

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

In the Matter of the Kansas Nonresident)
Insurance Agent's License of)
STEVEN L. DREILING) Docket No. **4375--CO**
NPN 6101167.)

CONSENT AGREEMENT & ORDER
(Pursuant to K.S.A. 40-4909 and K.S.A. 77-501 *et seq.*)

Pursuant to the authority granted to the Commissioner of Insurance ("Commissioner") by K.S.A. 40-103 and in accordance with K.S.A. 40-4901 *et seq.*, the Commissioner hereby accepts the stipulations of the parties and enters an order regarding the license of Steven L. Dreiling ("Respondent"). This Consent Agreement and Order shall become effective as a Final Order, without further notice when signed by the Commissioner or the Assistant Commissioner and filed of record with the Kansas Insurance Department ("KID").

Stipulated Findings of Fact

1. Respondent was licensed as a resident insurance agent in the state of Kansas on May 30, 1978, remained so licensed at all times relevant to this matter, and is currently licensed as a nonresident agent.
2. KID has proposed to revoke Respondent's license, and the matter is set for hearing.
3. At the time this action was initiated, Respondent's legal address of record was in Lawrence, Kansas. However, Respondent has since reported a current legal address in Kansas City, Missouri, and obtained a Missouri resident producer license.
4. Respondent's mailing address is 2233 Louisiana, Suite H2, Lawrence, KS 66046-3010.
5. Respondent submitted change forms and supporting documents to Blue Cross and Blue Shield of Kansas ("BC/BS") that falsely represented that his former spouse was an employee of his agency and thus eligible for health insurance coverage as a member of the group.

6. Under continuation of coverage, premium is approximately the same for Respondent's former spouse for six months, but at the end of six months, comparable BC/BS coverage would be \$1934.21 per month, an increase of \$1568.96 from the cost of an employee's coverage.

7. Thus, if the misrepresentation had not been discovered and Respondent had maintained the coverage for one year beyond the continuation period, Respondent's misrepresentation would have resulted in a premium reduction of \$18,827.52.

8. The parties acknowledge that these transactions took place in the context of an extremely contentious divorce, which does not excuse Respondent's conduct but should be considered in mitigation.

9. The parties agree that a monetary penalty should exceed the monetary benefit of the misconduct in order to have a deterrent effect, and accordingly, the parties agree that a penalty of \$20,000 is proportional to the misconduct.

10. Further, the parties agree that a suspension of Respondent's license is appropriate to the misconduct but stipulate that Respondent has served the equivalent of a suspension from December 1, 2011, to December 29, 2011, during the pendency of this matter.

11. Respondent has had the advice and assistance of counsel and understands his right to have a hearing on the facts and disposition and to seek review of an adverse order in this matter.

12. For purposes of a consent agreement, Respondent stipulates to the foregoing facts and proposed penalties.

13. KID agrees, based on the stipulations, to take no further action based on the Blue Cross-Blue Shield transaction, provided, however, that KID may take additional action should evidence establish additional misconduct or misrepresentation to KID.

14. Respondent and KID jointly recommend findings and an order based on the stipulations, and Respondent waives administrative and judicial review of the Commissioner's jurisdiction, legal conclusions, and order premised on the stipulated facts.

15. Respondent acknowledges that this Consent Agreement and Order is an open record pursuant to the Kansas Open Records Act, K.S.A. 45-215 *et seq.*, and that it will

be available to the public through the KID website and reported in summary fashion to the National Association of Insurance Commissioners (“NAIC”) producer database/regulatory information retrieval system.

Applicable Law

16. K.S.A. 40-4909(a) provides, in relevant part:

“The commissioner may deny, suspend, revoke or refuse renewal of any license issued under this act if the commissioner finds that the applicant or license holder has. . . (8) Used any fraudulent, coercive, or dishonest practice, or demonstrated any incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.” K.S.A. 2010 Supp. 40-4909(a).

17. “In lieu of taking any action under subsection (a), the Commissioner may . . . issue an order imposing an administrative penalty” K.S.A. 2010 Supp. 40-4909(h).

18. “No person whose license as an agent or broker had been suspended or revoked shall be employed by any insurance company doing business in this state either directly, indirectly, as an independent contractor or otherwise to negotiate or effect contracts of insurance, suretyship or indemnity or perform any act toward the solicitation of or transaction of any business of insurance during the period of such suspension or revocation.” K.S.A. 2010 Supp. 40-4909(g).

Conclusions of Law

19. The Commissioner has jurisdiction over Respondent as well as the subject matter of this proceeding, and such proceeding is held in the public interest.

20. The Commissioner finds that Respondent has presented a series of written and oral statements to an insurance company as part of or in support of the rating of an insurance policy that Respondent knew contained materially false information.

21. The Commissioner finds that Respondent has used fraudulent or dishonest practices and demonstrated untrustworthiness in the conduct of business in the submission of information to BC/BS.

22. Based on the foregoing findings, the Commissioner concludes that sufficient grounds exist for the action against Respondent’s insurance agent license pursuant to K.S.A. 2010 Supp. 40-4909(a).

ORDER

Before issuing an insurance agent license, the Commissioner must determine that the applicant is qualified and has not committed any act that would be grounds for denial, suspension, or revocation. K.S.A. 40-4905(b). Further, the Commissioner may revoke any license issued under the Insurance Agents Licensing Act if the Commissioner finds that the interests of the insurer or the insurable interests of the public are not properly served under the license. K.S.A. 40-4909(b). Thus, the Commissioner is charged with safeguarding the security and integrity of the insurance business and protecting insurance consumers by licensing, or continuing to license, persons or entities to sell, solicit, or negotiate insurance in the State of Kansas only if their conduct indicates they are both qualified and trustworthy. The following action is both necessary and sufficient to serve that purpose.

THE COMMISSIONER OF INSURANCE THEREFORE ORDERS THE FOLLOWING:

- 1. Respondent's Kansas nonresident insurance agent's license is hereby suspended for 28 days, which suspension is deemed satisfied in full; and**
- 2. Respondent shall pay an administrative penalty of twenty thousand dollars (\$20,000), payment of which is hereby acknowledged.**

IT IS SO ORDERED THIS 31st DAY OF JANUARY 2012, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



Sandy Praeger
Commissioner of Insurance

BY:

/s/ Robert Tomlinson
Robert M. Tomlinson
Asst. Commissioner of Insurance

NOTICE OF RIGHTS TO HEARING AND REVIEW

In the event Respondent files a Petition for Judicial Review, pursuant to K.S.A. 77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is

Zachary J.C. Anshutz, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

Certificate of Service

The undersigned hereby certifies that she served a true and correct copy of the above and foregoing **Consent Agreement & Order** and accompanying **Notice of Rights** on this 1st day of Feb. 2012 by causing a copy to be placed in the United States mail, first class postage prepaid, addressed to the following:

Norman R. Kelly, Esq.
NORTON, WASSERMAN, JONES & KELLY, LLC
P.O. Box 2388
Salina, KS 67402-0538
Attorney for Respondent/Applicant

And, pursuant to K.S.A. 77-531, also to the following:

Steven L. Dreiling
Allstate Asset Conservation Group
2233 Louisiana, Suite H2
Lawrence, KS 66046-3010

And hand-delivering a copy to the following:

Brenda J. Clary
Staff Attorney
Kansas Insurance Department

_ /s/ Jana L. Beethe _____
Jana L. Beethe
Legal Assistant