

BEFORE THE INSURANCE COMMISSIONER

FOR THE STATE OF DELAWARE

IN THE MATTER OF:)
)
UNITED SERVICE AUTOMOBILE ASSOC.)
USAA CASUALTY INSURANCE COMPANY)
USAA GENERAL INDEMNITY COMPANY)
GARRISON PROPERTY AND CASUALTY) **DOCKET NO. 3852 - 2018**
INSURANCE COMPANY)
)
NAIC #'S 25941, 25968, 18600 & 21253)
)
9800 Fredericksburg Road)
San Antonio, TX 78288)

STIPULATION AND CONSENT ORDER

THIS STIPULATION AND CONSENT ORDER is entered into as of

January 22, 2019, by and between United Service Automobile Association, USAA Casualty Insurance Company, USAA General Indemnity Company and Garrison Property and Casualty Insurance Company (collectively “Respondents”) and the State of Delaware Department of Insurance (“the Department”). 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 April 30, 2017; and

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 June 6, 2018 ("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 18 *Del. C.* § 2304 Unfair claim settlement practices and 18 *Del. C.* § 2118B.

WHEREAS, after communications with the Department, Respondents desire to resolve this matter not admitting guilt, but enter into this agreement in an effort to conclude this examination. This is being done without recourse to any administrative hearing or court action

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 agrees 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-Two Thousand and Five Hundred Dollars (\$32,500.00). Respondents shall make its check for the administrative penalty payable to the "State of Delaware."

3. Respondents waives any right to challenge in an administrative or court proceeding 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 Respondents, and its terms are binding upon Respondents and may be admitted into evidence in any judicial or

administrative proceeding against Respondents to enforce such terms. Respondents acknowledges that it has 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 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 Respondents, such failure to act shall not be a waiver of any rights hereunder on the part of the Department to declare 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 person 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 Respondents and be enforceable against its successors, transferors, or assigns.

[Signature Page Follows]

