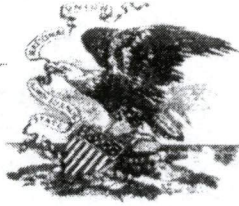


STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



State Farm Mutual Automobile Insurance Company)
And)
State Farm Fire and Casualty Company)
(Respondent))
One State Farm Plaza)
Bloomington, Illinois 61710)

STIPULATION AND CONSENT ORDER

WHEREAS, the Director of the Illinois Department of Insurance (Director), is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of the State; and

WHEREAS, State Farm Mutual Automobile Insurance Company and State Farm Fire and Casualty Company (Respondent), located at One State Farm Plaza, Bloomington, Illinois, 61710 has been granted authority to conduct insurance business in Illinois (Class 2 Clause (b)); and

WHEREAS, the Respondent, pursuant to 50 Ill. Adm. Code 754, filed with the Department of Insurance (Department) on November 20, 2008, two (2) private passenger rate filings known as SERFF Tracking Number SFMA-125899129 (Mutual) and SFMA-125899140 (Fire) with an effective date of December 29, 2008 for both filings. On May 15, 2009, the Respondent submitted private passenger rate filings SFMA-126131184 (Mutual) and SFMA-126131215 (Fire), with an effective date of June 29, 2009 for both filings; and

WHEREAS, on November 12, 2009 the Respondent sent a SERFF Note to Reviewer to the Department to "amend this filing to include an updated version of our rate manual."

WHEREAS, on November 17, 2009 the Respondent submitted two (2) new private passenger filings to the Department, SFMA-126385710 and SFMA-126385402, requesting effective dates of June 29, 2009 and December 29, 2008, respectively.

WHEREAS, the November 17, 2009 filings requested inclusion of an updated version of the rate manual due to an error/omission. The Respondent asserted no policyholders' rates were affected by the update because the rates in effect utilized the omitted information. Attached to the filing was the new business model with credit components indicating it was a replacement of the previous model.

WHEREAS, on November 18, 2009 the Department sent objection letters regarding both November 17, 2009 filings. The objection letters included a request for identification of the changes within the model, as well as an explanation of how changes to the model did not impact policyholders. Furthermore, objection letters stated that the retroactive date would not be used.

WHEREAS, on December 2, 2009 the Respondent contacted the Department and stated that it failed to include in the prior filings changes to the new business model with credit components, and updated manual page revising the listing of the non-credit variables in the business model with credit on December 29, 2008 concurrent with the rate revision.

WHEREAS, the Respondent is aware of the actions, steps and remedies which the Director of Insurance is authorized to take pursuant to the Illinois Insurance Code (215 ILCS 5/1 *et seq.*); and

WHEREAS, the Respondent is aware of and understands the nature of this matter and the charges and its various rights in connection therewith, including the right to counsel, notice, hearing under the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Respondent does not admit to violations of the Illinois Insurance Code or 50 Ill. Adm. Code but for the purpose of resolving all matters raised by the investigation without the necessity of an administrative hearing enters into this Stipulation and Consent Order;

NOW THEREFORE, IT IS agreed by and between Respondent and the Director of Insurance as follows:

1. To waive the Notice and Hearing as required under the Illinois Insurance Code.

2. To stipulate to the following:

A. The Department of Insurance alleges the following:

- i. The Respondent, from December 28, 2008 to November 17, 2009 did not, prior to selling new policies to Illinois consumers, file with the Department its 13 new non-credit variables in the model.
 - ii. The Respondent collected premiums using the 13 new non-credit variables in the new business model with credit components from December 28, 2008 through November 17, 2009.
 - iii. As a consequence of the above actions and inactions, the Respondent violated 50 Ill. Adm. Code 754.
3. The Respondent is entering into this Stipulation and Consent Order without admitting any of the allegations listed above.

Findings

1. The Respondent is cooperating with the Director's investigation.
2. The Director and the Respondent wish to enter into this Stipulation and Consent Order to resolve all issues related to Respondent, in the Investigation of the above allegations.
3. The Director finds the relief and agreements contained in this Stipulation and Consent Order appropriate and in the public interest.
4. This Stipulation and Consent Order is entered into solely for the purpose of resolving the Director's investigation, and is not intended to be used for any other purpose.
5. Neither this Stipulation and Consent Order, nor any acts performed or statements made, nor documents executed in furtherance of this Stipulation and Consent Order may be used as an admission of the above allegations or findings.

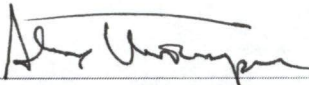
NOW THEREFORE, IT IS HEREBY ORDERED by the undersigned Director of Insurance, Illinois Department of Insurance, that:

1. The Respondent shall refund the additional premiums collected from new private passenger policyholders based on the use of the 13 new non-credit variables and the new business model with credit components between December 28, 2008 and November 17, 2009, with interest.
2. The Respondent shall send an explanatory letter that is to be approved by the Department prior to its mailing. Such letter to the policyholder shall be enclosed with the refund amount.
3. The Respondent, at its expense, shall be subject to examination concerning this Stipulation and Consent Order by the Director of Insurance.
4. Any material breach of this Stipulation and Consent Order by the Respondent shall be deemed to be a failure to facilitate or aid the Director in an examination in violation of 215 ILCS 5/132.4. In the event the Director believes there has been a material breach, the Director or his designees shall provide written notice to the Respondent of such alleged material breach and the Respondent shall have thirty (30) days within which to cure such breach. Upon cure of such material breach to the satisfaction of the Director or his designees, the Director will not institute enforcement proceedings.
5. Provided that the terms of this Stipulation and Consent Order are fulfilled by the Respondent, the Director shall not initiate any legal action or administrative proceeding against Respondent, its subsidiaries, affiliates, directors, officers or employees based upon the Findings contained in this Stipulation and Consent Order. A violation of any provision of this Stipulation and Consent Order by Respondent will subject Respondent to further administrative legal proceedings and/or other legal proceedings.
6. In addition to any record maintenance requirements set forth in the Illinois Insurance Code and related regulations, Respondent shall maintain custody of and make arrangements to have maintained, all documents and records of the Respondent related to this matter.

7. This Stipulation and Consent Order may be executed in counterparts.
8. Respondent shall pay a civil forfeiture of \$50,000.00 within thirty (30) days of the date of this Order.

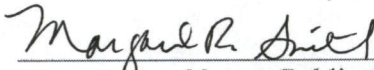
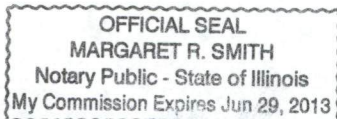
NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code, including but not limited to levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent Order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of State Farm Mutual Automobile Insurance Company and State Farm Fire and Casualty Company:



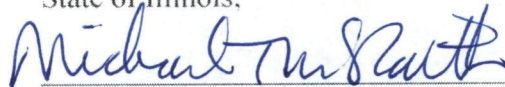
Signature: Alex Thompson
Vice President of Operations for the Great Lakes Zone

Subscribed and sworn to before me this
3 day of February A.D. 2011.


Notary Public

DATE 14 February 2011
February 3, 2011

DEPARTMENT OF INSURANCE of the
State of Illinois;



Michael T. McRaith
Director