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INSURANCE DEPARTMENT
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ADMIN HEARINGS OFFICE

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY One State Farm Plaza Bloomington, IL 61710	:	40 Purdons Statutes, § 310.72
Respondent.	:	Docket No. CO07-07-046

CONSENT ORDER

AND NOW, this 28th day of November, 2007, this Order is hereby issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order, and the Findings of Fact and Conclusions of Law contained herein, shall have the full force and effect of an Order

duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

FINDINGS OF FACT

3. The Insurance Department finds true and correct each of the following Findings of Fact:

(a) Respondent is State Farm Mutual Automobile Insurance Company, and maintains its address at One State Farm Plaza, Bloomington, Illinois 61710.

(b) At all relevant times herein, Respondent has held a Certificate of Authority to conduct the business of insurance in Pennsylvania.

(c) In September, 2006, Respondent established a program offered through its agents in Pennsylvania, in which discount coupons applicable to hotel overnight stays were made available. Respondent provided written instructions, limitations and recommendations to its agents regarding the use and distribution of the coupons.

(d) Between December, 2006 and January, 2007, on seven occasions, agents of Respondent issued hotel discount coupons with a face amount of $100..00, purchased by the agents for $10 each, to unlicensed persons in connection with the referral of insurance business.

CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department concludes and finds the following Conclusions of Law:

(a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.

(b) Pennsylvania Insurance Statutes at 40 Purdons Statutes, Section 310.72, permits the payment of a nominal referral fee to an unlicensed person.

(c) Respondent's activities described above in paragraph 3(d) constitute payment of a referral fee to an unlicensed person, not permitted by 40 Purdons Statutes, Section 310.72, because the face amount of the coupons was $100.00.

(d) Under 40 Purdons Statutes, § 310.91, if a violation of 40 P.S. § 310.72 is found: "...[T]he commissioner may, in addition to any penalty which may be

imposed by a court, impose any combination of the following deemed appropriate:

(1) Denial, suspension, refusal to renew or revocation of the license, if any, of the person.

(2) A civil penalty not to exceed $5,000.00 for each action in violation of this act.

(3) An order to cease and desist.

(4) Any other conditions as the commissioner deems appropriate".

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

(a) Respondent shall cease and desist from engaging in the activities described herein in Paragraph 3(d) of the Findings of Fact and Paragraph 4(c) of the Conclusions of Law.

(b) Respondent shall pay the sum of Two Thousand Dollars ($2,000.00) to the Commonwealth of Pennsylvania in full settlement. Payment of this penalty shall be made by certified check or money order, payable to the Commonwealth of Pennsylvania. Payment should be directed to Sharon L. Fraser, Office Manager, Bureau of Enforcement, 1227 Strawberry Square,

Harrisburg, Pennsylvania 17120. Payment may be enclosed with the Consent Order, but must be paid in any event no later than thirty (30) days after the date of the Consent Order.

6. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein, the Department may pursue any and all legal remedies available, including but not limited to the following: The Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law; or, if applicable, the Department may enforce the provisions of this Order in any other court of law or equity having jurisdiction.

7. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

BY: STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY, Respondent

President / Vice President

~~Secretary / Treasurer~~ AVP

COMMONWEALTH OF PENNSYLVANIA
By: Randolph L. Rohrbaugh
Deputy Insurance Commissioner