

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

**In the Matter of** )  
**STANDARD FIRE** )  
**INSURANCE COMPANY** )  
**NAIC # 19070** )

**Docket No.: 71444**

**CONSENT AGREEMENT AND FINAL ORDER**  
**(Pursuant to K.S.A. 40-222 and K.S.A. 77-537)**

The Kansas Insurance Department (“KID”) and Standard Fire Insurance Company (“Standard Fire” or “Company”) submit this Consent Agreement and Final Order. Standard Fire 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.* Pursuant to the authority conferred upon the Commissioner of Insurance in K.S.A. 40-222, Ken Selzer, CPA, the duly elected, qualified and serving Commissioner of Insurance (“Commissioner”), hereby adopts this agreement and finds and Orders as follows:

**Stipulated Findings of Fact**

The parties stipulate that if a hearing were conducted in this matter, the following evidence could be offered by the Commissioner, and although neither admitted nor denied by Respondent, may be recognized as admissible to show the following:

1. Standard Fire is domiciled in Hartford, Connecticut and has been authorized to do business in Kansas since 1915.
2. Based on complaints received, KID completed a Market Conduct inquiry of consumer termination notices for the period of November 2015 through November, 2017.
3. Based on information provided by Standard Fire, KID found 18 instances where agency contracts were cancelled and consumers received terminations that did not manifest willingness to renew business.

4. Based on information provided by Standard Fire, KID found 24 instances where agency contracts were cancelled and consumers received no notice of termination.
5. Standard Fire has updated its termination manual and procedures to reflect proper formats and communicate a willingness to renew contracts after agent terminations.
6. Standard Fire also contacted all consumers who did not originally receive termination notices and ensured that they had obtained new coverage.

### **Applicable Law**

1. K.S.A. 40-222 provides, in part:

(a) Whenever the commissioner of insurance deems it necessary but at least once every five years, the commissioner may make, or direct to be made, a financial examination of any insurance company in the process of organization, or applying for admission or doing business in this state. In addition, at the commissioner's discretion the commissioner may make, or direct to be made, a market regulation examination of any insurance company doing business in this state.

...

(c) For the purpose of such examination, the commissioner of insurance or the persons appointed by the commissioner, for the purpose of making such examination shall have free access to the books and papers of any such company that relate to its business and to the books and papers kept by any of its agents and may examine under oath, which the commissioner or the persons appointed by the commissioner are empowered to administer, the directors, officers, agents or employees of any such company in relation to its affairs, transactions and condition.

2. K.S.A. 40-2,125 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;

(2) suspension or revocation of the person's license or certificate if such person knew or reasonably should have known that such person was in violation of the Kansas insurance statutes or any rule and regulation or order thereunder; or

(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.

5. K.S.A. 40-276a. provides, in part:

(a) Any insurance company that denies renewal of an automobile liability insurance policy in this state shall give at least 30 days written notice to the named insured, at his last known address, or cause such notice to be given by a licensed agent of its intention not to renew such policy. No insurance company shall deny the renewal of an automobile liability insurance policy except in one or more of the following circumstances or as permitted in subsection (b):

...

(6) when any of the reasons specified as reasons for cancellation in K.S.A. 40-277 are existent, except that (A) when failure to renew is based upon termination of agency contract, obligation to renew will be satisfied if the insurer has manifested its willingness to renew, and (B) obligation to renew is terminated on the effective date of any other automobile liability insurance procured by the named insured with respect to any automobile designated in both policies.

...

### **Conclusions of Law and Orders**

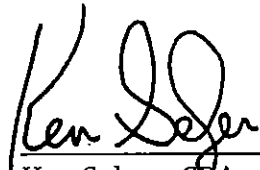
Based on the Stipulated Findings of Fact enumerated in Paragraphs #1 through #6 and the applicable law cited above, **THE COMMISSIONER OF INSURANCE MAKES THE FOLLOWING ORDERS:**

1. The Commissioner has jurisdiction over this matter pursuant to K.S.A. 40-222, and shall retain jurisdiction to issue any further orders deemed necessary.

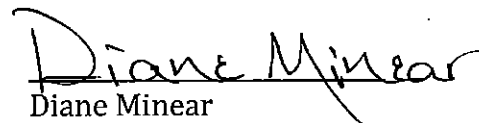
2. By agreement of the parties, KID shall impose a fine of \$7,500.00 for the stated violations of Kansas law.
3. Standard Fire neither admits nor denies the violations noted above.

**IT IS SO ORDERED THIS 23rd DAY OF FEBRUARY, 2018, IN THE CITY OF TOPEKA, STATE OF KANSAS.**



  
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Ken Selzer, CPA  
Commissioner of Insurance

BY:

  
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Diane Minear  
General Counsel

APPROVED BY:

  
\_\_\_\_\_  
Christine Lee Palmieri  
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