

January 23, 2018

Chlora Lindley-Myers, DIFP Director
Truman State Office Building
Room 530
PO Box 690
Jefferson City, MO 65102

RE: Request for No-Action Letter for USAA Property Lines

Dear Ms. Lindley-Myers:

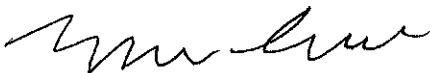
United Services Automobile Association, USAA-Casualty Insurance Company, USAA-General Indemnity Company, and Garrison Property and Casualty Insurance Company (collectively referred to as USAA Group) respectively request a "no-action letter" pursuant to RSMo. §374.018 regarding Bulletin 16-05.

USAA Group's Homeowners rate cap rule was last modified in approved filing USAA-130189292 effective 4/20/2016 and was designed to gradually phase in significant changes to USAA Group's Homeowners rating plan. USAA Group understands that Bulletin 16-05 does not permit the extension of previously filed rate stability rules. However, USAA Group's IT systems cannot be readily adapted to meet all of the specifications of Bulletin 16-05. In particular, USAA Group's systems limit the *total* premium change at renewal to +/- 25%, which includes the impact of rate changes and normal variations such as increases in coverage due to updated rebuild cost estimates and the impact of dwellings aging one year. Based on our understanding, applying the rate cap to these normal variations resulting from changes in policyholder characteristics is not permissible under Bulletin 16-05 nor is it permissible to have a perpetual rate cap. However, the immediate removal of the Homeowners rate cap would result in significant policyholder disruption. Based on the rates proposed with filing USAA-131340720, 14% of policies remain capped overall, with 54% capped in USAA-General Indemnity Company. Therefore, we request that USAA Group be allowed to use its existing rate cap rule until June 30, 2021, which is three years after the proposed effective date of USAA-131340720, to allow policyholders to reach their ultimate rates.

In addition, USAA has similar capping rules for its Renters and Dwelling Fire programs. The Renters rule does not currently have an expiration date and therefore we propose terminating it effective October 15, 2019, which is three years after the effective date of USAA Group's last Renters filing. The Dwelling Fire rule was approved with a termination date of December 31, 2019 and we ask that the rule be allowed to remain in effect until that date.

If the department would like additional information to evaluate USAA Group's request, please contact Ruben Rodriguez at (210) 355-5132. We appreciate your consideration.

Sincerely,



Nathan Lance
Pricing Director
United Services Automobile Association