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## Federal Judge Grants Final Approval to Allstate Texas Insurance Scoring Lawsuit Settlement

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SAN ANTONIO February 16 (BestWire) — A Texas federal judge has granted final approval to a 2001 class-action lawsuit settlement against Allstate Corp., which alleged the company used discriminatory credit-based insurance scoring profiles when writing business.

The lawsuit, Jose DeHoyos, et. al. vs. Allstate Insurance Co., was filed in U.S. District Court, Western District of Texas San Antonio division. It was brought by seven Allstate customers seeking to represent a nationwide class of black and Hispanic Allstate customers. The suit alleged racial discrimination in insurance pricing. The plaintiffs alleged they were discriminated against in violation of the federal civil rights laws, including the Fair Housing Act, by allegedly being charged higher premiums based on Allstate's use of insurance scoring. A preliminary settlement was reached in June, 2006 under the auspices of U.S. District Court Judge Fred Biery (BestWire, June 05, 2006).

Biery approved the settlement, stating Allstate's change to the way its sets rates is "fair, reasonable and adequate." The seven plaintiffs were awarded \$5,000 apiece, while their lawyers were awarded \$11.7 million for fees and expenses. Under the terms of the settlement, minority policyholders who paid higher premiums under the previous Allstate underwriting practices can apply for refunds between \$50 and \$150.

Attempts to reach Allstate for immediate comment were not successful.

Insurers that support insurance scoring point to studies that link credit scores to loss experience. Bob Detlefsen, public policy director for the National Association of Mutual Insurance Companies, has said insurance scoring has "proven to be an actuarially sound underwriting tool" and the burden should be on those who oppose it to prove why it shouldn't be used, not the other way around." (BestWire, May 23, 2006)

Allstate Insurance Co. (NYSE: ALL) currently has a Best's Financial Strength Rating of A+ (Superior).

On the morning of Feb. 16, Allstate stock was trading at \$62.21., a 0.10% decrease from the previous close.

In 2005, the top five Texas homeowners multiperil insurers, according to A.M. Best Co. state/line product information, were: State Farm Group, with 29%; Allstate Insurance Group, with 17.2%; Farmers Insurance Group, with 11.1%; USAA Group, with 7%; and St. Paul Travelers Group, with 5.4%.

(By Tom De Martini, associate editor, BestWeek: Thomas.DeMartini@ambest.com) BN-NJ-02-16-2007 1045 ET #

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