

BEFORE THE INSURANCE COMMISSIONER

FOR THE STATE OF DELAWARE

IN THE MATTER OF:)
)
STATE FARM FIRE & CASUALTY)
INSURANCE COMPANY) **DOCKET NO. 3339-2016**
(NAIC #25143) and STATE FARM MUTUAL)
AUTOMOBILE INSURANCE COMPANY)
(NAIC #25178))
Respondent)

STIPULATION AND CONSENT ORDER

THIS STIPULATION AND CONSENT ORDER is entered into as of

December 23, 2016, by and between State Farm Fire and Casualty Insurance Company and State Farm Mutual Automobile Insurance Company (the “Respondent”) and the State of Delaware Department of Insurance (“Department”). The Respondent and the Department are collectively referred to herein as the “Parties.”

WHEREAS, Respondent is licensed in all 50 states and DC, and is authorized to conduct the business of insurance in the State of Delaware; and

WHEREAS, the Department, through its examiners, conducted a target market conduct examination (“Examination”) of Respondent’s affairs and practices as of June 30, 2015; and

WHEREAS, the Department, through its examiners, prepared and provided to Respondent for review and comments draft versions of a report of the Examination; and

WHEREAS, Respondent has reviewed and commented on such draft versions of the report of the Examination; and

WHEREAS, after considering Respondent's comments, the Department, through its examiners, has prepared a final report of the Examination, dated as of June 30, 2015 ("Final Examination Report"); and

WHEREAS, among other findings contained in the Final Examination Report, the Department concluded that the Respondent did not comply with (i) 18 *Del. C.* § 1715, in that it failed to file a notice of an agent appointment within 15 days from the date the agency contract was executed or the first application was submitted; (ii) 18 *Del. C.* § 2304, in that in three instances it did not provide pertinent facts on insurance policy provisions relating to coverage; (collectively hereinafter the "Notice Violations"); and

WHEREAS, after communications with the Department, Respondent desires to resolve this matter without recourse to any administrative hearing or court action (such as an appeal).

NOW, THEREFORE, IT IS AGREED, by and between Respondent and the Department as follows:

1. Respondent accepts the Final Examination Report, waives any right to a hearing thereon, and agrees that the Department may file the Final Examination Report without any further modifications.
2. Upon its execution of this Stipulation and Consent Order, Respondent shall pay to the Department an administrative penalty for the Notice Violations in the amount of Twenty Eight Thousand Dollars (\$28,000.00). Respondent shall make the check for the administrative penalty payable to the "State of Delaware."
3. Respondent waives any right to challenge in an administrative or court proceeding any of the terms and conditions of this Stipulation and Consent Order.

4. This Stipulation and Consent Order is the free and voluntary act of the Respondent, and its terms are binding upon the Respondent and may be admitted into evidence in any judicial or administrative proceeding against the Respondent to enforce such terms. Respondent acknowledges that they have had a full opportunity to seek and receive advice of counsel on all matters related to this Stipulation and Consent Order.

5. This Stipulation and Consent Order contains all of the terms and conditions agreed to by the parties and constitutes the final agreement between the Respondent and the Department.

6. No change, amendment, or modification hereto shall be effective or binding unless it is in writing, dated, and signed by the parties.

7. If the Department fails to act on any one or more defaults by the Respondent, such failure to act shall not be a waiver of any rights hereunder on the part of the Department to declare the Respondent in default and to take such action as may be permitted by this Stipulation and Consent Order or by law.

8. This Stipulation and Consent Order may be signed in duplicate, and both documents shall be considered originals. The person executing this Stipulation and Consent Order on behalf of Respondent shall acknowledge his or her signature before a Notary Public and, by executing this Stipulation and Consent Order, certifies that he or she is duly authorized to execute this Stipulation and Consent Order on behalf of Respondent. Respondent agrees that an uncertified copy of this Stipulation and Consent Order shall be valid as evidence in any proceeding for purposes of enforcement.

9. This Stipulation and Consent Order shall survive the Respondent and be enforceable against their successors, transferors, or assigns.

[Signature Pages Follow]

STATE FARM INSURANCE COMPANIES:

Michael J. Arnold

Print Name: Michael Arnold
Title: VPO - Claims, Property & Casualty Claims
Date: 12/23/16

Witness to Respondent's Signature

Name: *Sara Clawson*
Title: *Executive Secretary I*
Date: 12-23-16

STATE OF Illinois)
) SS.
COUNTY OF McLean)

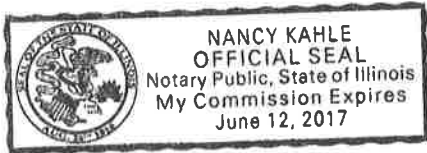
The foregoing instrument was acknowledged before me this 23 day of December 2016, by Michael J. Arnold, who is personally known to me or who has produced _____ as identification, and who certified that he or she is duly authorized to execute this document on behalf of Respondent.

GIVEN under my Hand and Seal of office, the day and year aforesaid.

Nancy Kahle
NOTARY PUBLIC

Nancy Kahle
PRINT NAME

June 12, 2017
MY COMMISSION EXPIRES



DELAWARE INSURANCE DEPARTMENT



KAREN WELDIN STEWART, CIR-ML

Insurance Commissioner

Date: *12/29/2016*