

File No. 33082/TJP
E-Case No. 1243

**STATE OF MINNESOTA
COMMISSIONER OF COMMERCE**

In the Matter of the Certificate of Authority
of USAA Casualty Insurance Company
a Texas corporation licensed
to do business in the State of Minnesota
NAIC No. 25968

CONSENT ORDER

To: USAA Casualty Insurance Company
9800 Fredericksburg Road
San Antonio, TX 78288

State of Minnesota
Dept. of Commerce
NOV 20 2015
Rec'd \$ 50,000

1. Commissioner of Commerce Mike Rothman ("Commissioner"), has advised USAA Casualty Insurance Company ("Respondent") that he is prepared to commence formal action pursuant to Minn. Stat. § 45.027 (2014) and other applicable law against Respondent's Certificate of Authority to engage in the business of insurance in Minnesota, based on the following allegations resulting from the Minnesota Department of Commerce's review of automobile glass claim files:

- A. Respondent's agent collected automobile glass pricing data relied upon by Respondent, evaluated glass claims arising under Respondent's automobile insurance policies, and offered the maximum price that is fair and reasonable for automobile glass replacement or repair;
- B. Respondent's agent engaged in adjusting activities in Minnesota while not licensed as a Minnesota independent adjuster;
- C. Respondent and/or its agent advised insureds they may be balance-billed for choosing non-preferred glass vendors;

- D. Respondent and/or its agent engaged in an act or practice of coercion, incentive, or inducement toward insureds selecting certain non-preferred glass vendors; and
- E. Respondent failed to effectuate fair settlement of glass claims in which liability had become reasonably clear.

The Commissioner alleges that the above-listed conduct violates Minn. Stat. §§ 72A.20, subds. 12(6), 18(b); 72A.201, subd. 6(7), (14), (16); and 72B.03 (2014). With respect to these allegations, there has been no hearing, findings of fact, or conclusions of law. Moreover, this Consent Order constitutes a negotiated settlement of these disputed allegations.

2. Respondent acknowledges that it has been advised of its right to a hearing in this matter, to present argument to the Commissioner, and to appeal from any adverse determination after a hearing. Respondent hereby expressly waives those rights. Respondent further acknowledges that it has been represented by legal counsel throughout these proceedings.

3. Respondent has agreed to informal disposition of this matter without a hearing as provided under Minn. Stat. § 14.59 (2014) and Minn. R. 1400.5900 (2013).

4. The following Order is in the public interest.

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to Minn. Stat. § 45.027, subd. 6 (2014), Respondent shall pay a civil penalty in the amount of \$50,000 to the state of Minnesota.

IT IS FURTHER ORDERED, Respondent shall, within sixty (60) days of the effective date of this Order, review its practices and procedures and update them to ensure that any independent adjuster, as defined by Minn. Stat. § 72B.02, subd. 4 (2014), engaged by Respondent to adjust Minnesota automobile glass claims is properly licensed in Minnesota.

IT IS FURTHER ORDERED, Respondent shall, within ninety (90) days of the effective date of this Order, review its practices and procedures and update them to ensure that the conduct of its Minnesota glass administrator is effectively monitored.

IT IS FURTHER ORDERED, Respondent shall, within one hundred twenty (120) days of the effective date of this Order, provide a detailed report to the Commissioner outlining its practices and procedures for (1) monitoring the conduct of its Minnesota glass administrator and (2) ensuring that any independent adjuster engaged by Respondent to adjust Minnesota automobile glass claims is properly licensed in Minnesota.

IT IS FURTHER ORDERED, Respondent shall, within one hundred eighty (180) days of the effective date of this Order, no longer agree to, or otherwise utilize, a guaranteed average invoice, or similar contractual clause, whereby an agent guarantees the processing of Respondent's Minnesota replacement glass claims will average a particular amount or less during a specified period.

IT IS FURTHER ORDERED, pursuant to Minn. Stat. § 45.027, subd. 5(a) (2014), Respondent shall cease and desist from advising insureds they may be balance-billed by non-preferred vendors, unless Respondent has information supporting the assertion for a certain vendor.

IT IS FURTHER ORDERED, pursuant to Minn. Stat. § 45.027, subd. 5(a) (2014), Respondent shall cease and desist from any act or practice prohibited by Minn. Stat. § 72A.201, subd. 6(16) (2014).

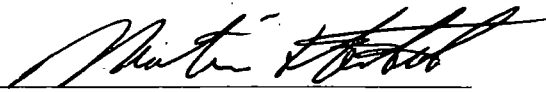
IT IS FURTHER ORDERED, pursuant to Minn. Stat. § 45.027, subd. 5(a) (2014), Respondent shall, after an insured has chosen a glass vendor, cease and desist from any act or practice prohibited by Minn. Stat. § 72A.201, subd. 6(7) (2014).

This Order shall be effective upon signature on behalf of the Commissioner.

Dated: 11-27-2015

MIKE ROTHMAN
Commissioner

By:



MARTIN FLEISCHHACKER
Assistant Commissioner of Enforcement

85 Seventh Place East, Suite 500
St. Paul, MN 55101
(651) 539-1538

CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of USAA Casualty Insurance Company ("Respondent"), states that s/he has read the foregoing Consent Order; that s/he knows and fully understands its contents and effect; that s/he has been advised of Respondent's right to a hearing in this matter and expressly waives that right; that Respondent has been represented by legal counsel in these matters; and that s/he consents to entry of this Order by the Commissioner. It is further understood that this Consent Order constitutes the entire settlement agreement between the parties, there being no other promises or agreements, either express or implied.

USAA Casualty Insurance Company

By: Kurtz Weisman

Its: Vice President

STATE OF Texas

COUNTY OF Bexar

Signed or attested before me on November 17, 2015 (date)

(stamp)

Suzanne M. Hoh
(Signature of notary officer)

Manager
Title (and Rank)

My Commission expires: 11/7/2016

