

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

In the Matter of	)	
<b>ZURICH AMERICAN</b>	)	Docket No. 3914-CO
<b>INSURANCE COMPANY</b>	)	
<b>OF ILLINOIS</b>	)	

**CONSENT ORDER**

The Kansas Insurance Department and Zurich American Insurance Company of Illinois (“Zurich”) wish to resolve the above-captioned matter before the Kansas Insurance Commissioner (“Commissioner”) without formal adjudication by entering this Consent Order. Having been advised of its right to a hearing prior to the entry of a Final Order, Zurich stipulates that the evidence of matters listed below under the heading Findings of Fact would be admissible if offered at a hearing, and it is upon this evidence that the Commissioner bases the Findings of Fact, Conclusions of Law, and enters the Order. Zurich agrees to this Consent Order and voluntarily waives hearing and review. This Consent Order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen (15) day period if no request for a hearing is made, pursuant to K.S.A. §77-542.

**Findings of Fact**

The parties stipulate that if a hearing were conducted in this matter, the following evidence could be adduced by the Commissioner, and although neither admitted nor denied would be recognized as admissible to show the following:

1. Zurich, located at 1400 American Lane, Schaumburg, Illinois 60196, has been authorized to transact and has continuously engaged in transacting business in the State of Kansas since December 27, 1985.

2. On February 6, 2008, Kansas Insurance Department (“KID”) Market Conduct Examiner, Tate Flott (“Mr. Flott”) sent Zurich a letter requesting the company complete a questionnaire regarding Assigned Risk Plans pursuant to K.A.R. 40-3-30.
3. According to Mr. Flott’s letter, the completed questionnaire was to be returned to KID by March 10, 2008.
4. On March 26, 2008, as no response had been received, a follow-up letter regarding the questionnaire was sent to Zurich.
5. On May 14, 2008, Mr. Terrance Sheehan, Zurich Representative, sent KID Staff Attorney Zachary Anshutz an e-mail stating Zurich was following up on the information request.
6. On May 15, 2008 Zurich submitted the requested questionnaire via e-mail to Mr. Flott.

#### **Applicable Law**

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

- (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 a hearing, may impose a civil penalty of up to \$1,000 for each violation or act, along with an additional penalty of up to \$500 for each week thereafter that such report or information is not provided to the commissioner.

K.A.R. 40-3-30 states, in pertinent part:

Each insurance company authorized to transact fire and casualty business in this state shall inform its certified agents of the Kansas assigned risk plans, their availability, eligibility and other related procedures. Insurance companies shall also require each agent to maintain an adequate supply of forms necessary to place risks in the various Kansas-assigned risk plans. This regulation shall apply only with respect to agents certified to write insurance for which a Kansas assigned risk plan is available.

**Conclusions of Law**

- 7. Based on the information contained in Paragraphs #1 through #6 above, it appears Zurich violated K.S.A. 40-2,125(b) by failing to respond in a timely manner to a proper inquiry of the Commissioner. Accordingly, Zurich shall remit an administrative penalty in the amount of ONE THOUSAND DOLLARS AND NO CENTS (\$1,000.00) to the Kansas Insurance Department.
  
- 8. The Commissioner shall retain jurisdiction over this matter to issue any Order(s) deemed necessary.

**IT IS SO ORDERED THIS 17th DAY OF OCTOBER, 2008 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  
Assistant General Counsel  
Kansas Insurance Department

/s/ Veronica Chang Peshoff \_\_\_\_\_  
Veronica Chang Peshoff  
Vice-President and Sr. Assistant General Counsel  
Zurich North American

**NOTICE OF RIGHTS**  
(Pursuant to K.S.A. 77-542)

Zurich American Insurance Company of Illinois is entitled to a hearing pursuant to K.S.A. 77-537 and K.S.A. 77-542, the Kansas Administrative Procedure Act. If Zurich 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. 9<sup>th</sup> Street  
Topeka, Kansas 66612

This request must be filed within fifteen (15) days from the date of service of this Order. If Zurich requests a hearing, the Kansas Insurance Department will notify the company of the time and place of the hearing and information on 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(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. 9<sup>th</sup> Street  
Topeka, Kansas 66612

**Certificate of Service**

The undersigned hereby certifies that he served the above and foregoing Consent Order and Notice of Rights on this \_\_17th\_\_ day of \_\_\_\_Oct.\_\_\_\_, 2008, by causing the same to be deposited in the United States Mail, first-class postage prepaid, addressed to the following:

Terrance Sheehan, J.D.  
Regulatory Consultant  
Insurance Regulatory Compliance Office  
Zurich North America  
1400 American Lane  
Schuamburg, IL 60196

Louis J. Mannello, Jr., President  
Zurich American Insurance Company of Illinois  
1400 American Lane  
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Colleen M. Zitt  
Zurich American Insurance Company of Illinois  
1400 American Lane  
Schaumburg, IL 60196

Veronica Chang-Peshoff  
V.P. & Sr. Asst. General Counsel  
Zurich NA – Corporate Law  
7045 College Boulevard  
Overland Park, KS 66211

\_ /s/ Zachary J.C. Anshutz \_\_\_\_\_  
Zachary J.C. Anshutz  
Assistant General Counsel