

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of)
)
STATE FARM FIRE AND)
CASUALTY COMPANY) **Docket No. 4766-CO**
)
NAIC #25143)

CONSENT AGREEMENT AND FINAL ORDER

(Pursuant to K.S.A. 40-103, K.S.A. 40-2,125, and K.S.A. 77-501 *et seq.*)

Now on this 27th day of August, 2015, the Kansas Insurance Department (“KID”) and State Farm Fire and Casualty Company (“State Farm”) come before the Commissioner for formal disposition of the above captioned matter. The parties submit this proposed Consent Agreement and Final Order for adoption, rejection, or modification.

KID and State Farm wish to resolve this matter by entering into this Consent Agreement. State Farm hereby waives any and all rights to further administrative adjudication or review of this matter, including any and all rights conferred upon it under K.S.A. 77-501 *et seq.*

This proposed Consent Order admonishes and assesses a penalty against State Farm for violating applicable provisions of the Kansas Insurance Code and the Kansas Administrative Code. This Order shall become effective as a Final Order, without further notice, when signed by the Commissioner or his designee and filed of record with the KID.

Stipulated Findings of Fact

1. State Farm is located at One State Farm Plaza, Bloomington, IL 61710.
2. State Farm has been authorized to transact insurance business in the State of Kansas since May 8, 1936.

3. On March 12, 2015, the Washington Office of the Insurance Commissioner fined State Farm \$30,000 for overcharging females under age 25 who qualified as Students Away at School. The Washington Order noted that the overcharging was a countrywide.
4. Thereafter, the KID requested information from State Farm regarding the premiums for coverage of Kansas consumers who qualified for the Students Away at School rate.
5. State Farm advised that 149 Kansas policy holders had been overcharged. The charges in question were inconsistent with the rates filed with the KID.
6. State Farm had refunded \$63,759.97, including interest in the amount of \$1,385.97.
7. State Farm did not report the overcharges to the KID.

Applicable Law

8. K.S.A. 40-103 states:

The commissioner of insurance shall have general supervision, control and regulation of corporations, companies, associations, societies, exchanges, partnerships, or persons authorized to transact the business of insurance, indemnity or suretyship in this state and shall have the power to make all reasonable rules and regulations necessary to enforce the laws of this state relating thereto.

9. K.S.A. 40-955(a) states:

Every insurer shall file with the commissioner, except as to inland marine risks where general custom of the industry is not to use manual rates or rating plans, every manual of classifications, rules and rates, every rating plan, policy form and every modification of any of the foregoing which it proposes to use. Every such filing shall indicate the proposed effective date and the character and extent of the coverage contemplated and shall be accompanied by the information upon which the insurer supports the filings. A filing and any supporting information shall be open to public inspection after it is filed with the commissioner, except that disclosure shall not be required for any information contained in a filing or in any supporting documentation for the filing when such information is either a trade secret or copyrighted. For the purposes of this section, the term "trade secret" shall have the meaning ascribed to it in K.S.A. 60-3320, and amendments thereto. An insurer may satisfy its obligations to make such filings by authorizing the commissioner to accept on its behalf the filings made by a licensed rating organization or another insurer. Nothing contained in this act shall be construed to require any insurer to become a member or subscriber of any rating organization.

10. K.S.A. 40-954(g) states, in part: “Once it has been filed, use of any rating plan shall be mandatory”

11. K.S.A. 40-2,125(a)(1) states, in pertinent part:

If the commissioner determines after notice and opportunity for a hearing that any person has engaged in or is engaging in any act or practice constituting a violation of any provision of Kansas insurance statutes or any rule and regulation or order thereunder, the commissioner may in the exercise of discretion, order any one or more of the following:

(1) Payment of a monetary penalty of not more than \$1,000 for each and every act or violation, unless the person knew or reasonably should have known such person was in violation of the Kansas insurance statutes or any rule or regulation or order thereunder, in which case the penalty shall be not more than \$2,000 for each and every act or violation.

Conclusions of Law

Based upon the Findings of Fact and the applicable Law cited above, **THE COMMISSIONER OF INSURANCE MAKES THE FOLLOWING ORDERS:**

12. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-103.
13. State Farm has violated K.S.A. 40- 954(g) and K.S.A. 40-955(a).

Orders

14. Based on the Findings of Fact, Applicable Law and Conclusions cited above and pursuant to K.S.A. 40-2,125(a)(1), **IT IS ORDERED, BY THE COMMISSIONER OF INSURANCE** that State Farm shall pay a monetary penalty of \$10,000.00 for violations of K.S.A. 40- 954(g) and K.S.A. 40-955(a).

**IT IS SO ORDERED THIS 3rd DAY OF September, 2015, IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.**



/s/ Ken Selzer
Ken Selzer
Commissioner of Insurance

BY:

/s/ Diane Minear
Diane Minear
Interim General Counsel

By:

/s/ Steve Harr
Vice President and Actuary
State Farm Insurance Company

Certificate of Service

The undersigned hereby certifies that he was served a true and correct copy of the above and foregoing **Consent Order** on this 3rd day of September 2015, by causing the same to be placed in the United States Mail, first class postage prepaid, addressed to the following:

Kristin T. Givens, Counsel
State Farm Fire and Casualty Company
Corporate Headquarters
1 State Farm Plaza
Bloomington, IL 61710-0001

_____/s/ Sue Ellmaker_____
Sue Ellmaker
Staff Attorney