

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

In the Matter of)	
)	
JEWELERS MUTUAL INSURANCE)	Docket No. 4825-CO
COMPANY)	
NAIC #14354)	

CONSENT AGREEMENT AND FINAL ORDER

(Pursuant to K.S.A. 40-216, K.S.A. 40-2,125, and K.S.A. 77-501 *et seq.*)

Now on this 22nd day of April, 2016, the Kansas Insurance Department (“KID”) and Jewelers Mutual Insurance Company (“Jewelers Mutual”) 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 Jewelers Mutual wish to resolve this matter by entering into this Consent Agreement. Jewelers Mutual 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 Jewelers Mutual 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.

Stipulated Findings of Fact

1. Jewelers Mutual is located at 24 Jewelers Park Drive, Neenah, Wisconsin.

2. Jewelers Mutual has been authorized to transact insurance business in the State of Kansas since July 31, 1953, and has operated in Kansas since then with no prior Consent Agreements or fines.
3. On September 10, 2015, Jewelers Mutual contacted KID and reported that they had changed their commercial umbrella products in 2013. However, they failed to submit the new forms to KID for approval based on a misinterpretation of statute.
4. Jewelers Mutual used the unapproved forms to produce business in Kansas from September 2013 until September 2015.
5. Jewelers Mutual neither admits nor denies the above Findings of Fact and waives their right to an administrative hearing and judicial review.

Applicable Law

6. K.S.A. 40-216 in pertinent parts states:
 - (a)(1) No insurance company shall hereafter transact business in this state until certified copies of its charter and amendments thereto shall have been filed with and approved by the commissioner of insurance. A copy of the bylaws and amendments thereto of insurance companies organized under the laws of this state shall also be filed with and approved by the commissioner of insurance. The commissioner may also require the filing of such other documents and papers as are necessary to determine compliance with the laws of this state.
 - (2)(A) Except as provided in subparagraph (B), each contract of insurance or indemnity issued or delivered in this state shall be effective on filing, or any subsequent date selected by the insurer, unless the commissioner disapproves such contract of insurance or indemnity within 30 days after filing because the contract of insurance or indemnity does not comply with Kansas law.
 - (B) The following contracts of insurance or indemnity shall not be subject to the provisions of subsection (A):
 - (i) Contracts pertaining to large risks as defined in subsection (i) of K.S.A. 40-955, and amendments thereto, which are exempt from the filing requirements of this section;
 - (ii) personal lines contracts filed in accordance with paragraph (3) of this section;
 - (iii) any form filing for the basic coverage required by K.S.A. 40-3401 et seq., and amendments thereto; and
 - (iv) form filing for workers compensation.

No form filing listed in clauses (iii) and (iv) of this subparagraph shall be used in this state by any insurer until such form filing has been approved by the commissioner.

7. K.A.R. 40-3-5(a) & (b) states:

(a) When the constitution, articles of association, by-laws, or regulations of a rating organization grant control over the forms to be used by its member and subscriber companies, the forms shall be filed in compliance with K.S.A. 40-216 and amendments thereto. An individual company shall not be required to file declarations pages or forms that have been filed on its behalf by a rating organization and approved by the commissioner of insurance.

(b) After approval, each member and subscriber of the rating organization making the filings shall adhere to the forms. Each deviation from approved filings shall be deemed to be in violation of K.S.A. 40-216 and amendments thereto, except as provided under K.S.A. 40-958 and amendments thereto.

8. 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

Based upon the Findings of Fact and the applicable Law cited above, **THE COMMISSIONER OF INSURANCE MAKES THE FOLLOWING CONCLUSIONS OF LAW:**

9. The Commissioner of Insurance has jurisdiction over Respondent Company as well as the subject matter of this proceeding, and such proceeding is held in the public interest.

10. Jewelers Mutual violated K.S.A. 40-216 by failing to file their Commercial Umbrella forms for approval by KID and further by utilizing unapproved forms for two years.
11. The Commissioner has authority under K.S.A. 40-1,125 to impose a fine up to \$2,000 for each violation or unapproved form produced by Jewelers Mutual.

Orders

12. Based on the Findings of Fact, Applicable Law and Conclusions cited above and pursuant to K.S.A. 40-2,125(a)(1):

IT IS ORDERED, BY THE COMMISSIONER OF INSURANCE THAT:

Jewelers Mutual shall pay a monetary penalty of \$2,500.00 for violation of K.S.A. 40-216.

IT IS SO ORDERED THIS 21st DAY OF April, 2016, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



Ken Selzer
Ken Selzer
Commissioner of Insurance

BY: John Wine
John Wine
Assistant Commissioner of Insurance

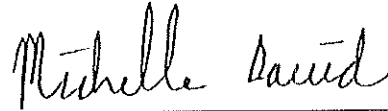
By:

Mark Willson
Mark Willson, Secretary
Jewelers Mutual Insurance Company

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 22nd day of April, 2016, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Mark Willson
Jewelers Mutual Insurance Company
24 Jewelers Park Drive
P.O. Box 468
Neenah, WI 54957-0468



Michelle David
Staff Attorney