

FINAL ORDER

EFFECTIVE: 7-16-12

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

**In the Matter of SAFECO)
INSURANCE COMPANY OF AMERICA) Docket No. 4460-CO
NAIC # 24740)**

CONSENT AGREEMENT AND FINAL ORDER

Pursuant to the authority granted to the Commissioner of Insurance (“Commissioner”) by K.S.A. 40-103 and in accordance with K.S.A. 40-2,125, the Commissioner hereby admonishes and assesses a penalty against SAFECO Insurance Company of America (SAFECO) for violation of the applicable insurance statutes. This Consent Agreement shall become effective as a Final Order, without further notice, when signed by the Commissioner or her designee and filed of record with the Kansas Insurance Department (“KID”).

Findings of Facts

1. SAFECO Insurance Company of America, located at 175 Berkeley Street, Boston, MA, is an insurance company licensed in Kansas, which has been authorized to transact and has continuously engaged in transacting insurance business in the State of Kansas since January 27, 1954.

2. SAFECO sent to KID on March 14, 2012 a proposed auto rate increased and a new rule change. The proposed effective dates for the new rate/rule filings were to be April 14, 2012 for new business and June 15, 2012 for renewals.

3. On April 11, 2012, SAFECO received notification of KID’s objections to the new rate/rule and rejection of the same. While the parties have set new deadlines and discussed the objections, to date, KID has not approved the new rate/rule filing.

4. Although the Commissioner of Insurance has not approved the new rule/rate, SAFECO issued over 800 new business policies.

Applicable Law

K.S.A. 40-103 states:

“The commissioner of insurance shall have general supervision, control and regulation of corporations, companies, associations, societies, exchanges, partnerships, or persons authorized to transact the business of insurance, indemnity or suretyship in this state and shall have the power to make all reasonable rules and regulations necessary to enforce the laws of this state relating thereto.”

K.S.A. 40-955(c) states:

“Any rate filing for the basic coverage required by K.S.A. 40-3401 *et seq.* and amendment thereto, loss costs filings for workers compensation, and rates for assigned risk plans established by article 21 of chapter 40 of the Kansas Statutes Annotated or rules and regulations established by the commissioner shall require approval by the commissioner before its use by the insurer in this state. As soon as reasonably possible after such filing has been made, the commissioner shall in writing approve or disapprove the same, except that any filing shall be deemed approved unless disapproved within 30 days of receipt of the filing.”

K.S.A. 40-2,125(a)(1) states, in pertinent part:

“If the commissioner determines after notice and opportunity for a hearing that any person has engaged in or is engaging in any act or practice constituting a violation of any provision 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 or regulation or order thereunder, in which case the penalty shall be not more than \$2,000 for each and every act or violation.”

Conclusions of Law

The Commissioner has jurisdiction over SAFECO and the subject matter of this proceeding and based on Paragraphs #1 through #4 and the Applicable Law enumerated above.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE:

1. SAFECO's implementation of a new rate/rule in Kansas without the prior approval of the Commissioner of Insurance constitutes a violation of K.S.A. 40-955(c).
2. Pursuant to K.S.A. 40-2,123(a)(1), SAFECO is hereby ordered to pay a monetary penalty, due and payable to the Kansas Insurance Department, in the amount of FIVE THOUSAND DOLLARS (\$5,000) for its above-state violation of K.S.A. 40-955(c).
3. Pursuant to K.S.A. 77-415(b)(2)(A), this order is designated by KID as precedent.

IT IS SO ORDERED THIS 16th DAY OF JULY, 2012, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



/s/ Sandy Praeger
Sandy Praeger
Commissioner of Insurance
BY:

/s/ Zachary J.C. Anshutz
Zachary J.C. Anshutz
General Counsel

Stipulation

The undersigned stipulates and agrees to the above findings fact and conclusions of law and waives its rights to administrative hearing and judicial review of the Commissioner's Order.

/s/ Patty McCollum 7-9-2012
Patty McCollum (Date)
Assistant Vice President
Compliance Director
Safeco Insurance Company of America

Certificate of Service

The undersigned hereby certifies she served a true and correct copy of the above and foregoing **CONSENT AGREEMENT AND FINAL ORDER** on this __16th__ day of July, 2012, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Susan Ephron
Counsel/Safeco Corporate Legal
Safeco Insurance Company of America
1001 4th Avenue, Floor 27
Seattle, WA 98154

_s/ John R. Dowell _____
John Dowell
Staff Attorney
Kansas Insurance Department