

State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Insurance Division
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920

IN THE MATTER OF:

Allstate Fire & Casualty Insurance Company,
Allstate Insurance Co., Allstate Indemnity Co.,
Allstate Property & Casualty Insurance Co., and
Encompass Insurance Company of America

DBR No. 18-IN-004

RESPONDENTS.

CONSENT AGREEMENT

It is hereby agreed between the Department of Business Regulation ("Department") and Allstate Insurance Group ("Respondent") as follows:

1. Respondents collectively are licensed insurers in the State of Rhode Island to issue property & casualty insurance policies including automobile insurance policies.

2. RI Gen Law 27-9,1-4 and 230-RICR-20-40-2 are applicable to all claims arising out of an automobile insurance policy issued in RI. In order to implement these provisions, the Department issued Insurance Bulletin 2014-2. The statute, regulation and bulletin combine to clearly identify that in Rhode Island, insurers may not pay less than Kelly Blue Book or N.A.D.A. in valuing total loss vehicles. There is no distinction in the law, regulation or bulletin between commercial vehicles or non-commercial vehicles.

3. In March 2018 the Department contacted Respondents outlining compliance concerns that arose out of a consumer complaint where Respondents made a total loss settlement offer based on a market driven valuation on the basis that the claim in question was exempt from the statutory total loss requirements because it was a commercially plated vehicle.

4. As a result of the Department's investigation of the complaint, the Department requested further information from Respondents to determine if this issue was more wide-spread than this single incident. The Department asked Respondents to review its commercially plated vehicles for the past three (3) years to ensure compliance with RI General Law 27-9.1-4(25) and 230-RICR-20-40-2.

5. Respondents conducted a prompt and thorough investigation of all claim files in which a vehicle was determined to be a total loss, including both commercially plated vehicles and non-commercially plated vehicles, dating back to February 18, 2014, the date of the regulatory change. Respondents identified problems relating to both commercially and non-commercially plated vehicles during its review.

THEREFORE, based on the foregoing, Respondents and the Department have decided to resolve this matter without further administrative proceedings and hereby agree to the following resolution:

1. Respondents acknowledges that the Department's position articulated in Paragraph 2 (above) are correct.
2. Respondents have paid ten (10) refunds totaling \$14,297.39 (including interest) because NADA values had not been considered for commercially plated vehicles with a total loss settlement.
3. Respondents have paid one hundred forty-seven (147) refunds totaling \$222,082.17 (including interest) because NADA values had not been applied for non-commercially plated vehicles in those total loss settlements.
4. Respondents have taken every step to ensure its future compliance with RI Gen Law 27-9.1-4 and 230-RICR-20-40-2.

- 5. Respondents will pay a fine of sixty thousand dollars (\$60,000) related to its non-compliance with respect to the commercially plated vehicles within 30-days.

Counsel for the Department and Respondent hereby consent and agree to the foregoing on behalf of their respective clients the 20th day of September 2018.

Department of Business Regulation
By its Legal Counsel,


Matthew M. Gendron Esq.

Respondents, Allstate Fire & Casualty
Insurance Company, Allstate Insurance Co.,
Allstate Indemnity Co., Allstate Property &
Casualty Insurance Co., and Encompass
Insurance Company of America
By its attorney,


Timothy L. Knapp, Esq