

No. **2020-6619**

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

**Date: 12/18/2020**

**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. 26424, 26421, 26422, 26423

**General remarks and official action taken:**

This is a consent order with United Services Automobile Association, USAA Casualty Insurance Company, USAA General Indemnity Company, and Garrison Property and Casualty Insurance Company (collectively, the "USAA Companies"). The USAA Companies self-reported inadvertently charging different rates than those filed with TDI, resulting in premium overcharges for some Texas policyholders with Uninsured Motorist Physical Damage (UMPD) coverage. The USAA Companies have agreed to pay restitution to the affected policyholders and have already begun making refunds, with interest.

**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.

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## Findings of Fact

1. United Services Automobile Association is a domestic reciprocal interinsurance exchange 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. The USAA Companies are all affiliated entities writing personal automobile insurance in Texas.
4. TEX. INS. CODE § 2251.101(a) requires each insurer to file with the commissioner all rates, applicable rating manuals, supplementary rating information, and additional information as required by the commissioner.
5. In November 2020, the USAA Companies reported to TDI a rating error related to their personal automobile business. The USAA Companies discovered that a coding error in Territory factors caused some Texas policyholders to be overcharged.
6. The error occurred from September 1, 2017, to May 16, 2020, and was immediately resolved upon discovery. The error affected approximately 750,000 Texas policyholders, with an average refund amount of \$31 each and an estimated total refund of approximately \$23 million. The error also caused some policyholders to be undercharged and the USAA companies will not seek repayment.
7. The USAA Companies began issuing refunds, including interest during October 2020. Another issue occurred causing approximately 3,000 policyholders to receive a refund of premium, followed by an auto-generated bill for the correct, lower amount. The USAA Companies stopped the refund process to fix the error and have communicated with the policyholders to address any confusion.

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## 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 charging rates different than those on file with TDI.
5. Pursuant to TEX. INS. CODE § 82.053, the commissioner is authorized to direct the USAA Companies to make complete restitution to each policyholder impacted by the violation.

## Order

To the extent they have not already done so, the USAA Companies are ordered to comply with the following:

1. The USAA Companies must identify all personal automobile insurance policies issued or renewed by it in Texas with effective dates from September 1, 2017, to May 16, 2020 (the "Review Period").
2. For each policy in the Review Period, the USAA Companies must calculate the Corrected Premium using the rate on file with the department.
3. 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.

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4. 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 2.05 percent per annum.
5. The USAA Companies must mail the restitution checks and/or issue the account credits to the Qualifying Policyholders on or before September 30, 2021.
6. 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 reported and delivered to the comptroller pursuant to the procedures and deadlines set forth in TEX. PROP. CODE §§ 72.001 *et. seq.*, 73.001 *et. seq.*, and 74.001 *et. seq.* The USAA Companies must copy the department on any correspondence pertaining to presumed abandoned funds that is sent to the comptroller.
7. On or before December 31, 2021, 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:
  - a. issuing company name,
  - b. policy number,
  - c. policyholder name,
  - d. policyholder address,
  - e. effective date of the policy,
  - f. expiration date of the policy,
  - g. amount of Overcharge,
  - h. dollar amount of simple interest,
  - i. amount of Overcharge and interest,
  - j. date(s) of mailing of restitution check or credits,
  - k. the total sum of all Overcharges,
  - l. the total sum of all simple interest, and
  - m. the total sum of all restitution paid (total Overcharges plus the total of the simple interest).

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8. The USAA Companies must send all submissions required under the terms of this order by email to: EnforcementReports@tdi.texas.gov.

Commissioner of Insurance

By:   
C77A87C8C21B435...  
Doug Slape  
Chief Deputy Commissioner  
TEX. GOV'T CODE § 601.002  
Commissioner's Order No. 2018-5528

Recommended and reviewed by:



Leah Gillum, Deputy Commissioner  
Enforcement Division



Mandy Meesey, Associate Commissioner  
Enforcement Division

**Affidavit**

STATE OF TEXAS

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COUNTY OF BEXAR

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

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

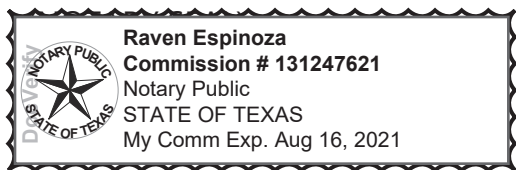
I hold the office of \_\_\_\_\_ and am the authorized representative of  
United Services Automobile Association. I am duly authorized by said organization to  
execute this statement.

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."

Michael William Foley  
Signed on 2020/12/11 07:12:51 -8:00

Affiant

SWORN TO AND SUBSCRIBED before me on 12/11/2020, 2020.



Raven Espinoza  
Signed on 2020/12/11 07:12:51 -8:00

Signature of Notary Public

RAVEN ESPINOZA

Printed Name of Notary Public

AE00FFEB-9D57-4B66-B422-04CE868697A5 --- 2020/12/11 05:10:42 -8:00 --- Remote Notary



**Affidavit**

STATE OF TEXAS

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COUNTY OF BEXAR

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

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

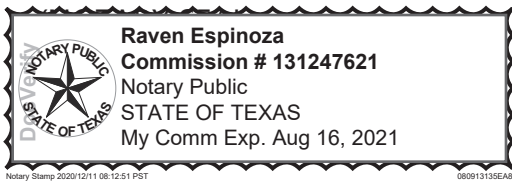
I hold the office of \_\_\_\_\_ and am the authorized representative of  
USAA Casualty Insurance Company. I am duly authorized by said organization to execute  
this statement.

USAA Casualty Insurance Company 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."

Michael William Foley  
Signed on 2020/12/11 07:12:51 -8:00

Affiant

SWORN TO AND SUBSCRIBED before me on 12/11/2020, 2020.



Raven Espinoza  
Signed on 2020/12/11 07:12:51 -8:00

Signature of Notary Public

RAVEN ESPINOZA

Printed Name of Notary Public

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STATE OF TEXAS

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Before me, the undersigned authority, personally appeared Michael William Foley, who being by me duly sworn, deposed as follows:

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

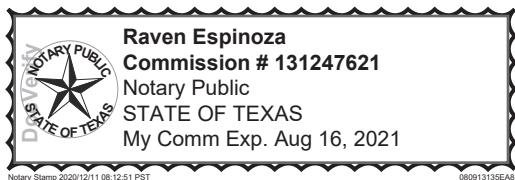
I hold the office of \_\_\_\_\_ and am the authorized representative of USAA General Indemnity Company. I am duly authorized by said organization to execute this statement.

USAA General Indemnity Company 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."

Michael William Foley  
Signed on 2020/12/11 07:12:51 -8:00

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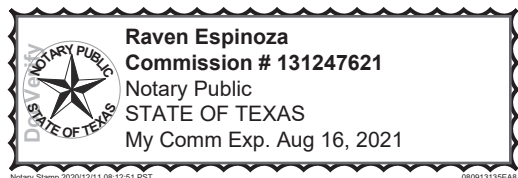
I hold the office of \_\_\_\_\_ and am the authorized representative of  
Garrison Property and Casualty Insurance Company. I am duly authorized by said  
organization to execute this statement.

Garrison Property and Casualty Insurance Company 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."

Michael William Foley  
Signed on 2020/12/11 07:12:51 -8:00

Affiant

SWORN TO AND SUBSCRIBED before me on 12/11/2020, 2020.



Raven Espinoza  
Signed on 2020/12/11 07:12:51 -8:00

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