



Illinois Department of Insurance

BRUCE RAUNER
Governor

ANNE MELISSA DOWLING
Acting Director

October 14, 2015

Maria S. Doughty
Corporate Counsel, State Legislative & Regulatory Affairs
Allstate
3100 Sanders Rd., Suite K4
Northbrook, Illinois 60062

Re: **Market Conduct Examination Report Closing Letter**
Allstate Insurance Company, NAIC #19232
Allstate Indemnity Company, NAIC # 19240
Allstate Fire & Casualty Insurance Company, NAIC # 29688
Allstate Property & Casualty Insurance Company, NAIC # 17230
Allstate Vehicle and Property Insurance Company, NAIC # 37907
Encompass Property & Casualty Company, NAIC # 10072
Encompass Home and Auto Insurance Company, NAIC # 11252
(Collectively "Allstate")

Dear Ms. Doughty:

The Department has reviewed your company's proof of compliance and deems it adequate and sufficient. Therefore, the Department is closing its file on this exam. I intend to ask the Director to make the Examination Report available for public inspection as authorized by 215 ILCS 5/132.

If you have any questions, my contact information is listed below.

Sincerely,

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Assistant Deputy Director-Market Conduct and Analysis
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Allstate Insurance Company
Allstate Indemnity Company
Allstate Fire and Casualty Insurance Company
Allstate Property and Casualty Insurance Company
Allstate Vehicle and Property Insurance Company
Encompass Property & Casualty Company
Encompass Home and Auto Insurance Company

MARKET CONDUCT EXAMINATION REPORT

DATE OF
EXAMINATION: July 1, 2013 through October 16, 2014

EXAMINATION OF:	Allstate Insurance Company	NAIC #19232
	Allstate Indemnity Company	NAIC # 19240
	Allstate Fire & Casualty Insurance Company	NAIC # 29688
	Allstate Property & Casualty Insurance Company	NAIC # 17230
	Allstate Vehicle and Property Insurance Company	NAIC # 37907
	Encompass Property & Casualty Company	NAIC # 10072
	Encompass Home and Auto Insurance Company	NAIC # 11252

LOCATION OF
EXAMINATION: 3075 Sanders Road
Northbrook, IL 60062-7127

PERIOD COVERED
BY EXAMINATION: January 1, 2012 through December 31, 2012

EXAMINERS:

- William Birch, Examiner
- Michael Descy, IT Examiner
- Stephan Donk, Examiner
- Kent Dover, Examiner
- Mary Hartell, Examiner
- Ernest Nickerson, Examiner
- Cindy Wood, Examiner
- Barry L. Wells
Examiner-in-Charge

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I. SUMMARY

A comprehensive market conduct examination of Allstate was performed to determine compliance with Illinois Statutes and Illinois Administrative Code. The following represent general findings, however, specific details are found in each section of the report.

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/Rule	Description of Violation	Population	Files Reviewed	Number of Violations	Error %
Claims 2 Encompass Auto Closed w/o Payment 1 st Party	50 Ill. Adm. Code 919.50(a)	The Company failed to affirm or deny liability for claims within a reasonable time.	302	76	1	1.3%
Claims 6 Encompass Auto Closed w/o Payment 3 rd Party	215 ILCS 5/154.6(b)	The Company failed to respond to all claims communications in 15 working days or less.	195	65	1	1.5%
Claims 7 Encompass Auto Subrogation	50 Ill. Adm. Code 919.30(c)	The Company failed to maintain communications, notes and work papers properly dated and compiled in sufficient detail in order to allow for the reconstruction of all pertinent events and the Company's activities relative to each claim file.	114	57	2	3.5%
Claims 8 Allstate Auto Closed w/o Payment 1 st Party	50 Ill Adm. Code 919.50(a)(1)	The Company failed to send a denial letter to the insured.	13,946	77	1	1.3%
Claims 9 Allstate Auto Closed With Payment 1 st Party	50 Ill. Adm. Code 919.50(a)	The Company failed to either offer payment or tender payment within 30 days of the affirmation of liability.	27,682	77	1	1.3%
Claims 9 Allstate Auto Closed With Payment 1 st Party	50 Ill. Adm. Code 919.80(b)(2)	The Company failed to send a delay letter to the insured when the claim remained unresolved more than 40 days from the loss report date.	27,682	77	1	1.3%

TABLE OF TOTAL VIOLATIONS

Crit #	Statute/Rule	Description of Violation	Population	Files Reviewed	Number of Violations	Error %
Claims 9 Allstate Auto Closed With Payment 1 st Party	50 Ill. Adm. Code 919.30(c)	The Company failed to maintain communications, notes and work papers properly dated and compiled in sufficient detail in order to allow for the reconstruction of all pertinent events and the Company's activities relative to each claim file.	27,682	77	1	1.3%
Claims 10 Allstate Auto Closed w/o Payment 3 rd Party	215 ILCS 5/154.6(c)	The Company failed to conduct a prompt investigation where liability was reasonably clear, due to failure to communicate with all insureds and claimants within 21 working days after notice of loss, for the purpose of determining liability.	21,553	77	2	2.6%
Claims 10 Allstate Auto Closed w/o Payment 3 rd Party	50 Ill. Adm. Code 919.50(a)(2)	The Company failed to send a denial letter to the claimant.	21,553	77	1	1.3%
Claims 10 Allstate Auto Closed w/o Payment 3 rd Party	50 Ill. Adm. Code 919.30(c)	The Company failed to maintain communications, notes and work papers properly dated and compiled in sufficient detail in order to allow for the reconstruction of all pertinent events and the Company's activities relative to each claim file.	21,553	77	3	3.9%
Claims 11 Allstate Auto Closed With Payment 3 rd Party	50 Ill. Adm. Code 919.30(c)	The Company failed to maintain communications, notes and work papers properly dated and compiled in sufficient detail in order to allow for the reconstruction of all pertinent events and the Company's activities relative to each claim file.	25,819	77	2	2.6%

TABLE OF TOTAL VIOLATIONS

Crit #	Statute/Rule	Description of Violation	Population	Files Reviewed	Number of Violations	Error %
Claims 11 Allstate Auto Closed With Payment 3 rd Party	215 ILCS 5/154.6(c)	The Company failed to maintain documentary evidence, where liability was reasonably clear, of a bona fide effort to communicate with all insureds and claimants within 21 working days after the notice of loss, for the purpose of determining liability.	25,819	77	1	1.3%
Claims 11 Allstate Auto Closed With Payment 3 rd Party	50 Ill. Adm. Code 919.80(b)(3)	The Company failed to provide a reasonable written explanation for the delay to the third party claimant including Notice of Availability of the Department of Insurance when the claim was unresolved more than 60 calendar days from the loss report date.	25,819	77	1	1.3%
Claims 11 Allstate Auto Closed With Payment 3 rd Party	50 Ill. Adm. Code 919.50(a)	The Company failed to either offer or tender payment within 30 days of affirmation of liability.	25,819	77	2	2.6%
Claims 13 Allstate Dwelling & Fire Closed w/o Payment	50 Ill. Adm. Code 919.50(a)(1)	The Company failed to provide the insured a reasonable written explanation of denial, including Notice of Availability of the Department of Insurance, within 30 days after the investigation and determination of liability.	28	28	1	3.6%
Claims 13 Allstate Dwelling & Fire Closed w/o Payment	50 Ill. Adm. Code 919.50(a)	The Company failed to affirm or deny liability within a reasonable time.	28	28	1	3.6%

TABLE OF TOTAL VIOLATIONS

Crit #	Statute/Rule	Description of Violation	Population	Files Reviewed	Number of Violations	Error %
Claims 13 Allstate Dwelling & Fire Closed w/o Payment	50 Ill. Adm. Code 919.30(c)	The Company failed to maintain communications, notes and work papers properly dated and compiled in sufficient detail in order to allow for the reconstruction of all pertinent events and the Company's activities relative to each claim file.	28	28	1	3.6%
Claims 15 Allstate Homeowners Closed w/o Payment	50 Ill. Adm. Code 919.50(a)(1)	The Company failed to provide the insured with a reasonable written explanation of a denial within 30 days after the investigation and determination of liability was completed.	10,299	77	4	5.2%
Claims 15 Allstate Homeowners Closed w/o Payment	50 Ill. Adm. Code 919.80(d)(7)(B)	The Company failed to provide a reasonable written explanation for a delayed claim (unresolved the lesser of more than 75 calendar days from the loss report date or 25 calendar days after the receipt of the proof of loss) including Notice of Availability of the Department of Insurance.	10,299	77	1	1.3%
Claims 17 Allstate Motorcycle Closed w/o Payment 1 st Party	50 Ill. Adm. Code 919.50(a)	The Company failed to affirm or deny liability within 30 days of the loss report date.	42	42	1	2.4%
Claims 17 Allstate Motorcycle Closed w/o Payment 1 st Party	215 ILCS 5/154.6(b)	The Company failed to respond to an insured's communication within 15 working days or less.	42	42	1	2.4%

TABLE OF TOTAL VIOLATIONS

Crit #	Statute/Rule	Description of Violation	Population	Files Reviewed	Number of Violations	Error %
Claims 17 Allstate Motorcycle Closed w/o Payment 1 st Party	50 Ill. Adm. Code 919.80(b)(2)	The Company failed to issue a reasonable written explanation of the delay, including Notice of Availability of the Department of Insurance, when the claim remained unresolved for more than 40 calendar days from the loss report date.	42	42	1	2.4%
Claims 17 Allstate Motorcycle Closed w/o Payment 1 st Party	215 ILCS 5/154.6(c)	The Company failed to maintain documentary evidence, where liability is reasonably clear, of a bona fide effort to communicate with the insured and claimants within 21 working days after the notice of loss, for the purpose of determining liability.	42	42	1	2.4%
Claims 17 Allstate Motorcycle Closed w/o Payment 1 st Party	50 Ill. Adm. Code 919.30(c)	The Company failed to maintain communications, notes and work papers properly dated and compiled in sufficient detail in order to allow for the reconstruction of all pertinent events and the Company's activities relative to each claim file.	42	42	2	4.8%
Claims 18 Allstate Motorcycle Closed With Payment 1 st Party	50 Ill. Adm. Code 919.80(b)(2)	The Company failed to provide a reasonable written explanation of delay, including Notice of Availability of the Department of Insurance, when the claim remained unresolved more than 40 calendar days from the loss report date.	116	77	1	1.3%

TABLE OF TOTAL VIOLATIONS

Crit #	Statute/Rule	Description of Violation	Population	Files Reviewed	Number of Violations	Error %
Claims 20 Allstate Auto Closed With Payment 1 st Party Total Loss	50 Ill. Adm. Code 919.80(c)	The Company failed to provide documentation outlining how the total loss payout was determined.	3,832	77	2	2.6%
Claims 20 Allstate Auto Closed With Payment 1 st Party Total Loss	50 Ill. Adm. Code 919.80(b)(2)	The Company failed to make final payment or render the repaired automobile to the insured within 40 calendar days of the notification of loss.	3,832	77	1	1.3%
Claims 21 Encompass Auto Closed With Payment Total Loss	50 Ill. Adm. Code 919.80(c)	The Company failed to provide the minimum information contained in Exhibit "A" within 7 days of determination of the total loss.	77	77	9	11.7%
Claims 22 Allstate Motorcycle Closed With Payment 1 st Party Total Loss	50 Ill. Adm. Code 919.80 (b)(2)	The Company failed to issue a reasonable written explanation of the delay, including Notice of Availability of the Department of Insurance, when the claim remained unresolved for more than 40 calendar days from the loss report date.	34	34	1	2.9%
Interrelated Finding 1	215 ILCS 5/143.21(c)	The Company failed to furnish earthquake information to applicants for homeowners insurance.	Issue Based Review	Issue Based Review	Issue Based Review	N/A
Interrelated Finding 2	215 ILCS 5/155.17	The Company based motor vehicle bodily injury rates on divisions within a city with a population of 2,000,000 or more.	Issue Based Review	Issue Based Review	Issue Based Review	N/A
Interrelated Finding 3	50 Ill Adm. Code 754.10 (b)(2)	The Company used motor vehicle liability rates that were not filed with the Illinois Department of Insurance.	Issue Based Review	Issue Based Review	Issue Based Review	N/A

TABLE OF TOTAL VIOLATIONS

Crit #	Statute/Rule	Description of Violation	Population	Files Reviewed	Number of Violations	Error %
Risk Selection 7 Allstate Homeowners Non-renewal	215 ILCS 5/143.27	The Company failed to furnish a notice of need to repair to the insured.	4,879	54	1	1.9%
Underwriting and Rating 9 Encompass Private Passenger Auto and Homeowners New Business	215 ILCS 5/1011(2)	The Company failed to correctly disclose the individuals' rights when making an adverse underwriting decision in homeowners and private passenger auto new business transactions.	9,001	108	102	94.4%
Risk Selection 12 Allstate Commercial Auto & Multi-peril Non-renewals Inforce > 60 Days	215 ILCS 5/143.17a(a)	The Company failed to include an explanation of the specific reason for nonrenewal.	49	49	5	10.2%
Risk Selection 13 Allstate Commercial Auto & Multi-peril Cancellations Inforce ≤ 60 Days	215 ILCS 5/143.14(a)	The Company failed to provide a copy of the notice of cancellation.	862	54	5	9.2%
Risk Selection 17 Encompass Homeowners Cancellations	215 ILCS 5/143.14(a)	The Company failed to send a copy of the homeowner's cancellation notice to the mortgagee.	320	54	4	7.4%

II. BACKGROUND

Allstate Insurance Company is a wholly-owned subsidiary of The Allstate Corporation. Allstate Insurance Company was incorporated in Illinois on February 9, 1931. The Company's primary business is a personal lines insurer. Its products include private passenger auto insurance, homeowners insurance and many other types of personal property and casualty insurance. In Illinois automobile business specifically, Allstate Insurance Company does not accept any new business policies.

Total Direct Written Premium written in Illinois for Allstate Insurance Company and its affiliates subject to the Examination are as follows:

Year	Total Direct Written Premium in Illinois by Allstate Insurance Company	Current Market Share
2012	\$340,988,979	1.59%
2013	\$309,438,692	1.39%
As of June 2014	\$143,592,371	

Source: Allstate Insurance Company NAIC Annual Statement – Exhibit of Premiums and Losses (Statutory Page 19 Data).

Year	Total Direct Written Premium in Illinois by Allstate Indemnity Company	Current Market Share
2012	\$242,202,335	1.13%
2013	\$222,710,062	1.00%
As of June 2014	\$103,331,464	

Source: Allstate Indemnity Company NAIC Annual Statement – Exhibit of Premiums and Losses (Statutory Page 19 Data).

Year	Total Direct Written Premium in Illinois by Allstate Fire & Casualty	Current Market Share
2012	\$324,937,977	1.51%
2013	\$363,294,953	1.63%
As of June 2014	\$203,429,490	

Source: Allstate Fire & Casualty Insurance Company NAIC Annual Statement – Exhibit of Premiums and Losses (Statutory Page 19 Data).

Year	Total Direct Written Premium in Illinois by Allstate Property & Casualty	Current Market Share
2012	\$180,368,289	0.84%
2013	\$160,408,934	0.72%
As of June 2014	\$79,085,679	

Source: Allstate Property & Casualty Insurance Company NAIC Annual Statement – Exhibit of Premiums and Losses (Statutory Page 19 Data).

Year	Total Direct Written Premium in Illinois by Allstate Vehicle & Property	Current Market Share
2012	\$13,305,819	0.06%
2013	\$41,232,942	0.19%
As of June 2014	\$28,426,112	

Source: Allstate Vehicle & Property Insurance Company NAIC Annual Statement – Exhibit of Premiums and Losses (Statutory Page 19 Data).

Year	Total Direct Written Premium in Illinois by Encompass Property & Casualty	Current Market Share
2012	\$3,162,588	0.01%
2013	\$2,725,950	0.01%
As of June 2014	\$1,257,379	

Source: Encompass Property & Casualty Insurance Company NAIC Annual Statement – Exhibit of Premiums and Losses (Statutory Page 19 Data).

Year	Total Direct Written Premium in Illinois by Encompass Home & Auto	Current Market Share
2012	\$19,012,830	0.09%
2013	\$26,335,188	0.12%
As of June 2014	\$14,569,399	

Source: Encompass Home & Auto Insurance Company NAIC Annual Statement – Exhibit of Premiums and Losses (Statutory Page 19 Data).

III. METHODOLOGY

The Market Conduct Examination covered the business for the period of January 1, 2012 through December 31, 2012. Specifically, the examination focused on a review of the following areas:

1. Claim file handling practices and procedures.
2. Complaints handling and maintenance of records.
3. Marketing and Sales practices and procedures.
4. Operations and Management governance and procedures.
5. Policyholder Services practices and procedures.
6. Producer Licensing practices and procedures.
7. Unclaimed Property procedures and protocols.
8. Underwriting and Rating practices and procedures.

The review of the categories was accomplished through examination of claim files and procedures, underwriting files and procedures, appointed and terminated producer files, marketing and sales materials, operations and management materials, unclaimed property listings and files, and complaint files. Each of the categories was examined for compliance with Department Regulations and applicable State laws.

The report concerns itself with improper practices performed by the Company which resulted in failure to comply with Illinois statutes and/or administrative rules. Criticisms were prepared and communicated to the company addressing violations discovered in the review process. All valid violations were cited in the report.

The following methods were used to obtain the required samples and to assure a methodical selection:

Risk Selection

Automated Command Language (ACL) was used to select blended random samples from the Company's underwriting data, which was provided by the Company for the examination period January 1, 2012 through December 31, 2012. Files were reviewed and tested for compliance with specific Illinois Statutes and Illinois Administrative Code provisions for the populations noted in the table below.

Population	Policy Type	Population Count	Sample Size	Percent Reviewed
Allstate Auto Cancellations	Private Passenger Automobile	36,975	54	0.2%
Allstate Auto Non-renewals	Private Passenger Automobile	298	54	18.1%
Allstate Homeowners Cancellations	Homeowners	26,417	54	0.2%
Allstate Homeowners Non-renewals	Homeowners	4,879	54	1.1%

Population	Policy Type	Population Count	Sample Size	Percent Reviewed
Allstate Motorcycle Cancellations	Motorcycle	4,462	54	1.2%
Allstate Motorcycle Non-renewals	Motorcycle	8	8	100%
Allstate Commercial Cancellations (Policies in force 60 days or less)	Auto and Multi-Peril	862	54	6.3%
Allstate Commercial Cancellations (Policies in force greater than 60 days)	Auto and Multi-Peril	1,351	54	4%
Allstate Commercial Non-renewals	Auto and Multi-Peril	49	49	100%
Allstate Policy Rescissions	All	0	0	0%
Encompass Auto Cancellations	Private Passenger Auto	104	54	51.9%
Encompass Auto Non-renewals	Private Passenger Auto	56	56	100%
Encompass Homeowners Cancellations	Homeowners	320	54	16.9%
Encompass Homeowners Non-renewals	Homeowners	44	44	100%
Encompass Policy Rescissions	All	0	0	0%
<i>(The Company advised there were no rescissions during the period of the examination)</i>				

Claims

ACL was used to select blended random samples from the Company's claims data, which was provided for the examination period January 1, 2012 through December 31, 2012. Claim files were reviewed and tested for compliance with specific Illinois Statutes and Illinois Administrative Code provisions for the populations noted in the table below.

Population	Policy Type	Population Claim Count	Sample Size	Percentage Reviewed
Allstate Closed Without Payment First-Party	Auto	13,946	77	0.6%
Allstate Closed Without Payment Third-Party	Auto	21,553	77	0.4%
Allstate Closed with Payment First-Party	Auto	27,682	77	0.3%
Allstate Closed with Payment Third-Party	Auto	25,819	77	0.3%
Allstate Closed with Payment First-Party Total Loss	Auto	3,832	77	2%
Allstate Subrogation	Auto	8,002	77	1%
Allstate Closed Without Payment	Dwelling Fire	28	28	100%
Allstate Median and Paid	Dwelling Fire	161	77	47.8%
Allstate Closed Without Payment	Homeowners	10,299	77	0.8%
Allstate Median and Paid	Homeowners	25,112	77	0.3%
Allstate Closed Without Payment First-Party	Motorcycle	42	42	100%
Closed Without Payment Third-Party	Motorcycle	5	5	100%
Allstate Closed with Payment First-Party	Motorcycle	116	77	66.4%
Allstate Closed with Payment Third-Party	Motorcycle	6	6	100%
Allstate Closed with Payment First-Party Total Loss	Motorcycle	34	34	100%
Encompass Closed Without Payment First-Party	Auto	302	76	25.2%

Population	Policy Type	Population Claim Count	Sample Size	Percentage Reviewed
Encompass Closed Without Payment Third-Party	Auto	195	65	33.3%
Encompass Closed With Payment First-Party	Auto	502	131	26.1%
Encompass Closed With Payment Third-Party	Auto	463	65	14%
Encompass Closed With Payment First Party Total Loss	Auto	77	77	100%
Encompass Subrogation	Auto	114	57	50%

Underwriting and Rating

ACL was used to select blended random samples from the Company's underwriting data, which was provided by the Company for the examination period January 1, 2012 through December 31, 2012. Files were reviewed and tested for compliance with specific Illinois Statutes and Illinois Administrative Code provisions for the populations noted in the table below.

Population	Policy Type	Population	Sample Size	Percent Reviewed
Allstate Auto New Business	Private Passenger Auto	1,157	54	4.7%
Allstate HO New Business	Homeowners	7,844	54	0.6%
Allstate Motorcycle New Business	Motorcycle	2,287	54	2.4%
Allstate Commercial Renewals	Auto and Multi-Peril	673	54	8%
Encompass Auto New Business	Private Passenger Auto	184	54	29.4%
Encompass HO New Business	Homeowners	2,501	54	2.2%

Department and Company Complaints

Complaints were requested from those received by the Company and those that originated with the ILDOI during 2012. For Allstate, there were a total of 315 consumer complaints that originated with the ILDOI. For Encompass, there were a total of two (2) consumer complaints that originated with the ILDOI. The Examiners reviewed 131 complaints that originated with Allstate, four (4) complaints that originated with Encompass and 50 complaints that originated with the ILDOI. Additionally, the Examiners reviewed the Company's complaint registry to ensure compliance with 215 ILCS 5/143d.

The period under review was January 1, 2012 through December 31, 2012. Median periods were measured from the date of notification by the complainants to the date of response by the Company.

Population	Number of 2012 Complaints	Number Reviewed	Percentage Reviewed
Combined Allstate and Encompass Complaints	5,895	135	2.29%
Combined Complaints Originating with the ILDOI	317	50	15.43%
Complaints Originating with Allstate	5,888	131	2.22%
Complaints Originating with Encompass	7	4	57%

Marketing and Sales

A listing of the Company's Marketing and Sales materials in use during the period of the examination was requested from the Company. From this list, a judgmental selection of materials was selected for review. Additionally, the Examiners searched and reviewed the Company's Marketing and Sales information on the internet.

Population	Marketing and Sales Materials	Materials Reviewed	Percentage Reviewed
Allstate Marketing Materials	401	116	28.9%
Encompass Marketing Materials	21	13	61.9%

Operations and Management

The Examiners reviewed this category consistent with the requirements of the relevant Market Regulation Handbook (the "Handbook") Standards. Information and related documentation received from the Company concerned internal operations, governance, and protocols and procedures related to disaster recovery, privacy practices, and security and disclosure notifications.

Policyholder Services

The policyholder services category was reviewed consistent with the Handbook Standards. Certain Standards related to this category were incorporated during the underwriting testing and included reviewing premium and billing procedures and timeliness of policy issuance and cancellations.

Producer Licensing

The population requests for this category consisted of the companies' producers licensed during the experience period and terminated producers with an effective date of termination occurring during the experience period.

Population	Number of 2012 Producers	Number Reviewed	Percentage Reviewed
Allstate Producer Licensing	1,973	39	2%
Allstate Producer Terminations	364	50	13.7%
Encompass Producer Terminations	363	50	13.8%

Unclaimed Property

The population request for this category consisted of quarterly unclaimed property statements, unclaimed property reports and escheat payments, and unclaimed property identified but not reported or escheated to the State of Illinois for the experience period.

Population	2012 Transactions	Number Reviewed	Percentage Reviewed
Allstate Unclaimed Property	15,554	50	0.3%

IV. FINDINGS

A. Risk Selection

1. Allstate Private Passenger Auto Cancellations

- A review of 54 private passenger automobile cancellation files produced no criticisms.

2. Allstate Private Passenger Auto Non-renewals

- A review of 54 private passenger automobile renewal files produced no criticisms.

3. Allstate Homeowners Cancellations

- A review of 54 homeowners cancellation files produced no criticisms.

4. Allstate Homeowners Non-renewals

- One (1) homeowners non-renewal, or 1.9% of the 54 files reviewed, showed the Company failed to use a notice of the need to repair the structure prior to effecting the notice of non-renewal as required by 215 ILCS 5/143.27.

5. Allstate Motorcycle Non-renewals

- A review of eight (8) motorcycle non-renewal files produced no criticisms.

6. Allstate Commercial Auto and Multi-peril Cancellations of Policies In Force Less Than or Equal to 60 Days

- Five (5) commercial policy cancellation files, or 9.2% of the 54 files reviewed, showed the Company failed to include a copy of the notice of cancellation required under 215 ILCS 5/143.14(a).

7. Allstate Commercial Auto and Multi-peril Cancellations of Policies In Force Greater Than 60 Days

- A review of 54 commercial policy cancellation files produced no criticisms.

8. Allstate Commercial Auto and Multi-peril Non-renewals of Policies In Force Greater Than 60 Days

- Five (5) commercial non-renewal notices, or 10.2% of the 49 files reviewed, showed the Company failed to include an explanation of the specific reason for nonrenewal as required by 215 ILCS 5/143.17a(a).

9. Encompass Private Passenger Auto Cancellations

- A review of 54 private passenger automobile cancellations produced no criticisms.

10. Encompass Homeowners Cancellations

- Four (4) homeowners cancellations, or 7.4% of 54 files reviewed, showed the Company failed to send a copy of the homeowner's cancellation notice to the mortgagee as required by 215 ILCS 5/143.14(a). The Company identified the error prior to the exam and took corrective action in 2013.

B. Claims

1. Allstate Auto Closed Without Payment First Party

- One (1) automobile first party closed without payment claim, or 1.3% of the 77 files reviewed, showed the Company failed to send a denial letter to the insured as required by 50 Ill. Adm. Code 919.50(a)(1).

2. Allstate Auto Closed Without Payment Third Party

- Two (2) automobile third party closed without payment claims, or 2.6% of the 77 files reviewed, showed the Company failed to conduct a prompt investigation where liability was reasonably clear, due to failure to communicate with all insureds and claimants within 21 working days after the notice of loss for the purpose of determining liability as required by 215 ILCS 5/154.6(c).
- One (1) automobile third party closed without payment claim, or 1.3% of the 77 files reviewed, showed the Company failed to send a denial letter to the claimant as required by 50 Ill. Adm. Code 919.50(a)(2).
- Three (3) automobile third party closed without payment claims, or 3.9% of the 77 files reviewed, showed the Company failed to maintain communications, notes, and work papers properly dated and compiled in sufficient detail to allow for the reconstruction of all pertinent events and the Company's activities related to each claim file as required by 50 Ill. Adm. Code 919.30(c).

3. Allstate Auto Closed With Payment First Party

- One (1) automobile first party closed with payment claim, or 1.3% of the 77 files reviewed, showed the Company failed to send a delay letter to the insured when the claim remained unresolved more than 40 days from the loss report date as required by 50 Ill. Adm. Code 919.80(b)(2).
- One (1) automobile first party closed with payment claim, or 1.30% of the 77 files reviewed, showed the Company failed to either offer payment or tender payment within 30 days of the affirmation of liability as required by 50 Ill. Adm. Code 919.50(a).
- One (1) automobile first party closed with payment claim, or 1.30% of the 77 files reviewed, showed the Company failed to maintain communications, notes, and work papers properly dated and compiled in sufficient detail in order to allow for the reconstruction of all pertinent events and the Company's activities relative to each claim file as required by 50 Ill. Adm. Code 919.30(c).

4. Allstate Auto Closed With Payment Third Party

The median payment period was 12 days. Please refer to the Technical Appendices for additional details.

- One (1) automobile third party closed with payment claim, or 1.3% of the 77 files reviewed, showed the Company failed to maintain documentary evidence, where liability was reasonably clear, of a bonafide effort to communicate with all insureds and claimants within 21 working days after the notice of loss, for the purpose of determining liability as required by 215 ILCS 5/154.6(c).
- One (1) automobile third party closed with payment claims, or 1.3% of the 77 files reviewed, showed the Company failed to provide a reasonable written explanation for the delay to the third party claimant including Notice of Availability of the Department of Insurance when the claim was unresolved more than 60 calendar days from the loss report date as required by 50 Ill. Adm. Code 919.80(b)(3).
- Two (2) automobile third party closed with payment claims, or 2.6% of the 77 files reviewed, showed the Company failed to offer or tender payment within 30 days of affirmation of liability as required in 50 Ill. Adm. Code 919.50(a).
- Two (2) automobile third party closed with payment claims, or 2.6% of the 77 files reviewed, showed the Company failed to maintain communications, notes, and work papers properly dated and compiled in sufficient detail to allow for the reconstruction of all pertinent events and the Company's activities related to each claim file as required by 50 Ill. Adm. Code 919.30(c).

5. Allstate Auto Closed With Payment First Party Total Loss

The median payment period was 11 days. Please refer to the Technical Appendices for additional details.

- Two (2) automobile total loss claim files, or 2.6% of the 77 files reviewed, showed the Company failed to provide documentation outlining how the total loss payout was determined as required by 50 Ill. Adm. Code 919.80(c).
- One (1) automobile total loss claim file, or 1.3% of the 77 files reviewed, showed the Company failed to make final payment or render the repaired auto to the insured within 40 calendar days of the notification of loss as required by 50 Ill. Adm. Code 919.80(b)(2).

6. Allstate Auto Subrogation

The median payment period was 13 days. Please refer to the Technical Appendices for additional details.

- A review of 77 Automobile Subrogation claims produced no criticisms.

7. Allstate Dwelling & Fire Closed Without Payment

- One (1) dwelling & fire closed without payment claim, or 3.6% of the 28 files reviewed, showed the Company failed to provide the insured with both a reasonable written explanation of denial and Notice of Availability of the Department of Insurance, within 30 days after the investigation and determination of liability was complete as required in 50 Ill. Adm. Code 919.50(a)(1).
- One (1) dwelling & fire closed without payment claim, or 3.6% of the 28 files reviewed, showed the Company failed to affirm or deny liability within 30 days of the loss report date as required in 50 Ill. Adm. Code 919.50(a).
- One (1) dwelling & fire closed without payment claim, or 3.6% of the 28 files reviewed, showed the Company failed to maintain communications, notes, and work papers properly dated and compiled in sufficient detail to allow for the reconstruction of all pertinent events and the Company's activities related to each claim file as required by 50 Ill. Adm. Code 919.30(c).

8. Allstate Dwelling & Fire Median Paid

The median payment period was 9 days. Please refer to the Technical Appendices for additional details.

- A review of 77 dwelling & fire median paid claims produced no criticisms.

9. Allstate Homeowners Closed Without Payment

- Four (4) homeowners closed without payment claims, or 5.2% of the 77 files reviewed, showed the Company failed to provide the insured with a reasonable written explanation of a denial within 30 days after the investigation and determination of liability was completed as required in 50 Ill. Adm. Code 919.50(a)(1).
- One (1) homeowners closed without payment claim, or 1.3% of the 77 files reviewed, showed the Company failed to provide a reasonable written explanation for a delayed claim (unresolved the lesser of more than 75 calendar days from the loss report date or 25 calendar days after the receipt of the proof of loss) and failed to provide Notice of Availability of the Department of Insurance as required by 50 Ill. Adm. Code 919.80(d)(7)(B).

10. Allstate Homeowners Median Paid

The median payment period was 12 days. Please refer to the Technical Appendices for additional details.

- A review of 77 homeowners median paid claims produced no criticisms.

11. Allstate Motorcycle Closed Without Payment First Party

- One (1) motorcycle first party closed without payment claim, or 2.4% of the 42 files reviewed, showed the Company failed to affirm or deny liability within 30 days of the loss report date as required by 50 Ill. Adm. Code 919.50(a).
- One (1) motorcycle first party closed without payment claim, or 2.4% of the 42 files reviewed, showed the Company failed to respond to a insured's communication within 15 working days or less as required by 215 ILCS 5/154.6(b).

- One (1) motorcycle first party closed without payment claim, or 2.4% of the 42 files reviewed, showed the Company failed to issue a reasonable written explanation of the delay and Notice of Availability of the Department of Insurance, when the claim remained unresolved for more than 40 calendar days from the loss report date as required by 50 Ill. Adm. Code 919.80(b)(2).
- One (1) motorcycle first party closed without payment claim, or 2.4% of the 42 files reviewed, showed the Company failed to maintain documentary evidence, where liability was reasonably clear, of a bonafide effort to communicate with the insured and claimants within 21 working days after the notice of loss, for the purpose of determining liability as required by 215 ILCS 5/154.6(c).
- Two (2) motorcycle first party closed without payment claims, or 4.8% of the 42 files reviewed, showed the Company failed to maintain communications, notes, and work papers properly dated and compiled in sufficient detail to allow for the reconstruction of all pertinent events and the Company's activities related to each claim file as required by 50 Ill. Adm. Code 919.30(c).

12. Allstate Motorcycle Closed Without Payment Third Party

- A review of five (5) motorcycle third party closed without payment third party claims produced no criticisms.

13. Allstate Motorcycle Closed With Payment First Party

The median payment period was 18 days. Please refer to the Technical Appendices for additional details.

- One (1) motorcycle first party closed with payment claim, or 1.3% of the 77 files reviewed, showed the Company failed to provide a reasonable written explanation of delay, including Notice of Availability of the Department of Insurance, when the claim remained unresolved more than 40 calendar days from the loss report date as required by 50 Ill. Adm. Code 919.80(b)(2).

14. Allstate Motorcycle Closed With Payment Third Party

The median payment period was 16 days. Please refer to the Technical Appendices for additional details.

- A review of six (6) motorcycle third party closed with payment claims produced no criticisms.

15. Allstate Motorcycle Closed With Payment First Party Total Loss

The median payment period was 18 days. Please refer to the Technical Appendices for additional details.

- One (1) motorcycle total loss claim file, or 2.9% of the 34 files reviewed, showed the Company failed to provide a reasonable written explanation of delay, including Notice of Availability of the Department of Insurance, when the claim was unresolved more than 40 calendar days from the loss report date as required by 50 Ill. Adm. Code 919.80(b)(2).

16. Encompass Auto Closed Without Payment First Party

- One (1) automobile first party closed without payment claim, or 1.3% of the 76 files reviewed, showed the Company failed to affirm liability within 30 days as required by 50 Ill. Adm. Code 919.50(a). The claim file did not note the reason for the delay.

17. Encompass Auto Closed Without Payment Third Party

- One (1) automobile third party closed without payment claim, or 1.5% of the 65 files reviewed, showed the Company failed to respond to all claims communications in 15 working days or less as required by 215 ILCS 5/154.6(b).

18. Encompass Auto Closed With Payment First Party

The median payment period was 6 days. Please refer to the Technical Appendices for additional details.

- A review of 131 automobile closed with payment first party claims produced no criticisms.

19. Encompass Auto Closed With Payment Third Party

The median payment period was 19 days. Please refer to the Technical Appendices for additional details.

- A review of 65 automobile third party closed with payment claims produced no criticisms.

20. Encompass Auto Closed With Payment First Party Total Loss

The median payment period was 9 days. Please refer to the Technical Appendices for additional details.

- Nine (9) automobile total loss claim files, or 11.7% of the 77 files reviewed, showed the Company failed to provide the minimum information contained in Exhibit "A" within 7 days of determination of the total loss as required by 50 Ill. Adm. Code 919.80(c). It is noted that the Exhibit A was not maintained in any of the 9 claim files.

21. Encompass Auto Subrogation

The median payment period was 11 days. Please refer to the Technical Appendices for additional details.

- Two (2) automobile subrogation claims, or 3.5% of the 57 files reviewed, failed to maintain communications, notes, and work papers properly dated and compiled in sufficient detail in order to allow for the reconstruction of all pertinent events and the Company's activities relative to each claim file as required by 50 Ill. Adm. Code 919.30(c). Details about the use of a collection agency to pursue subrogation recovery were not noted in the claim file.

C. Complaints

1. Illinois Department of Insurance Complaints

- A review of 50 Department complaint files produced no criticisms.

2. Allstate Insurance Company Complaints

- A review of 131 Company complaint files produced no criticisms.

D. Unclaimed Property

- A review of 50 unclaimed property record files produced no criticisms.

E. Underwriting and Rating

1. Allstate Private Passenger Auto New Business

- A review of 54 private passenger automobile new business policy transactions produced no criticisms.

2. Allstate Homeowners New Business

- A review of 54 homeowners new business policies produced no criticisms.

3. Allstate Motorcycle New Business

- A review of 54 motorcycle new business policies produced no criticisms.

4. Allstate Commercial Auto and Multi-peril Renewals

- A review of 20 commercial automobile and multi-peril renewals produced no criticisms.

5. Encompass Private Passenger Auto and Homeowners New Business

- 102 private passenger automobile and homeowners new business files, or 94.4% of the 108 files reviewed, failed to correctly disclose the individuals' rights when making an adverse underwriting decision in private passenger and auto homeowners new business transactions as required by 215 ILCS 5/1011(2). The Company identified the typographical error prior to the start of the exam and took corrective action as of 1/21/13. The Company maintains that no consumer harm resulted from the error.

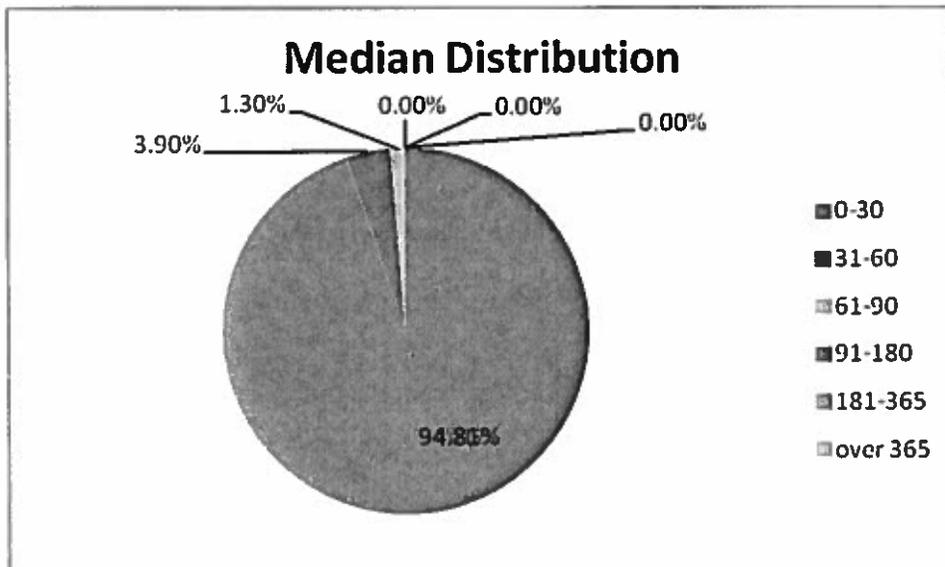
V. INTERRELATED FINDINGS

1. The Company failed to furnish earthquake information to applicants for homeowners insurance during 2012, as required by 215 ILCS 5/143.21(c). This finding impacted 1,208 applicants for insurance. This finding does not pertain to the Encompass entities. The Company self-disclosed this finding and took corrective action notwithstanding the exam.
2. The Company based motor vehicle bodily injury rates on divisions within a city with a population of 2,000,000 or more, which did not comply with 215 ILCS 5/155.17. This finding impacted 31,599 policyholders. The Company self-disclosed this finding. There was no adverse consumer harm from the error.
3. The Company used motor vehicle liability rates that were not filed with the Illinois Department of Insurance as required by 50 Ill. Adm. Code 754.10(b)(2). This finding impacted 44 policies.
4. The Company failed to charge mine subsidence premiums at the premium level set by the Illinois Mine Subsidence Insurance Fund as required by 215 ILCS 5/805.1(c). This finding impacted 6,164 Allstate policyholders and 130 Encompass policyholders. The Company did not disagree with the finding and refunded \$53,225.61 to affected policyholders. The Company self-disclosed this finding prior to the exam and subsequently took corrective action notwithstanding the exam.

VI. TECHNICAL APPENDICES

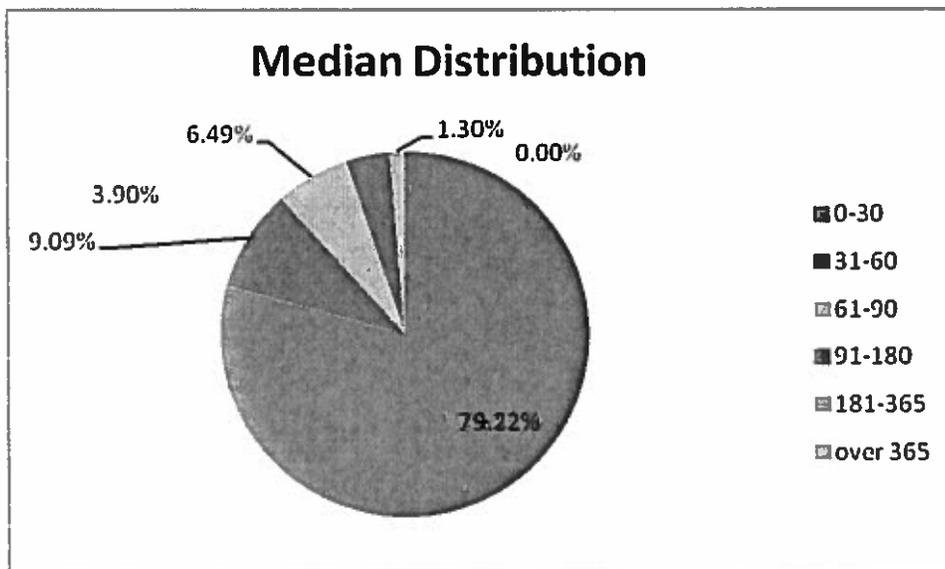
ALLSTATE AUTO FIRST PARTY CLOSED WITH PAYMENT

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	73	94.80%
31-60	3	3.90%
61-90	1	1.30%
91-180	0	0.00%
181-365	0	0.00%
over 365	0	0.00%
Total	77	100.00%



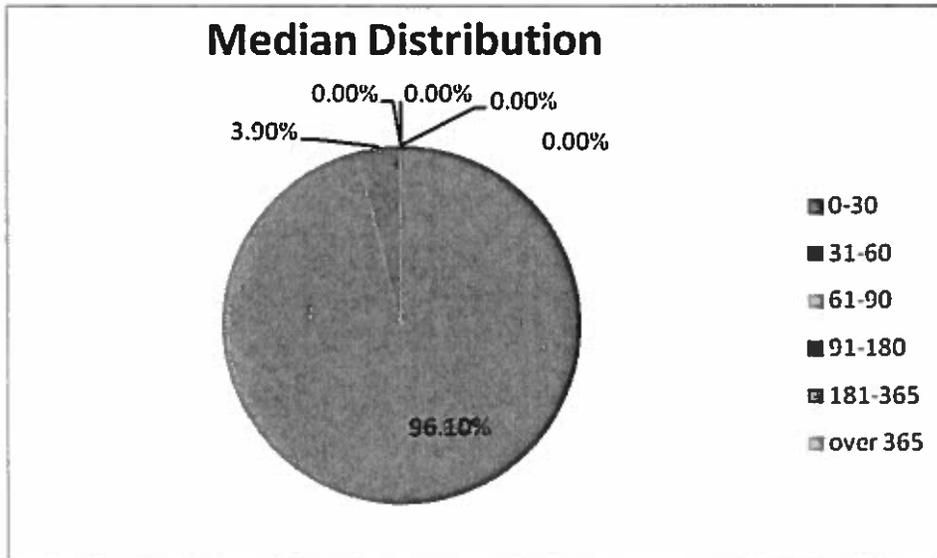
ALLSTATE AUTO THIRD PARTY CLOSED WITH PAYMENT

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	61	79.22%
31-60	7	9.09%
61-90	5	6.49%
91-180	3	3.90%
181-365	0	0.00%
over 365	1	1.30%
Total	77	100.00%



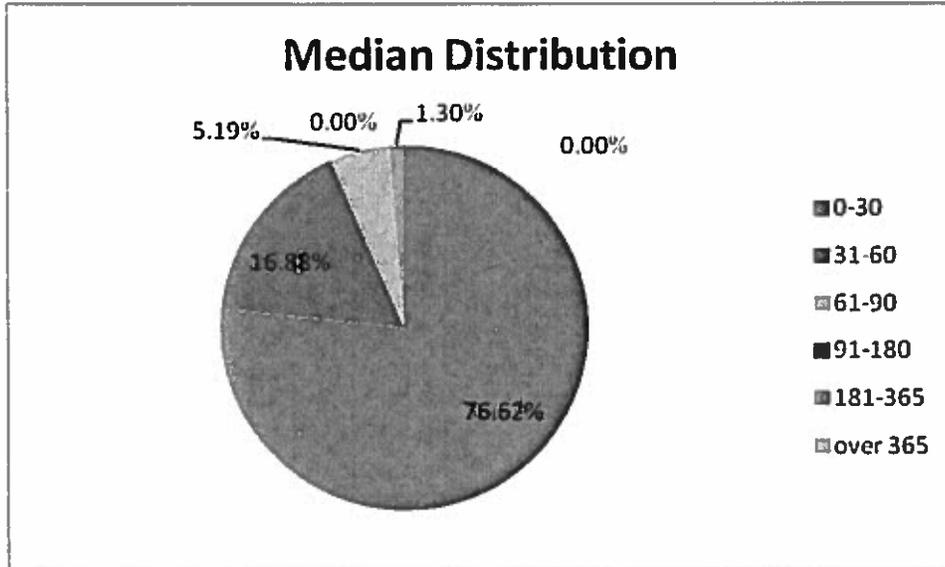
ALLSTATE AUTO FIRST PARTY CLOSED WITH PAYMENT TOTAL LOSS

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	74	96.10%
31-60	3	3.90%
61-90	0	0.00%
91-180	0	0.00%
181-365	0	0.00%
over 365	0	0.00%
Total	77	100.00%



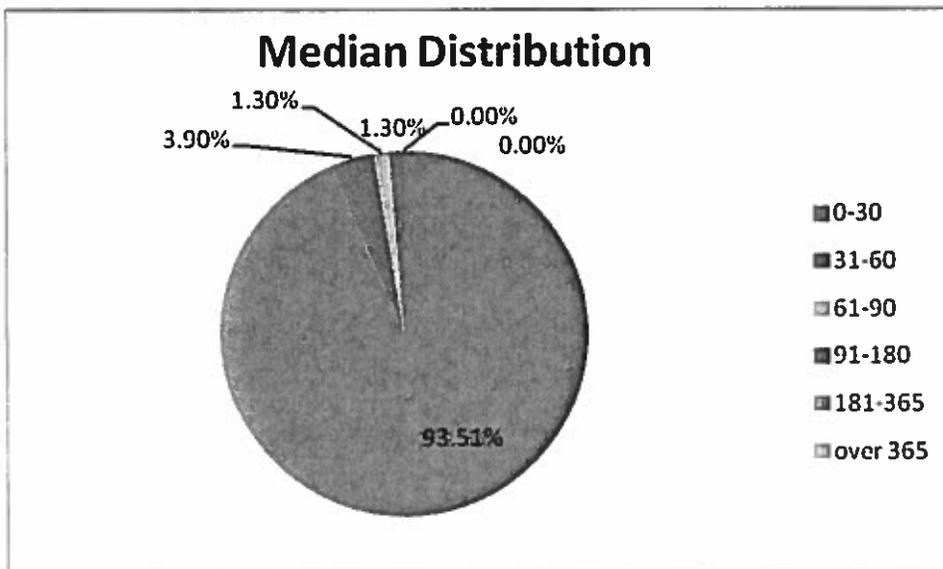
ALLSTATE AUTO SUBROGATION

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	59	76.63%
31-60	13	16.88%
61-90	4	5.19%
91-180	0	0.00%
181-365	1	1.30%
over 365	0	0.00%
Total	77	100.00%



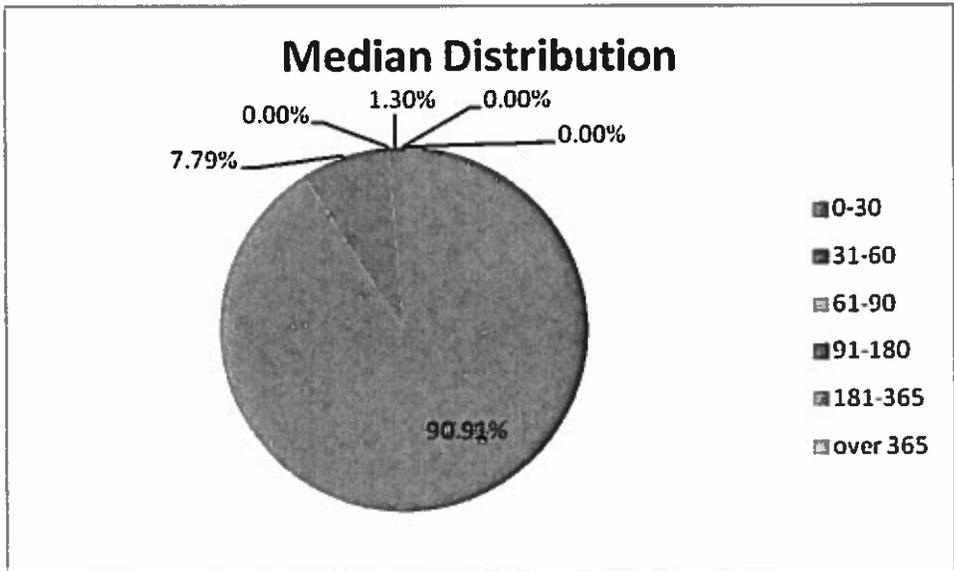
ALLSTATE DWELLING & FIRE MEDIAN AND PAID

MEDIAN DISTRIBUTION		
No. Entry Category	Number	Percent
0-30	72	93.51%
31-60	3	3.90%
61-90	1	1.30%
91-180	1	1.30%
181-365	0	0.00%
over 365	0	0.00%
Total	77	100.00%



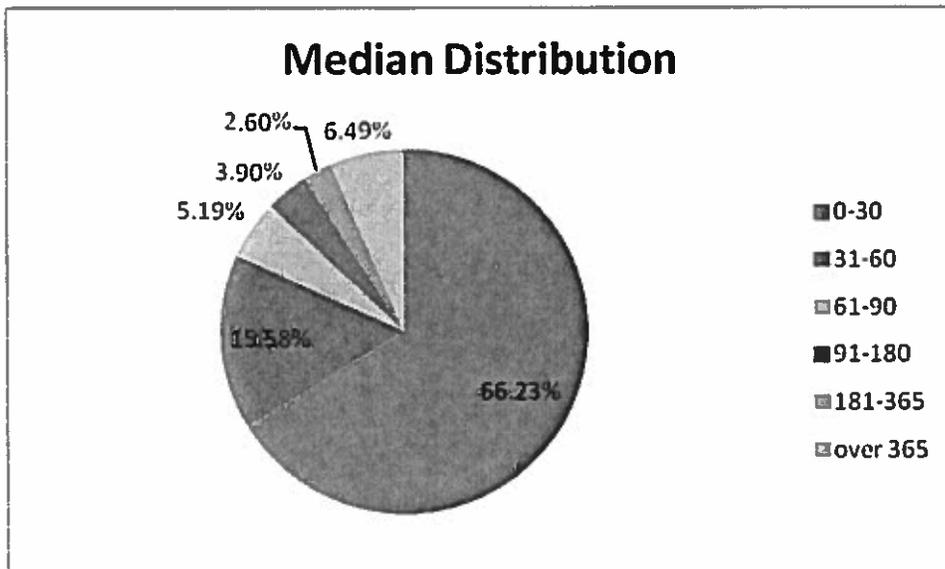
ALLSTATE HOMEOWNERS MEDIAN AND PAID

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	70	90.91%
31-60	6	7.79%
61-90	0	0.00%
91-180	1	1.30%
181-365	0	0.00%
over 365	0	0.00%
Total	77	100.00%



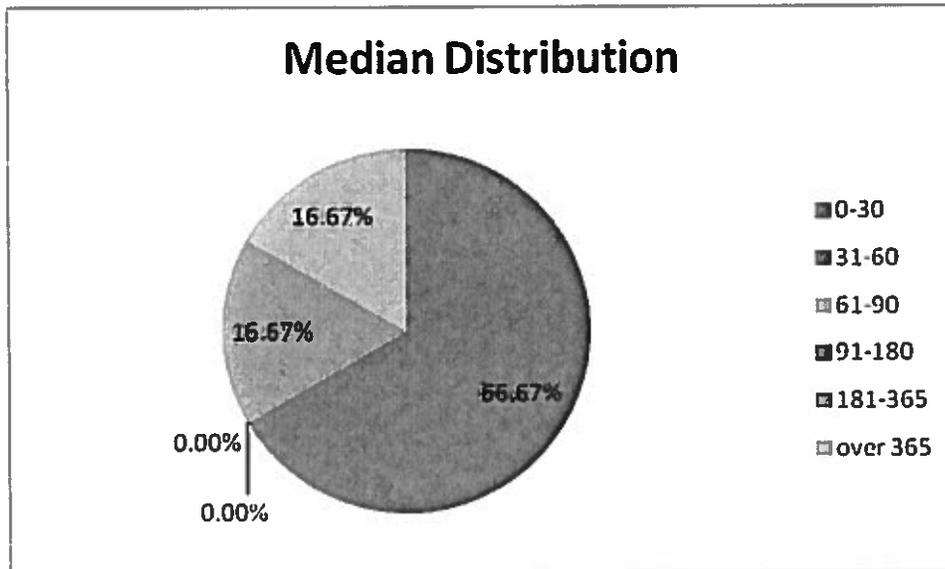
ALLSTATE MOTORCYCLE FIRST PARTY CLOSED WITH PAYMENT

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	51	66.24%
31-60	12	15.58%
61-90	4	5.19%
91-180	3	3.90%
181-365	2	2.60%
over 365	5	6.49%
Total	77	100.00%



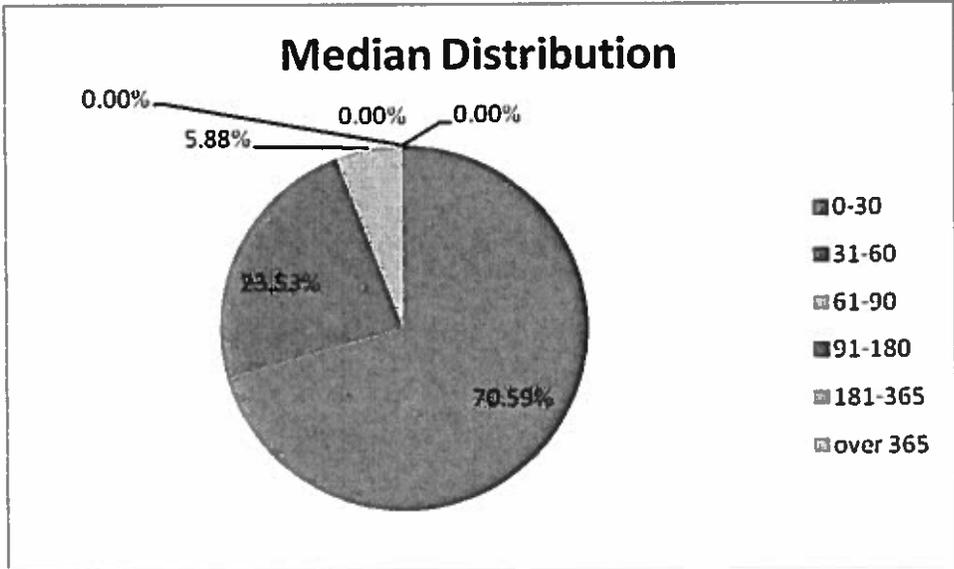
ALLSTATE MOTORCYCLE THIRD PARTY CLOSED WITH PAYMENT

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	4	66.66%
31-60	0	0.00%
61-90	0	0.00%
91-180	0	0.00%
181-365	1	16.67%
over 365	1	16.67%
Total	6	100.00%



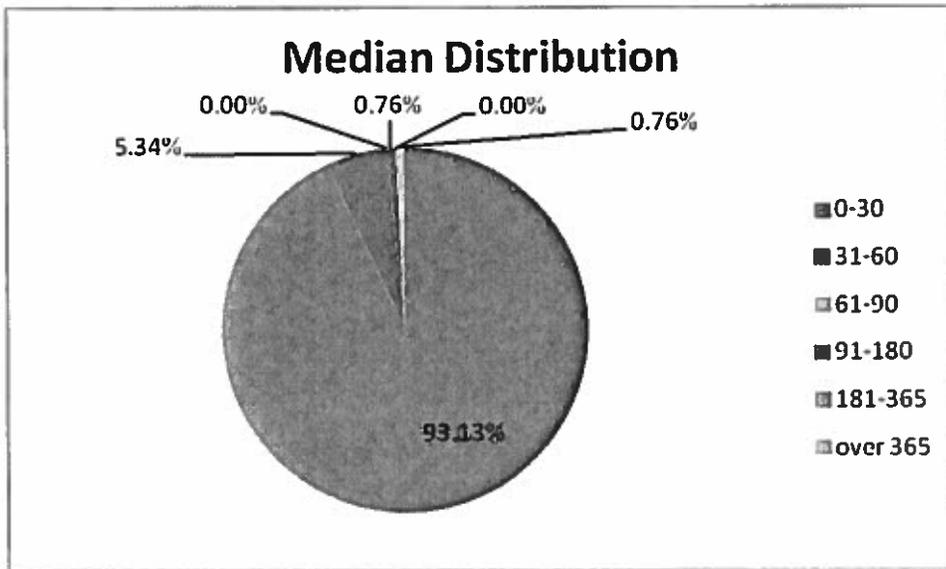
ALLSTATE MOTORCYCLE FIRST PARTY CLOSED WITH PAYMENT TOTAL LOSS

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	24	70.59%
31-60	8	23.53%
61-90	2	5.88%
91-180	0	0.00%
181-365	0	0.00%
over 365	0	0.00%
Total	34	100.00%



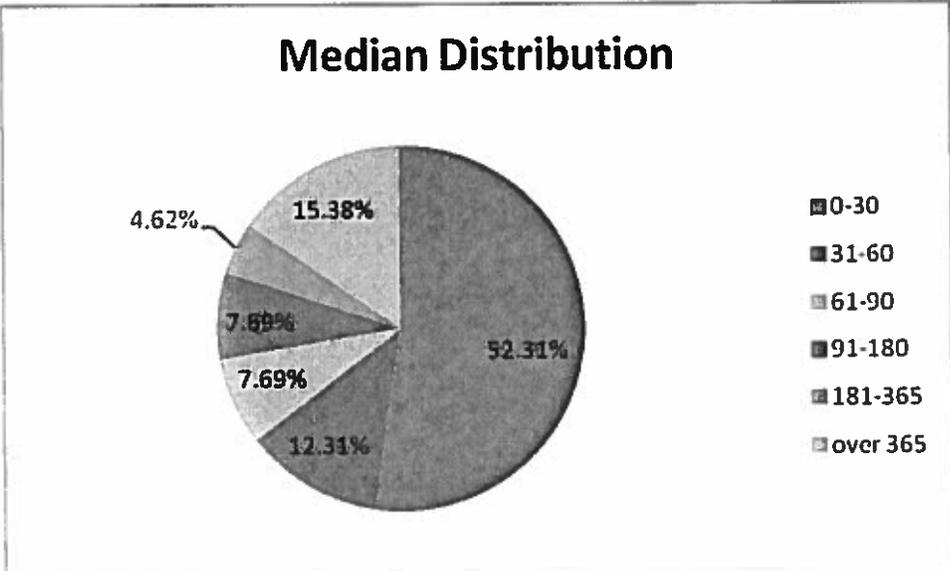
ENCOMPASS AUTO FIRST PARTY CLOSED WITH PAYMENT

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	122	93.14%
31-60	7	5.34%
61-90	0	0.00%
91-180	1	0.76%
181-365	0	0.00%
over 365	1	0.76%
Total	131	100.00%



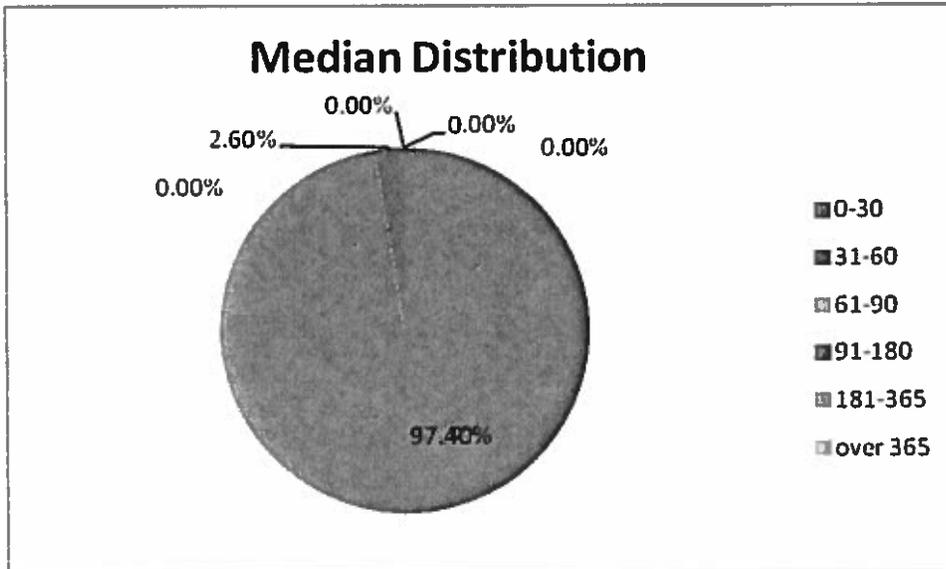
ENCOMPASS AUTO THIRD PARTY CLOSED WITH PAYMENT

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	34	52.31%
31-60	8	12.31%
61-90	5	7.69%
91-180	5	7.69%
181-365	3	4.62%
over 365	7	15.38%
Total	65	100.00%



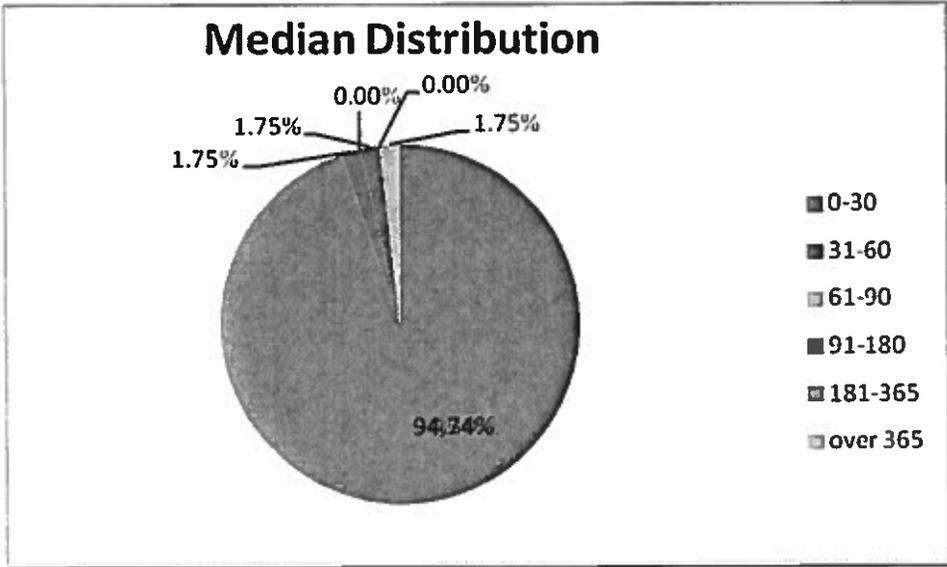
ENCOMPASS AUTO FIRST PARTY CLOSED WITH PAYMENT TOTAL LOSS

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	75	97.40%
31-60	2	2.60%
61-90	0	0.00%
91-180	0	0.00%
181-365	0	0.00%
over 365	0	0.00%
Total	77	100.00%



ENCOMPASS AUTO SUBROGATION

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	54	94.75%
31-60	1	1.75%
61-90	0	0.00%
91-180	1	1.75%
181-365	0	0.00%
over 365	1	1.75%
Total	57	100.00%



STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:

Allstate Insurance Company, NAIC #19232
Allstate Indemnity Company, NAIC # 19240
Allstate Fire & Casualty Insurance Company, NAIC # 29688
Allstate Property & Casualty Insurance Company, NAIC # 17230
Allstate Vehicle and Property Insurance Company, NAIC # 37907
Encompass Property & Casualty Company, NAIC # 10072
Encompass Home and Auto Insurance Company, NAIC # 11252
(Collectively "Allstate")

STIPULATION AND CONSENT ORDER

WHEREAS, the Director ("Director") of the Illinois Department of Insurance ("Department") is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Allstate ("Company"), is authorized under the insurance laws of this State and by the Director to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by a duly qualified examiner of the Department pursuant to Sections 132, 401, 402, 403, 407, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, , 5/403, 5/407.2, and 5/425); and

WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report which is an official document of the Department; and

WHEREAS, the Market Conduct Examination Report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS nothing herein contained, nor any action taken by the Company in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Company; and

WHEREAS, the Company is aware of and understands its various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, and 407, 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, it waives any and all rights to notice and hearing; and

WHEREAS, the Company and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS agreed by and between the Company and the Director as follows:

- 1. The Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and Department Regulations; and**
- 2. The Director and the Company consent to this Order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code and Department Regulations.**

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Company shall:

- 1. Institute and maintain policies and procedures consistent with 50 Ill. Adm. Code 919.80(c) to reinforce with the Company's claim adjusters the requirements to furnish the insured, at minimum the information contained in Exhibit A within 7 days of an automobile total loss claim valuation decision and ensure a copy of the Exhibit A is maintained in the claim file.**
- 2. Institute and maintain policies and procedures consistent with 215 ILCS 5/143.17a(a) to ensure non-renewal notices are mailed to the named insured at least 60 days prior to the expiration date of the policy and include a specific explanation of the reasons for nonrenewal.**
- 3. Institute and maintain policies and procedures consistent with 215 ILCS 5/143.21(c), to ensure that earthquake information is provided to applicants for homeowners insurance. Further, the Company should provide quarterly updates to the Department regarding the Compliance Project enacted effective August 11, 2014, to ensure consumers are receiving the required information in a consistent and timely manner.**
- 4. Institute and maintain policies and procedures consistent with 215 ILCS 5/155.17 to ensure the Company discontinues basing motor vehicle liability rates on divisions or districts within a municipality with a population of 2,000,000 or more.**
- 5. Institute and maintain policies and procedures consistent with 50 Ill. Adm. Code 754.10(b)(2) to ensure the Company discontinues using motor vehicle liability rates that were not filed with the Illinois Department of Insurance.**
- 6. Institute and maintain policies and procedures consistent with 215 ILCS 5/1011(2) to ensure the Company correctly discloses the individual's rights when making an adverse underwriting decision in homeowners and private passenger auto new business transactions.**
- 7. Institute and maintain policies and procedures consistent with 215 ILCS 5/805.1(c) to ensure the premium charged for mine subsidence is at the premium level set by the Illinois Mine Subsidence Insurance Fund.**

8. **Submit to the Director of Insurance, State of Illinois, proof of compliance with the above seven (7) orders within 30 days of receipt of this Order.**
9. **Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$53,793 to be paid within 30 days of execution of this Order.**

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code, including but not limited to levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent Order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of Allstate

Maria S. Doughty
Signature

MARIA S. DOUGHTY
Name

DIRECTOR, CORPORATE COUNSEL
Title

Subscribed and sworn to before me this

23 day of September 2015.

Kemone Hendricks
Notary Public



DATE 9/28/15

DEPARTMENT OF INSURANCE of the
State of Illinois

Anne Melissa Dowling
Director

STATE OF New Jersey)
) ss
COUNTY OF Monmouth)

Barry L. Wells, being first duly sworn upon his/her oath, deposes and says:

That he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of Allstate Insurance Company NAIC #19232, Allstate Indemnity Company, NAIC #19240, Allstate Fire & Casualty Insurance Company NAIC #29688, Allstate Property & Casualty Insurance Company NAIC #17230, Allstate Vehicle and Property Insurance Company NAIC # 37907, Encompass Property & Casualty Company NAIC #10072, Encompass Home and Auto Insurance Company NAIC #11252 (the "Companies").

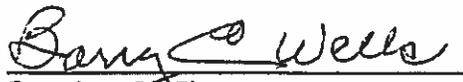
That the Examiner-In-Charge was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Companies with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Companies' business and affairs and the manner in which the Company conducts its business;

That neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is an officer of, connected with, or financially interested in the Companies nor any of the Companies' affiliates other than as a policyholder or claimant under a policy or as an owner of shares in a regulated diversified investment company, and that neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;

That an examination was made of the affairs of the Company pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

That she/he was the Examiner-In-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Companies for the period covered by the Report as determined by the examiners;

That the Report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the Companies.


Examiner-In-Charge

Subscribed and sworn to before me
this 22nd day of November, 2014.



Notary Public
GAILA COITTELL

NOTARY PUBLIC OF NEW JERSEY
My Commission Expires April 27, 2015