

Waiver Process

CONFIDENTIAL AND SUBJECT
TO PROTECTIVE ORDER

Date

Customer Name and address

Claim Number:

Date of Loss:

Dear:

I have started working on the claim you recently reported. We realize that having a claim is never a pleasant experience, and we are committed to handling your claim quickly and fairly. It is our way of making this time a little easier for you.

I hope that I have answered all of your questions about the process we will follow for evaluating your claim. I want you to feel free to call me directly if you have any questions at all, or if you learn additional information relating to your claim. You can reach me at, -----.

Because you purchased an Allstate policy for a time like this, I intend to make your claim experience as uncomplicated as possible. Therefore, please provide your repair person with the following instructions. These instructions will assist them, as well as us, to determine the proper settlement amount and allow us to quickly resolve your claim.

Please forward a copy of the estimate in the enclosed self addressed envelope, or fax it to me, at your earliest convenience.

We are proud of our reputation for handling claims fairly. My goal is for you to remain informed throughout the process and for you to be completely satisfied with my handling of your claim. Again, please do not hesitate to call me if you should have any questions.

Sincerely,

Allstate Insurance Co.

attachments

Waiver Process

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Date

Customer Name and address

Claim Number:

Date of Loss:

Dear:

Just a quick note to let you know that I have not yet received your estimate. As I remain committed to handling your claim quickly and fairly, this serves as a reminder that I am awaiting your estimate.

Please forward a copy of the estimate in the enclosed self addressed envelope, or fax it to me, at your earliest convenience, so I can conclude this matter for you.

If you are having problems getting these estimates please let me assist you. I want you to feel free to call me directly if you have any questions at all, or if you learn additional information relating to your claim. You can reach me at, -----.

We are proud of our reputation for handling claims fairly. My goal is for you to remain informed throughout the process and for you to be completely satisfied with my handling of your claim. Again, please do not hesitate to call me if you should have any questions.

Sincerely,

Allstate Insurance Co.

General Tips for Customers & Flood Questions

General Tips

There are many constructive steps customers can take while waiting for their Allstate adjuster, including:

- If possible, photograph or videotape damaged property before taking the actions below.
- Compile a complete inventory of their damaged or missing personal belongings. The list should contain a detailed listing of items including description, age, features, original purchase price, date purchased, and where possible receipts/photos/manuals.
- Reasonable temporary emergency repairs should be made to prevent additional damages. This may include:
 - Cover holes in roofs, walls and windows immediately, so that wind and rain doesn't cause further damage.
 - Acquire the services of an emergency board-up or clean-up vendor to dry the damaged property.
 - Keep all receipts, including additional living expenses, supplies, temporary repairs and services to give to your adjuster.

Flood Tips

Here are some tips on what to do if customers have to file flood claims. These tips also can apply for wind claims, too:

- Clean up should begin as soon as the floodwaters recede, if authorities deem it safe, and when it is safe to enter your home.
- Call your agent or insurance company. Make sure to have your policy number handy, and a telephone number or e-mail address where you can be reached. Separate damaged and undamaged items. Separate dry and wet items, such as clothing and linens. These items can often be restored by cleaning them or making minor repairs.
- Take photos of the water in your house and the damaged property, making sure you take photos of any water in the house.
- Make a list of damaged or lost items, with as much detail as possible: Age of items, how much they're worth, and include copies of receipts if you have them.
- Save damaged personal property, and take photos or a videotape of it. Do not throw out any damaged property without your adjuster's agreement.
- When you file your claim, ask for an approximate time frame during which an adjuster will visit your home.
- Make sure you let your adjuster know if your contact information changes. It may be a good idea to provide the name of a relative or someone else who knows how to reach you.

General Mold Questions

Q1: What are the causes of mold growth and how can mold growth be prevented?

A. Mold is a common fungus that can grow on some building material if the right conditions exist. There are many different types of mold. In order to grow, mold generally requires water, a food source, the right temperature, and time.

Because mold growth can begin within hours of water damage, any water damage and the cause of the water intrusion should always be promptly addressed. In the case of property damage caused by hurricane, Allstate encourages customers to take whatever actions they can to reduce the likelihood of further water damage to their property.

- If possible, cover all holes in torn or damaged roofs, walls, and windows immediately, so that wind and rain don't cause further damage.
- If needed, acquire the services of an emergency board-up or clean-up vendor who can provide help to dry out the damaged property.
- Generally, homeowner's policies will cover reasonable expenses incurred in preventing *further* water damage to property that has experienced water-related damage.
- Keep all receipts for any emergency repair work to submit for potential reimbursement. If possible, photograph or videotape damaged property before taking the actions previously noted.
- For more information, you can visit the Environmental Protection Agency's Web site at <http://www.epa.gov/iaq/molds/index.html>.

Q2: Do Allstate's homeowner's policies in Louisiana, Mississippi, and Alabama cover mold damage?

- A. Mold is excluded under all coverages in Allstate's property policies in Louisiana, Mississippi, and Alabama.
- While mold is not in and of itself a covered peril, when mold results from a covered loss involving water, Allstate may, subject to policy terms and limitations, pay for removal of the mold associated with that covered loss.
 - Any time that Allstate customers have a loss and question whether or not it would be covered, they should report the loss to an Allstate claim adjuster at 1-800-54-STORM. Claim personnel are the best resource to determine coverage under a policy.

Q3: Do Allstate's commercial policies in Louisiana, Mississippi, and Alabama cover mold damage?

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A: Mold is excluded under all coverages. Any loss or coverage questions should be directed to an Allstate claim adjuster.

Q4: What are the specifics of Allstate's homeowner's policies coverages in Louisiana, Mississippi, and Alabama related to mold?

A: The policies:

- Completely exclude coverage for loss to property caused by or consisting of mold, fungus, wet rot, dry rot, or bacteria.
- Eliminate coverage under the "additional living expense" provision of the policy for increased living expenses (and lost fair rental income) when mold, fungus, wet rot, dry rot, or bacteria make the residence premises uninhabitable.
- Include policy provisions which state that if mold damages occur as a direct result of a covered water loss, Allstate will pay up to the amount specified in the policy for the following:
 - Remediation of mold, fungus, wet rot or dry rot. Remediation is reasonable and necessary treatment, removal or disposal of mold; It includes investigation, testing fees, and additional living expenses.
 - Increased living expenses (and lost fair rental income) when mold, fungus, wet rot, or dry rot make the residence premises uninhabitable.

If Allstate customers believe they have a covered loss involving water, they should contact an Allstate claim adjuster at 1-800-54-STORM. Allstate's claim personnel are the best resource to determine whether or not a specific loss is covered, and if the loss is covered, to let customers know what the next steps will be, as well as help guide them through the claim process.

CAT Customer Inquiry Assistance Form Usage

The CAT Customer Inquiry Assistance form is a one-stop form for multiple uses. This form provides the Allstate staff to quickly and easily take the customer's information and document their need and by choosing one of the check boxes the form is directed to the proper unit for quick handling.

Important to remember:

- Get as much information as possible to complete this form – complete information means that we can handle their request quickly and in some cases without having to re-contact the customer prior to completing their request. Time is of the essence and we need complete accurate information the first time.
- By choosing a "Request Type" the form is electronically triaged to the proper unit for handling. If none of the check boxes are appropriate, then leave blank and the form will be sent to the main mailbox for sorting.
- Customer Information is crucial. In many cases the customer information on the policy is no longer relevant. Therefore, the claims staff needs current accurate information to contact the customer. Please take time to read phone numbers and addresses back to the customer for verification, as this may be our one opportunity to get that information.

For specific instructions for ALE please see next page.

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ALE-----CAT Customer Inquiry Assistance Form Job Aid

The screenshot shows a form titled "CAT Customer Inquiry Assistance Form Job Aid". It contains several fields for data entry, including a "Send Button" at the top left, a "Name & claim/policy numbers" field at the top right, a "Check the ALE box" field on the left, and a "Fill In Phone Numbers where insd can be reached" field on the right. There are also fields for "If Available" and a large section for "Can be used for requesting 14 day Civil Authority advance OR for standard ALE reimbursement". A "VERY IMPORTANT- NO P.O. Box, get an actual physical address to send the ALE check to. Get contact info and length of time customer will be at that location. FILL IN DOLLAR AMTS." callout box is present at the bottom right of the form area.

- 1) CAT Customer Inquiry Assistance.oft save this link or access this form via Outlook Organizational Forms Library.
- 2) CSC/MCO rep accesses Outlook Form "CAT Customer Inquiry" form
 - i. Open Outlook
 - ii. Choose - Tools
 - iii. Choose - Forms
 - iv. Choose - Choose Forms
 - v. Organizational Forms Library dropdown menu
 - vi. Choose CAT Customer Inquiry Assistance form
 - vii. Complete Form (check ALE box)
 - viii. Send

Form arrives at NCT Customer Care Folder and triaged to ALE Team (note- for the weekend of 9/2 - 9/5, the NCC will manage the Customer Care Folder).

AGENTS: if necessary, you can open form, fill it out, print it, and fax to either
ALE unit fax number: (877) 561-6018
(877) 561-6019

*** Once form is sent, it will arrive in a public Outlook folder labeled "NCT Customer Care Folder". ALE specialists and NCT representatives are maintaining the folder on a daily basis.

ALST-WEIS 01040

Coverage Investigation	<p>Sufficient investigation must be made to make a proper coverage decision.</p> <ul style="list-style-type: none">A) Is it property we cover?B) Is it a covered peril?C) Is coverage applicable for the date of loss?D) Do any exclusions apply? <p>Prior losses must be reviewed and documented.</p> <ul style="list-style-type: none">A) Was the client file checked for prior losses and file documented in PWS?B) If there were prior losses, were they reviewed and properly documented in PWS?
<p>The customer has been contacted and interviewed to include:</p>	
Review Coverage	<p>Review the following with the customer:</p> <ul style="list-style-type: none">1) Coverage that applies to the loss.2) Any applicable limits3) ACV and FRC4) Deductible that applies to the loss
Review Damage	<p>The information on the loss report provides an excellent starting point for this discussion.</p> <p>You should gather sufficient information to determine not only what is damaged, but also the severity.</p> <p>For example - gable roof, 3 tab</p>

STATEMENT OF CONFIDENTIALITY

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STATEMENT OF COMPLIANCE

All of our processes must comply with state laws, regulations and court decisions. To the extent that these procedures, processes, forms, scripts or other material conflict with state laws, state law will take precedence.

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ALST-WEIS 01041

WAIVER ADJUSTER CHECKLIST - JOB AID

	<p>fiberglass shingles has 10' x 10' area of shingles blown off.</p> <p>Ask the customer to provide photographs if possible.</p>
Review Dimensions	<p>Obtain the specific measurements that pertain to the loss. For example - Master Bedroom - 20' x 12' x 8'.</p> <p>If it appears that you will be replacing an entire roof it is suggested that you check the client file.</p> <p>Located in the client file is the square footage of the house as provided to us at the time of the application.</p> <p>Any large variances should be questioned.</p>
Description of materials damaged	<p>This goes hand in hand with the reviewing of damage.</p> <p>Because of the wide variation in types of materials and the associated costs it is imperative to get an accurate description.</p> <p>For example - What kind of roofing did you have? Was it wood shake, tile, 3 tab shingles, etc.</p> <p>Once you obtain the specifics, you can gather further details.</p> <p>For example - it is a 3-tab roof, do you know if it had a 20, 25, or 40 year warranty?</p> <p>Was it a flat shingle or dimensional? If you are unaware of the specifics of a certain material it is suggested that you go to the Property Technical Reference Library on your computer.</p> <p>The information in the library can prove invaluable.</p>

WAIVER ADJUSTER CHECKLIST - JOB AID

Subrogation investigation started (see filter)	<p>Did we explain subrogation?</p> <p>A) Was the cause of loss determined and documented in PWS?</p> <p>B) If there were product or workmanship defects that caused or contributed to the loss were they thoroughly investigated?</p> <p>C) If there was subrogation, was the evidence properly preserved and documented in PWS?</p>
Customer interview and reported damages match estimate.	<p>Review the information gathered during the customer interview and compare with the estimate and photos.</p> <p>You should have somewhat of an idea after the initial interview of what repairs are necessary.</p> <p>If something seems out of order we should determine why and adjust accordingly.</p>
Estimate contains room, roof, or other structure dimensions	<p>If the repair person has not provided this information it will be necessary to gather.</p> <p>This allows us to verify the scope of repairs and verify pricing.</p>
Estimate contains description, quantities, unit costs or time and materials	Same as above.
Unit costs have been verified as competitive for the local market	<p>Unit price guides developed from AccuPro are to be used in verifying prices.</p> <p>Any variance from this pricing must be explained on the estimate or in PWS</p>

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Repair Vs Replacement considered	Consider alternative methods of repair.
Math checked for accuracy	<p>Verify the repair person calculations (make sure they added, multiplied, etc. correctly.)</p> <p>Run an add tape to verify the total. Sign your name on the tape and date it.</p>
Depreciation applied and documented	When applicable proper depreciation should be taken. PWS should be documented.
The Vendor has been contacted and the following was reviewed and agreed:	
The vendor did inspect the loss and prepared the estimate	<p>Verify in fact that the repair person did inspect the loss.</p> <p>As opposed to them simply providing a phone quote.</p> <p>Note: Consideration should be given to our overhead and profit general guidelines and structural estimating training materials to determine the correct amount for the repairs.</p>
Any changes, additions or deletions have been discussed and agreed upon	<p>Any deviations from the estimate received and what you are paying should be discussed with the vendor prior to repairs taking place.</p> <p>This will avoid any misunderstanding.</p>
The cause of loss was discussed and subrogation investigated	<p>The vendor has inspected the loss.</p> <p>Ask necessary and probing questions to verify the cause of the loss.</p> <p>If subrogation exists you may need to enlist their assistance.</p>

WAIVER ADJUSTER CHECKLIST - JOB AID

Any non-covered loss has been reviewed with the vendor (cause of loss or partial denial)	You should explain to the vendor any differences between the estimate they have written and what you will be paying the customer.
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The customer has been re-contacted and the following was reviewed:	
The amount of the estimate as agreed upon with the vendor	<p>Call the customer and provide all pertinent info regarding the estimate and discussions with the vendor.</p> <p>This conversation provides you an excellent opportunity to answer any of the customer's questions or concerns along with reinforcing our commitment to customer service.</p>
Deductible and Non-covered damages/loss	If a deductible is to be applied against the estimate or parts of the estimate are not a loss we cover, an explanation to the customer is in order.
Total amount to be paid	Ensure that the customer understands what amount that they will be receiving, how the check will be issued, and about how long it will take to receive.
How to recover depreciation if applicable	<p>If depreciation is reimbursable explain that they have 180 days to make this claim and the exact details on the process for doing so.</p> <p>If required by your state, send out our formal letter that outlines the process.</p>
Subrogation follow-up	Be sure to gather any final information necessary for submitting a subrogation claim.
A check has been issued or ordered to include the following:	
Proper check wording	As per CPPP guidelines.
Lien holder protected	<p>The lien holder/mortgagee may need to be a named party on the settlement check(s).</p> <p>The policy and local best practices will dictate when necessary.</p>

All documentation must be recorded in PWS

REDACTED

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5.0 Opening Coverage - Property

The following coverages are the ones most commonly opened. These guidelines attempt to expand upon the more general opening rules stated above.

Property lines coverages, all of which are reserved on a case basis, include

- AA** Open when there is property damage to the insured's dwelling in excess of any applicable deductible.
- BB** Open when there is property damage in excess of any applicable deductible to the insured's appurtenant structures, such as garages or sheds, not attached to the dwelling.

Note: Under the readable Homeowners policies, appurtenant structures are part of Coverage A.
- BC** Open when there is property damage to the insured's dwelling in excess of any applicable deductible and repairs will include upgrading items to meet current building codes.
- CD** Open when credit card forgery involves damages in excess of deductible

- DD** Open when it is apparent the insured will be unable to live, cook, sleep, in the dwelling due to loss. In other words, the dwelling is unlivable.
- FF** Open when fire department charges will be incurred as a result of fire loss to the residence premises.
- XX** Open when any third party (not a resident of the household) is injured on the insured's premises or as a result of an insured's actions (or his/her dog's or other pet's actions).
- Open when any third party sustains property damage as a result of actions by the insured, any resident of his/her household, (or his/her dog or other pet).
- YY** Open when any third party (not a resident of the household) is injured on the insured's premises or as a result of an insured's actions (or his/her dog's or other pet's actions) and medical expense is anticipated.

Standard Closing Practice Guideline for Property

The following general guideline should be used:

- A claim file should remain open until all investigation, evaluation, negotiations and explanations have been concluded and any final settlement checks or required closing letters have been issued to the customer.

Following are some examples as to when a coverage should remain open:

- 1) A relatively large Actual Cash Value (ACV) loss, involving dwelling and/or content items, when it is highly probable that many receipts will be forthcoming to pay the Full Replacement Cost (FRC);
- 2) An Additional Living Expense (ALE) loss when it is known that bills will continue to be submitted for payment.

Circumstances may exist when it is appropriate to close a coverage or file and make payment after closure (PAC).

Following are some examples as to when a coverage should be closed:

- 1) ACV settlements, even though an additional one-time payment may be made after repairs or replacement are incurred;
- 2) FRC settlements (payment made without deduction for depreciation);
- 3) ALE payments made on projected costs based on repair time. This payment would include all known expenses.

Although this communication deals primarily with "closing practices", it may lead to questions relating to the reopening of coverage.

The following guideline should be used for a reopen:

- A coverage should be reopened when additional factual or damages investigation is required that will take place over a period of time and may involve multiple customer or vendor contacts.

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SECTION 6: REFERRED FILE SUMMARY REQUIREMENTS PROPERTY

Summary formats for property losses have been developed to provide a concise, but thorough, review of the essential points of the claim to the claim adjuster and to Home Office. On property files all summaries are to be entered on the claim diary system.

Referral of the file, however, should not be delayed awaiting sufficient information with which to prepare a complete summary. If the information is not immediately available the summary should be prepared as completely as possible and the file referred within the time limit guidelines outlined previously.

1.0 PROPERTY LOSS SUMMARY

1.1 Risk Summary

Describe the risk, coverages and endorsements applicable to the loss.

1.2 Cause And Origin Of Loss

In describing the loss, be concise, but include all pertinent details. Use specific times and dates and include the complete names and addresses of all persons and places involved. Give the exact cause of loss, the exact room or place where the fire originated, and the particular part of the room or place. If the cause of the fire is not known, incendiaries must be negated. Review whether any appliances, product, tools, equipment, material, or operations of others caused or contributed to the loss. Evaluate subrogation potential.

1.3 Liability

In third party claims, the liability of the insured to the third party or parties must be fully explained. In first party cases, utilize this section only when there is a coverage question or question of policy interpretation.

1.4 Damages

This paragraph should present a concise summary of damages. Using rounded numbers referring to the estimate and/or contents inventory or other appropriate file material for exact figures. State the amount claimed and our own evaluation of the amount of the damages. Indicate the applicable deductibles, full replacement cost and depreciation. In addition, state current reserves for the coverages involved.

Indicate what system is being used to evaluate the damages for dwelling, contents, and especially additional living expense (ALE).

Clearly state any problems encountered or anticipated in arriving at an exact figure. Show specifically how Full Replacement Cost values were determined.

1.5 Recommendations For Handling And Disposition

State the plans and recommendations for the course of action to be taken in the investigation and handling of the loss. These plans and recommendations should be updated as necessary until the claim is concluded.

1.6 Optional Sections For The Property File Summary

Some claim files have complications requiring more extensive reporting than outlined in the previous sections. The Claim Adjuster or FPL should include any additional information that could be helpful in the evaluation the claim.

SECTION 7: PROPERTY REFERRED FILE PROCEDURAL REQUIREMENTS – MCO AND HOME OFFICE

This section will describe various procedural requirements in the MCO and in the Home Office Claim Department regarding referred files. The remaining sections in this chapter should also be consulted on related subjects involving referred files.

1.0 Market Claim Office

The Claim Adjuster in the MCO or FCO responsible for handling the file will initiate the referral, prepare the referred file (see chapter four for referred file requirements) and refer same to the FPL.

The FPL will:

- Conduct an in-depth review of the file handling and content to include timeliness/adequacy of investigation and reserves, liability analysis, further action planned, etc.
- Prepare a claim entry along with a cover memoranda and direct to the Frontline Process Expert. The cover memoranda should include the FPL's comments and any observations pertinent to the development of the file. The Frontline Process Expert, upon review, will provide his/her recommendations on the claim diary. The Market Claims Manager and Property Specialist should also be made aware of the referral via note from the FPE. They may also be involved, depending upon the authority being requested
- The FPL or FPE will utilize E-Mail to alert the Home Office Analyst of either a new referral or additional information on an existing referral. The claim file diary should reflect the information being referred (see later section 3 for proper referral format).
- Upon receipt of a new referral, the appropriate analyst will inform you if a paper file will be required. If required, a C2795-1 claim file referral form should be used for routing to Home Office.

2.0 Home Office

Once the referral file is received in Home Office, the referral will be acknowledged.

Subsequent correspondence of a routine nature will be directed to the claim adjuster handling the file and or the FPL. Subsequent correspondence of a special nature or of particular importance will be directed to the FPE, MCM, PCPS, or CFD as necessary.

Any unusual issues regarding the field handling of the files referred to Home Office and involving a particular MCO or Claim Unit will be brought to the attention of the MCM or the CFD, if necessary.

3.0 File Referral Procedures

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3.1 Timeliness Guidelines

Property lines files are to be referred within seven days from the date the claim file qualifies for referral. In the event that there is an unresolved coverage question, the referred file may be held in the Market Claim Office for up to seven additional days. However, if an issue is still unresolved at that time, the file is to be referred to Home Office with an explanation of the issue and the action that is being taken to resolve it.

3.2 Referred File Content (When Paper File Is Required)

In addition to legible copies of pertinent file material arranged chronologically from bottom up in a file jacket. Referred files shall include the items indicated below.

- C2795-1 Claim Referral Form.
- Copy of suit papers (if in litigation) and litigation plan/strategy.
- Cause/origin report (arson/fraud losses).
- Copy of FPE re-inspection on losses where the dwelling damages are in excess of \$150,000.
- Photographs of the loss site showing the interior and exterior.
- Estimates for contents and dwelling with trade breakdowns on dwelling. (If available)
- Property loss six point summary
- FPL/FPE /MCM/ PCPS / CFD comments

3.3 Referred File Content - Electronic (E - Mail)

- Copy of suit papers via fax (if in litigation) and litigation plan/strategy.
- Copy of FPE re-inspection on losses where the dwelling damages are in excess of \$150,000.
- Property loss six point summary - on electronic diary of file
- FPL/FPE /MCM/ PCPS / CFD comments in diary and on narrative portion of E - Mail .

4.0 REFERRAL COPY WORK

The claim adjuster should exercise judgment when requisitioning copy work on referred files (new files and subsequent material). To minimize time-consuming and expensive copy work, only that material essential to the handling of the loss should be copied. Copies, of course, are to be legible. Copies of

irrelevant or insignificant correspondence between the Claim Adjuster and our attorneys should not be sent.

5.0 REFERRAL FILE TRANSMISSION

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Referrals shall be directed to Home Office as follows:

All Property lines referrals shall be directed via E - Mail to the Home Office Property Staff. Paper referrals shall be directed to Home Office c/o Home Office Claim Department, 2775 Sanders Rd, Ste B7, Northbrook, IL 60062-6127.

6.0 SUBSEQUENT ACTIVITY ON REFERRED FILES

As the claim develops, additional pertinent material will be constantly added to the referred file. Copies of that material are to be forwarded by the Claim Adjuster directly to Home Office if a paper file was originally requested.

The material should include a comment from the claim adjuster. This may be a brief handwritten comment or an extensive analysis depending on the material involved.

In regard to photographs, copies should be sent to the Home Office staff member for inspection if necessary.

All material is to be forwarded securely attached to the Claim File Referral Form C2795-1.

7.0 AUTHORIZATION REQUESTS

Settlement authorization requests are required when the amount involved exceeds the Claim Adjuster's own authority. The request must be referred upward within the MCO to the level of FPL, FPE, MCM, PCPS, or CFD ; whomever has authority sufficient to grant settlement. However, if the amount involved is greater than the CSA's authority, then the MCM, if in agreement, shall endorse the amount requested and route same directly to the PCPS or CFD for review and approval prior to the actual referral to Home Office.

Property Lines referrals, due to the multiple coverages involved, require specific dollar authorization requests by coverage. It is our policy to pay for each portion (coverage) of the loss as it becomes ready for settlement and specific authorizations may be necessary to allow such payment. In this way, the insured will not suffer any delay in receiving necessary funds. The entire loss may be settled at one time, or the three major coverages (dwelling, contents, additional living expense) can be settled as soon as evaluation of that portion of the loss is complete. These requests can be accommodated through the use of the claim diary and *E-Mail* notification to Home Office.

Occasionally, the Claim Adjuster will be aware of a contingency that will result in the need for additional authorization on a Property Lines file. In that instance, a contingent authorization request, as exact in detail as a regular authorization request, may be made. If a contingent authorization is granted, it must be used for the specific purpose requested, and may not be applied to increase the prior authorization for the operations originally undertaken.

The claim file referral form is to be used as a transmittal slip only and is not to be used as a memo for recommendations or comments by the claim adjuster or the Frontline Process Expert. The C2795 must clearly indicate the nature of the materials attached.

8.0 CLAIM FILE REFERRAL FORM - C2795

In those cases where the paper file is requested, the use of the claim file referral form C2795-1 for Property files is required. The forms were created to aid Home Office in indexing file material for all types of referred files. The referral slip identifies the Frontline Process Expert, referring MCO/CSA, the name and title of the claim handler, and the telephone number and address of that claim handler.

9.0 Claim File Referral Format - E-Mail

In the vast majority of cases, Property Referral notification to Home Office are sent via E-Mail. The format on the following page was designed to gather information needed by Home Office to efficiently address those referrals.

PROPERTY REFERRAL

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TO:

FROM:

CLAIM NUMBER :

INSURED'S NAME :

REASON FOR REFERRAL :

WHETHER REFERRAL IS NEW OR PRE-EXISTING :

CSA NAME AND CODE:

OFFICE NAME AND CODE:

FPE NAME AND PHONE:

FPL NAME AND PHONE:

ADJUSTOR NAME AND PHONE :

IN ADDITION, A FPE, MCM, PCPS, or CFD MUST HAVE BEEN IN THE FILE DIARY AND APPROVED THE FILE HANDLING PRIOR TO HIS/HER REFERRAL TO HOME OFFICE.

SECTION 3: FILE INVESTIGATION, VERIFICATION, ADJUSTING GUIDELINES AND PROCEDURES – PROPERTY

1.0 Promptness In Handling Requirements

1.1 Contact Timeliness Guidelines

The diverse nature of the areas serviced by our Market Claim Offices precludes the establishment of a uniform set of rules that would apply countrywide with respect to timeliness of contact. The Claim Field Director is authorized to establish contact guidelines for all Market Claim Offices in the CSA. Those guidelines should be tailored to meet local needs, including all legislative or regulatory requirements (e.g., Unfair Claim Practices Acts).

Naturally, all information related to contacts with parties to the accident should be well documented in the file for future reference.

1.2 Investigative Timeliness Guidelines

Due to the varied nature of the areas serviced by our Market Claim Offices, the Claim Field Director is to assume the responsibility for establishing investigative guidelines as to timeliness and thoroughness. The results should dictate whether good judgment is being exercised in those areas and whether there is a need for local modification.

Here, as in the area of claimant contacts, our files must be documented as to the reasonable and necessary investigation of coverage, liability, damages, and evaluation.

SECTION 4: PRIOR APPROVAL REQUIREMENTS – PROPERTY

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1.0 General

In addition to the claim settlement limitations imposed via the Claim Authorization and File Referral procedures, there are additional claim activities performed by Adjusters that will require the prior approval of claim management. As with monetary claim settlement authorizations and other similar limitations, **the objective in establishing these Prior Approval Requirements is to delegate claim handling responsibilities to the lowest practical level, commensurate with the individual Adjuster's demonstrated ability.** Such delegation is the responsibility of field line management - Claim Field Director, Market Claim Manager, Frontline Process Expert and Frontline Performance Leader.

The Prior Approval Requirements outlined below are not to be further broadened. They may and should be further restricted, as necessary on an individual Claim Adjuster, Claim Unit or Market Claim Office basis, in order to achieve the above stated objective. Necessary restrictions may be imposed by the Claim Field Director for all MCO's under their supervision, by Frontline Process Experts for any or all Frontline Performance Leaders, and by the Frontline Performance Leaders for any or all Claim Adjusters under their supervision. Any such restrictions must be made in writing, with a copy provided to the office, unit or individual being restricted and a copy retained by the person imposing the restriction.

2.0 Prior Approval Requirements

Subject to the objective and the rules outlined under sub-section 1, above, the Prior Approval Requirements follow:

2.1 Reservation Of Rights; Non-Waiver Agreements

The Market Claim Manager or other leader designated by the MCM must approve the issuance of all Reservation of Rights letters and the securing of non-waiver agreements.

2.2 Disclaimers

With the exception of SIU, all disclaimers and/or coverage denials that are based on policy cancellations, coverage lapses, voidance ab initio or breach of conditions subsequent to policy issuance must be approved by the Market Claim Manager.

In SIU, the SIU FPL/FPE has the authority to approve disclaimers and/or coverage denials. If the gross value of the claim exceeds FPL/FPE authority, the Special Investigation Manager is required to grant the disclaimer/denial. If the gross value exceeds CSA authority, prior Home Office approval must be obtained.

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3.0 Final Settlements And Releases

When the claim is ready for final negotiation, the adjuster should communicate to the claimant or his/her attorney that the settlement figure they agree upon applies to the total value of the claim (or the policy limits, whichever is less) - that any amounts previously paid will then be deducted from that agreed settlement figure. After negotiating a settlement, a final settlement draft is issued in an amount equal to the figure agreed upon less those payments that were advanced.

Any releases taken must include all payments that the claimant has received. However, some states have enacted legislation that requires that a partial release be taken for each partial payment if it is to be set-off against the final settlement amount. The status of the law in each jurisdiction should be checked to see if a partial release is in order when using partial payments.

Whenever a draft is issued for a partial loss payment, it must show the proper release wording to identify the reason for the payment, and must clearly identify what was paid. In some jurisdictions, credit may now be given unless exact and clear profit is established of partial payment items.

A letter, or other written document, explaining what the Company is paying should accompany the partial payment draft. A copy of this letter or other documentation must be kept in the claim file.

4.0 Written Releases

4.1 Release Handling

When negotiations are concluded, be sure to get signatures on all necessary papers. A release may be left with an attorney for his/her client to sign, but do not leave a check until he/she delivers properly signed releases.

4.2 Written Release Requirements

Releases on property damage claims are only required when the adjuster, in the exercise of good judgment, determines a signed release should be obtained.

5.0 Proofs Of Loss - Non-Auto Property Cases

The use of the C341 "Sworn Statement in Proof of Loss" form is required in certain types of non-auto property loss cases. The front side of the form, plus the "Schedule 'A' - Policy Form" section, the "Schedule 'B' - Statement of Actual Cash Value and Loss and Damage" section, and the "Schedule 'C' - Policy Form" section (if applicable) on the back side of the form should be completed and signed by the insured prior to disposition of the claim. Use of the form is required in the following cases, regardless of dollar amount:

- Whenever there is suspected fraud or subrogation potential.

Notarization of the insured's signature is required.

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Use of the C341 may be considered in any other circumstance on a discretionary basis.

6.0 Notice To Police - Unrecovered Property

The use of a CJS letter on paid losses involving unrecovered personal property should follow the following guidelines:

- If the local Police Department is charging a fee for handling, we should contact someone in authority to ascertain what specific service is performed.
- The CJS letter should only be used on claims for identifiable property. Either serial numbers or other identification should exist. Typical items that are identifiable but do not contain a serial number would be:
 - Oil Paintings
 - Furs
 - Specialty Furniture
 - Jewelry
 - Silver
 - All others with a defined identity

7.0 Property Unit Guidelines And Additional Responsibilities

In addition to the above requirements, the guidelines for specialization shall be as follows:

- Potential arson/fraud cases, and any other type of Property Lines loss (including Theft) where the claim complexity and/or exposure warrants highly specialized handling, are assigned initially to a Claim Adjuster with sufficient expertise and claim experience to handle such claims properly from both coverage and damages aspects.
- If the Personal Lines adjuster receiving the loss report determines that he/she is not technically qualified to make the required investigation or inspection following established MCO guidelines, he/she shall immediately consult with his/her Frontline Performance Leader (FPL) and suggest reassignment. If the FPL concurs, he/she shall determine whether the claim assignment must be made to an adjuster in the Property Unit, Theft Unit, or SIU. The assigned authorization levels of adjusters are a factor, together with workload and related considerations,

in deciding whether the claim should be retained in the Unit or assigned to a more specialized unit.

- Less complex Property Lines claims are retained and handled by the property Lines adjuster receiving the loss report.
- Property Units may additionally be called upon to assist the Casualty Unit by conducting necessary physical damage inspections on BI files. These inspections must be conducted by an adjuster in the Property Unit.

The intent under the Property physical damage assignment and inspection rules and guidelines is to allow the claim file to be retained by the adjuster receiving the loss report, or by the Casualty adjuster the file is assigned to. When physical damage inspections are needed by a Personal lines or Casualty adjuster, the file is not transferred. An "inspect only " or " settle " assignment is made to the Property unit. The Property adjuster assigned will complete the assignment and return to the requesting adjuster.

8.0 Payment Of Taxes On Property Losses

Payments issued on all property lines losses whether on an actual cash value or on a full replacement cost basis should include all applicable sales taxes.* This includes payment of applicable taxes on an incurred and non-incurred basis. Payments based on appearance allowances or cash allowances (see definitions below) are acceptable as exceptions to this rule. Any other exceptions must be approved by the MCM or their designate on a individual file basis.

***Note: Some states apply sales tax on both labor and materials. Please adhere to local requirements in your area.**

Definitions: (Examples)

- **Cash Allowance.** . . insured has 10 boxes of old, worn out clothes in the basement that were intended to be used as cleaning rags. We issue one payment based on an agreed value for all 10 boxes. The cash allowance is based on the value of these items as "rags" and is substantially less than the ACV of useable clothing.
- **Appearance Allowance.** . . an insured item is still useable/functional and the customer wishes to keep the item in its damaged condition. We issue a payment based on an agreed upon value (less than ACV) and the insured or claimant retains the damaged item.

9.0 Overhead And Profit

General Guidelines:

The following guidelines should be utilized anytime we are considering paying Overhead and Profit. Whether or not overhead and profit should be included in the estimate should be determined on a case-by-case basis.

For structural losses involving a single trade, or where the work is being completed by an individual tradesman capable of handling multiple trades, the material, labor and equipment cost of the estimate is generally adequate for the job. However, where market conditions warrant, or our experience or investigation indicates that a single trade or specialty contractor may have special equipment, crews, offices, company trucks, etc. (e.g. roofing contractors, siding contractors, flooring contractors), reasonable overhead and profit may be allowed.

Overhead and Profit should be considered whenever it is known a general contractor will be involved, or under the following circumstances:

- When the extent and complexity of the loss suggests the need for a general contractor, or the loss involves multiple trades and suggests the need for a general contractor.

Note: Some states have mandated specific guidelines for the use of O & P. Please be aware of those guidelines and handle the losses accordingly. If inclusion in the replacement cost estimate of separate overhead and profit charges (whether for a general contractor or otherwise) is appropriate, those charges should also be reflected in any ACV payment. If you decide that O & P is warranted and you have communicated this to the insured or claimant, do not remove or deduct this amount from the actual ACV or FRC payment.

SECTION 4: HOMEOWNERS GUARANTEE AND CUSTOMER RELATIONS PROGRAM

1.0 Purpose

The goal of the "Homeowners Guarantee and Customer Relations Program" is to improve customer satisfaction, increase policy renewals and promote claim professionalism. This is accomplished on structural property claims by providing our policyholders or third-party claimants settlement documents in an attractive folder that reflects the professionalism of Allstate's claim personnel. An explanation of the program is discussed in detail as follows.

2.0 Elements Of The Program

At the time of final settlement of any first or third party structural property claim, handled either in person, by telephone or by correspondence, issuance of a draft or check will be accompanied by a C2732 Settlement Folder containing documents that relate to the settlement of the claim.

2.1 Repair Estimate, Draft Or Check, And Envelope

A copy of the repair estimate, whether it be a FC147, Accu Pro estimate, or an estimate from the repairer, is to be placed in the folder jacket. The settlement draft or check should be placed outside of the folder in order to display the payee's name and address through the window of a SSE 442 envelope.

Note: The SSE 442 envelope has been developed to accommodate the C2732 Settlement Folder with a properly aligned window for use with either the C2060-7 draft or C2127-6 check.)

2.2 Business Card

In order to personalize the C2732 Settlement Folder, the inner flap of the folder provides space for the Claim Adjuster to attach his or her business card. A business card must be included in all cases.

2.3 Sales Solicitation Card (S1559)

In instances where the third-party claimant or policyholder appears to be a good sales prospect for other Allstate products, the S1559 Sales Solicitation Card will be included in the C2732 Settlement Folder.

2.4 Allstate Home Repair Guarantee (C2734)

An important component in the Homeowners Guarantee and Customer Relations Program is the C2734 Allstate Home Repair Guarantee. The guarantee assures the policyholder or claimant that the quality of workmanship provided by the QVP repair firm recommended by the Claim Adjuster will meet generally accepted standards in the home repair industry, and, if such standards are not met, that Allstate will remedy any departure from them.

Noteworthy is the fact that the Guarantee form will be issued **only** in those instances where the firm selected to make the repairs (either as a general or specialty contractor) is part of the QVP Program and has an established reputation for business integrity, financial stability, competitive pricing and is licensed and/or bonded as required by local or state regulation. Identification of the names of such firms in each locality is the responsibility of MCO claim management. If a policyholder or third-party claimant has no preference or asks for the name of a reputable firm, the Claim Adjuster should recommend one or more QVP repair firms known for doing quality work at fair prices. In some instances the policyholder or third-party claimant may have already made a selection of a firm prior to reporting the claim, and, if a QVP firm, the settlement qualifies for issuance of the Guarantee. Claim Adjusters shall comply with any law or regulation that limits Allstate's right to recommend specific repair contractors.

As indicated on the C2734 form, the guarantee covers only the workmanship of repairs covered by and paid for under the insurance policy and performed by the repair firm named on the form.

3.0 Guarantee Procedure

The reverse side of the C2734 Allstate Home Repair Guarantee form contains the following provisions:

How to use your Home Repair Guarantee

- 1) If you have a concern about the quality of the workmanship of the repairs covered by the guarantee, report it promptly to your Allstate Claim Office or Claim Adjuster.
- 2) The Claim Office will, within five business days thereafter, make arrangements to inspect your home and address your concerns.

(It should be noted that the five-business-day time limit applies to **making arrangements** for an inspection of the property – not that the inspection itself must necessarily be made within that time limit.)

The following procedures should be followed when a policyholder or claimant exercises his or her rights under the guarantee:

- 1) When an inquiry is received by telephone, the call should be transferred to the Claim Adjuster who handled the claim. If an inquiry is received by correspondence, a telephone contact with the customer should be made by the Claim Adjuster within two business days.
- 2) In some instances the customer may not have informed the repairer of the grievance. In such cases arrangements should be made to have the repairer contact the policyholder or third-party claimant and seek to resolve the matter.
- 3) If a disagreement exists between the repairer and the customer as to the legitimacy of the problem, arrangements must be made for the property to be inspected by an Allstate claim employee. These arrangements (not necessarily the inspection itself) must be made within

five business days from the date that it is known that differences between the customer and

repairer have not been reconciled. In non-staffed areas, arrangements must be made to have the property inspected by a second impartial repair firm.

- 4) If an inspection reveals deficient workmanship, arrangements must be made with the repairer to correct the deficiency, or, if the repairer is unwilling to do so, arrangements must be made with another repairer to make the corrections at Allstate's expense.
- 5) If the inspection reveals that the repairs were of a quality generally accepted in the home repair industry, the Claim Adjuster should advise the customer that the repairs are not deficient. It should be made clear that the customer does have recourse through the involvement of MCO management. In addition, a letter should be sent to the customer that cites the reasons for our decision and what recourse the customer has through MCO management. In the event that the problem remains unresolved, the Market Claim Manager must be advised and should decide on Allstate's final position.
- 6) A determination of the merit of a problem must be completed within ten business days from the date of receipt of the inquiry. In the event that more time is required, the claim file should fully document the reasons, and the customer must be advised of the reasons for the delay. A telephone communication with the customer should be confirmed by letter.