



FILED

DEC 16 2009

OFFICE OF INSURANCE REGULATION

Docketed by: JAC

KEVIN M. McCARTY
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 102381-09

**STATE FARM FLORIDA INSURANCE COMPANY,
ORDER ON WITHDRAWAL PLAN**

CONSENT ORDER

THIS MATTER came before the Office of Insurance Regulation (hereinafter referred to as the "Office") as the result of a Withdrawal Plan (hereinafter referred to as "the Plan") filed by State Farm Florida Insurance Company (hereinafter referred to as "State Farm Florida"). In order to resolve the issues raised by the Plan and the pending litigation regarding the Plan, State Farm Florida agrees and the Office, pursuant to the authority granted by Section 624.307(2), Florida Statutes, therefore Orders as follows:

1. The Office has jurisdiction over the subject matter of this proceeding and the parties pursuant to the Florida Insurance Code.
2. State Farm Florida submitted a Withdrawal Plan dated January 27, 2009. The Plan provided that State Farm Florida would be withdrawing from all lines of insurance that it writes in Florida and would surrender its Certificate of Authority by year-end 2011. Pursuant to Section 624.430, Florida Statutes, the Office was required to approve, disapprove, or approve the Plan with conditions within 45 days of its receipt. The Plan was approved by the Office on

February 13, 2009 subject to certain conditions and State Farm Florida filed a Petition for Administrative Hearing (hereinafter "Petition") challenging the Office's Order.

3. In order to resolve the pending litigation, State Farm Florida agrees to withdraw the Plan and is hereby authorized to reduce its exposure in Florida by non-renewing 125,000 of its property policies over a one year period. State Farm Florida and the Office agree that the Plan filed by State Farm Florida shall be considered the notice required by Section 624.4305, Florida Statutes, advising the Office of its intent to non-renew more than 10,000 residential property insurance policies.

4. All non-renewals for residential property insurance policies under this subparagraph shall be given at least 180 days notice and shall be non-renewed over a one-year period. State Farm Florida shall provide notices of non-renewal to each policyholder as required by law and shall provide such communications as it deems appropriate to facilitate the orderly transition of its policies. The forms used for nonrenewal notices to policyholders shall be submitted to the Office for approval prior to their use.

5. State Farm Florida shall consent to its agents placing residential policies to be non-renewed under this Consent Order with any unaffiliated insurer with which its agents have a servicing contract. The servicing contract shall govern the placement of State Farm Florida policyholders with unaffiliated insurers. Nothing in this Order, including the consent to enter into servicing contracts, or the placement of policies with unaffiliated insurers pursuant to this Consent Order shall constitute a recommendation or endorsement of any such insurer by State Farm Florida, its affiliates, any employee of either, any agent of State Farm Florida, or any employee of State Farm Florida agents.

6. If any of the residential policies non-renewed pursuant to this Consent Order are not written by an unaffiliated insurer, State Farm Florida shall provide those residential policyholders with the Florida Market Assistance Plan (FMAP) web site address, together with information that advises the Policyholder that the FMAP is a free online referral service matching requests for personal

residential insurance coverage with authorized insurers in the voluntary market that may be able to assist the Policyholder in finding replacement coverage. If the policyholder is still unable to procure coverage or wishes to be insured by Citizens Property Insurance Corporation (Citizens), then State Farm Florida agents may submit an application to Citizens subject to all applicable provisions governing the eligibility of policies.

7. State Farm Florida shall direct its agents in a communication approved by the Office to maintain appropriate documentation for a period of 3 years of the agent's efforts to place policyholders who are non-renewed pursuant to this Consent Order with unaffiliated insurers. Documentation shall include a copy of each offer, declination, or eligibility rule for each unaffiliated insurer contacted.

8. State Farm Florida agrees that it will non-renew no more than 125,000 property policies pursuant to this Consent Order without further Order of the Office, provided however, State Farm Florida may non-renew or cancel property policies other than those specified in this Order for non-payment of premium, fraud, or substantial change in risk. Should some unforeseen circumstances arise that jeopardize the solvency of State Farm Florida, State Farm Florida may seek modification of this Consent Order in order to address such exigent circumstances.

9. State Farm Florida has provided the Office with its in-force premium, average annual loss, expected reinsurance recoveries, probable maximum loss, 2004-2008 non-catastrophe loss and allocated loss adjustment expenses, historical loss development and loss trend, all by policy form in support of a rate need. Also provided were State Farm Florida's reinsurance contracts and, for modeling purposes, its exposure data. The Office has thoroughly reviewed the new information submitted along with other information previously submitted to the Office and has determined that a 14.8% rate increase is appropriate and lawful pursuant to F.S. 627.062. State Farm Florida shall implement this rate increase uniformly across its entire book of homeowners HO-W and HO-6

policies and shall within 30 days of the execution of this Consent Order file with the Office the appropriate manual pages and rate collection system information reflecting the rate increase. The information provided and considered by the Office is hereby deemed to fulfill the requirements of Section 627.0645, Florida Statutes for 2009. State Farm Florida's next rate filing is not required until December 31, 2010.

10. In order to facilitate the execution of this Consent Order, State Farm Florida shall voluntarily dismiss its petition currently pending at DOAH. Upon the joint execution of this Consent Order, this Consent Order shall supersede the Office's February 2009 Order Approving the Withdrawal Plan with Conditions and the Plan shall be withdrawn.

11. This Consent Order is not an order approving or conditionally approving a withdrawal. This Consent Order does not provide any authorization to State Farm Florida to non-renew policies under Section 624.430 or 624.4305, Florida Statutes, beyond the 125,000 policies that are the subject of this Consent Order, except as provided in this Consent Order.

12. State Farm Florida expressly waives a hearing in these matters, and the making of Findings of Fact and Conclusions of Law by the Office and all further proceedings to which the parties may be entitled by law. State Farm Florida hereby knowingly and voluntarily waives all rights to challenge or to contest the matters contained in this Consent Order, in any forum, including the right to any administrative proceeding, circuit or federal court actions or appeals there from.

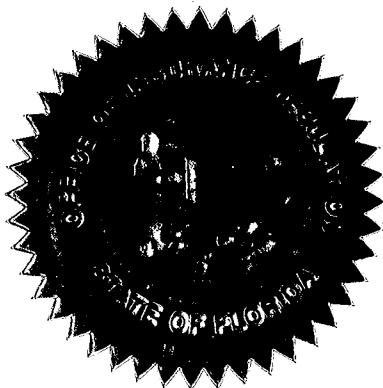
13. State Farm Florida agrees that the failure to adhere to one or more of the above terms and conditions of this Consent Order shall constitute a breach of this Consent Order and a violation of a lawful order, and shall subject State Farm Florida to administrative and enforcement actions as the Office may deem appropriate.


14. Except as otherwise provided herein, each party to this Consent Order shall bear its own costs and attorney's fees.

THEREFORE, the agreement between State Farm Florida and the Office, the terms and conditions of which are set forth above, is APPROVED.

FURTHER, all terms and conditions contained herein are hereby ORDERED.

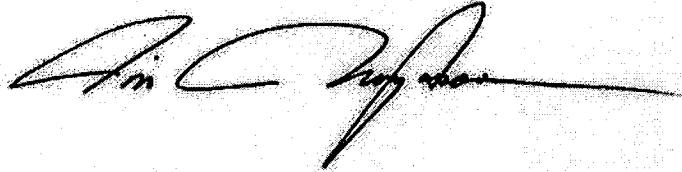
DONE AND ORDERED this 16th day of December, 2009.




Kevin M. McCarty, Commissioner
Office of Insurance Regulation

By execution hereof, STATE FARM FLORIDA INSURANCE COMPANY consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions and shall be bound by all provisions herein. The undersigned represents that he or she has the authority to bind STATE FARM FLORIDA INSURANCE COMPANY to the terms and conditions of this Consent Order.

STATE FARM FLORIDA INSURANCE COMPANY



By:

Corporate Seal

Name: Jim Thompson
(Please type or print)

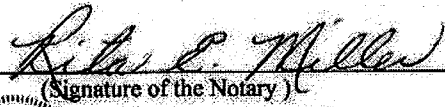
Title: President

Date: 12/16/2009

The foregoing instrument was acknowledged before me this 16th day of Dec. 2009,

by Jim Thompson (name of person) as President (type of authority e.g. officer, trustee attorney in fact)

for State Farm Florida Insurance Company (company name)



(Signature of the Notary)



RITA E. MILLER
NOTARY PUBLIC - STATE OF FLORIDA
COMMISSION #0026893
MY COMMISSION EXPIRES NOV. 13, 2013

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification

Type of Identification Produced

COPIES FURNISHED TO:

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