

Windsor insurance agents slap employer with \$60M lawsuit

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Three current or former agents with Allstate Insurance Co. of Canada, including two from the Windsor area, are plaintiffs in a \$60 million class action lawsuit brought against the company alleging breach of contract and breach of the Employment Standards Act.

Esther Kafka and Ken Patel of Windsor, along with Mark Cassels of Hamilton, allege that on July 24, 2007, Allstate "unilaterally announced substantive material changes to the employment contract terms with all of its sales agents, numbering approximately 450, across Canada.

The suit, brought by Scarfone Hawkins LLP of Hamilton, further alleges that the changes "strip agents of their renewal books of business and closes 256 agent locations throughout Canada and that the compensation system for Allstate agents changed Sept. 1, 2007."

The statement of claim contains allegations not yet proven in court.

Kafka said Thursday the lawsuit was prompted by the company's "unilateral decision to abruptly change the terms of our employment.

"Naturally, we were all traumatized by this and when it later became apparent the company was moving ahead with its plans, despite assurances it would hear our concerns and take them into account, we were left with no other alternative but to file suit."

Kafka tendered her resignation in April and was scheduled to close her office May 31 but she said Thursday that she was effectively out of business as of May 6 "because the company has claimed all of the files."

Wally Chafchak, another local agent who resigned from Allstate last month after 22 years with the company, said the changes in compensation rules would cut his potential income by more than 50 per cent.

More than 70 agents have already quit Allstate which said the changes were being made for competitive reasons and would cut costs, increase market share and provide enhanced customer services through a series of regional offices.

When agents began leaving Allstate, the company tried to prevent them from servicing their clients by launching a pair of lawsuits seeking to enforce a non-compete clause in its contract with its agents.

But a judge recently issued an injunction against Allstate preventing it from enforcing the clause which the company claims prevents agents from soliciting Allstate clients for two years.

In the judge's ruling, he said the way the company treated its agents could well have invalidated those clauses.

A company spokesman wasn't immediately available for comment.

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