

DEPARTMENT OF COMMERCE & INSURANCE

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

In Re:)
)
GEICO CASUALTY COMPANY) **Market Conduct Investigation No. 402812**
(NAIC # 31-41491))
)

ORDER OF THE DIRECTOR

NOW, on this 12th day of January, 2024, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (hereinafter “Stipulation”) entered into by the Division of Insurance Market Regulation (hereinafter “Division”), and GEICO Casualty Company (NAIC #31-41491) (hereinafter “GEICO”), relating to the market conduct investigation no. 402812, does hereby issue the following orders:

This order, issued pursuant to §374.046.15¹ and §374.280 is in the public interest.

IT IS THEREFORE ORDERED that GEICO and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that GEICO shall not engage in any of the violations of statutes and regulations set forth in the Stipulation, shall implement procedures to place it in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri, and to maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

¹ All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

IT IS FURTHER ORDERED that GEICO shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$500.00, payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 12th day of January, 2024.



Chlora Lindley-Myers
Chlora Lindley-Myers
Director

**IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI**

In Re:)
)
 GEICO CASUALTY COMPANY)
 (NAIC # 31-41491)) **Market Conduct Investigation No. 402812**
)

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the “Division”), and GEICO Casualty Company (hereinafter “GEICO”), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Commerce and Insurance (hereinafter 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 of Missouri;

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

WHEREAS, the Division conducted a market conduct investigation of GEICO, investigation no. 402812; and

WHEREAS, based on the market conduct investigation of GEICO the Division alleges that:

1. In six instances, GEICO did not acknowledge with reasonable promptness pertinent communications, and did not provide an appropriate reply within 10 working days on all communications from any claimant that reasonably suggests a response is expected, violating 20 CSR 100-1.030(1)(B) and implicating the provisions of § 375.1007(2).¹

2. In twelve instances, GEICO did not adopt and implement reasonable standards for the prompt investigation and settlement of claims, implicating the provisions of § 375.1007(3).

¹ All statutory references, unless otherwise noted, are to the 2016 Revised Statutes of Missouri.

3. In eleven instances, GEICO did not attempt in good faith to effectuate prompt, fair, and equitable settlement of claims submitted in which liability had become reasonably clear, implicating the provisions of § 375.1007(4).

4. In one instance, GEICO confirmed that the claim was denied because the damage was due to lack of maintenance which is excluded under the policy, but a denial letter outlining the applicable policy exclusions was not sent to the insured, violating 20 CSR 100-1.050(1)(A) and implicating the provisions of § 375.1007(4).

5. In three instances, GEICO did not send 45-day status letters setting forth the reasons additional time was needed to investigate the claims, violating 20 CSR 100-1.050(1)(C) and implicating the provisions of § 375.1007(3).

6. In two instances, GEICO did not maintain the claim files to show clearly the handling of the claim files, in violation of § 374.205.2(2) and 20 CSR 100-8.040(3)(B).

7. In one instance, the field adjuster did not conduct a reasonable investigation before refusing to pay the claim, implicating the provisions of § 375.1007(6).

8. In one instance, GEICO did not provide a reasonable and accurate explanation for the denial of the claim, implicating the provisions of § 375.1007(12).

WHEREAS, the Division and GEICO have agreed to resolve the issues raised in the market conduct investigation as follows:

A. **Scope of Agreement.** This Stipulation of Settlement (hereinafter “Stipulation”) embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** GEICO agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those remedial actions at all times. Such remedial actions shall include the following:

1. GEICO agrees to implement a procedure to audit claim files regularly to ensure compliance with Missouri laws and provide feedback to adjusters.

2. GEICO agrees to review internal claim handling guidelines to ensure the direction given to adjusters is in compliance with Missouri laws.

3. GEICO agrees to ensure that claim handling guidelines provide clear direction to adjusters for timely responses to insureds and claimants, required notifications regarding the status of the claim, and requirements for written denials being sent in accordance with Missouri law.

4. GEICO agrees to ensure that all claim files are maintained to clearly show the handling of the claim, including documentation for written communications sent to insureds and claimants.

5. GEICO agrees to review claim number XXXXXXXXXXXXX1035 and contact the claimant to discuss their findings upon completion of the review. If the claims for loss of use and diminished value are supported by the facts and policy provisions, GEICO will make payment to the insured and will include payment of interest pursuant to § 374.191 and a letter stating that “as a result of a Missouri Market Conduct Investigation, it was discovered that additional payments were owed on the claim.”

C. **Compliance.** GEICO agrees to file documentation pursuant to § 374.190 with the Division, in a format acceptable to the Division, within 30 days of the entry of an Order approving this Stipulation, of any remedial action taken to implement compliance with the terms of this Stipulation.

D. **Voluntary Forfeiture.** GEICO agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$500.00, such sum payable to the Missouri State School Fund, in accordance with §§ 374.049.11 and 374.280.2.

E. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by GEICO, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct investigation.

F. **Waivers.** GEICO, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights to procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the market conduct investigation no. 402812.

G. **Amendments.** No amendments to this Stipulation shall be effective unless made in writing and agreed to by authorized representatives of the Division and GEICO.

H. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

I. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation, on behalf of the Division and GEICO, respectively.

J. **Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single document. Execution by facsimile or by electronically transmitted signature shall be fully and legally effective and binding.

K. **Effect of Stipulation.** This Stipulation shall not become effective until entry of an Order by the Director of the Department (hereinafter "Director") approving this Stipulation.

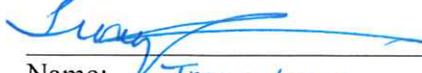
L. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: January 4, 2024



Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: 1/3/24



Name: *Tracey Laws*
Title: *Head, Government & Regulatory Affairs*
GEICO Casualty Company