

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

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

**Docket No.: 76882**

**CONSENT AGREEMENT AND FINAL ORDER**  
**(Pursuant to K.S.A. 40-222 and K.S.A. 77-537)**

The Kansas Insurance Department and American Casualty Company of Reading, Pennsylvania, Continental Casualty Company, The Continental Insurance Company, National Fire Insurance Company of Hartford, Transportation Insurance Company and Valley Forge Insurance Company (collectively “CNA Group”) submit this Consent Agreement and Final Order. The CNA Group hereby waives any and all rights to further administrative adjudication or review of this matter, including any and all rights conferred upon it under K.S.A. 77-501 *et seq.* Pursuant to the authority conferred upon the Commissioner of Insurance in K.S.A. 40-222, Vicki Schmidt, the duly elected, qualified and serving Commissioner of Insurance, hereby adopts the KID’s agreement made with CNA Group and finds and Orders as follows:

### **Stipulated Findings of Fact**

The parties stipulate that if a hearing were conducted in this matter, the following evidence could be offered by the Commissioner, and although neither admitted nor denied by Respondent, would be recognized as admissible to show the following:

1. CNA Group companies are authorized to transact insurance business in Kansas.
2. In February of 2017, the CNA Group self-reported rating issues with certain Kansas Small Business Businessowners' policies to Kansas.
3. In May of 2017, the CNA Group self-reported additional rating issues to Kansas involving certain Kansas Small Business workers compensation and commercial auto products.
4. The CNA Group companies developed corrective action plans and issued refunds to harmed consumers.
5. 847 policyholders were impacted and \$951,471.28 was refunded across all lines of business.

### **Applicable Law**

1. K.S.A. 40-2,125(a) provides:

(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 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 any one or more of the following:

- (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 not more than \$2,000 for each and every act or violation;
- (2) suspension or revocation of the person's license or certificate if such person knew or reasonably should have known that such person was in violation of the Kansas insurance statutes or any rule and regulation or order thereunder; or
- (3) that such person cease and desist from the unlawful act or practice and take such affirmative action as in the judgment of the commissioner will carry out the purposes of the violated or potentially violated provision.

2. K.S.A. 40-222(a) provides:

(a) Whenever the commissioner of insurance deems it necessary but at least once every five years, the commissioner may make, or direct to be made, a financial examination of any insurance company in the process of organization, or applying for admission or doing business in this state. In addition, at the commissioner's discretion the commissioner may make, or direct to be made, a market regulation examination of any insurance company doing business in this state.

(a) the form thereof and of the classification of risks and the premium rates pertaining thereto, have been filed with the commissioner of insurance.

3. K.S.A. 40-955 provides, in part:

(a) Every insurer shall file with the commissioner, except as to inland marine risks where general custom of the industry is not to use manual rates or rating plans, 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. A filing and any supporting information shall be open to public inspection after it is filed with the commissioner, except that disclosure shall not be required for any information contained in a filing or in any supporting documentation for the filing when such information is either a trade secret or copyrighted. For the purposes of this section, the term "trade secret" shall have the meaning ascribed to it in K.S.A. 60-3320, and amendments thereto. An insurer may satisfy its obligations to make such filings by authorizing the commissioner to accept on its behalf the filings made by a licensed rating organization or another insurer. Nothing contained in this act shall be construed to require any insurer to become a member or subscriber of any rating organization.

**Conclusions of Law and Orders**

Based on the Findings of Fact enumerated in Paragraphs #1 through #5 and the applicable law cited above, **THE COMMISSIONER OF INSURANCE MAKES THE FOLLOWING ORDERS:**


1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-222.
2. CNA Group neither admits nor denies the violations noted above.
3. CNA Group shall pay \$ 15,000 total for the above stated violations of law.
4. The Commissioner shall retain jurisdiction over this matter to issue any orders deemed necessary.

**IT IS SO ORDERED THIS 12<sup>th</sup> DAY OF AUGUST 2019, IN THE CITY OF TOPEKA, STATE OF KANSAS.**

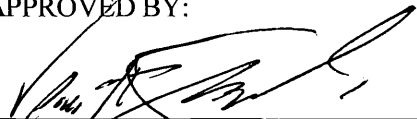


Vicki Schmidt

BY:

  
Justin L. McFarland  
General Counsel

APPROVED BY:

  
CNA Group


Printed Name: Wesley F Sprinkle

Title: SVP Small Business

**Certificate of Service**

The undersigned hereby certifies she served a true and correct copy of the above-and foregoing Consent Agreement and Final Order by causing a copy of the same to be deposited in the United States mail, first class postage prepaid, on the 13<sup>th</sup> day of August 2019, addressed to the following:

Wesley F. Sprinkle  
Senior Vice President Small Business  
CNA  
151 N. Franklin St.  
Chicago, IL 60606

  
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Toni Garrard  
Senior Administrative Assistant