



**Department of Consumer
and Business Services**

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

MARKET CONDUCT EXAMINATION REPORT

OF:

**ALLSTATE VEHICLE AND PROPERTY INSURANCE COMPANY
NORTHBROOK, ILLINOIS
NAIC COMPANY CODE 37907
GROUP CODE 8**

AS OF: July 10, 2023

EXAMINATION PERIOD: AUGUST 1, 2020 THROUGH JANUARY 31, 2022



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Andrew Stolfi, Director
Department of Consumer and Business Services
Division of Financial Regulation
State of Oregon
350 Winter Street, NE
P.O. Box 14480
Salem, OR 97309-0405

Dear Director:

In accordance with your instructions and pursuant to ORS 731.300, a targeted market conduct examination has been performed for:

**ALLSTATE VEHICLE AND PROPERTY INSURANCE COMPANY
NORTHBROOK, ILLINOIS**

**NAIC Company Code 37907
Group Code 8**

NAIC Exam Tracking System Exam Number OR-PACEA-6


Hereinafter referred to as the "Company". The following report of examination is respectfully submitted.

FOREWORD

The examination report does not present a comprehensive overview of the Company's practices. The examination report provides details regarding the market conduct standards selected for the scope of the examination. All unacceptable or non-compliant activities may not have been discovered. Failure to identify, comment upon or criticize non-compliant practices does not constitute acceptance of such practices. This targeted market conduct examination report reflects the Oregon insurance activities of Allstate Vehicle and Property Insurance Company. The targeted market conduct examination findings are being stated in a report by test format. The materials reviewed during the market conduct examination, as reference to any practices, procedures, product forms including filings, and data files are contained in this examination report.

SCOPE OF EXAMINATION

This targeted market conduct examination was performed remotely via desk examination and was conducted as of July 12, 2023 covering the period of August 1, 2020 through January 31, 2022. The examination of the Company was conducted pursuant to Oregon Revised Statute (ORS) 731.300 and in accordance with procedures and guidelines established by the Division of Financial Regulation's Property and Casualty Market Conduct Program. The program generally follows the Market Conduct Examination Handbook as adopted by the National Association of Insurance Commissioners to the extent that it is consistent with Oregon law. The purpose was to determine the Company's compliance with the Wildfire Emergency Order issued by the DCBS Director dated September 18, 2020, Bulletin No. DFR 2020-20, and ORS 742.470 as required by House Bill (HB) 3272. See Appendix A for zip codes included in Bulletin No. DFR 2020-20. The Company's underlying data and materials were measured against established standards. A list of all standards considered can be found in Appendix B at the end of this report. In this report, standards with 100% compliance are identified as passed without comment.



Exceptions include standards with less than 100% compliance that either warranted a recommendation or where errors were noted but a recommendation was not made. If the examiner notes a material finding not included in the established standards, it is noted under the additional findings section.

EXECUTIVE SUMMARY

The targeted market conduct examination focused on the Company's homeowners' business in the following areas of operation: underwriting and rating, and forms. The Company passed all standards subject of this examination.

EXAMINATION FINDINGS

If applicable, examination findings comprise the basic body of the report including – sample sizing, error %, alleged violations and documentation pertaining to pertinent regulations or statutes. Areas of review may include forms, marketing and sales, producer licensing, rating of policies, underwriting, rescinded policies, cancelled or non-renewed policies, claims paid or denied, and complaints.


The standards under examination were:

Standard #1: The rates charged for the policy coverage are in accordance with filed rates (if applicable) or the regulated entity's rating plan. Reference: ORS 737.007 to 737.560.

The Company provided and the examiner reviewed all data requested regarding all homeowners' policies for the examination period of August 1, 2020 to January 31, 2022.


The examiner verified:

- There were 26,072 homeowner policies statewide.
- Out of the 26,072 statewide homeowner policies, 17,891 homeowner policies or 68.62% were renewed during the examination period of August 1, 2020 through January 31, 2022.
- Out of the 17,891 renewed statewide homeowner policies, 2,793 homeowner policies or 15.61% were in Bulletin No. DFR 2020-20 zip codes.

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- Out of the 2,793 statewide homeowner policies that renewed in the Bulletin No. DFR 2020-20 zip codes, there were 334 homeowner policies or 11.95% with claims during the examination period of August 1, 2020 through January 31, 2022.
 - Out of the 334 statewide homeowner policies with claims within the Bulletin No. DFR 2020-20 zip codes, 163 homeowner policies or 48.80% had a claim related to the wildfire event.
 - Out of the 334 statewide homeowner policies with claims within the Bulletin No. DFR 2020-20 zip codes, 12 homeowner policies had claim surcharges and/ or claim surcharges with an increased property value as a reason for premium increase.
 - Out of the 12 homeowner policies that had claim surcharges and/or claim surcharges with an increased property value as a reason for premium increase, 6 or 50.00% homeowner policies with claims within the Bulletin No. DFR 2020-20 zip codes were related to the wildfire event.

The examiner further confirmed all renewed policies in the zip codes outlined in Bulletin No. DFR 2020-20 with a claim related to the wildfire event were not outliers from the total of all renewed statewide policies during the exam period of August 1, 2020 to January 31, 2022. Surcharges and discounts removed were applied to all policies with claims consistently with the Company's underwriting policies. Surcharges vary due to the number of claims and the dollar amount of claims, but were not applied solely and specifically for a claim related to the wildfire event.

The Company passed this standard without comment as premiums were not increased, nor were surcharges applied and discounts removed solely due to a claim related to the wildfire event during the examination period of August 1, 2020 to January 31, 2022. The examiner confirmed the reasons policy premiums were increased in relation to surcharges and/ or increased property values preceded the wildfire events of September 2020. Additionally, zero policies received additional surcharges as a result of claims made due to the wildfire event of September 2020. Lastly, comparison between policy premium adjustments with a claim related to the wildfire event, and policies with a claim and/or those without a claim, the Company adjusted premiums in proportionate percentages at each homeowner policy renewal.



Standard #5 All forms, including policies, contracts, riders, amendments, endorsement forms, and certificates are filed with the insurance department, if applicable. Reference: ORS 746.005 to 746.270; and OAR 836-080-0235. The Company provided a list which included the SERFF filing number and policy forms as a result of the implementation of HB 3272. The examiner verified:

- The Company updated their homeowner policy forms via endorsements; 04.0 Homeowners/04.0003 Owner Occupied Homeowners.
- The filing number for the updated forms was #ALSE-133084675.


The Company passed this standard without comment as the Company filed and updated their homeowner policy contract forms consistently with the provisions of HB 3272. All the policy filings complied with language requirements, as directed by ORS 742.470 and HB 3272.

Standard #6 Policies, contracts, riders, amendments and endorsements are issued or renewed accurately, timely and completely. Reference: ORS 84.070; ORS 742.250 to 742.572 and OAR 836-085-0010 to 836-085-0045. The examiner verified:

- Procedural documentation illustrating how policyholders are informed of policy endorsements upon renewals as a result of the implementation of HB 3272.
- The Company has compliance processes to provide guidance to impacted departments in order to ensure compliance HB 3272 and ORS 742.470.
- The endorsement address very specific loss conditions, including the declaration of an emergency under ORS 401.165.

The Company passed this standard without comment, as it updated related policy forms as a result of the implementation of HB 3272 timely. Additionally, the Company has a business practice to prepare for future declaration of emergencies. The Company began including a copy of the approved endorsement with each renewal policy.

Standard #8 Cancellation/nonrenewal, discontinuance and declination notices comply with policy and contract provisions, state laws and the regulated entity's guidelines. Reference: ORS 84.070; ORS



746.005 to 746.270; OAR 836-080-0235; and OAR 836-085-0010 to 836-085-0045. The Company provided data regarding all homeowners' policies for the examination period of August 1, 2020 to January 31, 2022.

- There were a total of 26,072 homeowner policies statewide.
- Out of the 26,072 homeowner policies statewide, 28 policies or 0.10% cancelled or non-renewed during the examination period of August 1, 2020 thru January 1, 2022.
- Out of the 28 homeowner policies statewide that cancelled or non-renewed, 3 policies or 10.71% were in the zip codes identified in the Bulletin No. DFR 2020-20.
- Out of the 3 homeowner policies that cancelled or non-renewed within the zip codes identified in the Bulletin No. DFR 2020-20, zero policies or 0.00% cancelled or non-renewed during the period for which the Wildfire Emergency Order dated September 18, 2020 was in effect.

The Company passed this standard without comment. The examiner reviewed the Company's provided samplings of communications which were provided to policyholders upon cancelation or non-renewal of policies. Such communications were accurate and complete in providing information contained in Bulletin No. DFR 2020-20. The examiner verified zero policies were cancelled or non-renewed within the zip codes outlined in Bulletin No. DFR 2020-20.

ADDITIONAL FINDINGS

The examiner noted no additional findings.

CONCLUSIONS

The Company passed all of the standards subject of this examination.

The Company was prompt, timely and cooperative in addressing all inquiries during the course of the examination.

ACKNOWLEDGMENT

The cooperation and assistance rendered by the officers and employees of the Company during this examination is acknowledged and appreciated. A special thanks is extended to the Examination Coordinator for her courtesy and assistance providing, correlating, or coordinating all requested documents to ensure a smooth transition during the overall examination process. Besides the undersigned, Ana Pace participated in this examination.

Respectfully submitted,

Cassandra Soucy

Cassandra Soucy

Cassandra Soucy
Property and Casualty & Business
Analytics Program Manager
Department of Consumer and Business Services
Division of Financial Regulation
State of Oregon

9/7/2023
Date

State of Oregon)
)
County of Marion)

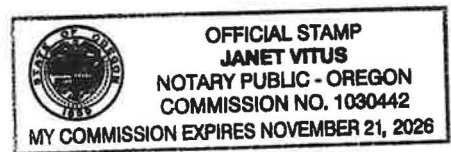
I, Janet Vitus, Notary Public, do hereby certify that Cassie Soucy personally appeared before me this day and acknowledged the forgoing instrument(s).

Witness my hand and official seal this 7th day of September, 2023.

Janet Vitus
Signature of Notary

Janet Vitus
Notary Printed Name

My Commission Expires: NOV 21, 2026



AFFIDAVIT

The examination was conducted in accordance with the Oregon Department of Consumer and Business Services, Division of Financial Regulation and the National Association of Insurance Commissioners Market Conduct Examination procedures.

In addition to the undersigned, Ana K. Pace, participated in this examination and the preparation of this report.

Respectfully submitted,

Ana K. Pace

Ana K. Pace
Ana K. Pace
Insurance Examiner
Department of Consumer and Business Services
Division of Financial Regulation
State of Oregon

09/07/2023
Date

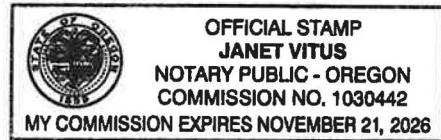
State of Oregon)
)
County of Marion)

I, Janet Vitus, Notary Public, do hereby certify that Ana Pace personally appeared before me this day and acknowledged the forgoing instrument(s).

Witness my hand and official seal this 7th day of September, 2023.

Janet Vitus
Signature of Notary

Janet Vitus
Notary Printed Name
My Commission Expires: Nov 21, 2026



**DIVISION OF FINANCIAL REGULATION
MARKET CONDUCT EXAMINATION**

**Allstate Vehicle and Property Insurance Company
NAIC Code 37907
Group 8**

APPENDIX A

Bulletin No. DFR 2020-20 zip codes

97004, 97009, 97011, 97017, 97022, 97023, 97028, 97037, 97038, 97042, 97045, 97055, 97067, 97123, 97132, 97140, 97339, 97358, 97375, 97342, 97350, 97523, 97538, 97636, 97327, 97739, 97346, 97360, 97368, 97374, 97381, 97383, 97384, 97385, 97386, 97413, 97438, 97443, 97446, 97447, 97454, 97470, 97478, 97479, 97488, 97489, 97494, 97501, 97504, 97520, 97522, 97524, 97534, 97535, 97536, 97539, 97540, 97541, 97543, 97544, 97604, 97730, 97731, 97733, 97737, 97759, 97761

APPENDIX B

Underwriting – Forms

#	Standard	Regulatory Authority
1	The rates charged for the policy coverage are in accordance with filed rates (if applicable) or the regulated entity's rating plan.	ORS 737.007 to 737.560
5	All forms, including policies, contracts, riders, amendments, endorsement forms, and certificates are filed with the insurance department, if applicable.	ORS 746.005 to 746.270; and OAR 836-080-0235
6	Policies, contracts, riders, amendments and endorsements are issued or renewed accurately, timely and completely.	ORS 84.070; ORS 742.560 to 743.572; and OAR 836-085-0010 to 836-085-0045
8	Cancellation/nonrenewal, discontinuance and declination notices comply with policy and contract provisions, state laws and the regulated entity's guidelines.	ORS 84.070; ORS 746.005 to 746.270; OAR 836-080-0235; and OAR 836-085-0010 to 836-085-0045