

**In the Matter of the Plans of Division of:**

**Allstate Insurance Company**

**Allstate Indemnity Company**

**Allstate Property and Casualty Insurance Company**

**Allstate Fire and Casualty Insurance Company**

**Encompass Indemnity Company**

**Encompass Property and Casualty Company**

**Esurance Insurance Company**

**Esurance Property and Casualty Insurance Company**

**(each a “Dividing Company” and collectively the “Dividing Companies”)**

**Hearing No. 21-HR-0010**

**OVERVIEW**

Under the Illinois Stock Company Division Law 215 ILCS 5/35B-1 – 5/35B-50 (“Division Law”), which went into effect in 2019, Illinois domiciled stock insurance companies may file a Plan of Division with the Illinois Department of Insurance (“Department”) to divide into two or more insurance companies and allocate assets and liabilities, including policy liabilities, between the resulting companies. Any such plan must be approved by the Illinois Director of Insurance (“Director”) pursuant to the Division Law prior to a company’s authorization to implement the terms thereof.

Pursuant to the eight Plans of Division filed with the Department for the Dividing Companies, each of the eight Dividing Companies will divide into two companies, resulting in a surviving company and a new company, (the new entities are referred to as the “New Companies”). The Dividing Companies will be the surviving company in the division and retain all the assets, liabilities, and contracts associated with the Dividing Company *other than* such assets, liabilities and contracts related to identified “Specified Policies” and any other assets allocated to the individual New Companies. The Specified Policies are certain Michigan Automobile Business policies with outstanding claim reserves (see more below). The Illinois Division Law provides that, once the division is approved and becomes effective, the allocated liabilities as specified in the plans will become the obligations of the New Companies by operation of law as set forth therein. Accordingly, the allocated liabilities will no longer be the responsibility of the Dividing Companies. Likewise, the assets allocated to the individual New Companies, will, upon the effectiveness of the division, become assets of the individual New Companies.

Following the division, Allstate plans to merge the eight New Companies into three companies pursuant to the Illinois Merger Law, 215 ILCS 5/156 – 5/172, so that there is one surviving insurer for each of the Allstate, Esurance, and Encompass brands (the “Merger Companies”). The Merger

Companies will be named ASMI Auto Insurance Company, ECMI Auto Insurance Company, and ESMI Auto Insurance Company.

## **DESCRIPTION OF SPECIFIED POLICIES**

The Specified Policies are listed on Schedule 1 to the Plans of Divisions. In general, although certain exceptions may apply, in determining whether a policy of the Dividing Company would be included in the Specified Policies allocated to each New Company under the Plan of Division, the Dividing Company selected its Michigan private passenger automobile policies (the “*MI Auto Policies*”) that (a) were issued on or after July 1, 1978 (i.e., the date of establishment of the Michigan Catastrophic Claims Association) (“MCCA”), (b) were no longer in force as of December 31, 2019 (and have not been reinstated as of June 30, 2020), (c) had an outstanding claim reserve as of December 31, 2019 on a Personal Injury Claim and (d) still retained a reserve on a Personal Injury Claim as of June 30, 2020.

## **PLANS OF DIVISION**

The Plans of Division with Exhibits can be reviewed at the following link:

<https://insurance.illinois.gov/Hearings/Hearings-Plan-of-Division.html>.

**Please note that while the hearing (see further below) and the Plans of Division are public documents, certain business, financial, and actuarial information related to the Plans may remain confidential and shall not be available for public inspection. See 215 ILCS 5/35B-25(g).**

## **HEARING**

Pursuant to 215 ILCS 5/35B-25(a) and 50 Ill Admin. Code 2402.110, the Director, by and through the designated Hearing Officer, will hold a consolidated public hearing to determine whether to approve the plans of division.

The virtual public hearing will be held using Zoom, a digital meeting program, on Wednesday, March 3, 2021, and, if required, Thursday, March 4, 2021 at 9:00 AM Central Time. Public documents filed electronically in connection with the divisions and related transactions, including the Plans of Division, are available for inspection at the Department website: <https://insurance.illinois.gov/Hearings/Hearings-Plan-of-Division.html>. Interested persons who do not have access to the internet may request copies of documents posted on the DOI Website by calling Lucy Earhart at 217-782-4395. The hearing will be conducted in accordance with Article 10 of the Illinois Administrative Procedure Act, 5 ILCS § 100, and 50 Ill. Adm. Code 2402.10 *et seq.*