

misrepresentation or statement with respect to the business of insurance which was untrue, deceptive or misleading.

2. Whether Respondents violated K.S.A. 40-2404(9)(b) by failing to acknowledge and act reasonably promptly upon communications from by Frieling Auto Sales with respect to a claim arising under insurance policy sold to N.J.J.
3. Whether Respondents violated K.S.A. 40-2404(9)(b) by failing to adopt and implement reasonable standards for the prompt investigation of claims arising under an insurance policy sold to N.J.J.
4. Whether Respondent, Fred Styka, violated K.S.A. 40-4905(a) by selling, soliciting or negotiating any insurance within this state without having been properly and duly issued a license as an insurance agent in accordance with Kansas statutes.
5. Whether Respondent, NAL Insurance Agency, violated K.A.R. 40-4905(a) by selling insurance without having been properly and duly issued a license as an insurance agency in accordance with Kansas statutes.

Decision

1. The Respondent, Fred Styka violated K.S.A. 40-2404(2) by making, publishing, disseminating, circulating or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated or placed before the public placing before the public, an advertisement, announcement or statement containing any assertion, misrepresentation or statement with respect to the business of insurance which was untrue, deceptive or misleading.

Respondent Fred Styka marketed a GAP insurance policy for used motor vehicles through used automobile dealers by representing the GAP insurance policy as a “waiver.” The “waivers” were in fact an insurance policy that indemnified policyholders for the difference between the insurance value of the vehicle and one hundred ten percent (110%) of the NADA retail value of the vehicle sold in the event of an accident that resulted in a total vehicle loss.

In this particular case, the claim was paid after a delay of more than 90 days. This additional delay in settling a valid claim caused a significant financial hardship to N.J.J. through additional interest charges, fees and expenses in the amount of \$524.24.

2. Respondent NAL Insurance Agency violated K.S.A. 40-2404(9)(b) by failing to acknowledge and act reasonably promptly upon communications from by Frieling Auto Sales with respect to a claim arising under insurance policy sold to N.J.J.

On September 17, 2008, Respondent NAL was made aware of a claim made on a policy sold to N.J.J. by Frieling Auto Sales. All documents required were provided to substantiate the claim. There was no written confirmation, or any other notification, sent to N.J.J. regarding the status of the claim until January of 2009. At which time the claim was finally paid. In December of 2008 the Respondents did advise Frieling Auto Sales, who was assisting N.J.J. with his claim, that there was something suspicious about the claim and it was being investigated. They did not specify the nature of the suspicions nor did they request any additional statement or documents.

3. Respondent NAL Insurance Agency violated K.S.A. 40-2404(9)(c) by failing to adopt and implement reasonable standards for the prompt investigation of claims arising under an insurance policy sold to N.J.J.

After receiving the notice of claim, police report, and pay off confirmation from the automobile liability carrier the NAL Insurance Agency apparently took no further action on the claim until January of 2009 when the claim was finally paid. This does not demonstrate the adoption or implementation of reasonable standards for the prompt investigation of claims.

4. Respondent, Fred Styka, violated K.S.A. 40-4905(a) by selling, soliciting or negotiating any insurance within this state without having been properly and duly issued a licensed as an insurance agent in accordance with Kansas statutes.

Respondent, Fred Styka, is licensed as an insurance agent in Florida. However, he is not now, and never has been, a properly licensed insurance agent in the state of Kansas.

5. Respondent, NAL Insurance Agency, violated K.A.R. 40-4905(a) by selling insurance without having been properly and duly issued a license as an insurance agency in accordance with Kansas statutes.

NAL Insurance Agency is not a licensed insurance agency in Kansas or any other state.

Holding

Because Respondent NAL Insurance Agency violated: K.S.A. 40-2404(9)(b); K.S.A. 40-2404(9)(c), and; K.A.R. 40-4905(a) in the manner described above, they are hereby assessed a penalty of One Thousand Dollars (\$1,000.00) for each of the Three (3) violations set forth above for a total of Three Thousand Dollars (\$3,000.00). However, Two Thousand dollars of the assessed penalty will be stayed provided that NAL Insurance Agency remits One Thousand dollars of the penalty within 30 days of this Order and commits no further violations of any of the other conditions of this order.

Because Respondent Fred Styka violated: K.S.A. 40-2404(2), and; K.A.R. 40-4905(a) in the manner described above, they are hereby assessed a penalty of One Thousand Dollars (\$1,000.00) for each of the two (2) violations set forth above for a total of Two Thousand Dollars (\$2,000.00). However, Two Thousand dollars of the assessed penalty will be stayed provided that Respondent Fred Styka remits to N.J.J. a total of Five Hundred Twenty Four dollars and twenty four cents (\$524.24) for the additional interest and other penalties incurred as a result of the delay in payment of the claim under the GAP policy.

Respondents, to wit; NAL Insurance Agency and Fred Styka, as well as their officers, directors, employees, managers, members, partners, investors, affiliates, associates, agents and all other persons with actual knowledge of this Order, regardless of relation to, corporate or other form, are all HEREBY ORDERED to IMMEDIATELY CEASE AND DESIST from the further transaction of insurance in Kansas, by whatever means and through whatever parties.

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. All other issues, holdings, findings and statements in the record are incorporated herein by reference.

**IT IS SO ORDERED THIS __21st__ DAY OF JULY, 2009 IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.**



_____/s/ Robert M. Tomlinson_____
Robert M. Tomlinson
Hearing Officer

NOTICE OF RIGHTS

Pursuant to K.S.A. 77-601 *et seq.*, NAL Insurance Agency and Fred Styka are 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 that either NAL Insurance Agency or Fred Styka 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 SW 9th Street
Topeka, KS 66612

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he served the above and foregoing Final Order on this __21st__ day of July, 2009, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

NAL Insurance Agency
Attn: Fred Styka
P.O.Box 670217
Coral Springs, FL 33067

Fred Styka
P.O.Box 670217
Coral Springs, FL 33067

Fred Styka
P.O. Box 797
Howell, MI 48844

and by hand-delivery to the following:

Mark A. Marion
Staff Attorney
Kansas Insurance Department
420 S.W. Ninth Street
Topeka, Kansas 66612

_s/ Jana L. Beethe_____

Jana L. Beethe
Legal Assistant