

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 3, 2022

CLERK'S OFFICE
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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2022-00007

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

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that United Services Automobile Association, USAA Casualty Insurance Company, USAA General Indemnity Insurance Company, and Garrison Property and Casualty Insurance Company (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-510 A 1 of the Code of Virginia ("Code") by failing to represent facts or insurance policy provisions relating to coverages at issue with such frequency as to indicate a general business practice; § 38.2-1318 C of the Code by failing to provide convenient access to files, documents, and records to Commission personnel during an examination; § 38.2-1809 B of the Code by failing to retain records relative to insurance transactions for three previous calendar years as required by statute; §§ 38.2-2208 A and 38.2-2113 C of the Code by failing to retain a valid proof of mailing of the companies' notice to the insured of the cancellation of a policy; §§ 38.2-2114 A, 38.2-2114 C, 38.2-2212 D, and 38.2-2212 E of the Code by failing to accurately terminate insurance policies; § 38.2-2201 D of the

Code by failing to obtain a valid Assignment of Benefits from the insured authorizing direct payment of medical expense benefits to the health care provider; § 38.2-2220 of the Code by failing to use the precise language of standard auto forms filed and adopted by the Commission; and § 38.2-2223 of the Code by including additional provisions or more favorable coverage in standard forms without obtaining approval from the Commission prior to use; as well as 14 VAC 5-400-70 D of the Virginia Administrative Code by failing to offer a fair and reasonable amount as shown by the investigation of the claim.

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 the right to a hearing in this matter whereupon the Defendants, without admitting or denying any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have agreed to comply with the corrective action plan outlined in the companies' correspondence dated September 27, 2021, and November 24, 2021; have confirmed that restitution was made to 40 consumers in the amount of Thirty Seven Thousand Three Hundred Fifty Eight Dollars and Fifty-five Cents (\$37,358.55); have tendered to the Treasurer of Virginia the sum of Thirty Four Thousand Dollars (\$34,000); and have waived the right to a hearing.

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

A COPY hereof shall be sent by the Clerk of the Commission by electronic mail to: Ms. Stacey Spenser, Senior Compliance Risk Manager, USAA Group of Insurance Companies, at stacey.spenser@usaa.com, One Norterra Drive, Phoenix, Arizona 85085; 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.