

VIRGINIA: IN THE CIRCUIT COURT FOR THE COUNTY OF FAIRFAX

PAUL SHAO,

Plaintiff,

v.

ALLSTATE INSURANCE COMPANY,

Defendant.

FILED
CIVIL PROCESSING

2022 OCT -7 P 1:18

JOHN T. FREY
CLERK, CIRCUIT COURT
FAIRFAX, VA
Case No.: 2021-03802
Jury Trial Demanded

**PLAINTIFF PAUL SHAO'S FIRST SET OF REQUESTS FOR ADMISSIONS TO
DEFENDANT ALLSTATE INSURANCE COMPANY**

Plaintiff Paul Shao, by and through *Pro Se* Litigant and pursuant to Va. Sup. Ct. R. 4:11, hereby propounds the following Requests for Admissions upon Defendant Allstate Insurance Company and request that Defendant answer these Requests fully and in writing, setting forth separately each matter of which an admission is requested, and serve their responses within twenty-one (21) days of service.

INSTRUCTIONS

1. When good faith requires that Defendant qualify an answer or deny only a part of the matter of which an admission is requested, he shall specify so much of it as is true and qualify or deny the remainder.
2. If any of the Requests for Admission set forth herein are denied in any respect, Defendant is hereby directed to set forth the reasons fully and completely for such denial.
3. If Defendant fails to deny or provide other timely response to any Request set forth herein within twenty-one (21) days of service, such Request will be deemed admitted pursuant to Va. Sup. Ct. R. 4:11(a).

4. These Requests are continuing and require timely supplementation pursuant to Va. Sup. Ct. R. 4:1(e) in the event additional responsive information is obtained at any time between the time of answering and the time of trial.

DEFINITIONS

The following terms shall have the meanings indicated:

1. "Documents" means or refers to all written, electronically stored (e.g., e-mails) or graphic matter of any kind or description however produced or reproduced, whether deleted, erased, destroyed, draft or final, original or reproductions, and all tangible things, specifically including but not limited to: writings, e-mails, drawings, graphs, charts, photographs, phone records, data compilations, letters, correspondence, memoranda, notes, memoranda of conversations, transcripts, desk calendars, appointment books, diaries, logs, telephone messages, notebooks, post cards, summaries or paraphrases of any of the foregoing or material similar to any of the foregoing, however denominated, which are in the possession, custody, or control of Defendant, or to which he can obtain access.

2. "Identify," or "identity," as used herein with reference to a document, shall mean to state its title or other form of identification, its date, its author and, if different, its signer or signers, their addresses, the persons to whom it was directed (including "cc" and "bcc" recipients), the type of document (e.g., letter, memorandum, chart, etc.), and its principal topics. If such document is no longer in Defendant's possession or custody or subject to Defendant's control, state what disposition (if any) was made of it, and identify all persons having current possession, custody, or control.

3. "Identify," or "identity," as used herein with reference to an individual shall mean to set forth his or her name, home address, home telephone number, whether employed, and if so, the name, address, and telephone number of his or her employer.

4. "Identify" or "identity," as used herein with reference to a corporation or other non-human entity shall mean to set forth its name, principal place of business, business address and business telephone number.

5. "Identify" or "identity," as used herein with reference to a communication, shall mean to identify the form of communication (e.g., telephone conversation, in-person conversation, written correspondence, facsimile, etc.), the persons or entities who took part in the communication, the date, time and place of the communication, and any other persons present during the communication.

6. "Related to" or "relating to" means consisting of, referring to, pertaining to, reflecting, supporting, prepared in connection with, used in preparation for, or being in any way legally, logically, or factually connected with the matter discussed.

7. "Communication or contacts" refers to any transfer of information, ideas, opinions, or thoughts by any means, at any time or place, under any circumstances, and is not limited to written or verbal transfers between natural persons, but includes all other transfers, including, but not limited to, electronic transfers, transfers of information stored on computer disk or computer memory, and memoranda to file.

8. "Person" shall mean and include a natural person, individual, partnership, firm, labor organization, corporation, governmental body, or any kind of business or legal entity, its agents, or employees.

9. "And" as well as "or" shall be construed either disjunctively or conjunctively as necessary to bring within the scope of these Requests any documents and other information which might otherwise be construed to be outside their scope.

10. When used in these Requests, the term "you" or "your" or "Allstate" shall mean Defendant Allstate Insurance Company, along with his representatives, agents, employees, predecessors, assignees, successors, and attorneys.

11. When used in these Requests, the term "Allstate" shall mean Allstate Insurance Company, and its officers, directors, employees, representatives, agents, predecessors, assignees, subsidiaries, affiliates, successors, and unless privileged, its attorneys.

12. When used in these Requests, the term "EA Agreement" means the contract entered into between Shao and Allstate effective August 1, 2015, titled "Allstate R3001S

Exclusive Agency Agreement,” including documents expressly incorporated therein as part of the contract: the Supplement for the R3001 Agreement, the Exclusive Agency Independent Contractor Manual, and the Allstate Agency Standards.

13. When used in these Requests, the term “Complaint” means the complaint that Shao filed against Allstate in the Fairfax County Circuit Court for Fairfax County, Virginia, styled *Paul Shao v. Allstate Insurance Company*, Civil Action No. 2021-03802.

14. Acronyms Used: Exclusive Agent (“EA”); Allstate R3001S Exclusive Agent Agreement (“EA Agreement”) which consists of “Main (main contract),” “Supplement (rules and regulations),” “Manual (rules and regulations),” and “Guide (IC rules and regulations);” Independent Contractor (“IC”); Independent Agent (“IA”); Allstate Business Objectives (“ABO”); and Termination Payment (“TPP”).

REQUESTS FOR ADMISSIONS

REQUEST FOR ADMISSIONS NO. 1:

Admit that Mr. Glenn Shapiro became in January 2020 President of Allstate Personal Insurance, Esurance, Encompass, and Answer Financial. He was the top officer and administrator of Allstate insurance regarding its relation to EA agents (exclusive agent force). Further admit that he was in his vacation home at Fort Lauderdale from 3-12-20 to late April 2020 and then stayed in his Longmeadow Residence of Massachusetts from late April to late August 2020 without going to his Northbrook office at Illinois to work, while he and Mr. Terrance Williams, Executive Vice President and General Manager Allstate Agency Distribution sent out on 3-12-20 (which is Thursday, the very same day Mr. Shapiro flighted to his vacation home in Florida and during that weekend Allstate closed its offices to in-person operations) via Gateway an announcement *Allstate Altering Business Practices as a Result of Covid-19*, advising agents in using “your judgement in maintaining your office hours and availability in compliance with CDC and local government recommendations.”

Response:

REQUEST FOR ADMISSIONS NO. 2:

Admit that Paragraph XVIII "Obligations Upon Termination of Agreement" of the main contract and the exhibit to the main EA Agreement, called "Appendix A: Confidentiality and Non-Competition Agreement," would prohibit Shao from using his former Allstate office, within one year after termination, for insurance business; thus, it had no economic value to him or rather an economic black hole to his well-being. Further admit that Allstate would not take responsibility in paying the rent of Shao's former office or assume the lease from him.

Response:

REQUEST FOR ADMISSIONS NO. 3:

Admit that, after TPPed, Shao still had the responsibility to pay the rent, the telephone bills, the Wi-Fi supplier, the electricity, etc., of his former office and, to reduce the office expenses, Shao had to deal in-person with his landlord and other personnel such as technicians, cleaners, and movers to disconnect all services in association to operate as an insurance office.

Response:

REQUEST FOR ADMISSIONS NO. 4:

Admit that March 2020 started the period of terror, caused by the Covid-19 pandemic, when later the corpses were piled up outside New York hospitals in the refrigerated containers. Further admit that the early period of the pandemic was the most fearsome period of the pandemic because we did not know the nature of the decease.

Response:

REQUEST FOR ADMISSIONS NO. 5:

Admit that the United States Government put out the following Shelter-in-place order:

“PROTECTING YOURSELF AND OTHERS FROM COVID-19

Shelter-in-place protocol is critical for defending against the spread of COVID-19. If your state has issued a shelter-in-place order, please do not take it lightly. Staying inside your home except for essential activities like buying groceries or visiting the doctor. Failing to do so can put the lives of real people who are loved dearly at risk.”

Response:

REQUEST FOR ADMISSIONS NO. 6:

Admit that for one party to force another party to run around the town outside of his/her home to contact in-person with the landlord and other personnel such as technicians, cleaners, and movers to close an office can put the lives of real people at risk.

Response:

REQUEST FOR ADMISSIONS NO. 7:

Admit that Shao wrote on 3-16-20 to Ann Smith to request an extension of two months due to the Covid-19 pandemic and was told, “[O]n the call today we were told that any termination notices that have been delivered will stand.” Further admit that Shao wrote to CEO Mr. Wilson on 3-25-20 via express mail to request an extension of two months and he did not receive a reply from Mr. Wilson. And further admit that, for a 73-year-old man like Shao, it was

classified as of the highest risk to be infected by Covid-19, and he should not have been running around town to meet people in-person to close an office.

Response:

REQUEST FOR ADMISSIONS NO. 8:

Admit that Mr. Shapiro, who was then 54 years old and much less risky to Covid-19 than Shao and who had the comfort of a Florida vacation home to shelter in place, and who did not have to go to his office to perform in-person job-related tasks, as Allstate closed its headquarter office, should not force a high-risk senior of age 73 to run around town to deal with landlord, technicians, cleaners, and movers to close an office.

Response:

REQUEST FOR ADMISSIONS NO. 9:

Admit that ownership of private property and human life are sacred in this country. Further admit that it was only human that a due process should have been in place for a dialogue between the Company and EA agents to find out a way to cope with the problems created by the pandemic, and no due process of dialogue was in place. (Shao's pleading for an extension of two months so that he could find a safer way to close his office on 3-16-20 was flatly denied by the Allstate administration and his express mail of 3-25-20 to CEO Mr. Wilson for an extension of termination was unanswered.)

Response:

REQUEST FOR ADMISSIONS NO. 10:

Admit that the economic interest of the book of business, which shao paid a sum of \$339,767.91 to acquire in 2015 was an ownership of private property. Further admit the life of Shao is as dear and precious as the life of Mr. Glenn Shapiro. And further admit that it was heartless of Mr. Shapiro, being sheltered securely at his Florida vacation home, denied another human being's request to extend the termination for two more months so that he/she could figure out a saver way to close the office, which would become a financial black hole to him/her.

Response:

REQUEST FOR ADMISSIONS NO. 11:

Admit that it was unlawful for Allstate to appropriate Shao's economic interest of the portion of the book of business through TPP without paying interests for the so-called, "eligible earned business (business written after year 2000)." Further admit that it was unlawful for Allstate to appropriate Shao's economic interest of the portion of the book of business through TPP without paying a dime for the so-called, "non-eligible earned business (business written before year 2000).

Response:

REQUEST FOR ADMISSIONS NO. 12:

Admit that, before Allstate had nulled Shao's ownership of the economic interest of his book of business in a legal and customary way, acceptable in the society we live in, Allstate should pay the economic interest/commission cut of his book of business, legally belonging to him.

Response:

REQUEST FOR ADMISSIONS NO. 13:

Admit that TPP is a transfer of Shao’s economic interest of the book of business to Allstate by appropriation. Further admit that under Paragraph XVI “Transfer of Interest” of the main contract there is no mention of TPP, which is buried under the haystack of the rules and regulation section of the contract, called, “Supplement.” And further admit that such a practice is designed to deceive.

Response:

REQUEST FOR ADMISSIONS NO. 14:

Admit that the Paragraph II.B of the main contract states, “You will meet certain business objectives established by the Company in the areas of profitability, growth, retention, customer satisfaction and customer service,” which certainly does not imply a production quota system for a certain type of insurance product, which characterizes ABO (Allstate Business Objectives) of 2019.

Response:

REQUEST FOR ADMISSIONS NO. 15:

Admit that Manual before 2013 does not contain the quota system ABO.

Response:

REQUEST FOR ADMISSIONS NO. 16:

Admit that XX.A of the main contract states, "This Agreement may not be modified except by a written agreement between the Company and you which expressly states that it modifies this Agreement." Further admit that there is no modified agreement between the Company and Shao on the subject of ABO. And further admit that the meeting of the minds stated in XX.A has never been executed by the Company about ABO, which is a fundamental term of the Agreement, and which would wipe out the hundreds-and-thousands-dollar investment made by the agent-signee.

Response:

REQUEST FOR ADMISSIONS NO. 17:

Admit that, in the 2013 Manual, the Company set the device of ABO quietly without announcing it to the agents via Gateway.

Response:

REQUEST FOR ADMISSIONS NO. 18:

Admit that ABO is a violation of the norm and tradition of the Exclusive Agents, who do not have production quota as a tenured captive EA as well as that of the Independent Contractor, who is free of monthly production quota.

Response:

REQUEST FOR ADMISSIONS NO. 19:

Admit that Allstate made changes to the relationship and program between Allstate and its Independent Contractor Exclusive Agents in 2019 and 2020 without honoring the meeting-of-the-minds commitment, stated in XX.A.

Response:

REQUEST FOR ADMISSIONS NO. 20:

Admit that the initiation of the execution of these changes in terms of ABO started in March 2016, when Mr. Glenn Shapiro was employed by Allstate.

Response:

REQUEST FOR ADMISSIONS NO. 21:

Admit that the purpose of ABO is to terminate a vast number of agents and to seize their books cheaply without paying the market rate of the value of the book.

Response:

REQUEST FOR ADMISSIONS NO. 22:

Admit that the acquisition of Esurance is a disastrous business decision for Allstate, which in the past 9 years (from 2011 to 2019) had caused Allstate EA system had paid over \$1.118 B (average \$122 million per year) towards Esurance's underwriting loss, and which became a cancer in the heart of the business health of Allstate

Response:

REQUEST FOR ADMISSIONS NO. 23:

Admit that the table below, constructed from the Allstate Annual Reports of the past nine years, accurately shows the disastrous nature of the acquisition:

Esurance Underwriting Losses		Allstate Brand Underwriting Profit/Loss	
2011	\$ (37,000,000.00)	2011	\$ (666,000,000.00)
2012	\$ (192,000,000.00)	2012	\$ 1,539,000,000.00
2013	\$ (218,000,000.00)	2013	\$ 2,551,000,000.00
2014	\$ (259,000,000.00)	2014	\$ 2,235,000,000.00
2015	\$ (164,000,000.00)	2015	\$ 1,812,000,000.00
2016	\$ (124,000,000.00)	2016	\$ 1,447,000,000.00
2017	\$ (56,000,000.00)	2017	\$ 2,387,000,000.00
2018	\$ (25,000,000.00)	2018	\$ 2,357,000,000.00
2019	\$ (43,000,000.00)	2019	\$ 2,951,000,000.00
Total	\$ (1,118,000,000.00)	Total	\$16,613,000,000.00

Response:

REQUEST FOR ADMISSIONS NO. 24:

Admit that since 2016 many investors such as City of St. Clair Shores Police, Fire Retirement System, Carpenters Pension and Annuity Trust Fund, Denise Sundquist, Biefeldt, IBEW Local 98 Pension Fund, and the City of Providence Employees Retirement System had filed lawsuits against Allstate for lowering the underwriting standard, which had resulted in Esurance underwriting losses. Further admit that some of the above suits such as the Denise Sundquist suit named the upper echelon of officers and directors such as Thomas J. Wilson, Steven E. Shebik, Judith A. Sprieser, Kermit R. Crawford, Michael L. Eskew, F. Duane Ackerman, Jack M. Greenberg, Robert D. Beyer, Herbert L. Henkel, Siddharth N. Mehta, Andrea Redmond, John W. Rowe, Mary Alice W. Taylor, Jacques P. Perold, and Mathew E. Winter as defendants, who were personally responsible for the Esurance underwriter losses.

Response:

REQUEST FOR ADMISSIONS NO. 25:

Admit that the higher echelon of Allstate did not prove to the investors their business acumen to turn around the losing streak of Esurance and instead they chose to cover it up by performing the magic task of transforming the duckling of Esurance into the swan of a direct sales department with decent underwriting profits by appropriating EA agents' book: Allstate announced in 12-2019 that it would phase out Esurance in 2020 in order to streamline business operations. (Abdel Jimenez, *Chicago Tribune*, 12-19-19.) Further admit that, in order to achieve the above goal, Allstate started in 2019 annexing the books of the EA agents (i.e., seizing the policies in the EA agents' books and transferring them to the account of the direct sales department) by means of ABO and TPP. And further admit that such transformation/transference of policies from the EA agents' book to the accounts of the direct sales department would maintain the total premium/incomes for Allstate and thus would keep the stock value of Allstate from declining, at least for the time being.

Response:

REQUEST FOR ADMISSIONS NO. 26:

Admit that members of the upper echelon of Allstate have no confidence in the future of the Company and thus unload their stock options as soon as available to them.

Response:

REQUEST FOR ADMISSIONS NO. 27:

Admit that the table below, constructed from SEC Form 4: Statement of Changes in Beneficial Ownership, accurately shows that the members of the upper echelon had sold or unload each's stock options in the ten years prior to March 2021:

Stock Sold Prev 10 Years	
Executive	Value Sold
Michelle Mayes	\$ 1,385,465.00
Joan Walker	\$ 3,282,614.00
James DeVries	\$ 7,561,581.00
Steven Varney	\$ 10,340,761.00
Katherine Mabe	\$ 4,506,632.00
Judith Greffin	\$ 16,943,446.00
Samual Pilch	\$ 18,631,375.00
Sanjay Gupta	\$ 8,047,594.00
Matthew Winter	\$ 34,882,107.00
Suren Gupta	\$ 16,507,834.00
Harriet Harty	\$ 2,996,033.00
Mary Jane Fortin	\$ 1,018,444.00
Steven Shebik	\$ 23,307,441.00
Mario Rizzo	\$ 676,271.00
Susan Lees	\$ 19,168,963.00
Don Civgin	\$ 80,332,492.00
Jesse Merten	\$ 2,951,332.00
Glenn Shapiro	\$ 8,673,479.00
Tom Wilson	\$ 108,834,909.00
Total	\$ 370,048,773.00

Response:

REQUEST FOR ADMISSIONS NO. 28:

Admit that the members of the upper echelon of Allstate were not optimistic of the future of Allstate in cashing in rather than retaining in each's financial portfolio their Allstate stock options as soon as possible.

Response:

REQUEST FOR ADMISSIONS NO. 29:

Admit that the transformation/transference of EA agents' policies to the account of the direct sales department resulted in the ruin of hundreds and thousands of EA agents, who were robbed of their business livelihood and life savings, while the members of the upper echelon drank to celebrate their fat wallets.

Response:

REQUEST FOR ADMISSIONS NO. 30:

Admit that the EA agencies were extremely profitable to Allstate in terms of their lost ratios, which were way below the industry red line of 70% and contributed mightily to the financial health of Allstate since 1999, and the members of the upper echelon chose to make them the sacrificial lambs to cover their mistake of purchasing a white elephant, the Esurance company.

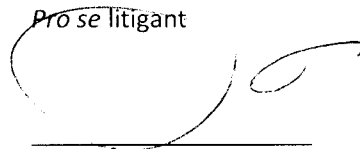
Response:

Dated: October 7, 2022

Respectfully Submitted

PAUL SHAO,

Pro se litigant



Paul Shao

9233 Lee Masey Drive,

Lorton, Virginia 22079

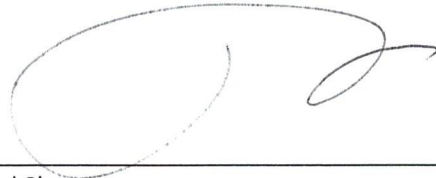
(202) 290-6300 Telephone

paulyshao@gmail.com

CERTIFICATE OF SERVICE

I certified that on October 7, 2022, a copy of the foregoing PLAINTIFF PAUL SHAO'S FIRST SET OF REQUESTS FOR ADMISSIONS TO DEFENDANT ALLSTATE INSURANCE COMPANY was filed with the clerk's office of the Court, emailed, and mailed to Defendant at the following address:

Bret C. Marfut
bmarfut@sayfarth.com
SEYFARTH SHAW LLP
975 F Street, N.W.
Washington, DC 20004-1454

A handwritten signature in black ink, appearing to be 'Paul Shao', written over a horizontal line.

Paul Shao