

BEFORE THE DIVISION OF INSURANCE
DEPARTMENT OF LABOR AND REGULATION
STATE OF SOUTH DAKOTA

IN THE MATTER OF)	
FARMERS INSURANCE)	CONSENT ORDER
EXCHANGE)	

In resolution of the above matter and in lieu of issuance of a Notice of Hearing and a formal hearing, the undersigned parties do hereby agree to the following:

FARMERS INSURANCE EXCHANGE (“FARMERS”) holds a Certificate of Authority to transact insurance business in the State of South Dakota;

FARMERS is aware that the South Dakota Division of Insurance (“Division”) has investigated its insurance-related activities;

The Division has alleged the following:

- 1) FARMERS producer Jesse Rossow, with and through his spouse, Consuela Medeles, a.k.a. Consuela Rossow (“the Rossows”), misappropriated consumer premiums, created fictitious FARMERS policies, and gave false information to dozens of consumers;
- 2) The FARMERS investigation and producer termination regarding the Rossows were inadequate and failed to timely address the fraud perpetrated by the Rossows;
- 3) The insurance producer licenses of the Rossows have been revoked by the Division for their conduct;
- 4) The foregoing are violations of SDCL §§ 58-30-171, 58-30-176, 58-30-180, 58-30-181, and 58-33-66;
- 5) This conduct constitutes grounds for the revocation or suspension of FARMERS’ Certificate of Authority pursuant to SDCL § 58-6-46;

FARMERS is aware of and understands the nature of the charges, neither admits nor denies them, and has been informed that it has the right to notice, hearing, and appeal, and that by agreeing to and signing this Consent Order waives these rights;

In return for FARMERS entering into this Consent Order, the Division agrees not to proceed to hearing and agrees that this Consent Order will constitute an informal disposition of this licensing matter pursuant to SDCL § 1-26-20;

FARMERS agrees to a monetary penalty in the amount of \$85,000 pursuant to SDCL §§ 58-4-28.1 and 58-6-46, in lieu of contesting this matter formally;

FARMERS further agrees to conduct itself in accordance with the insurance laws and regulations of the State of South Dakota; and

FARMERS further agrees that this Consent Order may be considered for the purpose of determining the appropriate sanction in any future actions with the Division for any violations of the laws or regulations of the State of South Dakota or for failing to abide by any order of the Director;

Wherefore, good cause appearing from the foregoing, it is hereby ORDERED that FARMERS pay a monetary penalty in the amount of \$85,000 payable to "South Dakota Division of Insurance" for deposit in the general fund of the State of South Dakota; and it is further

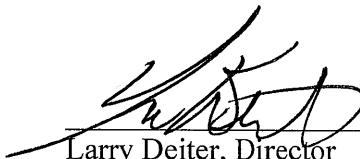
ORDERED that FARMERS abide by the agreements made by it in this Consent Order; and it is further

ORDERED that should FARMERS fail to comply with the provisions of this Order or the Compliance Plan, the Division may seek the suspension or revocation of FARMERS' Certificate of Authority at hearing pursuant to SDCL § 58-6-46, or seek other remedies available at law; and it is further

ORDERED that the use of this Consent Order for competitive purposes by an insurance agent or third-party administrator holding a license in the State of South Dakota, or by any company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority; and it is further

ORDERED that the provisions of this Consent Order shall be effective from the date the Director signs this Order.

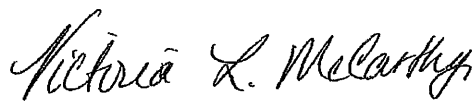
Dated at Pierre, South Dakota this 20th day of October, 2020.



Larry Deiter, Director
South Dakota Division of Insurance

The undersigned, on behalf of FARMERS, represents it understands the terms of this Consent Order and the waiver of its due process rights and voluntarily enters into this Consent Order.

Dated this 29 day of September, 2020.


Signature of Authorized Representative

Victoria L. McCarthy

Printed Name

Vice President and Head of State and
Federal Regulatory Affairs of Farmers
Group, Inc., attorney in fact for Farmers
Insurance Exchange

Title