

No. **4347**

**OFFICIAL ORDER
of the
TEXAS COMMISSIONER OF INSURANCE**

Date: MAR 10 2016

Subject Considered:

GEICO SECURE INSURANCE COMPANY
GEICO CHOICE INSURANCE COMPANY
GEICO ADVANTAGE INSURANCE COMPANY
One GEICO Plaza
Washington, DC 20076

CONSENT ORDER
TDI ENFORCEMENT FILE NOS. 10129, 10130, and 10131

General remarks and official action taken:

The commissioner of insurance considers whether disciplinary action should be taken against GEICO Secure Insurance Company, GEICO Choice Insurance Company, and GEICO Advantage Insurance Company, which hold certificates of authority issued by the department.

WAIVER

GEICO Secure Insurance Company, GEICO Choice Insurance Company, and GEICO Advantage Insurance Company (GEICO) acknowledge that the Texas Insurance Code and other applicable law provide certain rights. GEICO waives all of these rights and any other applicable, procedural rights in consideration of the entry of this consent order.

FINDINGS OF FACT

1. GEICO is a casualty company holding a certificate of authority to transact business in Texas.
2. The department conducted a market conduct examination of GEICO's prescribed procedures for the period of July 1, 2013, through June 20, 2014.
3. The exam focused on a review of sales, advertising and marketing, underwriting and rating, claims practices, and consumer complaints/inquiries. This was GEICO's first market conduct examination.
4. During the exam, the department found violations of the Texas Insurance Code.
5. GEICO failed to properly settle claims in which its liability had become reasonably clear, in at least four instances.

6. GEICO also failed to timely issue payment after accepting liability.
7. Specifically, GEICO accepted liability and obtained a final proof of loss on the claims, but failed to timely issue payment when it did not receive confirmation of the proper co-payee on the claim settlement check. Instead, GEICO withheld payment until that information was received.
8. GEICO represents, effective May 27, 2015, it updated its policies and procedures throughout all GEICO companies, not only those included within this order, to address this issue.

CONCLUSIONS OF LAW

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE chs. 751, 801, and 861; TEX. INS. CODE §§ 82.051-82.055 and 84.021-84.051; and TEX. GOV'T CODE §§ 2001.051-2001.178.
2. The commissioner has the authority to dispose of this matter informally, as set forth in TEX. GOV'T CODE § 2001.056; TEX. INS. CODE §§ 36.104 and 82.055; and 28 TEX. ADMIN. CODE § 1.47.
3. GEICO failed to effectuate a prompt, fair, and equitable settlement of a claim with respect to which liability had become reasonably clear, in violation of TEX. INS. CODE §§ 541.060(a)(2)(A) and 542.003(b)(4).
4. GEICO failed to timely pay a claim for which it had accepted liability, in violation of TEX. INS. CODE § 542.057(a).

The commissioner orders GEICO Secure Insurance Company, GEICO Choice Insurance Company, and GEICO Advantage Insurance Company to pay, jointly and severally, \$30,000 within 30 days from the date of this order. The administrative penalty must be paid by cashier's check or money order payable to the State of Texas. GEICO Secure Insurance Company, GEICO Choice Insurance Company, and GEICO Advantage Insurance Company must mail the administrative penalty to the Texas Department of Insurance, Attn: Enforcement Section, Division 40111, MC 9999, P.O. Box 149104, Austin, TX 78714-9104.



David C. Mattax
Commissioner of Insurance

APPROVED AS TO FORM AND CONTENT:

Whitney A. Fraser
Whitney A. Fraser
Staff Attorney
Compliance Division, Enforcement Section
Texas Department of Insurance

AFFIDAVIT

STATE OF MARYLAND §

COUNTY OF MONTGOMERY §

BEFORE ME, the undersigned authority, personally appeared the affiant, who being by me duly sworn, deposed as follows:

1. "My name is Hank Nayden. I am of sound mind, capable of making this statement, and personally acquainted with the facts stated herein.
2. I hold the office of Vice President and Legislative Counsel. I am the authorized representative of GEICO Secure Insurance Company, GEICO Choice Insurance Company, and GEICO Advantage Insurance Company and am duly authorized to execute this affidavit.
3. GEICO Secure Insurance Company, GEICO Choice Insurance Company, and GEICO Advantage Insurance Company has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the foregoing consent order by the commissioner of insurance of the state of Texas."

Hank Nayden
Affiant Hank Nayden

SWORN TO AND SUBSCRIBED before me on this 29th day of January, 2016.

Debra C. Nielsen
Signature of Notary Public
Debra C. Nielsen
My commission expires 3/25/18.

(NOTARY STAMP)