

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of:

Case No. INS-17-0149

United Services Automobile Association
(NAIC # 25941),

Respondent.

ORDER TO CEASE AND DESIST,
FINAL ORDER ASSESSING CIVIL
PENALTY AND CONSENT TO
ENTRY OF ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon (“Director”), acting in accordance with Oregon Revised Statutes (“ORS”) chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750 (“Insurance Code”), has conducted an investigation into the insurance related activities of United Services Automobile Association (“USAA”). It has been determined that USAA engaged in activities in violation of ORS 742.524(1)(a).

USAA wishes to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed on this Order, USAA hereby CONSENTS to entry of this Order.

FINDINGS OF FACT

The Director FINDS that:

1. USAA has been licensed in Oregon as a foreign insurer since June 27, 1961. USAA’s NAIC number is 25941.
2. USAA’s principal place of business is 9800 Fredericksburg Road, San Antonio, TX 78288.
3. The Division of Financial Regulation (“Division”) received a complaint from an insured that USAA was not paying for medical bills emanating from a motor vehicle accident that occurred over one year ago.

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 4. In denying the insured's medical bills under his automobile policy's personal
2 injury protection ("PIP") coverage, USAA used the remark code PL12 on the
3 Explanation of Reimbursement ("EOR"). The remark code PL12 read "no payment is
4 made at this time as the medical services were not rendered within one year from the date
5 of the auto accident."

6 5. USAA audited its Oregon claim records and found that the PL12 code was
7 used thirty-one (31) times to deny medical services on EORs from automobile insurance
8 policies that were issued and renewed on or after January 1, 2016.

9 6. Effective January 1, 2016, ORS 742.524(1)(a) was modified to require that
10 PIP coverage include payment of all reasonable and necessary medical expenses within
11 two years of the person's injury, instead of one year.

12 7. During the investigation, USAA agreed to modify the PL12 description to
13 read "no payment is made at this time as your policy has an effective date that allows
14 consideration of medical treatment received only within one year from the date of loss."

15 8. No medical bills that were coded with the PL12 remark were improperly
16 denied by USAA.

17 9. USAA stated that the use of PL12 Code was not intentional and was due to an
18 internal error in implementing processes related to the changes to ORS 742.524(1)(a).

19 CONCLUSIONS OF LAW

20 The Director CONCLUDES that:

21 10. Pursuant to ORS 742.524(1)(a), personal injury protection benefits require
22 payments for all reasonable and necessary expenses of medical, hospital, dental, surgical,
23 ambulance and prosthetic services incurred within two years after the date of the person's
24 injury. USAA used PL12 code on EORs to deny medical services on EORs from
25 automobile insurance policies that were issued and renewed on or after January 1, 2016.

26 11. Under ORS 731.988(1), the Director may impose a civil penalty of up to



1 \$10,000 *per violation* upon any person who violates a provision of the Insurance Code.

2 ORDERS

3 Now therefore, the Director issues the following Orders:

4 12. As authorized by ORS 731.252(1), the Director ORDERS USAA to CEASE
5 AND DESIST from violating any provision of the Oregon Insurance Code or the
6 administrative rules promulgated thereunder.

7 13. The Director ORDERS USAA to CEASE AND DESIST from using the PL12
8 remark code on automobile insurance policies that were issued and renewed on or after
9 January 1, 2016.

10 14. Based upon the foregoing and in accordance with ORS 731.988(1), the
11 Director ORDERS a CIVIL PENALTY of \$6,200 for using the PL12 remark code on
12 EORs for automobile insurance policies that were issued and renewed on or after January
13 1, 2016.

14 15. The CIVIL PENALTY assessed herein is due and payable at the time this
15 Order is returned to the Division.

16 16. This ORDER is a Final Order under ORS 183.310(6)(b). Subject to that
17 provision, the entry of this Order does not limit other remedies that may be available to
18 the Director under Oregon law.

19
20 SO ORDERED this 6th day of February, 2018.

21 CAMERON C. SMITH, Acting Director
22 Department of Consumer and Business Services

23
24 /s/ David Tatman
25 David C. Tatman, Chief of Enforcement
26 Division of Financial Regulation

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ENTITY CONSENT TO ENTRY OF ORDER

I, Daniel Dilley, state that I am an officer of United Services Automobile Association and I am authorized to act on its behalf. I have read the foregoing order, and I know and fully understand the contents hereof. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. United Services Automobile Association voluntarily and without any force or duress consents to the entry of this order expressly waiving any right to a hearing in this matter. United Services Automobile Association understands that the Director reserves the right to take further actions to enforce this order or to take appropriate action upon discovery of other violations of the Oregon Insurance Code. United Services Automobile Association will fully comply with the terms and conditions stated herein.

United Services Automobile Association understands that this order is a public document.

UNITED SERVICES AUTOMOBILE ASSOCIATION

/s/ Daniel Dilley
Signature

State of Texas
County of Bexar

There appeared before me on this 31st day of January, 2018,

Daniel Dilley who was first duly sworn on oath, and stated that he/she was and is an officer of United Services Automobile Association and that he/she is authorized and empowered to sign this Consent to Entry of Order on behalf of United Services Automobile Association and to bind United Services Automobile Association to the terms hereof.

/s/ Jose Sylvestre Lara
Notary Public

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