

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

FILE CONTROL

AT RICHMOND, APRIL 10, 2007

COMMONWEALTH OF VIRGINIA

APR 10 2007 2:31

At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2007-00124

STATE FARM MUTUAL AUTOMOBILE  
INSURANCE COMPANY  
and  
STATE FARM FIRE AND CASUALTY  
COMPANY,

Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1904 D and 38.2-1905 A of the Code of Virginia by using information pertaining to motor vehicle accidents to produce increased rates above the companies' filed manual rates for individual risks for a period longer than thirty-six (36) months, and by increasing premiums as the result of motor vehicle accidents that were not caused either wholly or partially by a named insured, a resident of the same household, or other customary operator.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of Virginia the sum of three thousand dollars (\$3,000) per company for an amount totaling six thousand dollars (\$6,000) and waived their right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendants pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendants' offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to Edward B. Rust, President, State Farm Insurance Companies, One State Farm Plaza, Bloomington, Illinois 61710; Peggy Echols, Vice President, Operations, State Farm Insurance Companies, One State Farm Plaza, Bloomington, Illinois 61710; and the Bureau of Insurance in care of Deputy Commissioner Mary M. Bannister.