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3 **STATE OF OREGON**
4 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**
5 **DIVISION OF FINANCIAL REGULATION**

6 In the Matter of:

Case No. INS-23-0034

7 USAA General Indemnity Company

8 Respondent.

**FINAL ORDER TO CEASE AND
DESIST AND FINAL ORDER
ASSESSING CIVIL PENALTIES,
ENTERED BY CONSENT**

9 The Director of the Oregon Department of Consumer and Business Services for
10 the State of Oregon (the “Director”) investigated the business activities of USAA General
11 Indemnity Company (“USAA” or the “company”) and determined that it violated certain
12 provisions of Oregon Revised Statutes (“ORS”) chapters 731, 732, 733, 734, 735, 737,
13 742, 743, 743A, 743B, 744, 746, 748, and 750 and the rules promulgated thereunder
14 (collectively, the “Insurance Code”).

15 In consideration of USAA’s cooperation with the Director’s investigation, its
16 implementation of a corrective action plan to address the violations identified in this
17 Consent Order, and its desire to resolve this matter;

18 Now, therefore, as evidenced by the signature(s) subscribed in this Order, USAA
19 hereby CONSENTS to entry of this Order upon the Director’s Findings of Fact and
20 Conclusions of Law below.

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22 **FINDINGS OF FACT**

23 The Director FINDS that:

24 1. USAA General Indemnity Company (“USAA”) is a property & casualty
25 carrier that provides insurance products in Oregon. USAA’s NAIC Company Code
26 Number is 18600 and its principal place of business is 9800 Fredericksburg Road, San

1 Antonio, TX 78288.

2 2. On or about February 22, 2022, the Division of Financial Regulation
3 (“Division”) received a complaint from a customer (“JDG”) concerning USAA’s usage
4 of JDG’s credit score in determining JDG’s automobile policy premium.

5 3. JDG’s automobile policy with USAA stated that the insured’s “credit-based
6 insurance score, or insurance score, was one of several factors used in determining your
7 auto policy premium. Though USAA does not annually update this information, you have
8 the right to request USAA to update your insurance score for this renewal. In addition,
9 you may request our written statement describing our use of insurance scores by calling.”

10 4. After JDG’s credit score was determined to be a “No Score” or “No Hit,”
11 USAA calculated JDG’s automobile policy premium with “No Score” for the Insurance
12 Score and a “rate neutral” score of “O.” As a result, USAA did not give JDG a lower
13 automobile insurance policy rate which would have been available with a more favorable
14 credit score and USAA did not provide JDG with written notice of this decision.

15 5. As part of its investigation following receipt of JDG’s complaint, the Division
16 requested that USAA provide a copy of USAA’s standard operating procedure when
17 credit reporting and credit scoring information reported a “No Score” or “No Credit Hit,”
18 together with the total number of Oregon policies from August 1, 2019, to June 30, 2022,
19 that resulted in a “No Score” or “No Credit Hit.”

20 6. USAA, in response to the Division’s requests, provided information showing
21 that the total number of automobile policies from August 1, 2019, through June 30, 2022,
22 with a “no hit/no score” was 2,008, and that the total number of homeowners policies for
23 that same time period with a “no hit/no score” was 560. USAA did not send any adverse
24 underwriting notices to any of the aforementioned consumers.
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1 10. The obligations of insurers under ORS 746.650(5) are further defined by OAR
2 836-080-0438(1), which states that “[f]or the purpose of the notice required by ORS
3 746.650(5), an adverse underwriting decision as defined in 746.600(1)(a)(G)(iii) occurs
4 when an insurer accepting an application for insurance would have given the consumer a
5 lower rate if the consumer's credit history or the credit factors in the consumer's insurance
6 score were more favorable.”

7 11. From August 1, 2019, through June 30, 2022, USAA did not give 2,008¹
8 consumers a lower rate as a result of those consumers’ credit history or credit factors and
9 USAA was required to have given a written adverse underwriting decision to each of
10 those consumers as required by ORS 746.650(5) and OAR 836-080-0438(1).

11 12. By failing to provide these 2,008 consumers with written adverse
12 underwriting decisions, USAA violated ORS 746.650(5).

13 13. Because USAA violated ORS 746.650(5) the Director is authorized by ORS
14 731.252(1) to order USAA to cease and desist from violating those statutes and rules.

15 14. ORS 731.988(1) authorizes the Director to assess a \$10,000 civil penalty
16 against USAA for each of its 2,008 violations of the Insurance Code.

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25 ¹ Homeowner policies were not included in the total as the rating requirements are
26 different from the automobile policies.

1 **ORDERS**

2 Now therefore, the Director issues the following Orders:

3 **Order to Cease and Desist**

4 15. As authorized by ORS 731.252(1), the Director ORDERS USAA to CEASE
5 AND DESIST from violating ORS 746.650(5).

6 **Order Assessing Civil Penalties**

7 16. As authorized by ORS 731.988(1), the Director ORDERS USAA to pay
8 \$100,400.00 in CIVIL PENALTIES for its 2,008 violations of ORS 746.650(5).

9 17. The Director SUSPENDS \$50,200.00 of the CIVIL PENALTIES, provided
10 USAA complies with these conditions:

- 11 A. USAA provides all adverse underwriting notifications identified in
- 12 paragraph 7D before the ninetieth day after this Consent Order is entered;
- 13 B. USAA does not violate ORS 746.650(5); and
- 14 C. USAA does not violate the terms of this Consent Order.

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16 18. If USAA satisfies the above conditions, the Director shall waive the
17 suspended portion of the civil penalties three years after the date of this Order. If USAA
18 fails to satisfy the above conditions during the three-year period following the date of this
19 Order, however, the suspended portion of the civil penalties, amounting to \$50,200.00,
20 will become immediately due and owing.

21 19. Along with this Order, USAA shall submit \$50,200.00 to the Director as
22 payment for the non-suspended civil penalties. Such payment shall be made at the time
23 USAA signs and returns this Consent Order to the Director.

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20. This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that provision, entry of this Order does not limit or prevent further remedies available to the Director under Oregon law to enforce this Order or take action for violations of this Order or of the Insurance Code not covered by this Order.

SO ORDERED this 7th day of November, 2023.

ANDREW R. STOLFI, Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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ENTITY CONSENT TO ENTRY OF ORDER

I, Tim Ungashick, am an officer or manager of USAA General Indemnity Co. (“USAA”) and I am authorized to act and sign on its behalf. I have read the foregoing Order, and I know and fully understand the contents hereof. The factual allegations stated herein are true and correct. USAA has been advised of the right to a hearing and of the right to be represented by counsel in this matter. USAA voluntarily consents to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. USAA understands that the Director reserves the right to take further action against it to enforce this Order or to take appropriate action upon discovery that USAA has committed other violations of the Insurance Code. USAA, along with its officers, directors, employees, or agents, will fully comply with the terms and conditions stated herein.

USAA understands that this Order is a public document.

Signature: /s/ TU

Position Held: VP, P&C State Management

State of Texas

County of Bexar

Signed or attested before me on this 30th day of October,
2023.

/s/ Mervi Anneli Karttunen
Notary Public