

No. 2018 - 5556

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

Date: JUL 03 2018

Subjects Considered:

UNITED SERVICES AUTOMOBILE ASSOCIATION
USAA CASUALTY INSURANCE COMPANY
USAA GENERAL INDEMNITY COMPANY
GARRISON PROPERTY AND CASUALTY INSURANCE COMPANY
9800 Fredericksburg Road
San Antonio, Texas 78288

CONSENT ORDER

TDI ENFORCEMENT FILE NOS. 15527, 15536, 15537, 15538

General remarks and official action taken:

The subject of this order is whether disciplinary action should be taken against United Services Automobile Association, USAA Casualty Insurance Company, USAA General Indemnity Company, and Garrison Property and Casualty Insurance Company (collectively, the "USAA Companies").

WAIVER

The USAA Companies acknowledge that the Texas Insurance Code and other applicable law provide certain rights. The USAA Companies waive all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

FINDINGS OF FACT

1. United Services Automobile Association is a domestic reciprocal insurance company holding a certificate of authority to transact business in Texas.
2. USAA Casualty Insurance Company, USAA General Indemnity Company, and Garrison Property and Casualty Insurance Company are all domestic fire and casualty insurance companies holding certificates of authority to transact business in Texas.
3. United Services Automobile Association, USAA Casualty Insurance Company, USAA General Indemnity Company, and Garrison Property and Casualty Insurance Company are all affiliated entities writing personal automobile insurance in Texas.

4. In January 2018, the USAA Companies notified the department that in earlier personal automobile filings the companies incorrectly filed a Premier Driver Level (PDL) rating structure in which violations for driving with a suspended license are considered minor convictions for rating purposes. The PDL structure should have stated that this kind of violation is considered a major conviction.
5. The USAA Companies submitted a new filing in February 2018, to correct the error.
6. The rating error occurred from May 14, 2016 through February 6, 2018, and affected approximately 315 policies.

CONCLUSIONS OF LAW

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051 – 82.055, 84.021– 84.044, 801.052-801.053, and 2251.101.
2. The commissioner has the authority to informally dispose of this matter 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. The USAA Companies have knowingly and voluntarily waived all procedural rights to which they may have been entitled regarding the entry of this order, including, but not limited to, issuance and service of notice of intention to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.
4. The USAA Companies violated TEX. INS. CODE § 2251.101 by using a rate different from that on file with the department.
5. Pursuant to TEX. INS. CODE § 82.053, the commissioner is authorized to direct the USAA Companies to make complete restitution to each policyholder harmed by the violations.

The USAA Companies are ordered to comply with the following:

- a. The USAA Companies must identify all personal automobile insurance policies issued by it in Texas with effective dates from May 14, 2016 to February 6, 2018 (the "Review Period").
- b. For each policy in the Review Period, the USAA Companies must calculate the Corrected Premium using the PDL structure on file with the department.
- c. For each policy in the Review Period, the USAA Companies must calculate and determine whether the dollar amount of the premium charged for each policy is less than or more than the Corrected Premium. If the premium charged is more than the Corrected Premium, the difference constitutes the Overcharge.

- d. The USAA Companies must pay restitution in the form of a company check or account credit to each policyholder identified in the Review Period as having an Overcharge (the "Qualifying Policyholders"). The restitution check and/or account credit must include both the dollar amount of the overcharge, plus simple interest due on the overcharge. The rate of interest shall be 5 percent per annum.
- e. The USAA Companies must mail the restitution checks and/or issue the account credits to the Qualifying Policyholders on or before August 1, 2018.
- f. Any restitution checks that are returned to the USAA Companies with an address correction must be promptly resent to the correct address. Funds from any restitution checks that are returned thereafter for incorrect addresses and from checks that are not negotiated must be delivered to the comptroller pursuant to the procedures set forth in TEX. PROP. CODE §§ 72.001 *et. seq.* The USAA Companies must copy the department on any correspondence pertaining to abandoned funds that are sent to the comptroller.
- g. On or before October 1, 2018, the USAA Companies must report the restitution paid to the Qualifying Policyholders by submitting a complete and sortable electronic spreadsheet to the department. The spreadsheet must contain the following information:
 - i. USAA company issuing the policy;
 - ii. policy number;
 - iii. policyholder name;
 - iv. policyholder address;
 - v. effective date of the policy;
 - vi. expiration date of the policy;
 - vii. amount of Overcharge;
 - viii. dollar amount of simple interest;
 - ix. amount of Overcharge and interest;
 - x. date(s) of mailing of restitution check or credits;
 - xi. the total sum of all Overcharges;
 - xii. the total sum of all simple interest; and,
 - xiii. the total sum of all restitution paid (total Overcharges plus the total of the simple interest).
- h. The USAA Companies must send all submissions required under the terms of this order by email to: mandy.meeseey@tdi.texas.gov, and catherine.bell@tdi.texas.gov, or their successors.

This consent order pertains solely to the resolution of the department's allegations with respect to The USAA Companies' self-reported rating error described above in Finding of Fact No. 4. This consent order does not address or affect any other pending investigations or enforcement cases related to the USAA Companies.



Kent C. Sullivan
Commissioner of Insurance

APPROVED AS TO FORM AND CONTENT:



Mandy Meesey
Director, Enforcement Section
Texas Department of Insurance

2018-5556

COMMISSIONER'S ORDER
United Services Automobile Association, et al
Page 5 of 8

United Services Automobile Association

AFFIDAVIT

STATE OF Texas §

COUNTY OF Brewer §

Before me, the undersigned authority, personally appeared Jeffrey A. Collignon who being by me duly sworn, deposed as follows:

"My name is JEFFREY A. COLLIGNON. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

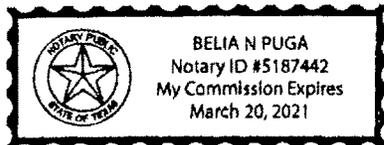
I hold the office of ASSISTANT VICE PRESIDENT and am the authorized representative of United Services Automobile Association. I am duly authorized by said organization to execute this statement.

United Services Automobile Association has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."

Jeffrey A. Collignon
Affiant

SWORN TO AND SUBSCRIBED before me on May 14, 2018.

(NOTARY SEAL)



Belia N Puga
Signature of Notary Public

