COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT

MARKET CONDUCT
EXAMINATION REPORT

OF

ALLSTATE FIRE AND CASUALTY INSURANCE COMPANY
NORTHBROOK, IL

As of: September 8, 2025
Issued: November 4, 2025

BUREAU OF MARKET ACTIONS
PROPERTY & CASUALTY DIVISION

PENNSYLVANIA INSURANCE DEPARTMENT
EXAMINATION VERIFICATION

I, Frank Callihan (Name of Examiner), Market Conduct Examiner II (Title of Examiner) from the Pennsylvania Insurance Department (Name of Vendor/Department) certify that I was the Examiner-In-Charge of the Report of Examination of Allstate Fire and Casualty Insurance Company (Name of Examined Company) made as of 09/03/2025 (Date).

The last date of examination file review was 07/31/2025 (Date) and the written Report of Examination was reviewed and accepted by the Chief of Market Conduct, Paul Towsen (Chief of Market Conduct Examiner) on 09/05/2025 (Date).

I have reviewed the completed written Report of Examination and certify that the facts and figures recited therein are true and accurate, according to the records, documents and other evidence obtained during the course of the examination.

Frank Callihan
(Examiner-in Charge)

Pennsylvania Insurance Department
(Name of Vendor/Department)

1321 Strawberry Square Harrisburg, PA 17120
(Address of Vendor/Department)

Frank Callihan
(Examiner in Charge Signature)

09/03/2025
(Date)

IN ORDER TO SATISFY SECTION 40 P.S. § 323.5(b), THAT PROVIDES FOR NO LONGER THAN SIXTY (60) DAYS FROM THE COMPLETION OF THE EXAMINATION, THE EXAMINER IN CHARGE SHALL FILE WITH THE DEPARTMENT A VERIFIED WRITTEN REPORT OF EXAMINATION UNDER OATH.

ALLSTATE FIRE AND CASUALTY COMPANY

TABLE OF CONTENTS

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

O R D E R

AND NOW, this __3rd___ day of _July___, 2023, in accordance with Section 905(c) of the Pennsylvania Insurance Department Act, Act of May 17, 1921, P.L. 789, as amended, P.S. § 323.5, I hereby designate David J. Buono, Jr., Deputy Insurance Commissioner, to consider and review all documents relating to the market conduct examination of any company and person who is the subject of a market conduct examination and to have all powers set forth in said statute including the power to enter an Order based on the review of said documents. This designation of authority shall continue in effect until otherwise terminated by a later Order of the Insurance Commissioner.

Michael Humphreys
Insurance Commissioner

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
ALLSTATE FIRE AND	:	
CASUALTY INSURANCE COMPANY	:	
3100 Sanders Road, Suite 201	:	40 P.S. §323.3(a)
Northbrook, IL 60062	:	
	:	31 Pa. Code §§62.3, 62.3(e)(4),
	:	69.52(a), 69.52(e)
	:	
	:	63 P .S. §861(b)
	:	
	:	75 Pa. C.S. §§1705(a)(4),
	:	173l(b)&(c)(c.l), and
	:	173 8(d)(l) & (2)(e)
	:	
	:	
Respondent.	:	Docket No. MC25-09-006

CONSENT ORDER

AND NOW, this 4th day of November 2025, this Order is hereby issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. §101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter and agrees that this Consent Order shall have the full force and effect of an order

duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

FINDINGS OF FACT

3. The Insurance Department finds true and correct each of the following Findings of Fact:

(a) Respondent is Allstate Fire and Casualty Insurance Company, and maintains its address at 3100 Sanders Road, Suite 201, Northbrook, IL 60062.

(b) A market conduct examination of Respondent was conducted by the Insurance Department covering the experience period from January 1, 2023, through December 31, 2023.

(c) On September 8, 2025, the Insurance Department issued a Market Conduct Examination Report to Respondent.

(d) A response to the Examination Report was provided by Respondent on October 8, 2025.

(e) The Market Conduct Examination of Respondent revealed violations of the following:

(i) All findings and conclusions in the Examination Report, which is attached hereto, are hereby incorporated into this Consent Order

CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department makes the following Conclusions of Law:

(a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.

(b) Violations of 63 P.S.§861(b) Any individual or insurer who violates any of the provisions of this article may be sentenced to pay a fine not to exceed five thousand dollars ($5,000).

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

(a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.

(b) Respondent shall pay Five Thousand Dollars ($5,000.00) in settlement of all violations contained in the Report.

(c) Payment of this matter shall be made at https://www.bpp.ob.pa.gov/Customer. Instructions on how to do this are provided in the attached cover letter to this order. Payment must be made no later than thirty (30) days after the date of this Order.

(d) To determine Respondent's compliance with the full and timely implementation of all recommendations in the Examination Report, the Department may inquire with the Respondent about its implementation of the Recommendations no earlier than twelve (12) months from the date of this Order.

(e) Respondent shall share the Examination Report and this Order with each of its directors and submit affidavits executed by each of its directors, stating under oath that they have received a copy of the Examination Report and this Order. Such affidavits shall be submitted within thirty (30) days of the date of this Order.

(f) Respondent shall comply with all recommendations contained in the attached Report.

6. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein may pursue any and all legal remedies available, including but not limited to the following: The Insurance Department may enforce the provisions of this

Order in the Commonwealth Court of Pennsylvania or in any other court of law or equity having jurisdiction; or the Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

7. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

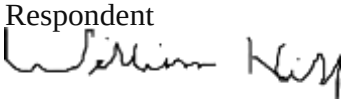
9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

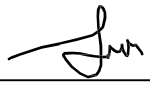
11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained

herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

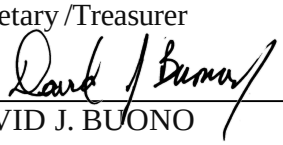
BY: ALLSTATE FIRE AND CASUALTY COMPANY
Respondent



President/Vice-President



Secretary /Treasurer



DAVID J. BUONO
Deputy Insurance Commissioner
Commonwealth of Pennsylvania

I. INTRODUCTION

The Market Conduct Examination of Allstate Fire and Casualty Insurance Company, hereinafter referred to as "Company", was conducted at the Pennsylvania Insurance Department beginning July 8, 2024. There was no onsite portion of the exam.

Pennsylvania Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review those areas of concern in order to determine the potential impact upon Company operations or future compliance. A violation is any instance of Company activity that does not comply with an insurance statute or regulation. Violations contained in the Report may result in imposition of penalties.

In certain areas of review listed in this Report, the examiners will refer to "error ratio." This error ratio is calculated by dividing the number of policies with violations by the total number of policies reviewed. For example, if 100 policies are reviewed and it is determined that there are 20 violations on 10 policies, the error ratio would be 10%.

Throughout the course of the examination, Company officials were provided with status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit conference was conducted with Company personnel to discuss the various types of violations identified during the examination and review written summaries provided on the violations found.

The courtesy and cooperation extended by the officers and employees of the Company, during the course of the examination is hereby acknowledged. The following examiners participated in this examination and in preparation of this Report.

Paul Towsen, MCM
Market Conduct Division Chief
Pennsylvania Insurance Department

Frank Callihan, MCM
Market Conduct Examiner II, EIC
Pennsylvania Insurance Department

Joshua Gotwalt, MCM
Market Conduct Examiner II
Pennsylvania Insurance Department

Richard J. Barr, MCM
Market Conduct Examiner II
Pennsylvania Insurance Department

Vern Schmidt, MCM
Market Conduct Examiner II
Pennsylvania Insurance Department

Jessica Lynch, AFE
Senior Financial and Market Conduct Examiner
Lewis & Ellis, Inc.

Mel Heaps, CFE
Senior Financial Examiner
Lewis & Ellis, Inc.

II. SCOPE OF EXAMINATION

The Market Conduct Examination was conducted on Allstate Fire and Casualty Insurance Company, at the Pennsylvania Insurance Department, located in Harrisburg, Pennsylvania. The examination was conducted pursuant to Sections 903 and 904 (40 P.S. §§323.3 and 323.4) of the Insurance Department Act of 1921 and covered the experience period of January 1, 2023, through December 31, 2023, unless otherwise noted. The purpose of the examination was to determine the Company's compliance with Pennsylvania insurance laws and regulations.

The examination focused on Company operations in the following areas:

1. Private Passenger Automobile
    - Underwriting – Appropriate and timely notices of nonrenewal, midterm cancellations, 60-day cancellations, declinations, and rescissions.
    - Rating – Proper use of all classification and rating plans and procedures.

2. Claims

3. Complaints

4. Underwriting Practices and Procedures

5. Forms

6. Data Integrity

7. MCAS

III. COMPANY HISTORY

Allstate Fire and Casualty Insurance Company (the "Company") was organized under the laws of the State of California on September 6, 1972, as Lenders Insurance Company, and changed its name to PMI Mortgage Insurance Company in 1976. The Company subsequently changed its name to Forestview Mortgage Insurance Company in 1994 and, effective March 28, 2001, the Company changed its name to Allstate Fire and Casualty Insurance Company and was redomiciled from California to Illinois.

Effective January 1, 2001, the Company was quasi-reorganized. With approval from the Illinois Department of Insurance, the Company returned $99,800,000 of capital to Allstate Insurance Company (AIC).

On February 23, 2012, the Company's parent, AIC, transferred all of the issued and outstanding stock of the Company to Allstate Insurance Holdings, LLC (AIH) by payment of a stock dividend. AFCIC is licensed to do transact business in the District of Columbia and all states of the United States except for California.

LICENSING

Allstate Fire and Casualty Insurance Company's last Certificate of Authority to write business in the Commonwealth was issued on April 1, 2025. Allstate Fire and Casualty Insurance Company is licensed to transact property and casualty insurance business in the District of Columbia and all states of the United States except for California. The Company's 2023 annual statement reflects Direct Written Premium for all lines of business in the Commonwealth of Pennsylvania as $873,500,547. Premium volume related to the areas of this review were: Private Passenger Automobile Direct Written Premium was reported as Private Passenger Auto No-Fault (Personal Injury Protection)

$2,350,525; Other Private Passenger Auto Liability $465,202,531; and Private Passenger Auto Physical Damage $405,864,985.

IV. UNDERWRITING

A. Private Passenger Automobile

1. Nonrenewals

A nonrenewal is considered to be any policy that was not renewed, for a specific reason, at the normal twelve-month policy anniversary date.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited, and Section 2006 (40 P.S. §991.2006), which establishes the requirements which must be met regarding the form and conditions of the cancellation notice.

A universe of 23 private passenger automobile policies which were nonrenewed during the experience period was provided. All 23 files were received and reviewed. No violations were noted resulting in an error ratio of 0%.

2. Mid-term Cancellations

A mid-term cancellation is any policy that terminates at any time other than the normal twelve-month policy anniversary date.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited, and Section 2006 (40 P.S. §991.2006), which establishes the requirements which must be met regarding the form and conditions of the cancellation notice.

From the universe of 45,609 private passenger automobile policies which were cancelled during the experience period, 100 files were randomly selected for review. All 100 files requested were received and reviewed. No violations were noted resulting in an error ratio of 0%.

3. 60-Day Cancellations

A 60-day cancellation is considered to be any policy, which was cancelled within the first 60 days of the inception date of the policy.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited. These files were also reviewed for compliance with Act 68, Section 2002(b)(3) (40 P.S. §991.2002(b)(3)), which requires an insurer who cancels a policy of automobile insurance in the first 60 days, to supply the insured with a written statement of the reason for cancellation.

From the universe of 6,919 automobile policies that were cancelled within the first 60 days of new business, 75 files were randomly selected for review. All 75 files requested were received and reviewed. No violations were noted resulting in an error ratio of 0%.

4. Declinations

A declination is any application that is received by the Company and was declined to be written.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited.

From the universe of 44,484 declinations for private passenger auto insurance , 50 were selected for review. All 50 files requested were received and reviewed. No violations were noted resulting in an error ratio of 0%.

5. Rescissions

A rescission is any policy which was void ab initio by the Company.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited. The review also determines compliance with the rescission requirements established by the Supreme Court of Pennsylvania in Erie Insurance Exchange v. Lake.

The universe of five private passenger automobile policies that were identified by the Company as rescissions during the experience period was selected for review. All five files were received and reviewed. No violations were noted resulting in an error ratio of 0%.

V. RATING

A. Private Passenger Automobile

1. New Business

New business, for the purpose of this examination, is defined as policies written for the first time by the Company during the experience period.

The primary purpose of the review was to measure compliance with The Casualty and Surety Rate Regulatory Act, Section 4(a) and (h)(40 P.S. §1184(a), (h)), which requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time. Files were also reviewed to determine compliance with all provisions of the Motor Vehicle Financial Responsibility Law (75 Pa. C.S. §§1701 – 1799.7) and Act 68, Section 2005(c) (40 P.S. §991.2005(c)), which requires insurers to provide to insureds a detailed statement of the components of a premium and shall specifically show the amount of surcharge or other additional amount that is charged as a result of a claim having been made under a policy of insurance, or as a result of any other factors.

The Company uses an automated system to process and issue personal automobile policies. In order to verify the automated system, several policies were manually rated to ensure the computer had been programmed correctly. Once the computer programming had been verified, only the input data needed to be verified. By reviewing base premiums, territory assignments, rating symbols, classifications and surcharge disclosures, the examiners were able to determine compliance with the Company's filed and approved rating plans.

Private Passenger Automobile Rating – New Business Without Surcharges

From the universe of 14,910 private passenger automobile policies identified as new business without surcharges by the Company, 100 files were randomly selected for review. All 100 files requested were received and reviewed. It was found that many sample files reviewed were policies that contained surcharges. The seven violations were noted were based on four files, resulting in an error ratio of 4%.

The following findings were made:

3 Violations 75 Pa. C.S. §1705(a)(4)

Requires every insurer, prior to the issuance of a private passenger motor vehicle liability insurance policy to provide each applicant an opportunity to elect a tort option. A policy may not be issued unless the applicant has been provided an opportunity to elect a tort option. The Company failed to provide a signed and dated limited tort option selection form for the three files noted.

2 Violations 75 Pa. C.S. §1731(b)&(c)(c.1)

Insurers shall print the rejection forms required by subsections (b) and (c) on separate sheets in prominent type and location. The forms must be signed by the first named insured and dated to be valid. The signatures on the forms may be witnessed by an insurance agent or broker. Any rejection form that does not specifically comply with this section is void. If the insurer fails to produce a valid rejection form, uninsured or underinsured coverage, or both, as the case may be, under that policy shall be equal to the bodily injury liability limits. On policies in which either uninsured or underinsured coverage has been rejected, the policy renewals must contain notice in prominent type that the policy does not provide protection against damages caused by uninsured or underinsured

motorists. The Company failed to provide signed written rejection forms for UM and UIM coverages for the two files noted.

2 Violations 75 Pa. C.S. §1738(d)(1) & (2)(e)

Stacking of uninsured and underinsured benefits and option to waive. (d) Forms- (1) The named insured shall be informed that he may exercise the waiver of the stacked limits of uninsured that he may exercise the waiver of the stacked limits of uninsured motorist coverage by signing the written rejection form. (2) The named insured shall be informed that he may exercise the waiver of the stacked limits of underinsured motorist coverage by signing the written rejection form. (e) Signature and date. – The forms described in subsection (d) must be signed by the first named insured and dated to be valid. Any rejection form that does not comply with this section is void. The Company failed to provide the signed rejection form of stacked limits for uninsured and underinsured motorists' coverage for the two files noted.

Private Passenger Automobile Rating – New Business With Surcharges

From the universe of 55 private passenger automobile policies identified as new business with surcharges by the Company, 35 files were randomly selected for review. All 35 files requested were received and reviewed. No violations were found resulting in an error ratio of 0%.

2. Renewals

   A renewal is considered to be any policy, which was previously written by the Company and renewed on the normal twelve-month anniversary date.

The purpose of the review was to measure compliance with The Casualty and Surety Rate Regulatory Act, Section 4(a) and (h) (40 P.S. §1184(a), (h)), which requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan, and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time. Files were also reviewed to determine compliance with Act 68 of 1998, Section 2005(c) (40 P.S. §991.2005(c)), which requires insurers to provide to insureds a detailed statement of the components of a premium and shall specifically show the amount of surcharge or other additional amount that is charged as a result of a claim having been made under a policy of insurance, or as a result of any other factors.

The Company processes and issues personal automobile policies using an automated system. In order to verify the automated system, several policies were manually rated to ensure the computer had been programmed correctly. Once the computer programming had been verified, only the input data needed to be verified. By reviewing base premiums, territory assignments, rating symbols, classifications and surcharge disclosures, the examiners were able to determine compliance with the Company's filed and approved rating plans.

Private Passenger Automobile Rating – Renewals Without Surcharges

From the universe of 42,603 private passenger automobile policies identified as new business without surcharges by the Company, 100 files were randomly selected for review. All 100 files requested were received and reviewed. It was found that many sample files reviewed were policies that contained surcharges. No other violations were found resulting in an error ratio of 0%.

Private Passenger Automobile Rating – Renewals With Surcharges

From the universe of 70 private passenger automobile policies identified as new business with surcharges by the Company, 50 files were randomly selected for review. All 50 files requested were received and reviewed. No violations were found resulting in an error ratio of 0%.

VI. CLAIMS

The Company was requested to provide copies of all established written claim handling procedures utilized during the experience period. Written claim handling procedures were received and reviewed for any inconsistencies, which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature.

The Claims review consisted of the following areas of review:

A. Automobile Property Damage Claims

B. Automobile Comprehensive Claims

C. Automobile Collision Claims

D. Automobile Total Loss Claims

E. Automobile First Party Medical Claims

F. Automobile First Party Medical Claims Referred to a PRO

The primary purpose of the review was to determine compliance with 31 Pa. Code, Chapter 146, Unfair Claims Settlement Practices; 31 Pa. Code §62.3 and 63 P.S. §861, Applicable Standards for Appraisal. The files were also reviewed to determine compliance with Act 205, Section 4 (40 P.S. §1171.4) and Section 5(a)(10)(vi) of the Unfair Insurance Practices Act (40 P.S. §1171.5(a)(10)(vi)).

A. Automobile Property Damage Claims

From the universe of 43,625 private passenger automobile property damage claims reported during the experience period, 75 files were randomly selected for review. All 75 files selected were received and reviewed. The nine violations noted were based on eight files, resulting in an error ratio of 11%. The following violations and concern were noted.

8 Violations 31 Pa. Code §62.3

An appraisal shall meet all applicable standards per statute. The Company failed to provide an appraisal that meets all applicable standards per statute for the eight claim files noted.

1 Violation 63 P.S. § 861(b)

The appraiser shall furnish a legible copy of the appraisal to the repair shop selected by the consumer to make the repairs and also furnish a copy to the owner of the vehicle. The appraisal shall contain the name of the insurance company ordering it, if any, the insurance file number, the number of the appraiser's license and the proper identification number of the vehicle being inspected. The appraisals were missing the appraiser's license number for the claim file noted.

CONCERN: In two files reviewed, the Company did not issue the claimant a written notice indicating it was closing the file without payment. The Company should, in all cases of claims closed without payment, issue a written notice to the claimant indicating the file is being closed with no payment.

B. Automobile Comprehensive Claims

From the universe of 40,115 private passenger automobile comprehensive claims reported during the experience period, 75 files were randomly selected for review. All 75 files selected were received and reviewed. The 19 violations noted were based on 11 files, resulting in an error ratio of 15%.

11 Violations 31 Pa. Code §62.3

An appraisal shall meet all applicable standards per statute. The Company failed to provide an appraisal that meets all applicable standards per statute for the eleven claim files noted.

8 Violations 63 P.S. § 861(b)

The appraiser shall furnish a legible copy of the appraisal to the repair shop selected by the consumer to make the repairs and also furnish a copy to the owner of the vehicle. The appraisal shall contain the name of the insurance company ordering it, if any, the insurance file number, the number of the appraiser's license and the proper identification number of the vehicle being inspected. The appraisals were missing the appraiser's license number for the eight claim files noted.

C. Automobile Collision Claims

From the universe of 39,918 private passenger automobile collision claims reported during the experience period, 75 files were randomly selected for review. All 75 files selected were received and reviewed. The 31 violations noted were based on 21 files, resulting in an error ratio of 28%. The following violations and concern were noted.

21 Violations - 31 Pa. Code §62.3

An appraisal shall meet all applicable standards per statute. The Company failed to provide an appraisal that meets all applicable standards per statute for the 21 claim files noted.

10 Violations 63 P.S. § 861(b)

The appraiser shall furnish a legible copy of the appraisal to the repair shop selected by the consumer to make the repairs and also furnish a copy to the owner of the vehicle. The appraisal shall contain the name of the insurance company ordering it, if any, the insurance file number, the number of the appraiser's license and the proper identification number of the vehicle being inspected. The appraisals were missing the appraiser's license number for the ten claim files noted.

CONCERN: In four (4) files reviewed, the Company did not issue the claimant a written notice indicating it was closing the file without payment. The Company should, in all cases of claims closed without payment, issue a written notice to the claimant indicating the file is being closed with no payment.

D. Automobile Total Loss Claims

From the universe of 11,911 private passenger automobile total loss claims reported during the experience period, 75 files were randomly selected for review. All 75 files selected were received and reviewed. The one violation noted was based on one file, resulting in an error ratio of 1%.

1 Violation *31 Pa. Code §62.3(e)(4)*

Applicable standards for appraisal. (e) The appraised value of the loss shall be the replacement value of the motor vehicle if the cost of repairing a motor vehicle exceeds its appraised value less salvage value, or the motor vehicle cannot be repaired to its predamaged condition. (4) Applicable sales tax on the replacement cost of a motor vehicle shall be included as part of the replacement value. The

Company failed to apply proper sales tax on the total loss appraisal for the claim file noted. The Company has already provided proof of restitution for the amount owed the insured for the sales tax reimbursement.

E. Automobile First Party Medical Claims

From the universe of 6,864 private passenger automobile first party medical claims reported during the experience period, 50 files were randomly selected for review. All 50 files selected were received and reviewed. There were no violations noted resulting in an error ratio of 0%.

F. Automobile First Party Medical Claims Referred to a Peer Review Organization

From the universe of 33 private passenger automobile first party medical claims referred to a P.R.O. reported during the experience period, 25 files were randomly selected for review. All 25 files selected were received and reviewed. The Company was also asked to provide a copy of all peer review contracts in place during the experience period. The six violations noted were based on five files, resulting in an error ratio of 20%.

1 Violation *31 Pa. Code §69.52(a)*

A provider's bill shall be referred to a PRO only when circumstances or conditions relating to medical and rehabilitative services provided caused a prudent person, familiar with PRO procedures, standards and practices, to believe it necessary that a PRO determine the reasonableness and necessity of care, the appropriateness of the setting where the care is rendered, and the appropriateness of the delivery of the care. An insurer shall notify a provider, in writing, when

referring bills for PRO review at the time of the referral. The Company failed to notify the provider in writing, when referring bills to a Peer Review Organization for the claim noted.

5 *Violations* *31 Pa. Code §69.52(e)*

Requires an insurer to pay bills that are not referred to a Peer Review Organization within 30 days after the insurer receives sufficient documentation supporting the bill. The Company failed to pay medical bills within 30 days for the claim noted. The Company failed to provide PRO report to provider and insured within five days of receipt for the five claim files noted.

VII. CONSUMER COMPLAINTS

The Company was requested to identify all consumer complaints received during the experience period and provide copies of their consumer complaint logs for the preceding four years. The Company identified 1,250 consumer complaints received during the experience period and provided all consumer complaint logs requested. From the universe of 1,250 complaint files, 60 files were selected for review. All 60 files requested were received and reviewed.

The purpose of the review was to determine compliance with the Unfair Insurance Practices Act, (40 P.S. §§1171.1 – 1171.5). Section 5(a)(11) of the Act (40 P.S. §1171.5(a)(11)), requires a company to maintain a complete record of all complaints received during the preceding four years. This record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of these complaints and the time it took to process each complaint. The individual complaint files were reviewed for the relevancy to applicable statues and to verify compliance with 31 Pa. Code §146.5(b)(c). There were no violations noted.

The following synopsis reflects the nature of the 60 complaint files received and reviewed.

6	Underwriting	10%
12	Ops/Policy Issue/Billing/Service	20%
4	Pricing	7%
19	Claims Related	32%
13	Sales	22%
6	Miscellaneous	10%
60		100%

VIII. UNDERWRITING PRACTICES AND PROCEDURES

As part of the examination, the Company was requested to supply manuals, underwriting guides, bulletins, directives or other forms of underwriting procedure communications for each line of business being reviewed. Memos and underwriting rule guides were furnished for Allstate Fire & Casualty Insurance Company. The purpose of this review was to identify any inconsistencies which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature. No violations were noted.

IX. FORMS

Throughout the course of the examination, all underwriting files were reviewed to identify the policy forms used to verify compliance with the Insurance Company Law, Section 354 (40 P.S. §477b), Approval of Policies, Contracts, etc., Prohibiting the Use Thereof Unless Approved. During the experience period of the examination, Section 354 provided that it shall be unlawful for any insurance company to issue, sell, or dispose of any policy contract or certificate covering fire, marine, title and all forms of casualty insurance or use applications, riders, or endorsements in connection therewith, until the forms have been submitted to and formally approved by the Insurance Commissioner. All underwriting and claim files were also reviewed to verify compliance with 75 Pa. C.S. §1822, which requires all insurers to provide an insurance fraud notice on all applications for insurance, all claims forms and all renewals of coverage and 18 Pa. C.S. §4117(k)(1), which requires all insurers to provide an insurance fraud notice on all applications for insurance and all claim forms. There were no violations noted.

X. DATA INTEGRITY

As part of the examination, the Company was sent a preliminary examination packet in accordance with NAIC uniformity standards and provided specific information relative to the exam. The purpose of the packet was to provide certain basic examination information, identify preliminary requirements and to provide specific requirements for requested data call information. Once the Company provided all requested information and data contained within the data call, the Department reviewed and validated the data to ensure its accuracy and completeness to determine compliance with Insurance Department Act, Section 904(b) [40 P.S. §323.3(a)].

The data integrity issue of each area of review is identified below.

Underwriting Declinations

Situation: The initial universe of samples submitted by the Company contained data that was inaccurate and contained invalid counts for declined quotes.

Finding: At the request of the Department, the Company submitted a revised universe of declined quotes to correct the data. Random samples were selected from the revised universe and used for exam review.

Rating New Business Without Surcharges

Situation: As examiners reviewed this section of the exam, it was noted that not all 100 samples examined were new business policies without surcharges.

Finding: Seventeen sample policies contained surcharges.

Ratings Renewal Business Without Surcharges

Situation: As examiners reviewed this section of the exam, it was noted that not all 100 samples examined were new business policies without surcharges.

Finding: Twelve sample policies contained surcharges.

Consumer Complaints

Situation: Information provided for one complaint contained a mix of documentation from two different policies.

Finding: The sample information contained information from two different consumer complaint files.

Based on the data integrity findings noted above, the following violation was noted.

General Violation - 40 P.S. §323.3(a)

> Authority, scope and scheduling of examinations. (a) Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. The violation was the result of a failure to exercise sufficient due diligence to ensure compliance with the Insurance Department Act of 1921.

XI. PRIVATE PASSENGER AUTOMOBILE MCAS REPORTING

In Pennsylvania, insurers are required annually to submit a Market Conduct Annual Statement (MCAS) to the National Association of Insurance Commissioners (NAIC). The review of MCAS data was conducted pursuant to the authority granted by Section 903 and 904 [40 P.S. §§323.3 and 323.4] of the Insurance Department Act and covered the Market Conduct Annual Statement (MCAS) reporting for 2023.

The examination team reviewed the Company's 2023 Private Passenger Automobile MCAS Submissions. All companies that submit an MCAS filing must attest to the completeness and accuracy of their submission. The attestation is required once per filing period and applies to all submissions for a specific company code. No submissions will be accepted until an attestation is completed for the company. Below are the private passenger automobile sections that were reviewed.

Private Passenger Auto Claims Activity

1.	Number of Claims open at the beginning of the period.
2.	Number of Claims opened during the period.
3.	Number of Claims closed during the period, with payment.
4.	Number of Claims closed during the period, without payment.
5.	Number of Claims remaining open at the end of the period.
6.	Number of Claims closed with payment within 0-60 days.
7.	Number of Claims closed with payment >60 days.
8.	Number of Suits open at beginning of the period.
9.	Number of Suits opened during the period.
10.	Number of Suits closed during the period.
11.	Number of Suits open at end of period

Private Passenger Auto Underwriting

1.	Number of autos which have policies in-force at the end of the period.
2.	Number of policies in-force at the end of the period.
3.	Number of new business policies written during the period.
4.	Dollar amount of direct premium written during the period.
5.	Number of Company-initiated non-renewals during the period.
6.	Number of cancellations for non-pay, non-sufficient funds or insured's request.
7.	Number of Company-initiated cancellations that occur in the first 59 days after effective date, excluding rewrites to an affiliated Company.
8.	Number of Company-initiated cancellations that occur 60 or more days after effective date, excluding rewrites to an affiliated Company.
9.	Number of Complaints received directly from consumers.

The review consisted of three phases, as noted below.

Phase 1

The Company was asked to provide the Private Passenger Automobile claims and policy data listings that support the 2023 MCAS filing. Each list contained the claim and policy numbers for each category. The 2023 data submitted was validated to ensure the information was accurate and consistent with the information provided to the NAIC. The following findings were made:

4 Violations - 40 P.S. §323.3(a)

> Authority, scope and scheduling of examinations. (a) Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial

condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth.

The Company submitted incorrect figures for four (4) MCAS underwriting categories. The Company acknowledged the figures provided were incorrect and a subsequent resubmission rectified the differences.

Phase 2

The Company was asked to provide a record of all claims and policy data listings which supported the 2023 Private Passenger Automobile MCAS filings. From each universe list of 2023 data, a random sample of 5 claims or policy files was requested, received and reviewed. The files were reviewed to ensure compliance with the Commonwealth of Pennsylvania's Statutes and Regulations. There were no violations noted.

Phase 3

A review was performed on various policies and claims provided in the Market Conduct portion of the exam to ensure the Private Passenger Automobile MCAS data was inclusive of all the policies applicable to each line item. The files were reviewed to ensure compliance with the Commonwealth of Pennsylvania's Statutes and Regulations. There were no violations noted.

XII. RECOMMENDATIONS

The recommendations made below identify corrective measures the Department finds necessary, because of the number of some violations, or the nature and severity of other statutory or regulatory violations noted in the report.

1. The Company must review its underwriting procedures to that each applicant for private passenger automobile liability insurance is provided an opportunity to elect a tort option and that signed tort option selection forms are obtained and retained in the underwriting file. This is to ensure compliance with 75 Pa. C.S. §1705(a)(4) so the violations, as noted in the Report, do not occur in the future.

2. The Company must review its underwriting procedures to ensure that each applicant for private passenger automobile liability insurance is provided an opportunity to exercise the waiver for uninsured and underinsured motorist coverage and forms are obtained and retained with the underwriting file. This is to ensure compliance with 75 Pa. C.S. §1731(b) & (c) (c.1) so the violations, as noted in the Report, do not occur in the future.

3. The Company must review its underwriting procedures to ensure that the insured is aware that he/she may exercise the waiver of stacked limits for uninsured and underinsured motorist coverage by signing written rejection forms. This is to ensure compliance with 75 Pa. C.S. §1738(d)(1) & (2)(e) so the violations, as noted in the Report, do not occur in the future.

4. The Company must reinforce is internal data controls to ensure that all records and documents are maintained in accordance with 40 P.S. §323(a) so the general violation , as noted in the Report, does not occur in the future.

5. The Company must review 31 Pa. Code §62.3 and 63 P.S. §681(b) with its claim staff to ensure all appraisal requirements are met so the violations, as noted in the Report, do not occur in the future.

6. The Company must review 31 Pa. Code §62.3(e)(4) with its claim staff to ensure a copy of the total loss evaluation is provided to the insured within 5 working days so the violation, as noted in the Report, does not occur in the future.

7. The Company must review 31 Pa. Code §69.52 (a) with its claim staff to ensure that a written notification is sent to the provider when referring a bill for PRO review.

8. The Company must review 31 Pa. Code §69.52 (e) with its claim staff to ensure that the provider and the insured are provided a copy of a PRO evaluation in a timely manner.

XIII. COMPANY RESPONSE

October 8, 2025

RESPONSE COVER PAGE

Allstate Fire and Casualty Insurance Company NAIC #29688

IV. UNDERWRITING

A. Private Passenger Automobile

1. Nonrenewals

A nonrenewal is considered to be any policy that was not renewed, for a specific reason, at the normal twelve-month policy anniversary date.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited, and Section 2006 (40 P.S. §991.2006), which establishes the requirements which must be met regarding the form and conditions of the cancellation notice.

A universe of 23 private passenger automobile policies which were nonrenewed during the experience period was provided. All 23 files were received and reviewed. No violations were noted resulting in an error ratio of 0%.

2. Mid-term Cancellations

A mid-term cancellation is any policy that terminates at any time other than the normal twelve-month policy anniversary date.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited, and Section 2006 (40 P.S. §991.2006), which establishes the requirements which must be met regarding the form and conditions of the cancellation notice From the universe of 45,609 private passenger automobile policies which were cancelled during the experience period, 100 files were randomly selected for review. All 100 files

requested were received and reviewed. No violations were noted resulting in an error ratio of 0%.

3. 60-Day Cancellations

A 60-day cancellation is considered to be any policy, which was cancelled within the first 60 days of the inception date of the policy.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited. These files were also reviewed for compliance with Act 68, Section 2002(b)(3) (40 P.S. §991.2002(b)(3)), which requires an insurer who cancels a policy of automobile insurance in the first 60 days, to supply the insured with a written statement of the reason for cancellation.

From the universe of 6,919 automobile policies that were cancelled within the first 60 days of new business, 75 files were randomly selected for review. All 75 files requested were received and reviewed. No violations were noted resulting in an error ratio of 0%.

4. Declinations

A declination is any application that is received by the Company and was declined to be written.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited.

From the universe of 44,484 declinations for private passenger auto insurance

, 50 were selected for review. All 50 files requested were received and reviewed. No violations were noted resulting in an error ratio of 0%.

5. Rescissions

A rescission is any policy which was void ab initio by the Company.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited. The review also determines compliance with the rescission requirements established by the Supreme Court of Pennsylvania in Erie Insurance Exchange v. Lake.

The universe of five private passenger automobile policies that were identified by the Company as rescissions during the experience period was selected for review. All five files were received and reviewed. No violations were noted resulting in an error ratio of 0%.

V. RATING

A. Private Passenger Automobile

1. New Business

New business, for the purpose of this examination, is defined as policies written for the first time by the Company during the experience period.

The primary purpose of the review was to measure compliance with The Casualty and Surety Rate Regulatory Act, Section 4(a) and (h)(40 P.S. §1184(a), (h)), which requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time. Files were also reviewed to determine compliance with all provisions of the Motor Vehicle Financial Responsibility Law (75 Pa. C.S. §§1701 – 1799.7) and Act 68, Section 2005(c) (40 P.S. §991.2005(c)), which requires insurers to provide to insureds a detailed statement of the components of a premium and shall specifically show the amount of surcharge or other additional amount that is charged as a result of a claim having been made under a policy of insurance, or as a result of any other factors.

The Company uses an automated system to process and issue personal automobile policies. In order to verify the automated system, several policies were manually rated to ensure the computer had been programmed correctly. Once the computer programming had been verified, only the input data needed to be verified. By reviewing base premiums, territory assignments, rating symbols, classifications and surcharge disclosures, the examiners were able to determine compliance with the Company's filed and approved rating plans.

Private Passenger Automobile Rating – New Business Without Surcharges

From the universe of 14,910 private passenger automobile policies identified as new business without surcharges by the Company, 100 files were randomly selected for review. All 100 files requested were received and reviewed. It was found that many sample files reviewed were policies that contained surcharges. The seven violations were noted were based on four files, resulting in an error ratio of 4%.

The following findings were made:

3 Violations 75 Pa. C.S. §1705(a)(4)

Requires every insurer, prior to the issuance of a private passenger motor vehicle liability insurance policy to provide each applicant an opportunity to elect a tort option. A policy may not be issued unless the applicant has been provided an opportunity to elect a tort option. The Company failed to provide a signed and dated limited tort option selection form for the three files noted.

Company Response: The Company acknowledges the violations.

2 Violations 75 Pa. C.S. §1731(b)&(c)(c.1)

Insurers shall print the rejection forms required by subsections (b) and (c) on separate sheets in prominent type and location. The forms must be signed by the first named insured and dated to be valid. The signatures on the forms may be witnessed by an insurance agent or broker. Any rejection form that does not specifically comply with this section is void. If the insurer fails to produce a valid rejection form, uninsured or underinsured coverage, or both, as the case may be, under that policy shall be equal to the bodily injury liability limits. On policies in which either uninsured or underinsured coverage has been rejected, the policy

renewals must contain notice in prominent type that the policy does not provide protection against damages caused by uninsured or underinsured motorists. Any person who executes a waiver under Allstate Fire & Casualty Insurance Company Automobile Rating New Business With Surcharges – Section 4 Page 6 subsection (b) or (c) shall be precluded from claiming liability of any person based upon inadequate information. The Company failed to provide signed written rejection forms for UM and UIM coverages for the two files noted.

Company Response: The Company acknowledges the violations.

2 Violations 75 Pa. C.S. §1738(d)(1) & (2)(e)

Stacking of uninsured and underinsured benefits and option to waive. (d) Forms- (1) The named insured shall be informed that he may exercise the waiver of the stacked limits of uninsured that he may exercise the waiver of the stacked limits of uninsured motorist coverage by signing the written rejection form. (2) The named insured shall be informed that he may exercise the waiver of the stacked limits of underinsured motorist coverage by signing the written rejection form. (e) Signature and date. – The forms described in subsection (d) must be signed by the first named insured and dated to be valid. Any rejection form that does not comply with this section is void. The Company failed to provide the signed rejection form of stacked limits for uninsured and underinsured motorists' coverage for the two files noted.

Company Response: The Company acknowledges the violations.

<u>Private Passenger Automobile Rating – New Business With Surcharges</u>

From the universe of 55 private passenger automobile policies identified as new business with surcharges by the Company, 35 files were randomly selected for review. All 35 files

requested were received and reviewed. No violations were found resulting in an error ratio of 0%.

2. Renewals

A renewal is considered to be any policy, which was previously written by the Company and renewed on the normal twelve-month anniversary date.

The purpose of the review was to measure compliance with The Casualty and Surety Rate Regulatory Act, Section 4(a) and (h) (40 P.S. §1184(a), (h)), which requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan, and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time. Files were also reviewed to determine compliance with Act 68 of 1998, Section 2005(c) (40 P.S. §991.2005(c)), which requires insurers to provide to insureds a detailed statement of the components of a premium and shall specifically show the amount of surcharge or other additional amount that is charged as a result of a claim having been made under a policy of insurance, or as a result of any other factors.

The Company processes and issues personal automobile policies using an automated system. In order to verify the automated system, several policies were manually rated to ensure the computer had been programmed correctly. Once the computer programming had been verified, only the input data needed to be verified. By reviewing base premiums, territory assignments, rating symbols, classifications and surcharge disclosures, the examiners were able to determine compliance with the Company's filed and approved rating plans.

Private Passenger Automobile Rating – Renewals Without Surcharges

From the universe of 42,603 private passenger automobile policies identified as new business without surcharges by the Company, 100 files were randomly selected for review. All 100 files requested were received and reviewed. It was found that many sample files reviewed were policies that contained surcharges. No other violations were found resulting in an error ratio of 0%.

Private Passenger Automobile Rating – Renewals With Surcharges

From the universe of 70 private passenger automobile policies identified as new business with surcharges by the Company, 50 files were randomly selected for review. All 50 files requested were received and reviewed. No violations were found resulting in an error ratio of 0%.

VI. CLAIMS

The Company was requested to provide copies of all established written claim handling procedures utilized during the experience period. Written claim handling procedures were received and reviewed for any inconsistencies, which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature.

The Claims review consisted of the following areas of review:

A. Automobile Property Damage Claims

B. Automobile Comprehensive Claims

C. Automobile Collision Claims

D. Automobile Total Loss Claims

E. Automobile First Party Medical Claims

F. Automobile First Party Medical Claims Referred to a PRO

The primary purpose of the review was to determine compliance with 31 Pa. Code, Chapter 146, Unfair Claims Settlement Practices; 31 Pa. Code §62.3 and 63 P.S. §861, Applicable Standards for Appraisal. The files were also reviewed to determine compliance with Act 205, Section 4 (40 P.S. §1171.4) and Section 5(a)(10)(vi) of the Unfair Insurance Practices Act (40 P.S. §1171.5(a)(10)(vi)).

A. Automobile Property Damage Claims

From the universe of 43,625 private passenger automobile property damage claims reported during the experience period, 75 files were randomly selected for review. All 75 files selected were received and reviewed. The nine violations noted were based on eight files, resulting in an error ratio of 11%. The following violations and concern were noted.

8 Violations 31 Pa. Code §62.3

An appraisal shall meet all applicable standards per statute. The Company failed to provide an appraisal that meets all applicable standards per statute for the eight claim files noted.

1 Violation 63 P.S. § 861(b)

The appraiser shall furnish a legible copy of the appraisal to the repair shop selected by the consumer to make the repairs and also furnish a copy to the owner of the vehicle. The appraisal shall contain the name of the insurance company ordering it, if any, the insurance file number, the number of the appraiser's license and the proper identification number of the vehicle being inspected.

The appraisals were missing the appraiser's license number for the claim file noted.

Company Response: The Company acknowledges the Auto Property Damage Claim exceptions noted by the Department for 31 Pa. Code §62.3(b)(6) and (b)(10). These exceptions were the result of a system error in our Mitchell estimate platform. While the Company does not use the Mitchell platform for initial estimates at this time, the Company will ensure all our estimating platforms include the required disclosures. It is the Company's process to include the required disclosures on our Pennsylvania estimates. To aid in preventing further instances, the Company will be recommunicating its estimates processes and procedures to all Pennsylvania claims staff.

The Company acknowledges the Auto Property Damage exception noted by the Department for 31 Pa. Code §61.3(a)(1) and 63 P.S. §861(b). The Company has identified that the one exception, Sample #64, was the result of human error and inconsistent with our established processes. The Company submits processes and procedures are in place to ensure the appraiser license number is included on estimates written by Allstate in accordance with 31 Pa. Code §62.3(a)(1) and 63 P.S. §861(b).

CONCERN: In two files reviewed, the Company did not issue the claimant a written notice indicating it was closing the file without payment. The Company should, in all cases of claims closed without payment, issue a written notice to the claimant indicating the file is being closed with no payment.

Company Response: The Company acknowledges the concern noted by the Department. The Company has identified that the two exceptions were the result of human error and inconsistent with our established processes and controls. The Company submits processes and procedures are in place to ensure a written notice is issued to the claimant when a file is closed without payment.

B. Automobile Comprehensive Claims

From the universe of 40,115 private passenger automobile comprehensive claims reported during the experience period, 75 files were randomly selected for review. All 75 files selected were received and reviewed. The 19 violations noted were based on 11 files, resulting in an error ratio of 15%.

11 Violations 31 Pa. Code §62.3

An appraisal shall meet all applicable standards per statute. The Company failed to provide an appraisal that meets all applicable standards per statute for the eleven claim files noted.

8 Violations 63 P.S. § 861(b)

The appraiser shall furnish a legible copy of the appraisal to the repair shop selected by the consumer to make the repairs and also furnish a copy to the owner of the vehicle. The appraisal shall contain the name of the insurance company ordering it, if any, the insurance file number, the number of the appraiser's

license and the proper identification number of the vehicle being inspected.

The appraisals were missing the appraiser's license number for the eight claim files noted.

Company Response: The Company acknowledges the Auto Comprehensive Claim exceptions noted by the Department for 31 Pa. Code §62.3(b)(6) and (b)(10). These exceptions were the result of a system error in our Mitchell estimate platform. While the Company does not use the Mitchell platform for initial estimates at this time, the Company will ensure all our estimating platforms include the required disclosures. It is the Company's process to include the required disclosures on our Pennsylvania estimates. To aid in preventing further instances, the Company will be recommunicating its established processes and procedures to all Pennsylvania claims staff.

The Company acknowledges the one Auto Comprehensive exception noted by the Department for 31 Pa. Code §62.3(a)(1) and 63 P.S. § 861(b) for a missing appraiser license on a technical review estimate. The Company has identified the one exception, Sample #75, was the result of human error and inconsistent with our established processes. The Company submits processes and procedures are in place to ensure the appraiser license number is included on technical review estimates written by Allstate in accordance with 31 Pa. Code §62.3(a)(1) and 63 P.S. § 861(b).

While the Company continues to respectfully disagree with the remaining exceptions noted by the Department for 31 Pa. Code §62.3(a)(1) and 63 P.S. § 861(b) due to the appraiser license number not included by our Good Hands Repair Network (GHRN) shops on Allstate estimates, the Company has opened a formal project to ensure our GHRN estimates include the appraiser's license number to comply with the Department's request. To aid in preventing further instances, the Company will be recommunicating its established processes and procedures to all Pennsylvania claims staff and GHRN shops.

C. Automobile Collision Claims

From the universe of 39,918 private passenger automobile collision claims reported during the experience period, 75 files were randomly selected for review. All 75 files selected were received and reviewed. The 31 violations noted were based on 21 files, resulting in an error ratio of 28%. The following violations and concern were noted.

21 Violations - 31 Pa. Code §62.3

An appraisal shall meet all applicable standards per statute. The Company failed to provide an appraisal that meets all applicable standards per statute for the 21 claim files noted.

10 Violations 63 P.S. § 861(b)

The appraiser shall furnish a legible copy of the appraisal to the repair shop selected by the consumer to make the repairs and also furnish a copy to the owner of the vehicle. The appraisal shall contain the name of the insurance company ordering it, if any, the insurance file number, the number of the appraiser's license and the proper identification number of the vehicle being inspected.

The appraisals were missing the appraiser's license number for the ten claim files noted.

Company Response: The Company acknowledges the Auto Collision Claim exceptions noted by the Department for 31 Pa. Code §62.3(b)(6) and (b)(10). These exceptions were the result of a system error in our Mitchell estimate platform. While the Company does not use the Mitchell platform for initial estimates at this time, the Company will ensure all our estimating platforms include the required disclosures. It is the Company's process to include the required disclosures on our Pennsylvania estimates. To aid in preventing further instances, the Company will be recommunicating its established processes and procedures to all Pennsylvania claims staff.

While the Company continues to respectfully disagree with the exceptions noted by the Department for 31 Pa. Code §62.3(a)(1) and 63 P.S. § 861(b) due to the appraiser license number not included by our Good Hands Repair Network (GHRN) shops on Allstate estimates, the Company has opened a formal project to ensure our GHRN estimates include the appraiser's license number to comply with the Department's request. To aid in preventing further instances, the Company will be recommunicating its established processes and procedures to all Pennsylvania claims staff and GHRN shops.

CONCERN: In four (4) files reviewed, the Company did not issue the claimant a written notice indicating it was closing the file without payment. The Company should, in all cases of claims closed without payment, issue a written notice to the claimant indicating the file is being closed with no payment.

Company Response: The Company acknowledges the concern noted by the Department. The Company has identified that the four exceptions were the result of human error and inconsistent with our established processes and controls. The Company submits processes and procedures are in place to ensure a written notice is issued to the claimant when a file is closed without payment.

D. Automobile Total Loss Claims

From the universe of 11,911 private passenger automobile total loss claims reported during the experience period, 75 files were randomly selected for review. All 75 files selected were received and reviewed. The one violation noted was based on one file, resulting in an error ratio of 1%.

1 Violation 31 Pa. Code §62.3(e)(4)

Applicable standards for appraisal. (e) The appraised value of the loss shall be the replacement value of the motor vehicle if the cost of repairing a motor vehicle exceeds its appraised value less salvage value, or the motor vehicle cannot be repaired to its predamaged condition. (4) Applicable sales tax on the replacement cost of a motor vehicle shall be included as part of the replacement value. The Company failed to apply proper sales tax on the total loss appraisal for the claim file noted. The Company has already provided proof of restitution for the amount owed the insured for the sales tax reimbursement.

Company Response: The Company acknowledges the Auto Total Loss exception noted by the Department. The Company has identified that the one exception was the result of human error and inconsistent with our established

processes. The Company submits processes and procedures are in place to ensure the appropriate sales tax is applied for total loss appraisals in accordance with 31 Pa. Code §62.3(e)(4).

E. Automobile First Party Medical Claims

From the universe of 6,864 private passenger automobile first party medical claims reported during the experience period, 50 files were randomly selected for review. All 50 files selected were received and reviewed. There were no violations noted resulting in an error ratio of 0%.

F. Automobile First Party Medical Claims Referred to a Peer Review Organization

From the universe of 33 private passenger automobile first party medical claims referred to a P.R.O. reported during the experience period, 25 files were randomly selected for review. All 25 files selected were received and reviewed. The Company was also asked to provide a copy of all peer review contracts in place during the experience period. The six violations noted were based on five files, resulting in an error ratio of 20%.

1 Violation *31 Pa. Code §69.52(a)*

A provider's bill shall be referred to a PRO only when circumstances or conditions relating to medical and rehabilitative services provided caused a prudent person, familiar with PRO procedures, standards and practices, to believe it necessary that a PRO determine the reasonableness and necessity of care, the appropriateness of the setting where the care is rendered, and the appropriateness of the delivery of the care. An insurer shall notify a provider, in writing, when referring bills

for PRO review at the time of the referral. The Company failed to notify the provider in writing, when referring bills to a Peer Review Organization for the claim noted.

5 *Violations 31 Pa. Code §69.52(e)*

Requires an insurer to pay bills that are not referred to a Peer Review Organization within 30 days after the insurer receives sufficient documentation supporting the bill. The Company failed to pay medical bills within 30 days for the claim noted. The Company failed to provide PRO report to provider and insured within five days of receipt for the five claim files noted.

Company Response: The Company acknowledges the Auto First Party Medical Claims referred to a Peer Review Organization (PRO) exceptions noted by the Department for 31 Pa. Code §69.52(a) and (e). As a result, the Company immediately opened a formal project to solidify our established process. It is the Company's process to notify the provider in writing when referring bills to a PRO and provide the PRO report to the provider and insured and/or insured's representative within five days of receipt. To aid in preventing further instances, the Company will recommunicate its established processes and procedures to all Pennsylvania claims staff.

VII. CONSUMER COMPLAINTS

The Company was requested to identify all consumer complaints received during the experience period and provide copies of their consumer complaint logs for the preceding four years. The Company identified 1,250 consumer complaints received during the experience period and provided all consumer complaint logs requested. From the universe of 1,250 complaint files, 60 files were selected for review. All 60 files requested were received and reviewed.

The purpose of the review was to determine compliance with the Unfair Insurance Practices Act, (40 P.S. §§1171.1 – 1171.5). Section 5(a)(11) of the Act (40 P.S. §1171.5(a)(11)), requires a company to maintain a complete record of all complaints received during the preceding four years. This record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of these complaints and the time it took to process each complaint. The individual complaint files were reviewed for the relevancy to applicable statues and to verify compliance with 31 Pa. Code §146.5(b)(c). There were no violations noted.

The following synopsis reflects the nature of the 60 complaint files received and reviewed.

6	Underwriting	10%
12	Ops/Policy Issue/Billing/Service	20%
4	Pricing	7%
19	Claims Related	32%
13	Sales	22%
6	Miscellaneous	10%
60		100%

VIII. UNDERWRITING PRACTICES AND PROCEDURES

As part of the examination, the Company was requested to supply manuals, underwriting guides, bulletins, directives or other forms of underwriting procedure communications for each line of business being reviewed. Memos and underwriting rule guides were furnished for Allstate Fire & Casualty Insurance Company. The purpose of this review was to identify any inconsistencies which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature. No violations were noted.

IX. FORMS

Throughout the course of the examination, all underwriting files were reviewed to identify the policy forms used to verify compliance with the Insurance Company Law, Section 354 (40 P.S. §477b), Approval of Policies, Contracts, etc., Prohibiting the Use Thereof Unless Approved. During the experience period of the examination, Section 354 provided that it shall be unlawful for any insurance company to issue, sell, or dispose of any policy contract or certificate covering fire, marine, title and all forms of casualty insurance or use applications, riders, or endorsements in connection therewith, until the forms have been submitted to and formally approved by the Insurance Commissioner. All underwriting and claim files were also reviewed to verify compliance with 75 Pa. C.S. §1822, which requires all insurers to provide an insurance fraud notice on all applications for insurance, all claims forms and all renewals of coverage and 18 Pa. C.S. §4117(k)(1), which requires all insurers to provide an insurance fraud notice on all applications for insurance and all claim forms. There were no violations noted.

X. DATA INTEGRITY

As part of the examination, the Company was sent a preliminary examination packet in accordance with NAIC uniformity standards and provided specific information relative to the exam. The purpose of the packet was to provide certain basic examination information, identify preliminary requirements and to provide specific requirements for requested data call information. Once the Company provided all requested information and data contained within the data call, the Department reviewed and validated the data to ensure its accuracy and completeness to determine compliance with Insurance Department Act, Section 904(b) [40 P.S. §323.3(a)].

The data integrity issue of each area of review is identified below.

Underwriting Declinations

Situation: The initial universe of samples submitted by the Company contained data that was inaccurate and contained invalid counts for declined quotes.

Finding: At the request of the Department, the Company submitted a revised universe of declined quotes to correct the data. Random samples were selected from the revised universe and used for exam review.

Rating New Business Without Surcharges

Situation: As examiners reviewed this section of the exam, it was noted that not all 100 samples examined were new business policies without surcharges.

Finding: Seventeen sample policies contained surcharges.

Ratings Renewal Business Without Surcharges

Situation: As examiners reviewed this section of the exam, it was noted that not all 100 samples examined were new business policies without surcharges.

Finding: Twelve sample policies contained surcharges.

Consumer Complaints

Situation: Information provided for one complaint contained a mix of documentation from two different policies.

Finding: The sample information contained information from two different consumer complaint files.

Based on the data integrity findings noted above, the following violation was noted.

General Violation - 40 P.S. §323.3(a)

> Authority, scope and scheduling of examinations. (a) Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. The violation was the result of a failure to exercise sufficient due diligence to ensure compliance with the Insurance Department Act of 1921.

XI. PRIVATE PASSENGER AUTOMOBILE MCAS REPORTING

In Pennsylvania, insurers are required annually to submit a Market Conduct Annual Statement (MCAS) to the National Association of Insurance Commissioners (NAIC). The review of MCAS data was conducted pursuant to the authority granted by Section 903 and 904 [40 P.S. §§323.3 and 323.4] of the Insurance Department Act and covered the Market Conduct Annual Statement (MCAS) reporting for 2023.

The examination team reviewed the Company's 2023 Private Passenger Automobile MCAS Submissions. All companies that submit an MCAS filing must attest to the completeness and accuracy of their submission. The attestation is required once per filing period and applies to all submissions for a specific company code. No submissions will be accepted until an attestation is completed for the company. Below are the private passenger automobile sections that were reviewed.

Private Passenger Auto Claims Activity

1.	Number of Claims open at the beginning of the period.
2.	Number of Claims opened during the period.
3.	Number of Claims closed during the period, with payment.
4.	Number of Claims closed during the period, without payment.
5.	Number of Claims remaining open at the end of the period.
6.	Number of Claims closed with payment within 0-60 days.
7.	Number of Claims closed with payment >60 days.
8.	Number of Suits open at beginning of the period.
9.	Number of Suits opened during the period.
10.	Number of Suits closed during the period.
11.	Number of Suits open at end of period

Private Passenger Auto Underwriting

1.	Number of autos which have policies in-force at the end of the period.
2.	Number of policies in-force at the end of the period.
3.	Number of new business policies written during the period.
4.	Dollar amount of direct premium written during the period.
5.	Number of Company-initiated non-renewals during the period.
6.	Number of cancellations for non-pay, non-sufficient funds or insured's request.
7.	Number of Company-initiated cancellations that occur in the first 59 days after effective date, excluding rewrites to an affiliated Company.
8.	Number of Company-initiated cancellations that occur 60 or more days after effective date, excluding rewrites to an affiliated Company.
9.	Number of Complaints received directly from consumers.

The review consisted of three phases, as noted below.

Phase 1

The Company was asked to provide the Private Passenger Automobile claims and policy data listings that support the 2023 MCAS filing. Each list contained the claim and policy numbers for each category. The 2023 data submitted was validated to ensure the information was accurate and consistent with the information provided to the NAIC. The following findings were made:

4 Violations - 40 P.S. §323.3(a)

> Authority, scope and scheduling of examinations. (a) Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial

condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth.
The Company submitted incorrect figures for four (4) MCAS underwriting categories. The Company acknowledged the figures provided were incorrect and a subsequent resubmission rectified the differences.

Phase 2

The Company was asked to provide a record of all claims and policy data listings which supported the 2023 Private Passenger Automobile MCAS filings. From each universe list of 2023 data, a random sample of 5 claims or policy files was requested, received and reviewed. The files were reviewed to ensure compliance with the Commonwealth of Pennsylvania's Statutes and Regulations. There were no violations noted.

Phase 3

A review was performed on various policies and claims provided in the Market Conduct portion of the exam to ensure the Private Passenger Automobile MCAS data was inclusive of all the policies applicable to each line item. The files were reviewed to ensure compliance with the Commonwealth of Pennsylvania's Statutes and Regulations. There were no violations noted.

XII. RECOMMENDATIONS

The recommendations made below identify corrective measures the Department finds necessary, because of the number of some violations, or the nature and severity of other statutory or regulatory violations noted in the report.

1. The Company must review its underwriting procedures to that each applicant for private passenger automobile liability insurance is provided an opportunity to elect a tort option and that signed tort option selection forms are obtained and retained in the underwriting file. This is to ensure compliance with 75 Pa. C.S. §1705(a)(4) so the violations, as noted in the Report, do not occur in the future.

2. The Company must review its underwriting procedures to ensure that each applicant for private passenger automobile liability insurance is provided an opportunity to exercise the waiver for uninsured and underinsured motorist coverage and forms are obtained and retained with the underwriting file. This is to ensure compliance with 75 Pa. C.S. §1731(b) & (c) (c.1) so the violations, as noted in the Report, do not occur in the future.

3. The Company must review its underwriting procedures to ensure that the insured is aware that he/she may exercise the waiver of stacked limits for uninsured and underinsured motorist coverage by signing written rejection forms. This is to ensure compliance with 75 Pa. C.S. §1738(d)(1) & (2)(e) so the violations, as noted in the Report, do not occur in the future.

4. The Company must reinforce is internal data controls to ensure that all records and documents are maintained in accordance with 40 P.S. §323(a) so the general violation, as noted in the Report, does not occur in the future.

5. The Company must review 31 Pa. Code §62.3 and 63 P.S. §681(b) with its claim staff to ensure all appraisal requirements are met so the violations, as noted in the Report, do not occur in the future.

   Company Response: The Company acknowledges the exceptions noted by the Department for 31 Pa. Code §62.3(b)(6) and (b)(10). These exceptions were the result of a system error in our Mitchell estimate platform. While the Company does not use the Mitchell platform for initial estimates at this time, the Company will ensure all our estimating platforms include the required disclosures. It is the Company's process to include the required disclosures on our Pennsylvania estimates.

   While the Company continues to respectfully disagree with the exceptions noted by the Department specifically for 31 Pa. Code §62.3(a)(1) and 63 P.S. § 861(b) due to the appraiser license number not included by our GHRN shops on Allstate estimates, the Company has opened a formal project to ensure our GHRN estimates include the appraiser's license number in accordance with the Department's request. To aid in preventing further instances, the Company will be recommunicating its established processes and procedures to all Pennsylvania claims staff and GHRN shops.

6. The Company must review 31 Pa. Code §62.3(e)(4) with its claim staff to ensure a copy of the total loss evaluation is provided to the insured within 5 working days so the violation, as noted in the Report, does not occur in the future.

   Company Response: The Company acknowledges the exception noted by the Department. The Company has identified that the one exception was the result of human error and inconsistent with our established processes. The Company submits processes and procedures are in place to ensure the total loss evaluation is provided to the insured within 5 working days and includes the appropriate sales tax in accordance with 31 Pa. Code §62.3(e)(4). To aid in preventing further instances, the Company will be recommunicating its established processes and procedures to all Pennsylvania claims staff.

7. The Company must review 31 Pa. Code §69.52 (a) with its claim staff to ensure that a written notification is sent to the provider when referring a bill for PRO review.

Company Response: The Company acknowledges the exceptions noted by the Department for 31 Pa. Code §69.52(a). As a result, the Company immediately opened a formal project to solidify our established process. It is the Company's process to notify the provider in writing when referring bills to a Peer Review Organization. To aid in preventing further instances, the Company will recommunicate its established processes and procedures to all Pennsylvania claims staff.

8. The Company must review 31 Pa. Code §69.52 (e) with its claim staff to ensure that the provider and the insured are provided a copy of a PRO evaluation in a timely manner.

Company Response: The Company acknowledges the exceptions noted by the Department for 31 Pa. Code §69.52(e). As a result, the Company immediately opened a formal project to solidify our established process. It is the Company's process to provide the PRO report to the provider and insured within five days of receipt. To aid in preventing further instances, the Company will recommunicate its established processes and procedures to all Pennsylvania claims staff.