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Subject: Notification of Service for Case No. 18-2015-CV-00240 (Public Service Commission, et al. vs. Grand Forks Bean Company, Inc.)

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Notification of service – Separate Answer of Respondent to Petition and Application of PSC

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STATE OF NORTH DAKOTA

IN DISTRICT COURT

COUNTY OF GRAND FORKS

NORTHEAST CENTRAL JUDICIAL DISTRICT

Public Service Commission,)

Petitioner,)

vs.)

Grand Forks Bean Company, Inc., and)

Auto-Owners Insurance Company,)

Respondents.)

Civil No.: 18-2015-cv-00240

**SEPARATE ANSWER OF RESPONDENT, AUTO-OWNERS INSURANCE COMPANY,
SURETY, TO PETITION AND APPLICATION OF
THE PUBLIC SERVICE COMMISSION**

COMES NOW respondent, Auto-Owners Insurance Company, surety (hereinafter "Auto-Owners"), by its counsel, and for its answer to the application and petition of the Public Service Commission, petitioner (hereinafter "Commission"), states and alleges as follows:

1. Denies all claims and allegations by the Commissioner against Auto-Owners except as hereinafter specifically admitted, qualified or explained;
2. That the Commission's petition against Auto-Owners fails to state a cause of action for which relief can be granted and therefore, the same must be in all things dismissed with prejudice;
3. Pending further investigation and discovery herein, Auto-Owners reserves and preserves all defenses and affirmative defenses available or potentially available to it pursuant to Rules 8 and 12 and any other applicable Rules of the North Dakota Rules of Civil Procedure;
4. Without waiving or limiting any defenses herein, Auto-Owners relies upon and reserves all rights and defenses, including all exclusions, terms, provisions and limitations

contained in the "Grain Elevator Warehouse Bond" issued by Auto-Owners to Grand Forks Bean Company, Inc., effective November 20, 2007, and incorporates the same by reference into this Answer as if the same were fully set forth herein;

5. Without waiving or limiting any defenses herein, Auto-Owners reserves and preserves all rights and defenses under or pursuant to applicable law and/or statute, including but not limited to N.D.C.C. § 60-02-09(7);

6. Without waiving or limiting any defenses herein, Auto-Owners alleges that, to the extent that any of the debts, obligations or defaults of Grand Forks Bean Company, Inc., are based upon or result from credit – sale contracts between Grand Forks Bean Company, Inc. and producers, or other customers of Grand Forks Bean, the surety bond of Auto-Owners is not applicable and does not apply with respect to the claims of the commission in this action and Auto-Owners has no liability or responsibility to the Commission, or others, under or pursuant to said Surety Bond;

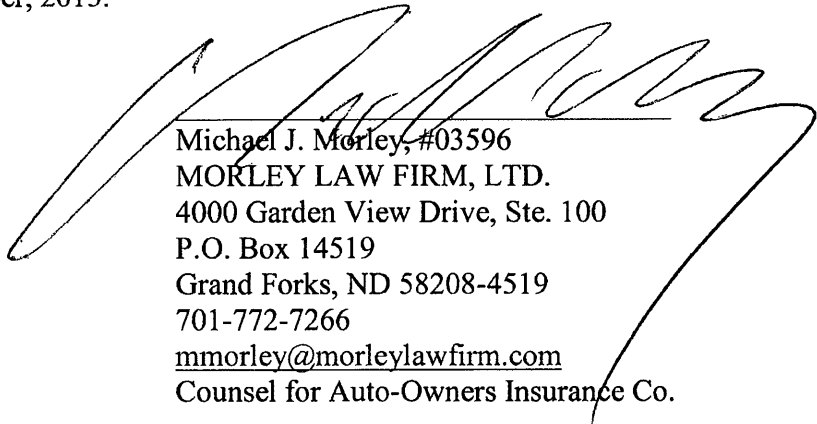
7. Without waiving or limiting any defenses herein, Auto-Owners reserves the right to contest that Grand Forks Bean Company is insolvent as defined under applicable North Dakota law or with respect to the terms and provisions of the surety bond of Auto-Owners issued to Grand Forks Bean Company, and if Grand Forks bean is not insolvent, Auto-Owners reserves the right to contend that it has no liability or responsibility in this action with respect to its Surety Bond issued to Grand Forks Bean Company, Inc.;

8. Without waiving or limiting any defenses herein, Auto-Owners affirmatively alleges that any claims or damages of the Commission or others in this action, were the result of actions or omissions of others, either other parties or non-parties herein, for whose actions or omissions Auto-Owners is not liable or responsible under its Surety Bond issued to Grand Forks

Bean Company and therefore, the Commission's petition against Auto-Owners must be in all things dismissed; and

9. Pending further discovery and investigation herein, Auto-Owners reserves the right to amend, modify and/or supplement this answer as it deems appropriate and necessary.

Dated this 14th day of September, 2015.



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