

**BEFORE THE INSURANCE COMMISSIONER**

**FOR THE STATE OF DELAWARE**

**IN THE MATTER OF:** )  
 )  
**ALLSTATE INSURANCE COMPANY,** )  
**NAIC #19232** ) **DOCKET NO. 2891-2015**  
 )  
**3075 Sanders Road, Suite H1A** )  
**Northbrook, IL 60062-7127** )

**STIPULATION AND CONSENT ORDER**

**THIS STIPULATION AND CONSENT ORDER** is entered into as of 14<sup>TH</sup>, OCTOBER, 2015, by and between Allstate Insurance Company (the “Respondent”) and the State of Delaware Department of Insurance (“Department”). The Respondent and the Department are collectively referred to herein as the “Parties.”

**WHEREAS**, Respondent is a property and casualty insurance company incorporated under Illinois law and authorized to conduct the business of insurance in the State of Delaware; and

**WHEREAS**, the Parties are party to that certain Stipulation and Consent Order, dated as of September 16, 2011 (the “2011 Consent Order”), which addressed certain violations by Respondent with respect to the insurance discount required pursuant to 18 *Del. C.* § 2503(a)(6) and 18 *Del. Admin. Code* § 607-4.0 upon an insured’s completion of a defensive driving course; and

**WHEREAS**, Section 6 of the 2011 Consent Order contemplates the imposition of an additional fine should Respondent breach the 2011 Consent Order by continuing to engage in the conduct giving rise to the initial violation; and

**WHEREAS**, the Respondent has reported to the Department that the conduct giving rise to the initial violation was corrected, however, additional instances of misapplication of the defensive driving insurance discount following the entry of the 2011 Consent Order (such additional instances, the “Discount Violations”) had occurred for reasons unrelated to the conduct giving rise to the initial violation; and

**WHEREAS**, after communications with the Department, Respondent desires to resolve this matter without recourse to any administrative hearing or court action (such as an appeal).

**NOW, THEREFORE, IT IS AGREED**, by and between Respondent and the Department as follows:

1. All of the above-referenced recitals are incorporated herein.
2. Respondent acknowledges the Discount Violations and waives any right to a hearing thereon.
3. Upon execution of this Stipulation and Consent Order, Respondent shall pay to the Department an administrative penalty for the Discount Violations in the amount of Twenty-Five Thousand Dollars (\$25,000.00). The Department agrees that the administrative penalty referenced above shall be suspended; provided, however, that if at any time within the next three (3) years following execution of this Stipulation and Consent Order the Respondent is found to have made continuing, repeat or new violations of the misapplication of the defensive driving insurance discount due to systematic errors, then the suspended portion of the administrative penalty shall be reinstated and become immediately due and payable. Systematic errors are those misapplications of the discount due to systematic or programming errors and do not include isolated instances of human error. Respondent shall make its check for the administrative penalty payable to the “State of Delaware.” In addition to the administrative

penalty, Respondent shall, to the extent it has not already done so, promptly issue refunds to the policyholders it has overcharged due to the misapplication of the defensive driving insurance discount. The Respondents shall submit quarterly audits to the Department evidencing compliance with this Stipulation and Consent Order for a period of the next three (3) years following execution of this Stipulation and Consent Order.

4. The Department reserves the right to issue a press release and to send a letter to the Respondent's policyholders concerning the terms of this Stipulation and Consent Order and such other related matters as the Department shall deem appropriate. Upon request by the Department, Respondent shall provide the Department with updated contact information for the policyholders. The Department agrees to provide to Respondent a copy of any such press release or policyholder letter in advance of release or mailing, so that Respondent may review them and provide any comments to the Department; provided, the Department shall retain absolute discretion over the final language in any press release or letter covered by this paragraph.

5. Respondent waives any right to challenge in an administrative or court proceeding any of the terms and conditions of this Stipulation and Consent Order.

6. This Stipulation and Consent Order is the free and voluntary act of the Respondent, and its terms are binding upon the Respondent and may be admitted into evidence in any judicial or administrative proceeding against the Respondent to enforce such terms. Respondent acknowledges that it has had a full opportunity to seek and receive advice of counsel on all matters related to this Stipulation and Consent Order.

7. This Stipulation and Consent Order contains all of the terms and conditions agreed to by the Parties and constitutes the final agreement between the Respondent and the Department.

8. No change, amendment, or modification hereto shall be effective or binding unless it is in writing, dated, and signed by the Parties.

9. If the Department fails to act on any one or more defaults by the Respondent, such failure to act shall not be a waiver of any rights hereunder on the part of the Department to declare the Respondent in default and to take such action as may be permitted by this Stipulation and Consent Order or by law.

10. The imposition of any fines or penalties contained in this Stipulation and Consent Order shall not preclude prosecution for any violation of a criminal law of this, or any other, state.

11. This Stipulation and Consent Order may be signed in duplicate, and all documents shall be considered originals. The person executing this Stipulation and Consent Order on behalf of Respondent shall acknowledge his or her signature before a Notary Public and, by executing this Stipulation and Consent Order, certifies that he or she is duly authorized to execute this Stipulation and Consent Order on behalf of Respondent. Respondent agrees that an uncertified copy of this Stipulation and Consent Order shall be valid as evidence in any proceeding for purposes of enforcement.

12. This Stipulation and Consent Order shall survive the Respondent and be enforceable against its successors, transferees, or assigns.

**[Signature page follows]**

**IN WITNESS WHEREOF**, the parties hereto have executed this Stipulation and Consent Order as of the date first set forth above.

**ALLSTATE INSURANCE COMPANY**

[Handwritten Signature]  
 Print Name: L. NOEL PATTERSON, JR.  
 Title: REGIONAL COUNSEL  
 Date: 10-14-15

**DELAWARE INSURANCE DEPARTMENT**

[Handwritten Signature]  
**KAREN WELDIN STEWART, CIR-ML**  
**Insurance Commissioner**  
 Date: 10/20/15

STATE OF Virginia )  
 ) SS.  
 COUNTY OF Fairfax )

The foregoing instrument was acknowledged before me this 14<sup>th</sup> day of October 2015, by L. Noel Patterson Jr. who is personally known to me or who has produced Driver's license as identification, and who certified that he or she is duly authorized to execute this document on behalf of Respondent.

GIVEN under my Hand and Seal of office, the day and year aforesaid.

[Handwritten Signature]  
 NOTARY PUBLIC  
Fanny I. Torres  
 PRINT NAME  
October 31, 2016  
 MY COMMISSION EXPIRES

