

Department of Financial Services

Reports and Publications

SUPERINTENDENT LACEWELL ANNOUNCES DFS FINES FOUR PROPERTY AND CASUALTY INSURERS \$2.1 MILLION AND SECURES \$10.6 MILLION IN CONSUMER RESTITUTION

***DFS Investigation Finds Allstate, State Farm,
AIG, and Tri-State Violated Insurance Laws
Related to Auto Claims Handling Practices
and Personal Automobile and Homeowners
Insurance Policies***

***Allstate and State Farm Pay \$10.6 Million in
Consumer Restitution***

Superintendent of Financial Services Linda A. Lacewell today announced that the Department of Financial Services (DFS) has fined Allstate Insurance Group, State Farm Insurance Group, AIG Property Casualty Company, and Tri-State Consumer Insurance Company a combined \$2.1 million for violations of insurance statutes and regulations. Allstate and State Farm also paid a total of \$10.6 million in consumer restitution. The fines and restitution are the result of DFS market conduct investigations of the insurers' handling of personal automobile claims over several years.

"These fines are a measure of economic justice for New York consumers who were harmed because of improper notifications and claims handling," **said Superintendent Lacewell**. "DFS will continue to protect consumers from insurers who violate our insurance laws."

DFS’s investigations found numerous violations of Insurance Regulations 68 and 64 pertaining to auto claims practices, and of insurance statutes related to policy cancellations and notice requirements. These failures directly harmed New Yorkers by denying them their full policy benefits.

The most significant violations found included failures to:

- pay or deny no-fault claims in a timely manner;
- pay statutory interest on overdue no-fault payments;
- correctly calculate no-fault payments for loss of earnings from work;
- send the explanation of benefits form to the injured party at least every six months; and
- notify senior citizen insureds annually in writing of the availability of the third-party designee notice procedure.

DFS required Allstate and State Farm to pay \$784,168 and \$9,799,000, respectively, in restitution to adversely affected consumers due to systemic noncompliance of no-fault claims handling.

In addition, DFS imposed fines of \$671,200, \$644,700, \$583,900, \$217,300 on Allstate, State Farm, AIG, and Tri-State for their respective violations.

Read [full copies of the consent](#) orders on the DFS website.

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