

STATE OF NORTH DAKOTA
BEFORE THE INSURANCE COMMISSIONER

In the Matter of)	
)	
State Farm Fire & Casualty Company, FEIN 37-0815476)	CONSENT ORDER
)	
)	
Respondent.)	CASE NO. CO-18-772

**TO: Richard Bates, State Farm Insurance Companies, Law Department –
Corporate Law Division, One State Farm Plaza, A-3 Bloomington, IL 61710-
0001**

Insurance Commissioner Jon Godfread (hereinafter "Commissioner") has determined as follows:

1. The Commissioner has authority in this matter pursuant to N.D.C.C. § 26.1-01-03.
2. State Farm Fire & Casualty Company, (hereinafter "Respondent"), is a general insurance company that provides property and casualty insurance, is licensed under N.D.C.C. ch. 26.1-39 as a Fire and Casualty Insurer, and has been duly authorized to do business in North Dakota since 1938.
3. The Commissioner has jurisdiction over the Respondent and the subject matter of this Consent Order and this Consent Order is made in the public interest.
4. As a result of information obtained by the North Dakota Insurance Department ("Department") from the Respondent, in response to a complaint, the Commissioner has considered initiating administrative proceedings regarding

Respondent's conduct and regarding the imposition of a civil penalty or any other action the Commissioner deems necessary. Respondent's conduct is in violation of North Dakota Century Code §§26.1-30-19(4) and 26.1-30-20.

5. During the course of the investigation, the Department learned:

Respondent provides its personal lines insurance policyholders a limited "grace period" benefit in lieu of automatic nonrenewal should a policyholder fail to pay the required renewal premium by the expiration date.

Should the policyholder fail to pay the required renewal premium by the "grace period", Respondent cancels the policy and subsequently bills the former policyholder for the premium earned by virtue of the coverage extended during the "grace period".

Respondent's personal lines declarations page effectively had not been submitted for appropriate approval; namely, Respondent established the "grace period" practice without including a sufficient description of its existence or details on the declarations page and billed/charged consumers for this "grace period".

6. N.D.C.C. 26.1-30-19(4) says,

26.1-30-19. Policy forms to be filed with and approved by commissioner.

1. No insurance policy, contract agreement, or rate schedule may be issued or delivered in this state until the form of that policy, contract, agreement, or rate schedule has been filed with and approved by the commissioner
4. No casualty or fire and property insurance policy, certificate, contract, or agreement may be issued for delivery or delivered to any person in this state nor may any application, rider, or endorsement be used in connection therewith until the form thereof has been

filed and approved by the commissioner to the extent rates are filed and approved pursuant to chapter 26.1-25.

7. Section 26.1-30-20 provides as follows:

26.1-30-20. Procedure for use of policy forms filed with commissioner.

No insurance policy, certificate, contracts, agreement, or rate schedule, except as is otherwise provided, may be issued, nor may any application, rider, or endorsement be used in connection therewith until the expiration of sixty days after it has been filed unless the commissioner gives written approval. The commissioner may extend the sixty-day period for an additional period not to exceed fifteen days if the commissioner gives written notice within the sixty-day period to the insurer which made the filing that the commissioner needs the additional time for the consideration of the filing.

8. Respondent has been duly apprised of all allegations.

9. Respondent has agreed to an informal disposition of this matter, without a hearing, as provided under N.D.C.C. § 28-32-22.

10. For purposes of resolving this matter, without further administrative proceedings, Respondent and the Commissioner have agreed to enter into this Consent Order.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

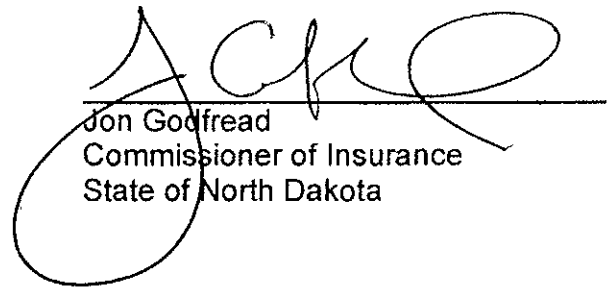
1. Respondent shall update its declarations page with an appropriate description of the "automatic renewal" and "grace period"; and file with the Commissioner for approval prior to its use.

2. Respondent shall reimburse each consumer who paid their "grace period" bill for the last eight years for personal lines insurance policies.

3. The use of this Consent Order for competitive purposes by an insurance

producer or agency holding a license in the State of North Dakota, or by any company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority.

DATED at Bismarck, North Dakota, this 6th day of September 2018.



Jon Godfreed
Commissioner of Insurance
State of North Dakota

CONSENT TO ENTRY OF ORDER

The undersigned, Richard Bates, on behalf of Respondent State Farm Fire & Casualty Company, states that he has read the foregoing Consent Order and is authorized by Respondent to agree to the entry of this Order. The undersigned, on behalf of Respondent, fully understands the contents and effect of the Consent Order. The undersigned, on behalf of the Respondent, acknowledges that Respondent has been advised of its right to be represented by legal counsel, to request a hearing in this matter, to present evidence and arguments to the Commissioner, and of its right to appeal from an adverse determination after hearing. By the signing of this Consent Order, the undersigned, on behalf of Respondent, knowingly and voluntarily waives those rights in their entirety and knowingly and voluntarily consents to the entry of this Consent Order by the Insurance Commissioner and agrees to be bound by it. It is further expressly understood that this Consent Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

DATED this 5th day of September, 2018.

State Farm Fire & Casualty Company

By: Richard A. Bates
Richard Bates
Associate General Counsel

State of ILLINOIS
County of Jazewell

Subscribed and sworn to before me this 5th day of September, 2018.

Deborah A. Downey
Notary Public

