

Market Conduct Report

Allstate Insurance Company
Allstate Fire and Casualty Insurance Company
Esurance Insurance Company

September 1, 2022

Connecticut Insurance Department

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I. INTRODUCTION

A. Statutory Authority

By authority granted under Section 38a-15 of the Connecticut General Statutes, this examination was conducted by Market Conduct examiners of the State of Connecticut Insurance Department at the Departments' office located in Hartford Connecticut.

B. Scope of Examination

From November 15, 2021 to on or about June 1, 2022, the Market Conduct Division of the Connecticut Insurance Department examined the market conduct practices of the companies using a sample period of January 1, 2020 through December 31, 2020. The examination was limited to Connecticut business.

C. Company Profile

<u>Company</u>	<u>Commenced Business</u>	<u>State of Domicile</u>
Allstate Insurance Company	February 9, 1931	Illinois
Allstate Fire & Casualty Insurance Company	September 6, 1972	Illinois
Esurance Insurance Company	April 9, 1998	Illinois

Direct premiums written as of December 31, 2020 are as follows:

	<u>Connecticut</u>	<u>Total</u>
Allstate Insurance Company	123,057,503	15,497,057,000
Allstate Fire & Casualty Insurance Company	195,006,797	9,819,974,000
Esurance Insurance Company	23,227,765	503,742,000

D. Market Conduct Reports

The examiners generated a listing of market conduct examination reports using National Association of Insurance Commissioners' I-Site. This information was used to request market conduct examination reports from the companies.

The examiners obtained copies of all relevant market conduct examination reports which had been issued to the companies during the three (3) years preceding the examination. The reports were reviewed to identify any recommendations that had been made by the respective Insurance Departments and to determine whether the companies had taken appropriate corrective action in response to those recommendations.

E. Privacy of Consumer Financial Information

Standard 1: The companies have adequate procedures in place for the protection of consumer financial information.

The companies appear to be in compliance.

Standard 2: The companies provide each consumer with an initial privacy notice in accordance with statutes, rules and regulations.

The companies appear to be in compliance.

Standard 3: The companies provide each consumer with an annual privacy notice in accordance with statutes, rules and regulations but at a minimum annually.

The companies appear to be in compliance.

Standard 4: The companies provide each consumer with an opt out notice in accordance with statutes, rules and regulations.

The companies appear to be in compliance.

Standard 5: The companies provide each consumer with a revised privacy notice in accordance with statutes, rules and regulations.

The companies appear to be in compliance.

Standard 6: All notices are provided in the required timeframe so as to minimize any improper intrusion into the privacy of consumers.

The companies appear to be in compliance.

Standard 7: The companies comply with all requirements for the disclosure of nonpublic personal financial information to nonaffiliated third parties so as to minimize any improper intrusion into the privacy of consumers.

The companies appear to be in compliance.

Standard 8: The companies comply with all requirements for the disclosure and redisclosure of nonpublic personal financial information so as to minimize any improper intrusion into the privacy of consumers.

The companies appear to be in compliance.

Standard 9: The companies have procedures for the sharing of consumer account numbers so as to minimize any improper intrusion into the privacy of consumers.

The companies appear to be in compliance.

II. ITEMS EXAMINED

A. Operations and Management

Standard 1: The companies have an up-to-date, valid internal or external audit program.

The examiners reviewed Allstate IA's risk assessment process. Both annual and quarterly risk assessments are conducted. High risk areas are selected for audit for the given year. To ensure lower risk areas are not overlooked these areas are scheduled every three to five years on a rotational basis.

Standard 2: The companies have appropriate controls, safeguards and procedures for protecting the integrity of computer information.

The Allstate Corporation Enterprise Information Security Policy was reviewed by the examiners. The procedures and controls are quite extensive regarding safeguarding and protection of the integrity of computer information. The companies appear to be in compliance.

Standard 3: The companies have an antifraud plan in place.

Allstate Insurance Company referred a total of seventy-eight (78) automobile and homeowner cases to SIU with thirteen (13) of these cases forwarded to NICB and the Department of Insurance for prosecution. Allstate Fire and Casualty referred a total of three hundred seventy-five (375) automobile cases to SIU with fifty-six of these forwarded to NICB and the Department of Insurance for prosecution. Esurance referred a total of two hundred fifty (250) automobile cases to SIU with fourteen (14) forwarded to NICB and the Department of Insurance for prosecution.

The companies advised that it does not track if there are resulting convictions.

Standard 4: The companies have a valid disaster recovery plan.

The Business Continuity and Disaster Recovery Plan was included in the Enterprise Information Security Policy. The companies appear to be in compliance.

Standard 5: The companies adequately monitor the activities of the managing general agents.

The companies do not use Managing General Agents in Connecticut.

Standard 6: The companies' contract with managing general agents comply with applicable statutes, rules and regulations.

See above.

Standard 7: Records are adequate, accessible, consistent and orderly, and comply with State record retention requirements.

The companies appear to be in compliance.

Standard 8: The companies are licensed for the lines of business that are being written.

The companies appear to be in compliance.

Standard 9: The companies cooperate on a timely basis with examiners performing the examination.

The companies appear to be in compliance.

B. Complaint Handling

Standard 1: All complaints are recorded in the required format on the companies' complaint register.

The examiners reviewed a total of 138 complaints on file with the department. In addition the companies also provided a listing of non-department complaints. The companies after review appear to be in compliance.

Standard 2: The companies have adequate complaint handling procedures in place and communicate such procedures to policyholders.

The companies appear to be in compliance.

Standard 3: The companies take adequate steps to finalize and dispose of the complaint in accordance with applicable statutes, rules and regulations, and contract language.

The companies appear to be in compliance.

Standard 4: The time frame within which the companies respond is in accordance with applicable statutes, rules and regulations.

The companies appear to be in compliance.

C. Marketing and Sales

Standard 1: All advertising and sales materials are in compliance with applicable statutes, rules and regulations.

Pertinent advertising and sales materials were reviewed. The companies appear to be in compliance.

Standard 2: The companies' internal producer training materials are in compliance with applicable statutes, rules and regulations.

The companies appear to be in compliance.

Standard 3: The companies' communications to producers are in compliance with applicable statutes, rules and regulations.

The companies appear to be in compliance.

Standard 4: The companies' mass marketing of property and casualty insurance is in compliance with applicable statutes, rules and regulations.

The companies do not mass market property casualty insurance.

D. Producer Licensing

Standard 1: The companies' records of licensed and appointed producers agree with Insurance Department's records.

The companies appear to be in compliance.

Standard 2: The producers are properly licensed and appointed in the jurisdiction where the application was taken.

The companies appear to be in compliance.

Standard 3: Termination of producers complies with statutes regarding notification to the producer and notification to the State, if applicable.

The companies appear to be in compliance.

Standard 4: The companies' policy of producer appointments and terminations does not result in unfair discrimination against policyholders.

The companies appear to be in compliance.

Standard 5: Records of terminated producers adequately document the reasons for termination.

The companies appear to be in compliance.

E. Policyholder Service

Standard 1: Premium notices and billing notices are sent out with an adequate amount of advance notice.

The companies appear to be in compliance

Standard 2: Policy issuance and insured requested cancellations are timely.

The companies appear to be in compliance.

Standard 3: All correspondence directed to the companies is answered in a timely and responsive manner by the appropriate department.

The companies appear to be in compliance.

F. Underwriting and Rating

Standard 1: The rates charged for the policy coverage are in accordance with filed rates or the companies' rating plan.

It was determined that Allstate Fire and Casualty Company and Allstate Insurance Company had premium surcharge factors of either 10%, 25% or 50% for a SR 22 Financial Responsibility filing to the Connecticut Department of Motor Vehicles. In July of 2004, Public Act 04-199 eliminated the need for SR 22 filings. The company advised that a total of 127 policies had a surcharge applied to the premium. The total additional premiums amounted to \$15,519 in charges to insureds for a filing that had been eliminated by law.

It was determined that Esurance Insurance Company charged a \$10 filing fee for a SR-22 Financial Responsibility filing to the Connecticut Department of Motor Vehicles. In July of 2004, Public Act 04-199 eliminated the need for SR 22 filings. The company advised that a total of 69 policies had a surcharge applied to the premium. The total additional premiums amounted to \$690 in charges to insureds for a filing that had been eliminated by law.

Standard 2: Disclosures to insureds concerning rates and coverages are accurate and timely.

The companies appear to be in compliance.

Standard 3: The companies do not permit illegal rebating, commission cutting or inducements.

The companies appear to be in compliance.

Standard 4: Credits and deviations are consistently applied on a non-discriminatory basis.

The companies appear to be in compliance.

Standard 5: Schedule rating or individual risk premium modification plans, where permitted, are based on objective criteria with usage supported by appropriate documentation.

The examiners did not review commercial lines.

Standard 6: The companies' underwriting practices are not unfairly discriminatory. The companies adhere to applicable statutes, rules, regulations and companies' guidelines in the selection of risks.

The companies appear to be in compliance.

Standard 7: All forms and endorsements forming a part of the contract are listed on the declarations page and should be filed with the Department of Insurance.

The companies appear to be in compliance.

Standard 8: The producers are properly licensed and appointed in the jurisdiction where the application was taken.

The companies appear to be in compliance.

Standard 9: Underwriting, rating and classifications are based on adequate information developed at or near inception of the coverage rather than near expiration or following a claim.

The companies appear to be in compliance.

Standard 10: File documentation adequately supports decisions made.

The companies appear to be in compliance.

Standard 11: Policies and endorsements are issued or renewed accurately, timely and completely.

The companies appear to be in compliance.

Standard 12: Audits, when required, are conducted accurately and timely.

The companies appear to be in compliance.

Standard 13: The companies verify that VIN number submitted with application is valid and that the correct symbol is utilized.

The companies appear to be in compliance.

Standard 14: The companies do not engage in collusive or anti-competitive underwriting practices.

The companies appear to be in compliance.

Standard 15: Rejections and declinations are not unfairly discriminatory.

Allstate Fire and Casualty Insurance Company

In a sample of Private Passenger Auto (PPA) declinations, a total of thirty-six (36) declinations did not contain adequate documentation in the file to determine if the declination was not unfairly discriminatory. Sixteen (16) declinations incorrectly declined applicants for credit reasons.

Esurance Insurance Company

In a sample of PPA declinations, six (6) declinations were nonspecific and did not give the reason for the declination.

Standard 16: Cancellation/non-renewal notices comply with policy provisions and State laws, and companies' guidelines.

Esurance Insurance Company

In a sample of PPA non renewals, one (1) notice was nonspecific.

Standard 17: Cancellation/non-renewal notices comply with policy provisions and State laws, including the amount of advance notice provided to the insured and other parties to the contract.

The companies appear to be in compliance.

Standard 18: Unearned premiums are correctly calculated and returned to appropriate party in a timely manner, and in accordance with applicable statutes, rules and regulations.

The companies appear to be in compliance.

Standard 19: Rescissions are not made for non-material misrepresentation.

The companies appear to be in compliance.

Standard 20: All policies are correctly coded.

The companies appear to be in compliance.

G. Claims

The companies provided a listing of claims paid and denied during the period of examination. The claim files were reviewed to determine if they were handled in accordance with policy provisions, and applicable statutes and regulations.

Standard 1: The initial contact by the companies with the claimant is within the required time frame.

The companies appear to be in compliance.

Standard 2: Timely investigations are conducted.

The companies appear to be in compliance.

Standard 3: Claims are resolved in a timely manner.

The companies appear to be in compliance.

Standard 4: The companies respond to claim correspondence in a timely manner.

The companies appear to be in compliance.

Standard 5: Claim files are adequately documented.

Total Loss Settlements- Condition Adjustment Deductions

During the claim review, the examiners reviewed automobile settlements that involved constructive total losses of insured and claimant vehicles. Connecticut General Statutes, Section 38a-353 would apply with regard to the calculation of settlement amounts on totaled motor vehicles.

The companies when calculating the value of loss vehicle used CCC ONE software to determine the value of the constructive total loss. Many companies who write private passenger automobile insurance in Connecticut use CCC software and the examiners were familiar with its methodology.

The companies -- after taking the average value of the National Automobile Dealers Association (NADA) and one other approved industry source -- would then apply a condition adjustment to that amount. The condition adjustment categories included: Interior (seats, carpets, dashboard, headliner), exterior (sheet metal, trim, paint, glass), mechanical (engine, transmission) and tires.

Because the totaled vehicle is always being compared to a "dealer condition retail vehicle" these condition adjustments were mostly deductions from the claimant vehicle value. In the majority of total losses reviewed by the examiners these deductions ranged from 10 to 30% of the averaged valuation for the total loss vehicle. When the examiners reviewed the documentation -- that included photos -- of the loss vehicles, the deductions appeared to be arbitrary or extremely excessive. Many deductions taken for interior condition lacked any credible justification for the dollar amounts deducted. Minor cleaning of carpets or other interior cleaning failed to provide documentation that would justify these amounts. It appears per company responses to our questions is that they relied on CCC for these amounts. They stated that CCC performs conditioning surveys of pricing experts to capture the monetary impact of these adjustments.

Because the examiners have examined companies using CCC valuations in the past, it is established that it is the insurance company who “programs” the deduction amount from the total loss vehicle. Insurance companies do not have to rely on “pricing surveys” by CCC to determine the deduction amounts taken. The company has the final say in the determination of the amount of deduction and is not powerless in making the decision. After review of the valuations, it was obvious that the amounts determined by the companies were not reflective of the vehicles true value. Many vehicles in the seven years or older range were impacted heavily by the condition adjustments. It is the view of the examiners that the company was not able to provide adequate documentation regarding the condition adjustments taken and was not able to clearly justify the excessive deductions.

Standard 6: Claim files are handled in accordance with policy provisions and applicable statutes, rules and regulations.

Private Passenger Automobile

Allstate Insurance Company

In a review of collision claims it was determined in ten (10) instances that the company deducted excessive condition adjustments from the value of the total loss vehicle. Two claims were found to have claim delays.

In a sample of property damage liability claims four (4) claims were found to deduct excessive condition adjustments from total loss vehicle valuation.

In a review of comprehensive claims one (1) total loss vehicle valuation for an unrecovered theft of a vehicle still deducted \$622 from vehicle value without ever seeing the vehicle.

In a review of bodily injury liability claims it was determined that one (1) settlement was an early bodily injury settlement within 15 days in violation of Section 52-572.

Homeowners

In a review of homeowner paid claims two (2) claims were found to have claim delays and one (1) claim file lacked necessary documentation to support decision made.

Allstate Fire and Casualty Insurance Company

In a review of collision claims it was determined in twenty-three (23) instances the company deducted excessive condition adjustments from the value of the total loss vehicle. The company afforded restitution of \$14,273.53 on these files. One (1) claim was determined to have a claim delay.

In a sample of property damage liability claims six (6) claims were determined to take excessive condition adjustment deductions and one (1) claim did not consider loss of use in the settlement. The company afforded restitution of \$6,263.99 as a result of the excessive deductions.

In a sample of comprehensive claims ten (10) total loss valuations were found to use excessive vehicle condition adjustments. The company afforded restitution of \$4,932.49 on these files. Three (3) claims had claim delays and one (1) had an incorrect deductible return.

In a sample of bodily injury liability claims five (5) claims involving total losses took excessive condition adjustments from total loss valuations and one (1) claim file was found to have a delay. The company afforded restitution of \$3,137.39 for the excessive deductions.

In a sample of uninsured motorist liability claims one (1) file was determined to be an early bodily injury settlement within the first 15 days in violation of Section 52-572.

In a sample of medical payment claims one (1) claim involving a total loss vehicle was found to take an excessive condition adjustment from total loss valuation. The company afforded restitution of \$613.70 on this file.

In a sample of transportation expense claims, one (1) claim had a claim delay.

Esurance Insurance Company

In a review of collision claims two (2) claims were lacking in proper documentation regarding total loss vehicles.

In a sample of comprehensive claims four (4) files had claim handling errors.

In a sample of towing claims one (1) claim had an overpayment above policy limits.

In a review of bodily injury liability claims two (2) releases included spouse on the release not the claimant, one (1) claim involving a vehicle total loss took an excessive condition adjustment. The company afforded restitution of \$838.87 for the excessive deduction.

Standard 7: The companies use the reservation of rights and excess of loss letters when appropriate.

The companies appear to be in compliance.

Standard 8: Deductible reimbursement to insureds upon subrogation recovery is made in a timely and accurate manner.

The companies appear to be in compliance.

Standard 9: The companies' claim forms are appropriate for the type of product.

The companies appear to be in compliance.

Standard 10: Claim files are reserved in accordance with the companies' established procedures.

The companies appear to be in compliance.

Standard 11: Denied and closed without payment claims are handled in accordance with policy provisions and State law.

The companies appear to be in compliance.

Standard 12: Cancelled benefit checks and drafts reflect appropriate claim handling procedures.

The companies appear to be in compliance.

Standard 13: Claim handling practices do not compel claimants to institute litigation, in cases of clear liability and coverage, to recover amounts due under policies by offering substantially less than is due under the policy.

The companies appear to be in compliance.

Standard 14: The companies use licensed adjusters and (Connecticut) appraisers in the handling of casualty claims.

Allstate Fire and Casualty Insurance Company

Six (6) appraisers were not licensed in accordance with Connecticut General Statutes, Section 38a-790.

Esurance Insurance Company

Three (3) adjusters were not licensed in accordance with Connecticut General Statutes, Section 38a-792. Two (2) appraisers were not licensed in accordance with Connecticut General Statutes, Section 38a-790.

Standard 15: Loss statistical coding is complete and accurate.

The companies appear to be in compliance.

Standard 16: Release by injured person voidable if obtained within fifteen days.

Allstate Insurance Company

One (1) private passenger bodily injury settlement was determined to be an early bodily injury settlement.

Allstate Fire and Casualty

One (1) private passenger automobile uninsured motorist liability claim was determined to be an early settlement.

III. SUMMARY OF RECOMMENDATIONS

Report
Section

II. F. Underwriting and Rating:
Automobile premium charges

It is required that Esurance insurance comply with Connecticut General Statutes Section 38a-686 (a) with regard to the making of rates for personal risk insurance. It is required that Allstate Fire and Casualty Insurance Company and Allstate Insurance Company remove the premium surcharge that is based on a risk factor related to loss experience related to SR 22 filings.

II. F. Underwriting and Rating:
Automobile Declinations

It is required that Allstate Fire and Casualty Insurance Company and Esurance Insurance Company comply with Connecticut General Statutes Section 38a-15 and 38a-323 with regard to automobile declinations.

II. F. Underwriting and Rating:
Automobile Non-Renewals

It is required that Esurance Insurance Company comply with Connecticut General Statutes Section 38a-323, and Bulletin PC-88 with regard to the non-renewal of automobile policies.

II. G. Claims:
Casualty Claims Adjusters

It is required that Esurance Insurance Company comply with Connecticut General Statutes Section 38a-792 with regard to the licensing of casualty claims adjusters.

II. G Claims
Motor Vehicle Damage Appraisers

It is required that Allstate Fire and Casualty Insurance Company and Esurance Insurance Company comply with Connecticut General Statutes, Section 38a-790 with regard to the licensing of motor vehicle physical damage appraisers.

II. G. Claims:

Homeowner

It is required that Allstate Insurance Company comply with Connecticut General Statutes, Section 38a-816, with regard to the settlement of homeowner claims.

II. G. Claims:

Automobile

It is required that Allstate Insurance Company, Allstate Fire and Casualty Insurance Company and Esurance Insurance Company comply with Connecticut General Statutes, Section 38a-816, with regard to the settlement of automobile claims.

II. G. Claims

Automobile Total Loss Settlements

It is required that Allstate Insurance Company, Allstate Fire and Casualty Insurance Company and Esurance Insurance Company comply with Connecticut General Statutes, Section 38a-15, 38a-353, and 38a-816 with regard to the settlement of automobile total loss valuations.

II. G. Claims

Bodily Injury Claims

It is required that Allstate Fire and Casualty Insurance Company and Esurance Insurance Company comply with Connecticut General Statutes, Section 52-572 with regard to the settlement of bodily injury claims.

V. ACKNOWLEDGMENT

The courtesy and cooperation of Allstate Insurance Group during the course of this examination is acknowledged. Mark J. Duffy, Nicholas Gill, La-Keya Daniels, and James Stowe participated in the examination and preparation of this report.



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

----- X
IN THE MATTER OF: DOCKET MC 22-38
ALLSTATE INSURANCE COMPANY:
-----X

STIPULATION AND CONSENT ORDER

It is hereby stipulated and agreed between Allstate Insurance Company and the State of Connecticut Insurance Department by and through Andrew N. Mais, Insurance Commissioner to wit:

I

WHEREAS, pursuant to a Market Conduct examination, the Insurance Commissioner alleges the following with respect to Allstate Insurance Company:

1. Allstate Insurance Company, hereinafter referred to as Respondent, is domiciled in the State of Illinois and is licensed to transact property and casualty insurance in the State of Connecticut. The NAIC company code number is 19232.
2. From November 15, 2021 through June 1, 2022, the Department conducted an examination of Respondent's market conduct practices in the State of Connecticut covering the period January 1, 2020 through December 31, 2020.
3. During the period under examination, Respondent failed to follow established practices and procedures to ensure compliance with statutory requirements resulting in instances of:
 - (a) Improper settlements of automobile claims
 - (b) Fifteen (15) instances of failing to properly document automobile total loss valuations when calculating settlements
 - (c) One (1) instance of an early bodily injury settlement
 - (d) Improper settlement of automobile total loss valuations
4. The conduct described in paragraph three is in violation of Sections 38a-15, 38a-353, 38a-816, and 52-572 of the Connecticut General Statutes, and constitutes cause for the imposition of a fine or other administrative penalty under Sections 38a-2 and 38a-41 of the Connecticut General Statutes.

II

1. WHEREAS, Respondent admits the allegations in paragraphs three and four of Article I of this Stipulation and Consent Order; and
2. WHEREAS, Respondent agrees to undertake a complete review of its practices and procedures, with respect to those areas of concern, as described in the Market Conduct Report and this Stipulation, so that those areas of concern are compliant with Connecticut Statutes; and
3. WHEREAS, Respondent agrees to provide the Insurance Commissioner with a full report of findings and a summary of actions taken to comply with the requirements of paragraph two of this Section within ninety (90) days of the date of this document; and
4. WHEREAS, Respondent agrees to remove the premium surcharge that is based on a risk factor related to loss experience related to SR 22 filings, an
5. WHEREAS, Respondent agrees to pay a fine in the amount of \$29,500 for the violations described herein; an
6. WHEREAS, Respondent, being desirous of terminating administrative action without the necessity of a formal hearing or further litigation, does consent to the making of this Consent Order and voluntarily waives:
 - a. any right to notice and a hearing; and
 - b. any requirements that the Insurance Commissioner's decision contain a statement of findings of fact and conclusions of law; and
 - c. any and all rights to object to or challenge before the Insurance Commissioner or in any judicial proceeding any aspect, provision or requirement of this Stipulation

NOW THEREFORE, upon the consent of the parties, it is hereby ordered and adjudged:

1. That the Insurance Commissioner has jurisdiction of the subject matter of this administrative proceeding.
2. That Respondent is fined the sum of Twenty-Nine Thousand Five Hundred Dollars (\$29,500) for the violations herein above described.

Allstate Insurance Company

By: Katie A. Jones
(Representative of Insurance Company)

CERTIFICATION

The undersigned deposes and says that she/he has duly executed this Stipulation and Consent Order on this 30th day of November 2022, for and on behalf of Allstate Insurance Company; that she/he is the Director, IOL Compliance of such company, and she/he has authority to execute and file such instrument.

By: Katie A. Jones

STATE OF Virginia

SS

COUNTY OF Hampton City

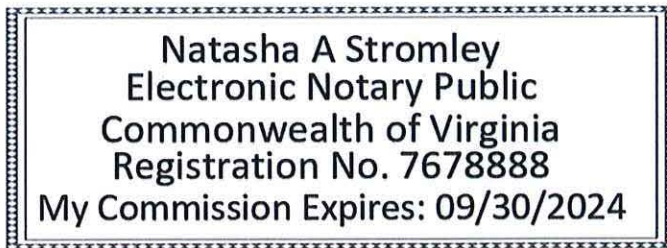
On the 30th day of Natasha A Stromley 2022, before me personally appeared, by means of online notarization, Katie A. Jones, sealer of the foregoing Stipulation and Consent Order, acknowledged same to be her/his act and deed.

Natasha A Stromley

Notary Public/Commissioner of The Superior Court
Commission #: 7678888

My commission expires: 09/30/2024

Remotely notarized online using two-way audio-video communication.



Section Below To Be Completed by State of Connecticut Insurance Department

Dated at Hartford, Connecticut this 12th day of December 2022.

A handwritten signature in blue ink, appearing to read "Andrew N. Mais".

Andrew N. Mais
Insurance Commissioner



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

----- X
IN THE MATTER OF: DOCKET MC 22-39
ALLSTATE FIRE and CASUALTY
INSURANCE COMPANY:
-----X

STIPULATION AND CONSENT ORDER

It is hereby stipulated and agreed between Allstate Fire and Casualty Insurance Company and the State of Connecticut Insurance Department by and through Andrew N. Mais, Insurance Commissioner to wit:

I

WHEREAS, pursuant to a Market Conduct examination, the Insurance Commissioner alleges the following with respect to Allstate Fire and Casualty Insurance Company:

1. Allstate Fire and Casualty Insurance Company, hereinafter referred to as Respondent, is domiciled in the State of Illinois and is licensed to transact property and casualty insurance in the State of Connecticut. The NAIC company code number is 29688.
2. From November 15, 2021 through June 1, 2022, the Department conducted an examination of Respondent's market conduct practices in the State of Connecticut covering the period January 1, 2020 through December 31, 2020.
3. During the period under examination, Respondent failed to follow established practices and procedures to ensure compliance with statutory requirements resulting in instances of:
 - (a) Individuals acting as motor vehicle damage appraisers without required license
 - (b) One (1) instance of an early bodily injury settlement
 - (c) Improper settlement of automobile claims
 - (d) Forty-five (45) instances of failing to properly document valuations when calculating automobile total loss valuations
 - (e) Improper declination of automobile policies
 - (f) Improper settlement of automobile total loss valuations

4. The conduct described in paragraph three is in violation of Sections 38a-315, 38a-323 38a-353, 38a-790, 38a-792, 52-572, and 38a-816 of the Connecticut General Statutes and constitutes cause for the imposition of a fine or other administrative penalty under Sections 38a-2 and 38a-41 of the Connecticut General Statutes.

II

1. WHEREAS, Respondent admits the allegations in paragraphs three and four of Article I of this Stipulation and Consent Order; and
2. WHEREAS, Respondent agrees to undertake a complete review of its practices and procedures, with respect to those areas of concern, as described in the Market Conduct Report and this Stipulation, so that those areas of concern are compliant with Connecticut Statutes; and
4. WHEREAS, Respondent agrees to provide the Insurance Commissioner with a full report of findings and a summary of actions taken to comply with the requirements of paragraph two of this Section within ninety (90) days of the date of this document; and
5. WHEREAS, Respondent agrees to remove the premium surcharge that is based on a risk factor related to loss experience related to SR 22 filings, and
6. WHEREAS, Respondent agrees to pay a fine in the amount of \$86,500 for the violations described herein; and
7. WHEREAS, Respondent, being desirous of terminating administrative action without the necessity of a formal hearing or further litigation, does consent to the making of this Consent Order and voluntarily waives:
 - a. any right to notice and a hearing; and
 - b. any requirements that the Insurance Commissioner's decision contain a statement of findings of fact and conclusions of law; and
 - c. any and all rights to object to or challenge before the Insurance Commissioner or in any judicial proceeding any aspect, provision or requirement of this Stipulation

NOW THEREFORE, upon the consent of the parties, it is hereby ordered and adjudged:

1. That the Insurance Commissioner has jurisdiction of the subject matter of this administrative proceeding.
2. That Respondent is fined the sum of Eighty-Six Thousand Five Hundred Dollars (\$86,500) for the violations herein above described.

Allstate Fire and Casualty Insurance Company

By: Katie A. Jones
(Representative of Insurance Company)

CERTIFICATION

The undersigned deposes and says that she/he has duly executed this Stipulation and Consent Order on this 30th day of November 2022, for and on behalf of Allstate Fire and Casualty Insurance Company; that she/he is the Director, IOL Compliance of such company, and she/he has authority to execute and file such instrument.

By: Katie A. Jones

STATE OF Virginia

SS

COUNTY OF Hampton City

On the 30th day of November 2022, before me personally appeared, by means of online notarization, Katie A. Jones, sealer of the foregoing Stipulation and Consent Order, acknowledged same to be her/his act and deed.

Natasha A Stromley

**Natasha A Stromley
Electronic Notary Public
Commonwealth of Virginia
Registration No. 7678888
My Commission Expires: 09/30/2024**

Notary Public/Commissioner of The Superior Court
Commission #: 7678888
My commission expires: 09/30/2024

Remotely notarized online using two-way audio-video communication.

Section Below To Be Completed by State of Connecticut Insurance Department

Dated at Hartford, Connecticut this 12th day of 2022.



Andrew N. Mais
Insurance Commissioner



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

----- X
IN THE MATTER OF: DOCKET MC 22-40
ESURANCE INSURANCE COMPANY:
-----X

STIPULATION AND CONSENT ORDER

It is hereby stipulated and agreed between Esurance Insurance Company and the State of Connecticut Insurance Department by and through Andrew N. Mais, Insurance Commissioner to wit:

I

WHEREAS, pursuant to a Market Conduct examination, the Insurance Commissioner alleges the following with respect to Allstate Insurance Company:

1. Esurance Insurance Company, hereinafter referred to as Respondent, is domiciled in the State of Illinois and is licensed to transact property and casualty insurance in the State of Connecticut. The NAIC company code number is 25712.
2. From November 15, 2021, through June 1, 2022, the Department conducted an examination of Respondent's market conduct practices in the State of Connecticut covering the period January 1, 2020 through December 31, 2020.
3. During the period under examination, Respondent failed to follow established practices and procedures to ensure compliance with statutory requirements resulting in instances of:
 - (a) Individuals acting as casualty adjusters without required license
 - (b) Individuals acting as motor vehicle appraisers without required license
 - (c) Improper settlement of automobile claims
 - (d) Three (3) instances of failing to properly document total loss vehicle valuations when calculating settlements
 - (e) Improper rating of automobile policies
 - (f) Improper settlement of automobile total loss valuations
4. The conduct described in paragraph three is in violation of Sections 38a-15, 38a-353, 38a-686, 38a-790, 38a-792, and 38a-816 of the Connecticut General Statutes and constitutes

cause for the imposition of a fine or other administrative penalty under Sections 38a-2 and 38a-41 of the Connecticut General Statutes.

II

1. WHEREAS, Respondent admits the allegations in paragraphs three and four of Article I of this Stipulation and Consent Order; and
2. WHEREAS, Respondent agrees to undertake a complete review of its practices and procedures, with respect to those areas of concern, as described in the Market Conduct Report and this Stipulation, so that those areas of concern are compliant with Connecticut Statutes; and
3. WHEREAS, Respondent agrees to provide the Insurance Commissioner with a full report of findings and a summary of actions taken to comply with the requirements of paragraph two of this Section within ninety (90) days of the date of this document; and
5. WHEREAS, Respondent agrees to pay a fine in the amount of \$37,000 for the violations described herein; and
5. WHEREAS, Respondent, being desirous of terminating administrative action without the necessity of a formal hearing or further litigation, does consent to the making of this Consent Order and voluntarily waives:
 - a. any right to notice and a hearing; and
 - b. any requirements that the Insurance Commissioner's decision contain a statement of findings of fact and conclusions of law; and
 - c. any and all rights to object to or challenge before the Insurance Commissioner or in any judicial proceeding any aspect, provision or requirement of this Stipulation

NOW THEREFORE, upon the consent of the parties, it is hereby ordered and adjudged:

1. That the Insurance Commissioner has jurisdiction of the subject matter of this administrative proceeding.
2. That Respondent is fined the sum of Dollars Thirty-Seven Thousand (\$37,000) for the violations herein above described.

Esurance Insurance Company

By: Katie A. Jones
(Representative of Insurance Company)

CERTIFICATION

The undersigned deposes and says that she/he has duly executed this Stipulation and Consent Order on this 30th day of November 2022, for and on behalf of Esurance Insurance Company; that she/he is the Director, IOL Compliance of such company, and she/he has authority to execute and file such instrument.

By: Katie A. Jones

STATE OF Virginia

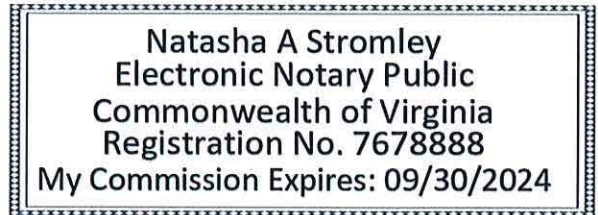
SS

COUNTY OF Hampton City

On the 30th day of November 2022, before me personally appeared, by means of online notarization, Katie A. Jones, sealer of the foregoing Stipulation and Consent Order, acknowledged same to be her/his act and deed.

Natasha A Stromley

Notary Public/Commissioner of The Superior Court
Commission #: 7678888
My commission expires: 09/30/2024



Remotely notarized online using two-way audio-video communication.

Section Below To Be Completed by State of Connecticut Insurance Department

Dated at Hartford, Connecticut this 12^t day of December 2022.

Andrew N. Mais Insurance Commissioner