insured at such person's last known address of the insurance company's intention not to renew such policy. The company may satisfy this obligation by causing such notice to be given by a licensed agent.

10. K.S.A. 40-2,125 provides, in relevant part:

(a) If the commissioner determines after notice and opportunity for a hearing that any person has engaged or is engaging in any act or practice constituting a violation of any provision of Kansas insurance statutes or any rule and regulation or order thereunder, the commissioner may in the exercise of discretion, order any one or more of the following:

(1) Payment of a monetary penalty of not more than \$1,000 for each and every act or violation, unless the person knew or reasonably should have known such person was in violation of the Kansas insurance statutes or any rule and regulation or order thereunder, in which case the penalty shall be not more than \$2,000 for each and every act or violation;

(3) that such person cease and desist from the unlawful act or practice and take such affirmative action as in the judgment of the commissioner will carry out the purposes of the violated or potentially violated provision.

(b) If any person fails to file any report or other information with the commissioner as required by statute or fails to respond to any proper inquiry of the commissioner, the commissioner, after notice and opportunity for hearing, may impose a penalty of up to \$500 for each violation or act, along with an additional penalty of up to \$100 for each week thereafter that such report or other information is not provided to the commissioner.

11. K.S.A. 40-2,134 provides in relevant part...

The acts of the MGA are considered to be the acts of the insurer on whose behalf it is acting.

12. K.S.A. 40-2,135 provides in relevant part...

(a) If the commissioner finds after a hearing conducted in accordance with the Kansas administrative procedure act that any person has violated any provision of this act, the commissioner may order all or any of the following, any combination thereof or all of the following:

(1) For each separate violation, a penalty in the amount of \$5,000;

(3) the MGA to reimburse the insurer... for any losses incurred by the insurer caused by a violation of this act by the MGA.

13. Based upon the information contained in paragraphs 3 through 7 above, it appears that Stirling Cooke Insurance Services Inc. issued and delivered the "Miscellaneous Information Endorsement" prior to approval by the Commissioner in violation of K.S.A. 40-216.

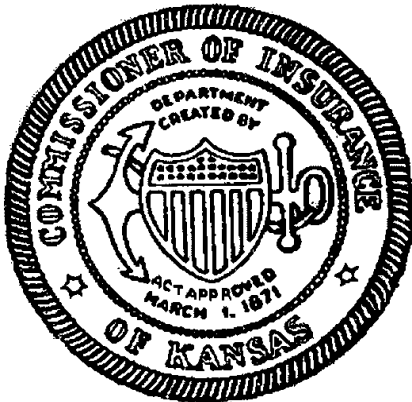
14. Based upon the information contained in paragraphs 3 through 7 above, it appears that Stirling Cooke Insurance Services Inc. issued and delivered five notices of non-renewal with an expiration date shorter than 60 days in violation of K.S.A. 40-2,121.

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

1. Stirling Cooke Insurance Services Inc. shall immediately cease and desist from failing to give 60 days notice of non-renewal to policyholders.

2. Stirling Cooke Insurance Services Inc. shall forward a draft to in the amount of FIVE THOUSAND DOLLARS (\$5,000.00) for issuing and delivering non-renewal notices with expiration dates shorter than 60 days and for issuing and delivering forms prior to approval by the Commissioner.

IT IS SO ORDERED THIS 12th DAY OF DECEMBER, 2001, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



/s/ Kathleen Sebelius
Kathleen Sebelius
Commissioner of Insurance

BY:

/s/ Kathy Greenlee
Kathy Greenlee
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