

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

<b>In the Matter of</b>	)	
<b>ALLSTATE FIRE AND CASUALTY</b>	)	
<b>INSURANCE COMPANY</b>	)	
<b>NAIC # 29688</b>	)	<b>Docket No.: 89541</b>
	)	
<b>ALLSTATE INDEMNITY COMPANY</b>	)	
<b>NAIC# 19240</b>	)	

**CONSENT AGREEMENT AND FINAL ORDER**  
**(Pursuant to K.S.A. 40-222, 40-955 and K.S.A. 77-537)**

The Kansas Insurance Department (“Department”) and Allstate Fire and Casualty Insurance Company (“Allstate Fire”) and Allstate Indemnity Company (“Allstate Indemnity”) submit this Consent Agreement and Final Order. Allstate Fire and Allstate Indemnity hereby waive any and all rights to further administrative adjudication or review of this matter, including any and all rights conferred upon it under K.S.A. 77-501, *et seq.* and K.S.A. 77-601, *et seq.* Pursuant to the authority conferred upon the Commissioner of Insurance in K.S.A. 40-222, Vicki Schmidt, the duly elected, qualified and serving Commissioner of Insurance, hereby adopts the Department’s agreement made with Allstate Fire and Allstate Indemnity and makes the following findings and Orders:

**Allegations**

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

1. Allstate Fire is domiciled in Illinois and has been authorized in Kansas since 1981.
2. Allstate Indemnity is domiciled in Illinois and has been authorized in Kansas since 1967.
3. On May 3, 2021, Allstate Fire and Allstate Indemnity submitted two separate personal auto filings, (ALSE-132822483 and ALE-132822535) updating rules and rates to reflect contract changes made to policy forms in two previous filings (ALSE-131666697 and ALE-131667043). Allstate Fire and Allstate Indemnity previously removed the trailer

rental surcharge coverage from policy forms in 2018, which implemented in 2019, but neglected to remove it from the rate/rule manuals.

4. On May 4, 2021, the Department submitted objections to the filings (ALSE-132822483 and ALSE-132822535) requesting additional information regarding the companies' discovery of the error and the impact to policyholders.

5. Allstate Fire and Allstate Indemnity reported that the companies implemented the policy changes removing the trailer rental surcharge on April 17, 2019. The companies continued to charge policyholders for this coverage from April 17, 2019 until present. The companies discovered the error on July 25, 2020 and opened a compliance project to investigate the impact on policyholders.

6. Allstate Fire and Allstate Indemnity conducted an in-force data snapshot on February 18, 2021 to calculate an estimated refund amount as of that point in time. At that time, Allstate Fire expected two current term Allstate Fire policies may be eligible for the refunds upon implementation. Allstate Fire will process refunds of premium to impacted Kansas policyholders.

7. At that time, Allstate Indemnity indicated that the error does not impact any Kansas policies or premium. Allstate Indemnity will process refunds of premium to any impacted Kansas policyholders.

8. Allstate Fire and Allstate Indemnity agree to report final refund amounts after the companies conduct a final refund audit after the implementation of the filings, ALSE-132822483 and ALSE-132822535, on August 16, 2021. The companies report that the final implementation and audit are necessary to accurately calculate final refund amounts by capturing the most up-to-date policy counts, impact and characteristics.

#### **Applicable Law**

1. K.S.A. 40-955 provides, in part:

(a) 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.

2. K.S.A. 40-2,125 provides, in part:

(a) If the commissioner determines after notice and opportunity for a hearing that any person has engaged 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 and regulation or order thereunder, in which case the penalty shall be not more than \$2,000 for each and every act or violation;

(2) suspension or revocation of the person's license or certificate if such person knew or reasonably should have known that such person was in violation of the Kansas insurance statutes or any rule and regulation or order thereunder; or

(3) that such person cease and desist from the unlawful act or practice and take such affirmative action as in the judgment of the commissioner will carry out the purposes of the violated or potentially violated provision.

#### **Conclusions of Law and Orders**

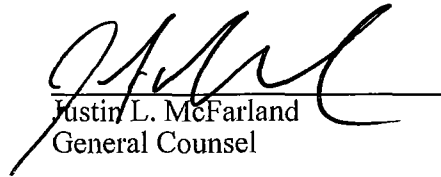
Based on the information enumerated in Paragraphs #1 through #8 and the applicable law cited above, **THE COMMISSIONER OF INSURANCE MAKES THE FOLLOWING ORDERS:**

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 Fire and Allstate Indemnity neither admits nor denies stated violations, as enumerated above.
3. Allstate Fire and Allstate Indemnity shall pay \$1,000 each for a total of \$2,000 within 30 days of the effective date of this order.
4. Allstate Fire and Allstate Indemnity shall issue refunds to affected policyholders and shall inform the Department, in writing, when the refunds are issued.
5. Allstate Fire and Allstate Indemnity shall comply with recommendations of examiners and contact the Property/Casualty Division with any further questions.

IT IS SO ORDERED THIS 14<sup>th</sup> DAY OF SEPTEMBER 2021, IN THE CITY OF TOPEKA, STATE OF KANSAS.



BY:

  
Justin L. McFarland  
General Counsel

The undersigned: 1) represents that they are authorized to enter into this Consent Agreement on behalf of the companies; and 2) stipulates and agrees to the above findings, facts, and conclusions of law and waives their rights to an administrative hearing and judicial review of the Commissioner's Order.

Sarah Cast  
Company Representative Name (Print)

2775 Sanders Road, Northbrook, IL 60062  
Street Address

29688 and 19240  
NAIC Number


/s/ Sarah Cast  
Company Representative Name Signature

09/02/2021  
Date

Certificate of Service

The undersigned hereby certifies that she served the above and foregoing Consent Agreement and Final Order on this 14th day of September 2021, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Sarah Cast  
Allstate Fire and Casualty Insurance Company  
Allstate Indemnity Company  
2775 Sanders Rd., Suite A2-W  
Northbrook, IL 60062

  
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Toni Garrard  
Senior Administrative Assistant