

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

In the Matter of)
)
LIBERTY MUTUAL FIRE)
INSURANCE COMPANY)
NAIC # 23035) Docket No. 3675-CO

CONSENT ORDER

The Kansas Insurance Department (“KID”) and Liberty Mutual Fire Insurance Company (“Liberty Mutual”) wish to resolve an incident arising out of the investigation and adjustment of a workers compensation claim brought by Richard Jones against Liberty Mutual. Pursuant to the authority granted to the Commissioner of Insurance (“Commissioner”) by K.S.A. 44-5,120(e), K.S.A. 40-103 *et seq.* and K.S.A. 77-501 *et seq.* the Commissioner hereby agrees to the terms of this Consent Order and accepts Liberty Mutual Insurance Company’s tender of payment in the amount of \$2,000.00 in exchange for dismissal of this action with prejudice.

Findings of Fact

KID and Wausau agree to the following findings of fact:

1. Liberty Mutual Fire Insurance Company (“Liberty Mutual”) located at 175 Berkeley Street, Boston, Massachusetts 02116, has been authorized to transact insurance business in the State of Kansas.
2. On or about February 23, 2007, a complaint referral from the Fraud and Abuse Unit of the Kansas Division of Workers Compensation, against the above-named insurance carrier was received at the Kansas Insurance

Department.

3. The complaint was assigned to Ezra J. Ginzburg, Staff Attorney, for his review to determine if a violation of K.S.A. 44-5,120 had taken place and specifically to find whether the insurance carrier had intentionally, knowingly and willfully failed to pay court ordered medical bills duly authorized and ordered by an Administrative Law Judge.
4. The Kansas Insurance Department (“KID”) has jurisdiction over this matter pursuant to K.S.A. 44-5,120, K.S.A. 40-103 *et seq*, and K.S.A. 77-501.
5. In lieu of filing a Summary Order alleging a violation of K.S.A. 44-5,120(d) arising out of Liberty Mutual’s conduct in this Kansas workers compensation claim involving claimant Richard Jones and in lieu of further administrative litigation in this matter by the Kansas Insurance Department for alleged acts of abusive conduct as defined in K.S.A. 44-5,120(d), both KID and Liberty Mutual have jointly agreed to the terms of this Consent Order.
6. KID and Liberty Mutual jointly agree that Liberty Mutual will pay the sum of Two Thousand Dollars (\$2,000.00) and KID will dismiss this action with prejudice.
7. KID acknowledges that Liberty Mutual admits no liability whatsoever in agreeing to this Consent Order. The payment made pursuant to this agreement shall not be construed in any fashion as an admission of liability on behalf of Liberty Mutual or as an admission that Liberty Mutual was in

any way at fault or committed any wrongful acts for the purposes of this administrative action or for the purposes of any other litigation, administrative or civil, arising out of this incident including, but not limited to, *Richard Jones v. Garney Construction Company and Liberty Mutual Fire Insurance Company, Docket No. 1,023,782.*

Applicable Law

1. K.S.A. 77-501 *et seq.* – The Kansas Administrative Procedures Act
2. K.S.A. 77-601 *et seq.* – The Act for Judicial Review and Civil Enforcement of Agency Action.
3. K.S.A. 44-5,120 *et seq.*- Fraudulent or abusive acts or practices; defined; powers, duties and functions of director of workers compensation and commissioner or insurance, etc...

Conclusions of Law

IT IS, THEREFORE, AGREED UPON BY THE COMMISSIONER OF INSURANCE AND LIBERTY MUTUAL FIRE INSURANCE COMPANY (“LIBERTY MUTUAL”):

- a. Liberty Mutual agrees to make a payment of Two Thousand Dollars (\$2,000) to KID in exchange for the dismissal of this action with prejudice.
8. KID acknowledges that Liberty Mutual admits no liability whatsoever in agreeing to this Consent Order. The payment made pursuant to this agreement is in settlement of disputed claims and shall not be construed in any fashion as an admission of liability on behalf of Liberty Mutual or as an admission that Liberty Mutual was in any way at fault or committed any

wrongful acts for the purposes of this administrative action or for the purposes of any other litigation, administrative or civil, arising out of this incident including, but not limited to, *Richard Jones v. Garney Construction and Liberty Mutual Fire Insurance Company, Docket No. 1,023,782.*

9. The fact of this payment, the settlement negotiations between KID and Liberty Mutual and the entry of this Consent Order shall not be admissible in evidence in any respect in *Richard Jones v. Garney Construction and Liberty Mutual Fire Insurance Company, Docket No. 1,023,782.*
 - a. Upon the entry of this Consent Order this action shall be dismissed with prejudice.
 - b. The entry of this Consent Order is based upon a strict compromise of disputed issues between KID and Liberty Mutual and may not be used as evidence in any other proceeding.
 - c. Liberty Mutual shall deliver, within twenty (20) days of the entry of this Order, the sum of Two Thousand Dollars (\$2,000) to Ezra J. Ginzburg, KID Staff Attorney, on behalf of the Kansas Insurance Department.
 - d. If payment is not made as required, KID may vacate and/or declare this Consent Order void and proceed with a Summary Order and a hearing.

IT IS SO ORDERED THIS __22nd__ DAY OF JUNE, 2007, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



Sandy Praeger
Commissioner of Insurance

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

Liberty Mutual Fire Insurance Company

By: /s/ Bruce Baker

Certificate of Service

The undersigned hereby certifies that he served a true and correct copy of the above and foregoing Consent Order on this 22nd day of June, 2007, by placing the same in the United States Mail, first class postage prepaid, addressed to the following:

Liberty Mutual Fire Insurance Company
175 Berkeley Street
Boston, Massachusetts 02116

/s/ Ezra J. Ginz burg
Ezra J. Ginzburg
Staff Attorney