

BEFORE JAMES A. DODRILL, INSURANCE COMMISSIONER  
OF THE STATE OF WEST VIRGINIA

*In the Matter of:*

**STATE FARM FIRE & CASUALTY COMPANY**

Administrative Proceeding No. 19-MCANYL-02000

MEMORANDUM OPINION & CONSENT ORDER

James A. Dodrill is the duly appointed and currently serving Insurance Commissioner of and for the State of West Virginia (hereinafter, "Insurance Commissioner" or "Commissioner"), and is charged with the responsibility of enforcing the provisions of Chapter 33 of the *West Virginia Code*, as amended. State Farm Fire & Casualty Company (hereinafter, "State Farm") is licensed by the Commissioner to engage in the business of insurance in the State of West Virginia, is therefore subject to the provisions of Chapter 33 of the *West Virginia Code*, as amended, and is subject, thereunder, to the regulatory authority of the Insurance Commissioner.

Pursuant to *W.Va. Code* §33-6A-4b, State Farm previously filed an election to nonrenew automobile liability or physical damage insurance policies pursuant to the percentage limitations found in *W.Va. Code* §33-6A-4a. This nonrenewal method permits an insurer to nonrenew a policy for any reason which is consistent with its underwriting standards, but limits the total number of nonrenewals each calendar year to one percent (1%) of the total number of policies the insurer had in force at the end of the previous calendar year, and to no more than one percent (1%) of the total number of policies the insurer had in force in any given county within the state. Pursuant to its election, State Farm was entitled to begin nonrenewing policies under the methodology set forth in *W.Va. Code* §33-6A-4a on July 1, 2004.

*W.Va. Code* §33-6A-4a(g) requires each insurer licensed to write automobile liability or physical damage insurance policies that has elected to nonrenew policies pursuant to *W.Va. Code* §33-6A-4a to report to the Insurance Commissioner, on or before the 30<sup>th</sup> day of September each year, the total number of its nonrenewals in this state and in each county of this state for the preceding year, as well as the specific reason or reasons for each nonrenewal on a county by county basis. On or about September 25, 2019, State Farm filed its report of nonrenewals with the Commissioner for the calendar year 2018, pursuant to *W.Va. Code* §33-6A-4a(g). The report of nonrenewals submitted by State Farm reflects that the maximum number of policies that could have been nonrenewed in Marion County, West Virginia, during the calendar year 2018, based on the number of in-force policies in that county as of December 31, 2017 was four (4) policies. The report further reflects that State Farm nonrenewed five (5) policies in that county, thereby exceeding the one percent (1%) county limit by one (1) policy.

The Commissioner has determined that the actions of State Farm which resulted in excessive nonrenewals during the referenced reporting period until such time as the error was discovered and corrected, as self-reported by State Farm, were not intentional or willful. Further, State Farm has satisfactorily demonstrated to the Commissioner that, in addition to self-reporting this matter to the Insurance Commissioner, it immediately initiated adequate and appropriate corrective action, contacted the nonrenewed party/insured and informed him of his right to reinstatement of his former policy.

It is, therefore, **ORDERED** as follows:

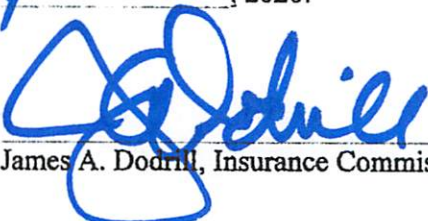
1. Immediately upon entry of this Order, State Farm shall, if it has not already done so, notify, in writing, each policyholder who it erroneously nonrenewed during the calendar year 2018, that the nonrenewal was issued in error and that State Farm is willing, upon the request of

the policyholder, to reinstate the policy with the same terms, conditions and coverages as existed at the time of nonrenewal.

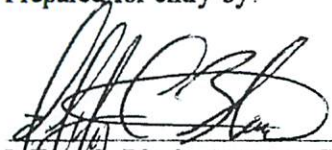
2. Pursuant to *W.Va. Code* §33-3-11, State Farm shall, within 30 days of the entry of this Order, pay to the Commissioner a penalty in the amount of One Thousand Dollars (\$1,000.00).

3. The provisions of this Order apply to all automobile insurance policies nonrenewed by State Farm beyond the one percent (1%) limitation per county for the calendar year 2018 reporting period.

ENTERED this 22<sup>nd</sup> day of May, 2020.

  
James A. Dodrill, Insurance Commissioner

Prepared for entry by:

  
Jeffrey C. Black, Attorney Supervisor  
Regulatory Compliance & Enforcement  
West Virginia Offices of the Insurance Commissioner

Reviewed and agreed to by:

State Farm Fire & Casualty Company

By: Peggy Echols

Peggy Echols  
Printed Name

Vice President - Operations  
Its: \_\_\_\_\_