



**In the Matter of
SILAC INSURANCE
COMPANY,
NAIC # 62952**

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Docket No. 96491

CONSENT AGREEMENT AND FINAL ORDER

Pursuant to K.S.A. 40-103, K.S.A. 40-401 *et seq.*, 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. SILAC Insurance Company (“SILAC”) is domiciled in Utah and has been authorized in Kansas since May 15, 2005.
 - B. In 2018, SILAC entered the annuity marketplace and began offering annuity products nationwide.
 - C. At least as of January 25, 2019, SILAC’s records show that SILAC did not comply with Kansas regulations regarding notice to replaced insurers.
 - D. The Department identified 764 occurrences where SILAC failed to notify the insurers who were to be replaced in a timely manner.
 - E. The Department further identified 28 occurrences where SILAC failed to delay issuing policies for an appropriate amount of time.
 - F. These regulatory requirements were express and had no reasonable alternative interpretation.
 - G. Accordingly, the Department identified that SILAC violated K.A.R. 40-2-12(f).
 - H. In this instance a monetary penalty of up to \$285,000 could have been assessed pursuant to SILAC’s violation of K.A.R. 40-2-12(f).
 - I. In the present case, the Department acknowledges that SILAC was a new entrant into the annuity market, and that while new entrants must be prepared to adhere to all of the laws, regulations, and rules applicable to any market; SILAC acted quickly to implement a corrective plan to remedy the issue.
 - J. The Department and SILAC identified 3 statutory and 6 non-statutory issues that needed to be addressed by SILAC. All 9 of these issues have been addressed by SILAC; however, some of the issues require continued monitoring by SILAC.

5. The company neither admits nor denies the following statutes were violated, but acknowledges the applicability of the same:
 - K.S.A. 40-2404 – outlining impermissible methods and practices in the business of insurance in Kansas.
 - K.S.A. 40-2404a – enabling the Commissioner to promulgate reasonable rules and regulations regarding the unfair methods and practices of K.S.A. 40-2404.
 - K.A.R. 40-2-12(f) – detailing the requirements that a replacing insurer must follow in order for the practices to be considered fair.
 - K.A.R. 40-2-12(k) – Providing that any violation of the provisions of K.A.R. 40-2-12 is presumed to be unfair method or practice tending to induce a lapse in an insured’s coverage.

6. The company agrees to pay the monetary penalty listed below. Payment is due within thirty (30) days after the effective date of this Consent Order.
 - Monetary Penalty: \$19,800.00
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.*

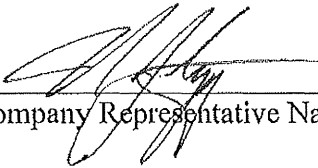
The undersigned stipulates and agrees to the above findings, facts, and conclusions of law and waives their rights to an administrative hearing and judicial review of the Commissioner's Order.

Aigel Riggins
Company Representative Name (Print)

Senior Counsel
Official Company Title

299 South Main St., Ste 1100, Salt Lake City, UT 84111
Street Address

62952
NAIC Number


Company Representative Name Signature

12-13-22
Date

ORDER

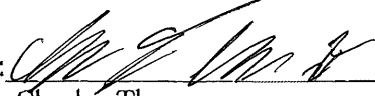
IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. Company shall pay a monetary penalty of \$19,800.00.
2. The monetary penalty of \$19,800.00 shall be paid in full within 30 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.
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 4 DAY OF January 2023, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



VICKI SCHMIDT
COMMISSIONER OF INSURANCE

BY: 
Charles Thomas
Attorney
Kansas Insurance Department

Certificate of Service

The undersigned hereby certifies that she served the above and foregoing Consent Agreement and Final Order on this 4th day of January 202~~2~~³, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

SILAC Insurance Company
Attn: G. Acker
PO Box 2460
Salt Lake City, UT 84110

And was provided via electronic mail to: legal.dept@SILACins.com.



Toni Garrard
Senior Administrative Specialist