

**State of Rhode Island and Providence Plantations**  
**DEPARTMENT OF BUSINESS REGULATION**  
*Insurance Division*  
1511 Pontiac Avenue, Bldg. 69-2  
Cranston, Rhode Island 02920

**IN THE MATTER OF:**

**USAA CASUALTY INSURANCE COMPANY,  
USAA GENERAL INDEMNITY COMPANY,  
AND  
UNITED SERVICES AUTOMOBILE  
ASSOCIATION**

**RESPONDENTS.**

**DBR No. 2019-IN-012**

**CONSENT AGREEMENT**

It is hereby agreed between the Department of Business Regulation (“Department”) and USAA Casualty Insurance Company, USAA General Indemnity Company, and United Services Automobile Association (“Respondents”) as follows:

1. Respondents are foreign insurers licensed in the State of Rhode Island to issue property & casualty insurance policies, including homeowners insurance policies.
2. Entities licensed to conduct business within Rhode Island must adhere their practices to the rules and regulations of the state. Therefore, licensed entities may not conduct business with individuals/entities that are required to hold and maintain licensure within the state but fail to do so.
3. R.I. Gen. Laws § 27-10-1.2 requires that an individual be licensed as a company/independent adjuster in order to negotiate or settle claims arising out of a homeowners insurance policy.

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**STATE OF RHODE ISLAND  
INSURANCE DIVISION**

4. R.I. Gen. Laws Chapter 27-9.1 prohibits an insurer from employing an unlicensed company/independent adjuster to negotiate or settle claims arising out of a homeowners insurance policy.

- a. "Failing to adopt and implement **reasonable standards** for the prompt investigation and settlement of claims arising under its policies" constitutes an unfair claims practice. R.I. Gen. Laws § 27-9.1-4(a)(4) (*emphasis added*).

5. During the course of the Department's review of a filed consumer complaint, it became evident that the independent adjuster assigned to the homeowners claim in question ("Adjuster A") was not licensed as an independent adjuster in Rhode Island.

6. Respondents' utilization of independent adjuster services provided by Adjuster A was in violation of Rhode Island law and constituted a failure to implement reasonable standards for the investigation of the underlying claim.

7. In July 2019, the Department contacted Respondents outlining its concern regarding Adjuster A's activities as an independent adjuster operating without a valid Rhode Island license. Thereafter, Respondents conducted a prompt and thorough investigation which uncovered information/an explanation of events that led to its utilization of an unlicensed independent adjuster:

- a. Respondents contract with a third-party vendor: Worley Services.
- b. Due to human error, Adjuster A was assigned to claims instead of a different licensed individual with the same surname.
- c. Adjuster A acted as a claim adjuster in a total of eight (8) claims over a three (3) year period while not licensed as required under R.I. Gen. Laws § 27-10-1.2.

d. Respondents confirmed that beyond these eight (8) instances, there were no other occurrences within the past three years where Adjuster A handled RI homeowners insurance claims.

8. Adjuster A has since become licensed in Rhode Island and had been eligible for company/independent adjuster licensure in Rhode Island at all times in question.

**THEREFORE**, based on the foregoing, Respondents and the Department have decided to resolve this matter without further administrative proceedings and hereby agree to the following resolution:

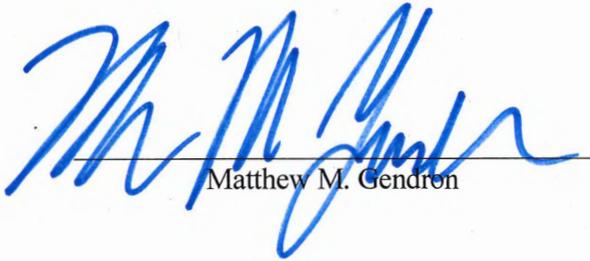
1. Respondents have ensured that Adjuster A obtained a claim adjuster license pursuant to R.I. Gen. Laws § 27-10-1.2.
2. Respondents have taken additional steps to ensure compliance with R.I. Gen. Laws § 27-10-1.2.
3. Upon notice by the Department, Respondents reviewed three (3) years of files and did not identify any additional unlicensed activity.
4. Respondents will pay an administrative penalty of four thousand dollars (\$4,000) within thirty (30) days.
5. Waiver of Hearing and Appeal. By agreeing to resolve this matter through the execution of this Consent Agreement, Respondents knowingly and voluntarily waive any right to an administrative hearing and waive any rights to pursue an appeal to the Superior Court under the Rhode Island Administrative Procedures Act, R.I. Gen. Laws § 42-35-1 *et seq.*
6. Enforcement. If Respondents fail to comply with any term or condition of this Consent Agreement within any applicable time period set forth herein, Respondents

will be in violation hereunder and the Department shall be entitled to immediately take enforcement or other actions in accordance with applicable law.

7. Compliance; Other Laws. Compliance with the terms of this Consent Agreement does not relieve Respondents of any obligation to comply with other applicable laws or regulations administered by or through the Department or any other governmental agency.

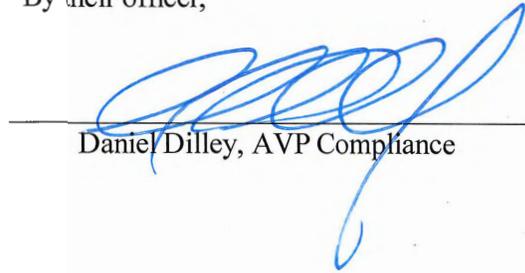
Counsel for the Department and Respondents hereby consent and agree to the foregoing on behalf of their respective clients on this 12th Day of December, 2019.

Department of Business Regulation  
By its Legal Counsel,



Matthew M. Gendron

USAA Casualty Insurance Company,  
USAA General Indemnity Company, and  
United Services Automobile Association  
By their officer,



Daniel Dilley, AVP Compliance