



STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004

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In the Matter of :
:
ALLSTATE INSURANCE COMPANY, :
ALLSTATE INDEMNITY COMPANY, :
ALLSTATE LIFE INSURANCE COMPANY OF :
NEW YORK, ALLSTATE PROPERTY AND :
CASUALTY INSURANCE COMPANY, :
DEERBROOK INSURANCE COMPANY, :
ENCOMPASS HOME AND AUTO :
INSURANCE COMPANY, ENCOMPASS :
INDEMNITY COMPANY, ENCOMPASS :
INDEPENDENT INSURANCE COMPANY, :
ENCOMPASS INSURANCE COMPANY OF :
AMERICA, ENCOMPASS PROPERTY AND :
CASUALTY COMPANY and NORTHBROOK :
INDEMNITY COMPANY, :
:
Respondents. :
-----X

STIPULATION
No. 2007-0075-C

WHEREAS, Allstate Insurance Company, Allstate Indemnity Company, Allstate Property and Casualty Insurance Company, Deerbrook Insurance Company, Encompass Home and Auto Insurance Company, Encompass Indemnity Company, Encompass Independent Insurance Company, Encompass Insurance Company of America, Encompass Property and Casualty Company and Northbrook Indemnity Company are foreign insurance corporations authorized to transact property/casualty insurance business in this state pursuant to the provisions of the New York Insurance Law ("Insurance Law"), and Allstate Life Insurance Company of New York is a domestic insurance company authorized to transact life, annuities and accident and health insurance business in this state pursuant to the provisions of the Insurance Law (collectively "Respondents"); and

WHEREAS, the attached Citation, dated August 31, 2007 (the "Citation"), charging the Respondents with having violated Sections 2324, 4224 and 2402 of the Insurance Law in connection with the nonrenewal of certain property insurance policies

issued to residents of the State of New York, was issued by the New York State Insurance Department ("Department") and duly served on the Respondents; and

WHEREAS, Respondents have been advised and are aware of their statutory right to notice and a hearing on the Citation; and

WHEREAS, Respondents wish to resolve this matter by entering into a stipulation with the Department on the terms and conditions hereinafter set forth in lieu of proceeding with a hearing in this matter; NOW THEREFORE,

IT IS HEREBY STIPULATED AND AGREED by and between the Respondents and the Department, subject to the approval of the Superintendent of Insurance, as follows:

1. Respondents Allstate Insurance Company, Allstate Indemnity Company, Encompass Home and Auto Insurance Company, Encompass Indemnity Company, Encompass Independent Insurance Company, Encompass Insurance Company of America and Encompass Property and Casualty Company (collectively, "Allstate"), nonrenewed property insurance policies that had been issued to insureds in New York, Kings, Queens, Bronx, Richmond, Suffolk, Nassau and Westchester Counties (the "8 coastal counties") based, in part, on the insureds' not having other insurance coverage, such as automobile insurance or life insurance, with Allstate or another affiliated insurance company as of a date certain in the past (this basis for nonrenewal shall be referred to herein as "mono-line status"). The earliest of Allstate's nonrenewals based on mono-line status became effective May 8, 2006 and the latest became effective August 27, 2007.¹

2. Respondents acknowledge that the Department considers such nonrenewals to have been issued in violation of Sections 2324, 4224 and/or 2402 of the Insurance Law.

3. Allstate has discontinued the aforementioned practice and agrees that in the future it will not nonrenew property insurance in New York State based, in whole or part, on an insured's mono-line status. Nothing in this paragraph shall prevent Allstate from nonrenewing a property insurance policy that happens to have mono-line status so long as the mono-line status is not a reason, in whole or part, for the nonrenewal.

4. Allstate states that, in its opinion, there was no impropriety or illegality in the use of mono-line status as a criterion for nonrenewal, and that its actions did not violate any provision of the Insurance Law. Respondents acknowledge and accept the Department's authority to interpret and enforce the Insurance Law in the State of New York.

5. Allstate agrees to take the following actions:

¹ "Property insurance" for purposes of this Stipulation means the following personal lines, non-commercial coverages: homeowners policies; condominium policies; co-operative policies; landlord policies; or mobile home policies.

(a) Relevant Period. The "Relevant Period" is the period during which Allstate's nonrenewals based on mono-line status became effective: May 8, 2006 to August 27, 2007.

(b) Eligible Policyholders. As set forth below, Allstate shall offer a property insurance policy to former insureds, referred to herein as "Eligible Policyholders," whose property insurance policies were noticed to be nonrenewed during the Relevant Period based in whole or in part, on mono-line status. Eligible Policyholders shall be all persons who, during the Relevant Period, had an ownership interest in property located in one of the 8 coastal counties and were identified as named insureds in the policy declarations for property insurance policies issued by Allstate and either: (i) had their Allstate property insurance policy nonrenewed during the Relevant Period after receiving a letter or notice from Allstate basing the nonrenewal, at least in part, on mono-line status; or (ii) cancelled their Allstate property insurance policy after receiving a letter or notice from Allstate stating that their policy would be nonrenewed based, at least in part, on mono-line status. Eligible Policyholders shall not include: the officers and directors of Respondents and their subsidiaries and affiliates; persons who received a notice of nonrenewal from Allstate notifying them that nonrenewal would become effective during the Relevant Period, but who no longer owned an interest in the insured property as of the date that the nonrenewal became effective; and persons who relocated outside of New York State after their nonrenewals became effective and no longer own real property within the State.

(c) Offer of Coverage. Allstate agrees to offer each Eligible Policyholder a property insurance policy for a policy period of three years in the same company that issued the nonrenewed policy, with such policy to be issued to cover the same property that was the subject of the nonrenewal, so long as that property is still owned by the Eligible Policyholder, or, if the Eligible Policyholder has relocated, the property in New York State to which the Eligible Policyholder relocated. The offer of coverage under this Stipulation will remain open for 12 months from the date of the Notice to Eligible Policyholders, although the coverage that an Eligible Policyholder accepts under this Stipulation may incept at a later date so long as such date is no more than 40 days after the expiration of the 12-month period for the Eligible Policyholder's acceptance of the offer. Allstate shall waive its right to cancel the policy within the first 60 days as provided in Insurance Law § 3425(c), except for nonpayment of premium. Allstate shall not be required to renew such policy after expiration of the three-year period, and may terminate the policy earlier for any reason that is permitted by law, including nonpayment of premium. Such coverage will be based on the rates on file with the Department that are in effect at the time such policy is issued and shall provide at a minimum the same type and limits of coverage as the nonrenewed policy, unless otherwise requested by the insured. The new three-year policy period shall begin upon the inception of coverage; however, Allstate shall treat such policies as renewal policies for purposes of calculating the original policy year under the applicable rating plan where doing so would allow the insured to obtain applicable discounts and rating plan benefits.

(d) Simplified Underwriting. Before and as a condition of offering property insurance under this Stipulation, Allstate shall be permitted to obtain "Simplified

Underwriting" information from each Eligible Policyholder for the following purposes: (i) to verify that there is an insurable interest in the property to be insured; (ii) to obtain information about the property to be insured where that property differs from the property that Allstate previously insured; and (iii) where the property to be insured is the same property that Allstate previously insured, to determine whether there have been material changes in the condition of the property since the termination of the prior coverage.

Before Allstate issues a property insurance policy under the terms of this Stipulation, Eligible Policyholders may be required to confirm the following information for Simplified Underwriting (or, where applicable, notify Allstate of changes) at least 40 days before policy inception: (i) full name of intended insured(s) and spouse, if any; (ii) insured(s)' mailing address and the address for the property to be insured, if the address for the property to be insured differs from the insured(s)' mailing address; (iii) dates of birth for insured(s) and spouse, if any; (iv) social security number; and (v) information about claims since termination of the person's Allstate property policy.

Where the property to be insured has experienced losses or material changes in condition since termination of the Eligible Policyholder's Allstate property insurance policy, then the Eligible Policyholder will be required to fully remediate the damage and take reasonable actions to mitigate against future losses of the same type before Allstate issues any property insurance policy pursuant to this Stipulation. In that case, and in cases where the Eligible Policyholder has relocated and is seeking property insurance for a different property than the property Allstate previously insured, Allstate will be permitted to inspect the property. In no event will Allstate be required to offer property insurance where an insurable interest is lacking.

(e) Notice to Eligible Policyholders. Eligible Policyholders shall be notified of the offer of coverage under this Stipulation in accordance with a Notice, the form of which has been submitted to and approved by the Department. Allstate shall send the Notice to Eligible Policyholders over a period of 10 weeks beginning on or before January 10, 2008.

(f) Release. Eligible Policyholders seeking to obtain a property insurance policy from Allstate in accordance with the terms of this Stipulation must, as a condition of obtaining the policy, provide a signed release to Allstate, the form of which has been submitted to and approved by the Department.

6. Within 90 days of the approval date of this Stipulation, and every 90 days thereafter for a period of one year from the date of the initial report, Respondents shall file a report with the Department setting forth the results of the actions required in the foregoing paragraph, to include the number of Notices sent out and the number of policies issued in accordance with this Stipulation.

7. Upon issuing any policy of property insurance offered under the terms of this Stipulation, such policy shall be included as a "policy in force" for all purposes under Insurance Law § 3425 and Department Regulation 154, 11 NYCRR Section 19, et seq. In particular, the parties agree that all policies written under the terms of this Stipulation

are included for purposes of any calculations or determinations as to whether Allstate has materially reduced its volume of policies under Insurance Law § 3425 and Department Regulation 154.

8. Inasmuch as no hearing has been held on the Citation, the Department has made no factual findings in this matter and recognizes that Respondents have asserted defenses to the Citation. Respondents reserve all rights to defend in any litigation or legal proceeding, other than this administrative proceeding, the legality of their actions that occurred prior to the issuance of Department Circular Letter No. 11 (2007). Neither the terms of this Stipulation, nor the fact of its existence, (a) shall be construed as an admission of liability in this matter, or (b) shall be admissible in evidence in any litigation or other legal proceeding other than a proceeding to enforce the terms of this Stipulation or an administrative proceeding commenced by the Department against any Respondent.

9. The proceeding commenced by the attached Citation is hereby resolved and discontinued.

Dated: New York, New York
December 17, 2007

NEW YORK STATE INSURANCE DEPARTMENT

By:



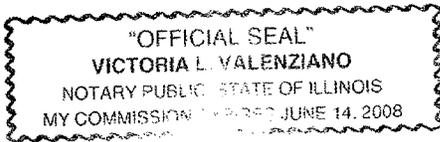
JON G. ROTHBLATT
Assistant Deputy Superintendent and Counsel

ALLSTATE INSURANCE COMPANY,
ALLSTATE INDEMNITY COMPANY,
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NEW YORK, ALLSTATE PROPERTY AND
CASUALTY INSURANCE COMPANY,
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ENCOMPASS INSURANCE COMPANY OF
AMERICA, ENCOMPASS PROPERTY AND
CASUALTY COMPANY and NORTHBROOK
INDEMNITY COMPANY

By: Roger D. Odle II
Name: ROGER D ODLE II
Title: SR STATE MANAGER

STATE OF Ill)
COUNTY OF Cook) ss.:

On this 14th day of December 2007, before me personally came Roger D Odle, to me known, who, being by me duly sworn, did depose and say that he/she resides at 5170 BARCROFT DR HOFFMAN ESTATES IL; that he/she is the SR STATE MANAGER of Allstate Insurance Company, the corporation described in and which executed the above instrument on behalf of each of the companies listed above; and that he/she signed his/her name thereto by authority of the board of directors of said corporations.



Victoria L. Valenziano
Notary Public

THE FOREGOING STIPULATION IS HEREBY APPROVED.

Dated: New York, New York
December 17, 2007

ERIC R. DINALLO
Superintendent of Insurance

By: [Signature]
ROBERT H. EASTON
Deputy Superintendent and General Counsel



STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004

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AMERICA, ENCOMPASS PROPERTY AND :
CASUALTY COMPANY and NORTHBROOK :
INDEMNITY COMPANY, :
 :
 Respondents. :
-----X

CITATION
No. 2007-0075-C

TO THE ABOVE NAMED RESPONDENTS:

YOU ARE HEREBY CITED to appear at a hearing to be held at the office of the New York State Insurance Department, 25 Beaver Street, New York, NY 10004, 4th floor, on the 19th day of September, 2007, at 10:00 A.M., to show cause why an order should not be made: (i) imposing civil penalties upon you pursuant to Sections 109, 2324 and 2406 of the New York Insurance Law ("Insurance Law"); (ii) directing you to cease and desist from engaging in defined violations of the Insurance Law; (iii) directing you to take appropriate remedial action, including rescission of notices of non-renewal issued in violation of the Insurance Law and reinstatement of insurance policies non-renewed in violation of the Insurance Law; and (iv) imposing such other punitive, remedial or preventive action as may be authorized by law, by reason of the charge(s) and specification(s) hereinafter set forth.

CHARGE I

RESPONDENTS HAVE VIOLATED SECTION 2324 OF THE INSURANCE LAW

1. During the approximate period January 2006 to present, Respondent Allstate Insurance Company and one or more of its affiliated companies (hereinafter referred to as "Allstate" or "Respondents"), engaged in a practice in connection with the renewal of homeowners insurance policies issued to insureds in the State of New York, whereby thousands of Allstate homeowners policies were non-renewed based upon whether or not the insureds had other insurance coverage, such as automobile insurance or life insurance, with Allstate as of a certain past date.

2. In furtherance of the aforementioned practice, Allstate issued non-renewal notices to its homeowners insurance policyholders which typically stated in part:

Dear Customer,

We're writing to you with what we know is unfortunate news. We will not be able to renew your Allstate Indemnity Company property policy at the end of your current premium period. . . .

As you may know, the 2004 and 2005 Hurricane Seasons brought terrible destruction to the Southeastern United States, across a huge area stretching from Texas to Florida. The extent of the damage and devastation was unprecedented.

We have an expectation that similarly destructive storms are possible all along the East coast in the coming years. Although no one can predict with certainty when or where a storm will hit, we believe there is potential for significant damage in your area.

As a result, we have had to explore some difficult options to better manage our catastrophic risk exposure, including non-renewing some property policies.

Why we cannot renew your policy

There were a number of reasons why we chose not to renew your property policy. They included the fact that the frame construction of your property is more susceptible to hurricane losses and is close to the Atlantic coast, where anticipated hurricane damages are highest. In addition, Allstate is basing its renewal offers in your area in part on whether customers had certain auto or life policies with us prior to the start of our current hurricane exposure reduction efforts on October 7, 2005. You did not have such a policy on that date. . . . [Emphasis added.]

Specification A

3. The aforementioned practice unlawfully discriminates against Allstate homeowners policyholders who do not need, or choose not to have, other insurance coverages with Allstate, in violation of Section 2324 of the Insurance Law.

Specification B

4. The aforementioned practice confers a special favor, benefit, advantage and/or other valuable consideration upon Allstate insureds who have more than one type of insurance coverage with Allstate that is not specified in the Allstate policy or contract, and thus constitutes an unlawful rebate and inducement within the meaning of Section 2324 of the Insurance Law.

CHARGE II

**RESPONDENTS HAVE VIOLATED SECTION 4224 OF
THE INSURANCE LAW**

5. The allegations of paragraphs 1 through 4 are repeated and realleged as if fully set forth herein.

6. The aforementioned practice confers a special favor, benefit, advantage and/or other valuable consideration upon Allstate life insurance policyholders who have more than one type of insurance coverage with Allstate that is not specified in the Allstate policy or contract, and thus constitutes an unlawful rebate and inducement within the meaning of Section 4224 of the Insurance Law.

CHARGE III

**RESPONDENTS HAVE ENGAGED IN DEFINED VIOLATIONS WITHIN
THE MEANING OF SECTION 2402(b) OF THE INSURANCE LAW**

Specification A

7. The allegations of paragraphs 1 through 4 are repeated and realleged as if fully set forth herein.

8. Pursuant to Section 2402(b) of the Insurance Law, a defined violation is, *inter alia*, the commission of an act prohibited by Section 2324 of the Insurance Law.

9. The aforesaid conduct of Respondents constitutes a defined violation within the meaning of Section 2402(b).

Specification B

10. The allegations of paragraphs 5 and 6 are repeated and realleged as if fully set forth herein.

11. Pursuant to Section 2402(b) of the Insurance Law, a defined violation is, *inter alia*, the commission of an act prohibited by Section 4224 of the Insurance Law.

12. The aforesaid conduct of Respondents constitutes a defined violation within the meaning of Section 2402(b).

CHARGE IV

RESPONDENTS HAVE ENGAGED IN DETERMINED VIOLATIONS WITHIN THE MEANING OF SECTION 2402(c) OF THE INSURANCE LAW

13. Pursuant to Section 2402(c) of the Insurance Law, a determined violation is "any unfair method of competition or any unfair or deceptive act or practice, which is not a defined violation but is determined by the superintendent pursuant to section two thousand four hundred five of this article to be such method, act or practice."

Specification A

14. The allegations of paragraphs 1 through 12 are repeated and realleged as if fully set forth herein.

15. The aforesaid conduct of Respondents, to the extent not found to be a defined violation, constitutes a determined violation within the meaning of Section 2402(c).

Specification B

16. The allegations of paragraphs 1 through 12 are repeated and realleged as if fully set forth herein.

17. In response to the aforementioned non-renewal practices of Allstate and certain other insurers, the Department, on August 28, 2007, issued Circular Letter No. 11 (2007), entitled "NON-RENEWAL OF INSUREDS WITH HOMEOWNERS INSURANCE WHO DO NOT ALSO HAVE OTHER INSURANCE BUSINESS WITH THE INSURER," to all property/casualty insurers, including the Respondents herein. A copy of said Circular Letter is attached hereto and incorporated herein.

18. Said Circular Letter No. 11 advised all property/casualty insurers, including Allstate, that the Department viewed the practice of basing an insurer's determination to non-renew a homeowners policy on whether or not the policyholder has or had other insurance coverage with the insurer as of a certain past date to be violative of Section 2324 of the Insurance Law. In addition, the Circular Letter directed that:

Any insurer that is engaging in such practice must so inform the Insurance Department within 10 days of this circular letter, and immediately cease non-renewing policies using the supporting business condition. The insurer must also rescind any non-renewal notice that has not yet taken effect.

19. On August 29, 2007, Allstate, through its Regional Counsel, advised the Insurance Department in writing that it would not comply with the above directive, and intended to continue to make homeowners insurance non-renewal determinations based upon whether or not a policyholder had additional insurance coverage with Allstate as of a certain past date.

20. Respondents' refusal to comply with Department Circular Letter No. 11 constitutes a determined violation within the meaning of Section 2402(c).

PLEASE TAKE FURTHER NOTICE THAT:

(A) According to the records of the Insurance Department, Allstate Insurance Company, Allstate Indemnity Company, Allstate Property and Casualty Insurance Company, Deerbrook Insurance Company, Encompass Home and Auto Insurance Company, Encompass Indemnity Company, Encompass Independent Insurance Company, Encompass Insurance Company of America, Encompass Property and Casualty Company and Northbrook Indemnity Company are foreign insurance corporations authorized to transact property/casualty insurance business in the State of New York, and Allstate Life Insurance Company of New York is a domestic insurance company authorized to transact life, annuities and accident and health insurance business in the State of New York.

(B) This citation is issued pursuant to Sections 109, 303, 304, 305, 2324, 2402, 2403, 2404, 2405, 2406 and 4224 of the Insurance Law.

(C) Your attention is directed to a statement in plain language, attached hereto, entitled "Summary of Hearing Procedures," summarizing the provisions of Department Regulation No. 97 (11 NYCRR 4). This statement contains important information concerning your rights and the Department's hearing procedures and should be read carefully. A copy of Regulation No. 97 will be furnished upon request.

(D) Should you fail to appear at the time and place fixed for the hearing, or any adjourned date thereof, the hearing will proceed as scheduled. Disciplinary action, if any, taken as a result of the hearing may include the imposition of civil penalties, issuance of a cease and desist order, and such other punitive, remedial or preventive action as may be authorized under the Insurance Law.

Dated: New York, New York
August 31, 2007

NEW YORK STATE INSURANCE DEPARTMENT

By: Jon G. Rothblatt (EGW)
Jon G. Rothblatt
Assistant Deputy Superintendent and Counsel

CERTIFIED MAIL:

Allstate Insurance Company
2775 Sanders Road
Northbrook, IL 60062-6127
Attn: Thomas Joseph Wilson, II
President and Chief Executive Officer

Allstate Indemnity Company
2775 Sanders Road
Northbrook, IL 60062-6127
Attn: Fredrick Florian Cripe
President

Allstate Property and Casualty Insurance Company
2775 Sanders Road
Northbrook, IL 60062-6127
Attn: Fredrick Florian Cripe
President

Deerbrook Insurance Company
2775 Sanders Road
Northbrook, IL 60062-6127
Attn: Kelly Frances Fogarty
President

Allstate Life Insurance Company of New York
100 Motor Parkway, Suite 132
Hauppauge, NY 11788-5107
Attn: Casey Joseph Sylla
President

Encompass Property and Casualty Company
2775 Sanders Road
Northbrook, IL 60062-6127
Attn: Cynthia Hardy Young
President

Encompass Insurance Company of America
2775 Sanders Road
Northbrook, IL 60062-6127
Attn: Cynthia Hardy Young
President

Encompass Independent Insurance Company
2775 Sanders Road
Northbrook, IL 60062-6127
Attn: Cynthia Hardy Young
President

Encompass Indemnity Company
2775 Sanders Road
Northbrook, IL 60062-6127
Attn: Cynthia Hardy Young
President

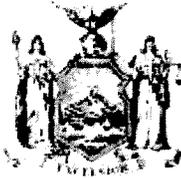
Encompass Home and Auto Insurance Company
2775 Sanders Road
Northbrook, IL 60062-6127
Attn: Cynthia Hardy Young
President

Northbrook Indemnity Company
2775 Sanders Road
Northbrook, IL 60062-6127
Attn: Kelly Frances Fogarty
President

COPY TO:

Brian M. Pozzi, Esq.
Regional Counsel
Allstate Insurance Company
100 Motor Parkway, Suite 140
Hauppauge, New York 11788

Michael J. McCabe, Esq.
General Counsel
The Allstate Corporation
2775 Sanders Road
Northbrook, IL 60062



**STATE OF NEW YORK
INSURANCE DEPARTMENT**
25 BEAVER STREET
NEW YORK, NEW YORK 10004

Eliot Spitzer
Governor

Eric R. Dinallo
Superintendent

**Circular Letter No. 11 (2007)
August 28, 2007**

TO: TO ALL PROPERTY/CASUALTY INSURERS

RE: NON-RENEWAL OF INSURED'S WITH HOMEOWNERS INSURANCE WHO DO NOT ALSO HAVE OTHER INSURANCE BUSINESS WITH THE INSURER

It has come to the Department's attention that some property/casualty insurers are non-renewing homeowners insurance policies where the insureds do not also have other insurance business, such as automobile or life insurance, with the insurer or its affiliates. The non-renewal notices state that in order to avoid non-renewal of the homeowners coverage, an insured must have had supporting business as of a certain date in the past. By tying the renewal to a pre-existing event, these insurers apparently believe that this condition for renewal falls outside the scope of Insurance Law § 2324, which prohibits inducements in the making of the new (renewal) contract. The Department considers this supporting business condition to constitute an unlawful inducement in violation of Insurance Law § 2324, which provides:

(a) No authorized insurer, no licensed insurance agent, no licensed insurance broker, and no employee or other representative of any such insurer, agent or broker shall make, procure or negotiate any contract of insurance other than as plainly expressed in the policy or other written contract issued or to be issued as evidence thereof, or shall directly or indirectly, by giving or sharing a commission or in any manner whatsoever, pay or allow or offer to pay or allow to the insured or to any employee of the insured, either as an inducement to the making of insurance or after insurance has been effected, any rebate from the premium which is specified in the policy, or any special favor or advantage in the dividends or other benefit to accrue thereon, or shall give or offer to give any valuable consideration or inducement of any kind, directly or indirectly, which is not specified in such policy or contract...[Emphasis supplied.]

Thus, with respect to property/casualty insurance policies, Insurance Law § 2324 prohibits, among other things, an authorized insurer from giving or offering to give any valuable consideration or inducement of any kind, directly or indirectly, that is not specified in the policy or contract, or engaging in unlawful rebating or discrimination.

These insurers' actions violate Insurance Law § 2324 because, by their well-publicized actions, they are inducing their policyholders to maintain supporting business with the respective insurers. Although an insurer may not explicitly tell those insureds whom it renewed that they were renewed because they in fact had supporting business, it is reasonable for these insureds to infer that they were renewed because they had supporting business, and that the insurer would again implement a supporting business condition the next time that the insurer could non-renew the policy. And, since most insureds are not aware that the required policy period for a homeowners policy is three years, see Insurance Law § 3425(a)(7), most insureds undoubtedly would think that the insurer may elect to non-renew them on the next annual renewal date if they do not maintain supporting business.

Finally, many of these insurers claim that their non-renewal decisions are based on the overall hurricane exposure on the Atlantic coast. However, if the reason for non-renewal is in fact catastrophic risk exposure, then there is no rationale for the insurers to non-renew those with the least overall exposure—i.e., those that only insure their homes with the insurer, as opposed to those that insure both their homes and automobiles.

Any insurer that is engaging in such practice must so inform the Insurance Department within 10 days of this circular letter, and immediately cease non-renewing policies using the supporting business condition. The insurer must also rescind any non-renewal notice that has not yet taken effect.

All responses and any questions regarding this letter should be addressed to:

Gerald Scattaglia, Assistant Bureau Chief
Property Bureau
25 Beaver Street
New York, New York 10004
Phone: 212-480-5583
Email: gscattag@ins.state.ny.us

Very truly yours,

Larry Levine
Assistant Deputy Superintendent and Chief,
Property Bureau



STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004-2319

SUMMARY OF HEARING PROCEDURES

(Summary of Procedures for Adjudicatory Proceedings Set Forth in Department Regulation No. 97 as Required by Section 301(3) of the State Administrative Procedure Act)

1. The Hearing will be held before an impartial hearing officer who will make a report of findings, conclusions and recommendations to the Superintendent.
2. You must be ready, and prepared with all of your evidence, to present your case on the hearing date.
3. You may be represented by an attorney at the hearing.
4. Interpreter services shall be made available for deaf persons, upon advance request, at no charge. Such request should be made as soon as possible by contacting the Department attorney who signed the Citation/Notice of Hearing.
5. You may file a written answer to the Citation/Notice of Hearing. If you do so, it should be delivered at least two days before the hearing date to the Department attorney who signed the Citation/Notice of Hearing. You will have a full opportunity at the hearing to dispute or explain any charges made against you in the Citation/Notice of Hearing whether or not you file an answer.
6. You may present evidence and have witnesses testify at the hearing. If you believe a witness will not appear voluntarily and you do not have an attorney representing you, you may request the Office of General Counsel to furnish you with a subpoena to compel the witness' attendance. If the Office of General Counsel issues the subpoena, service of the subpoena upon the witness and payment of all required witness fees is your responsibility.
7. You may request a copy of the hearing officer's report and an opportunity to comment on it in writing before the Superintendent acts on the report. The request must be made to the hearing officer on the record before the close of the hearing.

8. Prior to commencement, a hearing may be postponed upon your request if there is a good reason why the hearing should not begin on the scheduled hearing date. To request a postponement you should contact the Department attorney who signed the Citation/Notice of Hearing as soon as possible. If the Department attorney does not consent, the request may be made to the supervising hearing officer who may grant the postponement upon a showing of good cause. A request for a postponement may be required to be in writing.
9. A hearing in progress may be adjourned by the hearing officer at your request if you can give good reasons and support your request with written evidence, such as, for example, a letter from a doctor or a sworn statement (affidavit) that a witness will be unavailable on the hearing date.
10. If you do not appear at the hearing on the denial of an application for a license, your request for such hearing will be deemed withdrawn.
11. If you do not appear or are not represented at the hearing on a Citation, the hearing will take place as scheduled and a decision on the charges will be made. This decision may result in the revocation or suspension of your licenses and the denial of any pending applications, and such other action as may be permitted by law, including the imposition of monetary fines.
12. If you do not appear at a hearing and a decision is made against you, the hearing may be reopened upon your written application, if you satisfy the hearing officer that there were valid reasons for your failure to appear or your failure to request an adjournment or postponement and you have a meritorious case. If you do appear at a hearing and a decision is made against you, the hearing may be reopened upon your written application to the hearing officer if you can show that there is newly discovered evidence or a compelling reason for such reopening. The application to reopen a hearing must be made within six months from the date of the Superintendent's decision.
13. Once a decision is made against you, you may, if you wish, take an appeal to the courts. This appeal must be made within four months from the date the decision becomes effective. It should be emphasized that your right to take an appeal is not connected in any way with your right to reopen a hearing as described in paragraph 12 and an application to reopen does not extend your time to take an appeal to the courts.