



add the lines was immediately requested and the lines were subsequently added to the authority of American Economy.

### **Conclusions of Law**

1. K.S.A. 214 provides, in relevant part:

It shall be unlawful for any person, company, corporation, or fraternal benefit society to transact the business of insurance... unless such person, company, corporation, or fraternal benefit society shall have been duly authorized under the laws of this state to transact such business and shall have been duly authorized under the laws of this state to transact such business and shall have received proper written authority from the commissioner of insurance in conformity with the provisions of the laws of this state...

2. K.S.A. 40-252 provides, in relevant part:

...every corporation or association shall pay annually to the commissioner of insurance a tax in an amount equal to 1% for tax year 1997, and 2% for all tax years thereafter per annum of the total of all premium charges...

3. K.S.A. 40-246a provides, in relevant part:

...The insurance commissioner shall collect double the amount of the tax provided by law from any insurance company, agent or nonresident agent receiving premiums in violation of the manner prescribed in this act...

4. K.S.A. 40-955(f) provides, in relevant part:

No insurer shall make or issue a contract or policy except in accordance with filings which have been filed or approved for such insurer as provided in this act.

5. K.S.A. 40-963 provides, in relevant part:

...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...

6. Based upon the information contained in paragraphs three and four

above, it appears that American Economy transacted business of insurance that the

company was not duly authorized to write. The commissioner has the authority to double the premium tax, but will not do so because the company took immediate corrective action when notified of the violation of K.S.A. 40-214.

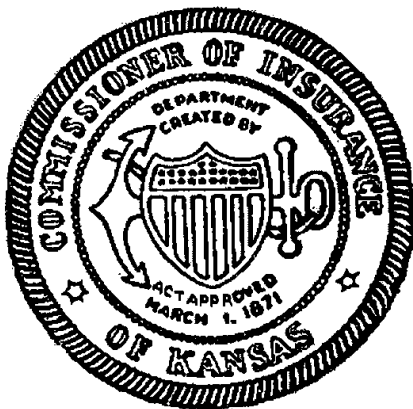
7. Based upon the information contained in paragraphs three and four above, it appears that American Economy issued contracts or policy that had not been filed or approved for the company.

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

1. American Economy Insurance Company shall immediately cease and desist from all acts alleged to be in violation of K.S.A. 40-214. Specifically, they shall cease and desist from transacting business of insurance that the company is not duly authorized to write.

2. American Economy Insurance Company shall remit to the Kansas Insurance Department an administrative penalty in the sum of ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500) for violating K.S.A. 40-955(f).

**IT IS SO ORDERED THIS \_\_20<sup>th</sup>\_\_ DAY OF NOVEMBER, 2001, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.**



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

\_\_\_\_\_  
/s/ Kathy Greenlee  
Kathy Greenlee  
General Counsel

/s/ Edward H. Southon  
Edward H. Southon  
Assistant General Counsel  
American Economy Insurance Company

SUBMITTED AND APPROVED BY

/s/ Deletria L. Nash  
Deletria L. Nash  
Attorney for Petitioner  
Kansas Insurance Department