

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 16, 2024

ST. JAMES PLACE
RICHMOND, VIRGINIA

2024 OCT 16 P 3:59

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2024-00050

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"), the Bureau has 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, in certain instances violated § 38.2-317 A of the Code of Virginia ("Code") by issuing insurance policies or endorsements without having filed such policies or endorsements with the Commission prior to their effective date.

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 violation.

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

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settlement to the Commission. Through their settlement offer, which is being filed contemporaneously with this Order, the Defendants have agreed to comply with the corrective action plan set forth therein; have tendered to the Treasurer of Virginia the sum of Two Thousand Five Hundred Dollars (\$2,500) for each of the Defendant companies for a total amount of Ten Thousand Dollars (\$10,000); and have waived the right to a hearing.

The Bureau has recommended that the Commission accept the Defendants' settlement offer pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Defendants' settlement offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The Defendants' settlement offer is hereby accepted.
- (2) This case is dismissed.

A COPY hereof shall be sent by the Clerk of the Commission by U.S. mail to: Tim Shilling, Senior Compliance Risk Manager, P&C Compliance, USAA, One Norterra Drive, Phoenix, Arizona 85340; and a copy shall be delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of Deputy Commissioner Zuhairah Tillinghast.

COMMONWEALTH OF VIRGINIA



SCOTT A. WHITE
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

P.O. BOX 1157
RICHMOND, VIRGINIA 23218
1300 E. MAIN STREET
RICHMOND, VIRGINIA 23219
TELEPHONE: (804) 371-9741
www.scc.virginia.gov/boi

September 10, 2024

VIA EMAIL

Mr. Tim Shilling
Compliance Risk Manager Senior, P&C Compliance
One Norterra Drive,
Phoenix, Arizona 85340
Tim.shilling@usaa.com

RE: United Services Automobile Association, NAIC #25941
USAA Casualty Insurance Company, NAIC #25968
USAA General Indemnity Company, NAIC #18600
Garrison Property and Casualty Insurance Company, NAIC 21253
Settlement Offer
Regulatory Action #987
Case Number: INS-2024-00050

Dear Mr. Shilling:

Thank you for your response dated March 13, 2024. The Bureau of Insurance has reviewed the information provided by the companies. Based on this review, it appears that the companies referenced above violated § 38.2-317 A of the Code of Virginia by issuing insurance policies or endorsements without having filed such policies or endorsements with the Commission prior to their effective date. The Bureau is now ready to conclude this matter.

The Bureau has reviewed the detailed corrective action plan and finds it acceptable. Based on the violations of § 38.2-317 A of the Code of Virginia, the Bureau is willing to recommend the companies' settlement offer to the State Corporation Commission, subject to the following conditions:

1. The companies submit a check payable to the Treasurer of Virginia for \$10,000.00. This amount reflects a penalty of \$2,500.00 for each company listed above.
2. The companies submit a written statement that they agree to comply with the corrective action plan in their correspondence of August 10, 2022, and March 13, 2024.
3. The companies submit a written statement that they understand they are entitled to a hearing on this matter, and that they waive their right to a hearing by making an offer of settlement.

In the event that the companies are agreeable to the settlement offer set forth above, the Bureau is enclosing a settlement letter outlining the proposed settlement. An authorized representative of the companies must sign, date, and return the letter on the companies' letterhead, accompanied by the payment, to the Bureau by September 24, 2024. Please note that the letter and any related agreement will become part of the public case file at such time as a Commission Order in this matter is entered. As such, the use of the term "Confidential" should not appear as a footer or watermark on the companies' letter.

If the Bureau does not receive a settlement offer or a request for an informal discussion, the Bureau will move the State Corporation Commission to institute proceedings against the companies to show cause why they should not be penalized the maximum penalties permitted for the violations outlined in this letter.

Sincerely,



Andrea Baytop, AMCM
Chief Insurance Market Examiner
Property and Casualty Division
Bureau of Insurance
(804) 371-9547
andrea.baytop@scc.virginia.gov

ADB/pgh
Attachment

9800 Fredericksburg Road
San Antonio, Texas 78288



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Andrea Baytop, AMCM
Chief Insurance Market Examiner
Property and Casualty Division
VA Bureau of Insurance
1300 East Main Street
Richmond VA, 23219

September 18, 2024

Reference: Settlement Offer
Docket Number INS-2024-00050
Regulatory Action #987

Dear Ms Baytop

This will acknowledge receipt of the Bureau of Insurance's letter dated September 10, 2024, concerning the above-referenced matter.

We wish to make a settlement offer on behalf of the insurance companies listed below for the alleged violations of § 38.2-317 A of the Code of Virginia, in which the companies issued insurance policies or endorsements without having filed such policies or endorsements with the Commission prior to their effective date.

1. We enclose with this letter a check payable to the Treasurer of Virginia for \$10,000.00. This amount reflects a penalty of \$2,500 00 for each company listed below.
2. We agree to comply with the corrective action plan summary, attached hereto
3. We further acknowledge the companies' right to a hearing before the State Corporation Commission in this matter and waive that right if the State Corporation Commission accepts this offer of settlement.

This offer is being made solely for the purpose of a settlement and does not constitute, nor should it be construed as, an admission of any violation of law.

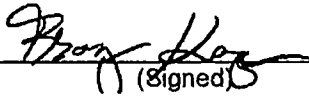
9800 Fredericksburg Road
San Antonio, Texas 78288



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Sincerely,

United Services Automobile Association, NAIC #25941
USAA Casualty Insurance Company, NAIC #25968
USAA General Indemnity Company, NAIC #18600
Garrison Property and Casualty Insurance Company, NAIC 21253



(signed)

Bronwyn Koopman
VP, State Management
September 17, 2024

9800 Fredericksburg Road
San Antonio, Texas 78288



241070000

Gloria Warriner
Market Conduct Section
Property & Casualty Division
Bureau of Insurance
Gloria.warriner@scc.virginia.gov

March 12, 2024

Reference: United Services Automobile Association-NAIC # 25941
USAA Casualty Insurance Company-NAIC # 25968
USAA General Indemnity Company-NAIC # 18600
Garrison Property and Casualty Insurance Company-NAIC # 21253
Cosmetic Damage Exclusion
Filing Number: USAA-133178959
Violation Period: 1/1/2019-7/22/2022
Regulatory Action # 987

Dear Ms. Warriner,

The response to the Bureaus request for a written action plan summary regarding regulatory action # 987 can be found below.

Previously USAA did not have dedicated team for oversight to managing the state. Since then, USAA has reorganized and now has a dedicated State Management team who are responsible for forms, rates, and rules in Virginia. With this new organizational structure there is now a state specific focus and expertise that was not present when the disapproved endorsement was sent to policyholders interested in our Impact-Resistant Roof Discount. This new structure will prevent future occurrences of this happening.

Regards,

A handwritten signature in black ink that appears to read "Khanh L. Tao".

Khanh L. Tao
Director, P&C Product Management
USAA