

DELAWARE DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION REPORT

GEICO Advantage Insurance Company
Authority # 14138-24-508

GEICO Secure Insurance Company
Authority # 14137-24-509

GEICO Choice Insurance Company
Authority # 14139-24-510

GEICO Indemnity Company
Authority # 22055-24-511

Government Employees Insurance Company
Authority # 22063-24-512

GEICO General Insurance Company
Authority # 35882-24-513

GEICO Casualty Company
Authority # 41491-24-514

5260 Western Avenue
Chevy Chase, MD 20815-3799

As of

December 31, 2023

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION

OF THE

**GEICO Advantage Insurance Company
GEICO Secure Insurance Company
GEICO Choice Insurance Company
GEICO Indemnity Company
Government Employees Insurance Company
GEICO General Insurance Company
GEICO Casualty Company**

AS OF

December 31, 2023

The above-captioned Report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted and filed as an official record of this Department.



In Witness Whereof, I have hereunto set my hand
and affixed the official seal of this Department at the
City of Dover, this 26th day of August, 2025.


Trinidad Navarro
Insurance Commissioner

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

I, Trinidad Navarro, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of December 31, 2023 on

GEICO Advantage Insurance Company
GEICO Secure Insurance Company
GEICO Choice Insurance Company
GEICO Indemnity Company
Government Employees Insurance Company
GEICO General Insurance Company
GEICO Casualty Company

is a true and correct copy of the document filed with this Department.

Attest By:



In Witness Whereof, I have hereunto set my hand
and affixed the official seal of this Department at the
City of Dover, this 26th day of August, 2025.

Trinidad Navarro
Insurance Commissioner

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Honorable Trinidad Navarro
Insurance Commissioner
State of Delaware
1351 West North Street
Suite 101
Dover, Delaware 19904

Dear Commissioner Navarro:

In compliance with the instructions contained in Examination Authority Numbers 14138-24-508, 14137-24-509, 14139-24-510, 22055-24-511, 22063-24-512, 35882-24-513 and 41491-24-514 and pursuant to statutory provisions including 18 *Del C.* §§ 318-322, a Market Conduct Examination has been conducted of the affairs and practices of:

GEICO Advantage Insurance Company – NAIC # 14138
GEICO Secure Insurance Company – NAIC #14137
GEICO Choice Insurance Company – NAIC #14139
GEICO Indemnity Company - NAIC #22055
Government Employees Insurance Company - NAIC #22063
GEICO General Insurance Company - NAIC #35882
GEICO Casualty Company – NAIC #41491

The examination was performed as of December 31, 2023.

The examination was conducted off-site, performed at the offices of the Delaware Department of Insurance, hereinafter referred to as the Department, or other suitable locations.

The report of examination herein is respectfully submitted.

EXECUTIVE SUMMARY

GEICO Advantage Insurance Company (GVIC), GEICO Secure Insurance Company (GSIC), GEICO Choice Insurance Company (GHIC), GEICO Indemnity Company (GIC), Government Employees Insurance Company (GEIC) GEICO General Insurance Company (GGIC) and GEICO Casualty Company (GCC), hereafter referred to as the GEICO Companies, are multi-line property and casualty insurance companies, reporting combined total direct premiums written for all states of \$36,290,446,287 of which Delaware has a market share of \$176,443,309, or approximately 0.48%, for the year ending 2023.

The examination was a targeted review of activities related to each Company's Private Passenger Automobile business in the following areas of operation: Complaint Handling, Marketing and Sales, Underwriting and Rating, and Claims.

The report encompasses seven GEICO Companies and throughout the report, exceptions will be only noted if exceptions are found for a particular company. If no company is mentioned, then there were no exceptions found. If the term "Companies" is referenced, then the exception pertained to all seven GEICO Companies.

The following exceptions were noted in the areas of operations reviewed:

- **1 Exception**
18 Del. C. § 2304 (17) Unfair methods of competition and unfair or deceptive acts or practices defined.

The following are hereby defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance:

(17) Failure to maintain complaint handling procedures. - Failure of any person to maintain a complete record of all the complaints which it has received since the date of its last examination as otherwise required in this title. This record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of these complaints and the time it took to process each complaint. For purposes of this subsection, "complaint" shall mean any written communication primarily expressing a grievance.

There was one GVIC complaint that was incorrectly logged as a Delaware complaint when it was a West Virginia complaint.

- **73 Exceptions**
18 Del. C. § 3906 Cancellation or nonrenewal of automobile policy – Appeal to the Commissioner; order
(a) A named insured who wishes to contest the reason or reasons for a cancellation or nonrenewal to which § 3904 of this title is applicable shall not less than 20 days prior to the effective date of cancellation or nonrenewal mail or deliver to the Commissioner a request for a review, which shall state clearly the basis

for the appeal. The Commissioner's review of a named insured's appeal shall be on the papers. This subsection shall not apply to cancellation for nonpayment of premium. A cancellation or nonrenewal which is subject to the provisions of § 3904 of this title shall be deemed effective, unless the Commissioner determines otherwise in accordance with the provisions of such section.

The Companies sent 49 non-renewal and 24 cancellations notices using CCNRPolOfRDe (12-14) stating the insured's right to request, in writing, not less than 15 days prior to the effective date of this action, a hearing from the Commissioner of Insurance. This is no longer correct. 18 Del. C. § 3906 was revised effective 9/30/2021 to "not less than 20 days prior to the effective date of the cancellation or nonrenewal...". It also removed "hearing" and replaced it with "review".

- **2 Exceptions**

18 Del. C. § 3905 Cancellation or nonrenewal of automobile policy — Notice of cancellation or intention not to renew; notice of reasons

(b) No insurer shall fail to renew a policy except to which § 3903(b) of this title applies, unless it shall mail or deliver to the named insured, at his or her address last of record with the insurer, at least 30 days advance notice of its intention to nonrenew accompanied by the reason or reasons therefor.

There were two GGIC policies non-renewed, but their Non-Renewal Notices could not be provided.

- **14 Exceptions**

18 Del. C. § 3905 Cancellation or nonrenewal of automobile policy — Notice of cancellation or intention not to renew; notice of reasons

(c) The mailing of the notice of cancellation, or of intention not to renew, to the named insured at his or her last address of record with the insurer, shall be by certified mail or by USPS Intelligent Mail barcode (IMb). Proof of mailing of such notice shall be retained by the insurer for a period of not less than 1 year. This subsection shall not apply in case of nonpayment of premium.

There were four GVIC, four GHIC, two GGIC, two GEIC and two GSIC Non-Renewal Notices sent where a Proof of Mailing could not be provided.

- **10 Exceptions**

18 Del. C. § 3909 Automobile insurance; exclusion, cancellation or nonrenewal

(b) In any case where an insurer is authorized under this chapter to cancel or nonrenew any automobile policy under which more than 1 person is insured because of the record of 1 or more, but less than all of the persons insured under the policy, the insurer shall, in lieu of cancellation or nonrenewal, offer to continue or renew the insurance, but to exclude from coverage, by name, the person or

persons whose record would have justified the cancellation or nonrenewal. The premiums charged on any such policy excluding a named driver or drivers shall not reflect the claims, experience or driving record of the excluded named driver or drivers.

There were three GVIC, two GHIC, three GGIC, one GEIC and one GIC policies where the termination notice did not offer to exclude the driver responsible for the termination.

- **1 Exception**

18 Del. C. § 3909 Automobile insurance; exclusion, cancellation or nonrenewal

(d) Every insurer shall be required to offer to the driver or drivers excluded under this section coverage of the same type or types and in an amount or amounts at least as great as the types and amount of coverage carried on the vehicle or vehicles that the designated person is being excluded from, which coverage shall be offered at rates commensurate with the driving record of such excluded driver or drivers; provided, however, that such excluded driver or drivers shall not be required to carry coverage in any amount or amounts greater than those amounts required by the financial responsibility law of the State.

There was one GIC policy where the termination notice did not offer similar coverage to the excluded driver.

- **8 Exceptions**

Fair Credit Reporting Act

There were two GVIC, one GHIC, four GGIC and one GSIC policies that were non-renewed based on the policyholder's driving record, but an FCRA Notice was not sent.

- **1 Exceptions**

18 Del. Admin. C. § 902 3.1.1 Prohibited Unfair Claim Settlement Practices

3.1.1 Misrepresenting pertinent facts or insurance policy provisions relating to coverage at issue.

There was one GVIC claim that was improperly handled.

- **5 Exceptions**

18 Del. Admin. C. § 902 3.1.6 Prohibited Unfair Claim Settlement Practices

3.1.6. Not attempting in good faith to effectuate prompt, fair and equitable settlement of claims in which liability has become clear.

The GHIC underpaid one claim, delayed paying another and did not reimburse the policyholder's \$500 in another. GSIC erroneously closed a claim without payment. GGIC did not promptly reimburse a policyholder's \$500 deductible.

- **19 Exceptions**

18 Del. C. § 2304 (16) a. Unfair methods of competition and unfair or deceptive acts or practices defined.

(16) Unfair claim settlement practices. - No person shall commit or perform with such frequency as to indicate a general business practice any of the following:

a. Misrepresenting pertinent facts or insurance policy provisions relating to coverages at issue;

There were 19 First Party claimants who paid their Collision deductible when the UM PD deductible should have been applied

- **17 Exceptions**

18 Del. Admin. C. § 606-11.0 Notification of Uninsured Drivers

Each insurer licensed to write automobile liability insurance in Delaware shall notify the Division of Motor Vehicles on a form approved by the Division of Motor Vehicles the name of any person or persons involved in an accident or filing a claim who is alleged to have been operating a Delaware registered motor vehicle without the insurance required under Delaware law. The insurer shall provide the name, address, and description of the vehicle alleged to be uninsured."

There were 17 uninsured vehicles were not reported to the Division of Motor Vehicles.

- **4 Exceptions**

18 Del. Admin. C. § 902 3.1.5 Prohibited Unfair Claim Settlement Practices

3.1.5 Failing to affirm or deny coverage or a claim or advise the person presenting the claim, in writing, or other proper legal manner, of the reason for the inability to do so, within 30 days after proof of loss statements have been received by the insurer.

Denial letters were not sent to two GGIC Claimants and two GVIC Claimants.

- **1 Exception**

18 Del. C. § 2304 (16) f. & (16) n. Unfair claim settlement practices and Delaware Auto Bulletin #24

(16) Unfair claim settlement practices. — No person shall commit or perform with such frequency as to indicate a general business practice any of the following:

f. Not attempting in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear.

And

n. Failing to promptly provide a reasonable explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement.

Delaware Auto Bulletin #24 states:

Any insurer's invocation of its insured's obligation to cooperate as the basis for denying mandatory minimum coverage shall be deemed an unfair claim settlement practice in violation of Title 18, Section 2304 (16)(f).

GHIC denied coverage in one claim on the basis of the non-cooperation of the insured.

- **3 Exceptions**

- **21 Del C. 2512 (a) Transfer for salvage**

- Except as provided under subsection (g) of this section, when a registered or unregistered motor vehicle, for which a title has been issued by the Department, is transferred as salvage as a result of a total loss insurance settlement, the insurance company or its authorized agent shall send the certificate of title of the vehicle to the Department within 30 days from the date of settlement.*

There were three GVIC claims where the salvaged vehicle's Title was not transferred to the Department timely by the Company or the Company's authorized agent,

- **1 Exception**

- **21 Del. C. § 2508. Fee to transfer title**

- The fee for transferring title to a vehicle shall be \$35. A \$35 penalty fee shall be charged for the issuance of a new certificate of title on a Delaware titled vehicle when the application is received more than 30 days after the transfer date of said vehicle.*

The \$35 Title Fee and \$40 Registration Fee, totaling \$75, were incorrectly left off the settlement and should have been paid to the GGIC policyholder.

- **3 Exceptions**

- **18 Del. C. § 1703 Licensed Required.**

- A person shall not transact insurance in this State for any class or classes of insurance unless the person is licensed as an insurance producer, adjuster or appraiser for that line of authority in accordance with this chapter.*

Three claims' adjusters were not licensed from their applicable date of licensing and the claim loss date.

- **1 Exception**

- **18 Del. C. § 3914 Notice of Statute of Limitations required.**

- An insurer shall be required during the pendency of any claim received pursuant to a casualty insurance policy to give prompt and timely written notice to claimant informing claimant of the applicable state statute of limitations regarding action for his or her damages.*

There were 96 claims where the 1st Party Claimant did not receive the Statute of Limitations Notice, two claims where the 3rd Party Claimant did not receive the Statute of Limitations

Notice, and seven claims where neither the 1st Party Claimant nor the 3rd Party Claimant received the Statute of Limitations Notice. This will be considered one exception as it is a procedural inadequacy.

- **4 Exceptions**

- 11 Del. C. § 913 Insurance Fraud, class G felony (b) & (c).**

- All insurance claims forms shall contain a statement that clearly states in substance the following:*

- “Any person who knowingly, and with intent to injure, defraud or deceive any insurer, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.”*

- For the purposes of this section, “statement” includes, but is not limited to, a police report, any notice, statement, proof of loss, bill of lading, receipt for payment, invoice, account, estimate of property damages, bill for services, diagnosis, prescription, hospital or doctor records, X rays, test result or other evidence of loss, injury or expense; “insurer” shall include, but is not limited to, a health service corporation or health maintenance organization; and “insurance policy” shall include, but is not limited to, the subscriber and members contracts of health service corporations and health maintenance organizations.*

The Company did not show the mandated language in four specific and standard insurance claim forms. While these forms have been utilized throughout the examination period, the exception is being noted only for the development of the form, rather than the number of times the forms have been processed.

SCOPE OF EXAMINATION

The Market Conduct Examination was conducted pursuant to the authority granted by 18 Del. C. §§ 318 – 322 and covered the examination period of January 1, 2020, through December 31, 2023. The purpose of the examination was to determine compliance by the Companies with applicable Delaware laws and regulations.

The examination was a targeted review of activities related to Private Passenger Automobile business in the GEICO Advantage Insurance Company (GVIC), GEICO Secure Insurance Company (GSIC), GEICO Choice Insurance Company (GHIC), GEICO Indemnity Company (GIC), Government Employees Insurance Company (GEIC), GEICO General Insurance Company (GGIC) and GEICO Casualty Company (GCC). Areas reviewed were Complaint Handling, Marketing and Sales, Underwriting and Rating, and Claims.

METHODOLOGY

This examination was performed in accordance with Market Regulation standards established by the Department and examination procedures suggested by the NAIC. While the examiners’ report

on the errors found in individual files, the examination also focuses on general business practices of the Companies.

The Companies identified the universe of files for each segment of the review. Based on the size of the universe, random sampling was utilized to select files reviewed during this examination.

Delaware Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. An exception is any instance of Company activity that does not comply with an insurance statute or regulation. Exceptions contained in the report may result in the imposition of penalties. Generally, practices, procedures or files that were reviewed by Department examiners during the course of an examination may not be referred to in the Report if no improprieties were noted. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review these areas of concern in order to determine the potential impact upon Company operations or future compliance. Throughout the course of the examination, company officials were provided with a status memorandum, which referenced specific complaints, policy and/or claim numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. Written summaries were provided to the Company on exceptions found. An exit conference was conducted with Company officials to discuss various types of exceptions identified during the examination and to review written summaries provided on the exceptions found.

COMPANIES' HISTORY AND PROFILE

GEICO Advantage Insurance Company ("GEICO Advantage") was incorporated on June 13, 2011, in the State of Nebraska and is a wholly owned subsidiary of GEICO Corporation. On January 2, 1996, GEICO Corporation, previously a publicly owned Delaware corporation listed on the New York Stock Exchange, became an indirect wholly owned subsidiary of Berkshire Hathaway Inc. GEICO Advantage's charter authorizes the writing of multiple lines property and casualty coverage, and it focuses on writing preferred risk automobile insurance sold through direct-response marketing.

In 2023, GEICO Advantage reported \$2,310,884,560 net written premium of which \$99,890,265 was written in Delaware. In 2023, it had 37,185 Delaware policies in force.

GEICO Casualty Company (the "Company") was incorporated on August 31, 1982, in the state of Maryland under the name of Guardian Casualty Company as a wholly owned subsidiary of Criterion Insurance Company (later renamed GEICO Indemnity Company). The Company's name was changed to Criterion Casualty Company on January 31, 1983, and it began operations in May 1983. On January 6, 1994, the Company's name was changed to GEICO Casualty Company. As of December 30, 2020, the Company was re-domesticated from Maryland to the state of Nebraska, as well as its parent Company, GEICO Indemnity Company, which is a wholly owned subsidiary of GEICO Corporation, a Delaware corporation. On January 2, 1996, GEICO Corporation, previously a publicly held company, became an indirect wholly owned subsidiary of Berkshire Hathaway Inc.

Charter powers permit the handling of all forms of property and casualty insurance coverage but it's focus is writing private passenger automobile insurance.

In 2023, GEICO Casualty reported \$5,983,757,842 net written premium of which \$746,139 was written in Delaware. In 2023, it had 162 Delaware policies in force.

GEICO Choice Insurance Company ("GEICO Choice") was incorporated under the laws of Nebraska on June 13, 2011 and is a wholly owned subsidiary of GEICO Corporation. On January 2, 1996, GEICO Corporation, previously a publicly owned Delaware corporation listed on the New York Stock Exchange, became an indirect wholly owned subsidiary of Berkshire Hathaway Inc.

GEICO Choice's charter authorizes the writing of multiple property and casualty lines of insurance, and it focuses on writing private passenger automobile insurance.

In 2023, GEICO Choice reported \$1,249,602,407 net written premium of which \$30,885,316 was written in Delaware. In 2023, it had 9,251 Delaware policies in force.

The predecessor company to GEICO General Insurance Company ("GG") was incorporated in Texas on May 15, 1934, under the name of Associated Casualty Company. Renamed as Equitable General Insurance Company, it merged with and into an Iowa company in 1978. Government Employees Insurance Company ("GEICO") acquired complete financial control of Equitable General Insurance Company on March 31, 1982, and GG's present name was adopted on September 29, 1982. On June 22, 1989, GG transferred its domicile to Maryland but retained its original Texas charter date. Since 1982, GG has been a wholly owned subsidiary of GEICO, which in turn is a wholly owned subsidiary of GEICO Corporation. GEICO Corporation was, until January 2, 1996, a publicly owned Delaware corporation listed on the New York Stock Exchange. On that date, it became an indirectly wholly owned subsidiary of Berkshire Hathaway Inc. The company re-domesticated to Nebraska effective December 31, 2020.

Since 1987, GEICO General Insurance Company has provided personal automobile insurance for preferred risk individuals who are not government employees or military personnel.

In 2023, GEICO General reported \$11,613,528,674 net written premium of which \$ 20,951,907 was written in Delaware. In 2023, it had 7,320 Delaware policies in force.

GEICO Indemnity Company ("GI") was incorporated in the District of Columbia on March 22, 1961, under the name of Criterion Insurance Company. It was a publicly owned company until 1980, when it was 100% acquired by Government Employees Insurance Company ("GEICO"). In 1992, GEICO transferred its ownership in GI to GEICO Corporation. On January 2, 1996, GEICO Corporation, previously a publicly owned Delaware corporation listed on the New York Stock Exchange, became an indirect wholly owned subsidiary of Berkshire Hathaway Inc. On January 2, 1986, GI was re-domesticated and reincorporated in the state of Maryland but retained its original charter date. Later that same year, GI's present name was adopted. The company re-domesticated Nebraska effective December 30, 2020.

Charter powers permit the handling of all forms of property and casualty insurance coverage, and it is licensed to do business in all states. Historically, GI has marketed personal automobile and

motorcycle/ATV insurance to young adults, military personnel and other drivers who do not qualify as preferred risks primarily through GEICO field representatives, now known as “GFRs” and through direct response marketing. It now writes personal auto and cycle/ATV for a variety of risks.

In 2023, GEICO Indemnity reported \$4,902,545,679 premium of which \$ 6,583,026 was written in Delaware. In 2023, it had 4,041 Delaware policies in force.

Government Employees Insurance Company (“GEICO”) was incorporated in the District of Columbia on November 30, 1937. GEICO was re-domesticated and re-incorporated in the state of Maryland in 1986 but retained its original District of Columbia charter date. GEICO was publicly owned from 1948 until January 31, 1979, at which time it became a wholly owned subsidiary of GEICO Corporation. On January 2, 1996, GEICO Corporation, previously a publicly owned Delaware corporation listed on the New York Stock Exchange, became an indirect wholly owned subsidiary of Berkshire Hathaway Inc. The company re-domesticated Nebraska effective December 30, 2020.

GEICO’s charter authorizes the writing of multiple lines property and casualty coverage, and it has traditionally focused on writing preferred risk personal automobile and personal umbrella insurance to active or retired government employees or military personnel primarily through direct response marketing. It is licensed to write insurance in all states.

In 2023, the Government Employees Insurance Company reported \$6,292,824,853 premium of which \$8,677,195 was written in Delaware. In 2023, it had 4,140 Delaware policies in force.

GEICO Secure Insurance Company (“GEICO Secure”) was incorporated under the laws of Nebraska on June 13, 2011 and is a wholly-owned subsidiary of GEICO Corporation. On January 2, 1996, GEICO Corporation, previously a publicly owned Delaware corporation listed on the New York Stock Exchange, became an indirect wholly owned subsidiary of Berkshire Hathaway Inc.

GEICO Secure’s charter authorizes the writing of multiple property and casualty lines of insurance, and it focuses on writing private passenger automobile insurance.

In 2023, GEICO Secure reported \$3,937,302,272 premium of which \$8,709,461 was written in Delaware. In 2023, it had 1,981 Delaware policies in force.

COMPLAINT HANDLING

The seven Companies were asked to provide a list of all complaints received during the examination period of January 1, 2021, through December 31, 2023. This list was to include complaints received from the Delaware Department of Insurance as well as complaints made directly to the Company on behalf of Delaware consumers. The following are the populations and samples reviewed for each Company.

Company Name	Population	Sample
GEICO Advantage Insurance Company (GVIC)	87	87
GEICO Secure Insurance Company (GSIC)	12	12
GEICO Choice Insurance Company (GHIC)	28	28
GEICO Indemnity Company (GIC)	6	6
Government Employees Insurance Company (GEIC)	7	7
GEICO General Insurance Company (GGIC)	13	13
GEICO Casualty Company (GCC)	3	3
Total	156	156

The Company provided a system-generated list of 156 complaints. The 156 complaints consisted of 109 Delaware Department of Insurance (DOI) complaints, 19 Executive complaints, 12 CEO complaints, nine Better Business Bureau (BBB) complaints and seven categorized as General. All 156 complaints were reviewed.

The 156 complaints were reviewed for compliance with applicable Delaware Statutes and Regulations pertaining to complaints, including, but not limited to, 18 *Del. C.* § 2304 (17), Delaware Department of Insurance Bulletins, and the NAIC Market Regulation Handbook Standards in Chapter 20. Complaint files involving Claims were reviewed for compliance with 18 *Del. C.* § 2304 (26) and 18 *Del. Admin. C.* § 902 1.2.1.2

Our Findings are as follows:

1 Exception - 18 *Del. C.* § 2304 (17) Failure to maintain complaint handling procedures

The Company's system-generated list provided showed one GVIC complaint as a Delaware complaint when the complaint was a West Virginia complaint.

The Companies certified that they have record of all complaints since the date of the last examination by the Delaware Department of Insurance.

The Companies also provided their Complaint Handling guidelines and procedures. These were reviewed and found sufficient.

Recommendation: It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. C.* § 2304 (17).

MARKETING AND SALES

The Companies were asked to provide:

A copy of all marketing & advertising (including any specific to discounts, and for Mass Marketing), sales and training materials (advertising and sales tools) distributed or available for distribution during the examination period. Give a brief explanation of how the Company communicates to its producers.

The location(s) of all websites is maintained by or on behalf of the Company for marketing purposes.

Copies of Delaware Department of Insurance approval of all marketing materials, applications and notices.

An explanation of how consumers can request a quote or buy a policy on-line.

The requested items were received, however, the Company stated they do not have any marketing materials or applications in the examination period which were submitted for DOI approval.

A sample of marketing and sales materials was reviewed for compliance with Delaware Statutes and Regulations, Delaware Department of Insurance Bulletins and the NAIC Market Regulation Handbook Standards in Chapters 20 and 21. No exceptions were noted.

UNDERWRITING AND RATING

The examination of Underwriting and Rating was conducted and performed to verify the seven Companies' compliance with Delaware Statutes and Regulations, Insurance Department Bulletins and NAIC Market Regulation Handbook Standards in Chapters 20 & 21. Each Company was asked to provide a listing of all new, renewal and terminated Private Passenger Automobile policies issued during the examination period of January 1, 2021, through December 31, 2023, along with relevant copies of underwriting and rating manuals and forms, notices and disclosures in use.

Copies of policies and procedures regarding the use of credit information, including any specific efforts or reports to ensure compliance with 18 *Del. C.* § 8301 – 8303, were also requested and provided.

A sample termination notification and any supplemental documentation provided at the time of termination was also requested and provided.

Copies of the Company's activities to ensure compliance with the Notice Regarding Deductibles (18 *Del. C.* § 4140) were also requested and provided.

New Business Policies

A listing of all new business policies issued during the examination period was provided. The following are populations and samples reviewed for each Company.

Company Name	Population	Sample
GEICO Advantage Insurance Company (GVIC)	11,766	116
GEICO Secure Insurance Company (GSIC)	4,991	115
GEICO Choice Insurance Company (GHIC)	9,125	116
GEICO Indemnity Company (GIC)	N/A	N/A
Government Employees Insurance Company (GEIC)	N/A	N/A
GEICO General Insurance Company (GGIC)	N/A	N/A
GEICO Casualty Company (GCC)	N/A	N/A
Total	25,882	347

Random sampling was made according to the NAIC Market Coordinators Handbook guidelines. Examination of the underwriting and rating files was performed to verify each Company's compliance with Delaware Statutes and Regulations, Insurance Department Bulletins and NAIC Market Regulation Handbook Standards Chapters 20 & 21.

The rate test consisted of manual rating to ensure the amount of premium generated by their computer system was in accordance with each Company's filed and approved rates. This process involved the use of rating worksheets with algorithms matching the rating manuals. Due to the time-consuming nature of manually rating, the selections were reduced to 10 randomly selected Private Passenger Automobile policies to be tested for rating accuracy. The Companies agreed that should there be any inconsistencies noted, additional policies could be requested for testing.

There were no exceptions noted in the Private Passenger Automobile New Business review.

Renewal Business Policies

A listing of all renewal business policies issued during the examination period was provided. The following are populations and samples reviewed for each Company.

Company Name	Population	Sample
GEICO Advantage Insurance Company (GVIC)	238,236	116
GEICO Secure Insurance Company (GSIC)	17,912	116
GEICO Choice Insurance Company (GHIC)	67,130	116
GEICO Indemnity Company (GIC)	7,865	116
Government Employees Insurance Company (GEIC)	18,764	116
GEICO General Insurance Company (GGIC)	48,455	116
GEICO Casualty Company (GCC)	1,134	114
Total	399,496	810

Random sampling was made according to the NAIC Market Coordinators Handbook guidelines. Examination of the underwriting and rating files was performed to verify each Company's compliance with Delaware Statutes and Regulations, Insurance Department Bulletins and NAIC Market Regulation Handbook Standards Chapters 20 & 21.

The rate test consisted of manual rating to ensure the amount of premium generated by their computer system was in accordance with each company's filed and approved rates. This process involved the use of rating worksheets with algorithms matching the rating manuals. Due to the time-consuming nature of manually rating, the selections were reduced to 10 randomly selected Private Passenger Automobile policies to be tested for rating accuracy. The Companies agreed that should there be any inconsistencies noted, additional policies could be requested for testing.

There were no exceptions noted in the Private Passenger Automobile Renewal Business review.

Terminated and Declined Policies

A listing of policies cancelled, non-renewed, or declined during the examination period was provided. The following are Cancellation populations and samples reviewed for each Company.

Company Name	Population	Sample
GEICO Advantage Insurance Company (GVIC)	204	84
GEICO Secure Insurance Company (GSIC)	103	79
GEICO Choice Insurance Company (GHIC)	231	84
GEICO Indemnity Company (GIC)	8	8
Government Employees Insurance Company (GEIC)	6	6
GEICO General Insurance Company (GGIC)	23	23
GEICO Casualty Company (GCC)	5	5
Total	580	289

The following sections detail the exceptions noted during the Cancelled policies review.

24 Exceptions - 18 Del. C. § 3906 Cancellation or non-renewal of automobile policy – Appeal to the Commissioner; order

The Companies listed below sent 24 Cancellation notices using CCNRPOLofrDe (12-14) stating the insured's right to request, in writing, not less than 15 days prior to the effective date of this action, a hearing from the Commissioner of Insurance. This is no longer correct. 18 Del. C. § 3906 was revised effective 9/30/2021 to "not less than 20 days prior to the effective date of the cancellation or nonrenewal...". It also removed "hearing" and replaced it with "review".

<u>Company</u>	<u>Number</u>
GVIC	9
GHIC	5
GGIC	2
GSIC	8

Recommendation: It is recommended that the Companies revise termination notice CCNRPOLofrDE (12-14) to ensure compliance with 18 Del. C. § 3906 (a).

The following are Non-Renewal populations and samples reviewed for each Company.

Company Name	Population	Sample
GEICO Advantage Insurance Company (GVIC)	898	113
GEICO Secure Insurance Company (GSIC)	134	79
GEICO Choice Insurance Company (GHIC)	556	113
GEICO Indemnity Company (GIC)	48	48
Government Employees Insurance Company (GEIC)	39	39
GEICO General Insurance Company (GGIC)	120	79
GEICO Casualty Company (GCC)	9	9
Total	1,804	480

The following sections detail the exceptions noted during the Non-Renewed policies review.

2 Exceptions - 18 Del. C. § 3905 Cancellation or non-renewal of automobile policy – Notice of cancellation or intention not to renew; notice of reasons (b)

There were two GGIC policies non-renewed, but their Non-Renewal Notices could not be provided.

Recommendation: It is recommended that the Companies provide additional training to ensure compliance with 18 Del. C. § 3905 (b).

14 Exceptions - 18 Del. C. § 3905 Cancellation or non-renewal of automobile policy – Notice of cancellation or intention not to renew; notice of reasons (c)

There was a total of four GVIC, four GHIC, two GGIC, two 2 GEIC and two GSIC Non-Renewal Notices sent where a Proof of Mailing could not be provided.

Recommendation: It is recommended that the Companies provide additional training to ensure compliance with 18 Del. C. § 3905 (c).

49 Exceptions - 18 Del. C. § 3906 Cancellation or non-renewal of automobile policy – Appeal to the Commissioner; order

The Companies listed below sent 49 Non-Renewal Notices using CCNRPOLofrDe (12-14) stating the insured's right to request, in writing, not less than 15 days prior to the effective date of this action, a hearing from the Commissioner of Insurance. This is no longer correct. 18 Del. C. § 3906 was revised effective 9/30/2021 to "not less than 20 days prior to the effective date of the cancellation or nonrenewal...". It also removed "hearing" and replaced it with "review".

<u>Company</u>	<u>Number</u>
GVIC	18
GCC	1
GHIC	3
GGIC	8

GEIC	3
GIC	8
GSIC	8

Recommendation: It is recommended that the Companies revise termination notice CCNRPolOfrDE (12-14) to ensure compliance with 18 *Del. C.* § 3906 (a).

10 Exceptions - 18 *Del. C.* § 3909 Automobile insurance; exclusion, cancellation or nonrenewal (b)

There were three GVIC, two GHIC, three GGIC, one GEIC and one GIC policies where the termination notice did not offer to exclude the driver responsible for the termination.

Recommendation: It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. C.* § 3909 (b).

1 Exception - 18 *Del. C.* § 3909 Automobile insurance; exclusion, cancellation or nonrenewal (d)

There was one GIC policy where the termination notice did not offer similar coverage to the excluded driver.

Recommendation: It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. C.* § 3909 (d).

8 Exceptions – Fair Credit Reporting Act (FCRA)

There were two GVIC, one GHIC, four GGIC and one GSIC policies that were non-renewed based on the policyholder's driving record, but an FCRA Notice was not sent.

Recommendation: It is recommended that the Companies provide additional training to ensure compliance with the Fair Credit Reporting Act.

DECLINATIONS

The Company provided a list of 11,458 applicants who were declined during the Examination Period. A sample of 116 were selected for review.

There were no exceptions.

CLAIMS

The examination of Claims was conducted and performed to verify the seven Companies' compliance with Delaware Statutes and Regulations, Delaware Insurance Department Bulletins and the NAIC Market regulation Handbook Standards in Chapters 20 & 21. The Companies were

asked to provide a listing of all Private Passenger Automobile claims received during the examination period of January 1, 2021, through December 31, 2023, along with relevant copies of all claim's procedure manuals and reference and training materials. The examiners were allowed remote access to the Companies' Claims system to conduct the review.

The Companies provided sufficient proof that they are correctly reporting to their statistical agents, Independent Statistical Services (ISS) and Insurance Services Office (ISO).

Copies of all newsletters, bulletins and similar communications regularly sent to claims adjusters were also requested and provided, as well as a list of all 3rd parties used in adjusting and handling of claims. Copies of all Delaware internal claims audit reports were also requested and three were provided. The Companies Internal Claims Audit process appears sound, and the examiners had no concerns about their findings.

The tables below provide the by-Company populations and sample sizes.

Paid Claims

A listing of all claims paid during the examination period was provided. The following are the populations and samples reviewed for each Company.

Company Name	Population	Sample
GEICO Advantage Insurance Company (GVIC)	16,826	150
GEICO Secure Insurance Company (GSIC)	2,044	20
GEICO Choice Insurance Company (GHIC)	5,675	50
GEICO Indemnity Company (GIC)	939	10
Government Employees Insurance Company (GEIC)	1,325	10
GEICO General Insurance Company (GGIC)	3,308	30
GEICO Casualty Company (GCC)	131	5
Total	30,248	275

The following sections detail the exceptions noted during the paid claims review.

3 Exceptions - 18 Del. Admin. C. § 902 3.1.6 Prohibited Unfair Claim Settlement Practices

GHIC underpaid a rental car bill in the amount of \$161.76 in one claim and in another claim, they did not reimburse the policyholder's \$500 deductible. When brought to the Company's attention, they paid the amounts owed. In a third claim, the Company delayed payment of a \$264.26 rental car bill for a period of four months.

Recommendation: It is recommended that the Companies provide additional training to ensure compliance with 18 Del. Admin. C. § 902 3.1.6.

9 Exceptions - 18 Del. C. § 2304 Unfair methods of competition and unfair or deceptive acts or practices defined. (16) a. Unfair claim settlement practices

There were nine 1st Party claimants who paid their Collision deductible when the UM PD \$250 deductible should have been applied as follows:

<u>Company</u>	<u>Number</u>
GVIC	5
GCC	1
GHIC	2
GEIC	1

When brought to the Companies' attention, they reimbursed all nine claimants with the difference between their Collision deductible and the UM PD \$250 deductible.

Recommendation: It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. C.* § 2304 (16) a.

Closed Without Payment (CWP) Claims

A listing of all claims closed without payment during the examination period was provided. The following are the populations and samples reviewed for each Company.

Company Name	Population	Sample
GEICO Advantage Insurance Company (GVIC)	7,738	145
GEICO Secure Insurance Company (GSIC)	1,170	25
GEICO Choice Insurance Company (GHIC)	2,906	50
GEICO Indemnity Company (GIC)	385	10
Government Employees Insurance Company (GEIC)	512	10
GEICO General Insurance Company (GGIC)	1,411	30
GEICO Casualty Company (GCC)	52	5
Total	14,174	275

The following sections detail the exceptions noted during the Closed Without Payment claims review.

2 Exceptions - 18 *Del. Admin. C.* § 902 3.1.6 Prohibited Unfair Claim Settlement Practices

GSIC closed a claim in error before payment was issued. GGIC received the repair receipt but closed the claim without payment. When brought to the Companies' attention, both claimants received restitution.

Recommendation: It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. Admin. C.* § 902 3.1.6.

2 Exceptions - 18 *Del. C.* § 2304 Unfair methods of competition and unfair or deceptive acts or practices defined. (16) a. *Unfair claim settlement practices*

There were two 1st Party claimants, in one GVIC, the other in GHIC, who paid their Collision deductible when the UM PD \$250 deductible should have been applied.

When brought to the Companies' attention, they reimbursed both claimants the difference between their Collision deductible and the UM PD \$250 deductible.

Recommendation: It is recommended that the Companies provide additional training to ensure compliance with 18 Del. C. § 2304 (16) a.

17 Exceptions – 18 Del. Admin. Code § 606-11.0 – Notification of Uninsured Drivers

There were ten uninsured vehicles in the GHIC and seven uninsured vehicles in the GVIC that were not reported to the Division of Motor Vehicles.

Recommendation: It is recommended that the Companies provide additional training to ensure compliance with Section 606-11.0.

Denied Claims

A listing of all claims denied during the examination period was provided. The following are the populations and samples reviewed for each Company.

Company Name	Population	Sample
GEICO Advantage Insurance Company (GVIC)	444	130
GEICO Secure Insurance Company (GSIC)	131	40
GEICO Choice Insurance Company (GHIC)	209	60
GEICO Indemnity Company (GIC)	30	10
Government Employees Insurance Company (GEIC)	18	5
GEICO General Insurance Company (GGIC)	80	25
GEICO Casualty Company (GCC)	10	5
Total	922	275

The following sections detail the exceptions noted during the denied claims review.

1 Exception - 18 Del. Admin. Code § 902 3.1.1 Prohibited Unfair Claim Settlement Practices

In one GVIC claim, the Company's SIU could not confirm or deny a UMPD claim, however, the insured was not advised regarding contacting the police in order to use the UMPD coverage.

Recommendation: It is recommended that the Companies provide additional training to ensure compliance with 18 Del. Admin. C. § 902 3.1.1.

4 Exceptions - 18 Del. Admin. Code § 902 3.1.5 Prohibited Unfair Claim Settlement Practices

Denial letters were not sent to two GGIC Claimants and two GVIC Claimants.

Recommendation: It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. Admin. C.* § 902 3.1.5.

1 Exception - 18 *Del. C.* §2304 (16) f. & (16) n. Unfair claim settlement practices and Delaware Auto Bulletin #24

The GHIC denied a claim on the basis of non-cooperation of the insured.

Recommendation: It is recommended that the Company provide additional training to ensure compliance with 18 *Del. C.* §2304 (16) f. & (16) n. and Delaware Auto Bulletin #24.

Total Loss Claims

A listing of all total loss claims during the examination period was provided. The following are the populations and samples reviewed for each Company.

Company Name	Population	Sample
GEICO Advantage Insurance Company (GVIC)	3,942	140
GEICO Secure Insurance Company (GSIC)	676	25
GEICO Choice Insurance Company (GHIC)	1,632	55
GEICO Indemnity Company (GIC)	307	10
Government Employees Insurance Company (GEIC)	282	10
GEICO General Insurance Company (GGIC)	808	30
GEICO Casualty Company (GCC)	42	5
Total	7,689	275

The following sections detail the exceptions noted during the total loss claims review.

8 Exceptions - 18 *Del. C.* § 2304 Unfair methods of competition and unfair or deceptive acts or practices defined. (16) a. Unfair claim settlement practices

There were eight 1st Party claimants who paid their Collision deductible when the UM PD \$250 deductible should have been applied as follows:

<u>Company</u>	<u>Number</u>
GVIC	5
GHIC	1
GGIC	1
GIC	1

When brought to the Companies' attention, they reimbursed all eight claimants with the difference between their Collision deductible and the UM PD \$250 deductible.

Recommendation: It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. C.* § 2304 (16) a.

3 Exceptions - 21 Del. C. § 2512 (a) Transfer for Salvage

GVIC did not transfer the salvaged vehicle's Title to the Department timely for three claims.

Recommendation: It is recommended that the Companies provide additional training to ensure compliance with 21 Del. C. § 2512 (a).

1 Exception - 21 Del. C. § 2508 Fee to transfer title

GGIC did not pay the \$35 Title Fee for one claim.

Recommendation: It is recommended that the Companies provide additional training to ensure compliance with 21 Del. C. § 2508.

Paid, CWP, Denied & Total Loss Claims

3 Exceptions - 18 Del. C. § 1703 Licensed Required.

Three claims' adjusters were not licensed from their applicable date of licensing and the claim loss date.

Recommendation: It is recommended that the Companies review their claims professional licensing processes to ensure compliance with 18 Del. Code § 1703.

1 Exception - 18 Del. C. § 3914 Notice of Statute of Limitations.

The Company failed to provide the required Statute of Limitations notice in 105 of the 1,100 Paid, Closed Without Payment, Denied and Total Loss claims reviewed. This will be considered one exception as it is a procedural inadequacy.

Recommendation: It is recommended that the Companies review their processes and determine the means by which the Statute of Limitations Notice, as required by 18 Del. Code § 3914, be delivered timely and consistently in the future.

4 Exceptions - 11 Del. C. § 913 Insurance Fraud, class G felony (b) & (c).

The Company did not show the mandated language in four specific and standard insurance claim forms. While these forms have been utilized throughout the examination period, the exception is being noted only for the development of the form, rather than the number of times the forms have been processed.

Recommendation: It is recommended that the Companies review their processes and determine the means to which the mandated language in 11 Del. C. § 913 Insurance Fraud, class G felony (b) be shown on all claim forms subject to (c) in the future.

CONCLUSION

The recommendations made below identify corrective measures the Department finds necessary as a result of the Exceptions noted in the Report. Location in the Report is referenced in parenthesis.

1. It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. C.* § 2304 (17). (Complaints)
2. It is recommended that the Companies revise cancellation notice CCNRPolOfrDE (12-14) to ensure compliance with 18 *Del. C.* § 3906 (a). (Underwriting & Rating)
3. It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. C.* § 3905 (b) (Underwriting & Rating)
4. It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. C.* § 3905 (c) (Underwriting & Rating)
5. It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. C.* § 3909 (b). (Underwriting & Rating)
6. It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. C.* § 3909 (d). (Underwriting & Rating)
7. It is recommended that the Companies provide additional training to ensure compliance with the Fair Credit Reporting Act. (Underwriting & Rating)
8. It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. Admin. C.* § 902 3.1.1. (Claims)
9. It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. Admin. C.* § 902 3.1.6. (Claims)
10. It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. C.* § 2304 (16) a. (Claims)
11. It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. Admin. Code.* § 606-11.0. (Claims)
12. It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. Admin. C.* § 902 3.1.5. (Claims)
13. It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. C.* § 2304 (16) f. & n. and Delaware Auto Bulletin #24. (Claims)

14. It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. C.* § 2512 (a). (Claims)
15. It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. C.* § 2508. (Claims)
16. It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. C.* § 1703. (Claims)
17. It is recommended that the Companies provide additional training to ensure compliance with 18 *Del. C.* § 3914. (Claims)
18. It is recommended that the Companies provide additional training to ensure compliance with 11 *Del. C.* § 913 Insurance Fraud, class G felony (b) & (c). (Claims)

Delaware Market Conduct Examination Report
GEICO Companies

The examination conducted by Karen Gerber, Joe Krug, Mark Plesha and Braxten Pate is respectfully submitted.



Mark Plesha, CPCU, AIE, MCM, CWCP,
AIS, IR
Examiner-in-Charge
Market Conduct
Delaware Department of Insurance

I, Mark Plesha, hereby verify and attest, under oath, that the above is a true and correct copy of the examination report and findings of the market conduct examination submitted to the Delaware Department of Insurance pursuant to examination authority #14138-24-508, #14137-24-509, #14139-24-510, #22055-24-511, #22063-24-512, #35882-24-513 & #41491-24-514.



Mark Plesha, CPCU, AIE, MCM, CWCP,
AIS, IR