

**Before the State of South Carolina  
Department of Insurance**

**In the Matter of:**

SCDOI File Number 10-2841

<b>United Services Automobile Association</b>	)	<b>CONSENT ORDER</b>
9800 Fredericksburg Road	)	<b>Imposing Administrative Fine</b>
San Antonio, TX 78288-4501	)	<b>Company License Number 101353</b>

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance (Department) and United Services Automobile Association, a company licensed to transact business in the State of South Carolina.

After careful review of the evidence presented, I find as follows:

**FINDINGS OF FACT**

1. United Services Automobile Association is currently issued South Carolina company license number 101353.
2. United Services Automobile Association reported that, from January 1, 2008 to early June 2011, they issued 32 non-renewal notices that were not in compliance with South Carolina insurance laws in that they listed weather related, or "act of God" losses, along with other non-weather related losses.

**CONCLUSIONS OF LAW**

1. **S.C. Code Section 38-5-120(A)(6) provides:**
  - (A) The Director or his designee shall revoke or suspend the certificates of authority granted to an insurer and its officers and agents if he is of the opinion upon examination or other evidence that one or more of the following exist:
    - (6) The insurer has not complied with a lawful order of the director or his designee.
2. **S.C. Code Section 38-75- 790 provides:**

No insurer may nonrenew a policy of homeowners insurance because the insured has filed a claim with that insurer for damages resulting from an act of God.

**3. S.C. Code Section 38-2-10 (1) provides:**

If the violator is an insurer or a health maintenance organization licensed in this State, the director or his designee shall (a) fine the violator in an amount not to exceed fifteen thousand dollars, or (b) suspend or revoke the violator's authority to do business in this State, or both. If the violation is willful, the director or his designee shall (a) fine the violator in an amount not to exceed thirty thousand dollars, or (b) suspend or revoke the violator's authority to do business in this State, or both.

- 4.** United Services Automobile Association violated the laws of this state and was in violation of Section 38-5-120 and 38-75-790 when they issued non-renewal notices that included weather related "acts of God" losses along with other losses.

Prior to the initiation of any administrative proceedings by the Department against United Services Automobile Association the parties agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision, rather than to proceed toward a formal public hearing. The consensual recommendation was that, in lieu of the Department seeking to revoke their authority, United Services Automobile Association waives their right to a public hearing and pay an administrative fine in the total amount of eight thousand dollars (\$8,000.00). **The administrative fine will be paid within thirty (30) days of receipt of this order.**

Although I can now revoke their company license, I hereby invoke the discretionary authority given to me and impose an administrative fine against United Services Automobile Association in the total amount of eight thousand dollars (\$8,000.00). That fine must be paid as prescribed in the preceding paragraph. If that total fine amount is not timely paid, the company license will be revoked without any further disciplinary proceedings.

This fine has been reached by the parties as a result of a discussion and compromise, with the expectation that United Services Automobile Association will comply with all statutes and regulations of this Department. This fine includes all expenses related to investigation of this matter as provided in § 38-13-70 of the South Carolina Code. The parties expressly agree and understand payment of the agreed upon fine constitutes full accord and satisfaction of this matter. By the signature of Michael W. Foley, Assistant Vice President and Insurance Compliance Officer, upon this consent order, he acknowledges this administrative order as a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 2000).

Nothing contained within this administrative order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement officer or judicial officer. Nothing contained within this administrative order should be construed to limit the statutory duty, of the Director of Insurance, exercised either directly or through the Department of Insurance, to "report to

the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report." S.C. Code Ann. § 38-3-110 (Supp. 2004).

THEREFORE, it is ordered that United Services Automobile Association shall, pay through the South Carolina Department of Insurance an administrative fine in the total amount of eight thousand dollars (\$8,000.00).

It is FURTHER ORDERED that the National Association of Insurance Commissioners be immediately be notified of this consent order.

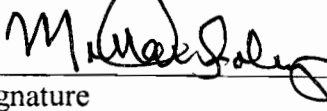
This consent order becomes effective as of the date of my signature below.



David Black  
Director of Insurance

Dated this 18<sup>th</sup> day of August 2011  
Columbia, South Carolina

I CONSENT TO THE FOLLOWING ORDER AND WILL COMPLY AS AGREED:

  
Signature

MICHAEL W. FOLEY  
Printed Name

AVP, INSURANCE COMPLIANCE OFFICER  
Title

Michael W. Foley  
Assistant Vice President  
Insurance Compliance Officer  
United Services Automobile Association

Dated this 30 day of August 2011.