

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

**In the Matter of** )  
**ALLSTATE FIRE AND CASUALTY** )  
**INSURANCE COMPANY** )  
**NAIC # 29688** )

**Docket No.: 71445**

**SUMMARY ORDER**  
**(Pursuant to K.S.A. 40-222 and K.S.A. 77-537)**

Pursuant to the authority conferred upon the Commissioner of Insurance in K.S.A. 40-222, Ken Selzer, CPA, the duly elected, qualified and serving Commissioner of Insurance ("Commissioner"), hereby adopts KID's Report of Market Conduct Examination ("Examination") for Allstate Fire & Casualty Insurance Company ("Allstate"), finds, and Orders as follows. This Summary Order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen (15) day period with no request for hearing.

**Findings of Fact**

1. Allstate is domiciled in Northbrook, Illinois and has been authorized to do business in Kansas since 1981.
2. KID completed a targeted Market Conduct Examination of private passenger automobile insurance policies issued to Kansas residents. The examination period was January 1, 2015 through December 31, 2016.
3. The Examination was prompted by an increase in consumer complaints, particularly pertaining to application of comparative negligence.
4. The Examination focused on complaint handling and claims processing procedures as well as company operations and management.
5. Allstate's Certificate of Authority was found to be in compliance with current standards.
6. A review of Allstate's complaint handling procedures, including those received from KID and directly by consumers, revealed adequate controls, sufficient record-keeping, and overall timely responses. Examiners found no errors in a random sample of thirty (30) complaints.

7. A review of claims handling procedures showed isolated violations that were not indicative of improper business practices or systemic problems. Examiners found seven (7) violations of Kansas Law in a random sample of 109 claims.
  - a. One claim was not properly paid or denied.
  - b. Two claims were not completed within thirty days.
  - c. Four claims involving personal injury protection were not paid within thirty (30) days, however company does have procedures in place to apply interest in these instances.
8. Allstate was responsive to examination requests and provided adequate documentation in a timely fashion.
9. Allstate was provided with a draft of the Examination Report for response or comment. Allstate had no substantive feedback but agreed to monitor and oversee the areas of improvement identified in the Examination.

#### Applicable Law

1. K.S.A. 40-222 provides, in part:

(a) Whenever the commissioner of insurance deems it necessary but at least once every five years, the commissioner may make, or direct to be made, a financial examination of any insurance company in the process of organization, or applying for admission or doing business in this state. In addition, at the commissioner's discretion the commissioner may make, or direct to be made, a market regulation examination of any insurance company doing business in this state.

...

(c) For the purpose of such examination, the commissioner of insurance or the persons appointed by the commissioner, for the purpose of making such examination shall have free access to the books and papers of any such company that relate to its business and to the books and papers kept by any of its agents and may examine under oath, which the commissioner or the persons appointed by the commissioner are empowered to administer, the directors, officers, agents or employees of any such company in relation to its affairs, transactions and condition.

2. K.S.A. 40-2404 (10) provides, in part:

(10) *Failure to maintain complaint handling procedures.* Failure of any person, who is an insurer on an insurance policy, to maintain a complete record of all the complaints which it has received since the date of its last examination under K.S.A. 40-222, and amendments thereto; but no such records shall be required for complaints received prior to the effective date of this act. The record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of the complaints, the date each complaint was originally received by the insurer and the date of final disposition of each complaint. For purposes of this subsection, "complaint" means any written communication primarily expressing a grievance related to the acts and practices set out in this section.

3. K.S.A. 40-3110 provides, in part:

(b) Personal injury protection benefits payable under this act shall be overdue if not paid within thirty (30) days after the insurer or self-insurer is furnished written notice of the fact of a covered loss and of the amount of same, except that disability benefits payable under this act shall be paid not less than every two (2) weeks after such notice. If such written notice is not furnished as to the entire claim, any partial amounts supported by written notice is overdue if not paid within thirty (30) days after such written notice is furnished. Any part or all of the remainder of the claim that is subsequently supported by written notice is overdue if not paid within thirty (30) days after such written notice is so furnished: *Provided*, That no such payment shall be deemed overdue where the insurer or self-insurer has reasonable proof to establish that it is not responsible for the payment, notwithstanding that written notice has been furnished. For the purpose of calculating the extent to which any personal injury protection benefits are overdue, payment shall be treated as being made on the date a draft or other valid instrument which is equivalent to payment was placed in the United States mail in a properly addressed, postpaid envelope, or, if not so posted, on the date of delivery. All overdue payments shall bear simple interest at the rate of eighteen percent (18%) per annum.

4. K.A.R. 40-1-34. **Unfair claims settlement practices model regulation**, provides, in part:

Section 7. Standards for Prompt Investigation of Claim.

Every insurer shall complete investigation of a claim within thirty days after notification of claim, unless such investigation cannot reasonably be completed within such time.

Section 8. Standards for Prompt, Fair and Equitable Settlements Applicable to All Insurers.

A. Within fifteen working days after receipt by the insurer of properly executed proofs of loss, the first party claimant shall be advised of the acceptance or denial of the claim by the insurer. No insurer shall deny a claim on the grounds of a specific policy provision, condition, or exclusion unless reference to such provision, condition, or exclusion is included in the denial. The denial must be given to the claimant in writing and the claim file of the insurer shall contain a copy of the denial.

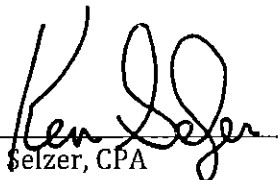
**Conclusions of Law and Orders**

Based on the Findings of Fact enumerated in Paragraphs #1 through #9 and the applicable law cited above, **THE COMMISSIONER OF INSURANCE MAKES THE FOLLOWING ORDERS:**


1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-222, and shall retain jurisdiction to issue any further orders deemed necessary.
2. Allstate did commit stated violations of K.S.A. 40-2404, 40-3110, and K.A.R. 40-1-34 concerning complaint and claim handling procedures.
3. The Report of Market Conduct Examination, including recommendations of examiners, is incorporated into this Summary Order by reference. Allstate shall comply with these recommendations.
4. The Examination will be published thirty days after service of Final Order.

**IT IS SO ORDERED THIS 28th DAY OF FEBRUARY, 2018, IN THE CITY OF TOPEKA, STATE OF KANSAS.**



  
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Ken Selzer, CPA  
Commissioner of Insurance

BY:

  
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Diane Minear  
General Counsel

**Notice of Rights**

Allstate is entitled to a hearing pursuant to K.S.A. 77-537 of the Kansas Administrative Procedure Act. If Allstate desires a hearing, it must file a written request for a hearing with:


Diane Minear, General Counsel  
Kansas Insurance Department  
420 SW 9<sup>th</sup> Street  
Topeka, KS 66612

This request must be filed within fifteen (15) days from the date of service of this Summary Order. If Allstate requests a hearing, the Department will notify it of the time and place of the hearing and information on the procedures, right of representation, and other rights of parties relating to the conduct of the hearing before the commencement of the same.

**Certificate of Service**

The undersigned hereby certifies that she served a true and correct copy of the above and foregoing **Summary Order** on this 1<sup>st</sup> day of March, 2018, by United States mail addressed to the following:

Allstate Fire & Casualty Insurance Company  
3075 Sanders Road, Suite G4A  
Northbrook, IL 60062



Elizabeth J. Hickert Fike  
Staff Attorney