

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

IN THE MARION COUNTY SUPERIOR COURT

CAUSE NO. _____

490079807CF001043

STATE OF INDIANA,)
)
) Plaintiff,)
)
) v.)
)
) STATE FARM MUTUAL AUTOMOBILE)
) INSURANCE COMPANY AND STATE FARM)
) FIRE AND CASUALTY COMPANY,)
) foreign corporations,)
)
) Defendants.)

FILED

JUL 29 1998

John M. Taylor
CLERK OF THE
MARION CIRCUIT COURT

CONSENT JUDGMENT

The State of Indiana, by Attorney General Jeffrey A. Modisett and Deputy Attorney General Mary Ann Wehmueller, having filed its Verified Complaint for Injunction and Damages, and Defendant, State Farm Mutual Automobile Insurance Company and State Farm Fire and Casualty Company (State Farm), by counsel, hereby enter into this Consent Judgment without trial and adjudication of any issue of fact or law.

For purposes of this Consent Judgment, the injunctive relief defined below shall apply to all "salvage" motor vehicles. All references to "salvage" motor vehicles or vehicles in this Consent Judgment shall mean: all motor vehicles, semitrailers or recreational vehicles manufactured within the last five (5) model years, including the

current model year, which require a salvage certificate pursuant to Indiana Code §9-22-3-

3. Beginning July 1, 1998, the injunctive relief outlined herein, shall apply to all "salvage" motor vehicles, semitrailers or recreational vehicles manufactured within the last seven (7) model years, including the current model year, which require a salvage certificate pursuant to Ind. Code §9-22-3-3.

All references to "vehicle owners" in this Consent Judgment mean the current owners of record. The term "vehicle owner" does not include salvage vendors, automobile auctioneers, automobile scrapyards, scrap metal processors, disposal facilities, automobile salvage rebuilders, automotive salvage recyclers, used parts dealers and salvage auctions.

Now, therefore, by consent and agreement of the parties, it is **ORDERED, ADJUDGED and DECREED** as follows:

INJUNCTIVE RELIEF

Pursuant to Ind. Code §24-5-0.5-4(c)(1) and Ind. Code §9-22-3-37, State Farm, its agents, representatives, employees, successors and assigns are permanently enjoined from engaging in the following:

1. Failing to obtain a "salvage" motor vehicle title, containing the notation "SALVAGE TITLE" prominently recorded on the front and back of the title for each vehicle for which State Farm is required by law to obtain a "salvage" title.
2. For purposes of monitoring compliance with the terms of this Consent Judgment, failing to allow the Consumer Protection Division of the Attorney General's

Office, upon reasonable notice, to make an examination of any books, records, or documents in connection with any aspect of the activities and operations of State Farm's business activities related to motor vehicle insurance.

DAMAGES

3. Pursuant to Ind. Code §24-5-0.5-4(c)(2), State Farm agrees to make payments as follows:

(a) State Farm agrees to offer to purchase from current vehicle owners, all "salvage" motor vehicles for which State Farm failed to obtain salvage title as required by Indiana law between July 1, 1991 and the present date. State Farm agrees to reimburse the current owners of these vehicles in an amount equal to the purchase price paid by the owner and related expenses, including sales tax, finance charges and any other costs of credit or charges incurred as a consequence of the vehicle purchase. In addition, State Farm also agrees to reimburse the current owners for their cost of any improvements or repairs which improve the condition and value of the vehicles.

(b) In the event that any current vehicle owner does not wish to sell his/her vehicle to State Farm, State Farm shall pay him/her a sum of Two Thousand Five Hundred Dollars (\$2,500.00). Additionally, State Farm shall provide the owner with written notification that the owner's name and vehicle information will be forwarded to the Indiana Bureau of Motor Vehicles and the Bureau will issue a "Rebuilt" title in the owner's name.

(c) For each vehicle owner who fails to respond to State Farm's offer to repurchase referenced in paragraph 3(a), State Farm agrees to forward the sum of Two Thousand Five Hundred Dollars (\$2,500.00) to the Attorney General's office. These payments shall be distributed by the Attorney General by warrants issued by the Auditor of the State of Indiana. Pursuant to Ind. Code §4-10-10-1, all warrants issued upon the funds that remain outstanding and unpaid for a period of two (2) years from December 31, of the year of issue, shall be declared canceled. Upon cancellation of any unpaid warrant, the funds shall be deposited in the Attorney General's "Property Custody Fund" established by Ind. Code §32-9-1-24. Thereafter, the funds will be subject to claims and to the presumption of abandonment as other property held in the Property Custody Fund.

4. State Farm shall make a good faith effort to perform the requirements of paragraph 3, within twelve months of the entry date of this judgment.

5. The Attorney General and State Farm agree that the payments to aggrieved vehicle owners as required under paragraph 3, provide fair, adequate and reasonable compensation of the State's monetary claims that can be asserted on behalf of aggrieved owners in this action.

6. State Farm agrees to apply for an Indiana "salvage" title within thirty-one (31) days after acquiring title for each vehicle purchased pursuant to the terms of paragraph 3(a). If the vehicle is no longer in Indiana, State Farm agrees to apply for a revised title under the laws of the jurisdiction where State Farm takes possession of the vehicle.

7. For every salvage vehicle titled in State Farm's name for which State Farm has not obtained a "salvage" branded title, as identified on the entry date of this judgment, State Farm agrees to apply for a "salvage" title within thirty-one (31) days of the entry date of this judgment or within thirty-one (31) days of receipt of a duplicate title from the Bureau of Motor Vehicles. If State Farm discovers any additional salvage vehicles titled in its name after the entry of this judgment, State Farm will apply for a "salvage" title within thirty-one (31) days of the discovery or within thirty-one (31) days of the receipt of a duplicate title from the Bureau of Motor Vehicles. Applications for duplicate titles will be filed within thirty-one days of the discovery that the salvage vehicle continues to be titled in State Farm's name.

8. State Farm agrees to compile comprehensive records of all vehicles purchased by State Farm pursuant to the terms of paragraph 3(a). The records shall contain each vehicle's year, make and vehicle identification number, date of acquisition, total purchase price, the name and address of the vehicle owner, a copy of State Farm's salvage title application and a copy of the salvage title. State Farm agrees to make these records available for inspection by the Attorney General and members of his staff upon request. State Farm agrees to maintain these records for 3 years from the entry date of this Consent Judgment.

9. State Farm agrees to compile comprehensive records of all current owner settlements made pursuant to the terms of paragraph 3(b). The records shall contain each vehicle's year, make and vehicle identification number, date of payment and the name

and address of the current owner. State Farm agrees to make these records available for inspection by the Attorney General and members of his staff upon request. State Farm agrees to maintain these records for 3 years from the entry date of this Consent Judgment.

10. State Farm agrees to furnish the Office of the Attorney General with a monthly report of all vehicles purchased pursuant to the terms of paragraph 3(a). The report shall be provided to the Attorney General on or before the 5th day of each month until the payment provisions of paragraph 3(a) are complete. The report shall contain the total number of purchase offers made, the total number of purchase offers accepted, the total dollar amount of purchase settlements, the total number of State Farm salvage applications and the total number of State Farm salvage titles obtained.

11. State Farm agrees to furnish the Office of the Attorney General with a monthly report of all payments made pursuant to the terms of paragraph 3(b). The report shall be provided to the Attorney General on or before the 5th day of each month until the payment provisions of paragraph 3(b) are complete. The report shall contain the total number of settlement offers accepted, the total dollar amount of the settlements and the total number of vehicles for which State Farm has provided corrective title information to the Bureau of Motor Vehicles.

12. State Farm agrees to provide the Office of the Attorney General with a comprehensive list of all vehicles for which State Farm failed to obtain salvage titles that are currently owned by salvage vendors, automobile auctioneers, automobile scrapyards, scrap metal processors, disposal facilities, automobile salvage rebuilders, automotive

salvage recyclers, used parts dealers and salvage auctions. This list will include each vehicle's year, make and vehicle identification number and the name and address of the salvage vendor, automobile auctioneer, automobile scrapyard, scrap metal processor, disposal facility, automobile salvage rebuilder, automotive salvage recycler, used parts dealer or salvage auction. State Farms agrees to provide this list within six months of the entry date of this judgment.

13. Pursuant to Ind. Code §24-5-0.5-4(c)(3), State Farm shall pay the Office of the Attorney General for its cost of investigation and prosecution in the amount of Ten Thousand Dollars (\$10,000.00).

14. State Farm shall pay the sum of One Hundred Fifty Thousand Dollars (\$150,000.00) to the Office of the Attorney General for consumer education, litigation, enforcement and other consumer protection purposes, at the discretion of the Attorney General.

MODIFICATION OF JUDGMENT

15. In entering into this Consent Judgment, including determination of the amounts payable pursuant to this Consent Judgment, Plaintiff has relied on information supplied by State Farm. In the event subsequent information reveals that the information provided was not complete and that payments are not properly funded, State Farm acknowledges that Plaintiff's reliance on the information supplied by State Farm constitutes mistake within the meaning of Indiana Rule of Trial Procedure 60(B)(1) and this Consent Judgment may be modified to reflect modification of such payments.

CONTINUING JURISDICTION

16. The Court shall retain jurisdiction for the purpose of issuing such orders as may be necessary to interpret or enforce the provisions herein.

IN WITNESS THEREOF, State Farm has signed this document on behalf of State Farm, its agents, representatives, employees, successors, assigns, and all persons acting or claiming to be acting on its behalf, through any corporate business name or device. Mary Ann WehmueLLer, Deputy Attorney General, has signed this document on behalf of Plaintiff, State of Indiana.

STATE OF INDIANA

JEFFREY A. MODISETT
Attorney General of Indiana
Atty. No. 14704-49

By: Mary Ann WehmueLLer
Mary Ann WehmueLLer
Deputy Attorney General
Atty. No. 15251-49A

Dated: July 27, 1998

**STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY AND
STATE FARM FIRE AND CASUALTY COMPANY**

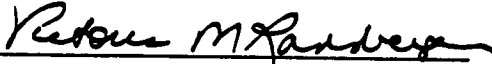
Defendants

Mary Reece
by: Mary Reece
Vice President, Operations
for Defendants

Dated: July 22, 1998

JUDGMENT

Judgment in favor of Plaintiff, State of Indiana, for injunctive relief, payments, consumer education, litigation and enforcement funding and costs in the amount of (\$ 160,000.00) is ORDERED, ADJUDGED and DECREED this 29 day of July, 1998.


Judge, Marion Superior Court
Pro

Distribution:

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