



DEPARTMENT OF

INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

TO: Allstate Insurance Company  
10800 E. Geddes Ave. Suite 300  
Englewood, CO 80112

RE: Missouri Market Conduct Examination #0118-04-PAC

**STIPULATION OF SETTLEMENT,  
VOLUNTARY FORFEITURE AND ORDER OF DIRECTOR**

It is hereby stipulated and agreed by W. Dale Finke, Director of the Missouri Department of Insurance, hereinafter referred to as "Director," and Allstate Insurance Company, hereinafter referred to as "Allstate" or "the Company," as follows:

WHEREAS, W. Dale Finke is the Director of the Department of Insurance, an agency of the State of Missouri, created and established for administering and enforcing all state laws in relation to insurance companies doing business in the State of Missouri; and

WHEREAS, the Company has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Department conducted a Market Conduct Examination of the Company and prepared Report Number 0118-04-PAC; and

WHEREAS, the report of the Market Conduct Examination alleged that:

1. In some instances, Allstate was cited for errors in its underwriting and rating practices for Motorcycle and Recreation Vehicle policies in that the company used incorrect class codes, thereby violating 20 CSR 500-4.100.

2. In some instances, Allstate was cited for errors in its underwriting and rating practices for Homeowners policies for using incorrect protection class codes, in violation of §379.321, RSMo, and 20 CSR 300-2.200, and 20 CSR 500-4.400.

3. In some instances, Allstate was cited for errors in its underwriting and rating practices for Condominium policies by not using correct protection class codes, not maintaining a description of the property in the file and not listing the correct deductible amount, in violation of §§379.321, and 375.936(11)(f), RSMo, and MDI Bulletin 94-04.

4. In some instances, Allstate was cited for errors in its underwriting and rating practices for Dwelling Fire policies in that the company failed to accurately describe the property, thereby violating §379.321, RSMo, and 20 CSR 300-2.200(2).

5. In some instances, Allstate was cited for errors in its underwriting and rating practices for Commercial Automobile policies, in that the company used incorrect territory codes, rating classes, and class codes, and incorrectly rated policies, contrary to the Company's rate filing with the department.

6. In some instances, Allstate was cited for errors in its underwriting and rating practices for Business Owners policies, in that the company used incorrect protection class codes, zones, earthquake zones, and incorrectly listed optional coverages, thereby violating §379.321, RSMo.

7. In some instances, Allstate was cited for errors in its underwriting and rating practices for Terminated Private Passenger Automobile policies and Terminated Dwelling Fire, in that the company failed to maintain copies of letters sent to policyholders, and Private Passenger Automobile policies were nonrenewed on a date other than the anniversary date of the policy, thereby violating §379.110(4), RSMo, and 20 CSR 300-2.200(2).

8. In some instances, Allstate was cited for errors in its claims handling practices for Automobile Medical Payment Claims closed with and without payment, in that the company failed to maintain sufficient information in its claim files to justify the company's handling of claims, thereby violating 20 CSR 300-2.200(3)(B) and (4), and 20 CSR 100-1.020(1).

9. In some instances, Allstate was cited for errors in its claims handling practices for Automobile Total Loss Claims Closed with and without payment and Mobile Home and Motorcycle Total Loss Claims, in that the Company failed to document that the insured was sent the sales tax affidavit, thereby violating §144.027, RSMo and 20 CSR 300-2.200(3)(B).

10. In some instances, Allstate was cited for errors in its claims handling practices for Homeowner claims, and Landlord policy claims closed with and without payment, in that the company failed to maintain sufficient documentation to support the handling of the claims, thereby violating 20 CSR 300-2.200(3)(B), 20 CSR 100-1.050(1)(A).

11. In some instances, Allstate was cited for errors in its claims handling practices for Renters Policy claims closed with and without payment, in that the Company failed to maintain sufficient documentation to support its handling of claims, and failed to maintain a copy of and provide to the consumer a notice explaining the denial of the claim, thereby violating 20 CSR 300-2.200(3)(B), and 20 CSR 100-1.050(1)(A).

12. In some instances, Allstate was cited for errors in its claims handling practices for Mobile Home policies closed with and without payment, in that the Company failed to provide a written notice of denial and failed to maintain sufficient documentation to support its handling of claims, thereby violating 20 CSR 300-2.200(3)(B) and 20 CSR 100-1.050(1)(A).

13. In some instances, Allstate was cited for errors in its claim handling practices for Claims settled using a third party vendor in that the Company failed to maintain adequate documentation to support the handling of the claim, and it failed to document the credentials of the individual reviewing and deciding claim payment amounts, as required by 20 CSR 300-2.200(3)(B).

14. In some instances, Allstate was cited for errors in its Complaint handling process, in that it did not provide a complete complaint register to the examiners, list all complaints in the register, nor maintain complete files, thereby violating §§374.205.2(2), and 375.936(3), RSMo, and 20 CSR 300-2.200(3)(D).

15. In some instances, Allstate did not provide notice to the Department of the termination of agencies or its agents, nor with an accurate list of its appointed agents, thereby violating §§375.022, 375.061.3, RSMo.

16. In some instances, Allstate did not date stamp the date of receipt on agency licenses, thereby violating 20 CSR 300-2.200(3)(C).

17. In some instances, it was noted that some of the licensing violations cited in the examination report were the same type of errors noted by the Department in the Company's previous Market Conduct examination conducted in 1997.

WHEREAS, the Company hereby agrees to take actions to ensure that the Company complies with the statutes and regulations of the State of Missouri as noted above and agrees to maintain those resulting procedures and to take the following actions:

1. The Company agrees to take action to assure that certain practices noted above do not recur. A report is to be provided to the Department within 180 days from the date of the signing of this agreement, detailing the company's review process and implementation of those actions;

2. The Company agrees to refund any overcharges and pay the balance on any underpayments that may have occurred as a result of certain practices noted above. A report is to be provided to the Department within 180 days from the date of the signing of this agreement, detailing the company's review process and implementation of the measures, and/or the policies reviewed and amounts paid, plus interest.

WHEREAS, the Company neither admits nor denies the findings or violations set forth above and enumerated in the examination report; and

WHEREAS, the Company is of the position that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that payment of a forfeiture is merely to resolve the disputes and avoid litigation; and

WHEREAS, the Company, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, which may have otherwise applied to the above-referenced Market Conduct Examination; and

WHEREAS, the Company hereby agrees to the imposition of the ORDER of the Director set forth below and as a result of Market Conduct Examination #0118-04-PAC further agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$60,000.

NOW THEREFORE, in lieu of the institution by the Director of any action for the SUSPENSION or REVOCATION of the Certificate of Authority of the Company to transact the business of insurance in the State of Missouri or the imposition of other sanctions, the Company does hereby voluntarily and knowingly waive all rights to any hearing, does consent to the ORDER of the Director set forth below and does surrender and forfeit the sum of \$60,000, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

Dated: April 4, 2006

Jeff L. Kaufman  
Allstate Insurance Company