

DELAWARE DEPARTMENT OF INSURANCE  
MARKET CONDUCT EXAMINATION REPORT

Allstate Property and Casualty Insurance Company  
Allstate Insurance Company

NAIC # 17230 & 19232  
Examination Authorities #17230-15-PIP-701  
#19232-15-PIP-702

2775 Sanders R, Suite A2W  
Northbrook, IL 60062

As of

March 31, 2015

Karen Weldin Stewart, CIR-ML  
Commissioner



Delaware Department of Insurance

I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of March 31, 2015 on

**Allstate Property and Casualty Insurance Company  
Allstate Insurance Company**

is a true and correct copy of the document filed with this Department.

Attest By:

A handwritten signature in blue ink, appearing to be "J. Stewart", written over a horizontal line.



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover.

A handwritten signature in blue ink, appearing to be "Karen Weldin Stewart", written over a horizontal line.

Karen Weldin Stewart, CIR-ML  
Insurance Commissioner

Karen Weldin Stewart, CIR-ML  
Commissioner



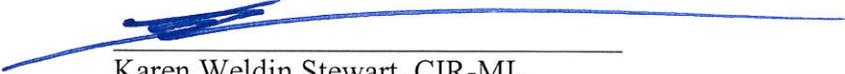
Delaware Department of Insurance

REPORT ON EXAMINATION  
OF THE  
**Allstate Property and Casualty Insurance Company**  
**Allstate Insurance Company**  
AS OF  
March 31, 2015

The above-captioned Report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted and filed as an official record of this Department.

  
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Karen Weldin Stewart, CIR-ML  
Insurance Commissioner

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Honorable Karen Weldin Stewart CIR-ML  
Insurance Commissioner  
State of Delaware  
841 Silver Lake Boulevard  
Dover, Delaware 19904

Dear Commissioner Stewart:

In compliance with the instructions contained in Certificate of Examination Authority Numbers 17230-15-PIP-701 and 19232-15PIP-702 and pursuant to statutory provisions including 18 Del. CODE §318-322, a market conduct examination has been conducted of the affairs and practices of:

**Allstate Property and Casualty Insurance Company  
Allstate Insurance Company**

The examination was performed as of March 31, 2015. Allstate Property and Casualty Insurance Company and Allstate Insurance Company, hereinafter referred to as the "Company" or "Companies", was incorporated under the laws of Delaware. The examination consisted of two phases, an on-site phase and an off-site phase. The on-site phase of the examination was conducted at the following Company location:

2775 Sanders R, Suite A2W  
Northbrook, IL 60062

The off-site examination phase was performed at the offices of the Delaware Department of Insurance, hereinafter referred to as the "Department" or "DDOI," or other suitable locations.

The report of examination herein is respectfully submitted.

## **EXECUTIVE SUMMARY**

This examination focused on the Company's activities related to personal lines automobile insurance claim payments. Specifically, the examination reviewed Company activities regarding claims including Personal Insurance Protection (PIP) coverage, timeliness of claim payments and application of comparative negligence in the claim settlement process.

There were no exceptions noted during this examination.

## **SCOPE OF EXAMINATION**

The Market Conduct Examination was conducted pursuant to the authority granted by 18 Del. CODE §318-322 and covered the experience period of January 1, 2013 through March 31, 2015. The purpose of the review was to assess both Companies' activities related to personal lines automobile insurance claim payments. Specifically, the examination reviewed each Company's activities regarding claims including Personal Insurance Protection (PIP) coverage, timeliness of claim payments and application of comparative negligence in the claim settlement process

## **METHODOLOGY**

This examination was performed in accordance with Market Regulation standards established by the Department and examination procedures suggested by the NAIC. While the examiners report on the errors found in individual files, the focus of the examination is also the general business practices of the Company.

The Company identified the universe of files for each segment of the review. Based on the universe sizes, random sampling was utilized to select the files reviewed during this examination.

Delaware Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. An exception is any instance of Company activity that does not comply with an insurance statute or regulation. Exceptions contained in the Report may result in imposition of penalties. Generally, practices, procedures, or files that were reviewed by Department examiners during the course of an examination may not be referred to in the Report if no improprieties were noted. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review these areas of concern in order to determine the potential impact upon Company operations or future compliance.

Throughout the course of the examination, Company officials were provided status

memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit conference was conducted with Company officials to discuss the findings of the examination.

## **COMPANY HISTORY**

Allstate Property and Casualty Insurance Company and Allstate Insurance Company are part of the Allstate Corporation. The Allstate Corporation is a publicly held personal lines property and casualty insurer. Allstate was founded in 1931 and became a publicly traded company in 1993. Allstate sells auto, home and life products through independent agencies and 12,000 exclusive agents and agencies. The company markets private passenger auto and homeowners insurance under the Allstate, Encompass® and Esurance® brand names. Esurance, provides Esurance brand auto insurance products directly to consumers online, through call centers and through select agents, including Answer Financial.

## **CONSUMER COMPLAINTS**

The examination of complaints was conducted and performed in accordance with the laws and regulations of the state of Delaware and the Delaware Department of Insurance. Allstate provided their complaint handling procedures and guidelines, as well as the reports used to monitor their complaints. The Company provided a list of complaints filed with the Company for the examination period of January 1, 2013 through March 31, 2015. The lists included complaints from the Delaware Department of Insurance and complaints received directly from consumers.

The complaint log consisted of 53 complaints during the examination period from which 51 were selected and reviewed, the remaining two were received by phone and no documentation was retained by the Company. .

There were no exceptions noted.

## **CLAIMS**

### **Private Passenger Auto Claims with a Bodily Injury Component**

The examination of claims with a bodily injury component was conducted and performed in accordance with the laws and regulations of the state of Delaware and the Delaware Department of Insurance. The Companies provided their claim procedures and guidelines. Additionally, the Companies provided a listing of all Delaware private passenger auto

claims that had a bodily injury component for the examination period of January 1, 2013 through March 31, 2015.

The list provided by the Companies contained 51 claims designated as “Other” and included a bodily injury component. A sample of 25 claims designated as “Other” that included the bodily injury component were selected for review.

There were no exceptions noted.

The list provided by the Companies also contained 26 claims with a bodily injury component designated as withdrawn. All 26 claims were selected for review.

There were no exceptions noted.

Finally, the list provided by the Companies contained 83 claims with a bodily injury component designated as denied. All 83 claims designated as denied with a bodily injury component were selected for review.

There were no exceptions noted.

### **PPA Claims with Comparative Negligence Component**

The examination of claims with a comparative negligence component was conducted and performed in accordance with the laws and regulations of the state of Delaware and the Delaware Department of Insurance. The Companies provided their claim procedures and guidelines. Additionally, the Companies provided a listing of all Delaware private passenger auto claims that had a comparative negligence factor for the examination period of January 1, 2013 through March 31, 2015.

The list provided by the Companies contained 51 claims with a comparative negligence component. A sample of 25 claims designated as other was selected for review.

There were no exceptions noted.

### **Claims Closed Without Payment**

The examination of closed without payment (“CWP”) claims was conducted and performed in accordance with the laws and regulations of the state of Delaware and the Delaware Department of Insurance. The Companies under examination provided their claim procedures and guidelines. Additionally, the Companies provided a listing of all Delaware private passenger auto CWP claims for the examination period of January 1, 2013 through March 31, 2015.

The list provided by the Companies contained 38 CWP claims. All 38 claims were selected and reviewed.

There were no exceptions noted.

### **Withdrawn Claims**

The examination of withdrawn claims was conducted and performed in accordance with the laws and regulations of the state of Delaware and the Delaware Department of Insurance. The Companies provided their claim procedures and guidelines. Additionally, the Companies provided a listing of all Delaware private passenger auto claims that were withdrawn for the examination period of January 1, 2013 through March 31, 2015.

The list provided by the Companies contained 26 withdrawn claims. All 26 were selected and reviewed.

There were no exceptions noted.

### **Denied Claims**

The examination of denied claims was conducted and performed in accordance with the laws and regulations of the state of Delaware and the Delaware Department of Insurance. The Companies provided their claim procedures and guidelines. Additionally, the Companies provided a listing of all Delaware private passenger auto claims that were denied for the examination period of January 1, 2013 through March 31, 2015.

The list provided by the Companies contained 82 claims that were denied. All 82 were selected and reviewed.

There were no exceptions noted.

## **Paid Claims**

The examination of paid claims was conducted and performed in accordance with the laws and regulations of the state of Delaware and the Delaware Department of Insurance. The Companies provided their claim procedures and guidelines. Additionally, the Companies provided a listing of all Delaware private passenger auto claims for the examination period of January 1, 2013 through March 31, 2015.

The list provided by the Companies contained 43,588 lines for paid claims. A sample of 110 paid claims was selected for review.

There were no exceptions noted for this section.

## **Arbitration**

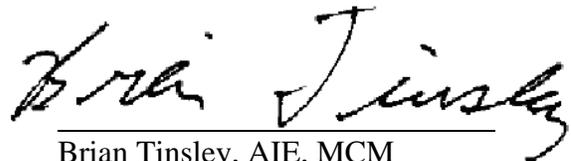
The examination of arbitrated claims was conducted and performed in accordance with the laws and regulations of the state of Delaware and the Delaware Department of Insurance. The Companies provided their claims handling procedures and guidelines. Additionally, the Companies provided a list of claims that went through arbitration for the examination period of January 1, 2013 through March 31, 2015.

Out of the universe of 706 claims that went through arbitration, a sample of 83 were selected and reviewed.

There were no exceptions noted.

## CONCLUSION

There were no areas identified requiring corrective measures noted in the Report. The examination conducted by Shelly Schuman, Brian Tinsley, and Jason Nemes is respectfully submitted.

A handwritten signature in black ink that reads "Brian Tinsley". The signature is written in a cursive style with a horizontal line underneath the name.

Brian Tinsley, AIE, MCM  
Examiner-in-Charge  
Market Conduct  
Delaware Department of Insurance