



IN THE MATTER OF THE
PLANS OF DIVISION OF:

ALLSTATE INSURANCE COMPANY
ALLSTATE INDEMNITY COMPANY
ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
ALLSTATE FIRE AND CASUALTY INSURANCE COMPANY
ENCOMPASS INDEMNITY COMPANY
ENCOMPASS PROPERTY AND CASUALTY COMPANY
ESURANCE INSURANCE COMPANY
ESURANCE PROPERTY AND CASUALTY INSURANCE COMPANY
2775 SANDERS RD
NORTHBROOK, IL 60062-6127

HEARING NO. 21-HR-0010

NOTICE OF HEARING

Pursuant to 215 ILCS 5/35B-1 *et seq.*, Allstate Insurance Company; Allstate Indemnity Company; Allstate Property and Casualty Insurance Company; Allstate Fire and Casualty Insurance Company; Encompass Indemnity Company; Encompass Property and Casualty Company; Esurance Insurance Company; and Esurance Property and Casualty Insurance Company (collectively, the “Applicants” or “Dividing Companies”) have submitted individual plans of division (the “Plans”) to the Director of Insurance (the “Director”) of the Illinois Department of Insurance (the “Department”). Pursuant to a power of attorney (“POA”) executed by the Director, the Department’s Chief Operating Officer, Kevin Fry, will act as the Director for purposes of this matter, and all subsequent references to “the Director” contained herein shall mean and refer to Kevin Fry.

The Plans seek to allocate to eight (8) newly created Allstate entities created by the divisions (each a “New Company” and collectively the “New Companies”) certain automobile insurance policies issued in Michigan that are no longer in force as of December 31, 2019. Each such policy is listed in the Plans and had an outstanding claim reserve as of such date on a personal

injury claim covered under such policy (“Claim”) for which a reserve remained as of June 30, 2020 (each a “Specified Policy” and collectively the “Specified Policies”). The New Companies thereafter will be merged into three newly created Allstate Illinois-domestic insurers (the “Merger Companies”).

The divisions and related transactions consist of two primary steps:

- Divisions: Under the Plans, each of the eight Dividing Companies will divide into two companies, resulting in a surviving company (the original Dividing Company insurer) and a New Company. The Dividing Company will retain all assets, liabilities and contracts that are not associated with the Specified Policies, as set forth in the Plans. The New Companies will have allocated to them the Specified Policies, the Claims and liabilities related to them, and the assets and capital set forth in the Plans. Once the divisions are effective, the Specified Policies, Claims, liabilities and assets allocated to the New Companies under the Plans will become obligations and assets of the New Companies by operation of law. The Dividing Companies will continue to issue new automobile insurance policies in Michigan.
- Mergers: Immediately following the divisions, the eight New Companies will be merged into the three Merger Companies, which will be associated with the Allstate, Esurance, and Encompass brands respectively and will be named: ASMI Auto Insurance Company (“ASMI”), ESMI Auto Insurance Company (“ESMI”), and ECMI Auto Insurance Company (“ECMI”). Following the mergers, each Specified Policy and Claim will continue with the associated brand under which it was issued. The Merger Companies will be licensed as insurance companies in Illinois and Michigan, will be members of the Michigan Catastrophic Claims Association (MCCA), and will be responsible for payments of any new claims arising under the Specified Policies after the divisions become effective. There are no current plans for the Merger Companies to write new insurance business.

NOTICE IS HEREBY GIVEN TO THE APPLICANTS AND TO THE PUBLIC that, pursuant to 215 ILCS 5/35B-25(a), 5/401, 5/402, 5/403 and 50 Ill. Admin. Code 2402.110, the Director, by and through the designated Hearing Officer, will hold a consolidated public hearing to determine whether to approve the Plans and related transactions. The Director or such Hearing Officer so designated by the Director will be empowered to administer oaths, examine witnesses and require production of any books, records, documents or papers relevant to the inquiry. The virtual public hearing will be held using Zoom, a digital meeting program, beginning on Wednesday, March 3, 2021, and, if required, Thursday, March 4, 2021, commencing at 9:00 a.m. Central Time each day until completed, subject to rescheduling. For details on how to access the hearing on the designated dates and times, please visit the Department’s website at: <https://insurance.illinois.gov/Hearings/Hearings-Plan-of-Division.html>. Public documents filed electronically in connection with the divisions and related transactions, including the plans of division, are available for inspection at the Department’s website: <https://insurance.illinois.gov/Hearings/Hearings-Plan-of-Division.html>. The hearing will be conducted in accordance with Article 10 of the Illinois Administrative Procedure Act, 5

ILCS 100/1-1 *et seq.*, and 50 Ill. Adm. Code 2402.10 *et seq.* Pursuant to 215 ILCS 5/35B-25(h), the Director may order that the costs of the hearing be assessed against the Applicants.

The purpose of the public hearing is to afford the Applicants, the Department, and any other person or organization interested in making a statement at the hearing, an opportunity to be heard concerning the Plans and related transactions. Persons who wish to submit a written statement or speak at the hearing shall submit a comment (with information requested there) through the Department's website at: <https://insurance.illinois.gov/Hearings/Hearings-Plan-of-Division.html>, no later than seven (7) days before the scheduled hearing date, *i.e.*, **by Wednesday, February 24, 2021.**

Pursuant to 50 Ill. Admin. Code 2402.120, any person who wishes to participate as a party in the hearing must file a petition for intervention, setting forth the reasons for participation. The petition should indicate whether the person wishes to make an oral statement, present evidence, or cross-examine witnesses during the hearing. Copies of the petition must be served by email on the Hearing Officer at MaryAnneMason@JAMSADR.com as well as all known parties, including (but not limited to) (i) Martin Cillick of Allstate (mcill@allstate.com), (ii) the Applicants' outside counsel, Richard Mancino (rmancino@willkie.com), (iii) Mary Ann Lelys on behalf of the Department (MaryAnn.Lelys@illinois.gov), and (iv) the Department's outside counsel, Stephen Schwab (stephen.schwab@us.dlapiper.com) and Carl Poedtke (carl.poedtke@us.dlapiper.com). Please check the Department's website for the contact information of any other parties who may have been added after the date of this Notice. Such petition and all supporting written materials must be served no later than 48 hours prior to the date set for hearing, *i.e.*, **by 9:00 am Central Time, Monday, March 1, 2021.** Any person who is considering filing such a petition is requested to so advise the Hearing Officer, the Department and the attorneys listed above by submitting a comment (pursuant to the procedure described in the preceding paragraph) seven (7) days before the scheduled hearing date, *i.e.*, by Wednesday, February 24, 2021.

The Hearing Officer may set times for the making of any oral statement or other participation at the hearing.

If any party is to be represented by legal counsel in this hearing, such legal counsel shall file a written appearance with the Hearing Officer, the Applicants, the Department, and legal counsel listed above. Moreover, any and all legal correspondence concerning this matter should be sent to the attention of the Hearing Officer, the Applicants, the Department, and legal counsel listed above.

All Orders, Findings of Fact, Conclusions of Law, and Recommendations of the Hearing Officer or of the Director, along with the record of the hearing except for items that are determined to be confidential, are public and subject to disclosure under the Freedom of Information Act, 5 ILCS 140/1 *et seq.*

All interested persons are advised to regularly monitor the Department's website for schedule changes, filings and other pertinent information concerning the hearing.

Interested persons who do not have access to the internet may request copies of documents posted on the Department's website by calling Lucy Earhart, Administrative Assistant, at (217) 782-4395.

OTHER NOTICE OF HEARING:

The Applicants shall distribute and publish this Notice of Hearing as provided in the Communication Plan that is attached as Annex B to the Plans and is available at: <https://insurance.illinois.gov/Hearings/Hearings-Plan-of-Division.html>

Date: February 3, 2021

Dana Popish Severinghaus
KF

Dana Popish Severinghaus
Acting Director
Signed by Kevin Fry, POA