



NEWS RELEASE

OFFICE OF ATTORNEY GENERAL HENRY MCMASTER
STATE OF SOUTH CAROLINA

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Multi-State Agreement with State Farm Reached ***S.C. consumers could be paid up to \$5 million by insurance company***

Columbia, S.C. - Attorney General Henry McMaster announced today that South Carolina and 48 other states plus the District of Columbia have reached an innovative agreement with State Farm Mutual Insurance Company, which will result in \$40 million in compensation to thousands of car, SUV, and truck owners nationwide.

After titling research is complete, an estimated 30,000 consumers nationwide may be eligible for payments ranging from about \$400 up to over \$10,000, depending primarily on the current average value of their vehicle, and the number of consumers who participate in the compensation program. The states believe most payments are likely to range from \$800 to \$1850.

In South Carolina, some 3,338 consumers may be eligible for payment. Depending on the number of individuals who file, State Farm's payments in the state could reach \$5 million.

McMaster said the agreement resulted after State Farm approached the states and indicated that, after an internal review, in a small percentage of cases the company was unable to confirm that it had properly titled vehicles it had taken ownership of from policyholders due to damage or theft.

In most states, depending on factors such as vehicle age and extent of damage, insurance companies taking ownership in such situations must obtain "branded titles," indicating the vehicles are "salvage," "damaged," or similarly-named titles. State Farm's records showed that it had properly titled approximately 2.4 million vehicles in recent years that may have required a "branded title," but that it could not confirm whether a much smaller number may not have been properly titled. Payment will go to the current owners of vehicles that may require branded titles.

McMaster said that consumers who complete a claim form and are approved will receive a compensation payment from State Farm later this year or early 2006. Under the agreement, State Farm will work with the South Carolina Department of Motor Vehicles in the coming months to determine the specific vehicles that require a branded title. The owners of those vehicles will receive a letter from the Attorney General's Office with a claim form to complete and return to an independent Claims Administrator previously approved by the states. After all claims are in, the amount each consumer will receive will be finalized and checks mailed.

The final amounts received by consumers will depend on the current value of their vehicle and how many consumers elect to participate in the payment program. Payments will be made to the owners of currently

registered vehicles and will be based on the current average retail value of the vehicle. (For example, owners of vehicles worth between \$1,000 and \$2,000 will receive \$600; owners of vehicles worth between \$5,000 and \$6,000 will receive \$1,400; owners of vehicles worth between \$10,000 and \$11,000 will receive \$3,000.)

McMaster said it is expected that current owners of eligible vehicles will be contacted by Fall 2005, after the identification process is completed.

In addition to the \$40 million for consumers, State Farm also will pay the expense for the major project of identifying the vehicles, tracing the current owners, contacting owners, taking claims from owners, and making compensation payments.

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