

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
CENTRAL DIVISION**

PAUL WASGATT,
Plaintiff,

v.

ALLSTATE INSURANCE COMPANY and
GLENN T. SHAPIRO,
Defendants.

Civil Action No. 4:20-cv-40118

**DEFENDANT ALLSTATE INSURANCE COMPANY’S OPPOSITION TO
PLAINTIFF’S MOTION TO AMEND COMPLAINT**

Defendant Allstate Insurance Company (“Allstate” or the “Company”) hereby submits this opposition to plaintiff Paul Wasgatt’s (“Plaintiff” or “Wasgatt”) Motion for Leave to File an Amended Complaint (“Motion to Amend” or “Motion”). In his Motion, Plaintiff seeks to add five new causes of action against Allstate: Misappropriation of Likeness (Count Four); Tortious Interference with Contract and Business Relations (Count Five); Violation of the Lanham Act (Count Six); Violation of M.G.L. c. 93A (Count Seven); and Injunctive Relief (Count Eight) (the “proposed Second Amended Complaint”).

As set forth herein, the proposed Second Amended Complaint is futile, as it fails to state any new claims for which relief may be granted. Accordingly, Plaintiff’s Motion to Amend should be denied in its entirety.

I. Background

A. Procedural Background

This action was originally filed in Worcester County Superior Court on August 17, 2020. Defendants timely removed the action to this Court based on diversity of citizenship on September 15, 2020. Plaintiff's motion to remand was denied by this Court on October 29, 2020.

On October 20, 2020, Scott Blume and Edward Norcia – two Allstate employees sued by Plaintiff in their individual capacities - filed a motion to dismiss, seeking to remove claims against them. In response to Mr. Blume and Mr. Norcia's motion to dismiss, Plaintiff filed his First Amended Complaint, removing them from this matter.

On January 29, 2021, Plaintiff filed his Motion to Amend pursuant to Rule 15(a)(2) of the Federal Rules of Civil Procedure.

B. Factual Background

For a complete factual background, Allstate refers this Court to Section II of its *Opposition to Plaintiff's Motion for Entry of a Preliminary Injunction*.

II. ARGUMENT

A. The Motion to Amend Should be Denied as Futile

Absent written consent from the defendants, Wasgatt may only amend his complaint with leave of the Court. Fed. R. Civ. P. 15(a)(2). A motion to amend is properly denied where “an amendment would be futile or would serve no legitimate purpose.” *Finnern v. Sunday River Skiway Corp.*, 984 F.2d 530, 536 (1st Cir. 1993). When the amendment would be futile, “the district court should not needlessly prolong matters” by allowing an amendment. *Id.*

A motion to amend should be denied as futile when “the complaint, as amended, would fail to state a claim upon which relief could be granted.” *Glassman v. Computervision Corp.*, 90

F.3d 617, 623 (1st Cir. 1996). Thus, to avoid futility, the proposed amended complaint must meet the standard required to survive a Rule 12(b)(6) motion. *Id.*

The standard under Rule 12(b)(6), requires a plaintiff to “state a claim to relief that is plausible on its face.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544 (2007). That is, “[f]actual allegations must be enough to raise a right to relief above the speculative level ... on the assumption that all the allegations in the complaint are true (even if doubtful in fact).” *Id.* at 555. The complaint must therefore “set forth factual allegations, either direct or inferential, respecting each material element necessary to sustain recovery under some actionable legal theory.” *Gooley v. Mobil Oil Corp.*, 851 F.2d 513, 515 (1st Cir. 1988).

Plaintiff has failed to state a claim for which relief may be granted on each of the five counts in his proposed Second Amended Complaint. For the reasons set forth below, Plaintiff’s Motion to Amend should be denied.

1. Plaintiff Cannot Prove Harm and/or Damages as a Matter of Law

As outlined by Wasgatt’s R3001S Agreement and EA Manual, attached hereto as **Exhibits A and B**, respectively, Wasgatt agreed to provide Allstate with 60 days, following proper notice, to cease using his name and likeness. The EA Manual, which is expressly incorporated into the R3001S Agreement, required that Wasgatt provide notice to Allstate at a specified address. Wasgatt did not provide notice in the contractually-required fashion, nor has he yet done so. Ex. B, p. 34. On that basis alone, he is unable to show that he has been harmed, in that his name and/or likeness was used outside of the terms of his R3001S Agreement, a necessary element of each of his claims. *See* Mass. Gen. Laws ch. 214, § 3A (the plaintiff may bring forth a claim for unauthorized use of his “name, portrait or picture ... used within the commonwealth [of Massachusetts] for advertising purposes or for the purposes of trade, *without his written consent*” (emphasis added)); *IBX Jets, LLC. V. Sullivan*, No. 16-cv-11604-IT, 2018

U.S. Dist. LEXIS 36962 (D. Mass. Mar. 7, 2018) (for tortious interference with contract or business relations, plaintiff must plead and prove: “(1) the existence of a contract or a business relationship which contemplated economic benefit; (2) the defendants’ knowledge of the contract or business relationship; (3) the defendants’ intentional interference with the contract or business relationship for an improper purpose or by improper means; and (4) **damages.**” (emphasis added)); *Cashmere & Camel Hair Mfrs. Inst. v. Saks Fifth Ave*, 284 F.3d 302, 310-311 (1st. Cir. 2002) (to state a claim for violation of the Lanham Act, the plaintiff must plead and prove the following elements: “(1) the defendant made a false or misleading description of fact or representation of fact in a commercial advertisement about his own or another’s product; (2) the misrepresentation is material, in that it is likely to influence the purchasing decision; (3) the misrepresentation actually deceives or has the tendency to deceive a substantial segment of its audience; (4) the defendant placed the false or misleading statement in interstate commerce; and (5) **the plaintiff has been or is likely to be injured as a result of the misrepresentation, either by direct diversion of sales or by a lessening of goodwill associated with its products.**” (emphasis added)); *Auto Flat Car Crushers v. Hanover Ins. Co.*, 469 Mass. 813, 820 (2014) (the elements of a claim under Chapter 93A are: (1) the plaintiff must be a “business” engaged in trade or commerce; (2) the defendant engaged in an “unfair method of competition” or the defendants actions were “unfair” or “deceptive”; (3) **such actions resulted in a loss to the business plaintiff of money or property, real or personal, for money damages to the issue**; and (4) a causal connection between the loss suffered and the defendant’s unfair or deceptive method, act or practice); *Ortiz-Bonilla v. Federacion de Ajedrez de P.R., Inc.*, 734 F.3d 28, 40 (1st Cir. 2013) (the issuance of a permanent injunction would be appropriate only if the district court makes the following four findings: “(1) plaintiffs prevail on the merits; (2) **plaintiffs would suffer**

irreparable injury in the absence of injunctive relief; ... (3) the harm to plaintiffs would outweigh the harm the defendant would suffer from the imposition of an injunction; and (4) the public interest would not be adversely affected by an injunction.” (emphasis added)).

Moreover, even assuming Plaintiff’s email communication to Allstate’s counsel on December 9, 2020 was proper notice under the EA Manual, there is no dispute that Allstate complied with the terms of the R3001S Agreement when it corrected its accidental use of Wasgatt’s name and/or likeness within the 60 day period as permitted under the EA Manual.

Where a contract governs the parties’ relationship, as is the case here, the contract provides the measure of the plaintiff’s right to damages. *Robert E. Ricciardelli Carpet Service, Inc. v. Home Depot*, 679 F. Supp. 2d 192, 211 (D. Mass. 2010). Here, by the terms of the EA Manual, incorporated by reference in the R3001S Agreement, Allstate was permitted up to 60 days post-notification to address any accidental post-termination use of Wasgatt’s name and likeness. Ex. B, pg. 34. Simply put, Wasgatt cannot prove he has been harmed or damaged outside of his contractual agreement with Allstate. His claim fails as a matter of law and therefore, his Motion to Amend should be denied.

III. CONCLUSION

For the reasons set forth above, defendant Allstate respectfully requests that this Court deny Plaintiff’s Motion to Amend Complaint as any such amendment would be futile.

Dated: February 12, 2021

Respectfully submitted,

/s/ Brian M. Casaceli

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ATTORNEYS FOR DEFENDANTS
ALLSTATE INSURANCE COMPANY
AND GLENN T. SHAPIRO

CERTIFICATE OF SERVICE

I, Brian M. Casaceli, hereby certify that this document, filed through the ECF system will be sent electronically to the registered participants as identified on the Notice of Electronic Filing (NEF) and paper copies will be sent to those indicated as non-registered participants on this day.

/s/ Brian M. Casaceli
Brian M. Casaceli

Dated: February 12, 2021

Exhibit A

ALLSTATE R3001S EXCLUSIVE AGENCY AGREEMENT

This Agreement is between ALLSTATE INSURANCE COMPANY and such affiliates and subsidiaries as are named in the Supplement for the R3001 Agreement (referred to in this Agreement as "the Company") and Paul Wargott (referred to in this Agreement as "you").

The Company and you agree as follows:

I. AUTHORITY:

- A. Effective August 1, 2013, the Company appoints you as its agent to represent the Company in the Exclusive Agency Program. You are authorized on behalf of the Company, during the term of this Agreement, to receive and accept, subject to such restrictions on binding authority as may be established by the Company, applications for insurance covering such classes of risks located in the state(s) of MASS as the Company may from time to time authorize to be written. You are also authorized to sell products specified by the Company and through the companies specified in the Supplement for the R3001 Agreement (referred to in this Agreement as "Company Business"). The Company will own all business produced under the terms of this Agreement. You will not represent yourself as having any authority other than that specifically granted to you by the Company. You will not alter any contract or incur any expense or obligation for the Company without prior written approval from the Company.
- B. This Agreement is the sole and entire agency agreement between the Company and you, and it supersedes and replaces any prior employment, agency, or other agreement between the Company and you. This Agreement also supersedes any prior oral statements and representations by the Company to you and any prior written statements and representations by the Company to you in letters, manuals, booklets, memoranda, or any other format.
- C. The Supplement for the R3001 Agreement ("Supplement") and the Exclusive Agency Independent Contractor Manual ("EA Manual"), and the Allstate Agency Standards ("Agency Standards") as they may be amended from time to time, are expressly incorporated in their entirety as part of this Agreement. The Company reserves the right to amend the Supplement, EA Manual, and Agency Standards at any time without prior notice to you, except that notice regarding changes to commission amounts will be given as indicated in Section XV.
- D. You are an independent contractor for all purposes and not an employee of the Company. You will have full control of your time and the right to exercise independent judgment as to the time, place, and manner of performing your duties, which are defined in this Agreement and the incorporated Supplement, EA Manual, and Agency Standards. You will not represent that you have authority to act on behalf of the Company or enter into any contract on behalf of the Company, except for contracts of insurance or other contracts as expressly authorized by this Agreement.
- E. You will not, either directly or indirectly, solicit, sell, or service insurance of any kind for any other company, agent, or broker, or refer a prospect to another company, agent, or broker, without the prior written approval of the Company. You may, however, write applications for insurance under an assigned risk, cooperative industry, or government established residual market plan or facility in accordance with the Company's rules and procedures.

- F. The Company will determine in its sole discretion all matters relating to its business and the operation of the Company including, but not limited to, the following:
1. The determination of contract forms and provisions, premiums, fees, and charges for insurance and other Company Business;
 2. The acceptance or rejection of any application;
 3. The termination or modification of any contract or the refusal to renew any contract;
 4. The limitation, restriction, or discontinuance of the writing or selling of any policies, coverages, lines, or kinds of insurance or other Company Business;
 5. The obtaining of any licenses of the Company or the Company's withdrawal from any state, jurisdiction, or territory; and
 6. The type and quality of customer service received by Company policyholders.

II. DUTIES AND CONDITIONS:

- A. You will act as an agent of the Company for the purpose of soliciting, selling, and servicing insurance and other Company Business in accordance with the provisions of this Agreement. As an agent of the Company, you will provide customer service, including the collection of payments, for any and all Company policyholders and you will assist in claims administration in accordance with the Company's rules and procedures.
- B. You will meet certain business objectives established by the Company in the areas of profitability, growth, retention, customer satisfaction and customer service. You will build and maintain a profitable book of business, assist the Company in its efforts to achieve market penetration for all forms of insurance offered by the Company and other Company Business, and service the Company's customers in a manner consistent with the Company's goodwill, reputation, and overall business strategy.
- C. You will record, transmit, and process insurance and Company Business in the manner prescribed in the then current provisions of the Supplement.
- D. You agree to maintain any required agent license in the state or states in which you are appointed to represent the Company and to comply with any and all applicable federal, state, or local laws, rules, regulations and ordinances affecting your operation.
- E. The Company recognizes that you may, in your sole discretion, arrange to have business conducted at your sales location in your absence by your own employees or other persons and that the time during which you are physically present at your sales location is entirely in your sole discretion. You must, however, remain actively involved in the conduct of business at your sales location.
- F. You agree that the Company will have the authority to use your name and signature, or facsimile thereof, on policy documents and customer communication materials.
- G. You agree to maintain a professional business relationship with the Company, and, when requested, to meet with Company representatives at mutually convenient times to discuss various business topics. You also agree that, because you are conducting business with the public under the Allstate name, Company representatives shall be permitted access to your agency to review compliance with this Agreement during agency business hours.

H. You agree that, as requested by the Company, you will demonstrate your knowledge of the Company products you are authorized to sell, as well as of federal, state, or local laws, rules, regulations and ordinances affecting your operation. If you are unable to demonstrate your knowledge of any product, the Company reserves the right to deny you the authority, or withdraw your existing authority, to sell that product until you demonstrate such knowledge.

III. YOUR EMPLOYEES:

- A. You have no authority to employ persons on behalf of the Company, and no employee of yours will be deemed to be an employee or agent of the Company, such employees at all times remaining your employees. You have sole and exclusive control over your labor and employee relations policies, and your policies relating to wages, hours, and working conditions of your employees. You have the sole and exclusive right to hire, transfer, suspend, lay off, recall, promote, assign, discipline, and discharge your employees.
- B. You are solely responsible for all salaries and other compensation of all your employees and will make all necessary salary deductions and withholdings from your employees' salaries and other compensation. You are solely responsible for the payment of any and all contributions, taxes, and assessments, and all other requirements of the federal Social Security, federal and state unemployment compensation, and federal, state, and local withholding of income tax laws on all salary and other compensation of your employees.
- C. You will comply with all other contracts, federal, state or local laws, ordinances, rules, or regulations regarding your employees, including federal or state laws or regulations regarding minimum compensation, overtime, and equal opportunities for employment. This includes, but is not limited to, your warranty and agreement to comply with the terms of the federal and state civil rights acts, Age Discrimination in Employment Act, Americans With Disabilities Act, Occupational Safety and Health Act, Immigration Reform and Control Act, and the Fair Labor Standards Act.
- D. You agree and warrant that your employees, while working in connection with this Agreement, will comply with any and all applicable federal, state, or local laws, rules, regulations, and ordinances.

IV. COMPANY PROPERTY, CONFIDENTIALITY:

- A. The Company will furnish you such signs, forms, manuals, records, and other materials and supplies as the Company deems advisable to assist you. All such property and information furnished by the Company will remain the property of the Company. In addition, the Company will offer, at your expense, such additional materials and supplies as the Company feels may be helpful to you.
- B. You agree that you will not at any time or in any manner, directly or indirectly, disclose to any third party or permit any third party to access any confidential information or any information containing trade secrets concerning any matters affecting or relating to the pursuits of the Company, except upon direct written authority of the Company. Furthermore, upon termination of this Agreement, you agree to treat as confidential and not to disclose, either directly or indirectly, to any third party any confidential information or trade secrets of the Company.
- C. You agree that you will not disclose or grant access to any confidential information or trade secrets to any of your employees or other persons providing services for you in connection with this Agreement, unless such employee or other person has signed a copy of the Confidentiality and Non-Competition Agreement attached as Appendix A. Appendix A is a sample copy of the electronic version of the document that must be transmitted to the Company.

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- D. Confidential information includes, but is not limited to: business plans of the Company; information regarding the names, addresses, and ages of policyholders of the Company; types of policies; amounts of insurance; premium amounts; the description and location of insured property; the expiration or renewal dates of policies; policyholder listings and any policyholder information subject to any privacy law; claim information; certain information and material identified by the Company as confidential or information considered a trade secret as provided herein or by law; and any information concerning any matters affecting or relating to the pursuits of the Company that is not otherwise lawfully available to the public. All such confidential information is wholly owned by the Company. Such confidential information may be used by you only for the purposes of carrying out the provisions of this Agreement.
- E. Any confidential information or trade secrets recorded on paper, electronic data file, or any other medium, whether provided by the Company or by you, is the exclusive property of the Company, as is any such medium and any copy of such medium.
- F. You recognize that a breach of the foregoing provisions will cause irreparable damage to the Company's business and that such damage is difficult or impossible to measure. You agree that in the event of such breach, the Company, in addition to such other rights and remedies it may have, will be immediately entitled to an order granting injunctive relief from any court of competent jurisdiction against any act which would violate any such provision, without the necessity of posting a bond, and you waive any defense to an application for such order, except that the violation did not occur. You agree that the Company will be entitled to an award of reasonable attorneys' fees in the event that it is successful in an application for injunctive relief or in an action based upon breach of the foregoing provisions.

V. SALES LOCATION:

- A. You may select your sales location, within a geographical area specified by the Company, subject to Company approval. Initially, you have selected the location at 59 Green Street and such sales location has been approved by the Company. You agree that you will not establish any additional sales location without the prior written approval of the Company. You understand that you have no exclusive territorial rights in connection with your sales location.
- B. You agree to keep your sales location open for business as appropriate in the market to provide a proper level of customer service. As a minimum, you agree to operate your sales location consistently with the Agency Standards.
- C. You are authorized to sell insurance offered by the Company and Company Business only in the state containing your sales location and other states in which you are properly licensed and appointed as an agent by the Company.

VI. ADVERTISING:

- A. The Company will advertise its products and provide promotional material in accordance with its advertising policies. You may also advertise in your sole discretion, subject to the requirements in paragraph B. below.
- B. You will submit all signs and advertising copy, including, but not limited to, sales brochures, display advertisements in telephone directories, newspaper advertisements, radio and television commercials, electronic media displays, all sales promotional plans and devices, and all other materials to the Company for approval, if they use or contain any reference to any service mark or trade name of the Company. You will not use any such advertising material or sales promotional plan or device without obtaining prior written approval from the Company. The Company has the right to disapprove any or all of the aforesaid advertising forms and other materials insofar as they, in the exclusive judgment of the Company, do not conform to Company policy regarding use of Company service marks or trade names; may subject the Company to liability or loss of goodwill; may damage the reputation of the Company or Company customer relations; may fail to adhere to the requirements of any federal, state, or local governmental rules, regulations, or laws; may fail to

conform to community or Company standards of good taste and honest dealing; or may be detrimental to the business interests of the Company.

VII. SERVICE MARK AND TRADE NAME PROTECTION:

- A. You agree to cooperate fully in the quality control program conducted by the Company relating to the use of its service marks and trade names and the nature and quality of services rendered and goods distributed under its service marks and trade names. The Company will have the right to specify, delineate, or limit the services or goods in connection with which you may use any of its service marks or trade names. In the event that the nature or the quality of the services or goods in connection with which you use any of the service marks or trade names of the Company is not acceptable to the Company, then the Company will have the right to require you to institute appropriate procedures to correct any deficiencies noted by the Company.
- B. You agree, at the request and expense of the Company, to assist the Company in protecting and enforcing the rights of the Company in and to any and all of its service marks and trade names which you may then be using.
- C. You will not in any manner encumber, alienate, license, or transfer to any other entity any right whatsoever concerning the service marks or trade names the Company authorizes you to use in the performance of this Agreement, except as permitted in Section XVI.
- D. You recognize that a breach of the foregoing provisions will cause irreparable damage to the Company's business and that such damage is difficult or impossible to measure. You agree that in the event of such breach, the Company, in addition to such other rights and remedies it may have, will be immediately entitled to an order granting injunctive relief from any court of competent jurisdiction against any act which would violate any such provision, without the necessity of posting a bond, and you waive any defense to an application for such order, except that the violation did not occur. You agree that the Company will be entitled to an award of reasonable attorneys' fees in the event that it is successful in an application for injunctive relief or in an action based upon breach of the foregoing provisions.

VIII. EXPENSES:

You will be responsible for the payment of all expenses that you incur in the performance of this Agreement including, but not limited to: expenses for your sales location, supplies not furnished by the Company, compensation of your employees or other assisting persons whom you engage, telephone, postage, and advertising expenses incurred at your direction, and all other charges and expenses.

IX. TELEPHONE:

All telephone numbers used in connection with business conducted pursuant to this Agreement are the property of the Company.

X. INDEMNIFICATION:

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- A. The Company will defend and indemnify you against liability, including the cost of defense and settlements, imposed on you by law for damages sustained by policyholders and caused by acts or omissions of the Company, provided that you have not caused or contributed to cause such liability by your acts or omissions. You agree, as a condition to such indemnification, to notify the Company promptly of any claim or suit against you and to allow the Company to make such investigation, settlement, or defense as the Company deems prudent. The Company reserves the right to select counsel to represent you in connection with any such claim or suit. You also agree to cooperate fully with the Company in any such investigation, settlement, or defense.

- B. You will indemnify the Company against liability, including the cost of defense and settlements, imposed on the Company by law for damages sustained by any person and caused by your acts or omission, or those of any employee or other person working in connection with this Agreement, provided that the Company has not caused or contributed to cause such liability by its acts or omissions. The Company agrees, as a condition to such indemnification, to notify you promptly of any such claim or suit against the Company. The Company reserves the right to select counsel to represent it in connection with any such claim or suit and to make such investigation or settlement as the Company deems prudent.

XI. INSURANCE:

- A. You agree that you will, at your sole expense, obtain and maintain during the term of this Agreement policies of insurance as described in the EA Manual, as may be amended from time to time. Such policies must be obtained from companies satisfactory to the Company and must be adequate to protect against all expenses, claims, actions, liabilities, and losses related to the subjects covered by the required policies.
- B. Where specified, each policy must name the Company as an additional insured and must contain a severability of interest/cross liability endorsement. Each policy must also expressly provide that it will not be subject to material change or cancellation without at least thirty (30) days prior written notice to the Company.
- C. You must furnish the Company with proof of insurance upon request by the Company. If, in the Company's opinion, such policies do not afford adequate protection for the Company, the Company will so advise you, and if you do not furnish evidence of acceptable coverage within fifteen (15) days after being requested to do so by the Company, the Company will have the right to obtain additional insurance at your expense and deduct the cost of such insurance plus a processing fee from monies owed you by the Company.

XII. FINANCIAL INFORMATION:

You shall maintain all books and records relating to the business under this Agreement including, but not limited to, all checkbooks, check registers, deposit receipts, and general ledgers for a period of not less than five years after the close of the fiscal year to which they relate. All of the foregoing records shall be open and available for inspection or audit at any time during normal agency hours without notice by the Company or its designated auditors and you shall have the duty to cooperate fully with the party(ies) making such inspection or audit.

XIII. POLICIES IN YOUR ACCOUNT:

Policies which are credited to your account are described in the Supplement. While this Agreement is in effect, the Company will leave in your account all policies credited to your account so long as the policyholder resides within a state in which you are licensed and appointed by the Company, except that the Company may remove any policy from your account at the request of a policyholder.

XIV. MONEY COLLECTED BY YOU:

All payments collected or received by you in the performance of this Agreement are the property of the Company, will be treated as trust funds, and will be promptly transmitted to the Company without deduction for any purpose in the manner specified by the Company. You must maintain accurate records and current remittance reports which may be inspected by the Company at any time without notice and which shall be submitted to the Company in accordance with its rules and procedures.

XV. COMPENSATION:

- A. The sole compensation to which you will be entitled for services rendered pursuant to this Agreement will be the commissions set forth in the Supplement, as may be amended from time to time. The Company will pay you your commissions at the time and in the manner set forth in the Supplement. However, due to the inherent uncertainty of business conditions, the Company reserves the right to increase or decrease any commission amounts and to change the commission rules. If the Company changes commission amounts, it will provide you with written notice of the changes at least ninety (90) days prior to the date on which they are to become effective.
- B. The Company may provide you with such bonuses, awards, prizes, and other remuneration based on performance, if any, as it may prescribe in its sole discretion.
- C. If any application for insurance is rejected, or any policy is surrendered or canceled, in whole or in part, for any reason, before the expiration of the policy period, or if any premium is reduced or any overpayment made to you, or if any premium paid is not earned by the Company, the commissions paid to you on the amount returned or credited to the policyholder, or the amount overpaid to you, will constitute an indebtedness of yours to the Company and will be charged to you or recovered from you by reducing any future commissions, awards, or bonuses due you.

XVI. TRANSFER OF INTEREST:

- A. This Agreement is personal to you and is being entered into in reliance upon and in consideration of your skills, qualifications, and representations. Accordingly, you may not execute a transfer of your interest in this Agreement or any interest in the business under this Agreement including, but not limited to, any sale, assignment, conveyance or the granting of any lien, security interest, pledge, or mortgage thereof, without the prior written approval of the Company. A transfer of interest in this Agreement is described in the Supplement and EA Manual and includes, but is not limited to, any sale, merger, or assignment, in whole or in part, directly, indirectly, or contingently, of this Agreement or any rights or obligations under it. You have the obligation to notify the Company of a proposed transfer and to request Company approval.
- B. You have an economic interest, as defined in this Agreement and the incorporated Supplement and EA Manual, in your Allstate customer accounts developed under this Agreement. Subject to the terms and conditions set forth in this Agreement and the incorporated Supplement and EA Manual, you may transfer your entire economic interest in the business written under this Agreement upon termination of this Agreement by selling the economic interest in the business to an approved buyer. The Company retains the right in its exclusive judgment to approve or disapprove such a transfer. Any failure to disclose and obtain the prior written approval of the Company for any transfer of your interest in this Agreement or any interest in the business under this Agreement shall constitute a breach of this Agreement and cause for termination of this Agreement.
- C. Approval of a proposed transfer of your entire interest in this Agreement will be conditioned upon the termination of this Agreement and the execution of a then current agency agreement by the proposed transferee.
- D. Policies in your account (Section XIII. above) will be transferred to an approved transferee.

XVII. TERMINATION OF AGREEMENT:

A. This Agreement will be terminated automatically:

1. On the effective date of any transfer of your entire interest in this Agreement, whether approved or not, as described in Section XVI. above;
2. Upon your death or permanent incapacity;
3. Upon your loss of any required agent license; or
4. Upon the surrender of, or the election not to renew, the Company's license to sell insurance in all lines in the state in which your sales location is located or the discontinuation of the sale of insurance in the state.

B. This Agreement may be terminated:

1. At any time by mutual agreement of the parties in writing;
2. By either party, with or without cause, upon providing ninety (90) days prior written notice to the other, or such greater number of days as is required by law. Once written notice of termination has been given by either party, you will, immediately upon request of the Company, cease to act or to represent yourself in any way as an agent or representative of the Company, but you will receive compensation pursuant to Section XV. from the Company for the period up to and including the specified termination date; or
3. Alternatively, by the Company, with cause, immediately upon providing written notice to you. Cause may include, but is not limited to, breach of this Agreement, fraud, forgery, misrepresentation or conviction of a crime. The list of examples of cause just stated shall not be construed to exclude any other possible ground as cause for termination.

XVIII. OBLIGATIONS UPON TERMINATION OF AGREEMENT:

Except as otherwise provided in a subsequent agreement between you and the Company, upon termination of this Agreement, you agree that:

- A. You will not act or represent yourself in any way as an agent or representative of the Company.
- B. You will immediately return all property belonging to the Company, or dispose of it in such manner as the Company specifies.
- C. You will immediately cease to use such telephone numbers referenced in Section IX. above and execute an Order of Transfer of Responsibility for such numbers in your name to the Company or to any party the Company designates, and you will immediately notify the telephone company of any such transfer. You will be responsible for all charges incurred up to the date of execution of the transfer.
- D. For a period of one year following termination, you will not solicit the purchase of products or services in competition with those sold by the Company:
 1. With respect to any person, company, or organization to whom you or anyone acting on your behalf sold insurance or other products or services on behalf of the Company and who is a customer of the Company at the time of termination of the Agreement;
 2. With respect to any person, company, or organization who is a customer of the Company at the time of termination of this Agreement and whose identity was discovered by you as a result of your status as a Company agent or as a result of your access to confidential information of the Company; or

3. From any office or business site located within one mile of the agency sales location maintained pursuant to Section V. of this Agreement at the time this Agreement is terminated.

In the event that such one year period or one mile distance exceeds the time or distance permitted by any applicable law, such period or distance will be automatically adjusted to the maximum period or distance permitted by such law. If any other provision in this paragraph D. conflicts with any existing law, it will be applied to the extent permitted by such law.

- E. You will immediately cease and desist from any and all use of Company service marks and trade names. You will immediately return to the Company all property in your possession or under your control bearing any Company service mark or trade name, or dispose of it in such manner as the Company specifies.
- F. You recognize that a breach of any of the foregoing provisions will cause irreparable damage to the Company's business and that such damage will be difficult or impossible to measure. You agree that in the event of any such breach, the Company, in addition to such other rights and remedies as it may have, will be immediately entitled to an order granting injunctive relief from any court of competent jurisdiction against any act which would violate any such provision, without the necessity of posting a bond, and you waive any defense to an application for such order, except that the violation did not occur. You agree that the Company will be entitled to an award of reasonable attorneys' fees in the event that it is successful in an application for injunctive relief or in an action based upon breach of the foregoing provisions.
- G. You recognize and acknowledge that each of the foregoing provisions of this Section XVIII. is reasonable and necessary to protect and preserve the legitimate business interests of the Company, its present and potential business activities, and the economic benefits derived therefrom. You recognize and acknowledge that the foregoing provisions will not prevent you from earning a livelihood and are not an undue restraint on you.

XIX. NOTICE:

All notices will be deemed to have been given if personally delivered, sent by facsimile transmission, or mailed as follows:

if to the Company:

Allstate Insurance Company

1200 Atwater Drive, Suite 200
Malvern, PA 19355

Attention: Maria Ascario

if to you:

Paul Wasgatt

59 Green Street

Worcester, MASS 01604

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or to such other person or address as any party may furnish or designate to the other in writing.

XX. GENERAL PROVISIONS:

- A. This Agreement may not be modified except by a written agreement between the Company and you which expressly states that it modifies this Agreement. No other written statements, representations, or agreements and no oral statements, representations, or agreements will be effective to modify this Agreement. No representative of the Company will have authority to modify this Agreement, except as provided in this Section XX. Nothing in this Section will affect the Company's right to amend the Supplement, EA Manual, and Agency Standards, as provided in Section I.C.

- B. You acknowledge that you have reviewed the Supplement, EA Manual, and Agency Standards and that you have an ongoing responsibility to review all changes to the Supplement, EA Manual and Agency Standards issued by the Company and agree to be bound by them.
- C. References in this Agreement to the Supplement, EA Manual, and Agency Standards are references to the Supplement, EA Manual, and Agency Standards, including any changes which may be made from time to time and distributed to you by the Company.
- D. You acknowledge that you have read this Allstate R3001S Exclusive Agency Agreement, understand it, and agree to be bound by its terms.
- E. The authority granted to you under this Agreement is nonexclusive. The term "Exclusive" as used in the title of this Agreement refers to the obligations assumed by you under Section I.E.
- F. The descriptive headings of this Agreement are intended for reference only and will not affect the construction or interpretation of this Agreement.
- G. If any provision or part of this Agreement is held invalid for any reason, such invalidity will not affect any other provision or part of this Agreement not held invalid, and such remaining provisions and parts will remain in full force and effect.
- H. The failure of either party to insist upon the performance of any of the terms of this Agreement in any one or more instances will not be construed as a waiver or relinquishment of the future performance of any such term. The obligation of the parties with respect to any such future performance will continue in full force and effect.
- I. Nothing in this Agreement shall be construed to confer upon any person or entity other than the Company and you any rights under this Agreement.
- J. This Agreement, and the obligations or rights hereunder, shall not be assignable by you, except as provided by Section XVI. The rights and obligations of the parties to this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns.
- K. This Agreement may be executed in counterparts, each of which will be deemed an original.

IN WITNESS WHEREOF, the Company and Agency have caused this Agreement to be executed by their authorized representatives and the parties hereby accept the terms of this Agreement.

ALLSTATE INSURANCE COMPANY

Maura Adams

(authorized representative)

8-1-13

(date)

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YOU

[Signature]

(name)

7/1/2013

(date)

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This Confidentiality and Non-Competition Agreement ("Agreement") is entered into this _____ day of _____, _____, by and between _____ (referred to in this Agreement as "Service Provider"), and _____ (referred to in this Agreement as "Agent"), and Allstate Insurance Company as a direct third party beneficiary of this Agreement (referred to in this Agreement as "the Company").

WHEREAS, the Company has entered into an agency agreement appointing Agent to act as its agent for the purpose of receiving and accepting applications for insurance and for selling certain specified products of the Company's subsidiaries and affiliates; and

WHEREAS, under the terms of the agency agreement, Agent has agreed to maintain the confidentiality of the Company's confidential information; and

WHEREAS, Agent has employed Service Provider to assist Agent in performing services under the agency agreement; and

WHEREAS, Service Provider will have access to certain confidential information of the Company;

NOW, THEREFORE, for and in consideration of the agreements, covenants, and conditions herein contained, the adequacy and sufficiency of which is expressly acknowledged by each of the parties hereto, the parties agree as follows:

1. The terms "employed" or "employment" as referred to in this Agreement apply to any service provided by the Service Provider as an employee, independent contractor, or in any other capacity.
2. Service Provider acknowledges that while assisting Agent in performing services under the agency agreement, Service Provider will have access to or will have disclosed to him/her confidential information concerning the Company, the disclosure of which could be harmful to the Company.
3. Confidential information includes, but is not limited to, business plans of the Company; information regarding the names, addresses, and ages of policyholders or prospective policyholders of the Company; types of policies; amounts of insurance; premium amounts; the description and location of insured property; the expiration or renewal dates of policies; policyholder listings and any policyholder information subject to any privacy law; claim information; certain information and material identified by the Company as confidential or information considered a trade secret as provided herein or by law; and any information concerning any matters affecting or relating to the pursuits of the Company that is not otherwise lawfully available to the public. Confidential information may be oral or recorded on paper, electronic data file, or any other medium.
4. Service Provider agrees that he/she will not at any time or in any manner, directly or indirectly, disclose to any third party or permit any third party to access any confidential information, except upon the written consent of the Company, nor will Service Provider use any confidential information for his/her own benefit, except for the purposes of assisting Agent in performing services under the agency agreement.
5. Any and all confidential information and all Company forms, manuals, records, and other materials and supplies furnished to Service Provider by the Agent will at all times remain the property of the Company and will be returned to the Company at any time upon the demand of the Company or upon the termination of Service Provider's employment by Agent.
6. Upon the termination of Service Provider's employment by Agent, Service Provider agrees to treat as confidential and not disclose, either directly or indirectly, to any third party any confidential information of the Company.

7. For a period of one year following the termination of Service Provider's employment by Agent, Service Provider agrees not to solicit the purchase of products or services in competition with those sold by the Company:
 1. With respect to any person, company, or organization to whom Agent, or any person employed by Agent, including Service Provider, sold insurance or other products or services on behalf of the Company, and who is a customer of the Company at the time of the termination; or
 2. With respect to any person, company, or organization who is a customer of the Company at the time of the termination and whose identity was discovered as a result of access to confidential information of the Company; or
 3. From any office or business site located within one mile of any locations from which the Agent solicited or sold Company insurance or other products or services during the year immediately preceding the termination.

In the event that such one year period or one mile distance exceeds the time or distance permitted by any applicable law, such period or distance will be automatically adjusted to the maximum period or distance permitted by such law. If any other provision in this paragraph 7 conflicts with any existing law, it will be applied to the extent permitted by such law.

8. Upon the termination of Service Provider's employment with Agent, Service Provider will immediately cease and desist from any and all use of Company service marks and trade names. Service Provider will immediately return to the Agent or the Company all property bearing any company service marks or trade names, or dispose of such materials in the manner specified by the Company. If requested by the Company, Service Provider will execute an Order of Transfer of Responsibility for any telephone numbers in the Service Provider's name, which were used in connection with the conduct of business on behalf of the Company.
9. While employed by Agent, Service Provider agrees that he/she will not, either directly or indirectly, solicit, sell or service insurance of any kind for any other company, agent or broker, or refer a prospect to another company, agent or broker without the prior written consent of the Company.
10. Service Provider recognizes that a breach of any of the foregoing provisions will cause irreparable damage to the Company's business and that such damage will be difficult or impossible to measure. Service Provider agrees that in the event of any such breach, the Company, in addition to such other rights and remedies as it may have, will be entitled to an order granting injunctive relief from any court of competent jurisdiction against any act which would violate any such provision, without the necessity of posting a bond, and Service Provider waives any defense to an application for such order, except that the violation did not occur. Service Provider agrees that the Company will be entitled to an award of reasonable attorney's fees in the event that it is successful in an application for injunctive relief or in an action based upon breach of the foregoing provisions.
11. This Agreement supersedes and replaces any prior confidentiality and non-competition agreement between the parties hereto. The parties agree that the use of electronic signatures for the execution of this Agreement shall be legal and binding and shall have the same full force and effect as if originally signed.

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IN WITNESS WHEREOF, the parties hereby accept the terms of this Agreement.

Accepted by:

SERVICE PROVIDER	AGENT	ALLSTATE INSURANCE COMPANY
_____	_____	_____
(name)	(name)	(authorized representative)
_____	_____	_____
(date)	(date)	(date)

Exhibit B

INDEPENDENT CONTRACTOR MANUAL REVISION NOTICE

To holders of: Exclusive Agency Independent Contractor Manual **Date:** May 1, 2019
No: 33

From: 360° Finance and Distribution Strategy & Program Development

This is a complete revision of the Exclusive Agency Independent Contractor Manual. This version of the Manual replaces the previous version of the Manual, and each page of this Manual has a date of May 1, 2019. If you have a previous version of the Manual, please replace it with this version. The following highlights some of the changes that have been made to the Manual.

Section	Explanation of Change
Agency Evaluation	• Updated to provide the Agency Business Objectives effective April 1, 2019 and later for established agencies
Professional Liability	• Updated to provide the current Extended Reporting Period (ERP) options that are available upon termination
Waiting Period to Open a Start-up Agency	• Added a section to provide information regarding the eighteen (18) month waiting period that has been implemented (effective May 1, 2019) for existing and former agents who want to open a Start-up Agency or Enhanced Satellite Agency (ESA)

EXCLUSIVE AGENCY
INDEPENDENT CONTRACTOR MANUAL

(Applies to all states except New Jersey)

© Allstate Insurance Company, 2019

Preface

The following material is confidential and proprietary information which is the exclusive property of Allstate Insurance Company and may not be disclosed to third parties, other than outside advisors or as required by law, without first having obtained written permission from the Company.

The Exclusive Agency Independent Contractor Manual (Manual) is intended to explain and expand upon the provisions of the R3001 Agreement. The Manual is intended to be consistent with the express terms and conditions of the R3001 Agreement. To the extent that there is any conflict between any of the provisions of the Manual and the express written terms of the R3001 Agreement, the R3001 Agreement shall govern. The Company from time to time may amend the Manual, but such amendments shall not alter the independent contractor relationship between Allstate and an R3001 Agent.

References

- References to “he,” “him” or “his” in this manual are for readability purposes only and are intended to include both males and females.
- References to “you,” “your,” or “R3001 Agent(s)” include agents under the R3001 and R3001S Agreements and “Key Persons” under the R3001A and R3001C Agreements, or successor agreements, except as otherwise noted. These references also include the corporation or limited liability company, as appropriate, under the R3001A and R3001C Agreements.
- References to the R3001 Agreement include the R3001, R3001A, R3001S and R3001C Agreements, or successor agreements, except as otherwise noted. The R3001 Agreement and the R3001A Agreement (the former sole proprietor agreement and the former corporation/LLC agreement, respectively) are no longer offered.
- References to the Reference Guide mean the Exclusive Agency Independent Contractor Reference Guide.
- References to the Supplement mean the Supplement for the R3001 Agreement.

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R3001 EXCLUSIVE AGENT INDEPENDENT CONTRACTOR

Authority

R3001 Agreement

As an R3001 Agent, you are an exclusive writer for Allstate, except for certain types of business specified in the R3001 Agreement and the Supplement, e.g., residual market business and expanded market coverage business. In that capacity, you may receive and accept business subject to such restrictions on binding authority as may be established by the Company. The Company owns all business produced by you, except Assigned Risk, JUA, FAIR Plan, Flood, and other business as documented in the Supplement. You will have an **economic interest** in the Allstate customer accounts you develop as an R3000/R3001 Agent, as specified in the Supplement. You are able to realize such interest upon the termination of your R3001 Agreement with the Company, subject to the terms and conditions set forth in the Agreement.

Your authority to represent the Company is subject to the rules and procedures outlined in the R3001 Agreement, the Allstate Agency Standards, the Supplement and this Manual.

You may not execute a transfer of your interest in your R3001 Agreement or any interest in the business under the Agreement without the prior written approval of the Company. This includes, but is not limited to, any sale, assignment, conveyance or the granting of any lien, security interest, pledge, or mortgage. You must notify the Company of any proposed transfer of your interest and obtain prior written approval from the Company. If you are not transferring your entire interest, you must submit a Partial Transfer of Interest Approval Request Form ([Exhibit A](#) in the Reference Guide).

The Company retains the right in its exclusive judgment to approve or not approve such a transfer.

C Version of the R3001 Agreement

The C version of the R3001 Agreement has been developed as an option for R3001 Agents who form corporations or limited liability companies (LLCs).

Agents who execute the C Agreement must obtain an employer tax identification number from the Internal Revenue Service that must be input into the system of record (SAP). Future commissions will then be paid to the corporation or LLC. If, prior to forming a corporation or LLC, you used a social security number or a different employer tax identification number in the system, then the change in the form of legal entity must be effective the first day of the month and input into SAP the last workday of the prior month.

If the corporation or LLC is dissolved, the C (or A) Agreement automatically terminates. You are required to notify the Company immediately if the corporation or LLC dissolves. If you want to continue an agency relationship with the Company, you must execute a new R3001S or a new R3001C Agreement¹. A change from one agreement to another agreement executed by you because of a change in the form of legal entity will not be considered a transfer of interest, nor trigger a termination payment under the former agreement.

R3001 Agents who execute the C Agreement must obtain an agency license and/or registration for the business entity, if required by law. This agency license and/or registration is in addition to the Key Person's individual license. The agency license and/or registration must be obtained prior to the execution of the C Agreement.

Prior to execution of the C Agreement, the agency (corporation/LLC) must provide to the Company the full names and addresses of all officers, directors and any persons who own an interest in the corporation or LLC by completing an –Agency Ownership Disclosure Form ([Exhibit B](#) in the Reference Guide). Thereafter, the agency must promptly furnish the Company the full names and addresses of any new officers, directors or owners and submit a Partial Transfer of Interest Approval Request Form ([Exhibit A](#) in the Reference Guide) to request approval. The Company reserves the right in its exclusive judgment not to enter into the C Agreement, including but not limited to when any of the shareholders or members is:

- Another R3001 Agent
- An Exclusive Financial Specialist
- A Company employee
- A person who is acting as an agent or broker for another insurance company, including an Allstate Independent Agent
- A former agent or Exclusive Financial Specialist who was terminated for cause or by notice where he was required to immediately cease representing the Company
- A former Company employee if he was not eligible to purchase an R3001 Agency
- A person whom the Company determines in its sole discretion should not have an ownership interest in an R3001 Agency

Note: In instances where the shareholder or member is a spouse or other family member of the R3001 Agent, the Company will consider making an exception to the above limitations based on the facts and circumstances presented

¹ The R3001S Agreement is not available in Montana.

The agency (corporation/LLC) may not execute a transfer of its interest in the C (or A) Agreement without the prior written approval of the Company. This includes, but is not limited to, any sale, merger or assignment, in whole or in part, directly, indirectly, or contingently, of the Agreement or any rights or obligations under it. Neither the agency, nor any shareholders or members of the agency, shall transfer any shares of or interest in the agency, including but not limited to, any sale, assignment, conveyance or the granting of any lien, security interest, pledge, or mortgage thereof, without the prior written approval of the Company. The agency has the obligation to notify the Company of a proposed transfer of any interest in the Agreement or any shares of or interest in the agency by submitting an R4584 - Partial Transfer of Interest Approval Request Form ([Exhibit A](#) in the Reference Guide) to request Company approval. The Company retains the right in its exclusive judgment to approve or not approve such a transfer.

The Company reserves the right in its exclusive judgment not to approve the transfer of interest, including but not limited to when any of the shareholders or members is:

- Other R3001 Agents
- Exclusive Financial Specialists
- Company employees
- Any person who is acting as an agent or broker for another insurance company, including an Allstate Independent Agent
- Former agents or Exclusive Financial Specialists who were terminated for cause or by notice where they were required to immediately cease representing the Company
- Former Company employees if they were not eligible to purchase an R3001 Agency
- Any other person whom the Company determines in its sole discretion should not have an ownership interest in an R3001 Agency

Note: In instances where the proposed transferee is a spouse or other family member of the R3001 Agent, the Company will consider making an exception to the above limitations based on the facts and circumstances presented

See the Reference Guide for additional information on the C version of the R3001 Agreement.

Status as an R3001 Agent

As an R3001 Agent, you are **not** an employee of the Company. You have full control of your time and the right to decide how your agency will be managed. While you may choose to hire agency staff, including an office manager, our primary relationship is with you, as the agent or Key Person. Our communication, agency evaluation and recognition focus is with you, as the agent or Key Person.

The EA program is not designed for absentee owners who maintain a long-distance relationship with the agency and Company management. You must remain **actively involved** in the operation of your agency. The Company entered into an agency relationship with you based on your experience and your ability to provide quality service and sales. If you have formed a corporation or limited liability company (LLC) and are under the C (or A) version of the R3001 Agreement, the Key Person requirement ensures that you will be actively involved in the operation of the business. Our expectation is that you will have regular in-person contact with your agency and that you will live within a reasonable distance to your office to allow for active involvement in the agency. We also expect you to be reasonably available in your market to meet with Company representatives to discuss market objectives, your agency's business results, legal compliance, and to learn of new products, services, policies and procedures.

Brokering

As an R3001 Agent, you may not directly or indirectly solicit, sell or service insurance of any kind for any other company without prior written approval from the Company. However, you may write Assigned Risk, JUA, Facility, FAIR Plan, Flood, California Earthquake Authority, and expanded market coverage business, as authorized by the Company. You are not authorized to charge a fee in addition to the policy premium for writing this business, except as documented in the Supplement. Although you would not be precluded from having a passive financial investment in an independent agency, the R3001 Agreement prohibits an agent from, either directly or indirectly, soliciting, selling, or servicing insurance of any kind for any other agent or broker. Any involvement in an independent agency's business operation would be prohibited as it would constitute indirect soliciting, selling, or servicing insurance and thus violate the R3001 Agreement.

Referring Business to another Company, Agent or Broker

You may refer business not acceptable to Allstate as a gratuitous service to an insured, or prospect, as long as you have no involvement with the referral business other than to give out names, addresses and phone numbers. However, you are cautioned against consistently referring business to the same agent or broker. The Company only authorizes referrals on an informal basis within the local market. We do not authorize referrals through any type of centralized brokering mechanism not approved by the Company. Please note that the referral of business to an independent agency in which you have either a direct financial interest or an indirect financial interest (e.g., spouse has ownership interest) is not considered gratuitous and is not authorized.

Receiving Residuals on Business in Which R3001s Have a Vested Interest

You may receive residuals on insurance business you wrote through another company before you came to Allstate and in which you have a vested interest. However, you are **not** authorized to have any ongoing involvement with former customers; you may not continue to perform any type of service work.

If you do not become a registered representative² of Allstate Financial Services, LLC³, you will be permitted to retain any FINRA licenses you obtained prior to being appointed by the Company (provided you meet FINRA requirements) solely for the purpose of receiving trailing commissions (residuals) on business you produced for another company prior to your appointment. However, you may not place any further business (variable annuities, variable life, and mutual funds) or perform any service work for customers of the other company.

Quality Control

Allstate Agency Standards

As an R3001 Agent, you are responsible for ensuring that your agency provides services which meet the standards contained in the [Allstate Agency Standards](#) at all times. The Allstate Agency Standards includes operating standards which help Allstate obtain its business objectives and help ensure compliance with laws and regulations. The Allstate Agency Standards and this Manual are not intended to be inclusive of all important compliance issues.

Customer Service Expectations

The customer service expectations ensure that the identified expectations of our customers are met on an ongoing basis at all Allstate locations. The identified expectations include, but are not limited to:

- Be accessible
- Treat with respect
- Handle requests accurately and in a timely manner
- Offer coverage choices to help meet individual needs

Customer Service Standards

Customer satisfaction is a critical Allstate objective. Customer service standards ensure that the identified expectations of our customers are met on an ongoing basis at all Allstate locations. The Allstate Customer Experience Survey (ACES) asks customers to rate us on several different touchpoints including:

- Agency
- Billing and Payment
- Contact Center
- Claims
- Coverage
- On-boarding
- Policy Change
- Premium Increase
- Price

² All appointments after 8/1/2000 must affiliate with Allstate Financial Services, LLC.

³ LSA Securities in the states of PA and LA

- Renewal
- Website

ACES is conducted on a regular basis, performance reports are typically made available on a monthly basis, and it is experience based – meaning we only ask Allstate customers about the services they have actually experienced in the past 12 months.

ACES produces two metrics: the Allstate Promoter Score (APS) and the Agency Experience Score (AES).

- The Allstate Promoter Score (APS) is a net score based on “likelihood to recommend Allstate.” This metric is included in “Enterprise Reporting” to business leadership in Home Office and the field. It is focused on measuring and improving the business.
- The Agency Experience Score (AES) is the agency owner metric and is comprised of two elements: the “Net Satisfaction Score” that includes overall agency satisfaction and answers to key agency touchpoint satisfaction questions (such as satisfaction with ease of contact and timely handling of requests) and a “boost” based on offering to review a customer’s insurance needs. This metric is included in “Agency Experience Reporting” to agents and field sales leaders.

Office Availability

You have complete and sole discretion in determining how to staff your office and the time in which you are physically present, as long as your agency(ies) is open for business as appropriate in the market to provide a proper level of customer service. This applies to all agency locations including satellite locations.

- Agencies must be open a minimum of forty-four (44) hours per week
- All agencies must be open during the “core” business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday
- Agencies may choose, at their discretion, to be open additional hours to provide a proper level of customer service
- A person licensed to sell, solicit, and negotiate insurance must be present during all required agency hours. Adequate licensed personnel should be available during business hours to speak with the customer.
- All phones used by an agency to conduct Allstate business must be forwarded to the appropriate 24-hour customer service center outside of an agency’s normal business hours and removed from forwarding by 9:00 a.m. the following business day

Knowledge of Company Products and Services

We are in a highly regulated industry and have a responsibility to customers to provide them with accurate information about our products and services.

Accordingly, as requested by the Company, you will be required to demonstrate your knowledge of the Company products you are authorized to sell, as well as of federal, state, or local laws, rules, regulations and ordinances affecting your agency operation. If you are unable to demonstrate your knowledge of any product, the Company reserves the right to deny you the authority, or withdraw your existing authority, to sell that product until you demonstrate such knowledge. The same requirement applies to any Licensed Sales Professionals in your agency.

Additionally, you, or an appropriate representative from your agency, will be required to attend certain educational meetings to learn about changes to our products or services, or about legal compliance issues. Examples of required educational meetings would include:

- Meetings to disseminate information on products, policies, procedures, processes, and programs which are necessary to ensure compliance with state and federal laws and regulations, or to avoid legal liability and loss of goodwill in the marketplace
- Education mandated by the Department of Insurance

From time to time, the Company may also conduct for your convenience meetings concerning sales techniques or other issues. You are invited, but not required, to attend such meetings.

Maintaining a Professional Office Environment

All agencies must maintain a professional office environment that is suitable for conducting Allstate business.

Agency Evaluation

The Company will evaluate your agency's results through Agency Business Objectives (ABO).

Countrywide (excluding Michigan and New York)

Effective April 1, 2019 and later, for Established Agencies, standard auto production will be considered when evaluating your agency's performance. This requirement must be met on a monthly basis:

- 6 new business Standard Auto items¹, per Established Agency rolling up to the bonus primary. Results will be viewed cumulatively.

Each month that the ABO production minimums are not met, you will receive a formal email. On a moving 12-month period, a formal consultation will be offered to you if you do not achieve ABO results for 3 out of the past 12 months. Your Sales Leader will also follow up regarding your production results if ABO minimums are not achieved 6 out of the past 12 months. If you do not achieve ABO results for 8 out of the past 12 months, your agency will be considered for termination.

Michigan and New York only

Effective April 1, 2019 and later, for Established Agencies, standard auto production will be considered when evaluating your agency's performance. This requirement must be met on a monthly basis:

- 4 new business Standard Auto items¹, per Established Agency rolling up to the bonus primary. Results will be viewed cumulatively.

Each month that the ABO production minimums are not met, you will receive a formal email. On a moving 12-month period, a formal consultation will be offered to you if you do not achieve ABO results for 3 out of the past 12 months. Your Sales Leader will also follow up regarding your

production results if ABO minimums are not met 6 out of the past 12 months. An additional follow up will occur if the minimums are not met 8 out of the past 12 months. If you do not achieve ABO results for 10 out of the past 12 months, your agency will be considered for termination.

The results for all Established Satellites located in the same state as the primary agency will be combined with their primary agency, and production minimums will be adjusted to reflect the additional location. For Established Satellites that cross state lines, results are combined for any locations that are within the same state.

You will be required to acknowledge your monthly results via ABO Acknowledgement in DASH. Your monthly ABO results are also available in DASH via the *ABO Agent Validation Report*.

As an R3001 Agent, you have the right to determine the manner and means by which these business objectives are met. The Company may establish different key areas for evaluating your agency's results at its sole discretion.

As a Company, we are committed to assisting you in being successful and in generating revenue to grow your agency and meet your income goals. We are also committed to meeting Allstate's business objectives. If your agency is not meeting the Agency Business Objectives, you will be expected to address the deficiencies displayed on the *ABO Agent Validation Report*. Other relevant topics that we may consider in evaluating your agency operation and our business relationship include, but are not limited to:

- Compliance with Company policies, procedures, and contracts, including the Allstate Agency Standards, and all applicable laws and regulations relating to the conduct of business under the R3001 Agreement
- Adherence to ethical standards
- Quality of business
- The type and quality of customer service provided by your agency, including the Customer Service Standards
- Market penetration within your marketing area
- Multi-line sales
- Understanding of our existing products, new products, and industry changes
- Cooperation in adopting marketing approaches consistent with the Company's strategic direction
- Maintaining a professional business location
- Improvement in areas in which the agency's results are deficient
- Compliance with the terms and conditions of the R3001 Agreement
- Any activities that may subject the Company to liability or loss of goodwill, or are otherwise detrimental to the business interests of the Company

As an R3001 Agent, you will be expected to maintain a professional business relationship with the Company, and when requested, to meet with Company representatives at mutually convenient times to discuss various business topics. Also, since you are conducting business with the public under the Allstate name, Company representatives and/or its designees should be permitted access to your agency to review compliance with the R3001 Agreement during agency business hours.

Use of Agency Name or D/B/A with Allstate Name

As an R3001 Agent, you may use your agency name or d/b/a, e.g., John Doe Insurance Agency, Doe Insurance Agency, J. Doe Insurance Agency, Inc., XYZ, Inc., d/b/a John Doe Insurance Agency along with the Allstate name, or any Company service marks on specific items.

The [Allstate Brand Central](#) Website contains information on various items that may contain your agency name or d/b/a along with Allstate's name or Company service marks, including:

- Business cards
- Company-approved advertising and marketing materials
- Business correspondence
- Office decals
- New signs: A new sign will only be provided for a **new** location upon becoming an R3001 Agent, or if you decide to relocate based on the Company's request, or to personalize a sign if you are a buyer of an existing R3001 Agency. New signs will not be provided if you are relocating at your request. The cost of signs for the purpose of changing your name will be your responsibility.

Permission to use your agency name or d/b/a with the Allstate name, or any of the Company's service marks, is contingent on the following criteria being met:

- The agency name must not include the Allstate name or any of the Company's service marks or program names or any parts of them, e.g., Doe Allstate Agency, Doe Good Hands Agency, Doe Exclusive Agency, Inc., Allserve Insurance Agency, Allstar Agency
- The agency name must be appropriate for the insurance business and Allstate's corporate image
- The agency name must not infringe on the proprietary rights of others in the insurance or closely related businesses
- The agency name must not mislead customers or potential customers as to the nature of the services provided
- The agency name must not create a situation that is detrimental to Allstate's business interests
- The agency name must not be the same as that of another agency in the market, except that a Satellite Agency or Enhanced Satellite Agency may use the same name as the original agency
- The agency name must not include any professional designations
- The agency name must be approved by, and/or registered with, the appropriate state agency(ies), where required by law. Also, any applicable d/b/a requirement must be complied with.

The entity name or d/b/a may not be used with the Allstate name or service marks if, in the Company's sole discretion, the name or d/b/a is inappropriate. In a situation where an entity name is inappropriate to use with the Company's name, you could keep the entity name the same, but would have to adopt an acceptable d/b/a for use with the Allstate name.

Licensing/License Renewal

The initial cost to obtain a license as well as the cost to renew a license, including those for your Licensed Sales Professionals, will be incurred by you and not the Company.⁴

In those situations where the state requires appointments to represent Allstate Insurance Company, and its subsidiaries, the Company will pay the appointment fees for you, your corporation or limited liability company, and your Licensed Sales Professionals.

The Company will pay the fees to cancel your appointment if your agency relationship with the Company terminates. We will also pay the fees to cancel the appointments of your Licensed Sales Professionals. You must notify the Company immediately if a Licensed Sales Professional stops working in your agency or loses his license.

If you participate in any of the Ivantage expanded markets programs, additional licenses or bonds may be required. Some programs may require appointments. Costs associated with these requirements may be your responsibility.

Failure to Maintain Active Insurance Licenses

R3001 Agents are required to have insurance licenses for property and casualty and for life and health.

If you have been notified by the insurance department that your agent license is no longer active, you must notify the Company immediately. Selling insurance without a license may subject you or the Company, or both, to regulatory action and possible penalties.

The R3001 Agreement automatically terminates upon the loss of any required agent license. If you still want to maintain an agency relationship with the Company, and if you meet the necessary state requirements (including continuing education) and you reinstated your license within thirty (30) days of notice of the license termination, at the Company's discretion, you may submit a written request for reinstatement of your R3001 Agreement. You will keep your same agent number. In the meantime (i.e., upon termination of the agreement and prior to reinstatement of the license):

- You will cease any activities that require an agent license, including but not limited to soliciting insurance, discussing coverages and limits, completing applications and service request forms to include the binding of coverage
- You may continue to perform those activities that do not require an agent license

⁴ Except in South Carolina

- You will not receive commissions during this period, except to the extent permitted by state law; however, your production and commission statements will reflect any new and/or renewal business processed and recorded during this period. Regardless of when you sign a new agreement, the Company will **not** go back and give you the commissions on the business processed and recorded during this period. Further, any subsequent chargeback activity to any policies recorded during this period will **not** be adjusted to reflect your not being paid on it initially.

It is important to note, however, that if you fail to meet the licensing requirements within thirty (30) days, the termination processing will continue and at that point, you should refer to the Sale of Agency and Termination Payment sections in this Manual for information about the sale of agency and termination payment options that may be available.

Remember, too, that prior to executing the C Agreement, you must obtain the proper agency license, if required by state law, in addition to any individual license. Failure to have an active agency license will also trigger termination of your R3001C (or A) Agreement.

Series 6 & 63 Licensing

For agents signing an R3001 Agreement 8/1/2000 or after and for R3000 Agents who converted to R3001 status after 05/01/2003, an agent has to obtain and maintain the Series 6 and Series 63 (where required by state law) licenses. Agents who have signed R3001 Agreements effective 6/1/2006 or after and are currently affiliated with Allstate have within 24 months from their R3001 Agreement effective date to obtain their Series 6 and Series 63 (where required by state law) licenses.

If these licenses are not obtained within the allotted timeframe, the agency's R3001 Agreement may be terminated. Also, please see the box below regarding unique situations for Series 6 and Series 63 licensing.

Agents terminated as a result of failure to obtain their Series 6 & 63 licenses will receive the 90-day termination notice pursuant to Section XVII. of the Allstate R3001 Exclusive Agency Agreement and the Company Initiated Termination section of this Manual. This 90-day notice is **not** intended as an extended opportunity to obtain Series 6 & 63 licenses.

Some regions, due to market conditions or business plans, may require Series 6 & 63 licensure:

- Agents appointed prior to 8/1/2000 and conversions on or prior to 5/1/2003 may be required by the FSVP to obtain their 6/63 licenses should they choose to open a Satellite Agency or ESA.
- If agents appointed 8/1/2000 and later or conversions after 5/1/2003 have not yet obtained their 6/63 licenses and want to open a Satellite Agency or ESA, the FSVP may require interested agencies to obtain their 6/63 licenses before opening a Satellite Agency or ESA.

Your Sales Location

As an R3001 Agent, your agency location or place of doing business must be in a commercial office. The Company will determine in its sole discretion the number of agencies, Satellite Agencies, Enhanced Satellite Agencies, and local agency extensions in a market based upon the local market conditions.

See the [Reference Guide](#) for information on selecting an office site, relocating your office, negotiating a lease, and setting up your office.

Local Agency Extensions

As an R3001 Agent, you may operate one or more local agency extensions (LAEs). These extensions of your agency are intended to provide an alternate means of marketing your agency's services within an existing complementary business establishment in the local marketplace.

The following requirements apply to the operation of an LAE:

- Location:** The location of the LAE is subject to Company approval. The Company reserves the right to withdraw approval of an existing LAE location at its sole discretion.
- Equipment:** All technology hardware costs are your responsibility. In the event that any Allstate confidential and proprietary information is used in the LAE, it must be secured and available only to representatives of your agency.
- Signage:** No outside Allstate street signs are authorized
- Service Availability:** The hours of operation of the LAE must be posted and your agency identified. The LAE is not required to conform to the business hours designated in the Office Availability section of this Manual; you determine the appropriate level of service for the market the LAE is in. The LAE must be staffed by you or a Licensed Sales Professional during all hours of operation.
- Advertising:** The business in which an LAE is located may notify its customers or include in its advertising that a representative of a local Allstate agency is available on premises to provide a full array of insurance services. However, the business may not use any of our service marks, including the Allstate logo, or make any representations about our products or services. The phone number of the LAE will not be listed as a separate Allstate location in Allstate Yellow Pages advertising, and you may not advertise your LAE on your Allstate agency home page.
- Legal Compliance:** You must comply with any laws and regulations that apply to operating a local agency extension. (For more information refer to Legal Compliance in the Reference Guide.)

Satellite Agencies and Enhanced Satellite Agencies

In order to operate a Satellite Agency or an Enhanced Satellite Agency (ESA), your primary agency must be under the R3001S (or C) Agreement. You must execute a separate R3001S (or C) Agreement for the Satellite Agency or ESA. The ESA must also sign the ESA Letter of Understanding. The primary agency and Satellite Agency (or ESA) must have the same Key Person (you), if you are operating under the R3001C Agreement. You must comply with any laws and regulations that apply to operating a Satellite Agency or an ESA. The Company reserves the right to make changes to, or discontinue, the program, including eligibility requirements, at any time, without prior notice to the agent.

Satellite Agencies and ESAs are allowed to cross both state and regional lines from their primary locations. In order to cross regional lines, all regional Field Senior Vice Presidents impacted must provide approval.

Please see the Supplement for the R3001 Agreement for the definitions of Satellite Agencies and Enhanced Satellite Agencies.

Eligibility Requirements

In order to be considered for a Satellite Agency or ESA location, you must meet the then current qualifications established by the Company. Please note that the creation of a Satellite Agency or ESA is always subject to final Company approval.

Satellite Agency and ESA Locations

A Satellite Agency or ESA location should have a different market reach than any of your other agency locations, but you should be actively involved in the operation of each location. Since the Satellite Agency or ESA location should be in a different market than any of your other agency locations, the satellite agency should function as a separate and independent business. As such, you will not be allowed to close the Satellite Agency or ESA location and merge the accounts with another of your agency locations (or vice versa, close another of your agency locations and merge the accounts into the Satellite Agency or ESA location).

It is prohibited to issue business through the Satellite Agency or ESA location that originated in any of your other agency locations. Likewise, it is prohibited to issue business through any of your other agency locations that originated in the Satellite Agency or ESA location. Furthermore, policies cannot be transferred between agency locations, unless the customer requests the change.

Scaled Support for Buyers (SSB) Pilot Program– Discontinued Effective June 30, 2009⁵

If you have an agency under the SSB program that is also a Satellite Agency, the Satellite Agency location should have a different market reach than any of your other agency locations, but you should be actively involved in the operation of each location. Since the Satellite Agency location should be in a different market than any of your other agency locations, it would not make good business sense to close the Satellite Agency location and merge the accounts with another of your agency locations (or vice versa, close another of your agency locations and merge the accounts in

⁵ The last group of SSB appointments occurred on June 1, 2009. Agencies that are currently participating in the SSB program will remain in the program.

the Satellite Agency location). It is prohibited to issue business through the Satellite Agency location that originated in any of your other agency locations. Likewise, it is prohibited to issue business through any of your other agency locations that originated in the Satellite Agency location. Furthermore, policies cannot be transferred between agency locations, unless the customer requests the change.

In situations where the R3001 Agreement for an agency under the SSB program is terminated, mergers of the agency under the SSB program with another of the agency owner's locations will not be permitted, and the agency owner will need to either sell the economic interest (to an Allstate-approved buyer) of the agency under the SSB program or elect the TPP.

See the Supplement for the R3001 Agreement regarding additional information on the SSB program, including the compensation components agencies under the SSB program are eligible to receive.

Change of Sales Location

As an R3001 Agent, you have the right to change your sales location, subject to Company approval and guidelines. You will normally be responsible for the expenses associated with moving your sales location.

Sharing Space with another Business

The Company will not approve an agency, Satellite Agency, Enhanced Satellite Agency, or local agency extension location if you share space with a doctor, lawyer, insurance broker, an agent of another insurance company, a broker or representative of another financial services company offering competing products, or with persons engaged in certain other occupations or businesses as the Company may determine.

In the event that the sharing of space with another business makes good business sense in your judgment, Company approval must be obtained. If the sharing of space with another business is approved, there must be a separate space with a separate sign. Phone numbers, fax numbers, business cards and advertising must also be separate. The public must be able to easily distinguish who provides what service.

Our association with other businesses can positively or negatively impact Allstate's reputation. Therefore, the factors that the Company will consider in evaluating the proposed sales location include, but are not limited to, the following:

- The nature of the other business
- Whether the business has a natural tie-in with insurance
- Any possible conflict of interest that might be created
- The reputation of the other business in the community
- Whether the other business has a professional environment and neat appearance
- The security available for Allstate equipment and information
- Whether there are any obvious customer service problems associated with the other business

Conducting Other Businesses

As an R3001 Agent, you may be involved in other businesses. However, you may not be involved (other than through a passive financial interest) in any insurance or other business in which insurance products or mutual funds are sold. It is the intent of the Company that any other business conducted by you should be clearly separate and distinct from Allstate in the eyes of the customer. The public must not be led to believe that the other business is sponsored by, or is in any way connected to, any of the Allstate companies. You must provide separate signs, telephones (including fax lines), business cards, advertisements, etc., for the other business. If the business is conducted in your agency, Satellite Agency, or Enhanced Satellite Agency location, it must be done in a separate space and the business must be clearly identified by its full corporate name or trade name. Additionally, the business must not be of a type or conducted in a manner that is detrimental to the business interests of the Company, subjects the Company to liability or loss of goodwill, or damages its reputation or image in the community.

Agency Staff

As an R3001 Agent, you may choose to employ an unlimited number of agency staff. These individuals are not employees of Allstate. Except for Licensed Sales Professionals (see Licensed Sales Professionals section below), your agency staff does not need to be approved by the Company. You are solely responsible for determining all aspects of your agency staff's relationship with you, including wages, hours, and working conditions subject to all contracts, federal, state or local laws, ordinances, rules, and regulations regarding employees. This also includes decisions to hire, transfer, suspend, lay off, promote, discipline, and discharge agency staff. The Company plays no role in those decisions. You are responsible for all salaries and other compensation. Any compensation or benefits package made available to agency staff will be at your sole discretion. In addition, you are responsible for proper withholding and the payment of appropriate federal, state and local income taxes, FICA, and federal and state unemployment taxes. You are accountable for the conduct of your agency staff. You must ensure that all agency staff comply with all laws affecting your agency operation and meet the Company's standards with respect to ethical business practices.

To comply with state licensing and safeguarding laws, you will be required to utilize the Manage My Staff (MMS)⁶ tool to add, terminate, and verify licensed and unlicensed agency staff. Each agency staff member employed by you will be required to sign the Confidentiality and Non-Competition Agreement.

Licensed Sales Professionals

If you use Licensed Sales Professionals (LSPs) as part of your agency staff, you must have them approved and where required, appointed by the Company before they can solicit, sell or bind insurance for your agency. Your LSP may not solicit, bind or service business that is for another insurance agency or company other than Allstate that is not authorized by Allstate. The authority granted by the Company for an agency staff member to act as an LSP, including the binding of coverage, can be withdrawn or limited by the Company at any time in its sole discretion.

⁶ Refer to the Manage My Staff (MMS) subsection for more information.

Your LSP may generate new business both inside and outside of your agency, Satellite Agency, Enhanced Satellite Agency or LAE.

Although you have the discretion to determine how you will use your LSPs, you must comply with the following requirements and procedures.

Licensing

LSPs must meet specific licensing requirements to obtain an Allstate appointment. They must hold a valid state insurance license for each line of insurance to be bound. This license must be the same as the license that you hold.

Binding Authority Approval

In order for an LSP to be approved by the Company for binding authority, he must first provide information concerning his background which will be verified by the Company (the Company will pay the cost of the background check). If an acceptable verification is received, he must then:

- Have and maintain the necessary insurance licenses
- Successfully complete the Allstate educational requirements
- Sign the Confidentiality and Non-Competition Agreement
- Obtain Company approval

Written approval **must** be received from the Company in order for binding authority to be extended to the LSP. After adding the LSP to MMS as licensed, you will receive an email containing the link to on-line paperwork. This email will be sent from the AAPCDPT mailbox. You and your LSP must complete the on-line paperwork and your LSP must meet the regional binding education requirements. The Company will notify you of your LSP's binding authority approval, once all requirements are met, via the Binding Authority Approval form ([Exhibit H](#) in the Reference Guide). Once approved by the Company, the LSP will have up to the same binding authority as you. You will determine the level of authority based upon your judgment regarding the LSP's product knowledge, sales skills, people skills and overall expertise in writing good quality business.

All applications bound by the LSP must be completed and remitted in compliance with established policies and procedures.

Signature Procedures

The LSP is required to sign each application with his name, date it, and place his producer number on the application, as the writing agent.

Brokering

Your LSP may solicit and bind Allstate products and services and Assigned Risk and other state insurance plans as well as solicit and service Ivantage expanded markets programs, as authorized by Allstate.

Your LSP may not solicit, bind or service business that is for another agency or insurance company other than Allstate or that is not authorized by Allstate.

Agent Responsibilities

You are the person ultimately responsible for all sales and service activities of your LSP since he is acting under your direction or control. His representations will be attributed to you. It is your responsibility to be certain that your LSP is fully trained and prepared to represent Allstate well as a professional with the highest integrity.

You must ensure that certain responsibilities are met, including:

- Maintaining a valid insurance license. You are responsible for providing to the Company annual proof that the LSP has a valid license. You must immediately notify the Company if the LSP ceases to work for you or loses his license so Allstate can withdraw sponsorship of the LSP's license. You must also use Manage My Staff (MMS)⁷ to verify, add or terminate licensed agency staff.
- Compliance with Company policies and procedures, including the [Allstate Agency Standards](#), and all applicable laws and regulations relating to the conduct of business under the R3001 Agreement
- Providing a proper level of customer service
- Compliance with the standards described under Ethical Standards in the Conduct of Business
- Obtaining accurate and truthful information on all applications
- Meeting all quality verification and administrative requirements
- Providing the education and development necessary to avoid errors and omissions (E&O) activity. With E&O coverage through CalSurance, your errors and omissions protection is extended to your LSP for authorized sales and service activities. Any errors and omissions situation resulting from the actions of your LSP will be treated just as if it resulted from your own sales and service activities.

As with any member of your agency staff, the LSP must sign the appropriate Confidentiality and Non-Competition Agreement.

Manage My Staff (MMS)

Manage My Staff (MMS) is an online tool for managing agency staff information. It is used to add, terminate, and verify data for licensed and unlicensed agency staff. MMS streamlines the process for verifying completion of confidentiality/non-compete agreements and provides the enhanced ability to monitor compliance with state licensing/appointment regulations.

⁷ Refer to the Manage My Staff subsection for more information.

MMS is intended to be used for agency staff. MMS may not be used:

- to create support staff IDs for other Allstate agents or financial specialists working in your office, or
- to create fake IDs (IDs not tied back to a specific agency staff, i.e., Front Desk, Staff, etc.), or
- to create staff IDs for yourself in your own office.

Insurance

As an R3001 Agent, you will be required to provide certain insurance coverages for your agency at your expense. Allstate will need to be named as an additional insured where specified. Any change in coverage or cancellation will require at least thirty (30) days' prior written notice to Allstate. You are required by Allstate to provide proof of insurance to the Company upon request. If the policies do not provide adequate protection, Allstate will advise you of this and will expect compliance with these requirements within fifteen (15) days. If you do not purchase the required insurance, Allstate may obtain the necessary coverage at your expense.

The following coverages are required:

- Workers' Compensation including Employers Liability for any person employed
- Commercial General Liability
- Professional Liability (Errors and Omissions)

Specific limits and carrier information follow.

Workers' Compensation/Employers Liability

You are required to carry Workers' Compensation insurance regardless of whether it is required by law. However, you, as the agent or Key Person, acting as the employer, do not have to be covered under the policy unless it is legally required under state law. If you are contracting for agency staff through a staffing vendor, the vendor should provide Workers' Compensation/Employers Liability insurance. If the staffing vendor does not provide Workers' Compensation/Employers Liability insurance or you are using a payrolling service, then you will have to provide this coverage. The Workers' Compensation insurance must include Other States insurance, with a waiver of subrogation rights against the Company - Statutory limits, and Employers Liability with a waiver of subrogation rights against the Company:

- \$100,000 bodily injury per accident
- \$100,000 disease per employee
- \$500,000 policy aggregate

Note: Workers' Compensation pays benefits prescribed by statute to a worker who sustains an injury arising out of and in the course of employment. Benefits are governed entirely by applicable statutes. Employers Liability protects employers from suits brought by injured employees or their families that may fall outside the exclusive remedy provided by Workers' Compensation. An example of an Employers Liability suit would be one brought by family members for loss of consortium.

Commercial General Liability

You are required to carry Commercial General Liability coverage covering liability for bodily injury and property damage with Allstate as an additional insured and a severability of interest/cross liability endorsement. The required minimum limit is a \$500,000 combined single limit.

This coverage, in most cases, may be purchased through Allstate via a Commercial General Liability or Business Owners policy; however, you may also use another carrier's plan. The choice is yours.

Professional Liability (Errors and Omissions)

Allstate Sponsored Group E&O Program

As an R3001 Agent, you are required to maintain an Errors and Omissions (E&O) insurance policy with a minimum per claim and aggregate limit of \$1 million, with legal defense in addition to this limit.

Except for New York R3001 Agents, all R3001 Agents must obtain their E&O insurance through the broker, CalSurance, with coverage currently being provided by Allianz. In addition to the minimum per claim and aggregate limit of \$1 million, increased limits are available for \$2 million, \$5 million or \$10 million per claim and aggregate through CalSurance. If you have a Series 7 license, you must also obtain the Securities 7 Coverage Extension for an additional premium.

There is a \$1,000 deductible for each claim per agent for products and/or services of Allstate Insurance Company and/or its subsidiaries and affiliates and a \$5,000 deductible for each claim per agent for Expanded Market products and/or services, which are non-Allstate products and/or services for which you are authorized to sell. These deductibles only apply to Damages (indemnity payments made) for each E&O claim under the group program. There is also a \$15,000 aggregate deductible per insured per policy period.

Effective October 1, 2011

The standard deductible on claims reported during the current policy period will increase if the insured has more than two claims with a Damages payment reported against the prior three policy periods. The following types of claims are not included: claims involving an underlying ISO certified catastrophe loss event, claims or potential claims with no payment, and/or claims with Defense Cost payment only.

The sliding deductible schedule is as follows:

For insureds with three claims reported in the prior three policy periods, the deductible for the next claim reported during the current policy period that does not involve an underlying ISO certified catastrophe loss event will be:

- \$ 2,000 each claim for products and/or services of Allstate Insurance Company and/or its subsidiaries and affiliates
- \$ 6,000 each claim for Expanded Market products and/or services
- \$15,000 aggregate deductible each insured per policy period

For insureds with four claims reported in the prior three policy periods, the deductible for the next claim reported during the current policy period that does not involve an underlying ISO certified catastrophe loss event will be:

- \$ 3,000 each claim for products and/or services of Allstate Insurance Company and/or its subsidiaries and affiliates
- \$ 7,000 each claim for Expanded Market products and/or services
- \$15,000 aggregate deductible each insured per policy period

For insureds with five or more claims reported in the prior three policy periods, the deductible for the next claim reported during the current policy period that does not involve an underlying ISO certified catastrophe loss event will be:

- \$ 4,000 each claim for products and/or services of Allstate Insurance Company and/or its subsidiaries and affiliates
- \$ 8,000 each claim for Expanded Market products and/or services
- \$15,000 aggregate deductible each insured per policy period

The deductible will not exceed \$4,000 each claim for products and/or services of Allstate Insurance Company and/or its subsidiaries and affiliates or \$8,000 each claim for Expanded Market products and/or services, regardless of the number of claims in the prior three policy periods.

The aggregate deductible limit that applies for all claims first made against the Insured and reported to the Company during the policy period will not exceed the amount stated above. The aggregate deductible limit applies separately to each consecutive annual policy period.

The deductible for claims involving an underlying ISO certified catastrophe loss event will be \$1,000 each claim for claims involving products and/or services of Allstate Insurance Company and/or its subsidiaries and affiliates and \$5,000 each claim for claims involving Expanded Market products and/or services

The Allstate Exclusive Agent policy is intended to cover the named insured (you) and all your employees, leased employees and/or temporary employees (unlicensed and licensed) assisting you in your insurance activities while acting within the scope of their duties as employees. The Allstate Exclusive Agent policy also includes coverage for Licensed Sales Professionals (including those with securities licenses) while engaged in rendering professional services on behalf of the named insured. Licensed Sales Professionals are covered within your limits of liability at no additional cost. The coverage is not restricted to a single agency location. Separate coverage must be obtained, however, if you have more than one corporate entity under which you do business. You may want to consider purchasing a higher limit if you have Licensed Sales Professionals or are operating a Satellite Agency, Enhanced Satellite Agency, or Local Agency Extension.

Coverage must be purchased via the CalSurance website at www.calsurance.com/allstateagent. To log-in, input your name and your 6-digit agent number (e.g., a020205 or 41-20205 should be input as 020205). The application will automatically be pre-filled. To complete online enrollment, select one of three payment methods: full payment by credit card, full payment by ACH (electronic check payment), or payment installments by ACH (first installment at time of enrollment, second installment on 10/1, and final third installment on 11/1). When you complete the online enrollment process through CalSurance, you will be able to print an “Errors and Omissions Insurance Certificate” as proof of E&O coverage immediately.

As an existing R3001 Agent participating in the Allstate Sponsored Group E&O Program through CalSurance, you will receive renewal notification at least 30 days prior to the next renewal. If the premium has not been paid by the day preceding the beginning of the next policy period, CalSurance will contact the Company. The Company will pay the premium for E&O coverage on your behalf (and Series 7, if you are Series 7 licensed) at the same limit of liability elected by you during the previous policy period. The full premium amount, plus a processing fee of 25% of the full premium amount, will then be automatically deducted from your commissions. Any attempt to pay after the expiration of the renewal enrollment period will be denied.

New R3001 Agents are required to purchase the necessary E&O coverage prior to appointment. The premium is prorated based on month of appointment and your payment options are limited to full payment by credit card or full payment by ACH (electronic check payment). In the event you do not purchase the necessary coverage within fifteen (15) business days prior to your appointment date, your agency agreement may be terminated.

Allstate will handle errors and omissions claims involving Allstate policies (including facility and Assigned Risk policies written by Allstate) where you are alleged to have made a mistake, but the policy or coverage is one that Allstate would have otherwise written (applies to claims reported on or after January 1, 1999). An example would be where you fail to add rental reimbursement coverage to an Allstate automobile policy as requested by the customer and that you agreed to procure (before an actual claim arose). In this example, Allstate will pay the claim once it is determined that an error or omission occurred as long as you had authority to bind the rental reimbursement and both you and the customer had agreed that you would procure the rental reimbursement coverage. Claims in which it is alleged that you made a mistake resulting in no coverage because the policy type or coverage was not offered by Allstate or you exceeded your binding authority in binding a risk that did not meet Allstate’s underwriting criteria or claims in which it is alleged you owed a duty to a customer which you breached (typically relates to inadequate or lack of coverage), are the types of claims where damages resulting from such error would ultimately be your responsibility and for which you should seek coverage under your errors and omissions policy through CalSurance. Claims alleging that you owed a duty to a customer that you breached can often be brought after the end of the agency relationship with Allstate and this is one of the reasons it is important for agents who are no longer active with Allstate to carefully consider purchasing the two-year, five-year, or Unlimited Extended Reporting Period coverage as described on the next page.

The policy provides not only coverage for insurance products, but also for authorized non-insurance products, such as Motor Club/Roadside Services, on behalf of Allstate Insurance Company and/or its subsidiaries and affiliates. The policy will also cover alleged mistakes involving a policy (or product) other than an Allstate policy, e.g., JUA, Fair Plan, or expanded market coverage business.

Remember that you should immediately report any potential errors and omissions claims to the local Market Claim Manager and Lancer Claims Services (the third party claims administrator). You are expected to cooperate in the investigation of potential agent E&O situations in order for the Company to avoid potential legal liability and loss of goodwill. Failure to cooperate in these situations may jeopardize your agency relationship with the Company.

Upon termination of your R3001 Agreement, your active E&O coverage ceases. An automatic one-year Extended Reporting Period (ERP) beginning on the date of termination is provided to report claims under the CalSurance E&O program, which arise out of an alleged act and/or error or omission that took place prior to the date of your termination (refer to CalSurance website for additional information). If your agreement is terminated and you then request a refund of your unearned E&O premium, your Automatic one-year Extended Reporting Period will be shortened to ninety (90) days from agreement termination and there will be no coverage for claims reported after 90 days from agreement termination which arise out of an alleged act and/or omission that took place prior to termination. Optional ERPs are available for purchase within sixty (60) days of the date of your agreement termination. Options include a two-year Extended Reporting Period for 100% of the last annual E&O premium, a three-year ERP for 130% of the last annual E&O premium, a five-year Extended Reporting Period for 200% of the last annual E&O premium, or an Unlimited Extended Reporting Period for 500% of the last annual premium. Last annual premium includes any additional coverage options such as the Securities and/or EPLI endorsement(s), if applicable.

See Additional Optional Insurance in the Reference Guide for information on other insurance coverages you may choose to carry.

New York R3001 Agents Who Choose Not to Obtain Insurance through the Allstate Sponsored Group E&O Program

As an R3001 Agent, you are required to maintain an Errors and Omissions (E&O) insurance policy with a minimum per claim and aggregate limit of \$1 million, with legal defense in addition to this limit.

As an R3001 Agent, you will receive renewal notification at least 30 days prior to the next renewal. If you choose not to participate in the Allstate Sponsored Group E&O Program, you still must provide proof of coverage to Allstate from the alternative insurance carrier. Certificates from the alternative insurance carrier must be provided to the HR Department by the communicated renewal deadline. If the necessary E&O coverage is not purchased by the communicated renewal deadline, coverage through CalSurance will be purchased on your behalf. The full premium amount, plus a processing fee of 25% of the full premium amount, will then be automatically deducted from your commissions.

It is your responsibility to ensure an E&O policy from the alternative carrier meets the requirements identified below:

- Minimum of \$1M per claim limit with a \$1M aggregate limit. Legal defense cost must be in addition to the limits of liability.
- Allstate Insurance Company and/or its subsidiaries and affiliates must be added as an additional insured for vicarious liability.
- Policy must include coverage for all Allstate and non-Allstate products you are authorized to sell and/or service including, but not limited to, residual markets, flood, bank and securities products.
- Coverage for Series 7 activities must be included if you, the agent, or one of your Licensed Sales Professionals maintains a Series 7 license.
- The policy must include coverage for all agency staff while engaged in the sale and/or servicing of products that you are authorized and approved to sell and/or service by Allstate.
- The retroactive date must be the effective date of the first date of contract with Allstate or the inception date of the first claims made Agent's E&O policy, which has been maintained in full force without interruption – whichever is earlier.
- The E&O insurer must carry an AM Best Rating A-, XIII or better. The E&O insurer must be an admitted insurance carrier.

Economic Interest in the Book of Business

You have an economic interest in the Allstate customer accounts developed under the R3000 and R3001 Agreements. That economic interest is a specifically defined, limited interest. Subject to the terms and conditions set forth in your R3001 Agreement, this Manual, and the Supplement, your economic interest in the book of business is comprised of only two elements:

- First, the economic interest includes the option, where applicable, of receiving a termination payment according to the terms of your R3001 Agreement, this Manual, and the Supplement
- Second, the economic interest includes the ability to transfer your interest as provided in the R3001 Agreement, this Manual, and the Supplement, subject to the Company's approval

No other rights are included within the terms "your economic interest" or "economic interest in the book of business." You do not have any ownership interest in any of the business written under the R3000 and R3001 Agreements or any previous agency agreement between you and the Company. You do not have any right to renewals or renewal commissions of any kind after termination of your R3001 Agreement. The Company retains ownership of each item of business and of the entire book of business, including renewals. You do not have any ownership interest in expirations, renewals, or in any information about the customers to whom you have sold Company business. All such information remains the property of the Company.

The economic interest includes both the assets and liabilities associated with that interest. This includes an economic interest that is purchased by you. Assets as referenced in this section may include, but are not limited to, commission interest (the right to receive commissions), termination payment eligibility, earned premium on both active and terminated policies, and positive policies in force and item growth. Liabilities as referenced in this section may include, but are not limited to, commission chargebacks, Allstate Financial (AF) production credit chargebacks, negative policies in force, negative item growth, and items such as losses (past, present and future) occurring

in a book of business that may disqualify you for particular bonuses, commission increases or other Company reward programs.

Assigning a Security Interest in the Economic Interest in an Allstate Book of Business in order to Obtain a Business Loan

You may collaterally assign a security interest in your economic interest in the business written under the R3000 and/or R3001 Agreement to obtain a business loan, subject to Company approval.

In order for Allstate to approve an assignment of a security interest, the Request for Consent to the Granting of Security Interest in the Economic Interest in an R3001 Agreement, a copy of which can be accessed through the [Lending Connection](#) webpage, must be completed and signed by the Agency Key Person and the lender (financial institution, seller, or individual lender), and submitted to the *Allstate Lending Connection*SM in Home Office for approval.

The Request for Consent to the Granting of Security Interest includes the Granting of Security Interest in the Economic Interest in an R3001 Agreement Notice to Lender and the Security Agreement in Economic Interest; both documents must be completed, signed, and submitted to the *Allstate Lending Connection*SM.

The existence of an Allstate-approved Request for Consent to the Granting of Security Interest on an Allstate book of business means that:

- If the agency owner terminates and decides to sell the economic interest in the book of business, the seller needs to satisfy the lien in order for the sale to be approved by Allstate. A book of business cannot be transferred unless Allstate has received documentation that the lender's Security Interest has been released (the [Lending Connection](#) webpage includes guidelines for releasing assignments and security interests). Please note that if you have assigned a security interest in the economic interest you have in your Allstate book of business, you must disclose any such assignment, in writing, to any potential buyer of your economic interest.
- If the agency owner terminates and elects the Termination Payment Provision (TPP), Allstate makes the termination payments directly to the lender up to the loan balance or the value of the TPP, whichever is reached first. The *Allstate Lending Connection*SM contacts the lender to ascertain the loan balance. The lender may provide written proof that the loan has been satisfied in full and that they are releasing their security interest so that the Company may begin making termination payments to you.

Please note that if you terminate your agreement due to a change in the way your business is legally structured (e.g., sole proprietor to corporation or LLC), you will be required to provide one of the following before signing a new R3001 Agreement:

- Documentation from the lender that they have released their security interest
- A Request for Consent to the Granting of Security Interest executed by the new business entity
- An Agreement to Assume Security Agreements, Assignments of TPP, and Assignments of Commission with each lender (copies of which can be accessed through the [Lending Connection](#) webpage)

The Company will not execute an R3001 Agreement with the new business entity unless one of the above documents is provided. You will have to continue operating under the existing R3001 Agreement until the necessary documents are provided.

The Company will not approve an assignment of your entire agreement as security for a loan. Also, please understand that Allstate is never involved in the approval of a loan or a lender – that is between lender and agency owner. Not all lenders may be willing to loan money based on the assignment of a security interest in the economic interest in your book of business.

See the Transfer of Economic Interest section for information regarding your obligations and responsibilities prior to transferring your economic interest.

Transfer of Economic Interest

Before transferring your economic interest in the business or your interest in this Agreement, you have the obligation and sole responsibility to (i) repay any business loan secured by your rights and economic interest in the business, whether with the proceeds from such transfer or not; (ii) satisfy prior to transfer any obligation you owe to the Company or lien held by the Company on your economic interest; and (iii) disclose to any transferee or purchaser of the business (a) the existence of such business loan, including any lien, security interest, or other encumbrance related to such loan, or obligation to repay and, if applicable, your intention to repay such business loan with the proceeds of such sale or transfer; and (b) any obligation you owe to the Company or lien held by the Company that must be satisfied prior to the transfer of your economic interest.

Termination of R3001 Agreement

Agent Initiated Termination

You must give Allstate ninety (90) days' written notice in order to terminate the R3001 Agreement. You are not required to give ninety (90) days' notice of termination if both Allstate and you **mutually agree** to a shorter time period.

Automatic Termination

Outlined below are the guidelines for the following situations that result in the automatic termination of the R3001 Agreement:

1. Your death or permanent incapacity
2. Your loss of any required agent license or agency license
3. The dissolution of the agency (A or C Agreement only)
4. You, as the Key Person, cease to be employed by the agency (A or C Agreement only)
5. The surrender of, or the election not to renew, the Company's license to sell insurance in all lines in the state in which your sales location is located

- You, or your legal representative, may elect to transfer your interest in the book of business serviced by your agency to an approved buyer, or elect to receive a termination payment from the Company, except for a termination pursuant to (5) above, subject to the terms and conditions set forth in the R3001 Agreement, this Manual, and the Supplement. If such election is not made or the economic interest is not transferred to an approved buyer within 90 days of termination of the R3001 Agreement (or such longer period within the Company's discretion), the termination payment will be processed.

See the Transfer of Economic Interest section for information regarding your obligations and responsibilities prior to transferring your economic interest

- The Company will service the book of business for a period of ninety (90) days following termination (or the first day of the following calendar month if the termination date of the R3001 Agreement is other than the last day of the month), unless the Company has agreed to allow one or more Licensed Sales Professionals (LSPs) in your agency to service the business. Although the R3001 Agreement has been terminated, your agent number will remain active until the eligible policies have been transferred to an approved buyer with a new agent number, or until the Company receives written instructions from you, or your legal representative, that the termination payment has been elected. There will be no commissions paid during the service period, other than the final commission check, except as noted below.
- You, or your legal representative, may make a request to allow the agency location to remain open if your R3001 Agreement is automatically terminated for any of the above reasons, except termination pursuant to (5) above. This request will only be approved in situations where closing the office location would cause significant undue hardship to the business. One or more LSPs will need to be approved to service the business in your agency during the service period.

If approved, the location will be allowed to remain open from the effective date of termination of the R3001 Agreement and for three full calendar months after the first of the month following the date of the termination (service period). Although the R3001 Agreement has been terminated, your agent number will remain active until the eligible policies have been transferred to an approved buyer with a new agent number, or until the Company receives written instructions from you or your legal representative that the termination payment has been elected. However, please note that your appointments with the Company will be terminated immediately. The following must also be agreed to by you, or your legal representative, through a Letter of Understanding prior to allowing the agency location to remain open:

1. If the R3001 Agreement is automatically terminated pursuant to (2), (3) and (4) above, you will not be permitted to work in the agency location during this service period
2. You, or your legal representative, will be responsible for all expenses to run the agency, including compensation for the LSPs servicing the business during this period

3. No commissions will be paid during this period, except that the Company will pay commissions that would have otherwise been generated by the agency to offset the expenses incurred in continuing to service the business on the Company's behalf during the service period

EXAMPLE:	Termination due to permanent incapacity:	June 15 (no SAP input)
	Final direct deposit check issued to you:	mid-July
	Business will be processed under your agent number through "service period:"	September 30
	Agency transfer date requirement (begin processing of business under buying agent's number):	October 1

Company Initiated Termination

Outlined below are the guidelines that apply in situations in which the Company has given ninety (90) days' notice of termination, with or without cause, and has requested that you immediately cease representing the Company:

- You may elect to transfer your interest in the book of business serviced by your agency to an approved buyer, or to receive a termination payment from the Company, subject to the terms and conditions set forth in the R3001 Agreement, this Manual, and the Supplement. If such election is not made or the economic interest is not transferred to an approved buyer within 90 days of notice of termination of the R3001 Agreement (or such longer period within the Company's discretion), the termination payment will be processed.

See the Transfer of Economic Interest section for information regarding your obligations and responsibilities prior to transferring your economic interest

Note: When the Company has requested that you immediately cease representing the Company, approval of a buyer will also be conditional on the agreement that you will not have any involvement or ownership interest in the buyer's agency following the sale

- The Company will service the book of business until the ninety (90) day notice period expires (or the first day of the following calendar month if the termination date of the R3001 Agreement is other than the last day of the month), unless the Company has agreed to allow one or more Licensed Sales Professionals (LSPs) in your agency to service the business. Although the R3001 Agreement has been terminated, your agent number will remain active until the eligible policies have been transferred to an approved buyer with a new agent

number, or until the Company receives written instructions from you that the termination payment has been elected.

- You may make a request to allow the agency location to remain open. This request will only be approved in situations where closing the office location would cause significant undue hardship to the business. One or more LSPs will need to be approved to service the business in your agency during the service period.

If approved, the location will be allowed to remain open from the notice of termination of the R3001 Agreement and for three full calendar months after the first of the month following the date of the termination (service period). Although the R3001 Agreement has been terminated, your agent number will remain active until the eligible policies have been transferred to an approved buyer with a new agent number, or until the Company receives written instructions from you or your legal representative that the termination payment has been elected. However, please note that your appointments with the Company will be terminated immediately. The following must also be agreed to by you through a Letter of Understanding prior to allowing the agency location to remain open:

1. You will not be permitted to work in the agency location during this service period
2. You will be responsible for all expenses to run the agency, including compensation for the LSPs servicing the business during this period

Outlined below are the guidelines that apply in situations in which the Company has terminated the R3001 Agreement immediately for cause:

- You may elect to transfer your interest in the book of business serviced by your agency to an approved buyer, or elect to receive a termination payment from the Company, subject to the terms and conditions set forth in the R3001 Agreement, this Manual, and the Supplement. If such election is not made or the economic interest is not transferred to an approved buyer within 90 days of termination of the R3001 Agreement (or such longer period within the Company's discretion), the termination payment will be processed.

See the Transfer of Economic Interest section for information regarding your obligations and responsibilities prior to transferring your economic interest

Note: If your agreement is terminated immediately for cause, approval of a buyer will also be conditional on the agreement that you will not have any involvement or ownership interest in the buyer's agency following the sale

- You will cease representing Allstate immediately. The Company will service the book of business from the effective date of termination and for three full calendar months after the first of the month following the date of the termination, or until you elect to accept the termination payment, or until the date a sale of your interest in the book of business to an approved buyer is effective, whichever is earliest. There will be no commissions paid during the service period, other than the final commission check, except as noted below.
- During the service period, the Company in its sole discretion will determine the manner in which service will be provided.

- You may make a request to allow the agency location to remain open. This request will only be approved in situations where closing the office location would cause significant undue hardship to the business. One or more LSPs will need to be approved to service the business in your agency during the service period.

If approved, the location will be allowed to remain open from the effective date of termination of the R3001 Agreement and for three full calendar months after the first of the month following the date of the termination (service period). Although the R3001 Agreement has been terminated, your agent number will remain active until the eligible policies have been transferred to an approved buyer with a new agent number, or until the Company receives written instructions from you or your legal representative that the termination payment has been elected. However, please note that your appointments with the Company will be terminated immediately. The following must also be agreed to by you through a Letter of Understanding prior to allowing the agency location to remain open:

1. You will not be permitted to work in the agency location during this service period
2. You will be responsible for all expenses to run the agency
3. No commissions will be paid during this period, except that the Company will pay commissions that would have otherwise been generated by the agency to offset the expenses incurred in continuing to service the business on the Company's behalf during the service period

Use of Agency Name after Termination

The authority granted to the Company to use your name and/or signature on company documents, including policy documents and customer communications materials, shall continue for up to 120 days after the termination of the Agreement, unless the parties have agreed otherwise in writing. If you become aware that Allstate has used your name or signature after the 120 day post termination period, you agree to notify Allstate regarding the usage and give Allstate up to 60 days after Allstate's receipt of the notice to stop using your name and/or signature. Notice must be provided to:

Allstate Insurance Company
Attn: Centralized Distribution Team
3075 Sanders Road, H2E
Northbrook, IL 60062

Payment after Termination

- You, or your legal representative, will be paid for new and renewal business processed up to the date of termination of the R3001 Agreement, except where prohibited by state law due to loss of any required agent or agency license
- You, or your legal representative, will receive one more commission check(s) after termination of the R3001 Agreement, for business processed up to the termination date, except as noted above under Automatic Termination

Note: In a sale situation, the buying agent will **not** receive a commission payment from the Company until the second month after the effective date of his agreement. However, if your agency was incorporated, and the buying agent keeps the same tax ID number, commissions will continue to be paid to the corporation.

- The final commission check, if any, is in addition to the termination payment from the Company that is made in 24 monthly installments if you, or your legal representative, have elected it

Sale of Agency⁸

Subject to the terms and conditions set forth in the R3001 Agreement, the Supplement, and this Manual, you may transfer your economic interest⁹ in the business written under the R3000 and/or R3001 Agreement upon the termination of your agency relationship with Allstate by either:

1. Selling your economic interest in the business to an approved buyer
2. Electing the termination payment

If you entered the EA program as an outside buyer, you have an economic interest in the customer accounts that you acquired from the selling agent which were written under the R3000 and/or R3001 Agreement.¹⁰

As an R3001 Agent, you may sell your economic interest in the book of business serviced by your agency at any time provided the Company approves the buyer. The Company shall have the right to approve or disapprove the sale of the economic interest in the book at any time up until the time the transfer of the economic interest has occurred. (See Becoming an R3001 Agent in the Reference Guide, Agency Sales between Existing R3001 Agents in this Manual, and Agency Sales between Existing R3001 Agents and Outside Buyers in this Manual.) You can sell your economic interest in the book of business to a single purchaser or multiple purchasers. From and after any such transfer or sale of your agency's economic interest, you will no longer have any economic interest in or any other rights with respect to any of the business written under the R3000 and/or R3001 Agreement and your economic interest extinguishes and ceases to exist.

See Sales Processing in this section for information on accounts that may be included in the sale, subject to the terms and conditions set forth in the R3001 Agreement.

If you elect to sell your economic interest in the book of business to an outside buyer, the process outlined under Outside Buyer Approval in the Reference Guide should be followed. If your intent is to terminate your relationship with Allstate on the proposed transfer date, regardless of whether a buyer is approved, you must give the Company ninety (90) days' notice of termination as specified in your R3001 Agreement.

⁸ Any reference in this Manual to the sale of an agency or the sale, transfer, or purchase of an agent's book of business means the sale, transfer, or purchase of the economic or other interest in the book of business only. Allstate retains ownership of the book of business.

⁹ See the Economic Interest in the Book of Business section for further information on economic interest.

¹⁰ If you are an outside buyer who is under the R3001S (or C) Agreement, the termination payment on the accounts acquired from the selling R3001 Agent will be calculated under the terms of your agreement.

In sale of agency situations, Allstate is never the buyer or seller. The only times Allstate is involved is to approve the buyer and when you elect to receive the termination payment. If you elect to sell, you do not receive the termination payment from Allstate.

See the Transfer of Economic Interest section for information regarding your obligations and responsibilities prior to transferring your economic interest.

Agency Sales between Existing R3001 Agents

A qualified R3001 Agent may be approved as a buyer of your interest in the book of business serviced by your agency. In order to be considered for a book purchase, the agent must meet the then current qualifications established by the Company. For qualifications for Satellite Agencies and Enhanced Satellite Agencies, refer to the eligibility requirements in the Satellite Agencies and Enhanced Satellite Agencies subsection of this Manual.

Approval of a sale of your interest in the book of business serviced by your agency is dependent on your location being in close proximity to the buying R3001 Agent's location if the books of business will be merged into one of the locations.

Agency Sales between Existing R3001 Agents and Outside Buyers

A qualified outside buyer may be approved as a buyer to purchase your interest in the book of business serviced by your agency. In order to be considered to purchase the interest in a book of business, the outside buyer candidate must meet the then current qualifications established by the Company. The following are the current qualifications that a candidate must meet in order to be considered for approval as a buyer:

- Must complete and submit an R4018 - Agency Purchase Approval Request ([Exhibit I](#)) to the local sales leader
- Must complete the Agent Selection Questionnaire (ASQ) and obtain a pass score. (This requirement does not apply if the candidate was formerly an Exclusive Agent, an Allstate Field Sales Leader, or if the candidate is applying to become an Allstate Dealer agency.)
- Must have results on the background check which are satisfactory to the Company (credit and criminal records)
- Must submit an acceptable updated Business Plan that includes goals for P&C growth that addresses both acquisition and retention, financial services, marketing, and agency management
- Must read the Form U-4, Uniform application for Securities Industry Registration or Transfer, and must read and sign the Letter of Understanding
- Must obtain the appropriate individual resident (and non-resident, if applicable) licenses and an agency license and/or registration, where required by law, if signing the C version of the R3001 Agreement
- Must complete the following education **prior** to the execution of the R3001 Agreement¹¹:

¹¹ Agency owner candidates must have their P&C licenses before beginning education.

- Agency Foundations, Essentials, and Agency Operations Center education (unless the agency owner meets specific opt-out qualifications)
- Allstate University education
- Other education as designated by the Company

Please note that the outside buyer is always subject to final Company approval.

Retention of Documents

If you sell your interest in the book of business serviced by your agency, the buying agent will be expected to retain the customer records and required trailing documents.

Sale Processing

The sale of your economic interest in business written under the R3000 and/or R3001 Agreements must be effective on the first calendar day of the month. See the “policies in account” definition in the Supplement (Chapter 1, Section 2, Subsection 1.0) for additional information on sale processing.

The sale will include your economic interest in secured business (see the “secured business” definition in the Supplement, Chapter 1, Section 2, Subsection 1.0 for additional information on secured business) and business transferred to you as part of any agency sale, including policies assigned to Requested Agents through the customer initiated Agent Change Process.

If you relocate to another market as an R3001 Agent, the Allstate Financial policies written by you on behalf of yourself and your family members may be excluded from the transfer and retained by you, except if you are relocating to or from the state of New York.

Also, when selling the economic interest in your agency, registered products (e.g., mutual funds, variable annuities, variable life insurance) are controlled and retained by the broker dealer, Allstate Financial Services, LLC¹². (In New York, Jefferson Pilot Financial retains all ownership rights in the variable universal life product.) The broker dealer will determine who will service the accounts in the future. The buyer will have to be approved by the broker dealer in order to retain these accounts. The approval process will include proper licensing, an affiliation with the broker dealer and customer approval.

Note: If the buyer does not obtain a securities license or variable Lincoln Benefit Life agent number within 120 days of the effective date of the sale of agency, the variable policies may be moved into a house account and subject to reassignment to an active agent.

¹² LSA Securities in the states of PA and LA

It is your responsibility to establish a value and negotiate the sale price for your economic interest in any of the business included in the transfer.¹³ If you sell your interest in the entire book of business serviced by your agency to an approved buyer and the buyer subsequently wants to sell the business, the buyer may sell the entire economic interest in the book without any waiting period. It is important to note that Allstate retains ownership of business coded to you, except where noted in the Supplement, and that business developed under any prior Allstate agent agreement, except the R3000 Agreement, will **always be excluded** from the calculation of the termination payment.

Additionally, if you elect to sell your Assigned Risk, JUA, Fair Access to Insurance Requirements (FAIR) Plan, or Flood business, you must notify the proper processing areas, servicing carriers, etc., of the sale and the new agent number. With respect to Flood business, upon termination of your R3001 Agreement: 1) you can sell your Flood book to another Allstate agent; or 2) if you maintain an insurance license and sign up through National Flood Insurance Program (NFIP), you may seek to rewrite the Flood customers directly with the NFIP and offer an NFIP serviced policy prior to renewal; or 3) if you become appointed with another insurance carrier, you may seek to write the Flood customers with a policy serviced by a different carrier prior to renewal.

You should not share Personally Identifiable Information (PII) with NFIP or another carrier, without first obtaining the customer's consent. Please note that Allstate is required under the NFIP rules to offer the customer an Allstate serviced NFIP policy at renewal unless the customer cancels prior to the mailing of the renewal offer.

Assignment of Commission

An R3001 Agent may choose to take part in the assignment of commission process for the purposes of obtaining a loan to purchase an existing agency or for business expansion. The process allows the agent to assign a portion of his commission to a lender (selling agent and/or financial institution). Since there are a number of ways to finance a loan, the agent and lender need to agree on the best method for both of them. The assignment of commission method might not be appropriate for all situations. However, if agent and lender choose to use the assignment of commission method, the following must be completed and acknowledged:

- The assignment of commission documents (Assignment of Commissions Notice, Commission Payment Agreement) that need to be completed in order to initiate the assignment of commission process can be accessed through the [Lending Connection](#) webpage
- In addition, if you assign your rights to your termination payment or commissions, you must disclose any such assignment to any buyer of your economic interest in the book of business

See the Transfer of Economic Interest section for information regarding your obligations and responsibilities prior to transferring your economic interest

¹³ In order for the buyer to accurately assess the value of the agency, your sale and commission reports can be made available to the buyer. Reports include, but are not limited to, Business Metrics reports, annual on-pace bonus reports, estimated TPP reports, loss ratio detail reports, and monthly commission statements.

Termination Payment

If you decline or are unable to sell your economic interest in the book of business serviced by your agency (e.g., the Company does not approve the buyer that you present, or you are unable to find a buyer), you may elect to receive the termination payment, subject to the terms and conditions of the R3001 Agreement which may include a deduction for any indebtedness owed to the Company. The termination payment will not apply if you sell your economic interest in the book of business. It also does not apply if the termination is a result of the Company surrendering or electing not to renew its license to sell insurance in a state in which you are appointed by the Company or the discontinuance of the sale of insurance in the state.

If you elect the termination payment, the payment calculated and made by Allstate will only apply to business written by you, or any predecessor(s) under the R3000 and R3001 Agreements. Business developed under any other Allstate agent agreement, i.e., R830 or R1500 Agent Agreement, will be excluded from the termination payment.

If you become an R3001 Agent by purchasing an R3001 Agency, the termination payment on eligible transferred accounts will be calculated based on the terms of your R3001S (or C) Agreement. Similarly, if you converted from the R3001 or R3001A Agreement to the R3001S (or C) Agreement, the termination payment on accounts developed under the R3001 or R3001A Agreement will be calculated based on the terms of your R3001S (or C) Agreement.

Refer to the [Supplement](#) for information on how the termination payment is calculated, the method of payment, the termination payment report available to selling agents, and the termination payment impact on the buying agent.

Waiting Period to Open a Start-up -Agency

Effective May 1, 2019, an eighteen (18) month waiting period has been implemented for existing and former agents who want to open a Start-up Agency or Enhanced Satellite Agency (ESA).

- Start-up (ADB and ECP) and Established agencies who divest the interest in all their agency locations, will be prohibited from returning as a start-up agency within 18 months from the date of their last remaining location's termination date.
- Start-up and Established agencies that terminate an ESA will need to satisfy the 18-month waiting period before opening a new ECP location.

In addition, FINRA related family members of a former agency owner/key person will be unable to open a Start-up agency or ESA within 18 months from the date of the former agency owner/key person's termination date.

Ethical Standards in the Conduct of Business

Allstate has identified and adopted certain ethical standards that govern how it chooses to conduct business.

All agency activities must be consistent with Allstate's ethical standards. Activities inconsistent with the standards may result in termination of your agency relationship with the Company.

The following describes the ethical standards. Although not all-inclusive, these standards are guides of conduct that you should follow as a representative of the Company. The standards also apply to any member of your agency.

Conflict of Interest

Sometimes people get themselves into situations that make it difficult for them to distinguish to whom they should be loyal. These situations constitute conflicts of interest. Allstate's position is that you, as a Company representative, should not take part in any activities that might prove to place you or your agency in a conflict of interest with respect to the duties you owe to Allstate.

Gifts or Benefits When you're dealing with our policyholders, claimants, or another company, you may not accept any gift, unusual hospitality, or money in exchange for or in appreciation of your services. Be careful not to put yourself in the position of owing anyone favors because you accepted a gift or a sum of money.

Referring People to Attorneys in Claim Situations When you're dealing with our policyholders or claimants, you may not volunteer, advise, suggest, or in answer to a customer's request or that of any other person involved in a claim or loss, recommend an attorney or suggest contacting an attorney.

Other Business Interests Although as an independent contractor you can conduct other businesses, you may not have other duties or interests that would conflict with your duties under your R3001 Agreement.

Providing Services Ancillary to the Life Application/Underwriting Process Agents and LSPs are prohibited from providing services ancillary to the Life application/underwriting process, including, but not limited to paramedical services, handling of specimens, providing of medical records to underwriting, etc. (provided, however, this prohibition shall not include the collection of oral fluid specimens).

Political Activity Allstate encourages representatives of the Company to become involved in community activities, including political activities. You should notify the Company if you are elected or appointed to political office. This will help to avoid problems that could arise from Company investment activity in the political entity in which you are involved.

Integrity

As a Company representative, you are expected to act honestly and fairly in all of the Company's business relationships. You are expected to comply with Company policies and procedures, including the [Allstate Agency Standards](#), and all applicable laws and regulations relating to the conduct of business under the R3001 Agreement.

Second, you may never falsify any state insurance department or Company documents, including applications, and you may never forge signatures.

Last, misappropriation of funds and cooperating with others to defraud, or any other illegal or criminal acts, will not be tolerated.

Unacceptable Sales Practices

There are certain sales practices that are unacceptable for representatives of the Company including, but not limited to, the following:

Encouraging Customers to Change Agents You should act as a professional in your dealings with your fellow agents by not soliciting customers to change agents. We all recognize that there are legitimate cases in which a policyholder makes a request to be transferred to another agent. For example, there are times when some agents and policyholders just can't get along. We have a process in place to handle those situations. However, even though you may need to provide customer service to customers who have another agent, including taking their payments, you should not be encouraging them to seek a transfer to you or any other agent.

Unauthorized Brokering You may not represent or solicit business for any other company, agent or broker, except as permitted by the Company.

Improper Referrals You may not accept business which has been referred from an agent, broker, insurance producer, risk manager or any other person if the business will be controlled/serviced by such person.

Rebating You may not pay, allow or give, directly or indirectly, any rebate, discount, reduction of the premium, or any other thing of value to a customer as an inducement to purchase insurance or after it has been purchased, except where permitted by law and authorized by the Company.

Replacing Existing Life Insurance to the Disadvantage of the Policyholder Replacing existing life insurance may not be in the policyholder's best interest. You may not replace existing life insurance knowing the policyholder would have been better off retaining his existing policy or contract.

Deceptive or Misleading Representations about Competitors State regulations prohibit verbal or written representations about our competitors that are untrue, deceptive or misleading. These practices violate our Fair Competition Policy and can result in stiff penalties from the regulators, as well as potential legal action by a competitor for unfair competition. All statements on the financial condition, legal status, product performance, or other characteristics of our competition must be factual. Disparaging comments regarding a competitor is a sensitive issue, particularly in potential replacement situations, and are prohibited.

Misclassifying and Misrating You may not knowingly misrate or misclassify in order to provide a more attractive premium to make a sale.

In conclusion, here are two important points to remember:

- If you ever have any questions or doubts about a situation, you should check with the Company
- Allstate may prosecute any criminal acts against the Company

Sale of Life and Annuity Products

Assisting Customers in Determining Insurance Needs and Financial Objectives

You assist customers in meeting their current and future financial objectives, which may include retirement and college savings. The ability to present products that are appropriate for their consideration in meeting these needs depends on the financial and needs analysis performed with the customer. It is important to learn all the essential facts concerning the customers' personal financial circumstances, including but not limited to, existing life and annuity coverage, current income, tax status, net worth, and the ability to afford the life, long-term care, and annuity products that you are presenting to them for consideration. Do not under any circumstances present a product to a customer that is not suitable or does not meet their financial objectives.

Outside Communications

The Company maintains a policy that generally requires **prior approval** of outside communications that have an impact on or involve the Company. This policy reflects the fact that the Company includes subsidiaries of a publicly traded company subject to the rules of the Securities and Exchange Commission, that it operates a highly visible insurance business subject to regulation by the insurance department of every state in which it does business, and that it invests a significant amount of resources to create and maintain the customer goodwill that is so important to the success of its business. Statements made by agents regarding the Company can have serious legal and business implications that may adversely affect the Company's ability to do business, its reputation, and its profitability. Therefore, no agent has the right to make outside communications on behalf of the Company without prior Company approval. Outside communications include, but are not limited to, publications (including Internet publications), speeches, media interviews, discussions, or testimony.

In order to obtain prior approval for an outside communication, an agent must contact the Senior Corporate Relations Manager for the region in which the agency is located.

Note: Communication with legislators or regulators also needs approval of the General Counsel of Allstate Insurance Company. Also, please see **Communications with Investors and Analysts**, below.

The procedures for prior approval balance the Company's business needs and agents' individual rights by providing appropriate guidance when agents anticipate making outside communications which may affect the Company. In the event that the prior approval requirements in this policy, or any other facet of the policy conflicts with any state or federal law, the policy will be applied only to the extent permitted by law.

Requests for assistance regarding the interpretation or application of this policy should be sent to your regional Corporate Relations Department.

Communications with Investors and Analysts

Agents should not discuss the Company, or its parent, with investors and securities market professionals and should refer inquiries from investors and securities market professionals to Investor Relations at (800) 416-8803. Securities market professionals include buy-side and sell-side financial analysts, brokers, dealers, investment advisors, investment managers, and representatives of mutual funds, investment companies, and pensions funds.

Company Weapons Policy

In keeping with Allstate's intent to provide a safe and secure work environment for its customers and other third parties, no firearms, weapons, or devices intended to be used as instruments of violence are permitted: 1) in an agency, Satellite Agency, Enhanced Satellite Agency or LAE location, 2) on any Company premises, 3) or while on any Company business. Violation of this policy could affect your agency relationship with the Company.

Legal Compliance

Special IRS Reporting Requirements

The Internal Revenue Service requires Allstate to report cash payments received in a single transaction or in related transactions (two or more transactions with one person within a 24 hour period) that exceed \$10,000.

For this purpose cash includes:

1. Coins and currency of the U.S. or any other country, and
2. Certain cashier's checks, bank drafts, traveler's checks, and money orders that have a face amount of \$10,000 or less and that are received in a transaction in which you know the payer is trying to avoid the reporting of the transaction. (An example of this would be where a customer provides payment for an insurance service or product with a \$9,000 cashier's check and \$2,000 in cash.)

If you receive cash (as defined above) in excess of \$10,000 in any single or related transactions you must complete [IRS Form 8300](#) - Report of Cash Payments Over \$10,000 Received in a Trade or Business. This form must then be filed within 15 days of the transaction with the:

Internal Revenue Service
Detroit Computing Center
P.O. Box 32621
Detroit, Michigan 48232

A copy of IRS Form 8300 should also be sent to Allstate's Corporate Tax Department (G2B), Northbrook, Illinois. Questions regarding this form should also be directed to the Tax Department.

You must keep a copy of each IRS Form 8300 for 5 years from the date you file it. If you collect multiple cash payments (refer to definition above) from multiple customers totaling \$10,000 on any given day, you should keep your remittance report for that day for 5 years, in the event of an IRS inquiry.

Agent Insurance License Number on Advertising – California Only

California law requires that you place your insurance license number on certain advertisements in type the same size as any indicated telephone number, address, or fax number also listed on the advertisement. Affixing the license number by use of stickers or ink stamps is acceptable, as is printing, handwriting, or typing the license number on the advertisement.

The license number must be displayed in the manner explained above on the following:

- Business cards (also applies to Licensed Sales Professionals)
- Yellow Pages display ads
- Written proposals for insurance products (including any computer generated quotes)
- Print advertisements distributed exclusively in each state
- Internet sites

Note: Advertisements and brochures that are for countrywide use are excluded from the requirements of the law. However, you should affix or stamp your insurance license number on such advertisements and brochures when possible.

If you reside and are licensed in another state, but also have a non-resident California license, you must follow the requirements of the law when advertising in the state. Violations of the law are punishable by fines, depending on the number of offenses committed.

Agent Disclosure Requirements – Minnesota Only

Minnesota law requires that at the time of making the initial personal contact with a potential buyer, you must clearly and expressly disclose in writing:

- The name of the person making the contact
- The name of the agent, agency or insurer that the person represents
- The fact that the agent, agency or insurer is in the business of selling insurance

These disclosures are not required if: 1) the prospect personally knows you, the name of your agency, if any, and the fact that you are an insurance agent; 2) the prospect initiates the contact; or 3) the initial contact takes place in your office. Additionally, if the initial personal contact is made by telephone, the disclosures required above need not be made in writing. The law affects all persons who write any insurance business in the state of Minnesota (resident or nonresident). You can meet these disclosure requirements by presenting your business card to the potential buyer upon initial personal contact.

The above disclosure requirements also apply to your Licensed Sales Professionals.

The Violent Crime Control and Law Enforcement Act

The Violent Crime Control and Law Enforcement Act is a federal insurance fraud law. This law makes it unlawful:

- For any individual who has ever been convicted of certain felonies to engage in the business of insurance without the written consent of the appropriate State Insurance Department(s)
- For an individual to permit another individual who has been convicted of certain felonies to engage in the business of insurance
- For an insurer to permit an individual who has been convicted of certain felonies to engage in the business of insurance

You have a continuing obligation to immediately notify the local field sales leader or the Human Resource Department upon becoming aware of anyone, including your agency staff, who has ever been convicted of a felony and represents Allstate. From time to time, you will be notified of your responsibility to inform the Company of felony convictions via the local field sales leader or the Human Resource Department. If you are convicted of a felony between notification dates, you must inform Allstate promptly, but no later than 10 calendar days after the conviction.

Failure to comply with this law is a serious legal concern. The penalties are severe and may include fines and/or prison time. These penalties can apply to:

- The individual who has been convicted of a felony
- Anyone who allows an individual who has been convicted of a felony to participate in the business of insurance
- The Company if it permits an individual convicted of a felony to engage in the business of insurance

Further, conduct which does not comport with this law may result in termination of your agency relationship with the Company.

Financial Industry Regulatory Authority (“FINRA”) Rule 4530 Reporting Requirements

FINRA Rule 4530 requires Allstate Financial Services, LLC¹⁴ to report certain matters concerning Allstate agents, Allstate Financial Services LLC registered representatives, Licensed Sales Professionals, field sales leadership, and Home Office employees registered with Allstate Financial Services, LLC. AFS must file FINRA notification in the following cases:

- Any written complaint alleging theft, misappropriation of funds, or forgery (regardless of the product or forms containing alleged forgeries);
- Any finding by a governmental agency that an Allstate Financial Services, LLC registered representative has violated any rule or standard of conduct of any governmental agency;
- Any action brought by a regulatory body naming the Allstate Financial Services, LLC registered representative as a defendant alleging violation of any insurance regulation;

¹⁴ LSA Securities in the states of PA and LA

- Any disciplinary action brought against a Allstate Financial Services, LLC registered representative by any insurance regulatory body;
- Any arrest, indictment or conviction of a Allstate Financial Services, LLC registered representative or plea of guilty, no-contest, or *nolo contendere* by an Allstate Financial Services, LLC registered representative to any criminal offense (other than a traffic violation); or
- Any securities, commodities-related, or financial-related insurance civil litigation or arbitration naming the Allstate Financial Services, LLC registered representative as a defendant or respondent where the claim for damages that has been disposed of by judgment, award or settlement for an amount exceeding \$15,000.00.

The Allstate Financial Services, LLC notification to the FINRA must be filed within thirty (30) calendar days of receipt of the complaint or information regarding a regulatory action or criminal proceeding that meets the above criteria for reporting. If your agency receives a written complaint or information regarding a regulatory action or criminal proceeding that meets the above criteria for reporting:

- Send an e-mail to the regional customer retention manager in the Sales Support Department. Your agency does not need to determine whether the individual is a registered representative.
- The e-mail subject line should be “FINRA 4530 Notification.”
- Include the name of the individual who is the subject of the complaint, regulatory action or criminal proceeding, and your agency name and phone number.
- Fax a copy of the complaint or other document(s) to the regional customer retention manager.

Health Insurance Portability and Accountability Act of 1996, As Amended and Modified (“HIPAA”)

This section is applicable to those agencies who are appointed with Allstate Life Insurance Company of New York (“ALNY”), American Heritage Life Insurance Company (“AHL”), and Lincoln Benefit Life Company (“LBL”).

The Department of Health and Human Services has adopted regulations (“HIPAA rules”) pursuant to HIPAA which impose, amongst other things, requirements for the use and disclosure of Protected Health Information (“PHI”). As an underwriter of health insurance products¹⁵, the HIPAA Rules apply to ALNY, AHL, and LBL.

Because your agency may create or receive a PHI from, or on behalf of ALNY, AHL or LBL, you are considered to be a “business associate” under the HIPAA rules, and, as such, also have responsibility for compliance with the HIPAA rules.

¹⁵ HIPAA is applicable to the following products: Long-term care, AHL mini-medical®, group or individual cancer, group or individual accident, group or individual hospital indemnity, group or individual critical illness, group indemnity medical, heart/stroke, or dental products.

The HIPAA rules also require that an agreement exist between the business associate and the insurer which contains language specifying this compliance. Upon licensing with AHL or ALNY, you will be provided with a Business Associate Agreement and will be expected to comply with its terms.