

No. **2023-8004**

**Official Order
of the
Texas Commissioner of Insurance**

Date: 06/02/2023

Subjects Considered:

Garrison Property and Casualty Insurance Company
United Services Automobile Association
USAA Casualty Insurance Company
USAA General Indemnity Company
9800 Fredericksburg Road
San Antonio, Texas 78288

Consent Order
TDI Enforcement File Nos. 29106, 29107, 29110, 29118

General remarks and official action taken:

This is a consent order with Garrison Property and Casualty Insurance Company, United Services Automobile Association, USAA Casualty Insurance Company, and USAA General Indemnity Company (collectively, the USAA Companies). The department alleges the USAA Companies improperly used an applicant's lack of prior insurance to determine personal automobile rates. The USAA Companies have agreed to pay an administrative penalty of \$45,000.

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. Pursuant to TEX. INS. CODE § 82.055(b), the USAA Companies agree to this consent order with the express reservation that they do not admit to a violation of the Texas Insurance Code or of a rule and that the existence of a violation is in dispute.

2023-8004

Commissioner's Order

Garrison Property and Casualty Insurance Company, et al

Page 2 of 4

Findings of Fact

1. Garrison Property and Casualty Insurance Company, USAA Casualty Insurance Company, and USAA General Indemnity Company are domestic fire and casualty insurance companies that hold a certificate of authority to transact business in Texas.
2. United Services Automobile Association is a domestic reciprocal interinsurance exchange holding a certificate of authority to transact business in Texas.

Rating Error – Lack of Prior Insurance

3. Texas law, under 28 TEX. ADMIN. CODE § 5.401(b), prohibits insurers from using an applicant's lack of prior insurance in determining the appropriate rate for private passenger automobile liability insurance where the applicant has not been operating an uninsured motor vehicle in the state for more than 30 days during the 12 months immediately preceding the date of the application.
4. The USAA Companies' personal automobile rate filings considered a policyholder's prior insurance, including any lapse in insurance over 30 days, in the companies' tier placement guidelines. This affected the final premium a policyholder paid.
5. After objections from department staff in filing USAA-132305222, the USAA Companies submitted filing USAA-132537847, which included amended tier placement guidelines removing consideration of a policyholder's prior insurance lapse.
6. The USAA Companies represent they don't have data to identify applicants whose lapse in insurance coverage is not associated with unlawful vehicle operation.

Prior Disciplinary History

7. In December 2019, the USAA Companies were issued a warning letter for a separate violation of 28 TEX. ADMIN. CODE § 5.401(b).

Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, and 801.052–801.053.

2023-8004

Commissioner's Order

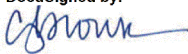
Garrison Property and Casualty Insurance Company, et al

Page 3 of 4

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 28 TEX. ADMIN. CODE § 5.401 by assigning a rate consequence to an applicant's lack of prior insurance without having specific evidence that the applicant had been operating an uninsured motor vehicle in the state for more than 30 days.

Order

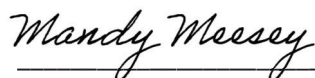
It is ordered that the USAA Companies pay, jointly and severally, an administrative penalty of \$45,000 within 30 days from the date of this order. The administrative penalty must be paid as instructed in the invoice, which the department will send after entry of this order.

DocuSigned by:

FC5D7EDDFB4F8...
Cassie Brown
Commissioner of Insurance

Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division



Mandy R. Meesey, Associate Commissioner
Enforcement

2023-8004

Commissioner's Order
Garrison Property and Casualty Insurance Company, et al
Page 4 of 4

Affidavit


STATE OF Texas §
§
COUNTY OF Bexar §

Before me, the undersigned authority, personally appeared Tim Ungashick,
who being by me duly sworn, deposed as follows:

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

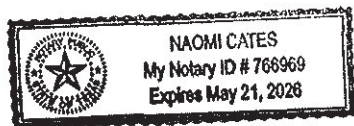
I hold the office of Vice President and am the authorized representative of
Garrison Property and Casualty Insurance Company, United Services Automobile
Association, USAA Casualty Insurance Company, and USAA General Indemnity Company
(collectively, the USAA Companies). I am duly authorized by said organizations to execute
this statement.


The USAA Companies have knowingly and voluntarily entered into the foregoing consent
order and agree with and consent to the issuance and service of the same by the
commissioner of insurance of the state of Texas."


Affiant

SWORN TO AND SUBSCRIBED before me on May 18, 2023.

(NOTARY SEAL)




Signature of Notary Public
Naomi Cates
Printed Name of Notary Public