

JUL 26 2006

DEPT OF INSURANCE  
BY 

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

In the Matter of:	)	Docket No. 06A-150-INS
	)	
<b>ALLSTATE PROPERTY AND CASUALTY</b>	)	
<b>INSURANCE COMPANY,</b>	)	<b>CONSENT ORDER</b>
NAIC # 17230,	)	
Respondent.	)	

Examiners for the Department of Insurance (the "Department") conducted a target market examination of Allstate Property and Casualty Insurance Company ("Allstate P&C"). In the Report of Target Market Examination of Allstate Property and Casualty Insurance Company, the Examiners allege that Allstate P&C violated A.R.S. § 20-1632.01.

Allstate P&C 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 P&C 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 P&C. 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 Property and Casualty Insurance Company" dated December 31, 2004.

3. The Examiners reviewed 12 of 11,946 non-pay mid-term cancellation files

1 and 112 of 5,663 non-pay non-renewal cancellation files cancelled by the Company  
2 during the examination period and found that Allstate P&C failed to provide the  
3 minimum 7 day grace period, after the premium due date, on 112 non-pay non-renewal  
4 cancellations.

5 **CONCLUSIONS OF LAW.**

6 1. Allstate P&C violated A.R.S §20-1632.01 by failing to provide a minimum  
7 seven day grace period, after the premium due date, before canceling personal  
8 automobile policies for nonpayment of premium.

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

11 **ORDER**

12 **IT IS HEREBY ORDERED THAT:**

13 1. Allstate Property and Casualty Insurance Company shall cease and  
14 desist from failing to provide a minimum seven day grace period, after the premium due  
15 date, before canceling personal automobile policies for nonpayment of premium.

16 2. Within 90 days of the filed date of this Order, Allstate P&C shall submit to  
17 the Arizona Department of Insurance, for approval, evidence that corrections have  
18 been implemented and communicated to the appropriate personnel, regarding the  
19 issues outlined in Paragraph 1 of the Order section of this Consent Order. Evidence of  
20 corrective action and communication thereof includes, but is not limited to, memos,  
21 bulletins, E-mails, correspondence, procedures manuals, print screens, and training  
22 materials.

23 3. The Department shall be permitted, through authorized representatives,  
24 to verify that Allstate P&C has complied with all provisions of this Order.

25 4. Allstate P&C shall pay a civil penalty of \$30,000.00 to the Director for

1 remission to the State Treasurer for deposit in the State General Fund in accordance  
2 with A.R.S. §20-220(B). The civil penalty shall be provided to the Market Oversight  
3 Division of the Department prior to the filing of this Order.

4 5. The Report of Target Market Examination of Allstate P&C as of  
5 December 31, 2004, including the letter with their objections to the Report of  
6 Examination, shall be filed with the Department upon the filing of this Order.

7  
8 DATED at Arizona this 19<sup>th</sup> day of July, 2006.

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12 Christina Urias  
13 Director of Insurance  
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1 **CONSENT TO ORDER**

2 1. Allstate Property and Casualty Insurance Company has reviewed the  
3 foregoing Order.

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

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

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

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

20 6. JOHN F. HAAS, who holds the office of  
21 Southwest Regional Counsel of Allstate Property and Casualty Insurance Company,  
22 is authorized to enter into this Order for them and on their behalf.

23 **ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY**

24  
25 7/18/06  
Date

By 

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

16 2910 North 44th Street, Suite 210

17 Phoenix, AZ 85018

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19  
20 John F. Haas, Southwest Regional Counsel

Law and Regulation

21 Allstate Insurance Group

5343 North 16<sup>th</sup> Street, Suite 300

22 Phoenix, Arizona 85016-3203

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