

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

In the Matter of ZURICH AMERICAN)
INSURANCE COMPANY OF ILLINOIS)
and the policy for the [REDACTED])
[REDACTED])

Docket No. 2694-SO

CONSENT ORDER

Zurich American Insurance Company of Illinois (“Zurich American”) wishes to resolve this matter without formal adjudicative proceedings by entering into this consent order. The Commissioner of Insurance (“Commissioner”) hereby makes the following findings of fact, conclusions of law, and order, to-wit:

Findings of Fact

1. Records maintained by the Kansas Insurance Department (“KID”) indicate that Zurich American is a Kansas admitted, foreign insurance company with offices located at The Zurich Towers, 1400 American Lane, Schaumburg, Illinois 60196-1056 and is subject to the Kansas statutes regulating the business of insurance.
2. The Commissioner has jurisdiction over the subject matter of this proceeding, and this proceeding is held in the public interest.
3. Stella Levea (“Levea”) is a non-resident insurance agent licensed by the State of Kansas, with a current address of 417 Johnson Drive, P.O. Box 2085, Grand Island, Nebraska 68883.
4. First Americans Insurance Services (“First Americans”) is a non-resident agency licensed by the State of Kansas, with a current address of 417 Johnson Drive, P.O. Box 2085, Grand Island, Nebraska, 68883.

5. On February 17, 1998, Zurich American issued a Certificate of Liability Insurance, an Insurance Binder, and Evidence of Property Insurance through Levea and First Americans, which agents were not properly appointed by Zurich American as agents in the State of Kansas.

6. Levea was not properly appointed by Zurich American with KID until August 14, 1998.

7. First Americans has never been appointed by Zurich American with KID.

Conclusions of Law

8. K.S.A. 1997 Supp. 40-240i provides, in relevant part:

(a) Any company authorized to transact business in this state may,...certify such agent as the agent of the company under the license in effect for the agent. The certification shall be made to the commissioner on a form prescribed by the commissioner within 30 days of appointment of the agent by the company...

9. K.S.A. 1997 Supp. 40-240i(a) provides, in relevant part:

[f]ailure of the company to certify an agent within 30 working days of such agent's appointment shall subject the company to a penalty of not more than \$25 per calendar day from the date of appointment to the date proper certification is recorded by the insurance department.

10. Based upon the information contained in paragraphs 3 through 7 above, it appears that Zurich American Insurance Company of Illinois failed to certify Stella Levea, as agent of the company within 30 days of appointment of the agent by the company, in violation of K.S.A. 1997 Supp. 40-240i.

11. Zurich American Insurance Company of Illinois neither admits nor denies the allegations set forth herein this order as described above.

12. For the purposes of this Consent Order, Zurich American Insurance Company of Illinois waives its right to a formal adjudicative proceeding and notice thereof and voluntarily consents to the following order of the Commissioner of Insurance.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. Zurich American Insurance Company of Illinois shall immediately cease and desist from all acts alleged to be violations herein. Specifically, Zurich American Insurance Company of Illinois shall cease and desist from failing to certify an agent as the agent of the company within 30 days of appointment of the agent by the company.

2. Zurich American Insurance Company of Illinois shall remit to the Kansas Insurance Department an administrative penalty in the sum of four thousand four hundred seventy-five dollars (\$4,475.00) for violating K.S.A. 1997 Supp. 40-240i.

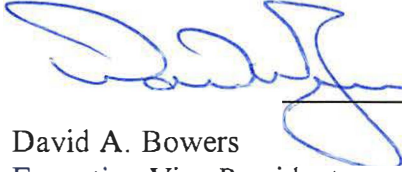
IT IS SO ORDERED THIS 10 DAY OF FEBRUARY, 1999, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



Kathleen Sebelius
Commissioner of Insurance

BY:

Robert L. Kennedy, Jr.
Assistant Commissioner



David A. Bowers
~~Executive~~ Vice President and General Counsel
Zurich American Insurance Company of Illinois

SUBMITTED AND APPROVED BY:



Margaret A. Gatewood
Attorney or Petitioner
Kansas Insurance Department