

BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS

In the Matter of)	
UNITED SERVICES)	
AUTOMOBILE ASSOCIATION)	Docket No.: 86674
NAIC # 25941)	
)	
and)	
)	
USAA CASUALTY)	
INSURANCE COMPANY)	
NAIC # 25968)	
)	
USAA GENERAL)	
INDEMNITY COMPANY)	
NAIC # 18600)	
)	
and)	
)	
GARRISON PROPERTY AND)	
CASUALTY INSURANCE COMPANY)	
NAIC # 21253)	

CONSENT AGREEMENT AND FINAL ORDER
(Pursuant to K.S.A. 40-222, 40-955 and K.S.A. 77-537)

The Kansas Insurance Department (“the Department”) and United Services Automobile Association, USAA Casualty Insurance Company, USAA General Indemnity Company, and Garrison Property and Casualty Insurance Company (“USAA”) submit this Consent Agreement and Final Order. USAA hereby waives any and all rights to further administrative adjudication or review of this matter, including any and all rights conferred upon it under K.S.A. 77-501, *et seq.* and K.S.A. 77-601, *et seq.* Pursuant to the authority conferred upon the Commissioner of Insurance in K.S.A. 40-222, Vicki Schmidt, the duly elected, qualified and serving Commissioner of Insurance, hereby adopts the Department’s agreement made with USAA and makes the following findings and Orders:

Allegations

The parties stipulate that if a hearing were conducted in this matter, the following evidence could be offered by the Commissioner, and although neither admitted nor denied by USAA, would be recognized as admissible to show the following:

1. United Services Automobile Association is domiciled in Texas has been authorized in Kansas since 1962. USAA Casualty Insurance Company is domiciled in Texas has been authorized in Kansas since 1975. USAA General Indemnity Company is domiciled in Texas and has been authorized in Kansas since 1997. Garrison Property and Casualty Insurance Company is domiciled in Texas and has been authorized in Kansas since 1913.
2. On November 19, 2020, USAA submitted a filing (USAA-132615525) to the Department changing its insurance scoring guidelines to assign an insurance score factor to policyholders without a credit score or those for which a score could not be calculated, also known as “No hit/Thin files”.
3. The Department sent an objection on November 20, 2020 stating, “No hit/thin files are required to receive a neutral score pursuant to K.S.A. 40-5104(e). Please amend the filing to comply.”
4. USAA sent a response on November 30, 2020 stating that No Hit/Thin files “are no longer treated as neutral but are now considered in the calculation of tier placement.” The company indicated that this change was effective September 14, 2020 for new business and November 5, 2020 for renewal business.
5. On December 3, 2020, USAA sent a request to withdraw the filing. USAA indicated that they would immediately make changes to the treatment of No Hit/Thin files to ensure the files received a neutral score. The company indicated that the change would be effective

on January 18, 2021 for new business and March 12, 2021 for renewal business.

6. On December 14, 2020, the Department sent another objection asking for information regarding the impact on policyholders. The company responded on December 17, 2020, estimating that the issue would impact 600 policyholders and that the company would refund \$14,000 in premium to Kansas policyholders.

Applicable Law

1. K.S.A. 40-955 provides, in part:
 - (a) Every insurer shall file with the commissioner, except as to inland marine risks where general custom of the industry is not to use manual rates or rating plans, every manual of classifications, rules and rates, every rating plan, policy form and every modification of any of the foregoing which it proposes to use. Every such filing shall indicate the proposed effective date and the character and extent of the coverage contemplated and shall be accompanied by the information upon which the insurer supports the filings. A filing and any supporting information shall be open to public inspection after it is filed with the commissioner, except that disclosure shall not be required for any information contained in a filing or in any supporting documentation for the filing when such information is either a trade secret or copyrighted. For the purposes of this section, the term "trade secret" shall have the meaning ascribed to it in K.S.A. 60-3320, and amendments thereto. An insurer may satisfy its obligations to make such filings by authorizing the commissioner to accept on its behalf the filings made by a licensed rating organization or another insurer. Nothing contained in this act shall be construed to require any insurer to become a member or subscriber of any rating organization.

2. K.S.A. 40-5104 provides, in part:

No insurer authorized to do business in the state of Kansas which uses credit information to underwrite or rate risks, shall:

(e) Consider an absence of credit information or an inability to calculate an insurance score in underwriting or rating personal insurance, unless the insurer does one of the following:

(1) Treat the consumer as if the applicant or insured had neutral credit information, as defined by the insurer; or

(2) exclude the use of credit information as a factor and use only other underwriting criteria.

3. K.S.A. 40-2,125 provides, in part:

(a) If the commissioner determines after notice and opportunity for a hearing that any person has engaged or is engaging in any act or practice constituting a violation of any provision of Kansas insurance statutes or any rule and regulation or order thereunder, the commissioner may in the exercise of discretion, order any one or more of the following:

(1) Payment of a monetary penalty of not more than \$1,000 for each and every act or violation, unless the person knew or reasonably should have known such person was in violation of the Kansas insurance statutes or any rule and regulation or order thereunder, in which case the penalty shall be not more than \$2,000 for each and every act or violation;

(2) suspension or revocation of the person's license or certificate if such person knew or reasonably should have known that such person was in violation of the Kansas

insurance statutes or any rule and regulation or order thereunder; or

(3) that such person cease and desist from the unlawful act or practice and take such affirmative action as in the judgment of the commissioner will carry out the purposes of the violated or potentially violated provision.

Conclusions of Law and Orders

Based on the information enumerated in Paragraphs #1 through #6 and the applicable law cited above, **THE COMMISSIONER OF INSURANCE MAKES THE FOLLOWING ORDERS:**

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-222 and shall retain jurisdiction to issue any further orders deemed necessary.
2. USAA neither admits nor denies stated violations, as enumerated above.
3. USAA shall issue refunds to affected policyholders.
4. USAA shall supply the Department with a written update regarding the completion of the refunds to affected policyholders within 30 days of the date the last refund was issued. This update shall include the total number of affected policyholders and total amount of premium refunded.
5. USAA shall cease and desist from engaging in practices in violation of Kansas law.
6. USAA shall comply with recommendations of examiners and contact the Department's Property/Casualty Division with any further questions.
7. USAA shall pay a monetary penalty of \$5,000 within 30 days of the effective date of this order.

IT IS SO ORDERED THIS 24th DAY OF AUGUST 2021, IN THE CITY OF TOPEKA, STATE OF KANSAS.



BY:

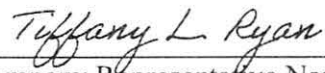

Justin L. McFarland
General Counsel

The undersigned: 1) represents that they are authorized to enter into this Consent Agreement on behalf of the companies; and 2) stipulates and agrees to the above findings, facts, and conclusions of law and waives their rights to an administrative hearing and judicial review of the Commissioner's Order.

Tiffany L. Ryan, AVP Auto Regional Product Line Leader
Company Representative Name (Print)

9800 Fredericksburg Road, San Antonio, TX 78288
Street Address

USAA 25941, CIC 25968, GIC 18600, Garrison 21253
NAIC Number


Company Representative Name Signature

08/18/2021
Date

Certificate of Service

The undersigned hereby certifies that she served the above and foregoing Consent Agreement and Final Order on this 24th day of August 2021, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Stuart Parker, Company President
United Services Automobile Association
9800 Fredericksburg Road
San Antonio, TX 78288



Toni Garrard
Senior Administrative Assistant