

BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS

In the Matter of Buckeye State)
Mutual Insurance Company)

Docket No. 3006-SO

FINAL ORDER

SUMMARY ORDER

Effective: 7-23-01

Pursuant to the authority granted to the Commissioner of Insurance by Kansas Statutes
Annotated (K.S.A.) 40-2,123 and 40-2,125,

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

Findings of Fact

1. Buckeye State Mutual Insurance Company ("Buckeye") is a mutual insurance
company authorized to transact the business of insurance in the State of Kansas with its office
located at One Heritage Place, Piqua, Ohio, 45356, and is subject to the Kansas statutes
regulating the business of insurance.

2. The Commissioner of Insurance ("the Commissioner") has jurisdiction over the
subject matter of this proceeding, and this proceeding is held in the public interest.

3. On March 1, 2000, Buckeye State gave the Commissioner written notice of its
intent to cease writing new and renewal policies for all commercial lines except commercial
automobile effective April 1, 2000 because the company had not written enough volume of
policies in Kansas. The company verified that policyholders would be given proper notification
of non-renewal beginning April 1, 2000.

4. On March 7, 2000, Buckeye was informed that the company was required to give
sixty (60) days notice of non-renewal to the Kansas Insurance Department ("the Department")

and the thirty (30) days notice was insufficient. Buckeye was asked to submit a future non-renewal date.

5. Respondent failed to submit a future non-renewal date to the department.

Conclusions of Law

6. K.S.A. 40-2,123 provides, in relevant part:

(a)(1) From and after January 1, 1989, an insurer may cease to transact insurance in this state, or discontinue the writing and renewal of one or more kinds of property or casualty insurance specified in K.S.A. 40-901 and 40-1102, and amendments thereto, or classes of property or casualty insurance risks which were actively solicited or written after 60 days' notice to the commissioner.

7. K.S.A. 40-2,125 provides, in relevant part:

(a) If the commissioner determines after notice and opportunity for a hearing that any person has engaged or is engaging in any act or practice constituting 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...

(1)...Payment of a monetary penalty of not more than \$1,000 for each and every act or violation, unless the person knew or reasonably should have known such person was in violation of the Kansas insurance statutes or any rule and regulation or order thereunder, in which case the penalty shall be no more than \$2,000 for each and every act or violation.

8. Based upon the information contained in paragraphs 3 through 5 above, it appears that Buckeye failed to give sixty (60) days' notice of non-renewal to our office in violation of K.S.A. 40-2,123(a)(1).

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

Buckeye State Mutual Insurance Company shall forward a draft in the amount of ONE THOUSAND DOLLARS (\$1,000.00) for failure to timely provide notice of non-renewal to the Commissioner. The Commissioner retains jurisdiction for additional administrative penalties concerning this failure to comply with 40-2,123(a)(1).

Notice of Rights

Respondent is entitled to a hearing on this order pursuant to K.S.A. 77-537, the Kansas Administrative Procedure Act. If Respondent desires a hearing, the organization must file a written request for a hearing with:

Ms. Deletria L. Nash
Staff Attorney
Kansas Insurance Department
420 S.W. Ninth Street
Topeka, Kansas 66612

A request for hearing must be received within fifteen (15) days from the date of this Summary Order. If Buckeye State Mutual Insurance Company requests a hearing, the Kansas Insurance Department will notify Respondent of the time and place of the hearing and information on the procedures, right of representation, and other rights of parties relating to the conduct of the hearing, before commencement of the hearing.

If a hearing is not requested in the time and manner stated above, this Summary Order becomes final and effective upon the expiration of the time for requesting a hearing.

IT IS SO ORDERED THIS 5th DAY OF JULY, 2001, IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.



Kathleen Sebelius
Commissioner of Insurance
BY:

Kathy Greenlee
General Counsel

Certificate of Service

The undersigned hereby certifies that a true and correct copy of the above and foregoing Summary Order was served by placing the same in the United States Mail, first class postage prepared, on this 5th day of July, 2001, addressed to the following:

T. Scott Johnson, Corporate Secretary
Buckeye State Mutual Insurance Company
One Heritage Place
Piqua, OH 45356

A handwritten signature in black ink, appearing to read "Deletria L. Nash", is written over a horizontal line.

Deletria L. Nash
Staff Attorney