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

In the Matter of: Allstate Insurance Company and Allstate Vehicle and Property Insurance Company, Respondents.	Case No. INS-25-0072 FINAL ORDER TO CEASE AND DESIST AND ORDER ASSESSING CIVIL PENALTIES, ENTERED BY CONSENT

The Director of the Department of Consumer and Business Services for the State of Oregon (the “Director”), through the Division of Financial Regulation (the “Division”), investigated the business activities of Allstate Insurance Company and Allstate Vehicle and Property Insurance Company and determined that each company violated certain provisions of Oregon Revised Statutes (“ORS”) chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748, and 750 and the rules promulgated thereunder (collectively, the “Insurance Code”).

Allstate Insurance Company and Allstate Vehicle and Property Insurance Company cooperated with the Director’s investigation and wish to settle this matter.

Now, therefore, as evidenced by the signature(s) subscribed in this Order, Allstate Insurance Company and Allstate Vehicle and Property Insurance Company hereby CONSENT to entry of this Order upon the Director’s Findings of Fact and Conclusions of Law below.

FINDINGS OF FACT

The Director FINDS that:

1. The Allstate Insurance Company (“AIC”) and Allstate Vehicle and Property Insurance Company (“AVPIC”) (collectively the “Allstate Group”) are property and casualty carriers that provide insurance products in Oregon and maintain a principal place

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of business at 3075 Sanders Road, Northbrook, Illinois 60062.

I. <u>2024 Homeowners Insurance Data Call</u>

2. On May 10, 2024, the Division initiated a homeowners insurance data call (Bulletin 2024-07). The data call required all insurers writing homeowner policies in Oregon to submit their current "in use" underwriting guidelines to the Division for review.

3. During the review, one of the Division's actuaries noted that AIC's and AVPIC's homeowner policies contained deficient language related to the use of first water and first theft claims.

<u>a. AIC's 2024 Underwriting Guidelines Submission</u>

4. In AIC's "Loss History" underwriting guidelines it states "No more than 1 loss in the past three years. No water or theft loss." These guidelines were effective on November 28, 2022. (SERFF filing #ALSE 134143587)

<u>b. AVPIC's 2024 Underwriting Guidelines Submission</u>

5. In AVPIC's "Loss History" underwriting guidelines related to seasonal and secondary homes, it states that "Loss History is the combination of Primary and Secondary losses and must meet the loss history guidelines, as outlined above. In addition, the seasonal/secondary residence must have 0 water and 0 theft/liability/vandalism losses in the past 5 years." These guidelines were effective on March 6, 2023. (SERFF filing #ALSE 134143613)

<u>c. 2024 Certificates of Compliance</u>

6. When insurers submit policies or guidelines to the Division for review, the companies are required to complete a Certificate of Compliance ("COC"), along with the filings. AIC and AVPIC completed a COC for its 2024 data call filings, which was signed by a senior state filings analyst, and dated June 12, 2024 ("2024 COC").

7. The 2024 COC states that the "filing submitted complies with the applicable State and Federal regulations, Bulletins, filing requirements and product standards set forth

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on the Division of Financial Regulation web site[…].”

8. The 2024 COC further states that the Division will “rely on this certificate and, should it be determined that this filing is materially false or misleading, appropriate corrective and disciplinary action including monetary penalties, as authorized by law, will be taken by the Division of Financial Regulation against the Company.”

9. The Division flagged AIC’s and AVPIC’s 2024 underwriting guidelines for further review.

II. <u>The Division’s Further Review</u>

10. On October 24, 2024, the Division contacted the Allstate Group to inquire further and requested a list of all its companies that were using the homeowner policy underwriting guidelines related to “first water” and “first theft” that were implemented around 2022. Along with this information, Allstate was to provide a list of all Oregon homeowner policies that used first water and first theft in its underwriting decisions from September 1, 2022 through August 31, 2024.

11. The Allstate Group replied that AIC and AVPIC were the only companies that were using these guidelines during the time period in question. The Allstate Group found that, of the 133,503 homeowner quotes, 684 applicants were not offered a policy due to the first water or first theft loss in the past five years. Of the 3,233 condominium unit quotes, 106 applicants were not offered a policy due to first water or first theft in the past five years.

12. On November 21, 2024, the Division asked the Allstate Group to confirm when AIC and AVPIC started and stopped using the guidelines in question related to first water and first theft.

13. On December 19, 2024, the Allstate Group responded that

> When Allstate introduced Allstate Vehicle and Property Insurance Company (AVPIC) in April of 2012, it provided a copy of the

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> underwriting guidelines which included **restrictions on first water and first theft losses at secondary/seasonal homes**. Because that filing was approved and released for use, Allstate believed that utilizing such a guideline was deemed acceptable. Under that belief, Allstate revised the loss history guideline which applied to all prospective homeowner policies to restrict first loss for theft or water on 1/18/21, it removed this guideline on 8/23/24. For the Allstate Insurance Company, the restriction of no water or theft losses began on 11/28/22; it removed this guideline on 8/23/24. Allstate verifies the counts provided in the Nov. 15, 2024, correspondence: 684 counts for AVPIC; 106 counts for AIC.

a. AVPIC's 2012 Underwriting Guidelines Submission

14. As the Allstate Group referenced, in 2012, AVPIC submitted its homeowner policy underwriting guidelines to the Division. It states, in relevant part, that "Loss experience on primary residence must meet new business eligibility requirements and no Theft/Liability/Vandalism loss on the seasonal/secondary residence in the past 3 years." (SERFF filing #ALSE 128845985) ("2012 underwriting guidelines").

b. 2012 Certificate of Compliance

15. Along with the 2012 underwriting guidelines, AVPIC submitted a COC to the Division, which was signed by two AVPIC representatives and dated November 30, 2012 and December 4, 2012 ("2012 COC"). The 2012 COC states that

> […]the filing submitted complies with the applicable Oregon laws, Oregon Administrative Rules, Oregon Insurance Bulletins and applicable filing requirements and product standards set for on the Insurance Division's website and that the filing is not false or misleading in any material respect." The 2012 COC further states that the Division will "rely on this certificate and, should it be determined that this filing is materially false or misleading, appropriate corrective disciplinary action including monetary penalties, as authorized by law, will be taken by the Oregon Insurance Division against the Company.

16. The Division approved AVPIC's 2012 homeowner policy underwriting guidelines, and the Allstate Group reported the policy's effective date was April 15, 2013.

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17. On January 6, 2025, the Division responded to the assertions regarding AVPIC's prior submission, and acknowledged that AVPIC's 2012 underwriting guidelines included no theft loss, but pointed out that the 2012 guidelines did not mention water loss for seasonal or secondary homes. AIC and AVPIC added language after 2012 to include no water loss.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

18. The Director has jurisdiction over the Allstate Group's business activities under ORS 731.236.

19. By using a consumer's first water or first theft claim made on a homeowner policy within five years preceding the application date to determine whether to issue the policy, AVPIC violated ORS 746.686(1)(b) on 684 occasions from January 18, 2021 through August 23, 2024.

20. By using a consumer's first water or first theft claim made on a homeowner policy within five years preceding the application date to determine whether to issue the policy, AIC violated ORS 746.686(1)(b) on 106 occasions from November 28, 2022 through August 23, 2024.

21. ORS 731.988(1) authorizes the Director to assess up to a $10,000 civil penalty against the Allstate Group for *each violation* of the Insurance Code.

ORDERS

Now therefore, the Director issues the following Orders:

ORDER TO CEASE AND DESIST

22. As authorized by ORS 731.252(1), the Director ORDERS AIC and AVPIC to CEASE AND DESIST from violating ORS 746.686(1)(b).

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ORDER ASSESSING PENALTIES

23. As authorized by ORS 731.988(1), the Director ORDERS the Allstate Group to pay $80,000 in CIVIL PENALTIES for its 790 violations of ORS 748.686(1)(b). Those CIVIL PENALTIES are allocated as follows:

A. AIC – $10,000 for its 106 violations; and

B. AVPIC – $70,000 for its 684 violations.

24. The Director SUSPENDS $40,000 of the CIVIL PENALTIES, provided the Allstate Group complies with these conditions:

A. The Allstate Group does not have any new violations of ORS 746.686(1)(b).

B. The Allstate Group does not violate the terms of this Consent Order.

25. If the Allstate Group satisfies the above conditions, the Director shall waive the suspended portion of the civil penalties three years after the date of this Order. If the Allstate Group fails to satisfy the above conditions during the three-year period following the date of this Order; however, the suspended portion of the civil penalties, amounting to $40,000, will become immediately due and owing.

26. Along with this Order, the Allstate Group shall submit $40,000 to the Director as payment for the non-suspended civil penalties. Such payment shall be made at the time the Allstate Group signs and returns this Consent Order to the Director.

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27. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that provision, entry of this Order does not limit or prevent further remedies available to the Director under Oregon law to enforce this Order or take action for violations of this Order or of the Insurance Code not covered by this Order.

SO ORDERED this 14th day of April, 2026

SEAN E. O'DAY, Director
Department of Consumer and Business Services

/s/ Dorothy Bean

Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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ENTITY CONSENT TO ENTRY OF ORDER

I, Kenny Yeh, am authorized to act and sign behalf of Allstate Insurance Company and Allstate Vehicle and Property Insurance Company ("Allstate"). I have read the foregoing Order and understand the contents thereof and acknowledge that the factual allegations stated herein are true and correct. Allstate has been advised of the right to a hearing and of the right to be represented by counsel in this matter and Allstate voluntarily consents to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. Allstate understands that the Director reserves the right to take further action against it to enforce this Order or to take appropriate action upon discovery that Allstate has committed other violations of the Insurance Code. Allstate, along with its officers, directors, employees, or agents, will fully comply with the terms and conditions stated herein.

Allstate understands that this Order is a public document.

Signature: /s/ Kenny Yeh

Position Held: State Manager

State of Virginia

County of Hampton

Signed or attested before me on this 17th day of March, 2026.

/s/ Natasha A Stromley

Notary Public

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