

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

FINAL ORDER Effective: 12/12/05
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In the Matter of)
The Automobile Insurance Company of Hartford,)
Connecticut, and)
The Standard Fire Insurance Company.)

Docket No. 3492-SO

SUMMARY ORDER

Pursuant to the authority conferred on the Commissioner of Insurance by K.S.A. 40-955, 40-2,125, and by invoking K.S.A. 77-537, the Commissioner hereby admonishes and assesses penalty against the Automobile Insurance Company of Hartford, Connecticut, and the Standard Fire Insurance Company for violation of applicable Kansas insurance code.

Findings of Fact

1. The Automobile Insurance Company of Hartford, Connecticut (hereinafter “Auto Ins. Co. of Hartford” or “the company”), located at 1 Tower Square, Hartford, CT 06183, has been authorized to transact and continuously engaged in transacting insurance business in the state of Kansas since November 7, 1975.
2. The Standard Insurance Company (hereinafter “Standard Fire” or “the company”), located at 1 Tower Square, Hartford, CT 06183, has been authorized to transact and continuously engaged in transacting insurance business in the state of Kansas since March 1, 1915.
3. On or about October 22, 2004, the companies filed their rate for, 19.1001/19.1002/21.1000, PPA No-Fault (PIP) and PPA Liability and

Physical Damage Combination with the Kansas Insurance Department
("KID") via SERFF.

4. The proposed effective date for the said rate filing was identified as November 21, 2004.
5. On November 19, 2004, KID disapproved, via SERFF, the filing rate for lacking certain information assuring that the same is not excessive in light of the controlling Kansas statutes.
6. Due to a clerical misconception by the companies, the disapproved filing rate became effective on or about November 21, 2004.

Applicable Law

7. K.S.A. 40-955 states, in pertinent parts:
 - (a) Every insurer shall file with the commissioner . . . 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. Every such filing shall indicate the proposed effective date and the character and extent of the coverage contemplated and shall be accompanied by the information upon which the insurer supports the filings. A filing and any supporting information shall be open to public inspection after it is filed with the commissioner.
. . .
 - (c) Any other rate filing, except personal lines filings, shall become effective on filing or any prospective date selected by the insurer, subject to the commissioner disapproving the same if the rates are determined to be inadequate, excessive, unfairly discriminatory or otherwise fails to meet the requirements of this act. 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. The term "personal lines" shall mean insurance for noncommercial automobile, homeowners, dwelling fire-and-renters insurance policies, as defined by the commissioner by rules and regulations. A filing complies with this act unless it is disapproved by the commissioner within the waiting period or pursuant to

subsection (e).

...

(e) If a filing is not accompanied by the information required by this act, the commissioner shall promptly inform the company or organization making the filing. The filing shall be deemed to be complete when the required information is received by the commissioner or the company or organization certifies to the commissioner the information requested is not maintained by the company or organization and cannot be obtained. If the commissioner finds a filing does not meet the requirements of this act, the commissioner shall send to the insurer or rating organization that made the filing, written notice of disapproval of the filing, specifying in what respects the filing fails to comply and stating the filing shall not become effective. If at any time after a filing becomes effective, the commissioner finds a filing does not comply with this act, the commissioner shall after a hearing held on not less than 10 days' written notice to every insurer and rating organization that made the filing issue an order specifying in what respects the filing failed to comply with the act, and stating when, within a reasonable period thereafter, the filing shall be no longer effective. Copies of the order shall be sent to such insurer or rating organization. The order shall not affect any contract or policy made or issued prior to the expiration of the period set forth in the order.

8. K.S.A. 40-2,125 authorizes:

(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;

Conclusion

Based upon the Findings of Fact and Applicable Law enumerated in paragraphs #1 through #8 above,

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

- a. By inadvertently allowing the disapproved rate to take effect on or about November 21, 2004, the Auto Ins. Co. of Hartford and the Standard Fire have engaged in utilizing unauthorized insurance rates in the State of Kansas, thus, in violation of K.S.A. 40-955.

- b. Considering the magnitude of the impact directly attributed to the companies' above-said error and pursuant to K.S.A. 40-2,125, the Auto Ins. Co. of Hartford and the Standard shall pay a combined monetary penalty, due and payable to Kansas Insurance Commissioner on or before the 14th day from the date of this order, in the amount of Five Thousand Dollars (\$5,000) for their violations of K.S.A. 40-955.

IT IS SO ORDERED THIS 21st DAY OF November 2005, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



/s/ Sandy Praeger
Sandy Praeger
Commissioner of Insurance
BY:

/s/ John W. Campbell
John W. Campbell
General Counsel

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he served the above and foregoing Summary Order on this 21st day of November, 2005, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Lynne Fritter, *Esq.*
Travelers
Mail Code 8MS
One Tower Square
Hartford, CT 06183

_s/ Hsingkan Chiang _____
Hsingkan Chiang, Staff Attorney

NOTICE OF RIGHTS

The Automobile Insurance Company and The Standard Fire Insurance Company (“the companies”) are entitled to a hearing pursuant to K.S.A. §77-537, the Kansas Administrative Procedure Act. If the companies desire a hearing, the companies must file a written request for a hearing with:

John W. Campbell, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

This request must be filed within fifteen (15) days from the date of service of this Order. If the companies request a hearing, the Kansas Insurance Department will notify the same of the time and place of the hearing and information on the procedures, right of representation, and other rights of parties relating to the conduct of the hearing, before commencement of the hearing.

If a hearing is not requested in the time and manner stated above, this Summary Order shall become effective as a Final Order upon the expiration of time for requesting a hearing, pursuant to K.S.A. §77-613. In the event that the companies file a petition for judicial review, pursuant to K.S.A. §77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is:

John W. Campbell, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

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/s/ Hsingkan Chiang _____
Hsingkan Chiang, Staff Attorney