



In the Matter of)
CONTINENTAL CASUALTY)
COMPANY,)
NAIC # 20443)
))
THE CONTINENTAL)
INSURANCE COMPANY,)
NAIC #35289)
))
VALLEY FORGE)
INSURANCE COMPANY,)
NAIC #20508)
))
NATIONAL FIRE INSURANCE)
COMPANY OF HARTFORD)
NAIC #20478)
))
TRANSPORTATION)
INSURANCE COMPANY)
NAIC #20494)
))
AND)
))
AMERICAN CASUALTY)
COMPANY OF READING)
NAIC #20427)
))

Docket Number: 105516

Pursuant to K.S.A. 40-103, K.S.A. 40-901 *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. The Commission is authorized, at the Commissioner’s discretion, to make or direct to be made, a market regulation examination of any insurance company doing business in this state. If any person has engaged in or is engaging in any act or practice constituting a violation of the 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 companies named above are currently licensed as insurance companies 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. Continental Casualty Company, The Continental Insurance Company, Valley Forge Insurance Company, National Fire Insurance Company of Hartford, Transportation Insurance Company, American Casualty Company of Reading (together "CNA") named above have 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. CNA hereby waives all such rights.
2. CNA 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. CNA consents to the jurisdiction of the Commissioner and the Kansas Insurance Department ("Department") to determine the issues set forth herein. CNA expressly waives any prerequisites to jurisdiction that may exist.
4. CNA 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. Continental Casualty Company is domiciled in Illinois and has been authorized to do business in Kansas since February 1, 1948.
 - B. The Continental Insurance Company is domiciled in Pennsylvania and has been authorized to do business in Kansas since June 16, 1977.
 - C. Valley Forge Insurance Company is domiciled in Pennsylvania and has been authorized to do business in Kansas since April 28, 1944.
 - D. National Fire Insurance Company of Hartford is domiciled in Illinois and has been authorized to do business in Kansas since June 4, 1869.
 - E. Transportation Insurance Company is domiciled in Illinois and has been authorized to do business in Kansas since February 14, 1938.
 - F. American Casualty Company of Reading, Pennsylvania is domiciled in Pennsylvania and has been authorized to do business in Kansas since July 31, 1902.
 - G. In the first quarter of 2023, CNA identified a system error that caused some of its Kansas Aging Services insureds to be overcharged. In the system, the rate calculations were dependent on the countrywide nonadmitted rates, rather than Kansas-specific filed and approved admitted rates. The error initially went undetected because the two rates were the same upon implementation. However, over the years, the rates drifted.
 - H. On or around July 26, 2023, CNA self-reported the issue to the Department.
 - I. Contemporaneously and without the direction of the Department, CNA implemented a strategy to remedy the programming error and issue refunds for

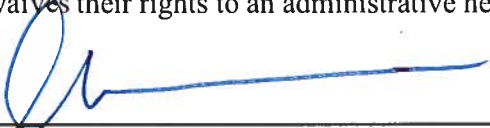
the impacted policyholders, the total amount refunded on 64 policies was \$2,823,610.00.

- J. Each of these policy mistakes represents a violation of K.S.A. 40-963, for each violation the Department may impose a penalty of up to \$500 for each unintentional violation. In this case the Department may impose a penalty of \$32,000.00.
 - K. The Department considers certain facts that weigh in CNA's favor. Namely that CNA: (1) acted promptly to (2) self-report this oversight, (3) take corrective action to redress impacted policyholders, and (4) implement steps to prevent a future occurrence.
5. CNA neither admits nor denies the following statutes were violated, but acknowledges the applicability of the same:
- K.S.A. 40-955 – requiring insurers to file with the Commissioner every manual of classifications, rules and rates, every rating plan, policy form and every modification of any of the foregoing which it proposes to use. Every such filing shall indicate the proposed effective date and the character and extent of the coverage contemplated and shall be accompanied by the information upon which the insurer supports the filings.
 - K.S.A. 40-963 – The commissioner, if the commissioner finds any person or organization has violated any provision of this act, may impose a penalty of not more than \$500 for each violation, but, if the commissioner finds such violation to be willful, may impose a penalty of not more than \$2,000 for each such violation. Such penalties may be in addition to any other penalty provided by law. The commissioner may suspend the license of any rating organization or insurer which fails to comply with an order of the commissioner within the time limited by such order, or any extension thereof which the commissioner may grant.
6. CNA agrees to pay a monetary penalty in the amount of \$1,500.00. Payment is due within thirty (30) days after the effective date of this Consent Order.
7. In addition, CNA agrees to take such other affirmative action as specified below:
- Not Applicable
8. CNA has read and understands this Consent Order. CNA further understands that it has the right to retain counsel of its choice and have counsel review this Consent Order.
9. CNA 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 CNA's licenses until they have complied.

10. CNA 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 related to the events described herein.
11. CNA agrees to be served a copy of this fully executed Consent Order electronically.
12. CNA acknowledges that this Consent Order may be published on the website of Kansas Insurance Department. CNA 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.



Christina Lee, Senior Vice President
Continental Casualty Company
151 N Franklin St.
Chicago, IL 60606

2/13/24
Date

ORDER

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. CNA shall pay a monetary penalty of \$1,500.00.
2. The monetary penalties 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 21st DAY OF FEBRUARY 2024, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



VICKI SCHMIDT
COMMISSIONER OF INSURANCE

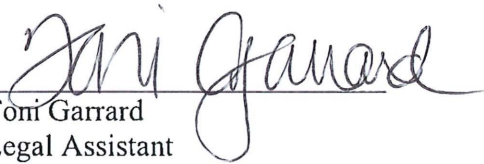
BY: Charles E. Thomas II
Charles E. Thomas II
Insurance Attorney

Certificate of Service

The undersigned hereby certifies that she served the above and foregoing Consent Agreement and Final Order on this 21st day of February 2024, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Christina Lee, Senior Vice President
Continental Casualty Company
151 N Franklin St.
Chicago, IL 60606

And was provided via electronic mail to: Alexis.Teicher@cna.com


Toni Garrard
Legal Assistant