

IN THE CIRCUIT COURT OF
COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, LAW DIVISION

14520296

<p>National Association of Professional Allstate Agents, Inc., an association, <i>et al.</i>,</p> <p style="text-align: right;"><i>Plaintiffs,</i></p> <p style="text-align: center;">v.</p> <p>Allstate Insurance Company,</p> <p style="text-align: right;"><i>Defendant.</i></p>	<p>Civil Case No. 2021L007947 Judge</p>
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Plaintiff's Memorandum of Law in Support of Their Motion for Preliminary Injunction

Plaintiff National Association of Professional Allstate Agents (“NAPAA”), by James Bopp, Jr., its undersigned counsel of record, submits this Memorandum of Law in support of its Motion for Entry of Preliminary Injunction, asking the Court to enjoin Defendant Allstate Insurance Company (“Allstate”) from requiring Allstate Exclusive Agency Owners (“EA(s)”) to use Allstate Agency Voice (“AAV”) as the sole means of telephonic communication in each EA’s agency.

Summary of Argument and Grounds for Relief

This Court should enjoin Allstate from requiring EAs to implement and use AAV into their agencies, pursuant to Illinois Code of Civil Procedure (735 ILCS 5/11-102), because Plaintiff NAPPA meets all of the requirements for a preliminary injunction, and because the balance of hardships supports an injunction. Allstate’s AAV mandate constitutes a breach of its Agreement with individual EAs, which states that EAs are responsible for their own equipment

(including telephonic systems). *See* Complaint, Ex. Nos. 1-4, (collectively, “EA Agreement,” which are incorporated by express reference herein). This breach harms EAs because it increases their cost of doing business and puts them at risk of losing their agency if they fail to implement AAV. EAs have also been harmed by Allstate’s implementation of AAV—which has been marred by system outages and failures.

Statement of Facts

The facts of this case are detailed in the Complaint, filed on August 6, 2021, but are summarized here for the Court’s convenience. In 2020, Allstate announced its implementation of Allstate Agency Voice, a centralized telephone system. AAV is a Voice Over Internet Protocol (“VOIP”) system to be used by all EAs for all telephone communications in each EA’s agency. Allstate currently mandates all EAs to implement and use AAV, with the system rolling out over the course of 2021, and full implementation achieved by 2022. *See* Allstate Q&A, attached hereto as Exhibit 1. While Allstate’s stated goal in implementing AAV is to protect data and security, only the approximately 8,000 EAs are required to use AAV. Upon information and belief, Allstate also has approximately 58,000 agents who are not EAs (independent agents, agents aligned with National General, and other cluster/aggregator groups). None of these other types of agents are required to use AAV, but all of them can access Allstate’s quoting system. Upon information and belief, much of the data is Allstate claims to want to protect through AAV could be accessed by other agents who are not subject to its requirements.

Allstate requires all EAs to pay Allstate for the costs of running AAV in their agency. This amounts to system implementation costs as well as ongoing monthly charges of \$23 per line, which Allstate deducts directly from the EA’s commissions. *See* AAV Payment Deduction

Form, attached hereto as Exhibit 2. Upon information and belief, Allstate has stated that there is no separate contract regarding implementation of the AAV system, leaving the terms of the EA Agreement to govern the relationship between Allstate and EAs. The express terms of the EA Agreement specifically state that the EAs are required to “supply and maintain” their own telephone systems:

“With Agency Technology¹, agencies will be required to supply and maintain at their own expense, the necessary desktop/notebook workstation equipment, desktop/notebook workstation software, broadband internet connectivity and networking, and *telephone systems*.”

Supplement for the R3001 Agreement, Complaint, Ex. 3, p. 32 (Emphasis added).

This contractual provision confers several benefits to each EA. Firstly, EAs enjoy privacy in using their own phone system for their offices, which are used to conduct all agency business not only in selling Allstate policies, but in other communications with third parties essential to conducting business and operating an office. Upon information and belief, Allstate can monitor all calls to and from EAs via AAV, effectively destroying this privacy. Secondly, EAs enjoy the ability to use the telephone provider of their choosing (and to choose between applicable rates), as well as the ability to set up equipment in the manner preferred by the agency. Currently, EAs cannot choose their own telephone provider with each provider’s applicable rates because Allstate mandates AAV’s use.

Allstate threatens to terminate the EA’s ability to bind business, or to terminate the EA’s agency altogether, if the EA does not implement AAV. *See* Letter of Understanding, attached hereto as Exhibit 3. Although Allstate threatens termination, Allstate does not provide a

¹The Supplement defines “Agency Technology” as “any technology utilized by agencies to transmit and process insurance and Company business.” Supplement, pg. 32.

functioning method to answer EA's questions about how to implement AAV. Upon information and belief, EAs who have tried to connect with Allstate to ask questions about AAV implementation have been unable to obtain timely, satisfactory assistance. Allstate has admitted agents have experienced "outages involving impaired system functionality and call quality" and issues with "server infrastructure. *See* AAV: VOIP System Experience, attached hereto as Exhibit 4.

The Trial Court's Discretionary Power

"A trial court has broad discretionary power to grant or deny a request for injunction." *County of Du Page v. Gavrilos*, 359 Ill. App. 3d 629, 637 (2005). "A trial court abuses its discretion only when its ruling is arbitrary, fanciful, or unreasonable, or when no reasonable person would adopt the court's view." *People ex rel. Madigan v. Petco Petroleum Corp.*, 363 Ill. App. 3d 613, 634 (4th Dist. 2006).

Argument

The purpose of a preliminary injunction is to preserve the status quo, which is "the last actual, peaceable, uncontested status which preceded the controversy." *Wolf & Co. v. Waldron*, 51 Ill. App. 3d 239, 243 (1977). To obtain a preliminary injunction, Plaintiff must establish that it: (1) has a clearly ascertained right in need of protection; (2) will suffer irreparable harm without a preliminary injunction; (3) has no adequate remedy at law for the injury; and (4) has a likelihood of success on the merits of the case. *Callis, Papa, Jackstadt & Halloran, P.C. v. Norfolk & W. Ry. Co.*, 195 Ill. 2d 356, 366 (2001). For each element, "the plaintiff must raise a fair question that each of the elements is satisfied." *Makindu v. Illinois High School Ass'n*, 40 N.E.3d 182, 190 (Ill. App. Ct. 2015) (internal citations omitted) (finding purpose of preliminary

injunctive relief is not to determine controverted rights or decide the merits of the case, but to “prevent a threatened wrong or continuing injury and preserve the status quo with the least injury to the parties concerned.”). The motion for preliminary injunction then must demonstrate that the balance of hardships to the parties supports the grant of a preliminary injunction. *Keefe-Shea Joint Venture v. City of Evanston*, 332 Ill.App.3d 163, 169 (2002). It should be noted that such a “fair question” does not mean that the plaintiff has to make out a case that will entitle him to the “ultimate relief he seeks.” *Cameron v. Bartels*, 214 Ill. App. 3d 69, 73 (1991). Rather, the plaintiff need only make it “appear advisable that the positions of the parties should remain the same until the court has an opportunity to consider the case on its merits.” *Id.* For the reasons argued below, Plaintiff NAPAA satisfies each of these requirements.

I. Under the EA Agreement, EAs Have a Clearly Ascertained Right to Establish Their Own Telephone Systems.

A clearly ascertained legal right can plainly be stated as a “substantive interest recognized by statute or common law.” *Kilhafner v. Harshbarger*, 245 Ill. App. 3d 227, 229 (1993). The terms of an agreement, if unambiguous, should generally be enforced as they appear, and those terms will control the rights of the parties. *Coghlan v. Beck*, 984 N.E.2d 132, 143 (Ill. App. Ct. 2013).

The Agreement that Allstate and the various EAs signed, allowing EAs to form agencies selling Allstate insurance, contained very clear language regarding the EAs responsibility toward the day-to-day running of their agency. In particular, the Agreement contains a clause which states that “agencies will be required to supply and maintain at their own expense . . . telephone systems. Supplement for the R3001 Agreement, Complaint Ex. 3, p. 32. There is no ambiguity in

this provision of the Agreement, agreed to and signed by both Allstate and the EAs.

The provision itself is rather meaningful to EAs, and is not simply a means for Allstate to assign certain costs to the agents. By having control over the equipment in their agency, from computers to telephone systems, agents can ensure that the agency runs as intended when they signed the Agreement. As well as this, the provision in the Agreement on telephone systems imbues the agents with the ability to pick and choose between different services and service rates, and find the service and price point that they are comfortable with and feel will serve their business best.

This provision of the Agreement which gives EAs authority and control over their telephone systems is not ambiguous, and in no uncertain terms it endows EAs with authority to dictate and control what telephone systems will be used in their agencies. While the provision may indeed be controverted, with Allstate arguing that EAs have no such right to control their telephone systems, a grant of preliminary injunction does not require that the right in question be uncontroverted. Where all the elements for a preliminary injunction have been met it is the role of the courts to protect the clearly ascertainable right, most often because the right is in fact controverted. Plaintiff NAPAA is simply asking this Court to preserve the status quo while both parties try this case on the merits.

II. EAs Will Suffer Irreparable Harm Without a Preliminary Injunction Due to the Risk of Losing an Agency If Aav Is Not Implemented.

A plaintiff properly alleges an “irreparable injury” when the injury “is of such nature that the injured party cannot be adequately compensated therefor in damages or when damages cannot be measured by any certain pecuniary standard.” *Traiteur v. Commonfields of Cahokia Pub.*

Water Dist., No. 5-10-0417, 2011 WL 10501264, at *5 (Ill. App. Ct. June 3, 2011) (quoting *Cross Wood Products, Inc. v. Suter*, 97 Ill.App.3d 282, 286 (1981)). Protracted interruptions in the continuity of business relationships can be the cause of irreparable damages for which no compensation would be adequate. *Stenstrom Petroleum Services Group, Inc. v. Mesch*, 375 Ill.App.3d 1077, 1096 (2007).

This second element of a preliminary injunction can be differentiated from the third element (which requires that there be no adequate remedy at law for the injury) in that a plaintiff satisfies the second element, not when damages are incalculable, but primarily where the harm at issue is ongoing. “To show irreparable injury, the plaintiff is not required to show that the injury is beyond repair or compensation in damages, but need show only transgressions of a continuing nature.” *Id.* at 1096 (citing *Cont’l Cablevision of Cook Cty., Inc. v. Miller*, 238 Ill. App. 3d 774, 788 (1992)). Indeed, this element is still satisfied where the contract has already been breached, when the breaching party continues to act in accordance with that breach; there is no requirement that the harm not have already occurred for the preliminary injunction elements to be satisfied. *See Empire Indus. Inc. v. Winslyn Indus., LLC*, 327 F. Supp. 3d 1101, 1109 (N.D. Ill. 2018) (plaintiff can suffer irreparable harm from defendant’s interference with plaintiff’s contract where the injurious behavior is ongoing but does not actually constitute new and separate breaches).

Here, EAs face losing their agencies altogether if they do not comply with Allstate’s mandate to implement AAV, although such a mandate is a breach of the EA Agreement. Still, some EAs have attempted implementation. Even then, Allstate’s failure to provide any manner of effective and adequate support for the EAs still puts them at risk of losing their agency. Allstate

has offered very little guidance to EAs in making this substantial change to their agencies, and yet still threatens to take their agencies away if they fail to properly implement AAV. Upon information and belief, EAs have attempted to contact Allstate and ask questions about how to implement AAV, but Allstate has failed to give timely or satisfactory assistance. Finally, after all that, Allstate still threatens to take agencies away from EAs who fail to properly implement AAV.

Allstate's threats constitutes a breach of the EA Agreement, and the only solution, pending a trial on the merits, is a preliminary injunction. A preliminary injunction will preserve the status quo and protect EAs rights to control the equipment in their agencies. A preliminary injunction will prevent Allstate from taking away agencies from EAs who fail to acquiesce to Allstate's breach of their Agreement. Allstate's breach of the Agreement, its AAV mandate, is a continuous and ongoing breach. Allstate will continue to force AAV implementation pending trial and during trial, and by the end it may simply be too late for some of the EAs who were stripped of their agencies by Allstate. All because Allstate is knowingly making the choice to breach the EA Agreement, and in the process throwing the lives of its agents into a tumult.

Taking away an EAs agency, upending people's lives and forcing them to find alternative means of making a living, is not a breach that can be cured with money damages. The fact is it is impossible to calculate the amount of money damages in this situation. Every agency is different; every EA is different; and in all it is simply not possible to determine how long an agency will be in business, how long one particular EA will own it, and how having an agency may enable an EA to make further gains in the future. This is a business that builds on itself, and to take away an EAs agency for some will be akin to taking away their future and replacing it with another, far

more ambiguous one.

III. NAPAA and its Constituent EAs Have No Adequate Remedy at Law.

Typically, Illinois courts hold that money damages are an appropriate remedy where the plaintiff alleges breach of contract. *Illinois Beta Chapter of Sigma Phi Epsilon Fraternity Alumni Bd. v. Illinois Inst. of Tech.*, 409 Ill. App. 3d 228, 232 (2011) (quoting *Lake in the Hills Aviation Group, Inc.*, 298 Ill.App.3d 175,185 (1998)). However, whether the alleged injury lies in breach of contract is not dispositive of whether a grant of preliminary injunction is appropriate. This third element does not merely require that there be a remedy at law, but that the remedy at law be *adequate*. “The existence of a remedy at law does not deprive a court of its equitable power to grant injunctive relief unless the remedy is adequate. *K.F.K. Corp. v. American Continental Homes, Inc.*, 31 Ill. App. 3d 1017, 1021 (1975).

For a remedy at law to be adequate, it “must be clear, complete, and as practical and efficient to the ends of justice and its prompt administration as the equitable remedy.” *Id.* As the Fifth District Appellate Court put it in 2019: “The mere existence of a remedy at law or the fact that a money judgment may be the ultimate relief will not deprive a circuit court of its power to grant injunctive relief if the remedy is inadequate.” *Weis v. E. & G. Weis Farms, Inc.*, No. 5-18-0503, 2019 WL 4677408, *10 (Ill. App. Ct. Sept. 20, 2019). Injunctive relief is necessary “when money is insufficient to compensate the injury or when the injury cannot be properly quantified in terms of money.” *Lumbermen’s Mut. Cas. Co. v. Sykes*, 384 Ill. App. 3d 207, 231 (2008).

Here, the only adequate relief is an injunction against Allstate’s continued breach of the EA Agreement. Where EAs are at risk of losing their agencies (for many agents their primary means of making money) by not complying with Allstate’s breach, there is simply no way to

accurately apply a monetary figure to the situation and make EAs whole. The solution cannot be for EAs to simply go along with Allstate whenever Allstate finds it convenient to breach the EA Agreement. Even in those situations where an EA attempts to comply with the AAV mandate they face losing their agency because Allstate does not offer any meaningful guidance on AAV implementation. The most just, (and, in fact, the easiest) way for this situation to be resolved is to force Allstate to adhere to the Agreement it signed. .

IV. NAPAA Has a Likelihood of Success on the Merits of the Case Because Allstate Has Clearly Breached its Agreement with NAPAA's Constituent EAs.

For a plaintiff to properly plead a common law cause of action for breach of contract, it must allege the four essential elements of breach: (1) the existence of a valid and enforceable contract; (2) performance by the plaintiff; (3) breach of the contract by the defendant; and (4) resultant injury to the plaintiff. *Coghlan v. Beck*, 984 N.E.2d 132, 143 (Ill. App. Ct. 2013).

The terms of an agreement, if unambiguous, should generally be enforced as they appear, and those terms will control the rights of the parties. *Id.* In addition, any ambiguity in the terms of a contract must be resolved against the drafter of the disputed *provision*. *Dowd & Dowd, Ltd. v. Gleason*, 181 Ill. 2d 460, 479 (1998). To establish a likelihood of success, Plaintiff “need only raise a fair question regarding the existence of a claimed right and a fair question that [it] will be entitled to the relief prayed for if the proof sustains the allegations.” *Kalbfleisch v. Columbia Community Unit School District Unit No. 4*, 396 Ill.App.3d 1105, 1114 (2009).

Clearly there is an agreement between Allstate and the individual EAs associated with NAPAA. In that Agreement is a clause which vests the EAs with the power to dictate what equipment will be used in their agency, including telephone systems, and how much they choose to pay for various services from outside providers. NAPAA certainly has a case for breach of

contract: the Agreement is valid and enforceable; NAPAA's constituent EAs have performed under the contract by selling Allstate insurance out of agencies; Allstate has breached the provision of the Agreement which endows EAs with the power to control their own agency systems; and the EAs are injured by this breach because it equates to unanticipated and increased costs of doing business, as well as the very real threat of Allstate stripping them of their agencies if they fail to implement AAV.

Allstate's AAV mandate breaches the express terms of the EA Agreement—EAs no longer “supply and maintain” their own telephone systems at their own expense. Under Allstate's current mandate, EAs don't supply their telephone system and they don't maintain the telephone system. Indeed, the only provision of the EA Agreement as it relates to telephone systems that Allstate still enforces is that AAV is still at the EAs “own expense.” There is no ambiguity in this clause of the Agreement, and any ambiguity that does exist must be decided *against* the drafter, which in this case would be Allstate. Plaintiff NAPAA has certainly raised a fair question that EAs have the right to control the telephone systems in their agencies, and were this Court to rule in its favor on the breach of contract claim then the EAs will be entitled to enjoy the benefit of their contract.

V. A Preliminary Injunction Would Benefit Plaintiff NAPAA and the EAs it Represents Far More than it Would Harm Defendant Allstate.

Once all four of the elements for preliminary injunction have been met, then the Court “must balance the hardships and consider the public interests involved.” *Makindu*, 40 N.E.3d at 190; *see also People ex rel. Edgar v. Miller*, 110 Ill. App. 3d 264, 269 (1982) (“[A] plaintiff must show that [it] will suffer greater harm without the injunction than a defendant will suffer if

it is issued.”); *Minetz v. Bd. of Educ. of Paxton-Buckley-Loda Cmty. Unit Sch. Dist. No. 10*, No. 4-19-0771, 2019 WL 6048576, at *3 (Ill. App. Ct. Nov. 14, 2019).

When balancing the hardships faced by both parties, the Court “must weigh the benefits of granting the injunction against the possible injury to the opposing party from the injunction. *Schweickart v. Powers*, 245 Ill.App.3d 281, 291 (1993). In some cases, even when the non-moving party faces the greater hardship from the injunction, courts will still grant the injunction. For instance, the doctrine of balancing the equities has been found inapplicable “where defendant’s actions were done with full knowledge of the plaintiffs rights and with an understanding of the consequences which might ensue.” *Blue Cross Ass’n v. 666 N. Lake Shore Drive Assocs.*, 100 Ill. App. 3d 647, 651 (1981) (citing *ABC Trans Nat. Transp., Inc. v. Aeronautics Forwarders, Inc.*, 62 Ill. App. 3d 671, 682 (1978)).

Any harm Allstate has sustained, via the costs of the AAV system, was solely due to Allstate’s decision to breach the EA Agreement in the first place. That kind of self-inflicted harm can hardly justify denying a preliminary injunction when the contractual obligation is so unambiguous. The provision in question is nothing more than an unequivocal grant of authority to EAs, allowing them to choose what telephone systems they use in their agencies and what prices they are comfortable paying for those systems. The EAs have not done anything to warrant Allstate’s breach. Business has by all accounts been running well with the individual systems that EAs choose to use in their agencies.

While Allstate’s harm was brought about by its breach of contract, the EAs face great and lasting harm without a preliminary injunction. Even now, and presumably throughout the trial,

Allstate will be threatening EAs with the removal of their agencies if they do not comply with the AAV mandate, even where EAs only fail to implement because Allstate offers to effective guidance or assistance on the matter. Were NAPAA to be successful at trial, this will do nothing for those EAs who have lost their agencies and large sources of present and indefinite future income. Indeed, it would seem that a balancing of the hardships is not even necessary here, where Allstate has knowingly and rather blatantly breached its EA Agreement. Allstate certainly understood the rights of the EAs in this particular area; it was clearly spelled out in the Agreement. Yet, knowing that, it still chose to breach and threaten EAs who failed to comply with the breach. Such action should not be tolerated. More importantly, the non-breaching EAs should be protected pending a verdict at trial.

Conclusion

The Court should grant Plaintiff's Motion for Entry of Preliminary Injunction and order Defendant Allstate Insurance Company to stop mandating that EAs use AAV as the sole means of telephonic communication in each EA's agency, because Plaintiff meets all of the criteria for a preliminary injunction, and a preliminary injunction would benefit Plaintiff far more than it would harm Defendant.

August 20, 2021

Respectfully Submitted,

/s/ James Bopp, Jr.

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Certificate of Service

Under penalties as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that he verily believes the same to be true. I hereby certify that this document and all attachments thereto were filed via the Court's electronic filing system and served on August 20, 2021 via email to all counsel of record:

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Exhibit 1

Allstate Agency Voice FAQs**General questions****What is Allstate Agency Voice?** x

Allstate Agency Voice (AAV) is advanced, comprehensive telephone technology housed on Allstate's secure, cloud-based platform. Allstate developed and will continually refine this system based on evolving regulatory requirements, marketplace research, agent learnings and feedback.

Why did Allstate develop Allstate Agency Voice? x

In the face of evolving regulatory compliance requirements and escalating cybersecurity threats, Allstate recognized the need to have agents on a uniform phone system to further protect customer information and provide functionality to support compliance controls. This platform will create a consistent approach for Telephone Consumer Protection Act (TCPA) compliance for all agents. In addition, as consumers ask for more value, protection and choice, AAV provides advanced data and analytics to support a consistently superior customer experience. This will help you and your team focus on the value-added activities that customers most appreciate and that drive growth.

How does Allstate Agency Voice support TCPA compliance? x

AAV is integrated with the Leads Manager application. Any outbound calls you make through Leads Manager are TCPA compliant (i.e., they do not appear on any Do Not Call lists). In addition, by mid-2021, all outbound calls made through your AAV platform (not just through Leads Manager) will support TCPA compliance by preventing calls to numbers on a Do Not Call list. Functionality may be enabled to circumvent this call blocking if explicit permission has been received from the party being called.

What does Allstate Agency Voice include? x

Here are some key features and components; you can see a more complete list in the Features and Capabilities section of these FAQs.

- Customer and agent data protected with Allstate's secure cloud-based platform
- Computer softphones (with a physical phone option for an additional cost)
- Speech analytics and transcription capabilities (a feature called "Total Recall")
- Voice analytics, including an agency-performance dashboard (a feature called the "Sales Performance Diagnostic tool")
- Consolidation with Allstate systems, providing a consistent customer experience and system stability

Are all agents going to be moved to the Allstate Agency Voice platform? x

Yes. Once the rollout is completed in 2022, all agents will be on AAV, the Allstate enterprise phone system.

How much does Allstate Agency Voice cost? x

AAV will be provided to agents at a competitive marketplace cost. At a monthly rate of \$23 per line, the cost is comparable to or lower than that of current third-party VOIP providers. Expenses associated with canceling your current phone provider will be discussed prior to onboarding.

How would my business benefit from this new approach? x

Exhibit 1

AAV can benefit your business in the following ways:

- It will give you peace of mind knowing customer data is better protected and you can ensure TCPA compliance.
- You'll be using cutting-edge voice technology with all the voice quality and system stability you expect in addition to a host of features you can't get elsewhere, all for a lower cost than you are likely to pay on your own.
- With its voice analytics, it will help you enhance staff coaching, performance and sales processes.
- You'll be able to monitor your LSPs' sales performance trends through a call data dashboard.
- You'll have the flexibility and convenience of softphone capability, which is standard, enabling you to have phone service through your laptop and mobile device. (Physical phones are optional for an additional cost.)

AAV is fully unified with Allstate's billing and self-service interactive voice response (IVR) systems, multilingual (English and Spanish) IVR and automated routing of after-hours calls to Allstate's Customer Contact Centers, all of which promote a more seamless customer experience.

When is the rollout taking place? x

Agents will begin to transition to AAV in groups in the first quarter of 2021. The rollout will continue through 2022.

How will the transition to Allstate Agency Voice take place? x

The transition of Allstate agents to the AAV system will take place in a phased rollout over two years. The rollout will begin in the first quarter of 2021. You will be notified when your agency has been scheduled to begin the transition journey. More details on the AAV rollout will be shared before year-end 2020.

Why is Allstate moving all agents to the Allstate Agency Voice platform? What if I like my current phone system and carrier? x

Agents and Allstate daily face challenges associated with meeting evolving regulatory and compliance requirements such as TCPA and protecting against escalating cybersecurity risks. Allstate and agents must use technology that keeps customer data secure and enhances compliance with customer and prospect contact rules and regulations and other regulatory obligations. With the powerful Allstate Agency Voice system, all voice technology will be on the same secure cloud-based telephone platform. The use of this one approved technology platform will give you peace of mind knowing customer data is better protected and includes features that will make it easier for you to maintain legal compliance. AAV also provides a multitude of other benefits to help you grow your business and better serve customers, in support of Allstate's Transformative Growth Plan.

What if my existing VOIP contract is up for renewal soon? x

If your VOIP contract is renewing before June 30, 2021, please advise your SML. Contract that are active on or before Nov. 1, 2020 will be given consideration for high cancellation fee expenses. To best prepare for this transition and to avoid unnecessary expenses, it is recommended that you identify your VOIP renewal date and coordinate onboarding onto AAV near the time the current contract expires.

What technology changes can I expect when I transition to Allstate Agency Voice? x

Your agency phone system will be transitioned to Allstate's state-of-the-art enterprise voice system, which enables Allstate to develop the necessary connections from your business to Allstate's systems. Using the AAV system requires certain hardware and software specifications to

Exhibit 1

support the phone system. Some of these items include headsets, softphone technology on the agent's computer, desk phones (if desired), routers (standard or mesh network, depending on the office layout) and switches. In some cases, the installation of wall jacks may be needed to hard-wire a desk phone or computer. A technical survey will be requested with pictures of the agent's office to determine what additional equipment may be required to provide the best possible performance for a wired or wireless environment (depending on need and your preference).

What will change in my business operations because of Allstate Agency Voice? x

Customers will be able to use the self-service options available to them when they call your office, which could reduce incoming calls and increase capacity.

What can customers expect when they call my office? x

Customers or prospects calling your office will hear a locally branded interactive voice response message and will be asked to select among a small set of options to route their request, which will include self-service selections or the option to speak with someone directly in your office.

Do I need to sign a new contract before transitioning to Allstate Agency Voice? x

No. You will not need to sign a new contract. There will be some paperwork to fill out to initiate the transition process.

If I have multiple locations, will all locations be required to move to Allstate Agency Voice? x

All locations will be transitioned to AAV. You will receive education and support to help you maintain smooth operations and consistent customer service.

What happens if I open a new agency location after I have transitioned to Allstate Agency Voice? x

If you enrolled in AAV and open a new agency location or buy an existing book, the new location will be included in the AAV system.

Can I opt out of Allstate Agency Voice? x

No. Allstate is requiring all agents to transition to AAV for their voice technology to ensure the uniform, state-of-the-art data security and support compliance controls. It also provides advanced data and analytics capabilities to help drive your business growth.

What are the next steps after I complete the paperwork to enroll? x

Allstate has a dedicated team, the Agency Voice Onboarding team, to assist you throughout the transition and beyond. After submitting the required paperwork, you will then receive a welcome letter with critical program information and detailed next steps to initiate the onboarding process. It can take up to three months from the time you sign up until your phone system has been converted to the AAV technology platform. This time frame gives you and your staff an opportunity to prepare for this new platform.

Features and capabilities

What are the features and capabilities of Allstate Agency Voice? x

Here is a rundown of the most noteworthy features and capabilities:

Exhibit 1

- **Compliance capabilities** – AAV will be compliant with PCI (Payment Card Industry) standards from the start and will be compliant with TCPA (Telephone Consumer Protection Act) regulations later in 2021. All voice data would be stored in secured storage location compliant with the emerging regulatory frameworks and consistent with Allstate data storage standards.
- **Lead Manager integration** – The softphone (standard with AAV) provides a Click to Call feature, which enables users to know that they are only calling safe numbers (i.e., that are not on a Do Not Call List).
- **Lead lines** – You will be provided with lead lines to allow prospects to bypass the IVR self-service options and call your agency directly. This capability will be effective for any warm lead transfer options or for advertising that targets new prospects.
- **Call recording, speech analytics and transcription capabilities (called "Total Recall")** – AAV utilizes Total Recall to record and transcribe voice/speech into measurable data and insights. The system can decipher when sales and service events occurred during a recorded call, such as asking for additional business, suggestions to add another line to a policy and client requests for price/premium changes. This information will be available for agents should they wish to use it to improve their overall business results.
- **Sales performance diagnostics** – Through the system's "Sales Performance Diagnostic tool," agents will be able to evaluate LSP sales and service effectiveness, identify coaching opportunities and implement new processes to improve sales results.
- **The system also identifies LSP education gaps and provides real-time data to agents and/or directly to staff.** It utilizes the voice analytics to serve up targeted learning modules in real-time. This specific capability, targeted for launch in 2021, will help drive sales performance in key educational areas (e.g., Advisor Pro, cross-selling, closing).
- **Agency call dashboards** – Key dashboards will be provided to agents for overall agency call data top to bottom within the agency, including all tiers of staff management. Data includes summary and detailed views of inbound/outbound call quantity, calls handle per queue/ring group and call durations.
- **Call routing** – AAV includes a call-presence indicator, displaying which staff members are available to take a call (within one or multiple agency locations), removing the need to put a caller on hold before transferring.
- **Integration with billing and self-service options** – The system is fully merged with Allstate's billing and self-service interactive voice response (IVR) systems, multilingual (English and Spanish) IVR and automated routing of after-hours calls to Allstate's contact center.
- **The system includes softphones, a hard phone option and the convenience of using the IX Workplace mobile app to employ softphone features on a mobile device.**

For the complete list of features, their descriptions, and the benefit to you, visit the AAV features and capabilities page.

How does Allstate Agency Voice differ from my current carrier? x

Allstate compared the AAV platform features and capabilities to a variety of popular carriers in the marketplace. Of the carriers Allstate compared, none came close to matching what AAV offers, including price. The biggest differences are its incorporation with Allstate's secure, cloud-based enterprise voice system, the powerful voice analytics and the sales performance dashboards.

AAV technology

What technology changes can I expect in my agency due to Allstate Agency x

Voice?

Your agency phone system will be transitioned to Allstate's state-of-the-art enterprise voice system, which enables Allstate to develop the necessary connections the agency office. Participation in the AAV operating model requires certain hardware and software specifications to support the phone system. Some of these items will include specific headsets, a softphone, desk

Exhibit 1

Why do I need to change my phone system? x

Agency phone systems must be changed for Allstate to develop the necessary connections from the agency office to the Allstate Agency Voice system to ensure a seamless customer experience.

Will my office meet the technical requirements? x

Transitioning to AAV requires certain hardware specifications to support the new phone system. Some of these items will include headsets, desk phones, routers, and could include installation of additional ports. A technology assessment of your agency will be scheduled with you and take place over the phone with a representative of Agency Voice Technology team. The technology representative will identify any additional needs or requirements from your current office setup.

What is a softphone, and is a softphone an option with Allstate Agency Voice? x

A softphone, or computer phone, is a phone system on your computer or laptop that you can use to accept or make a phone call. Softphone capability, a standard deliverable for AAV, enables you to record calls, access your voice mail and see the phone activity of your staff. The softphone, used with your own headset or one you purchase, eliminates the need to have a physical desk phone. In addition, AAV includes the IX Workplace mobile app, enabling you to employ softphone features on your mobile device. The softphone and IX Workplace mobile app give you the ultimate in flexibility in managing inbound and outbound calls.

What equipment do I need and what are the hardware requirements? x

You need your designated work laptop or desktop, a headset and a desk phone (desk phone is optional). The software for the softphone capability would need to be installed, enabling you to make and receive calls from your computer. You can check the minimum computer and Internet requirements by visiting the Agency Technology minimum requirements page.

Can I use my existing equipment (headset, etc.) if it is compliant with the Allstate Agency Voice phone platform? x

Yes, if you already own a compliant device, it can be used with the Allstate Agency Voice phone platform. If your equipment is not approved, you will need to purchase new equipment. Only the approved equipment has been fully tested to ensure compatibility and will be supported by the Allstate Agency Voice team. The approved equipment may be purchased in the CDW Store after you have confirmed you will be ordering the equipment with the Agency Voice Onboarding team. Here is a list of approved equipment for AAV:

- Desk phone (optional): Avaya J179
- Headsets: Blackwire C3210/C3220; Blackwire C5210/C5220; Encore Pro HW515/HW525; Savi W740
- Switch: MDA220-USB

How will the new phone technology integrate with eAgent? x

As part of the new Allstate Agency Voice phone technology, we will need to install the new phone software onto your office computers. This software will integrate with eAgent and will automatically open eAgent when you receive an incoming call to your agency.

Is Leads Manager integrated with Allstate Agency Voice? x

Yes. You will be able to make outbound calls using Leads Manager with the assurance that the highlighted numbers are compliant with TCPA.

How will I receive my new equipment and what should I do with my old equipment?

Exhibit 1

Allstate will partner with your agency to order the necessary phones and headsets required to support Allstate Agency Voice. You may pack up your old equipment for storage, properly dispose of your equipment or, if leasing, return it to your leasing company.

Will my staff need new phone equipment, too? x

In short, yes. Our goal is to provide your agency with the same or similar capabilities that exist today. The technology vendor's assessment will determine how you and your staff stay connected to your agency system.

How will my equipment be installed for the phone systems? x

For existing agencies, a member of the Agency Voice Onboarding team will contact you to schedule two appointments: the first for the technology assessment (to be conducted over the phone) and the second for your equipment installation and phone number porting (i.e., switching your agency phones to the Allstate-system). Both appointments will attempt to be scheduled during hours that will not interrupt office service or availability. Duration of the technology assessment should be no longer than 30 minutes; installation duration will depend on your specific office requirements, and phone number connecting will be coordinated with the Agency Voice Onboarding team.

How do I use the new equipment? x

There will be several opportunities for you to learn how to use both the new equipment and software. In many cases it may be very similar to the systems and software you are already using. In addition to a user guide, job aids and how-to videos will be provided.

Will I keep the same phone numbers I have today? x

Yes, you will be able to retain your existing phone numbers. Each number will be connected (ported) to the Allstate network, and callers contacting voice numbers will all receive the Allstate Agency Voice IVR treatment.

When an agency transitions to the RightFax solution as part of Allstate Agency Voice, what happens with any existing fax lines that they currently own/use? x

Agents who transition to Allstate Agency Voice will be given a new toll-free RightFax number. An existing fax number cannot be connected to the Allstate Agency Voice environment. If an existing fax number must be maintained for business purposes, that fax service will need to remain with the current phone service provider at the agent's expense.

Will I have access to call-recording software? x

Yes. Total Recall is an Allstate call-recording product that will provide recording of all inbound and outbound calls, call transcription and an analysis of sales effectiveness of each call.

Will Allstate be reviewing calls to my agency? x

An Allstate data and analytics team will be using aggregated call-recording data collected from multiple agencies to gather valuable insights that could help Allstate assess current service delivery to customers and inform enhancements.

What ring group options will I have for my business? x

For agencies employing up to 10 staff members, Allstate recommends opting for ring groups

Exhibit 1

choose the automatic call distribution (ACD) option (for an additional charge), which allows additional queue treatment like that of a call center.

Are there additional reporting capabilities allowing me to gain insight into call metrics and see the capacity created in my agency? x

Agencies using ring groups receive a daily email report providing data on all calls to and from the agency. Work is underway to provide reporting from the self-service portal so that you can run reports whenever you need them. Agencies using automatic call distribution will have access to near real-time reporting through Call Management System.

How will I notify my existing phone carrier that I am changing providers? x

The welcome packet agents will receive includes a Transfer of Service Agreement. The Agency Voice Onboarding team will provide guidance and support throughout the technology-transition process.

What will happen to the data (call recordings, phone data, etc.) my current carrier has? x

Data from your current carrier will NOT be migrated to the new system. Your current carrier should provide access to any historical data.

Will I be able to use lead lines with AAV? x

Yes. You will be provided with "lead lines" to allow prospects to call in directly to your agency without going through the normal self-service options that will be in place on your main office line. This is effective for any "warm lead" transfer options or for advertising you use that is targeted at new prospects.

AAV and Integrated Service

Is AAV part of Integrated Service? x

No. AAV is separate program from Integrated Service. Over the last 18 months, Allstate has learned about agency behaviors, operations, expectations from agents regarding telephone systems, data-security challenges and compliance requirements. Based on those learnings and research on third-party VOIP providers, Allstate developed AAV, which will integrate with Allstate service support without needing additional voice-system integration.

How is Allstate Agency Voice different from the Integrated Service technology? x

AAV is an enhanced agency telephone and analytics platform designed specifically for Allstate agents to support legal compliance and protect customer information. It also will provide sales-performance data and voice analytics to help agents coach staff and drive growth. Integrated Service is a separate offering that provides transactional service for customers, which gives agencies additional capacity to focus on growth activities. For further information on Integrated Service, visit the Integrated Service resource hub.

What is the future of Integrated Service? x

Agents currently using the Integrated Service model are seeing approximately 75 percent of all transactional service calls being handled outside the agency, and those calls are showing overall customer satisfaction of 85 percent. The future is bright for Integrated Service as Allstate continuously looks to improve those results. Upcoming planned improvements include expanding

Exhibit 1

service capabilities to current unsupported lines and refining the relationship between the Integrated Service Center and enrolled agents.

Is Integrated Service going to be a required operating model? x

In the near term, Integrated Service will continue to be offered to agents on a voluntary basis to help them focus on growth. Allstate Agency Voice is a separate, compliant voice platform that is being rolled out to all agents independent of Integrated Service. Allstate's plan is to help all agencies by providing consistent and integrated service support for customers that will require agencies to be on a unified service delivery platform.

I am already using the Integrated Service model. What does Allstate Agency Voice mean to me? x

AAV will have new improved technology that will advance the VOIP features and capabilities you use for Integrated Service, including the addition of voice analytics, the Sales Producer Diagnostic tool and education resources for coaching staff. In addition, with new negotiated prices, your technology fee of \$45 per line per month will be decreased with the new AAV system to \$23 or \$33 per line per month (depending on the plan you chose). You will not need to do anything to get these new rates or to receive AAV; your current system will be upgraded automatically. Communications will be distributed to inform you when to expect these changes.

Direct link to this content: <https://agencygateway.allstate.com/wps/myportal/ld/189809>

Exhibit 2

I acknowledge that by subscribing to Allstate Agency Voice service, I agree to pay all applicable fees in accordance with my enrollment and that such fees may be periodically adjusted. I authorize Allstate to deduct the fees due for the service to which I am subscribing from my monthly Payment Notification.

The cost of the service you are subscribing to will be subtracted from your commissions each month. Your monthly fee will appear under the "Deductions" section of your monthly Payment Notification. Payments will be deducted monthly, beginning with the month following your service start date.

Your subscription to and/or participation in this program does not replace or in any way change the requirement to adhere to Agency Standards.

With your acceptance below, you are agreeing to these Terms and Conditions.

I agree



Payment Agreement

I acknowledge that by subscribing to Allstate Agency Voice service, I agree to pay all applicable fees in accordance with the fee structure as listed below, and that such fees may be periodically adjusted and I agree to pay the adjusted fees. I authorize Allstate Agency Voice to deduct the fees due for the service in which I am subscribing as outlined below. My total subscription fee will be based on the level of service as defined by the fee schedule below:

Allstate Agency Voice Fee Schedule

There is a monthly fee schedule based on level of service:

Allstate Agency Voice Monthly Standard Fee (Per Line)	\$23
Options	
<i>"Plus" Premium Subscription (cost on top of Standard fee)</i>	\$10
<i>Add an additional Leads Management line (per line cost)</i>	\$5

Exhibit 3



Byron Cross
District Sales Leader
Zone 2

Yin Kwai

March 24, 2021

4031618@Allstate.com

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Virtual Agency
1150 Holman St
Houston, TX 77018

Letter of Understanding

In the face of evolving regulatory compliance requirements and escalating cybersecurity threats, Allstate recognized the need to have agencies use a uniform phone system to further protect customer information and provide functionality to enhance legal compliance controls. The Allstate Agency Voice ("AAV") phone system is an advanced, comprehensive telephone technology housed on Allstate's secure, cloud-based platform to replace any third-party telephony services currently used by Allstate Exclusive Agencies.

The introduction of AAV was first announced in the Virtual Agency Town Hall hosted on November 17th and detailed program information was communicated to you and all agencies via an Agency Gateway article on November 19th.

Your Agency is required to transfer the Company's telephone number(s) to AAV, and the AAV Onboarding team attempted to contact your Agency via email and phone at least four times to obtain the required information and documentation to initiate the transfer process with your Agency. To again attempt to facilitate your compliance with the R3001 Agreement and its incorporated materials ("Agreement"), you were notified via email of your obligation to comply with this process and your contractual requirement to transition the Company owned telephone number(s) to the AAV platform. Unfortunately, your Agency failed to respond to these requests or to provide all required information and documentation to transition the Company's telephone number to the AAV platform. Therefore, your Agency's ability to bind business on behalf of the Company was restricted (if applicable).

Your Agreement stipulates specific requirements related to the ownership and use of all telephone numbers used in connection with business conducted pursuant to the Agreement. As such, it is expected that your Agency will adhere to the Agreement and transfer control of the telephone number(s) to the Company via the AAV platform. You have already been informed that your Agency's failure to provide the documents or information requested within the required time period to facilitate the transfer of the telephone number(s) to the AAV platform could result in action up to and including termination of the Agreement.

In order to comply with the terms of the Agreement, your Agency must provide all requested information and documents to the AAV Onboarding team by April 2, 2021 to facilitate transfer of the Company's telephone number. No additional extensions of time will be granted, and any refusal or failure to comply with these requirements will result in the termination of your Agency's relationship with the Company.

Allstate Agency Voice: VOIP System Experience

AllstateAgencyVoice <AllstateAgencyVoice@allstate.com>

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Allstate Agency Voice is a critical tool in your agency. It provides TCPA compliance integrated with Lead Management to help focus on activities that drive growth, support your customers, and increase revenue.

Preparing for Rollout

We took steps to prepare for launch with a focus on reliability, stability, and system experience. Internal and external (vendor) evaluations were completed to ensure high quality standards and an ability to meet performance requirements. Pilots with agency owners were also conducted that demonstrated product stability and agent supportability. Additionally, a phased rollout plan was developed to minimize impact in the event of rollout issues.

VOIP System Experience

While we prepared extensively, there have been instances where some agents have experienced intermittent issues and outages involving impaired system functionality and call quality (e.g. inability to record calls or change caller ID).

We're Taking Action

A vital component of AAV is the underlying server technology. With the recent outage, an issue was identified with server infrastructure. While we rapidly addressed the issue to restore service, the outage is unacceptable.

Immediate Next Steps

AAV system confidence is non-negotiable. A full root-cause analysis and third-party assessment is underway to identify gaps, remediations, and prevent future occurrences. In the interim, immediate actions have been taken with our vendor to further improve stability and implement action plans. As the assessment is completed over the next several weeks, updates will be provided on any material developments.

Our Commitment

You rely on Allstate Agency Voice to conduct business every day. The assessment under way will identify and address opportunities for significant system stability improvement.

Additional Support

We're here to help. Included below are support paths that provide a wealth of technology support, educational resources, and information to help understand and maximize AAV capabilities.

- Any-time access to program documentation: [Allstate Agency Voice Home Page](#) for resources to increase familiarity with using the new voice technology platform (features and capabilities)
- First week of business (days two to seven): [Agency Voice Support Team](#) or (844) 262-8000, select options 3, then 2
- After the first week of business (day eight and beyond): Open a chat with [ATSC Online Support](#) or call (844) 262-8000, select options 3, then 2

The Agency Programs Team