

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

In the Matter of
**Great American
Insurance
Company**

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Docket No. 5028-L

NAIC # 16691

CONSENT AGREEMENT AND FINAL ORDER
(Pursuant to K.S.A. 40-955 and K.S.A. 77-537 *et*
***seq.*)**

Now on this 4th day of May, 2017, the Kansas Insurance Department ("KID") and Great American Insurance Company ("Great American") come before the Commissioner for formal disposition of the above captioned matter. The parties submit a proposed Consent Agreement and Final Order for adoption, rejection, or modification pursuant to the provisions of K.S.A. 77-537.

KID and Great American wish to resolve this matter by entering into this Consent Agreement and Final Order. Great 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. 77-507 *et seq.* This Consent Agreement and Final Order shall constitute the final disposition of this matter. Pursuant to authority granted to the Commissioner of Insurance by K.S.A. 40-955 and in accordance with K.S.A. 77-537, the Commissioner hereby adopts the proposed Consent Order and admonishes and assesses a penalty against Great American for using occupational accident policy forms without prior KID approval. 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 KID.

Findings of Fact

- I. Great American is located at 301 E. 4th Street, Cincinnati, OH 45202.
2. Great American has been authorized to transact insurance business in the state of Kansas since May 11, 1944.

3. In January 2017, the KID Health and Life Division discovered that Great American was selling group occupational accident policies that had not been approved by KID.
4. KID contacted Great American and explained that the policy forms should not have been used before they were filed and approved.
5. Great American admitted that it had issued at least 108 certificates to Kansas consumers under 13 policies that had not been approved to Kansas residents.
6. Great American has implemented system restraints and has issued communications to company-appointed independent agents with binding authority as best efforts to prevent future violations of this kind.

Applicable Law

7. K.S.A. 40-2,125 provides:
 - (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.

8. K.S.A. 40-2215(b) provides:

No group or blanket policy or certificate of accident and sickness insurance providing hospital, medical or surgical expense benefits shall be issued or delivered to any person in this state, nor shall any application, rider or endorsement be used in connection therewith, until a copy of the form thereof and of the classification of risks and the premium rates pertaining thereto has been filed with the commissioner of insurance.

Conclusions of Law

Based on the Findings of Fact enumerated in Paragraphs 1 through 6, and the applicable law, the Commissioner finds as follows:

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

10. Great American has violated K.S.A. 40-2215(b) by using occupational accident master policies without prior KID approval.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT

11. Pursuant to K.S.A. 40-2,125, Great American is ordered to pay an administrative penalty in the amount of \$13,000 for the aforementioned violations of K.S.A. 40-955.

12. Great American will use best efforts to ensure that occupational accident policy forms will not be used without prior KID approval.

IT IS SO ORDERED THIS 5th DAY OF MAY 2017, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



Ken Selzer, CPA
Commissioner of Insurance

BY:

John Wine
Assistant Commissioner

Great American Insurance Company

Sue A. Erhart
Senior Vice President & General Counsel