

No. 2018-5564

**OFFICIAL ORDER
of the
TEXAS COMMISSIONER OF INSURANCE**

Date: JUL 05 2018

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. 11535, 14959, 14960, and 14961

General remarks and official action taken:

The subject of this order is whether disciplinary action should be taken against United Services Automobile Association, USAA Casualty Insurance Company, USAA General Indemnity Company, and Garrison Property and Casualty Insurance Company, collectively "USAA."

WAIVER

USAA acknowledges that the Texas Insurance Code and other applicable law provide certain rights. USAA waives 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), USAA agrees to this consent order with the express reservation that it does not admit to a violation of the Texas Insurance Code or of any applicable rule.

FINDINGS OF FACT

1. United Services Automobile Association is a domestic reciprocal insurance company 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. United Services Automobile Association, USAA Casualty Insurance Company, USAA General Indemnity Company, and Garrison Property and Casualty Insurance Company are all affiliated entities writing personal automobile insurance in Texas
4. The Department received complaints alleging that USAA underpaid certain claims for personal injury protection (PIP) benefits to Williamson County EMS.
5. Williamson County EMS provided medical services to each insured injured in an automobile accident. Thereafter, Williamson County EMS submitted bills to USAA for its services after the insured made a claim for PIP benefits pursuant to his or her policy.
6. Williamson County EMS uses a billing service located in New Jersey, and a New Jersey billing address appears at the top of the invoice. The location where the services were rendered and the location where the injury occurred, among other relevant medical information, also appear on the invoice.
7. USAA uses a third party servicer which assists USAA adjusters in reviewing medical provider charges and advises as to the necessity and reasonableness of the services provided.
8. Using the New Jersey billing address on the medical invoices, USAA applied the New Jersey medical fee schedule to calculate its payment of PIP benefits to Williamson County EMS, which resulted in incorrect PIP benefits payments to Williamson County EMS.
9. USAA provided the Department with information showing that USAA applied the New Jersey medical fee schedule to 194 Williamson County EMS invoices since January 1, 2014.
10. USAA reviewed all 194 claims and paid all amounts due related to the claims since January 2014, including \$5,885.70 in penalty and interest for claims that remained unpaid or partially paid for more than 30 days, pursuant to TEX. INS. CODE § 1952.157.
11. In April 2017, USAA implemented internal procedures intended to ensure compliance with TEX. INS. CODE § 1952.156.
12. This order addresses the allegations and investigation of USAA related to Williamson County EMS only, and does not address any other provider or practices, nor does it address practices or complaints which may occur after this order is entered.

CONCLUSIONS OF LAW

1. The commissioner of insurance has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051-82.055, 84.021-84.044, 801.052-801.053, and 1952.156; and TEX. GOV'T CODE §§ 2001.051-2001.178.

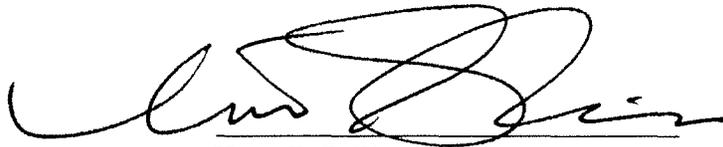
COMMISSIONER'S ORDER

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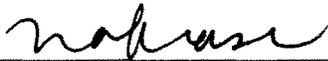
2. The commissioner of insurance has authority to informally dispose of this matter under TEX. GOV'T CODE § 2001.056; TEX. INS. CODE §§ 36.104 and 82.055; and 28 TEX. ADMIN. CODE § 1.47.
3. USAA knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry 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. USAA's handling of the claims referenced in this order violated TEX. INS. CODE § 1952.156 because USAA did not pay the referenced personal injury protection benefits within 30 days after receipt of satisfactory proof of the claim.

It is ordered that United Services Automobile Association, USAA Casualty Insurance Company, USAA General Indemnity Company, and Garrison Property and Casualty Insurance Company pay, jointly and severally, an administrative penalty of \$40,000 within 30 days from the date of this order. The administrative penalty must be paid by cashier's check or money order made payable to the "State of Texas." Mail the administrative penalty to the Texas Department of Insurance, Attn: Enforcement Section, Division 60851, MC 9999, P.O. Box 149104, Austin, Texas 78714-9104.



Kent C. Sullivan
Commissioner of Insurance

For the Department:



Whitney Fraser, Staff Attorney

