The CEO Letter

In 2007, one of my insured property owner customers was still owed $12,000 by Allstate that they had refused to pay. Around that same time, I had come across the following statement made by Allstate President and CEO Tom Wilson to Allstate shareholders at their annual shareholder meeting; "*"Our obligation is to earn a return for our shareholders*". After reading about Wilson's statement, and considering their refusal to pay the legitimate balance still owed to my customer, I wrote then sent the following letter directly to Wilson and his then President of the Allstate property and casualty division.

Tom Wilson – Allstate President and CEO
George Ruebenson – President P&C Division
Re: Your comment to shareholders: "Our obligation is to earn a return for our shareholders"

Gentlemen,

Apparently, neither Bradley nor Kellogg offered courses in business ethics while the two of you were attending college. If business ethics courses were offered it would appear that neither of you thought it important enough to attend them. Had either of you signed up for those courses of instruction you would have learned that the Allstate insurance company business practices described above and regularly practiced with your full knowledge and approval, are abhorrent and corrupt to the nth degree and are in direct opposition to known moral and ethical practices.

Mr. Wilson, as President and CEO of Allstate, your primary obligation is not and never has been to earn a return for your shareholders. Indeed, your primary obligation is and always has been to see that your promises to your real customers (policy holders) are fulfilled. An overabundance of reliable evidence suggests that you have failed miserably in that quest and that Allstate business practices and policies under your and your predecessor Ed Liddy's supervision of putting the interests of shareholders ahead of policyholders are indeed practices and policies destined ultimately for severe economic failure.

Did you not learn anything from the failures of Enron, WorldCom, Adelphia, and others and the life changing examples of the executives in charge of those companies who were responsible for the corruption – who put shareholder returns ahead of customer service? Something to think about. A graduate degree is not a prerequisite for understanding and doing what is right – all that's needed is a little bit of common sense. Neither of you, however, seem to possess that valuable intuitive quality and it is likely that that lack will eventually become as legally troublesome for you as it has become financially troublesome for your real customers – Allstate policy holders, whose trust has been and continues to be betrayed. As well, your practice of using Xactimate that prices repairs at a rate substantially below true current free market remodel pricing rates is as transparent as it is fraudulent.

Your claims representatives, according to their (your) claims managers, have been told to refuse to fully pay this claim. This serious violation of trust and bad faith has exposed each and every claims representative involved and who have followed the edicts of your office has caused financial and other damage and hardship to the insured named above. Therefore, an investigation will ensue that is intended to expose and hold legally accountable each and every claims representative that has conspired, on behalf of Allstate insurance company, to illegally withhold settlement monies from the insured. Once the names of the responsible individuals has been compiled, each will be subpoenaed to testify under oath as to their involvement in this matter. It is my hope and expectation that all culpable individuals will be prosecuted to the fullest extent of the law.

Sincerely, Larry M. Burtis, President - 3RSystems, LLC

After receiving my letter, my insured property owner customer did receive a check in the full amount of the balance due.