

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

In the Matter of)	
)	
NORTH AMERICAN COMPANY)	Docket No. 4813-CO
FOR LIFE AND HEALTH INSURANCE)	
NAIC #66974)	

CONSENT AGREEMENT AND FINAL ORDER

(Pursuant to K.S.A. 40-451, K.S.A. 40-2,125, and K.S.A. 77-501 *et seq.*)

Now on this 15th day of February, 2016, the Kansas Insurance Department (“KID”) and North American Company For Life and Health Insurance (“North American”) come before the Commissioner for formal disposition of the above captioned matter. The parties submit this proposed Consent Agreement and Final Order for adoption, rejection, or modification.

KID and North American wish to resolve this matter by entering into this Consent Agreement. North American hereby waives any and all rights to further administrative adjudication or review of this matter, including any and all rights conferred upon it under K.S.A. 77-501 *et seq.*

This proposed Consent Order admonishes and assesses a penalty against North American for violating applicable provisions of the Kansas Insurance Code and the Kansas Administrative Code. This Order shall become effective as a Final Order, without further notice, when signed by the Commissioner or his designee and filed of record with the KID.

Findings of Fact

The Commissioner has been shown the following facts:

1. North American is located at 4350 Westtown Parkway, West Des Moines, IA 50266.

2. North American has been authorized to transact and has continuously transacted insurance business in the State of Kansas since December 4, 1945.
3. On March 12, 2015, the Kansas Insurance Department (“KID”) received a written complaint regarding North American.
4. The complaint arose out of North American’s denial of temporary life benefits upon the death of a consumer.
5. The consumer signed an application for a \$50,000 face amount life insurance policy and an EFT authorization on June 26, 2014.
6. The consumer was not provided temporary coverage.
7. The EFT authorization specified that the first payment would be withdrawn on July 21, 2014 and all future payments would be withdrawn on the 21st of each month thereafter.
8. A policy was issued with an effective date of July 17, 2014 but it was not delivered to the consumer.
9. The consumer died on July 25, 2014.
10. North American denied the claim based on the fact that the policy had not been delivered to the consumer prior to his death.
11. After KID opened an investigation of the complaint, North American reversed its position and paid the claim.
12. North American advised KID that their practice has been to issue temporary life insurance only when it is elected by the consumer on the application.

Applicable Law

K.S.A. 40-451(a) provides:

When an application for an individual life insurance policy and an initial premium therefor has been received by an insurance company or agent acting on behalf of such company, the coverage for which application is made shall, subject to the limitations in subsection (b), be deemed to be temporarily in effect until the insurance company or agent has, in the event of an adverse underwriting decision, as defined in K.S.A. 40-2,111, and amendments thereto, notified in writing the applicant of such adverse underwriting decision and returned any unearned premium in accordance with K.S.A. 40-2,112, and amendments thereto.

K.S.A. 40-2,125(a) provides, in part:

(a) If the commissioner determines after notice and opportunity for a hearing that any person has engaged 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 and regulation or order thereunder, in which case the penalty shall be not more than \$2,000 for each and every act or violation;

...

(3) that such person cease and desist from the unlawful act or practice and take such affirmative action as in the judgment of the commissioner will carry out the purposes of the violated or potentially violated provision.

Applicable Public Policy

The purpose of this action is to effectuate the policy set forth in K.S.A. 40-451.

Conclusions of Law

Based upon the Findings of Fact enumerated in Paragraphs #1 through #12, the Applicable Law, and the Applicable Public Policy cited above, the Commissioner of Insurance finds as follows:

1. The Commissioner of Insurance has jurisdiction over North American and the subject matter of this proceeding and such proceeding is held in the public interest.

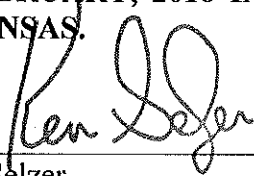
2. North American has violated K.S.A. 40-451 by failing to provide temporary coverage to be in effect after an application and initial premium for a life insurance policy are received.
3. North American reasonably should have known it was in violation of K.S.A. 40-451.
4. North American engaged in the general business practice of failing to recognize temporary coverage unless the consumer had elected such coverage.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE:

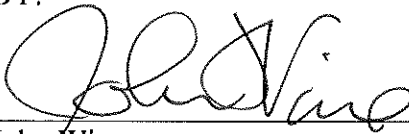
1. Pursuant to K.S.A. 40-2,125(a)(3), North American shall cease and desist from requiring consumers to elect temporary coverage and shall accord it as required by K.S.A. 40-451.
2. North American shall pay a fine of \$2,000.00 for violation of K.S.A. 40-451.
3. The Commissioner shall retain jurisdiction over this matter to issue any orders deemed necessary.

IT IS SO ORDERED THIS 16th DAY OF FEBRUARY, 2016 IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.

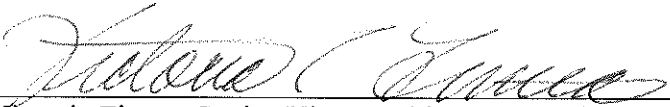




Ken Selzer
Commissioner of Insurance
BY:



John Wine
Assistant Commissioner


By: 

Victoria Fimea, Senior Vice President, General Counsel & Secretary
North American Company for Life and Health Insurance

Certificate of Service

The undersigned hereby certifies that a true and correct copy of the above and foregoing **Consent Agreement and Final Order** was served on this 16th day of February, 2016, via email to the following:

Sarah J. Bouwman
Corporate Attorney
sbouwman@sfgmembers.com



Staff Attorney
Kansas Insurance Department