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FOR IMMEDIATE RELEASE

**INSURANCE COMMISSIONER TYLER FINES ALLSTATE \$750,000
FOR NON-COMPLIANT CONSUMER NOTICES**

Largest Property and Casualty Fine on Record

Baltimore, MD (December 20, 2007)... Maryland Insurance Commissioner Ralph S. Tyler announced today a fine of \$750,000, the largest that the Maryland Insurance Administration (MIA) has ever imposed against a property and casualty insurer, against Allstate Insurance Company and its affiliated entities (including the Encompass companies*) for failure to comply with state laws regarding mandatory notices to consumers and required filings with the MIA.

“It is very simple,” said Tyler. “Here we have multiple compliance violations and Allstate moved too slowly to correct the problems. Allstate was put on notice and fined more than a year ago for similar compliance violations.”

A series of three notices were found to be non-compliant in Maryland – notices of premium increases for auto policies, renewal notices for homeowners’ policies and a required annual statement of coverage for homeowner’s policyholders. Allstate also instituted certain policy changes without having filed those matters with the MIA as required by law. Tens of thousands of policyholders were provided inappropriate notices or not provided required notices at all. At this time, these notices and filings have been corrected. The action today sanctions Allstate for its violations of state law.

More specifically, the violations involved the following state requirements. COMAR 31.08.03.05C(2) requires a specifically defined notice be provided to auto policyholders to inform them of their rights related to premium increases greater than 15 percent. The Insurance Article 27-607(b) requires that homeowner’s policyholders receive specific notice of their renewal premium at least 45 days prior to the renewal. Insurance Article 19-205(a)(1) requires homeowner’s insurers to provide policyholders annually with a statement of coverage and exclusions.

In violation of state filing requirements, Allstate imposed a 3 percent cyclone deductible prior to the effective date submitted in its filing, improperly calculated certain premiums based on its filed hurricane deductible and failed to make appropriate filings to remove earthquake coverage from its policies.

Tyler added, “Consumers have basic rights to be informed about their coverage and changes that the insurer may make. Otherwise, there is no reasonable way for them to make informed decisions about what coverage they need and what company can best provide it.”

Allstate previously paid restitution to Maryland consumers for similar violations in the amount of nearly \$18.6 million.

The Order of the MIA is available on our website, www.mdinsurance.state.md.us, containing the background involved in this case.

* Note that the Allstate companies involved include Allstate Insurance Company, Allstate Indemnity Company, Allstate Property and Casualty Insurance Company, Encompass Indemnity Company, and Encompass Insurance Company of America.

The Maryland Insurance Administration (MIA), founded as the Maryland Insurance Division in 1872, is an independent State agency located in downtown Baltimore. This agency regulates Maryland's \$26 billion insurance industry and makes certain that insurance companies, health plans and producers (agents and brokers) comply with Maryland insurance law. The MIA also licenses over 110,000 producers and approximately 1,500 insurance companies, regulates insurance rates, monitors insurer solvency, investigates consumer complaints and travels across the State providing consumers with educational materials on insurance. These materials may also be found at www.mdinsurance.state.md.us.