

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

|                                     |   |                    |
|-------------------------------------|---|--------------------|
| In the Matter of Kansas Certificate | ) |                    |
| of Registration of CALDWELL         | ) | Docket No. 2731-RC |
| LEGAL, U.S.A.                       | ) |                    |

**CONSENT ORDER**

Pursuant to the authority granted the Commissioner of Insurance by K.S.A. 40-4209 and K.S.A. 77-537,

I, Kathleen Sebelius, the duly elected, qualified, and acting Commissioner of Insurance of the State of Kansas, hereby assert the following findings of fact, conclusions of law, and order, to wit:

**Findings of Fact**

1. Caldwell Legal, U.S.A. (hereinafter "Caldwell") is a prepaid legal service plan in the State of Kansas.
2. Caldwell has a current mailing address of P.O. Box 245778, Sacramento, California, 95824.
3. On April 7, 1999, a hearing was conducted to determine whether Caldwell's certificate of registration should be renewed.
4. As a result of that hearing, an order was issued revoking Caldwell's certificate of registration because the presiding officer found that they were not competent, trustworthy, or financially responsible, or of good personal reputation, pursuant to K.S.A. 40-4209(b).
5. Caldwell filed a timely petition for review of that order with the Commissioner of Insurance.

6. Upon consideration of that petition for review, the Commissioner remanded this matter to the presiding officer for further proceedings, specifically for the purpose of coming to an agreement on this matter.

7. This administrative action was initiated by the Kansas Insurance Department because Caldwell has had a history of submitting untimely and incomplete financial statements annually with their registration. Secondly, in October 1997, the Kansas Insurance Department received notice that the surety bond that Caldwell is required to maintain by law, was revoked. The Kansas Insurance Department did not receive notice until February 1998, that the surety bond was reinstated.

8. At the present time, Caldwell is not registered for the years 1997 and 1998. Their registration for 1999 is due September 30, 1999.

#### **Applicable Law**

9. K.S.A. 40-4209(b) states, in pertinent part:

The certificate of registration shall be issued to or continued for a prepaid service plan by the commissioner of insurance unless the commissioner of insurance, after due notice and hearing, determines that the prepaid service plan is not competent, trustworthy, financially responsible or of good personal and business reputation, or has had a previous application for a certificate of registration denied for cause since the effective date of this act or within five years of the date of the application.

10. K.S.A. 40-4211(b) provides, in pertinent part:

In lieu of any deposit of securities required under subsection (a), a prepaid service plan may file with the commissioner of insurance a surety bond in such form, amount and conditions as prescribed by the commissioner....

#### **Conclusions of Law**

11. Caldwell is subject to the jurisdiction of the Kansas Commissioner of Insurance as provided for in K.S.A. 40-4209.

12. In order for the Commissioner of Insurance to determine that a prepaid service plan is “trustworthy and financially responsible,” the Commissioner of Insurance requires, as of the time of filing for their annual registration, current financial information that is verified and substantiated.

13. In order for Caldwell to become current on their annual registration for the years 1997 and 1998, they must submit financial statements (balance sheets and income statements), certified as true and correct by an officer of the company or a certified public accountant. These financial statements should be as of the end of the quarter (June 30<sup>th</sup>) immediately preceding the annual registration date (September 30<sup>th</sup>). Further, it is understood that the Kansas Insurance Department’s standard for financial responsibility and trustworthiness is determined on a statutory accounting basis. A determination on a statutory accounting basis means that all or a portion of certain assets may be considered non-admitted including, but not limited to, goodwill, furniture, and equipment. Therefore, the overall fund balance may be decreased accordingly from what is reported in a financial statement. These financial statements must be submitted to the Kansas Insurance Department by September 19, 1999, which is the due date of the 1999 registration.

14. Further, in order for Caldwell to be currently registered they must submit a financial statement by September 19, 1999, which complies with the conditions as set forth in paragraph #13 above.

15. Caldwell is also required to maintain a current surety bond or a deposit of securities as required by K.S.A. 40-4211. If the surety bond is cancelled, they are required to notify the Kansas Insurance Department immediately. If the Kansas Insurance Department finds that a surety bond or an adequate deposit of securities is not maintained, then Caldwell’s registration will be subject to immediate revocation.

16. Caldwell will submit timely financial statements (balance sheets and income statements) with their annual registration for every year hereinafter, which comply with the conditions as set forth in paragraph #13 above.

17. Failure to abide by the conditions set forth in paragraphs #13, #14, #15 and #16 will result in the immediate revocation for the Caldwell's registration by Summary Order of the Kansas Commissioner of Insurance.

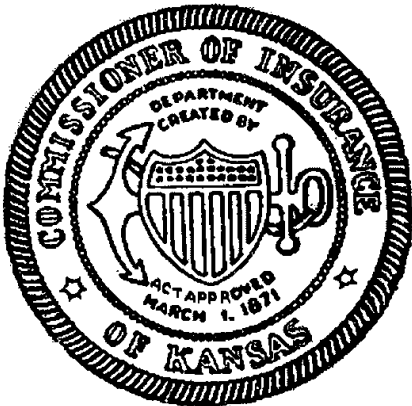
**IT IS THEREFORE, BY THE COMMISSIONER OF INSURANCE, ORDERED THAT:**

1. Caldwell will submit to the Kansas Insurance Department, by September 19, 1999, financial statements of their company for the years 1997, 1998 and 1999, which comply with the conditions set forth in paragraph #13 above.

2. Caldwell will maintain a current surety bond or an adequate deposit of securities as required by K.S.A. 40- 4211.

3. Caldwell shall submit to Kansas Insurance Department copies of any financial statements which comply with conditions set forth in paragraph #13 of this order.

**IT IS SO ORDERED THIS \_\_16th\_\_DAY OF AUGUST 1999, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.**



\_\_\_\_\_/s/ Kathleen Sebelius\_\_\_\_\_  
Kathleen Sebelius  
Commissioner of Insurance

BY:

\_\_\_\_\_/s/ Rebecca A. Sanders\_\_\_\_\_  
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\_\_\_\_\_/s/ J. Caldwell\_\_\_\_\_  
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