

4. Mr. Behrens letter requested the data be provided by June 30, 2006. The letter also requested Capital Reserve provide a contact person.
5. Capital Reserve did not respond to Mr. Behrens' request for information.
6. On August 1, 2006, Ms. Rinehart sent an e-mail to Capital Reserve stating she had not yet received the requested Kansas filing data.
7. Ms. Rinehart did not receive a response from Capital Reserve regarding the August 1, 2006 e-mail.
8. On August 16, 2006, Ms. Rinehart sent a letter to Capital Reserve's President indicating she had not received the State of Kansas data filing.
9. To date, Capital Reserve has not responded to any request for the State of Kansas filing data.

Applicable Law

K.S.A. 40-222 provides, in pertinent part:

- (a) Whenever the commissioner of insurance deems it necessary but at least once every five years, the commissioner may make, or direct to be made, an examination of the affairs and financial condition of any insurance company...doing business in this state.
- (d) The commissioner may also examine or investigate any person, or the business of any person, in so far as such examination or investigation is, in the sole discretion of the commissioner, necessary or material to the examination of the company, but such examination or investigation shall not infringe upon or extend to any communications or information accorded privileged or confidential status under any other laws of this state.
- (g) The refusal of any company, by its officers, directors, employees or agents, to submit to examination or to comply with any reasonable written request of the examiners shall be grounds for suspension or refusal of, or nonrenewal of any license or authority held by the company to engage in an insurance or other business subject to the commissioner's jurisdiction.

K.S.A. 40-225 provides, in pertinent part:

Every insurance company or fraternal benefit society doing business in this state shall, if the statement of condition required below is compatible, participate in the insurance regulatory information system administered by the national association of insurance commissioners and shall annually, on January 1 or within 60 days thereafter, file with the commissioner of insurance a statement of its condition as of the preceding December 31...Such statement shall be made upon the form and be prepared in accordance with the instructions and accounting practices and procedures prescribed and adopted from time to time by the national association of insurance commissioners with such additions or amendments thereto as shall seem to the commissioner of insurance best adapted to elicit from such companies as a true exhibit of their condition.

...The commissioner may also at any time address any proper inquiries to any such insurance company or fraternal benefit society or its officers in relation to its condition or any other matter connected with its transactions. Each company, society or officer addressed shall promptly and truthfully reply in writing to all such inquiries, and such replies shall be verified if the commissioner of insurance requires.

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

- (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:
- (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 for each week thereafter that such report or other information is not provided to the commissioner.

K.S.A. 40-2405 provides, in pertinent part:

The commissioner shall have power to examine and investigate into the affairs of every person engaged in the business of insurance in this state in order to determine whether such person has been or is engaged in any unfair method of competition or in any unfair or deceptive or practice prohibited by K.S.A. 40-2403.

Conclusions of Law

The Commissioner has jurisdiction over Capital Reserve and the subject matter of this proceeding and based on Paragraphs #1 through #9 and the Applicable Law enumerated above:

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE:

1. On December 13, 2005, Mr. Behrens requested Kansas filing data from Capital Reserve for the Market Conduct Annual Statement (“Annual Statement”) project developed by the States through the National Association of Insurance Commissioners (“NAIC”) pursuant to K.S.A. 40-222, K.S.A. 40-222b, and K.S.A. 40-225.
2. The deadline for the data requested was June 30, 2006. Capital Reserve did not respond to Mr. Behrens’ request for Kansas filing data.
3. Capital Reserve’s failure to respond to Mr. Behrens’ December 13, 2005 request constitutes a violation of K.S.A. 40-2,125.
4. On August 1, 2006, Ms. Rinehart contacted Capital Reserve via e-mail indicating KID had not received the Kansas filing data and requesting the same. Capital Reserve did not respond to Ms. Rinehart’s request for Kansas filing data.
5. Capital Reserve’s failure to respond to Ms. Rinehart’s August 1, 2006 request constitutes a violation of K.S.A. 40-2,125.
6. On August 16, 2006, Ms. Rinehart contacted Capital Reserve via letter indicating KID had not received the requested Kansas filing

data. Capital Reserve did not respond to Ms. Rinehart's request for Kansas filing data.

7. Capital Reserve's failure to respond to Ms. Rinehart's August 16, 2006 request constitutes a violation of K.S.A. 40-2,125.
8. Pursuant to K.S.A. 40-2,125(b), Capital Reserve is hereby ordered to pay a monetary penalty, due and payable to the Kansas Insurance Commissioner on or before the 14th day from the date of this Order in the amount of TWO THOUSAND FIVE HUNDRED DOLLARS AND 00/100 (\$2500.00) for its above-stated violations of K.S.A. 40-2,125.

NOTICE OF RIGHTS

Capital Reserve Life Insurance Company ("Capital Reserve") is entitled to a hearing pursuant to K.S.A. 77-537, the Kansas Administrative Procedures Act. If Capital Reserve desires a hearing, the company 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 Capital Reserve requests a hearing, the Kansas Insurance Department will notify the company 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 same.

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 Capital Reserve files a petition for judicial review, pursuant to K.S.A. 7-613(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

IT IS SO ORDERED THIS __1st__ DAY OF MARCH, 2007, 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 and Notice of Rights on this 1st day of March, 2007, by causing the same to be deposited in the United States Mail, first-class postage prepaid, addressed to the following:

Jean Warden
President
Capital Reserve Life Insurance Company
812 Madison Street
P.O. Box 896
Jefferson City, MO 65101

/s/ Zachary J.C. Anshutz
Zachary J.C. Anshutz
Staff Attorney