

## Departed agents sue Allstate

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**JAMES DAW**

Plans to consolidate offices, cut costs and increase market share at Allstate Insurance Co. of Canada have hit a major snag.

About 40 leading agents have quit the Markham company rather than accept a demotion and pay cut, and they've gone into competition as brokers for other insurers.

Now three of them have sued their ex-employer, seeking compensation for themselves and every other agent who quits before September 2009. They want \$60 million from Allstate and its parent, America's largest publicly held insurer of personal property.

Agents started leaving Allstate a few months after it announced plans last July to close 256 neighbourhood offices and move 450 agents into 100 new company-owned offices, 23 of which will be opened by the end of May.

Senior agents ran their own businesses, paid the rent and hired staff, even though they were employees of Allstate Canada. They expected to see their compensation and managerial role reduced dramatically as Allstate divided their responsibilities among a team of specialists to improve customer service and increase sales. No longer would they collect sales commissions on the renewal of existing policies, and they did not consider the company's guarantee to continue their level of pay for two years adequate.

The lawsuit filed Tuesday alleges pay levels were not truly guaranteed: rather, they were bound to fall, and this was a breach of employment standards legislation.

"Allstate knew or ought to have known that the purported 'guarantee' of agents' income for a 24-month period was transparent and could/would not be achieved," the agents allege in their statement of claim.

"Allstate was entirely without care, deliberate, callous, wilful and in intentional disregard of the individual rights and circumstances of class members."

The allegations have not been proven in court. But the chances of persuading a court about one central argument look good, at least going by one judge's finding.

Judge Paul Kane of the Ontario Superior Court of Justice wrote in March there is a "strong possibility" a court will find Allstate repudiated its employment contracts.

He made this prediction when he refused to order former Sudbury agent Rod LaRocque to stop competing with Allstate as an independent broker.

The new lawsuit, filed by Hamilton lawyer David Thompson, proposes Esther Kafka of Windsor, Ketai Patel of Tecumseh and Mark Cassells of Hamilton as the lead plaintiffs in a class action.

Kafka said yesterday that disgruntled agents did not quit immediately because they first tried to reason with Allstate, and later felt threatened when the company sued LaRocque. It also took time for them to pass examinations to qualify as brokers.

"We felt they were trying to listen to our concerns ... but in the last week of November we all got an email to say that everything was pretty much status quo," she said. "That is when we considered our options."

Spokesperson Derek Tupling said Allstate is reviewing the statement of claim.

He said 73 agents have left Allstate since last September for a variety of reasons, but the company has hired 76 others and offered contracts to sales associates hired through an employment agency to work at neighbourhood offices.

"Competition is heating up, and every company wants to increase their share of the pie," he said. "We want to be part of the game."

*James Daw, CFP, appears Tuesday, Thursday and Saturday. He can be reached at 416-945-8633; or by email at*

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