



**DEPARTMENT OF INSURANCE, FINANCIAL  
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

TO: Office of the President  
USAA  
9800 Fredricksburg Rd.  
San Antonio, TX 78288

RE: Missouri Market Conduct Examination 0602-01-PAC  
USAA Insurance Companies (NAIC Group #0200)  
Including: United Services Automobile Assoc. (NAIC #25942)  
USAA Casualty Insurance Co. (NAIC #25968)

**STIPULATION OF SETTLEMENT**  
**VOLUNTARY FORFEITURE AND ORDER OF DIRECTOR**

It is hereby stipulated and agreed by W. Dale Finke, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and USAA, including its subsidiary companies United Services Automobile Association, and USAA Casualty Insurance Co., (hereafter referred to as "USAA"), as follows:

WHEREAS, W. Dale Finke is the Director of the Department of Insurance, Financial Institutions and Professional Registration (hereafter referred to as "the Department"), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri; and

WHEREAS, USAA has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Department conducted a Market Conduct Examination of USAA and prepared report number 0602-01-PAC; and

WHEREAS, the report of the Market Conduct Examination has revealed that:

1. In some instances, USAA applied an incorrect rating territory on some of its Private

Passenger Automobile policies.

2. In some instances, USAA failed to file its applicable eligibility guidelines for the application of its Homeowner policies, in violation of §379.321, RSMo, and Missouri Regulation 20 CSR 500-9.100.

WHEREAS, USAA hereby agrees to take remedial action bringing USAA into compliance with the statutes and regulations of the State of Missouri and agrees to maintain those corrective actions at all times, in that USAA agrees to take corrective action to assure that the errors noted in the above-referenced market conduct examination report do not recur, including, but not limited to, submitting a filing with the Department that clearly states the applicable eligibility guidelines for its Homeowner policies issued by both of its subsidiary companies, namely, United Services Automobile Association, and USAA Casualty Insurance Co.;

WHEREAS, the Company is of the position that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that payment of a forfeiture is merely to resolve the disputes and avoid litigation; and

WHEREAS, USAA, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, which may have otherwise applied to the above referenced Market Conduct Examination; and

WHEREAS, USAA hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #0602-01-PAC further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$6,000.

NOW, THEREFORE, in lieu of the institution by the Director of any action for the SUSPENSION or REVOCATION of the Certificate(s) of Authority of USAA to transact the business of insurance in the State of Missouri or the imposition of other sanctions, USAA does hereby voluntarily and knowingly waive all rights to any hearing, does consent to the ORDER of the Director and does surrender and forfeit the sum of \$6,000, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 01-31-07



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President  
USAA Property and Casualty Insurance Group  
USAA Casualty Insurance Company