

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF DELAWARE**

IN THE MATTER OF:)	
)	
UNITED SERVICES AUTOMOBILE)	
ASSOCIATION (NAIC #25941),)	
)	DOCKET NO. 3125-2016
USAA CASUALTY INSURANCE COMPANY)	
(NAIC #25968),)	
)	
USAA GENERAL INDEMNITY COMPANY)	
(NAIC #18600),)	
)	
GARRISON PROPERTY AND CASUALTY)	
INSURANCE COMPANY (NAIC #21253),)	
)	
Respondents)	

STIPULATION AND CONSENT ORDER

THIS STIPULATION AND CONSENT ORDER is entered into as of
May 23, 2016, by and among United Services Automobile
Association, USAA Casualty Insurance Company, USAA General Indemnity Company and
Garrison Property and Casualty Insurance Company (collectively, the “Respondents”) and the
State of Delaware Department of Insurance (“Department”). The Respondents and the
Department are collectively referred to herein as the “Parties.”

WHEREAS, Respondents are property and casualty insurance companies incorporated
under Texas law and authorized to conduct the business of insurance in the State of Delaware;
and

WHEREAS, the Department, through its examiners, conducted a target market conduct
examination (“Examination”) of Respondents’ affairs and practices as of March 31, 2015; and

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WHEREAS, the Department, through its examiners, prepared and provided to Respondents for review and comments draft versions of a report of the Examination; and

WHEREAS, Respondents have reviewed and commented on such draft versions of the report of the Examination; and

WHEREAS, after considering Respondents' comments, the Department, through its examiners, has prepared a final report of the Examination, dated as of March 31, 2015 ("Final Examination Report"); and

WHEREAS, among other findings contained in the Final Examination Report, the Department concluded that the Respondents' practices and procedures did not comply with (i) 18 *Del. C.* § 2304(26), in that they failed to respond to six Department inquiries within 21 days; (ii) 18 *Del. C.* § 2304(16)f, in that they failed to attempt in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear by failing to comply with Department Auto Bulletin No. 10 in 14 instances; and (iii) 18 *Del. Admin. Code* § 902-1.2.1.2, in that, in four instances, they failed to acknowledge and respond within 15 working days, upon receipt, to communications with respect to claims by insureds arising under insurance policies (collectively hereinafter the "Notice Violations");

WHEREAS, Respondents disagree that the findings concerning the Notice Violations constitute violations;

WHEREAS, Respondents have implemented enhanced procedures designed to address the Department's concerns identified in the Final Examination Report; and

WHEREAS, after communications with the Department, Respondents desire to resolve this matter without recourse to any administrative hearing or court action (such as an appeal).

NOW, THEREFORE, IT IS AGREED, by and between Respondents and the Department as follows:

1. Respondents accept the Final Examination Report, waives any right to a hearing thereon, and agree that the Department may file the Final Examination Report without any further modifications.

2. Upon its execution of this Stipulation and Consent Order, Respondents shall pay to the Department an administrative penalty for the Notice Violations in the amount of Thirty-Four Thousand Dollars (\$34,000.00). Respondents shall make the check for the administrative penalty payable to the "State of Delaware."

3. Respondents waive any right to bring an administrative or court proceeding against the Department to challenge any of the terms and conditions of this Stipulation and Consent Order.

4. This Stipulation and Consent Order is the free and voluntary act of the Respondents, and its terms are binding upon the Respondents and may be admitted into evidence in any judicial or administrative proceeding brought by the Department against the Respondents to enforce such terms. Respondents acknowledge that they have had a full opportunity to seek and receive advice of counsel on all matters related to this Stipulation and Consent Order.

5. This Stipulation and Consent Order contains all of the terms and conditions agreed to by the parties and constitutes the final agreement between the Respondents and the Department.

6. No change, amendment, or modification hereto shall be effective or binding unless it is in writing, dated, and signed by the parties.

7. If the Department fails to act on any one or more defaults by the Respondents, such failure to act shall not be a waiver of any rights hereunder on the part of the Department to

declare the Respondents in default and to take such action as may be permitted by this Stipulation and Consent Order or by law.

8. This Stipulation and Consent Order may be signed in duplicate, and both documents shall be considered originals. The persons executing this Stipulation and Consent Order on behalf of Respondents shall acknowledge his or her signature before a Notary Public and, by executing this Stipulation and Consent Order, certifies that he or she is duly authorized to execute this Stipulation and Consent Order on behalf of Respondents. Respondents agree that an uncertified copy of this Stipulation and Consent Order shall be valid as evidence in any proceeding for purposes of enforcement.

9. This Stipulation and Consent Order shall survive the Respondents and be enforceable against their successors, transferors, or assigns.

[Signature Page Follows]

UNITED SERVICES AUTOMOBILE ASSOCIATION:

Michael Foley

Print Name: MICHAEL W. FOLEY
Title: AVP, INSURANCE COMPLIANCE
Date: May 03, 2016

Witness to Respondent's Signature

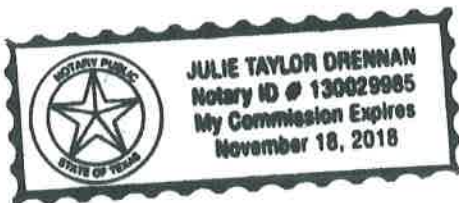
Name: Stacy Brents
Title: Compliance Advisor
Date: May 23, 2016

Stacy Brents

STATE OF Texas)
) SS.
COUNTY OF Bexar)

The foregoing instrument was acknowledged before me this 23 day of May 2016, by Michael Foley, who is personally known to me or who has produced Texas drivers license as identification, and who certified that he or she is duly authorized to execute this document on behalf of Respondent.

GIVEN under my Hand and Seal of office, the day and year aforesaid.



Julie Taylor Drehan
NOTARY PUBLIC

PRINT NAME

November 18, 2018
MY COMMISSION EXPIRES

USAA CASUALTY INSURANCE COMPANY:

Michael Foley
Print Name: MICHAEL W. FOLEY
Title: AVP, INSURANCE COMPLIANCE
Date: MAY 23, 2016

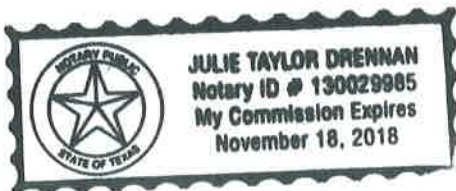
Witness to Respondent's Signature
Name: Stacy Brents
Title: Compliance Advisor
Date: MAY 23, 2016

Stacy Brents

STATE OF Texas)
COUNTY OF Bexar) SS.

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by Michael Foley, who is personally known to me or who has produced
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Julie Taylor Drennan
NOTARY PUBLIC

Julie Taylor-Drennan
PRINT NAME

November 18, 2018
MY COMMISSION EXPIRES

USAA GENERAL INDEMNITY COMPANY:

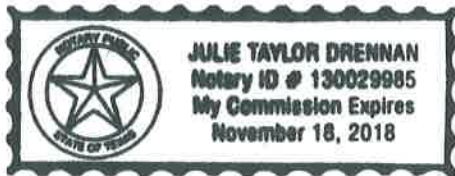
Michael Foley
Print Name: Michael W. Foley
Title: AVP, Insurance Compliance
Date: May 23, 2016

Witness to Respondent's Signature
Name: Stacy Brents
Title: Compliance Advisor
Date: May 23, 2016

STATE OF Texas)
COUNTY OF Bexar) SS.

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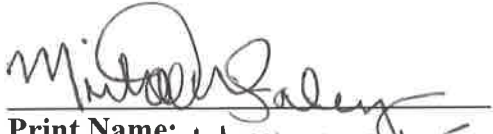


Julie Taylor Drennan
NOTARY PUBLIC

Julie Taylor-Drennan
PRINT NAME

November 18, 2018
MY COMMISSION EXPIRES

GARRISON PROPERTY AND CASUALTY INSURANCE COMPANY:



Print Name: MICHAEL W. FOLEY
Title: AVI INSURANCE COMPLIANCE
Date: May 23, 2016

Witness to Respondent's Signature

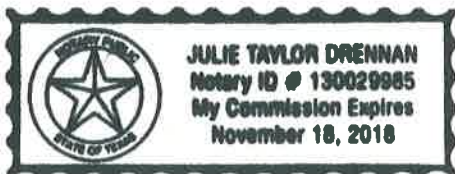
Name: Stacy Brants
Title: Compliance Advisor
Date: May 23, 2016



STATE OF Texas)
) SS.
COUNTY OF Bexar)

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NOTARY PUBLIC

Julie Taylor-Drennan
PRINT NAME

November 18, 2018
MY COMMISSION EXPIRES

DELAWARE INSURANCE DEPARTMENT



KAREN WELDIN STEWART, CIR-ML

Insurance Commissioner

Date: