

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 27, 2017

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2017-00190

UNITED SERVICES AUTOMOBILE ASSOCIATION,
USAA CASUALTY INSURANCE COMPANY,
USAA GENERAL INDEMNITY COMPANY, and
GARRISON PROPERTY & CASUALTY INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that United Services Automobile Association, USAA Casualty Insurance Company, USAA General Indemnity Company, and Garrison Property & Casualty Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated: § 38.2-317 A of the Code of Virginia ("Code") by issuing insurance policies or endorsements without having filed such policies or endorsements with the Commission at least thirty days prior to their effective date; § 38.2-502 of the Code by misrepresenting the benefits, advantages, conditions, or terms of an insurance policy; § 38.2-511 of the Code by failing to maintain a complete complaint register; §§ 38.2-610 A, 38.2-2210 A, 38.2-2210 C, and 38.2-2234 A of the Code by failing to accurately provide the required notices to insureds; § 38.2-1318 of the Code by failing to provide convenient access to files, documents, and records; § 38.2-1905 C of the Code by assigning points under a safe-driver insurance policy to a vehicle other than the vehicle customarily driven by the operator responsible for incurring points; § 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in

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accordance with the rate and supplementary rate filings in effect for the Defendants; §§ 38.2-2113 C, 38.2-2114 B, 38.2-2114 C, 38.2-2208 A, 38.2-2208 B, and 38.2-2212 E of the Code by failing to properly terminate insurance policies; § 38.2-2214 of the Code by failing to provide insureds with rate classification statements; § 38.2-2220 of the Code by failing to use forms in the precise language of the standard forms previously filed and adopted by the Commission; § 38.2-2223 of the Code by using coverages more favorable than those in the standard forms without obtaining prior approval of the Commission; §§ 38.2-510 A 1, 38.2-510 A 3, and 38.2-510 A 6 of the Code as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to Virginia the sum of One Hundred Fifty-five Thousand Seven Hundred Fifty Dollars (\$155,750), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letters to the Bureau dated April 5, 2016, September 21, 2016, November 28, 2016, January 30, 2017, May 31, 2017, and July 27, 2017, have confirmed that restitution was made to 80 consumers in the amount of

Twenty-six Thousand Four Hundred Fifty-nine Dollars and Forty-six Cents (\$26,459.46), and agreed to the entry by the Commission of a cease and desist order.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendants pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Bureau, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) The Defendants shall cease and desist from any future conduct that constitutes a violation of § 38.2-2201 of the Code.

(3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Daniel Dilly, AVP Insurance Compliance, United Services Automobile Association, 900 Fredericksburg Road, San Antonio, Texas 78288; and a copy shall be delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of Deputy Commissioner Rebecca Nichols.