

**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,
GARRISON PROPERTY AND CASUALTY
INSURANCE COMPANY,
AND
UNITED SERVICES AUTOMOBILE
ASSOCIATION**

RESPONDENT.

DBR No. 2019-IN-005

CONSENT AGREEMENT

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

1. Respondents are insurers licensed in the State of Rhode Island to issue property & casualty insurance policies including automobile insurance policies.

2. 230-RICR-20-05-3.7 (formerly known as Insurance Regulation 25) enumerates *Premium Surcharges* with respect to the timing of applicable premium surcharges on Rhode Island personal automobile insurance policies. During the relevant compliance period, the Regulation stated the following:

- a. 230-RICR-20-05-3.7(D): “Any premium increases for a permitted purpose shall be instituted only at renewal of the policy. [...]”.
- b. 230-RICR-20-05-3.3(A)(10) defined “renewal” and clarified “[...] that any policy with a policy period or term of less than twelve (12) months shall for the purpose of this section be considered as if written for a policy period or term of twelve (12) months.”

3. As a result of a consumer complaint about an unrelated matter, the Department determined that Respondents’ IT system used a six (6) month rating period instead of the required twelve (12) month rating period, correlating with Respondents’ six (6) month policies. As such, in March 2018 the Department contacted Respondents for additional information.

4. Respondents conducted a prompt and thorough investigation of policy files issued from 2013 through 2018 and determined that there were three hundred sixty-seven (367) policies that were surcharged out of compliance using a six (6) month renewal period instead of a twelve (12) month renewal period. No concerns were noted with the basis for the surcharge.

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. Of the three hundred sixty-seven (367) policies that were affected and are no longer in-force, Respondents have issued two hundred and ninety-nine (299) refunds,

including interest, totaling approximately ninety-six thousand two hundred thirteen dollars and forty cents (\$96,213.40).

2. Respondents had taken steps to comply with the 230-RICR-20-05-3.7 prior to its revision effective September 30, 2018.
3. Respondents will pay a total fine of eight thousand dollars (\$8,000) within 30 days.
4. 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.
5. Enforcement. If the Respondents fails to comply with any term or condition of this Consent Agreement within any applicable time period set forth herein, the Respondents will be in violation hereunder and the Department shall be entitled to immediately take enforcement or other actions in accordance with applicable law.
6. Compliance; Other Laws. Compliance with the terms of this Consent Agreement does not relieve the 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 the 29th day of May 2019.

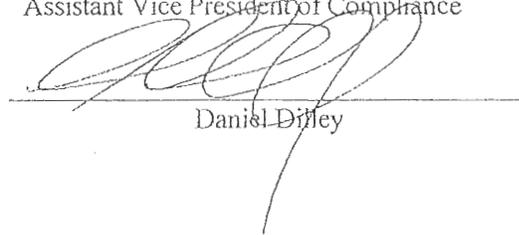
Department of Business Regulation
By its Legal Counsel,



Matthew Gendron

USAA Casualty Insurance Company,
USAA General Indemnity Company,
Garrison Property and Casualty Insurance
Company, and
United Services Automobile Association

By its Officer,
Assistant Vice President of Compliance



Daniel Ditley