

**STATE OF VERMONT  
DEPARTMENT OF FINANCIAL REGULATION**

JUN 29  
2015

<b>IN THE MATTER OF:</b>	)	<b>Docket No. 15-018-I</b>
	)	
<b>STATE FARM FIRE AND</b>	)	
<b>CASUALTY COMPANY</b>	)	
<b>NAIC NO. 25143</b>	)	

**STIPULATION AND CONSENT ORDER**

The Insurance Division of the Vermont Department of Financial Regulation (“Department”) and State Farm Fire and Casualty Company (“Respondent”) stipulate and agree:

1. Pursuant to the authority contained in 8 V.S.A. §§ 10-13, 15, 18, and Chapters 101, 105 and 129 of Title 8, and Department Regulation 99-01, the Commissioner of the Department (“Commissioner”) is charged with enforcing the insurance laws of the State of Vermont.
2. Respondent acknowledges and admits the jurisdiction of the Commissioner over the subject matter of this Stipulation and Consent Order set forth herein.
3. Pursuant to 8 V.S.A. § 3885, a violation of any of the provisions of sections 3879 – 3884 may subject the violator to administrative penalties of \$2,000.00 for each violation.
4. Pursuant to 8 V.S.A. § 3661(a)(3), a violation of Department Regulation 99-01, promulgated pursuant to 8 V.S.A. § 3568, may subject the violator to administrative penalties of \$1,000.00 for each violation.
5. Respondent is an insurance company licensed to sell property and casualty insurance in Vermont since September 19, 1955. Respondent is an Illinois domiciled company with its corporate headquarters located at One State Farm Plaza, Bloomington, Illinois.

6. Following an analysis of Respondent's Market Conduct Annual Statements covering the period 2012-2014, the Department concludes that Respondent violated certain provisions as set forth in 8 V.S.A. §§ 3879 and 3880 and Department Regulation 99-01.

7. The Department found that Respondent in some circumstances issued notices of cancellations of insurance policies to policyholders in violation of the timeframe and/or other requirements of 8 V.S.A. §§ 3879 and 3880.

8. In addition, Respondent also did not seek prior approval of the Department to issue cancellations in circumstances of a substantial increase in hazard as required by 8 V.S.A. § 3879(a)(3).

9. Respondent also in some circumstances did not retain certain policy termination notice records in accordance with Sections 4 and 8 of Department Regulation 99-01.

10. Respondent wishes to resolve this matter instead of proceeding to a hearing, by entering into this Stipulation and Consent Order with the Department on the terms and conditions set forth here.

11. Respondent waives its right to a hearing before the Commissioner or the Commissioner's designee, and all other procedures otherwise available under Vermont law, the rules of the Department, the provisions of Chapter 25 of Title 3 regarding contested cases, or any right it may have to judicial review by any court by way of suit, appeal, or extraordinary remedy with respect to the terms of this Stipulation and Consent Order set forth here.

12. Respondent acknowledges its understanding of all terms, conditions, undertakings and obligations contained in this Stipulation and Consent Order.

13. Respondent acknowledges that this Stipulation and Consent Order constitutes a valid order duly rendered by the Commissioner and agrees to be fully bound by it. Respondent

acknowledges that noncompliance with any of the terms of this Order shall constitute a violation of a lawful order of the Commissioner and shall be a separate violation of the laws of the State of Vermont and shall subject Respondent to administrative action or sanctions as the Commissioner deems appropriate. Respondent further acknowledges that the Commissioner retains jurisdiction over this matter for the purpose of enforcing this Stipulation and Consent Order.

14. The Department retains any rights it has to respond to and address any consumer complaints that may be made with regard to Respondent and a transaction in insurance, as defined in 8 V.S.A. § 3301. This includes the right to pursue any remedy authorized by law in response to such consumer complaint.

15. Nothing herein shall be construed as a waiver of any private right of action any person may have.

16. Respondent certifies that corrective actions have been implemented by the Respondent in response to the Department's findings including:

- a. Respondent's staff are being retrained and re-educated on the specifics of Vermont cancellation regulations;
- b. Vermont state specific action plans have been implemented by Respondent including that the proper timing has been programmed into electronic applications to prevent unauthorized mid-term cancellations and to ensure timing and cancellation letter accuracy; and
- c. Respondent agrees to seek the Commissioner's prior approval for procedures to follow when there is a substantial increase in hazard pursuant to 8 V.S.A. §3879(a)(3).

**THE DEPARTMENT AND RESPONDENT FURTHER STIPULATE AND AGREE:**

17. Respondent shall pay an administrative penalty in the amount of Twenty-Nine Thousand Seven Hundred and Fifty Dollars (\$29,750.00) within ten (10) business days of the execution of this Stipulation and Consent Order.

18. Respondent hereby waives its statutory right to notice and a hearing before the Commissioner of the Department, or her designated appointee.

19. Respondent acknowledges and agrees that this stipulation is entered into freely and voluntarily, and that except as set forth herein, no promise was made to induce the Respondent to enter into it. Respondent acknowledges that it understands all terms and obligations contained herein. Respondent acknowledges that it has consulted with its attorney in this matter and that it has reviewed this Stipulation and Consent Order and it understands all terms and obligations contained herein.

20. Respondent consents to the entry of this Stipulation and Consent Order and agrees to be fully bound by its terms and conditions. Respondent acknowledges that noncompliance with any of the terms of this Order may constitute a separate violation of the insurance laws of the State of Vermont and may subject it to sanctions.

21. The terms set forth in this Stipulation and Consent Order represents the complete agreement between the parties as to its subject matter.

22. The undersigned representative of Respondent affirms that he or she has taken all necessary steps to obtain the authority to bind Respondent to the obligations stated herein and has the authority to bind Respondent to the obligations stated herein.

**STATE FARM FIRE AND CASUALTY COMPANY**

By Its Duly Authorized Agent:

ROBERT BROWN  
Robert B. VICE PRESIDENT JUNE 23, 2015  
(Insert Name and Title) UNDERWRITING Date

STATE OF New York  
COUNTY OF Saratoga

On this 23<sup>rd</sup> day of June, 2015 Robert Brown personally appeared before me and pursuant to a sworn oath subscribed to this Stipulation and Consent Order and represented that he/she has full authority to execute, deliver and legally bind Respondent to this Stipulation and Consent Order.

Karen S. Merritt  
NOTARY PUBLIC  
My Commission Expires: 7-14-18

**Karen S. Merritt**  
Notary Public - State of New York  
No. 01ME486529  
Qualified in Saratoga County  
My Commission Expires July 14, 2018

ACCEPTED BY:

Karen Murphy, Director  
for Raj Samsom, Deputy Commissioner,  
Insurance Division, Vermont Department  
of Financial Regulation

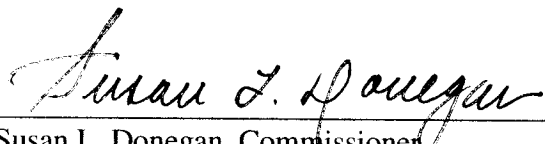
Date: June 29, 2015

**CONSENT ORDER**

1. The stipulated facts, terms and provisions of the Stipulation are incorporated by reference herein.
2. Jurisdiction in this matter is established pursuant to 8 V.S.A. §§ 10-13, 15, 18, and Chapters 101, 105 and 129 of Title 8 of Vermont law and Department Regulation 99-01.
3. Pursuant to the Stipulation, Respondent consents to the entry of this Consent Order.
4. Respondent shall comply with all agreements, stipulations, and undertakings as recited above.

5. Nothing contained in this Order shall restrain or limit the Department in responding and addressing any consumer complaint about Respondent filed with the Department or shall preclude the Department from pursuing any other violation of law.

Entered at Montpelier, Vermont, this 29<sup>th</sup> day of June, 2015.



Susan L. Donegan, Commissioner  
Vermont Department of Insurance Regulation