

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

In the Matter of the

NATIONAL UNION FIRE INSURANCE

COMPANY OF PITTSBURGH PA

NAIC # 19445

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Docket No. 88960

CONSENT AGREEMENT AND ORDER

(Pursuant to K.S.A. 40-222 and K.S.A. 77-501, *et seq.*)

Pursuant to the authority granted to the Commissioner of Insurance (“Commissioner”) by K.S.A. 40-103 and in accordance with K.S.A. 40-222 and K.S.A. 77-501 *et seq.*, the Kansas Insurance Department (“Department”) and National Union Fire Insurance Company of Pittsburgh, Pa., (“NUFIC”) enter into this Consent Agreement and Final Order. NUFIC 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.* and K.S.A. 77-601, *et seq.* Vicki Schmidt, the duly elected, qualified and serving Commissioner of Insurance, hereby adopts the Department's agreement made with NUFIC and makes the following findings and Orders.

FACTS

The Department and NUFIC 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 NUFIC, would be recognized as admissible to show the following:

1. NUFIC is domiciled in Pennsylvania and has been authorized to transact the business of insurance in Kansas since June 25, 1955.
2. NUFIC obtained Department approval for a travel policy form series, effective January 31, 2014, SERFF Tracking Number CLTR-129347259 (the “2014 Forms”). The 2014 Forms included a provision, required by the state law, providing for cancellation of the

policy at any time, prior to the start of the insured's trip, and for pro-rata refunds of unearned premium for travel insurance where the insured cancelled their insurance policy pre-departure. NUFIC agreed that it would promptly return the unearned portion of any premium paid.

3. The 2014 Forms also contained a provision known as a Fifteen Day Look provision, which provides an insured 15 days from the effective date of the insurance to cancel the insurance to receive a refund of premium paid.
4. NUFIC also obtained Department approval for a travel policy form series, effective August 13, 2019, SERFF Tracking Number AGDE-131871968 (the "2019 Forms"). The 2019 Forms contain the same provisions identified in Paragraphs 2 and 3, above.
5. From January 31, 2014 to present, NUFIC has, through various distribution channels, sold its travel insurance policies to Kansas insureds.
6. On or about September 30, 2020, NUFIC advised the Department that for the period January 31, 2014 to June 30, 2020, other than those policyholders that received a premium refund pursuant to the Fifteen Day Look period under the 2014 and 2019 Forms, NUFIC had not consistently refunded unearned travel insurance premium to Kansas policyholders who canceled their trips pre-departure.
7. NUFIC undertook corrective actions that included the processing of refunds for policyholders who were entitled to such refunds.
8. To date, NUFIC has refunded \$409,848.43 to 1,175 policyholders that NUFIC has been able to contact through reasonably diligent efforts.

APPLICABLE LAW

1. K.S.A. 40-955 provides, in part:

(g) No insurer shall make or issue a contract or policy except in accordance with filings which have been filed or approved for such insurer as provided in this act.

2. K.A.R. 40-1-17 provides:

When an insurance policy provision provides for the return of unearned premium, the provision shall not require the insured to request the return of premium, or that the premium is returned only ``upon demand."

3. 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 \$1,000.00 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 \$2,000.00 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.

CONCLUSIONS OF LAW AND ORDERS

Based on the information enumerated in Paragraphs 1 through 8, and the applicable law cited above, **THE COMMISSIONER OF INSURANCE MAKES THE FOLLOWING ORDERS:**

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-222 and shall retain jurisdiction to issue any further orders deemed necessary.
2. NUFIC neither admits nor denies stated violations, as enumerated above.
3. NUFIC shall pay a monetary penalty of \$5,000.00 for violations of Kansas law.
4. In the event that NUFIC identifies any policyholders that are entitled to a refund of unearned premium, it shall i) refund the same without further request of the insured or the Department and ii) provide a confidential status report to the Department on or before December 31, 2021 of any additional refunds beyond those identified herein.
5. NUFIC shall comply with recommendations of examiners and contact the Property & Casualty Division with any further questions.

Agreed to by and for National Union Fire Insurance Company of Pittsburgh, Pa.:

Signature: Steven Harris

Name: Steven Harris

Title: Vice President

Date: 7-19-21

Signature: David Halperin

Name: David Halperin

Title: Assistant Secretary

Date: 7-19-21

IT IS SO ORDERED THIS 22nd DAY OF July 2021, IN THE CITY OF
TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



VICKI SCHMIDT
COMMISSIONER OF INSURANCE

BY: 
Justin L. McFarland
General Counsel

NOTICE REGARDING JUDICIAL REVIEW


In the event Respondent files a Petition for Judicial Review, the agency officer designated pursuant to K.S.A. 77-613(e) to receive personal service of a petition for judicial review on behalf of the Kansas Insurance Department is:

Justin L. McFarland, General Counsel
Kansas Insurance Department
1300 SW Arrowhead Rd.
Topeka, Kansas 66604

CERTIFICATE OF SERVICE

The undersigned hereby certifies that she served the above-and-foregoing Consent Agreement and Order on this 22nd day of July 2021, by causing the same to be deposited in the United States Mail, certified, addressed to the following:

National Union Fire Insurance Company of Pittsburgh, Pa.
1271 Avenue of the Americas
New York, NY 10020
Mailing Address


Toni Garrard
Senior Administrative Specialist