

IN THE DEPARTMENT OF INSURANCE, FINANCIAL  
INSTITUTIONS AND PROFESSIONAL REGISTRATION  
STATE OF MISSOURI

*In Re:* )  
 )  
ALLSTATE INSURANCE COMPANY ) Market Conduct Exam No. 1503-56-TGT  
(NAIC # 19232) )  
 )  
ALLSTATE INDEMNITY COMPANY ) Market Conduct Exam No. 1503-57-TGT  
(NAIC # 19240) )

**ORDER OF THE DIRECTOR**

NOW, on this 10<sup>th</sup> day of December, 2015, Director John M. Huff, after consideration and review of the market conduct examination of Allstate Insurance Company (NAIC #19232) (hereafter referred to as "Allstate Insurance"), examination number 1503-56-TGT, Allstate Indemnity Company (NAIC #19240) (hereinafter referred to as "Allstate Indemnity"), examination number 1503-57-TGT, and the Stipulation of Settlement and Voluntary Forfeiture ("Stipulation"), does hereby issue the following orders:

This order, issued pursuant to §374.205.2(5) RSMo 2000, §374.280, and §374.046.15. RSMo (Cum. Supp. 2013), is in the public interest.

**IT IS THEREFORE ORDERED** that Allstate Insurance, Allstate Indemnity, and the Division of Insurance Market Regulation having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

**IT IS FURTHER ORDERED** that Allstate Insurance and Allstate Indemnity shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place Allstate Insurance and Allstate Indemnity in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri and to maintain those corrective actions at all times.

**IT IS FURTHER ORDERED** that Allstate Insurance shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$2,000 payable to the Missouri State School Fund.

**IT IS FURTHER ORDERED** that Allstate Indemnity shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$2,000 payable to the Missouri State School Fund.

**IT IS SO ORDERED.**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 10<sup>th</sup> day of DECEMBER, 2015.

  
John M. Huff  
Director



IN THE DEPARTMENT OF INSURANCE, FINANCIAL  
INSTITUTIONS AND PROFESSIONAL REGISTRATION  
STATE OF MISSOURI

In Re:	)	
	)	
ALLSTATE INSURANCE	)	Market Conduct Examination
COMPANY (NAIC #19232)	)	No. 1503-56-TGT
	)	
ALLSTATE INDEMNITY	)	Market Conduct Examination
COMPANY (NAIC #19240)	)	No. 1503-57-TGT

**STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the "Division"), Allstate Insurance Company (NAIC #19232) (hereinafter, "Allstate Insurance"), and Allstate Indemnity Company (NAIC #19232) (hereinafter, "Allstate Indemnity") as follows:

WHEREAS, the Division is a unit of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereinafter, the "Department"), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri; and

WHEREAS, Allstate Insurance and Allstate Indemnity have been granted certificates of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Division called Market Conduct Examinations of Allstate Insurance and Allstate Indemnity based upon findings contained in Market Conduct Investigations; and

WHEREAS, based on the Market Conduct Investigations the Division alleges that:

1. Allstate Insurance failed to include a payment for sales tax in two commercial automobile policy first party total loss settlements even though Allstate Insurance's policy provided for payment of the sales tax in violation of §§ 375.445,<sup>1</sup> 375.936(13), 375.1007(1), and 375.1007(4), RSMo, and 20 CSR 100-1.020(1)(A);
2. Allstate Indemnity failed to include a payment for sales tax in two commercial automobile policy first party total loss settlements even though Allstate Indemnity's policy provided

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<sup>1</sup> All references, unless otherwise noted, are to Revised Statutes of Missouri 2000, as amended.

for payment of the sales tax in violation of §§ 375.445,<sup>2</sup> 375.936(13), 375.1007(1), and 375.1007(4), RSMo, and 20 CSR 100-1.020(1)(A);

WHEREAS, Allstate Insurance and Allstate Indemnity deny the above allegations.

WHEREAS, the Division, Allstate Insurance and Allstate Indemnity have agreed to fully resolve the issues raised in the Market Conduct Examination and Market Conduct Investigation and to avoid further proceedings as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (hereinafter, "Stipulation") embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** Allstate Insurance and Allstate Indemnity agree to take the following remedial actions and agree to maintain those remedial actions at all times.

1. Allstate Insurance and Allstate Indemnity agree that they will pay all automobile total loss claims, including payment for all sales taxes relating to such claims, according to the terms of their policy provisions;

2. Allstate Insurance agrees that it will review all first party automobile total loss claims paid or processed at any time from December 1, 2010 to the date of the Final Order closing this Market Conduct Examination to determine if Allstate Insurance paid all applicable sales tax to the claimant for the damaged vehicle using the contractual value payable under the terms of the policy at the time of loss.<sup>3</sup> If all applicable sales tax was not paid by Allstate Insurance to the claimant, Allstate Insurance shall pay restitution to the claimant in the amount of the applicable sales tax payable under its policy on the date of loss, including all applicable state, city, county and other taxes. Such restitution shall be paid with no reduction in the amount payable to the claimant if the owner of the total loss vehicle retains the vehicle as salvage, unless there is a clear and specific provision in the policy supporting the reduction.

3. Allstate Indemnity agrees that it will review all first party automobile total loss claims paid or processed at any time from December 1, 2010 to the date of the Final Order closing this Market Conduct Examination to determine if Allstate Indemnity paid all applicable sales tax to the

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<sup>2</sup> All references, unless otherwise noted, are to Revised Statutes of Missouri 2000, as amended.

claimant for the damaged vehicle using the contractual value payable under the terms of the policy at the time of loss.<sup>4</sup> If all applicable sales tax was not paid by Allstate Indemnity to the claimant, Allstate Indemnity shall pay restitution to the claimant in the amount of the applicable sales tax payable under its policy on the date of loss, including all applicable state, city, county and other taxes. Such restitution shall be paid with no reduction in the amount payable to the claimant if the owner of the total loss vehicle retains the vehicle as salvage, unless there is a clear and specific provision in the policy supporting the reduction.

C. **Compliance.** Allstate Insurance and Allstate Indemnity agree to file documentation with the Division, in a format acceptable to the Division, within 120 days of the entry of a final order of any remedial action taken to implement compliance with the terms of this Stipulation and to document payment of restitution required under the terms of this Stipulation.

D. **Examination Fees.** Allstate Insurance and Allstate Indemnity agree to pay any reasonable examination fees relating to the review of documentation provided by the Companies pursuant to Paragraph C of this Stipulation, in conformity with the examination warrant's authorization to review information necessary to determine the Company's conduct during the closing of the examination.

E. **Voluntary Forfeiture.** Allstate Insurance agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$2,000 such sum payable to the Missouri State School Fund, in accordance with § 374.280. Allstate Indemnity agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$2,000 such sum payable to the Missouri State School Fund, in accordance with § 374.280.

F. **Other Penalties.** The Division agrees that it will not seek penalties against Allstate Insurance or Allstate Indemnity, other than those agreed to in this Stipulation, in connection with Market Conduct Examinations #1503-56-TGT and 1503-57-TGT.

G. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by Allstate Insurance or Allstate Indemnity, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct examinations.

H. **Waivers.** Allstate Insurance and Allstate Indemnity, after being advised by legal

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<sup>3</sup> This could be Actual Cash Value, Stated Value or some other valuation method listed in the policy.

counsel, do hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to Market Conduct Examinations #1503-56-TGT and 1503-57-TGT.

I. **Changes.** No changes to this Stipulation shall be effective unless made in writing and agreed to by all signatories to the Stipulation.


J. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

K. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation.

L. **Effect of Stipulation.** This Stipulation shall not become effective until entry of a Final Order by the Director of the Department of Insurance, Financial Institutions and Professional Registration (hereinafter the "Director") approving this Stipulation.

M. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: 12/9/15

  
\_\_\_\_\_  
Angela L. Nelson  
Director  
Division of Insurance Market Regulation

DATED: 12/9/15

  
\_\_\_\_\_  
Stewart Freilich  
Senior Regulatory Affairs Counsel  
Division of Insurance Market Regulation

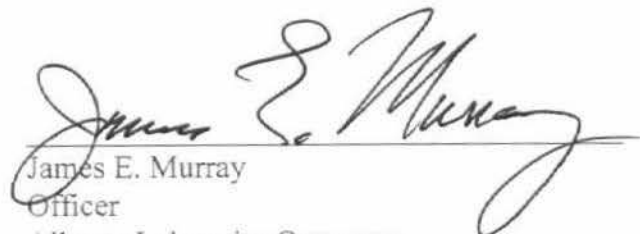
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<sup>4</sup> This could be Actual Cash Value, Stated Value or some other valuation method listed in the policy.

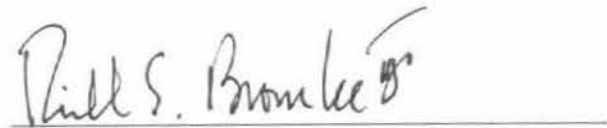
DATED: 11/30/15

  
James E. Murray  
Officer  
Allstate Insurance Company

DATED: 11/30/15

  
James E. Murray  
Officer  
Allstate Indemnity Company

DATED: 12/8/15

  
Richard Brownlee  
Counsel for Allstate Insurance Company  
and Allstate Indemnity Company