

**BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF DELAWARE**

IN THE MATTER OF: )  
 )  
STATE FARM FIRE & CASUALTY CO )  
NAIC # 25143

DOCKET NO. 5399

STATE FARM MUTUAL AUTOMOBILE )  
INSURANCE CO )  
NAIC #25178 )

**STIPULATION AND CONSENT ORDER**

**THIS STIPULATION AND CONSENT ORDER** is entered into as of June 14, 2024, by and between State Farm Fire & Casualty Co. and State Farm Mutual Automobile Insurance Co. (the “Respondents”) and the State of Delaware Department of Insurance (the “Department”). Respondents and the Department are collectively referred to herein as the “Parties.”

**WHEREAS**, Respondents are property & casualty licensed insurers incorporated under Illinois law and 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 Respondents’ affairs and practices as of December 31, 2022; and

**WHEREAS**, pursuant to 18 *Del. C.* § 321(c), the Department provided Respondents with a verified written report of examination under oath (the “Examination Report”); and

**WHEREAS**, Respondents have reviewed and provided the Department with comments on the Examination Report; and

**WHEREAS**, after considering Respondents’ comments, the Department, through its examiners, has prepared a final report of the Examination, dated as of December 31, 2022 (the “Final Examination Report”); and

**WHEREAS**, among other findings contained in the Final Examination Report, the

Department concluded that the Respondents practices and procedures, in some instances, did not comply with the below-listed statutory and regulatory provisions (collectively, the "Violations"):

18 *Del. C.* § 2304 (16) (f) & (n) Unfair claim settlement practices

18 *Del. C.* § 2304 (17) Failure to maintain complaint handling procedures

18 *Del. C.* § 2304 (26) Failure to respond to regulatory inquiries

18 *Del. C.* § 3914. Notice of statute of limitations required

11 *Del. C.* § 913 Insurance Fraud, class G felony (b) & (c)

18 *Del. Admin. C.* § 902 1.2.1.1 Prohibited Unfair Claim Settlement Practices

18 *Del. Admin. C.* § 902 1.2.1.2 Prohibited Unfair Claim Settlement Practices

18 *Del. Admin. C.* § 902 1.2.1.3 Prohibited Unfair Claim Settlement Practices

18 *Del. Admin. C.* § 902 1.2.1.5 Prohibited Unfair Claim Settlement Practices

18 *Del. Admin. C.* § 902 1.2.1.6 Prohibited Unfair Claim Settlement Practices

18 *Del. Admin. C.* § 2104 4.1 Written Notice by Insurers of Payment of Third Party Claims;

and

**WHEREAS**, Respondents cooperated with the Department and are actively working to resolve the Violations identified in the Examination Report; and

**WHEREAS**, Respondents do not agree with all Violations alleged in the Examination Report; and

**WHEREAS**, following arms-length communications with the Department, Respondents desire to resolve this matter without recourse to any administrative hearing or court action.

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

1. All of the recitals set forth above are hereby incorporate herein and made a part of this Stipulation and Consent.

2. Respondents accept 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. The Department shall post a copy of the Final Examination Report and this Stipulation and Consent on the Department's public website.

3. Within thirty (30) days of the date of this Stipulation and Consent Order, Respondents shall provide the Department with corrective actions (the "Corrective Actions") for any and all Exceptions and Recommendations included in the Final Examination Report and shall promptly implement the Corrective Actions thereafter. Within one year of the date of the Final Examination Report, the Department may re-examine the Exceptions and Recommendations in the Final Examination Report and determine whether the Corrective Actions were appropriate, properly implemented, and effective. If Respondents continue to be out of compliance by either failing to timely submit the Corrective Actions to the Department, or as determined by the Department's re-examination, the Department may issue additional penalties, including but not limited to, additional administrative monetary penalties, prohibiting new business in the State of Delaware, and suspension or revocation of the Respondents' certificate of authority.

4. Upon execution of this Stipulation and Consent Order, Respondents shall pay to the Department an administrative penalty for the Violations in the amount of Seventy-Five Thousand Dollars (\$75,000.00). Payment shall be in the form of a check made payable to the "State of Delaware."

5. Respondents waive any right to challenge in an administrative or court proceeding any of the terms and conditions of this Stipulation and Consent Order.

6. This Stipulation and Consent Order is the free and voluntary act of Respondents, and its terms are binding upon Respondents and may be admitted into evidence in any judicial or administrative proceeding against Respondents for any purpose. Respondents acknowledge that it has had a full opportunity to seek and receive advice of counsel on all matters related to this Stipulation and Consent Order.

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

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

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

10. 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 Respondents 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 Respondents. Respondents agree that an uncertified copy of this Stipulation and Consent Order shall be valid as evidence in any proceeding for purposes of enforcement.

11. This Stipulation and Consent Order shall survive Respondents and be enforceable against its successors, transferors, or assigns.

*[Signature Page Follows]*

