

**BEFORE THE COMMISSIONER OF INSURANCE  
OF THE STATE OF KANSAS**

In the Matter of	)	
NN INSURANCE COMPANY	)	Docket No. 3032-CO

**CONSENT ORDER**

Pursuant to the authority granted the Commissioner of Insurance by Kansas Statutes Annotated (K.S.A.) 40-222, K.S.A. 40-222b, K.S.A. 40-222d, and K.S.A. 40-222e, and in accordance with the Kansas Administrative Procedures Act, K.S.A. 77-501, et seq.

I, Kathleen Sebelius, the duly elected, qualified, and acting Commissioner of Insurance of the State of Kansas, hereby make the following findings of fact, conclusions of law, and order, to wit:

**Findings of Fact**

1. NN Insurance Company is an insurance company incorporated under the laws of the State of Wisconsin, with their main administrative office being located at 1000 Lenox Drive, Lawrenceville, NJ, 08648.

2. NN Insurance Company was licensed to transact the business of insurance in the State of Kansas on November 7, 1988, under the authority of K.S.A. 40-901, K.S.A. 40-1102, and K.S.A. 40-1104.

3. The Commissioner of Insurance has jurisdiction over the subject matter of this proceeding and over NN Insurance Company and this proceeding is held in the public interest.

4. One hundred percent (100%) of the business written by NN Insurance Company is reinsured with an affiliate, Northwestern National Casualty Company, which, itself is entering into a consent order with the Kansas Insurance Department due to its hazardous financial condition.

5. NN Insurance Company's policyholders surplus as of December 31, 2000 totaled \$7,900,819, which includes a reserve credit of \$44,363,000 from the aforementioned affiliate, Northwestern National Casualty Company.

6. NN Insurance Company is a subsidiary of Northwestern National Casualty.

7. Highland Insurance Group, Inc., is an upstream parent company of Northwestern National Casualty.

8. An investigation of Northwestern National Casualty, NN Insurance Company, and Highland Insurance Group, Inc., by the Wisconsin Insurance Department, produced sufficient concern regarding the financial stability and well-being of the insurance companies to warrant the issuance of a Stipulation and Order dated the 1<sup>st</sup> of November, 2001. The Order was signed by Northwestern National Casualty and NN Insurance Company and is attached as Exhibit A.

9. NN Insurance Company's financial status currently remains above the minimum of capital and surplus requirements, as stated in K.S.A. 40-901 and K.S.A. 40-1104. However, the circumstances, as viewed by the Kansas Insurance Department, produce sufficient evidence regarding the financial stability and well-being of the insurance company to warrant the suspension of its Certificate of Authority in the State of Kansas.

### **Conclusions of Law**

10. K.S.A. 40-222d provides in relevant part:

For the purposes of this act a company may be deemed to be in a hazardous financial condition when the commissioner has determined...that the loss experience of the company, when reviewed in conjunction with the kinds and nature of risks insured, the financial condition of the company and its ownership or the ratio of the annual premium volume in proportion to the company's policyholders surplus creates a condition that would make further assumption of risks hazardous to the insuring public.

11. Based upon paragraphs 4 through 8, it appears to be in the best interest of the policyholders of NN Insurance Company that the Kansas Insurance Department suspend NN Insurance Company's Certificate of Authority pursuant to K.S.A. 222, K.S.A. 40-222b and K.S.A. 40-222e.

12. NN Insurance Company neither admits nor denies the allegations set forth herein this order as described above.

13. NN Insurance Company waives its right to a formal hearing under the Kansas Administrative Procedure Act, K.S.A. 77-501, et seq., 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. The Certificate of Authority of NN Insurance Company is hereby suspended, effective the date of this Consent Order. Said suspension will continue until such time as the Commissioner of Insurance determines the company is able to meet this state's minimum financial requirements and is no longer in a hazardous financial condition.

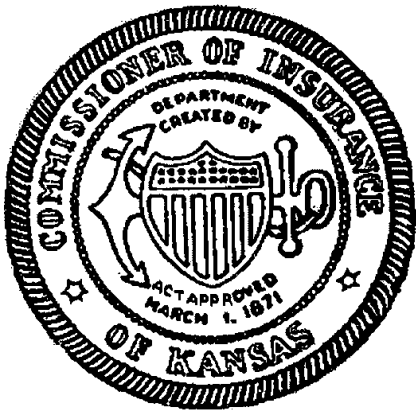
2. NN Insurance Company shall refrain from writing any new or renewal business in the State of Kansas.

3. NN Insurance Company may petition the Commissioner of Insurance to modify the provisions of this Consent Order at any time by a written request that demonstrates the hazardous financial condition of the company has been rectified.

4. NN Insurance Company shall take appropriate action to increase its capital and surplus to a level whereby the company's continued operation would no longer be in a hazardous financial condition.

5. The Commissioner of Insurance retained jurisdiction over this subject matter for the purpose of entering such further order or orders as may be deemed proper and necessary.

**IT IS SO ORDERED THIS 11th DAY OF JANUARY, 2002, 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  
General Counsel

Northwestern National Casualty Company

BY: \_\_\_\_/s/ Stephen L. Kibblehouse\_\_\_\_\_  
Stephen L. Kibblehouse  
Chief Executive Officer & General Counsel