

JUL 26 2006

DEPT OF INSURANCE

BY 

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

In the Matter of:)	Docket No. 06A-149-INS
)	
ALLSTATE INSURANCE COMPANY,)	
NAIC # 19232,)	CONSENT ORDER
Respondent.)	
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Examiners for the Department of Insurance (the "Department") conducted a target market examination of Allstate Insurance Company ("Allstate IC"). In the Report of Target Market Examination of Allstate Insurance Company, the Examiners allege that Allstate IC violated A.R.S. §20-1632.01.

Allstate IC wishes to resolve this matter without formal proceedings, admits that the following Findings of Fact are true, and consents to the entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Allstate IC is authorized to transact property and casualty insurance pursuant to a Certificate of Authority issued by the Director.

2. The Director authorized the Examiners to conduct a target market examination of Allstate IC. The examination covered the time period from January 1, 2004 through December 31, 2004 and concluded on March 17, 2006. Based on the examination findings, the Examiners prepared the "Report of Target Market Examination of Allstate Insurance Company" dated December 31, 2004.

3. On January 12, 1993 counsel for the Arizona Department of Insurance ("ADOI") and counsel for Respondent filed a stipulated statement of facts and a briefing schedule. As a result, a Consent Order (the "1993 Consent Order"), was filed by the

1 Director on June 17, 1993, Docket No. 7853. The 1993 Consent Order stated in part
2 as follows:

3 "It is hereby ordered that Allstate shall comply with the notice
4 requirements of A.R.S. §20-1632.01(B)."

5 4. The Department previously conducted a market conduct examination of
6 Allstate IC. The on-site examination was concluded as of June 24, 1991. As a result,
7 a Consent Order (the "1993 Consent Order"), was filed by the Director on December
8 20, 1993, Docket No. 8300. The 1993 Consent Order stated in part as follows:

9 "2. Allstate shall cease and desist from;...failing to send notices of
10 cancellation for non-payment of premium to personal automobile insureds after the
11 seven-day grace period;."

12 5. The Examiners reviewed 12 of 10,234 non-pay mid-term cancellation files
13 and 62 of 3,292 non-pay non-renewal cancellation files cancelled by the Company
14 during the examination period and found that Allstate IC failed to provide the minimum
15 7 day grace period, after the premium due date, on 62 non-pay non-renewal
16 cancellations.

17 **CONCLUSIONS OF LAW.**

18 1. Allstate IC violated A.R.S §20-1632.01 by failing to provide a minimum
19 seven day grace period, after the premium due date, before canceling personal
20 automobile policies for nonpayment of premium.

21 2. Grounds exist for the entry of the following Order in accordance with
22 A.R.S. §20-220.

23 **ORDER**

24 **IT IS HEREBY ORDERED THAT:**

25 1. Allstate IC shall cease and desist from failing to provide a minimum seven

1 day grace period, after the premium due date, before canceling personal automobile
2 policies for nonpayment of premium.

3 2. Within 90 days of the filed date of this Order, Allstate IC shall submit to
4 the Arizona Department of Insurance, for approval, evidence that corrections have
5 been implemented and communicated to the appropriate personnel, regarding the
6 issues outlined in Paragraph 1 of the Order section of this Consent Order. Evidence of
7 corrective action and communication thereof includes, but is not limited to, memos,
8 bulletins, E-mails, correspondence, procedures manuals, print screens, and training
9 materials.

10 3. The Department shall be permitted, through authorized representatives,
11 to verify that Allstate IC has complied with all provisions of this Order.

12 4. Allstate Insurance Company shall pay a civil penalty of \$60,000.00 to the
13 Director for remission to the State Treasurer for deposit in the State General Fund in
14 accordance with A.R.S. §20-220(B). The civil penalty shall be provided to the Market
15 Oversight Division of the Department prior to the filing of this Order.

16 5. The Report of Target Market Examination of Allstate Insurance Company
17 as of December 31, 2004, including the letter with their objections to the Report of
18 Examination, shall be filed with the Department upon the filing of this Order.

19
20 DATED at Arizona this 19th day of July, 2006.

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22 
23 _____
24 Christina Urias
25 Director of Insurance

1 **CONSENT TO ORDER**

2 1. Allstate Insurance Company has reviewed the foregoing Order.

3 2. Allstate Insurance Company admits the jurisdiction of the Director of
4 Insurance, State of Arizona, admits the foregoing Findings of Fact, and consents to the
5 entry of the Conclusions of Law and Order.


6 3. Allstate Insurance Company is aware of the right to a hearing, at which it
7 may be represented by counsel, present evidence and cross-examine witnesses.
8 Allstate Insurance Company irrevocably waives the right to such notice and hearing
9 and to any court appeals related to this Order.

10 4. Allstate Insurance Company states that no promise of any kind or nature
11 whatsoever was made to it to induce it to enter into this Consent Order and that it has
12 entered into this Consent Order voluntarily.

13 5. Allstate Insurance Company acknowledges that the acceptance of this
14 Order by the Director of the Arizona Department of Insurance is solely for the purpose
15 of settling this matter and does not preclude any other agency or officer of this state or
16 its subdivisions or any other person from instituting proceedings, whether civil, criminal,
17 or administrative, as may be appropriate now or in the future.

18 6. John F. Haas, who holds the office of
19 Southwest Regional Counsel of Allstate Insurance Company, is authorized to enter
20 into this Order for them and on their behalf.

21 **ALLSTATE INSURANCE COMPANY**

22
23 7/18/06 By 
24 Date

1 COPY of the foregoing mailed/delivered
2 this 26th day of July , 2006, to:

3 Gerrie Marks

Deputy Director

4 Mary Butterfield

Assistant Director

5 Consumer Affairs Division

6 Paul J. Hogan

Market Oversight Administrator

7 Market Oversight Division

8 Dean Ehler

Assistant Director

9 Property and Casualty Division

10 Steve Ferguson

Assistant Director

11 Financial Affairs Division

12 Alan Griffieth

Chief Financial Examiner

13 Alexandra Schafer

Assistant Director

14 Life and Health Division

Terry L. Cooper

Fraud Unit Chief

15 DEPARTMENT OF INSURANCE

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20 John F. Haas, Southwest Regional Counsel

Law and Regulation

21 Allstate Insurance Group

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