

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of ALLSTATE)
FIRE AND CASUALTY COMPANY) **Docket No. 4649-CO**
NAIC # 29688)

CONSENT AGREEMENT AND FINAL ORDER

Pursuant to the authority granted to the Commissioner of Insurance (“Commissioner”) by K.S.A. 40-103 and in accordance with K.S.A. 40-2,125, the Commissioner hereby admonishes and assesses a penalty against ALLSTATE FIRE AND CASUALTY COMPANY (ALLSTATE) for violation of the applicable insurance statutes. This Consent Agreement shall become effective as a Final Order, without further notice, when signed by the Commissioner or her designee and filed of record with the Kansas Insurance Department (“KID”).

Stipulated Findings of Facts

The parties stipulate that if a hearing were conducted in this matter, the following evidence could be adduced by the Commissioner, and although neither admitted nor denied by Respondent, it would be recognized as admissible to show the following:

1. ALLSTATE FIRE AND CASUALTY COMPANY, located at 2775 Sanders Road, Northbrook, IL 60062-6110, is an insurance company licensed in Kansas which has been authorized to transact and has continuously engaged in transacting insurance business in the State of Kansas since August 21, 1981.

2. ALLSTATE, during market conduct analysis was asked about, and revealed programming errors that impacted one thousand one hundred and six (1,106) automobile policy

holders in Kansas, resulting in overcharges for which ALLSTATE paid refunds totaling \$62,079.11, including interest.

3. ALLSTATE, upon investigation, had been charging rates inconsistent from the rates filed with the Kansas Insurance Department.

Applicable Law

K.S.A. 40-103 states:

“The commissioner of insurance shall have general supervision, control and regulation of corporations, companies, associations, societies, exchanges, partnerships, or persons authorized to transact the business of insurance, indemnity or suretyship in this state and shall have the power to make all reasonable rules and regulations necessary to enforce the laws of this state relating thereto.”

K.S.A. 40-955(a) states:

“Every insurer shall file with the commissioner, except as to inland marine risks where general custom of the industry is not to use manual rates or rating plans, every manual of classifications, rules and rates, every rating plan, policy form and every modification of any of the foregoing which it proposes to use. Every such filing shall indicate the proposed effective date and the character and extent of the coverage contemplated and shall be accompanied by the information upon which the insurer supports the filings. A filing and any supporting information shall be open to public inspection after it is filed with the commissioner, except that disclosure shall not be required for any information contained in a filing or in any supporting documentation for the filing when such information is either a trade secret or copyrighted. For the purposes of this section, the term "trade secret" shall have the meaning ascribed to it in K.S.A. 60-3320, and amendments thereto. An insurer may satisfy its obligations to make such filings by authorizing the commissioner to accept on its behalf the filings made by a licensed rating organization or another insurer. Nothing contained in this act shall be construed to require any insurer to become a member or subscriber of any rating organization.
“

K.S.A. 40-2,125(a)(1) states, in pertinent part:

“If the commissioner determines after notice and opportunity for a hearing that any person has engaged in or is engaging in any act or practice constituting a violation of any provision of Kansas insurance statutes or any rule and regulation

or order thereunder, the commissioner may in the exercise of discretion, order any one or more of the following:

(1) Payment of a monetary penalty of not more than \$1,000 for each and every act or violation, unless the person knew or reasonably should have known such person was in violation of the Kansas insurance statutes or any rule or regulation or order thereunder, in which case the penalty shall be not more than \$2,000 for each and every act or violation.”

Conclusions of Law

The Commissioner has jurisdiction over ALLSTATE and the subject matter of this proceeding. The parties are in agreement on Paragraphs #1 through #3 and the Applicable Law enumerated above.

IT IS THEREFORE, AGREED UPON BY THE COMMISSIONER OF INSURANCE AND ALLSTATE FIRE AND CASUALTY COMPANY:

ALLSTATE neither admits nor denies the allegations set forth in Paragraphs #1 through #3 above.

1. ALLSTATE’s implementation of a new rate/rule in Kansas inconsistent with its filed rates/rules constitutes a violation of K.S.A. 40-955(a).
2. While neither admitting nor denying the above allegation, and in an effort to resolve this matter fully and fairly, pursuant to K.S.A. 40-2,125(a)(1), ALLSTATE is hereby ordered to pay a monetary penalty, due and payable to the Kansas Insurance Department, in the amount of TEN THOUSAND DOLLARS (\$10,000).
3. Pursuant to K.S.A. 77-415(b)(2)(A), this order is designated by KID as precedent.

IT IS SO ORDERED THIS 27th DAY OF MAY, 2014, IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.



/s/ Sandy Praeger
Sandy Praeger

Commissioner of Insurance

BY:

/s/ John Wine

John Wine

General Counsel

Stipulation

The undersigned stipulates and agrees to the above findings fact and conclusions of law and waives its rights to administrative hearing and judicial review of the Commissioner's Order.

/s/ Joann P. Frobe

Joann Frobe, State Manager

Allstate Fire and Casualty Company

Certificate of Service

The undersigned hereby certifies he served a true and correct copy of the above and foregoing **CONSENT AGREEMENT AND FINAL ORDER** on this 27 day of May, 2014, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Joann Frobe, State Manager
Allstate Fire and Casualty Company
2775 Sanders Road
Northbrook, IL 60062-6110

_s/ John Dowell_____

John Dowell
Staff Attorney
Kansas Insurance Department