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2 CALIFORNIA DEPARTMENT OF INSURANCE  
1901 Harrison Street, 6<sup>th</sup> Floor  
3 Oakland, California 94612

4 *Attorney for the California Department of Insurance*

5  
6 **BEFORE THE INSURANCE COMMISSIONER**  
7 **OF THE STATE OF CALIFORNIA**

8  
9 In the Matter of the Rate Application of  
10 Allstate Insurance Company,  
11 Applicant.

File No.: PA-2023-00011

SETTLEMENT STIPULATION

12 Allstate Insurance Company (“Applicant”), Consumer Watchdog (“Petitioner”), and the  
13 California Department of Insurance (“Department”) (collectively, the “Parties”) stipulate as  
14 follows:

15 **RECITALS**

16 A. The Applicant is licensed by the Department to conduct insurance business in  
17 California.

18 B. On April 14, 2023, the Applicant filed for a rate increase to its Owner Occupied  
19 Homeowners line of business (“Homeowners”) as well as rule and rating plan changes to  
20 implement new property-level and community-level mitigation designations and discounts to  
21 comply with 10 CCR Section 2644.9, “Consideration of Mitigation Factors; Wildfire Risk  
22 Models” (File No. 23-1267 [“the Application”] with an overall rate impact of 39.6%.

23 C. On May 19, 2023, pursuant to California Insurance Code (“CIC”) section  
24 1861.05(c), the Department notified the public of the Application.

25 D. On June 30, 2023, Petitioner submitted a timely Petition for Hearing, Petition to  
26 Intervene, and Notice of Intent to Seek Compensation regarding the Applications.

27 E. On July 10, 2023, Applicant filed an answer to the Petition.

28 F. On July 7, 2023, the Commissioner granted Petitioner’s Petition to Intervene.

1 G. The Parties have engaged in discussions regarding the Application and additional  
2 information and analysis that the Parties provided.

3 H. As a result of the Parties' discussions and negotiations, Applicant updated the  
4 Application per the Parties' agreement.

5 **STIPULATION**

6 1. This Stipulation, together with the updated Application and the Commissioner's  
7 approval in SERFF, represents the complete and final settlement resolving all issues between the  
8 Parties regarding the Application.

9 2. Based upon the Application and additional information that the Parties provided,  
10 the Parties agree that an overall rate increase of +34.1% complies with the applicable laws and  
11 regulations, and results in rates that are not excessive, not inadequate, and not unfairly  
12 discriminatory. Applicants will implement the rate change with an effective date of November 7,  
13 2024.

14 3. By entering into this stipulation, Consumer Watchdog does not endorse the Zesty  
15 AI model, or waive its right to challenge the use of the model in future rate filings.

16 4. Applicant will refrain from engaging in a Homeowners block nonrenewal program  
17 until January 31, 2025.

18 5. Allstate agrees to revise its consumer notice required by 10 CCR section 2644.9  
19 ("Notice") to (1) state the dollar impact of the wildfire model on each policyholder's premiums,  
20 and (2) provide the amount of premium reduction the policyholder would realize as a result of  
21 performing mitigation measures the policyholder can take to lower their wildfire riskscore or  
22 classification. These revisions are set forth in the sample Notice attached as Exhibit "A". Allstate  
23 agrees that its revised Notice will be effective December 17, 2024.

24 6. Approval of the Application described in this Stipulation will only be effective  
25 when approved by the Commissioner in SERFF in accordance with the overall rate indication.

26 7. Consistent with 10 CCR sections 2656.1(b) and 2662.3(c), no agreement regarding  
27 Petitioner's compensation has been made. However, the Parties agree that the Commissioner's  
28 approval of the Application, consistent with this Stipulation, will be a decision or order within the

1 meaning of CIC section 1861.10(b). Petitioner agrees to submit any request for compensation to  
2 the Public Advisor within 30 days after notice of the Commissioner's approval in SERFF.

3 8. Petitioner agrees to withdraw its Petition for Hearing effective as of the date of  
4 execution of this Stipulation, provided the Application is approved by the Commissioner in  
5 SERFF in accordance with the overall rate indication and coverage distributions set forth in  
6 paragraph 2 within 10 days.

7 9. This Stipulation is made solely to reach a compromise among the Parties. The  
8 Commissioner's approval of the Application shall not constitute approval of or precedent  
9 regarding any principle or any issue in any other proceeding.

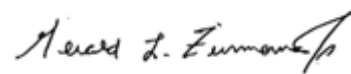
10 10. The Commissioner retains jurisdiction to ensure that the Parties comply with this  
11 Stipulation.

12 11. Nothing in this Settlement Stipulation constitutes a limitation upon or a waiver of  
13 the Commissioner's rights and powers to enforce any California law, examine the Applicant's  
14 rating practices, or take such other action as necessary to protect the public.

15 12. This Stipulation may be executed in counterparts.

16 Dated: August 8, 2024

ALLSTATE INSURANCE COMPANY



18 By \_\_\_\_\_

Gerald L. Zimmerman, Jr.  
Sr. Vice President and Deputy General Counsel

19 Dated: August 8, 2024

CONSUMER WATCHDOG



22 By \_\_\_\_\_

Benjamin Powell  
Staff Attorney

23 Dated: August 8, 2024

CALIFORNIA DEPARTMENT OF INSURANCE

24 By \_\_\_\_\_ *Jennifer McCune*

Jennifer McCune  
Attorney for the California Department  
of Insurance

## Important Information Regarding Wildfire Risk <Em> Please Read Carefully.

This supplementary notification explains how we determine your property’s wildfire risk and calculate the wildfire risk portion of your premium. It also explains what factors increase or decrease such risks and what you could do to help protect your property against any future wildfire events.

### The Range of Scores

We use Level 1 and Level 2 scores to calculate the portion of the premium reflecting wildfire risk. The Level 1 score indicates the probability of exposure to wildfire on a scale of 1 to 10, while the Level 2 score indicates your property's vulnerability on a scale of 1 to 10. Scores are based on statistical models using historical wildfire events in your area, with 1 being low risk and 10 being very high risk.

### The Risk Scores of Your Property:

We are notifying you that your property has received the following Wildfire Risk Group/Scores which [has a premium impact to your policy of \\$108.](#)

Score Type	Score Value
Level 1	4 / 10
Level 2	4 / 10

Below are key factors having the greatest impact on your L1 and L2 scores:

Score Type	Key Factors/ Explanation
Level 1	The key factors impacting Level 1 risk are: <L1Factor1>, <L1Factor2>, <L1Factor3>
Level 2	The key factors impacting Level 2 risk are: <L2Factor1>, <L2Factor2>, <L2Factor3>

The following mitigation measures can be taken by you to increase the wildfire premium discount:

Property Level Mitigation	Description	Is the discount currently being applied?	Wildfire Premium Discount Percentage
Clearing of vegetation and debris from under decks.	Deck surfaces must be kept clear of debris and combustible materials. Area under deck must also be kept clear.	<WildFireDisclnd1>	<WildFireDiscPct1>
Clearing of vegetation, debris, mulch, stored combustible materials, and any and all movable	The 5-foot area immediately around the home must have only hardscape or bare soil.	<WildFireDisclnd2>	<WildFireDiscPct2>

EXHIBIT A  
File No.: PA-2023-00011

combustible objects, from the area within five (5) feet of the "building being evaluated".	All vegetation, including tree branches that overhang this area, must be removed. Combustible items must not be stored or parked here.		
Incorporation of only noncombustible materials into that portion of any improvements to the property on which the "building being evaluated" is located, including fences and gates, which is situated within five (5) feet of the "building being evaluated".	There must be no combustible fencing within 5 feet of the home, including where fences attach to the home.	<WildFireDisclnd3>	<WildFireDiscPct3>
Removal or absence of combustible structures, including sheds and other outbuildings, from the area within thirty (30) feet of the "building being evaluated" or, in the event that you do not control the entirety of the area extending thirty feet from the "building being evaluated", removal of combustible structures from as much of such area as is under your control.	No structures within 30 feet of home	<WildFireDisclnd4>	<WildFireDiscPct4>
Whether the property upon which the "Building Being Evaluated" is situated complies with Section 4291 of the Public Resources Code, and any applicable local ordinances, governing defensible space.	Remove tree branches within 10 feet of the roof, chimney, or stovepipe. Keep the roof free of leaves, needles, other vegetative materials.	<WildFireDisclnd5>	<WildFireDiscPct5>
Class-A Fire Rated Roof	Roof must be Class A fire-resistant rated; most roof covers are, like asphalt shingles, masonry tiles that include bird stops, and metal.	<WildFireDisclnd6>	<WildFireDiscPct6>
Enclosed Eaves	Eaves must be enclosed on the underside with soffits made of noncombustible, ignition-resistant material, or 2-inch lumber (no plywood).	<WildFireDisclnd7>	<WildFireDiscPct7>

**EXHIBIT A**  
File No.: PA-2023-00011

Fire Resistant Vents	Vents must be either ember- and fire-resistant or covered (inside or outside) with 1/8-inch or finer metal mesh.	<WildFireDisclnd8>	<WildFireDiscPct8>
Multipane windows, including dual pane windows, or functional shutters, which when closed, cover the entire window and do not have openings.	All exterior glass in windows, skylights, and within doors must be multipaned glass with a tempered outer pane	<WildFireDisclnd9>	<WildFireDiscPct9>
At least six (6) inches of noncombustible vertical clearance at the bottom of the exterior surface of the building, measured from the ground up.		<WildFireDisclnd10>	<WildFireDiscPct10>

If all the above mitigation measures have been taken, this will result in a Property Level Completion discount. This discount will also reduce your wildfire premium by <WildFireDiscPct11>.

**Additional Considerations Regarding Your Neighborhood**

Community Level Designation	Is the discount currently being applied?	Wildfire Premium Discount Percentage
Fire Risk Reduction Community	<FireRiskRedComInd>	<FireRiskRedComPct>
Firewise USA Community	<FirewiseUSAComInd>	<FirewiseUSAComPct>

If you feel the information regarding your property or community is incorrect, you have the right to appeal the Wildfire Risk Score / Discount assigned to your property. Your Allstate representative is available for any general questions about the appeal process. You may have the matter reviewed by the California Department of Insurance. You may contact the California Department of Insurance Hotline toll free at 1-800-927-4357 or the department's internet website, [www.insurance.ca.gov](http://www.insurance.ca.gov).

If you have any questions about this notice or your policy coverage, you can contact your Allstate Agent or representative, call 1-800 ALLSTATE® (1-800-255-7828), or visit [www.allstate.com](http://www.allstate.com). We're here to help.

**X74066**

1 **PROOF OF SERVICE**  
2 **In the Matter of the Rate Application of**  
3 **Allstate Insurance Company, Applicant.**  
4 **CDI File No. PA-2023-00011**  
5 **(RRB FILE NO. HO-23-1267)**

6 I am over the age of eighteen years and am not a party to the within action. I am an  
7 employee of the Department of Insurance, State of California, employed at 1901 Harrison Street,  
8 4<sup>th</sup> Floor, Oakland, CA 94612. On August 9, 2024, I served the following document(s):

9 **SETTLEMENT STIPULATION**

10 on all persons named on the attached Service List, by the method of service indicated, as follows:

11 **If U.S. MAIL** is indicated, by placing on this date, true copies in sealed envelopes, addressed to  
12 each person indicated, in this office's facility for collection of outgoing items to be sent by mail,  
13 pursuant to Code of Civil Procedure Section 1013. I am familiar with this office's practice of  
14 collecting and processing documents placed for mailing by U.S. Mail. Under that practice,  
15 outgoing items are deposited, in the ordinary course of business, with the U.S. Postal Service on  
16 that same day, with postage fully prepaid, in the city and county of San Francisco, California.

17 **If OVERNIGHT SERVICE** is indicated, by placing on this date, true copies in sealed  
18 envelopes, addressed to each person indicated, in this office's facility for collection of outgoing  
19 items for overnight delivery, pursuant to Code of Civil Procedure Section 1013. I am familiar  
20 with this office's practice of collecting and processing documents placed for overnight delivery.  
21 Under that practice, outgoing items are deposited, in the ordinary course of business, with an  
22 authorized courier or a facility regularly maintained by one of the following overnight services in  
23 the city and county of San Francisco, California: Express Mail, UPS, Federal Express, or Golden  
24 State overnight service, with an active account number shown for payment.

25 **If FAX SERVICE** is indicated, by facsimile transmission this date to fax number stated for the  
26 person(s) so marked.

27 **If PERSONAL SERVICE** is indicated, by hand delivery this date.

28 **If INTRA-AGENCY MAIL** is indicated, by placing this date in a place designated for collection  
for delivery by Department of Insurance intra-agency mail.

**If EMAIL** is indicated, by electronic mail transmission this date to the email address(es) listed.

Executed this date at San Francisco, California. I declare under penalty of perjury under the laws  
of the State of California that the above is true and correct.

*Cecilia Padua*  
Cecilia Padua

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**In the Matter of the Rate Application of  
Allstate Insurance Company, Applicant.  
CDI File No. PA-2023-00011  
(RRB FILE NO. HO-23-1267)**

<u>Name/Address</u>	<u>Phone/Fax Numbers</u>	<u>Method of Service</u>
Harvey Rosenfield, Esq. Pamela Pressley, Esq. Benjamin Powell, Esq. Ryan Mellino, Esq. Attorney(s) for Intervenor <b>CONSUMER WATCHDOG</b> 6330 San Vicente Blvd., Suite 250 Los Angeles, CA 90048 <a href="mailto:harvey@consumerwatchdog.org">harvey@consumerwatchdog.org</a> <a href="mailto:pam@consumerwatchdog.org">pam@consumerwatchdog.org</a> <a href="mailto:ben@consumerwatchdog.org">ben@consumerwatchdog.org</a> <a href="mailto:ryan@consumerwatchdog.org">ryan@consumerwatchdog.org</a>	Tel: (310) 392-0522 Fax: (310) 392-8874	Via EMAIL
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David Nadig, Esq. Attorney(s) for Applicant <b>WILLKIE FARR &amp; GALLAGHER LLP</b> 300 North LaSalle Drive Chicago, CA 960654-4406 <a href="mailto:dnadig@willkie.com">dnadig@willkie.com</a>	Tel: (312) 728-9097	Via EMAIL
Rhonda Amann State Filings Manager <b>ALLSTATE INSURANCE COMPANY</b> 2775 Sanders Road, Suite A2-W Northbrook, IL 60062 <a href="mailto:RAMAO@allstate.com">RAMAO@allstate.com</a>	Tel: (847) 402-3149 Fax: (847) 402-9757	Via EMAIL



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**NON PARTIES**

Kenneth Allen  
Deputy Commissioner  
Rate Regulation Branch  
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