

DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

In Re:)
)
USAA CASUALTY INSURANCE) **Market Conduct Investigation No. 398731**
COMPANY (NAIC # 25968))
)
USAA GENERAL INDEMNITY) **Market Conduct Investigation No. 398722**
COMPANY (NAIC #18600))
)
GARRISON PROPERTY AND CASUALTY) **Market Conduct Investigation No. 398744**
INSURANCE COMPANY (NAIC #21253))
)
UNITED SERVICES AUTOMOBILE) **Market Conduct Investigation No. 398735**
ASSOCIATION (NAIC #25941))

ORDER OF THE DIRECTOR

NOW, on this 26th day of September, 2023, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (hereinafter “Stipulation”) entered into by the Division of Insurance Market Regulation (hereinafter “Division”), USAA Casualty Insurance Company (NAIC # 25968), USAA General Indemnity Company (NAIC #18600), Garrison Property and Casualty Insurance Company (NAIC #21253), and United Services Automobile Association (NAIC #25941) (hereinafter “USAA Companies”), relating to the market conduct investigation nos. 398731, 398722, 398744, and 398735, does hereby issue the following orders:

This order, issued pursuant to §374.046.15¹ and §374.280 is in the public interest.

¹ All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

IT IS THEREFORE ORDERED that the USAA Companies and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that the USAA Companies shall not engage in any of the violations of statutes and regulations set forth in the Stipulation, shall implement procedures to place it in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri, and to maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

IT IS FURTHER ORDERED that the USAA Companies shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$1,000.00 per company for a total of \$4,000.00, payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 25th day of September, 2023.



Chlora Lindley-Myers
Chlora Lindley-Myers
Director

**IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI**

<i>In Re:</i>)	
)	
USAA CASUALTY INSURANCE COMPANY (NAIC # 25968))	Market Conduct Investigation No. 398731
)	
USAA GENERAL INDEMNITY COMPANY (NAIC #18600))	Market Conduct Investigation No. 398722
)	
GARRISON PROPERTY AND CASUALTY INSURANCE COMPANY (NAIC #21253))	Market Conduct Investigation No. 398744
)	
UNITED SERVICES AUTOMOBILE ASSOCIATION (NAIC #25941))	Market Conduct Investigation No. 398735
)	

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the "Division"), and USAA Casualty Insurance Company (NAIC # 25968), USAA General Indemnity Company (NAIC #18600), Garrison Property and Casualty Insurance Company (NAIC #21253), and United Services Automobile Association (NAIC #25941) (hereinafter "USAA Companies"), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Commerce and Insurance (hereinafter the "Department"), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State of Missouri;

WHEREAS, the USAA Companies have been granted certificates of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division conducted market conduct investigations of the USAA Companies, Investigation Nos. 398731, 398722, 398744, and 398735;

WHEREAS, based on the market conduct investigation of the USAA Companies, the Division alleges that:

1. The USAA Companies misrepresented in their accident forgiveness endorsement that the premium increase for the first at-fault accident after the endorsement is in force will be waived in situations where the insured had a non-chargeable at-fault accident prior to the date of the endorsement, in violation of §375.936 (6) (a)¹ and §375.934.2.

2. The USAA Companies did not file notices which state the percentage or dollar amount of the increase in premium due to accident claims made under the policy, in violation of 20 CSR 500-2.600 (2).

3. The USAA Companies did not timely file the “MO Detailed Tier Placement Guidelines” in violation of 20 CSR 500-4.100 (1) (B).

WHEREAS, the Division and the USAA Companies have agreed to resolve the issues raised in the market conduct investigation as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (hereinafter “Stipulation”) embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** The USAA Companies agree to take remedial actions and agree to maintain those remedial actions at all times. Such remedial actions shall include the following:

1. The USAA Companies agree to apply the accident forgiveness endorsement at issue in the investigation by applying accident forgiveness to the first at-fault accident following the effective date of the endorsement irrespective of any non-chargeable at-fault accidents that occurred prior to the

¹ All statutory references, unless otherwise noted, are to the 2016 Revised Statutes of Missouri, as amended

effective date of the endorsement.

2. The USAA Companies agree to apply the accident forgiveness endorsement at issue in this investigation according to its terms, and any amendments to that endorsement according to the terms of the amendment.

3. The USAA Companies agree to review all Missouri private passenger automobile policies, from August 1, 2020, to the date of the order approving this stipulation, to determine if any insureds, subject to the accident forgiveness endorsement, received a premium increase following their first at-fault accident after the effective date of the endorsement. If a premium increase was applied, the Companies will refund the difference between the premium charged to the insured and the premium that would have been charged to the insured if the accident forgiveness endorsement had been applied. Payment of interest shall be included in an amount to be determined pursuant to §374.191. A letter shall be included with payment stating that as a result of a Missouri Market Conduct Investigation, the insured is being issued a premium refund.

4. The USAA Companies agree to timely file with the Department notices which state the percentage or dollar amount of the increase in premium due to accident claims made under a policy.

5. The USAA Companies filed with the Department during its investigations the "MO Detailed Tier Placement Guidelines," and agree to timely file any changes or updates to the guidelines.

C. **Compliance.** The USAA Companies agree to file documentation pursuant to section 374.190 with the Division, in a format acceptable to the Division, within 90 days of the entry of an Order approving this Stipulation, of any remedial action taken to implement compliance with the terms of this Stipulation, including documentation of any refund made to insureds.

D. **Voluntary Forfeiture.** USAA Casualty Insurance Company agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$1,000.00, such sum payable to the Missouri State

School Fund, in accordance with §§374.049.11 and 374.280.2. USAA General Indemnity Company agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$1,000.00, such sum payable to the Missouri State School Fund, in accordance with §§374.049.11 and 374.280.2. Garrison Property and Casualty Insurance Company agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$1,000.00, such sum payable to the Missouri State School Fund, in accordance with §§374.049.11 and 374.280.2. United Services Automobile Association agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$1,000.00, such sum payable to the Missouri State School Fund, in accordance with §§374.049.11 and 374.280.2.

E. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by the USAA Companies, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct investigations.

F. **Waivers.** The USAA Companies, after being advised by legal counsel, do hereby voluntarily and knowingly waive any and all rights to procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the market conduct investigation nos. 398731, 398722, 398744, and 398735.

G. **Amendments.** No amendments to this Stipulation shall be effective unless made in writing and agreed to by authorized representatives of the Division and the USAA Companies.

H. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

I. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation, on behalf of the Division and the USAA Companies, respectively.

J. **Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single document.

Execution by facsimile or by electronically transmitted signature shall be fully and legally effective and binding.

K. **Effect of Stipulation.** This Stipulation shall not become effective until entry of an Order by the Director of the Department (hereinafter "Director") approving this Stipulation.

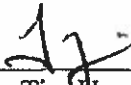
L. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: September 14, 2023



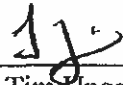
Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: September 5, 2023




Name: Tim Ungashick
Title: VP, State Management
USAA Casualty Insurance Company

DATED: September 5, 2023



Name: Tim Ungashick
Title: VP, State Management
USAA General Indemnity Company

DATED: September 5, 2023



Name: Tim Ungashick
Title: VP, State Management
Garrison Property and Casualty Insurance Company

DATED: September 5, 2023



Name: Tim Ungashick
Title: VP, State Management
United Services Automobile Association