

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

In the Matter of National Farmers Union)
Standard Insurance Company) Docket No. 3080-CO

CONSENT ORDER

National Farmers Union Standard Insurance 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. National Farmers Union Standard Insurance Company ("National Farmers Union") is a stock insurance company authorized to transact the business of insurance in the State of Kansas with its office located at 11900 East Cornell Avenue, Aurora, Colorado, 80014-3194, and is subject to 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. National Farmers Union was admitted to write business in Kansas in 1969.
4. On March 10, 2002, National Farmers Union notified the Kansas Insurance Department ("KID") of its intent to increase its rates for private passenger auto and its farm truck program effective April 15, 2002.
5. On April 2, 2002, KID notified National Farmers Union that the rate increases were disapproved and requested additional information. National Farmers Union responded on April 15, 2002 to this request.

6. On May 14, 2002, KID confirmed that National Farmers Union had put into effect rate increases prior to approval.

7. On June 6, 2002, National Farmers Union acknowledged that 24 policies were affected by the increase with a premium volume of \$15,848.

Conclusions of Law

1. K.S.A. 40-2,125(a)(1) provides, in relevant part:

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... 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 violation.

2. K.S.A. 40-955 provides, in relevant part:

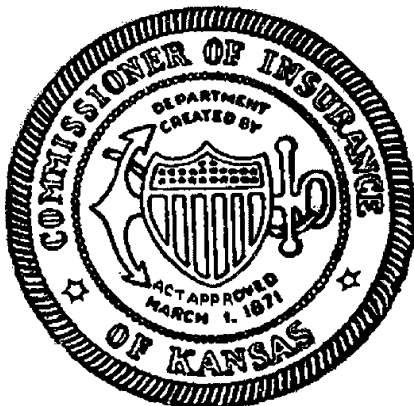
(a) Every insurer shall file with the commissioner, except as to inland marine risks where general custom of the industry is not to use manual rates or rating plans, every manual of classifications, rules and rates, every rating plan, policy form and every modification of any of the foregoing which it proposes to use... (c)... Personal lines rate filings shall be on file for a waiting period of 30 days before becoming effective, subject to the commissioner disapproving the same if the rates are determined to be inadequate, excessive, unfairly discriminatory or otherwise fail to meet requirements of this act... (f) 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.

3. Based on the information contained in paragraphs four (4) through seven (7) above, it appears that National Farmers Union Standard Insurance Company unintentionally issued or rate increases without prior approval by this department in violation of K.S.A. 40-955 (c) and (f).

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

National Farmers Union Standard Insurance Company shall remit to the Kansas Insurance Department an administrative penalty in the sum of five hundred dollars (\$500) for violating K.S.A. 40-955 (c) and (f).

**IT IS SO ORDERED THIS 16th DAY OF AUGUST, 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/ Bill Stevenson
Bill Stevenson
General Counsel and Secretary
National Farmers Union Standard Insurance Company

SUBMITTED AND APPROVED BY:

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