

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

In the Matter of)
Capital Reserve Life) Docket No. 3627-CO
Insurance Company)

CONSENT ORDER

Capital Reserve Life Insurance Company (“Capital Reserve”) 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. Capital Reserve Life Insurance Company (“Capital Reserve”) located at 812 Madison Street, P.O. Box 896, Jefferson City, Missouri 65101, has been authorized to transact and has continuously engaged in transacting insurance business in the State of Kansas since December 05, 1958, and is subject to statutes regulating the business of insurance.
2. The Commissioner has jurisdiction over the subject matter of this proceeding, and this proceeding is held in the public interest.
3. On March 1, 2007, the Kansas Insurance Department (“KID”) issued a Summary Order, Docket Number 3627-SO against Capital Reserve for violation of K.S.A. 40-2,125(b) for failure to respond to a proper inquiry of the Commissioner.
4. A copy of the Summary Order was deposited in the United States Mail, first-class postage prepaid, addressed to Jean Warden, President, Capital

Reserve Life Insurance Company, 812 Madison Street, P.O. Box 896,
Jefferson City, Missouri 65101 on March 1, 2007.

5. Capital Reserve did not file a Written Request for a Hearing and the Summary Order became final on March 20, 2007.
6. Capital Reserve failed to timely remit to the Kansas Insurance Department the monetary penalty imposed by the Summary Order, Docket Number 3627-SO in the amount of TWO THOUSAND FIVE HUNDRED DOLLARS AND 00/100.

Applicable Law

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 provisions 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;
 - (2) Suspension or revocation of the person's license or certificate if such person knew or reasonably should have know that such person was in violation of the Kansas insurance statutes or any rule and regulation or order thereunder; or

Conclusions of Law

7. Based on the information contained in paragraphs one (1) through six (6) above, it appears that Capital Reserve violated an Order of the Commissioner by failing to timely remit payment of the monetary penalty

imposed by Summary Order – Docket No. 3627-SO in violation of K.S.A. 40-2,125(a) and (a)(1).

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

Capital Reserve shall remit to the Kansas Insurance Department an administrative penalty in the sum of TWO THOUSAND DOLLARS AND 00/100 (\$2,000.00) for its above-stated violation of K.S.A. 40-2,125(a).

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 the 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. 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

**IT IS SO ORDERED THIS 11th DAY OF JUNE, 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

SUBMITTED AND APPROVED BY:

/s/ Zachary J.C. Anshutz
Zachary J.C. Anshutz
Staff Attorney
Kansas Insurance Department

APPROVED BY:

/a/ Tony Hutchinson
Tony Hutchinson
Representative for Capital Reserve

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he served the above and foregoing **CONSENT ORDER** and **NOTICE OF RIGHTS** on this __11th__ day of ____June____, 2007, by causing the same to be deposited in the United States Mail, first-class postage prepaid, addressed to the following:

Tony Hutchinson
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