

FINAL ORDER

Effective: 07-29-08

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

**In the Matter of the Nonresident Agency)
License of National Prearranged)
Services, Inc.)**

Docket No. 3911-SO

SUMMARY ORDER

Pursuant to the authority granted to the Commissioner of Insurance by Kansas Statutes Annotated (“K.S.A.”) K.S.A. 2007 Supp. 40-4909,

I, Sandy Praeger, the duly elected and qualified Commissioner of Insurance of the State of Kansas, hereby make the following findings of fact, conclusions of law, and order.

This Summary Order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen (15) day period if no request for hearing is made, pursuant to K.S.A. 77-542.

Findings of Fact

1. National Prearranged Services Inc. (“NPS”) is a nonresident agency authorized to transact the business of insurance in the State of Kansas with its statutory home office located at 10 South Brentwood Boulevard, St Louis, MO 63105 and a mailing address of PO Box 50416, St Louis, MO 63105. NPS is subject to statutes regulating the business of insurance.

2. The Commissioner of Insurance has jurisdiction over the subject matter of this proceeding, and this proceeding is held in the public interest.

3. NPS is an agency authorized to transact the business of insurance in Kansas since May 1, 1989.

4. NPS is affiliated with Lincoln Memorial, a life insurance company authorized to write accident and health and life business in Kansas.

5. The Kansas Insurance Department has approved for use by Lincoln Memorial whole life policies and annuities.

6. Lincoln Memorial does not have any term policies approved for use in the state of Kansas.

7. NPS sold whole life insurance policies and annuities issued by Lincoln Memorial through funeral homes in Kansas.

8. On the application for life insurance, applicants had the option to assign and transfer all policy benefits and proceeds of the policy to a funeral home.

9. Applicants who assigned and transferred policy benefits and proceeds of their policy to a funeral home retained their ownership of the policy.

10. NPS borrowed against whole life policies that were owned by Kansas policyowners.

11. NPS borrowed against life insurance policies without the consent of Kansas policyowners.

12. NPS did not repay loans borrowed against whole life policies that were owned by Kansas policyowners.

13. Lincoln Memorial issued loans against life insurance policies without obtaining consent of Kansas policyowners.

14. As a result of the unpaid loans, Lincoln Memorial converted in-force whole life insurance policies to term policies without consent of Kansas policy owners.

15. Over 600 policies were affected by the conversion.

16. On June 25, 2008, the state of Missouri revoked the registration of NPS in a settlement agreement between NPS and the Missouri State Board of Embalmers and Funeral Directors.

17. The settlement agreement contained several allegations of violations committed by NPS.

Conclusions of Law

18. Kansas Statutes Annotated ("K.S.A.") 2007 Supp. 40-4909(a) states, in relevant part:

(a) The commissioner may deny, suspend, revoke or refuse renewal of any license issued under this act if the commissioner finds that the applicant or license holder has:

(2) Violated:

(C) any insurance law or regulation of another state; or

(4) Improperly withheld, misappropriated or converted any moneys or properties received in the course of doing insurance business.

(8) Used any fraudulent, coercive, or dishonest practice, or demonstrated any incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere.

19. Based on the information contained in Findings of Facts, National Prearranged Services Inc. borrowed against whole life insurance policies in violation of K.S.A. 2007 Supp. 40-4909(a)(4) and K.S.A. 2007 Supp. 40-4909(a)(8).

20. Based on the information contained in Findings of Facts, National Prearranged Services Inc. violated Missouri laws and thus, violated K.S.A. 2007 Supp. 40-4909(a)(2)(C).

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

1. The nonresident agency license of National Prearranged Services Inc. **IS HEREBY REVOKED.**

2. National Prearranged Services Inc. shall **CEASE AND DESIST FROM ISSUING NEW POLICIES IN KANSAS.**

3. The Commissioner of Insurance retains jurisdiction over this matter to issue any and all further Orders deemed appropriate or to take such further action as necessary to dispose of this matter.

Notice of Right to Hearing or Appeal

You are entitled to a hearing pursuant to K.S.A. 77-537, the Kansas Administrative Procedure Act. If you desire a hearing, you 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 you request a hearing, the Kansas Insurance Department will notify you 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 same.

If a hearing is not requested in the time and manner stated above, this 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 you 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.

IT IS SO ORDERED THIS 11th DAY OF JULY, 2008, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



/s/ Sandy Praeger
Sandy Praeger
Commissioner of Insurance

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

Approved and Submitted by:

/s/ Deletria L. Nash
Deletria L. Nash
Attorney for Petitioner

Certificate of Service

The undersigned hereby certifies that a true and correct copy of the above and foregoing Consent Order was served by placing the same in the United States Mail, first class postage prepared, on this 11th day of July , 2008, addressed to the following:

Randall K. Sutton
National Prearranged Services Inc.
P.O. Box 50416
St. Louis, Missouri 63105

National Prearranged Services Inc.
10 South Brentwood Blvd
St. Louis, Missouri 63105

 /s/ Deletria L. Nash _____
Deletria L. Nash
Assistant General Counsel

NOTICE OF RIGHTS

Pursuant to K.S.A. §77-601 et seq., National Prearranged Services, Inc., is entitled to judicial review of this Final Order. The petition for judicial review must be filed within thirty (30) days of service of this Final Order (Plus three (3) days for service by mail pursuant to K.S.A. §77-531). In the event, National Prearranged Services, Inc., 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

CERTIFICATE OF SERVICE

The undersigned hereby certifies that she served the above and foregoing Final Order on this __31st__ day of ____July____, 2008, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Randall K. Sutton
National Prearranged Services, Inc.
P.O. Box 50416
St. Louis, Missouri 63105

National Prearranged Services, Inc.
10 South Brentwood Boulevard
St. Louis, Missouri 63105

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