

**SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
CIVIL DIVISION**

NATIONAL ASSOCIATION OF STATE FARM AGENTS, INC.	:	Civil Action No. 02CA004089
	:	
Plaintiff,	:	
	:	
v.	:	Calendar 7
	:	
STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY, et al.	:	
	:	
	:	
Defendants.	:	

DECLARATORY JUDGMENT

This matter came for trial before the court without a jury, and the issues having been tried and Findings of Facts and Conclusions of Law having been rendered on December 16, 2005, to the effect that plaintiff, National Association of State Farm Agents, Inc., is entitled to declaratory relief,

It is ADJUDGED, ORDERED AND DECREED as follows:

1. (a) The Agent's Agreements entered into by and between the defendants, State Farm Mutual Automobile Insurance Company and its affiliated codefendants ("State Farm") and State Farm Agents conferred upon the agents the right to decline involvement in the sale of mutual fund securities, including the referral of customers by agents unregistered to sell securities to agents so registered.

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(b) State Farm's Partner Agent Program ("PAP") and its constituent parts violated the terms of the Agent's Agreements as well as the implied covenant of good faith and fair dealing.

(c) State Farm's amendment of PAP by its Registered Representative Referral Database ("3RD"), where implemented, cured the infirmities of PAP and so does not violate either the Agent's Agreements or the implied covenant.

(d) Where, however, the 3RD amendment has not been implemented, PAP as amended by 3RD remains tainted by PAP's multiple violations.

2. The "referral" criterion of State Farm's Select Agent Program violates both the terms of the Agent's Agreements and the implied covenant of good faith and fair dealing.


3. State Farm's restrictions of new business submitted by agents beginning in late 2001 and now discontinued in all jurisdictions except Texas, Louisiana and Florida did not violate the Agent's Agreements or the implied covenant of good faith and fair dealing.

4. State Farm's refusals to grant the requests submitted by David Swift (in November 2002) and Clifford Mueller (in October 2002) to broker business for other insurers were not violative of the Agent's Agreements or the implied covenant of good faith and fair dealing.

5. State Farm's requirement that all agents attend a meeting dealing with matters of ethical compliance once a year did not violate the Agent's Agreements or the implied covenant of fair dealing.

Dated:

1/24/06



Senior Judge Leonard Braman
(Signed in Chambers)

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