



**KANSAS
INSURANCE
DEPARTMENT**

Consent Order

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

**In the Matter of
FIRST CHICAGO
INSURANCE COMPANY,
NAIC # 13587**

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Docket No. 94619

CONSENT AGREEMENT AND FINAL ORDER

Pursuant to K.S.A. 40-103, K.S.A. 40-2401 *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. First Chicago Insurance Company ("FCIC") is domiciled in Illinois and has been authorized in Kansas since July 6, 2018.
 - B. During annual review of market conduct analysis ratios provided by the NAIC, the Department's chief examiner identified that FCIC's ratios for claims closed without payment and claims paid after 60 days were outliers, warranting more substantial review of the company.
 - C. FCIC explained that claims closed ratio was inadvertently inflated due to a reporting error and the delayed payment ratio was due to the coronavirus pandemic.
 - D. The Department's chief examiner noted other findings that FCIC has agreed to address pursuant to the confidential management letter.
5. The company neither admits nor denies the following statutes were violated, but acknowledges the applicability of the same:
 - K.S.A. 40-2404 – requiring insurers to engage in good faith settlement negotiations and effectuate prompt settlement once liability has become reasonably clear.
 - K.A.R. 40-1-34 – requiring insurers to complete investigation of a claim within thirty days after notification of claim, unless such investigation cannot reasonably be completed within such time.
6. The company agrees to take affirmative action as specified below:
 - The company agrees to enact guidance contained within the confidential management letter issued to FCIC's CEO Michael Rosenstein; the letter involves several findings resulting from the examination that did not warrant inclusion in this order.
7. In addition, the company agrees to the foregoing stayed penalty, such penalty to be paid in full within 30 days of notification by the Department that FCIC has not satisfactorily enact the guidance included in the confidential management letter:
 - Monetary penalty: \$5,000.00
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: imposing the stayed monetary penalty, 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 Commissioner, 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.

Cileen Polak, Vice President of Claims
Company Representative Name & Title (Print)

6640 S Cicero Ave, Bedford Park IL 60638
Street Address

13587
NAIC Number

Cileen Polak
Company Representative Name Signature

7-14-07
Date

ORDER

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. Company shall enact the guidance included in the confidential management letter, and if the Company fails to satisfactorily do so, pay a monetary penalty of \$5,000.00.


2. The monetary penalty of \$5,000.00 shall be paid in full within 30 days of notification by the Department that the Company has not enacted the guidance. Failure to pay will result in the issuance of such further action or orders as the Commissioner deems necessary.

3. 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 14 DAY OF July 2022, IN THE CITY OF
TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.**



VICKI SCHMIDT
COMMISSIONER OF INSURANCE

BY: 
Charles E. Thomas II
Attorney

Certificate of Service

The undersigned hereby certifies that she served the above and foregoing Consent Agreement and Final Order on this ~~14th~~ day of July 2022, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

First Chicago Insurance Company
Attn: Michael Rosenstein
6640 S. Cicero Ave.
Bedford Park, IL 60638

And was provided via electronic mail to: bkrzeczowski@firstchicagoinsurance.com



Toni Garrard
Senior Administrative Specialist