

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

In the Matter of National Farmers Union )  
Property and Casualty Company )      Docket No. 3079-CO

**CONSENT ORDER**

National Farmers Union Property and Casualty 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 Property and Casualty Company ("National Farmers") 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 was admitted to write business in Kansas in 1986.
4. On March 10, 2002, National Farmers 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 that the rate increases were disapproved and requested additional information. National Farmers responded on April 15, 2002.

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

7. On June 6, 2002, National Farmers acknowledged that 530 policies were affected by the increase with a premium volume of \$405,442.

### **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:

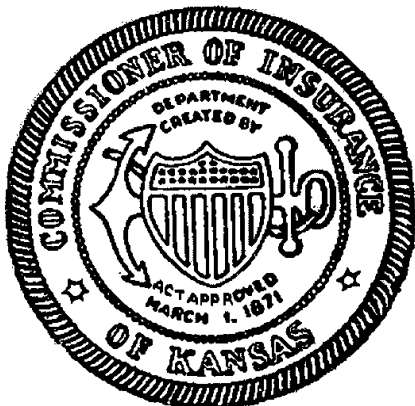
(a) Every insurer shall file with the commissioner, except as to inland marine risks where general custom of the industry is not to use manual rates or rating plans, every manual of classifications, rules and rates, every rating plan, policy form and every modification of any of the foregoing which it 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 Property and Casualty 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 Property and Casualty Company shall remit to the Kansas Insurance Department an administrative penalty in the sum of two thousand dollars (\$2,000) for violating K.S.A. 40-955(c) and (f).

**IT IS SO ORDERED THIS 16<sup>th</sup> 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 and Casualty Company

SUBMITTED AND APPROVED BY:

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