

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

In the Matter of INTERSTATE INDEMNITY COMPANY) Docket No. 3023-CO

CONSENT ORDER

Interstate Indemnity Company ("the company") 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. Interstate Indemnity Company is a fire and casualty company authorized to transact the business of insurance in the State of Kansas with its office located at 55 East Monroe Street, Chicago, Illinois, 60603, 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 July 24, 2001, a complaint was filed against the company alleging that the company had not refunded a payment for a policy that was cancelled.
4. On July 25, 2001, the Kansas Insurance Department ("KID") requested information from the company regarding this complaint and requested a response from the company within 15 working days. The company did not respond.
5. KID sent a letter of non-compliance to the company on August 16, 2001 and requested a response within 10 working days. The company did not respond.

6. On September 5, 2001, KID sent a second notice to the company and requested a response within 10 working days. The company did not and has not responded.

Conclusions of Law

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

(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 with thereafter that such report or other information is not provided to the commissioner.

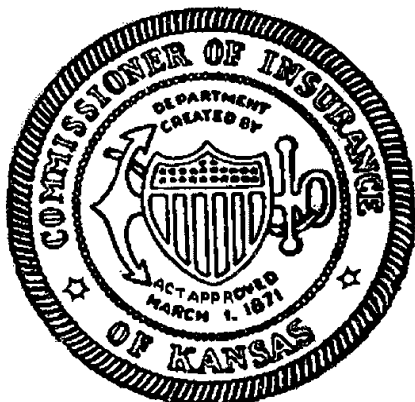
8. Based upon the information contained in paragraphs 3 through 6 above, it appears that Interstate Indemnity Company issued and delivered five premium finance agreements prior to approval by the Commissioner in violation of K.S.A. 40-2609.

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

1. Interstate Indemnity Company shall immediately cease and desist from failing to give 60 days notice of non-renewal to policyholders.

2. Interstate Indemnity Company shall forward a draft in the amount of ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500.00) for failing to respond to three proper inquiries of the Commissioner. The Commissioner retains jurisdiction for additional administrative penalties concerning this failure to comply with K.S.A. 40-2, 125(b).

IT IS SO ORDERED THIS 14th 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

/s/ Corinne Carr
Corinne Carr
Attorney for Respondent
Interstate Indemnity Company

/s/ Deletria L. Nash
Deletria L. Nash
Attorney for Petitioner
Kansas Insurance Department