

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 PROPERTY & CASUALTY :  
INSURANCE COMPANY :  
: :  
RESPONDENT. :  
\_\_\_\_\_ :

**CONSENT AGREEMENT**

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

1. Allstate is an insurer licensed in the State of Rhode Island to issue property & casualty insurance policies insuring Rhode Island registered automobiles.

2. R.I. Gen. Laws § 27-10.3-1 provides in relevant part:

§ 27-10.3-1 Arbitration provision. – (a) Every contract of motor vehicle liability insurance, issued in the state by an insurance carrier authorized to do business in the state, shall contain the following provisions:

(1) Any person, referred to in this section as "the plaintiff," suffering a loss, allegedly resulting out of the ownership, maintenance, or use of a motor vehicle by an insured, and allegedly resulting from liability imposed by law for property damage, bodily injury, or death, may, at his or her election, whenever the claim is for twenty-five thousand dollars (\$25,000) or less, submit the matter to arbitration pursuant to chapter 3 of title 10...

3. Insurance Regulation 73(5)(G) provides:

An Insurer shall reply in writing within ten (10) Days to all written communications from a Claimant which suggest a response is expected

4. R.I. Gen. Laws § 27-9.1-4 provides in relevant part:

(a) Any of the following acts by an insurer, if committed in violation of § 27-9.1-3, constitutes an unfair claims practice:

...

(2) Failing to acknowledge and act with reasonable promptness upon pertinent communications with respect to claims arising under its policies;

(3) Failing to adopt and implement reasonable standards for the prompt investigation and settlement of claims arising under its policies;

(4) Not attempting in good faith to effectuate prompt, fair, and equitable settlement of claims submitted in which liability has become reasonably clear;

...

5. The Department received a series of complaints which established that Allstate did not respond to correspondence from counsel for claimants demanding arbitration under R.I. Gen. Laws § 27-10.3-4 within ten days, or within any reasonable period of time. In fact, in the case of complaints received by the Department no response at all was provided to claimants counsel until claimants' counsel sought the intervention of the Department.

6. For example, in one matter claimant's counsel sent correspondence demanding arbitration on April 18, 2011 with follow up correspondence on May 23, 2011 and June 21, 2011. A complaint was filed with the Department on July 8, 2011 and notice was received from Respondent that the matter had been assigned to an attorney for arbitration as of July 22, 2011.

Therefore, there was a delay of more than three months before the matter was even assigned to someone with whom the complainant's attorney could discuss the scheduling or arbitration.

7. In another matter, claimants counsel sent correspondence demanding arbitration on April 28, 2011 with follow up correspondence on June 21, 2011. A complaint was filed with the Department on July 8, 2011 and notice was received from Allstate that the matter had been assigned to an attorney for arbitration as of July 22, 2011. Therefore, there was a delay of almost three months before the matter was even assigned to someone with whom the complainant's attorney could discuss the scheduling of arbitration.

8. In a third matter claimants counsel sent correspondence demanding arbitration on numerous occasions culminating with a June 21, 2011 letter. A complaint was filed with the Department on July 8, 2011 and notice was received from Allstate that the matter had been assigned to an attorney for arbitration as of July 22, 2011. Therefore, there was a multiple month delay before the matter was assigned to someone with whom the complainant's attorney could discuss the scheduling or arbitration.

9. The Department communicated with Allstate about the above three matters and informed them that a prompt response was required, however, Allstate still did not alter their pattern and practice on non-response. On September 14, 2011 the Department received correspondence indicating that a request for arbitration had been made August 24, 2011 and had not been responded to by Allstate. Allstate response to the Department's inquiries on October 27, 2011 indicated that the matter had been "assigned" on September 20, 2011, a week after Allstate was contacted by the Department.

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

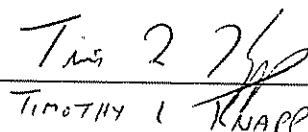
1. Respondent will pay a fine of \$8,000.
2. Respondent agrees to institute procedures wherein all communications for claimants or claimant's representative are responded to within ten (10) days of receipt;
3. Respondent agrees that all communications requesting, suggesting or demanding arbitration will be assigned to an attorney and an acknowledgment sent to the claimant or claimant's representative with the name of the attorney within ten (10) days of receipt.
4. Respondent agrees that it will instruct the attorney retained that an arbitration under R.I. Gen. Laws § 27-10.3-1 should be instituted as soon as possible.

Counsel for the Department and Respondent hereby consent and agree to the foregoing on behalf of their respective clients the 10<sup>th</sup> day of ~~September~~ October.

Department of Business Regulation  
By its Legal Counsel,

  
Elizabeth Kelleher Dwyer

Allstate Property & Casualty Insurance  
Company  
By its attorney,

  
TIMOTHY L. KNAPP