

File No.: 43679/TJP
E-Case No.: 1730

State of Minnesota
Dept. of Commerce

JUL 03 2017

Rec'd \$

75,000

**STATE OF MINNESOTA
COMMISSIONER OF COMMERCE**

In the Matter of the Certificate of Authority
of Farmers Insurance Exchange
a California entity licensed
to do business in the State of Minnesota
NAIC No. 21652

CONSENT ORDER

To: Farmers Insurance Exchange
6301 Owensmouth Avenue
Woodland Hills, CA 91367

Commissioner of Commerce Mike Rothman ("Commissioner") has determined as follows:

1. The Commissioner has advised Farmers Insurance Exchange ("Respondent") that he is prepared to commence formal action, pursuant to Minn. Stat. §§ 45.027 and 60A.031 (2016) and other applicable law, against Respondent's Certificate of Authority to engage in the business of insurance in Minnesota based on an allegation stemming from part of a market conduct examination that Respondent used an insurance applicant's status as a residential tenant in offering or establishing its rates and discounts for automobile insurance in numerous instances, in violation of Minn. Stat. § 72A.20, subd. 23(b)(3) (2016).

2. Respondent identified 1,620 policyholders impacted by the allegation described above and has agreed to issue refunds and credits with interest to these policyholders. Respondent calculated the total dollar amount of these refunds and credits to be \$315,317.

3. Respondent has also agreed to remove any cap on rate increases for policyholders with automobile and homeowners insurance policies, to remove any cap on rate decreases for policyholders with automobile and renters insurance policies, and to file rate modifications.

4. Respondent acknowledges that it has been advised of its right to a hearing in this matter, to present argument to the Commissioner, and to appeal from any adverse determination after a hearing. Respondent hereby expressly waives those rights. Respondent further acknowledges that it has been represented by legal counsel throughout these proceedings.

5. Respondent has agreed to informal disposition of this matter without a hearing as provided under Minn. Stat. § 14.59 (2016) and Minn. R. 1400.5900 (2015).

6. The following Order is in the public interest.

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to Minn. Stat. § 45.027, subd. 6 (2016), Respondent shall pay a civil penalty in the amount of \$75,000 to the State of Minnesota.

IT IS FURTHER ORDERED, pursuant to Minn. Stat. § 45.027, subd. 5(a) (2016), Respondent shall cease and desist from any further violation of Minn. Stat. § 72A.20, subd. 23 (2016).

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

Dated: 7-6-2017

MIKE ROTHMAN
Commissioner

By: 
Martin Fleischhacker
Assistant Commissioner of Enforcement

85 Seventh Place East, Suite 500
Saint Paul, MN 55101
(651) 539-1510

CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of Farmers Insurance Exchange ("Respondent"), states that s/he has read the foregoing Consent Order; that s/he knows and fully understands its contents and effect; that s/he has been advised of Respondent's right to a hearing in this matter and expressly waives that right; that Respondent has been represented by legal counsel in this matter; and that s/he consents to entry of this Order by the Commissioner. It is further understood that this Consent Order constitutes the entire settlement agreement between the parties, there being no other promises or agreements, either express or implied.

Farmers Insurance Exchange

By: Victoria L. McLarky

Its: Victoria L. McLarky, Head of Regulatory Strategy and Analytics for Farmers Group, Inc., attorney in fact for Farmers Insurance Exchange

STATE OF _____

COUNTY OF _____

Signed or attested before me on _____ (date)

**Please See Attached
CA Notary Certificate**

(stamp)

(Signature of notary officer)

Title (and Rank)

My Commission expires: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)
On June 27, 2017 before me, Amy Key, Notary Public,
Date Here Insert Name and Title of the Officer
personally appeared Victoria L. McCarthy
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Amy Key
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: consent order
Document Date: June 27, 2017 Number of Pages: 3
Signer(s) Other Than Named Above: none

Capacity(ies) Claimed by Signer(s)

Signer's Name: Victoria McCarthy
 Corporate Officer — Title(s): VP
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____