



## Consent Order

1300 SW Arrowhead Rd., Topeka, KS 66604  
785-296-3071 – <https://insurance.kansas.gov>

In the Matter of  
BANKERS STANDARD  
INSURANCE COMPANY,  
NAIC # 18279

)  
)  
)  
)

Docket No. 92198

### CONSENT AGREEMENT AND FINAL ORDER

Pursuant to K.S.A. 40-103, K.S.A. 40-951 *et seq.*, K.S.A. 40-5101 *et seq.*, K.S.A. 40-2,125 and in accordance with K.S.A. 77-501 *et seq.*, the Commissioner of Insurance has the general supervision, control and regulation of corporations, companies, associations, societies, exchanges, partnerships, or persons authorized to transact the business of insurance, indemnity or suretyship in this state and shall have the power to make all reasonable rules and regulations necessary to enforce the laws of this state relating thereto. If 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 such remedies as payment of monetary penalties, suspension or revocation of licenses or certificates, or issuing cease and desist order or such other affirmative action to carry out the purposes of the violated provision. The Company named above is currently licensed as an insurance company in the State of Kansas.

Now, in lieu of further civil administrative proceedings and to resolve this matter, the Commissioner and the agent listed below hereby agree to the following:

1. The Company named above has been advised that, pursuant to K.S.A. 77-537 and K.S.A. 77-542, a company has a right to a hearing before the Commissioner may impose any sanctions or penalties; at a hearing, the company would be entitled to appear in person, to be represented by an attorney or other representative who is permitted to practice before the agency, to present its position, arguments or contentions in writing and to present evidence and examine witnesses appearing for and against it. The company hereby waives all such rights.
2. The Company hereby waives any and all rights it may have under the Kansas Administrative Procedure Act, K.S.A. 77-501 *et seq.* and the Kansas Judicial Review Act, K.S.A. 77-601 *et seq.* to seek administrative or judicial review of this Consent Order.
3. The Company consents to the jurisdiction of the Commissioner and the Kansas Insurance Department ("Department") to determine the issues set forth herein. The Company expressly waives any prerequisites to jurisdiction that may exist.
4. The Company neither admits nor denies the following statement of facts, but acknowledges that the Commissioner has sufficient evidence to introduce at an administrative hearing that the following facts occurred or are occurring:

- A. On April 20, 2021, Bankers Standard Insurance Company submitted a proposed personal auto plan for rate approval. This filing included the use of insurance scores, as defined in K.S.A. 40-5103, that assigned a surcharge to consumers who had an absence of credit information or an inability to calculate an insurance score.
- B. On April 26, 2021, the Department submitted objections to the filing. The Department requested additional information regarding the plan's use of Band 8, which applied a surcharge to no hit files.
- C. Bankers Standard provided information to the Department to demonstrate the policyholder impact of assigning a surcharge to no hit files. The Company reports the impact of assigning a surcharge instead of treating the file as if the consumer had neutral credit information, was \$31,023.
- D. Bankers Standard amended the plan to remove the surcharge, and the amended plan was approved by the Department on May 14, 2021, effective August 21, 2021.
- E. The Company neither admits nor denies the following statutes were violated, but acknowledges the applicability of the same:
  - K.S.A. 40-5104(e): No insurer authorized to do business in the state of Kansas which uses credit information to underwrite or rate risks, shall:...
  - (e) Consider an absence of credit information or an inability to calculate an insurance score in underwriting or rating personal insurance, unless the insurer does one of the following:
    - (1) Treat the consumer as if the applicant or insured had neutral credit information, as defined by the insurer; or
    - (2) exclude the use of credit information as a factor and use only other underwriting criteria.
5. The Company agrees to refund the difference between the Band 8 surcharge and the neutral credit information rate to the affected policyholders described in SERFF filing ACEH-132790016. Reimbursement to the affected policyholders shall be completed within sixty (60) days after the effective date of this Consent Order. The Company shall notify the Department at 60 days after the effective date of this Consent Order and when all reimbursements have been completed.
6. The Company shall pay a monetary penalty of \$1,000. The payment of the penalty shall be abated if reimbursement to affected policyholders is completed within sixty (60) days of the effective date of this Consent Order.
7. In addition, the Company agrees to take such other affirmative action as specified below:  
Not Applicable

8. The Company has read and understands this Consent Order. The Company further understands that it has the right to retain counsel of its choice and have counsel review this Consent Order.
9. The Company agrees that if it fails to comply with the terms of this Consent Order, the Commissioner may take action to gain compliance with the Consent Order including, but not limited to: issuing such ancillary orders and suspending the Company's license until it has complied.
10. The Company waives any and all causes of action, claims or rights, known and unknown, which it may have against the Department, and any employees, agents, consultants, contractors or officials of the Department, in their individual and official capacities, as a result of any acts or omissions on the part of such persons or firms.
11. The Company agrees to be served a copy of this fully executed Consent Order electronically or by regular U.S. Mail.
12. The Company acknowledges that this Consent Order may be published on the website of Kansas Insurance Department. The company understands and acknowledges that this Consent Order is a public document pursuant to the Kansas Open Records Act, K.S.A. 45-215 *et seq.*

The undersigned stipulates and agrees to the above findings, facts, and conclusions of law and waives their rights to an administrative hearing and judicial review of the Commissioner's Order.

The undersigned further represents that they have permission and authority to enter into this Consent Order on behalf of the Company.

Paul W. Franklin - Exec. V. P.  
Company Representative Name & Title (Print)

Hall's Mill Rd, Whitehouse Station N.J  
Street Address

18279  
NAIC Number

Paul W. Franklin  
Company Representative Name Signature

2/8/2022  
Date

**ORDER**

**IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:**

1. Company shall pay a monetary penalty of \$1,000.00.
2. Company shall make reimbursement to affected policyholders within sixty (60) days of the effective date of this Order.
3. The Company shall notify the Department at 60 days after the effective date of this Consent Order and when all reimbursements have been completed.
4. The monetary penalty of \$1,000.00 shall be abated if the reimbursements are completed within sixty (60) days. Otherwise, the penalty shall be paid in full within 60 days of the effective date of this Order. Failure to pay will result in the issuance of such further action or orders as the Commissioner deems necessary.
5. This Order shall take effect when signed by all parties and the Commissioner or the Commissioner's designee and filed of record with the Kansas Insurance Department.

IT IS SO ORDERED THIS 18<sup>th</sup> DAY OF February 2022, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



VICKI SCHMIDT  
COMMISSIONER OF INSURANCE

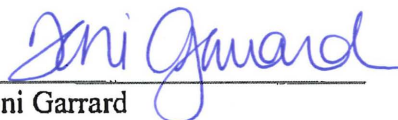
BY:   
Justin L. McFarland  
General Counsel

**Certificate of Service**

The undersigned hereby certifies that she served the above and foregoing Consent Agreement and Final Order on this 18 day of February, 2022, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Bankers Standard Insurance Company  
PO Box 1000  
436 Walnut Street  
Philadelphia, PA 19106

And was provided via electronic mail to:

  
\_\_\_\_\_  
Toni Garrard  
Senior Administrative Assistant