

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

In the Matter of:

Case No. INS-20-0047

USAA CASUALTY INSURANCE
COMPANY,

Respondent.

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

THIS IS A FINAL 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 USAA Casualty Insurance Company (“Respondent”).

Respondent submits to the Director’s jurisdiction and agrees to waive its rights to notice and an administrative hearing that arise under ORS 183.415 and wishes to resolve this matter by consenting to entry of this Final Order.

Now, therefore, as evidenced by the authorized signatures subscribed on this document, the Director issues the following Findings of Fact, Conclusions of Law, and Final Order.

FINDINGS OF FACT

The Director FINDS that:

1. Respondent has been licensed as a foreign insurer since December 15, 1973 and provides property and casualty products in Oregon. Respondent’s principle place of business is 9800 Fredericksburg Road, San Antonio, TX 78288. Respondent’s National

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





1 Association of Insurance Commissioners company code is 25968.

2 2. From January 1, 2010 through February 24, 2020, Respondent mailed 53,393
3 notifications to Oregon consumers notifying the consumers that their vehicle was a total
4 loss (“Total Loss Notification”).

5 3. The Total Loss Notifications lacked the following statements:

6 A. If your claim is filed with the other driver’s insurer, the claim payment may be
7 reduced by an amount that reflects your percentage of fault for the accident and/or if the
8 other driver’s insurance policy limits are not large enough to pay for the value of your
9 vehicle.¹

10 B. If your claim is with your insurer, the insurer may elect to offer a replacement
11 vehicle that is at least comparable to the insured vehicle.

12 C. This provision applies to all new policyholders on or after January 1, 2010 and
13 to current policyholders upon the first renewal of their policy that occurs on or after
14 January 1, 2010.

15 D. If your claim is with your insurer, and you notify the insurer that you cannot
16 purchase a vehicle for the amount offered, you may locate a comparable vehicle yourself
17 and, if the insurer agrees, the insurer may either buy the vehicle for you or pay you the
18 difference between the amount offered and the cost of the comparable vehicle you
19 found.

20 CONCLUSIONS OF LAW

21 The Director CONCLUDES that:

22 4. Pursuant to ORS 731.252(1), whenever the Director has reason to believe that
23 any person has been engaged or is engaging or is about to engage in any violation of the
24

25 ¹ The statement on Respondent’s Total Loss Notification included only the first part of the sentence and
26 omitted “and/or if the other driver’s insurance policy limits are not large enough to pay for the value of
your vehicle.”

1 Insurance Code, the Director may issue an order, directed to such person, to discontinue
2 or desist from such violation or threatened violation.

3 5. Pursuant to ORS 742.554(2)(a), when an insurer declares a motor vehicle a
4 total loss and offers to make a cash settlement to an insured or third-party owner of the
5 motor vehicle, the insurer shall provide the insured or third-party owner a written
6 statement in a form provided by the Director that includes information about total loss,
7 vehicle valuation and the duties of the insurer.

8 6. In a total loss settlement, pursuant to Oregon Administrative Rule (“OAR”)
9 836-080-0240(4), when an insurer elects to make a cash settlement, the insurer shall
10 provide the insured or third-party claimant with the written statement set forth in Exhibit
11 1 of this rule.²

12 7. Respondent violated ORS 742.554(2)(a) and OAR 836-080-0240(4) on
13 53,393 occasions as described in Paragraph 3 above.

14 8. Pursuant to ORS 731.988(1), the Director may assess CIVIL PENALTIES in
15 an amount not to exceed \$10,000 per violation against a person who violates any
16 provision of the Insurance Code or any lawful rule of the Director.

17 ORDERS

18 Now therefore, the Director issues the following Orders:

19 9. As authorized by ORS 731.252(1), the Director ORDERS Respondent to
20 CEASE AND DESIST from violating ORS 742.554(2)(a) or OAR 836-080-0240(4).

21 10. Based upon the foregoing and as authorized by ORS 731.988(1), the Director
22 ORDERS that Respondent pay a CIVIL PENALTY of \$50,000 for 53,393 violations of
23 ORS 742.554(2)(a) and OAR 836-080-0240(4) as described in Paragraph 7 above.

24 11. The \$50,000 CIVIL PENALTY assessed herein is due and payable at the time

25 ² The written statement is the Vehicle Total Loss Notice found as Exhibit 1 at [https://dfr.oregon.gov/laws-
26 rules/Documents/OAR/div80-0240_ex1.pdf](https://dfr.oregon.gov/laws-rules/Documents/OAR/div80-0240_ex1.pdf).



1 this Order is returned to the Director.

2 12. This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that
3 provision, entry of this Order in no way limits or prevents further remedies, sanctions, or
4 actions which may be available to the Director under Oregon law to enforce this Order,
5 for violations of this Order, for conduct or actions of Respondent that are not covered by
6 this Order, or against any party not covered by this Order.

7
8 SO ORDERED this 20th day of July, 2020.

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

11
12 /s/ Dorothy Bean
13 Dorothy Bean, Chief of Enforcement
14 Division of Financial Regulation

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Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
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1 CONSENT TO ENTRY OF ORDER

2 I, Daniel Dilley, state that I am an officer of USAA
3 Casualty Insurance Company and I am authorized to act on its behalf. I have read the
4 foregoing Order, and I know and fully understand the contents hereof. I have been
5 advised of the right to a hearing and of the right to be represented by counsel in this
6 matter. USAA Casualty Insurance Company voluntarily and without any force or duress
7 consents to the entry of this Order expressly waiving any right to a hearing in this
8 matter. USAA Casualty Insurance Company understands that the Director reserves the
9 right to take further actions to enforce this Order or to take appropriate action upon
10 discovery of other violations of the Insurance Code. USAA Casualty Insurance
11 Company will fully comply with the terms and conditions stated herein.

12 USAA Casualty Insurance Company understands that this Order is a public
13 document.

14 /s/ Daniel Dilley 7/10/20
15 Signature Date

16 Daniel Dilley
17 Printed name

18 AVP – P&C Compliance
19 Office held

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21 Labor and Industries Building
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