



**STATE OF RHODE ISLAND
DEPARTMENT OF BUSINESS REGULATION
1511 PONTIAC AVENUE, BUILDING 69-2
CRANSTON, RHODE ISLAND 02920**

IN THE MATTER OF:

**ALLSTATE PROPERTY &
CASUALTY INSURANCE
COMPANY;
ALLSTATE FIRE & CASUALTY
INSURANCE COMPANY;**

RESPONDENT.

DBR No.: 2024-IN-004

CONSENT AGREEMENT

It is hereby agreed between the Department of Business Regulation (“Department”) and Allstate Property & Casualty Insurance Company and Allstate Fire & Casualty Insurance Company, (“Respondents”) as follows:

1. Respondents are an insurer domiciled in the state of Illinois licensed in the State of Rhode Island as a foreign insurance company identified by the NAIC Company Code 29688. Respondents are authorized to issue property, fire, and casualty insurance policies.

2. Respondents on October 13, 2021, entered into a Consent Agreement with the Department for similar allegations involving the statutory requirement to honor a rental car direction to pay. In the 2021 Consent Agreement, Respondents were fined \$7,500 and agreed to re-educate their call center agents and insurance claim adjusters specific to the rental car direction to pay statutory requirements, and then provide



documentation of those communications and education. Respondents provided the required communication and re-education to its employees and continues to do so.

3. On August 22, 2023, the Department received a complaint against Respondents from the same complainant that initiated the 2021 consumer complaint investigation that led to Respondents' 2021 Consent Agreement noted in the prior paragraph. The Rental of Motor Vehicles Licensee ("Rental Car Company") alleged that for seven (7) specific insurance claims, a rental invoice and direction to pay were emailed to Respondents by the complainant, yet payments were subsequently improperly made to the renter (vehicle owner).

4. After receiving a copy of the complaint from the Department, Respondents acknowledged that the rental car direction to pay requests were not honored and that in all seven (7) claims the payment was made directly to the renter (vehicle owner). From the Department's investigation, it appears the complainant made an attempt to raise the concern about the lack of payment with Respondents for at least one of the claims before filing the complaint with the Department.

5. In total, Respondents issued a total of \$13,286 in rental checks directly to the renters (vehicle owners), and then after the Department forwarded the complaint, Respondents issued another \$13,286 directly to the complainant. According to Respondents, they reached out to the renters (vehicle owners) directly about the erroneously issued checks, but Respondents did not hear back, and all checks were confirmed cashed.

6. The Department's investigation identified that the complainant had sent Respondent a direction to pay request *both* at the beginning of the car rental period, and



at the end of the car rental period alongside the invoice for payment in each of the seven instances.

7. According to the 2023 complainant, “none [of the rental directions to pay] were paid by the renter. Shortly after we put the renter in a vehicle we notify Allstate and send a copy of the DTP [direction to pay]. When the vehicle returns we send a cover letter, invoice and the DTP again [to Respondents]. We notify them and are as thorough as we can be, as far as making sure that document gets to them.”

8. Respondents explain that their procedures call for an alert to be added to the claim file whenever there is a rental car direction to pay request. Respondents state that “while alerts should be reviewed prior to issuing payment, they unfortunately do not stop the representative from issuing a payment improperly. The payments [in question] issued improperly were human error, the representatives that issued the payments did not follow the process which led to an error.”

9. The date of loss on four (4) out of the seven (7) claims, occurred before the previous Consent Agreement was signed by Respondents. This means that as these claims were being handled, and as Respondents were educating their employees regarding the Rhode Island law requiring insurers to honor a direction to pay, these claims were still not handled properly.

10. Three (3) claims out of the seven (7) newly complained about incidents occurred after the 2021 Consent Agreement was signed. After the Consent Agreement was signed, it is reasonably expected that Respondents should have continued to provide education to their employees regarding statutory compliance with rental car directions to pay.



11. Upon request of the Department, Respondents undertook a review of all the claims involving rental cars and directions to pay that were handled by the adjusters involved in the seven (7) claims identified in the complaint since 2019, identifying any other claims involving direction to pay that were handled incorrectly. Respondents identified a universe of 450 auto claims and 92 of those involved a direction to pay request.

12. Out of the 92 claims with a direction to pay, five (5) additional incidents were identified where Respondents failed to honor a direction to pay a rental car company. Those five (5) additional incidents involved four additional distinct rental car companies. In total, five (5) rental car companies were impacted by these incidents.

13. These five (5) additional incidents are in addition to the seven (7) claims identified in the complaint.

14. Respondents also disclosed to the Department that at least two (2) of those five (5) were being addressed during the 2021 enforcement action process. Respondents did not inform the Department of these two (2) claims during the 2021 corrective action period.

15. The other three (3) claims out of the additional five (5) occurred after the 2021 Consent Agreement was finalized. The Department was not made aware of any of these claims until this current investigation.

16. According to Respondents, these five (5) additional claims have since been rectified and payment has been issued correctly to the impacted rental car companies.

17. On May 31, 2024, Respondents disclosed to the Department that another review was conducted for rental payments made in 2023 and the first quarter of 2024.



1,751 claims were identified, and 355 were randomly sampled. Out of the 355 sampled, Respondents identified ten (10) additional incidents where the DTP was not honored. Respondents have remediated these incidents.

AUTHORITY

18. R.I. Gen. Laws § 27-9.1-3 lays out that it is an improper claims practice for any insurer transacting business in this state to commit any violations of R.I. Gen. Laws § 27-9.1-4 flagrantly and in conscious disregard of this chapter or with a frequency as to indicate a general business practice.

19. R.I. Gen. Laws § 27-9.1-4(a) includes the following as an unfair claims settlement practice:

(18) Refusing to honor a "direction to pay" executed by an insured, claimant, indicating that the insured or claimant wishes to have the insurance company directly pay his or her motor vehicle replacement vehicle rental benefit to the rental car company of the consumer's choice; provided, that the rental car company is licensed pursuant to § 31-5-33. Nothing in this section shall be construed to prevent the insurance company's ability to question or challenge the amount charged, in accordance with its policy provisions, and the requirements of the department of business regulation.

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:

- I. Respondents acknowledge the above referenced facts and are entering into this Consent Agreement to resolve this matter fully and fairly.
- II. Respondents agree to pay an administrative fine of thirty thousand dollars (\$30,000) within thirty (30) days of this agreement.
- III. Respondents have reviewed and their system related to Directions to Pay and have identified additional controls to address these concerns.



- IV. For twelve (12) months following the date of this agreement, Respondents agree to provide summary every two months regarding the closure of any rentals where there was a direction to pay related to any Rhode Island rental. Those reports shall include information as detailed by the Department.
- V. Respondents agree to review their communication and education of the payment policies for call center agents and adjusters within sixty (60) days of this agreement. Respondents will report to the Department any enhancements that are identified in that communication and education.
- VI. Respondents agree to continue to communicate and re-educate call center agents and adjusters of the payment policies.
- VII. Waiver of Hearing and Appeal. By agreeing to resolve this matter through the execution of this Consent Agreement, Respondents knowingly and voluntarily waive any right to an administrative hearing and waive any right to pursue an appeal to the Superior Court under the Rhode Island Administrative Procedures Act, R.I. Gen. Laws § 42-35-1 *et seq.*
- VIII. Enforcement. If Respondents fail to comply with any term or condition of this Consent Agreement within any applicable time period set forth herein, Respondents will be in violation hereunder and the Department shall be entitled to immediately to take enforcement or other action in accordance with applicable law.
- IX. Compliance; Other Laws. Compliance with the terms of this Consent Agreement does not relieve Respondents of any obligation to comply with



other applicable laws or regulations administered by or through the
Department or any other governmental agency.

Counsel for the Respondents and the Department hereby consent and agree on the
foregoing on behalf of their respective clients the 11 day of June 2024.

Rhode Island Department of
Business Regulation
by its Legal Counsel

Allstate Property & Casualty Insurance Company
and Allstate Fire & Casualty Insurance Company
by their Legal & Regulatory Counsel



Mariel R. Garcia, Esq.



Javier R. Tapia, Esq.