



**Written Testimony of Michael Fiato
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Hearing: Examining the Insurance Industry's Claims Practices
Following Recent Natural Disasters
Committee on Homeland Security and Governmental Affairs
Subcommittee on Disaster Management, District of Columbia, and Census
United States Senate**

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Chairman Hawley, Ranking Member Kim and members of the Subcommittee thank you for the opportunity to share how Allstate empowers customers with protection to help them achieve their hopes and dreams. My name is Michael Fiato, and I am Executive Vice President and Chief Claims Officer of Allstate Insurance Company. I welcome the opportunity to discuss Allstate's role in protecting our customers from life's uncertainties.

Allstate exists to help customers recover from disasters, and we are committed to delivering exceptional service to restore lives after accidents and catastrophes. We live and breathe our motto: our customers' worst day needs to be our best.

- Allstate insures 7.5 million homes across the United States.
- The Allstate Claims organization is a global team of 23,000 caring claims experts.
- We handle approximately 8.4 million claims each year.
- We paid nearly \$20 billion in catastrophe losses over the past five years to help families rebuild after a tragic loss.
- In 2024 specifically:
 - Allstate responded to 132 catastrophe events – that is up from an average of 85 a decade ago – and we handled more than 510,000 catastrophe claims.
 - Allstate paid out more than \$37 billion in claims, with \$4.6 billion paid out specifically to catastrophe claims, this includes:
 - Paying out \$57 million in claims following Hurricane Milton, and
 - Paying out \$527 million in claims after Hurricane Helene.
- In the first quarter of 2025, Allstate paid a record \$3.3 billion in catastrophe losses, equal to what we have typically seen in a full year prior to 2023.
- In the aftermath of the devastating wildfires in California earlier this year, Allstate paid out \$924 million in claims to our customers.

As severe weather continues to impact customers at historic levels, Allstate is ready to help. Today, I want to spotlight how Allstate is putting customers first by:

- Empowering our claims experts with innovative technology and continuous training and preparation to ensure we rapidly respond to customers when they need us most.
- Paying claims fairly and helping customers understand their specific policy coverage.

Catastrophe Response and Claims Operations

Allstate's National Catastrophe Team is powered by 2,000 caring claims experts that guide customers through the claims process with urgency, accuracy and empathy, ensuring they are in *good hands*.

Our employees and fleet of 20 Mobile Claims Centers (MCCs) are strategically positioned across the country and can deploy within a moment's notice. We are ready 365 days a year, 24 hours per day. Our top priority is to arrive quickly and assist customers impacted by a catastrophic event. Simply put, we are built for this. When disasters strike, Allstate is ready.

Preparing for the storm

Using real-time data and projections from NOAA's National Hurricane Center, we analyze storm paths to anticipate where help will be needed most. This allows us to proactively position teams and equipment near the projected disasters areas, enabling us to deliver quick relief and support the moment conditions allow.

For example, with Hurricanes Helene and Milton, we strategically positioned our resources in Tallahassee giving us the ability to respond to both Georgia and Florida. Initially, we send out smaller scout vehicles to assess the damaged areas and available infrastructure. Then, our larger MCCs arrive and assist customers once the scout teams verify it is safe to do so.

Communication is key

We are actively communicating with customers ahead of a storm to help them prepare and after a storm to ensure they are safe and begin the claim process. We know power, connectivity and cellular availability may be limited or restricted following a storm, so we cast a wide net to get information to customers through multiple channels. This includes:

- Emails and texts;
- Mobile app push notifications;
- Social media posts;
- Local newspapers ads;
- Website updates; and
- Even banners being flown via airplanes.

These key communications get customers on a path to recovery fast.

Filing a claim

Our claims process is simple and easy. We offer numerous ways to file a claim, including online, through the Allstate mobile app, calling 1-800-54-STORM or by reaching out to an Allstate agent. We also have claims experts onsite at an Allstate MCC for customers to file a claim in person, issue advance payments for covered losses and answer questions.

Once a claim is filed, the next step is an inspection, which can be scheduled either virtually or in person. After that, an adjuster evaluates damages, determines coverage and prepares an estimate. If the covered damage exceeds the deductible, an adjuster works with the customer on how to issue payment and start the recovery process. Adjusters and agents remain connected to a customer until a claim is fully resolved.

Restoring hopes and dreams

An Allstate MCC is more than a place to start the claims process; it is a place to find relief and comfort. We provide our customers and community members who are not Allstate customers with basic amenities like water and electronic charging stations, Wi-Fi and even access to a therapy dog program.

We also partner with state, federal and government agencies involved in disaster relief (including many nonprofit organizations, like the American Red Cross) to find ways to help residents get the assistance they need. The Allstate Foundation, Allstate, employees and agents contributed more than \$57 million to nonprofits in 2024, with a focus on building more resilient communities and helping them recover from disasters.

How Allstate Pays Claims

Throughout the claim process, Allstate helps customers understand their potential coverage and supports them from loss to restoration.

Depending on the facts of the loss, one claim could result in multiple exposures being opened – one exposure could be for damage to a dwelling structure, typically the actual home, and there could be a second exposure for damage to structures not attached to the actual home, like a detached garage or a shed. Depending on the circumstance and the specific policy, not every exposure will result in a payment.

A few of the common reasons why an exposure may not result in a payment could be:

- Claim under Deductible – When the cost to repair the damages is less than the deductible amount chosen by the customer, a claim is not paid. Some policies have higher deductibles for wind events such as those in coastal states. These deductibles are subject to state regulations and reviews by departments of insurance. For example, in Florida, hurricane deductible options may be as low as \$500, with a minimum 1% deductible available for homeowners with dwelling limits over \$250,000 and range up to 10% of dwelling limits.
- Customer Withdraws Claim – No payment will be made if a customer decides to withdraw a claim. This could be for a variety of reasons such as no damage, or the customer believes the claim is below the deductible. The claim can always be reopened if a customer chooses.
- No Damage – If damage is not found after a thorough inspection and no repairs are needed, a claim will not be paid. If damage is later discovered, the claim will be reopened.
- Policy Exclusion – A claim would not be paid if the damage is from an excluded peril such as a flood. Flood damage is typically excluded because the federal government issues flood insurance through the National Flood Insurance Program of which Allstate is a Write Your Own participant to ensure our customers have access to flood coverage.

Claims Review Process and Oversight

In our claims operating structure, each adjuster assigned to a claim has individual file authority and is responsible for the coverage, scope, policy conditions and estimate accuracy. After the adjuster creates their initial estimate a review of the estimate and coverage analysis is completed. Collaboration between the adjuster and the oversight team is conducted and any necessary changes to coverage analysis or the estimate are then completed.

If the damage is above the adjuster's authority (a preset limit based on adjuster experience and claim type), oversight and review is provided prior to finalizing the estimate. During the review process the estimate could be amended to maintain quality and ensure our customers are paid what they are owed for their loss. It should be noted that an estimate will not be adjusted after it is finalized and sent to the customer.

As part of the oversight process, if the adjuster disagrees with any recommended changes or edits by the oversight team, they can provide additional detail from their inspection or escalate to a supervisor.

Property and Auto Quality Insights Oversight Process

As part of our commitment to quality, consistency and customer experience, we have a separate quality department, Quality Insights, that reviews oversight standards for consistent application. Reviews of files and estimating standards are achieved through a random review selection process. Quality Insights seeks to achieve statistically valid sampling of claims across multiple segments to ensure that we review claims that reflect our overall book of business. We utilize our reviews to understand where we are meeting standards and where we have opportunity to drive continuous improvement across the claims organization. As part of the Quality Insights process the evaluation of the estimate is based off total estimate accuracy including overwrites and underwrites.

Escalations

All escalations, whether formal or informal, are routed to a member of our claims team to review. Depending on the nature of the escalation, this could be handled by the assigned adjuster, a newly assigned adjuster or a supervisor. They will work with the customer or their representative to come to a timely and complete resolution.

We also review all customer survey feedback (Closed Loop Feedback Survey). The survey scale ranges from 1-10, 10 being the highest level of satisfaction. All surveys that score less than 8 are reviewed by a supervisor and all survey comments are reviewed and any dissatisfaction brought forth in the comments regardless of the score is addressed by a supervisor.

We strive to ensure every claim is handled accurately and efficiently to get our customers back to their pre-disaster lives, which is evidenced by a less than 1% escalation rate of claims filed in response to complaints that come directly to Allstate and through state departments of insurance.

Working within a State-Based Insurance Regulatory System

I also want to highlight the importance of regulators in the claim process. For more than 150 years, the business of insurance has been regulated by the states and was cemented by Congress with the enactment of the McCarran-Ferguson Act in 1945. Today, we are regulated by

51 state regulators, including Washington D.C., across the United States. Each state sets rules for its own insurance market, finding the desired balance for their constituents between free market competition and rigorous regulatory oversight. The nuances of insurance product offerings, disaster preparedness and recovery are managed on a state-by-state basis.

Most states require rate filings. In a rate filing, the insurance company discloses any changes to the company's rates along with supporting actuarial analysis that demonstrates why the change is appropriate. As part of state regulatory oversight, Allstate has been subject to 64 state regulatory market conduct examinations over the last five years. Often, multi-state market conduct examinations are opened and completed in the wake of major natural disasters to facilitate confidential data collection and increased transparency between the carrier and our primary regulators.

Specifically, regarding Hurricanes Helene and Milton, Allstate reported 273 complaints out of a total of 54,000 claims, which represents 0.5% of all claims filed.

Conclusion

Thank you again for giving Allstate the opportunity to discuss how we serve our customers in their time of need. As severe weather is impacting our customers at historic levels, Allstate is there for them. We are prepared year-round using leading technology and caring claims experts. We pay claims fairly and work with customers, so they understand policy coverage. Our customers' worst day needs to be our best is more than a motto to Allstate, it is why we exist.

We look forward to discussing these items further during the hearing.