

STATE OF MINNESOTA
COMMISSIONER OF COMMERCE

In the Matter of the Certificate of Authority of State Farm Mutual Automobile Insurance Company and State Farm Fire and Casualty Company, Illinois corporations licensed to do business in the State of Minnesota.

CONSENT ORDER

NAIC Nos. 25178 and 25143

TO: DOUGLAS P. THOMPSON
Regional Vice President
State Farm Mutual Automobile Insurance Company
State Farm Fire & Casualty Company
North Central Office
8500 State Farm Way
Woodbury, MN 55125-3379

Commissioner of Commerce James C. Bernstein ("Commissioner") has determined as follows:

1. On July 19, 2001, the Commissioner issued a Cease and Desist Order and Notice of Right to Hearing ("Cease and Desist Order") to State Farm Mutual Automobile Insurance Company and State Farm Fire and Casualty Company ("Respondents"), alleging that Respondents had failed to provide payment to their insureds' chosen vendors in violation of Minn. Stat. § 72A.201, subd. 6(14) (2000).
2. The Commissioner has advised Respondents that he is prepared to commence formal proceedings in accordance with Minn. Stat. § 45.027, subs. 1, 6 and 7 (2000), based upon the allegations contained in the Cease and Desist Order.
3. Respondents do not admit that the allegations set forth in the Cease and Desist Order violate Minn. Stat. § 72A.201, subd. 6(14) (2000). This Consent Order is a compromise and

settlement. Additionally, by entering into this Consent Order, Respondents shall not, in any subsequent civil action, be deemed to have waived any rights, or to be estopped from raising any issue or argument, except as such rights, issues, or arguments may directly apply to the Commissioner, should he become a party to any such subsequent civil action.

4. The Cease and Desist Order and this Consent Order shall be of no further force and effect in the event that the Legislature changes Minn. Stat. § 72A.201, subd. 6(14) (2000) to render it inconsistent with the Commissioner's interpretation of the statute as set forth in the Cease and Desist Order. Similarly, the Cease and Desist Order and this Consent Order shall be of no further force and effect in the event that an appellate court of this State interprets Minn. Stat. § 72A.201, subd. 6(14) (2000) in a manner inconsistent with the Commissioner's interpretation of the statute as set forth in the Cease and Desist Order.

5. The Commissioner further agrees that in the event that either Respondent obtains a judicial decision that is inconsistent with the Commissioner's interpretation of Minn. Stat. § 72A.201, subd. 6(14), even if not binding upon the Commissioner, and that decision is binding upon one or more particular glass vendors, the Cease and Desist Order and this Consent Order shall be of no further force and effect with respect to Respondents and that particular glass vendor(s).

6. Respondents acknowledge that they have been advised of their rights to a hearing in this matter, to present argument to the Commissioner and to appeal from any adverse determination after a hearing, and Respondents hereby expressly waive those rights. Respondents further acknowledge that they have been represented by legal counsel throughout these proceedings.

7. Respondents have agreed to informal disposition of this matter and the Cease and Desist Order without a hearing, as provided under Minn. Stat. § 14.59 (2000) and Minn. R. 1400.5900 (1999).

8. The following is in the public interest.

NOW, THEREFORE, IT IS HEREBY ORDERED, that based upon the foregoing, Respondents shall pay to the State of Minnesota a non-refundable civil penalty in the amount of \$75,000.00.

This Order shall be effective upon signature on behalf of the Commissioner.

Dated: 9-18-, 2001

JAMES C. BERNSTEIN
Commissioner of Commerce
State of Minnesota

By



GARY A LAVASSEUR
Deputy Commissioner
Enforcement Division
85 Seventh Place East, Suite 600
Saint Paul, MN 55101
Telephone: (651) 296-3528

CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of State Farm Mutual Automobile Insurance Company and State Farm Fire and Casualty Company ("Respondents"), states that he has read the foregoing Consent Order; that he knows and fully understands its contents and effect; that he is authorized to execute this Consent to Entry of Order on behalf of Respondents; that he has been advised of Respondents' right to a hearing; that Respondents have been represented by legal counsel in this matter, and that he consents to entry of this Order by the Commissioner of Commerce. He further expressly understands that this Order constitute the entire settlement agreement between the parties, there being no other promises or agreements, either express or implied.

State Farm Mutual Automobile Insurance Company
and State Farm Fire and Casualty Company

By: [Signature]

Its: Senior Vice President

STATE OF Minnesota)
) ss.
COUNTY OF Washington)

This instrument was acknowledge before me on September 14, 2001, by
Laurie J. Bader and _____ of State Farm Mutual
Automobile Insurance Company and State Farm fire and Casualty company.

Name

Name

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