STATE OF MISSOURI

DEPARTMENT OF COMMERCE & INSURANCE

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

***In Re*:**	)	
	)	
GEICO CASUALTY COMPANY	)	**Market Conduct Investigation No. 368892**
(NAIC #31-41491)	)	

ORDER OF THE DIRECTOR

NOW, on this 23rd day of December, 2024, Director Chlora Lindley-Myers, after consideration and review of the market conduct examination report of GEICO Casualty Company (NAIC #31-41491) (hereinafter "GEICO"), examination report number #368892, prepared and submitted by the Division of Insurance Market Regulation (hereinafter "Division") pursuant to §374.205.3(3)(a)[1], does hereby adopt such report as filed. After consideration and review of the Stipulation of Settlement and Voluntary Forfeiture ("Stipulation"), relating to the market conduct examination #368892, the examination report, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such report are deemed to be the Director's findings and conclusions accompanying this order pursuant to §374.205.3(4). The Director does hereby issue the following orders:

This order, issued pursuant to §374.205.3(4) and §374.046.15 RSMo, is in the public interest.

IT IS THEREFORE ORDERED that the Director does hereby approve the Stipulation as agreed to by GEICO and the Division.

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

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, shall maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

IT IS FURTHER ORDERED that GEICO shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of $29,750.00, 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 23rd day of December, 2024.

Chlora Lindley-Myers
Director

IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI

***In Re*:**	)	
	)	
GEICO CASUALTY COMPANY	)	**Market Conduct Examination No. 368892**
(NAIC #31-41491)	)	

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 (NAIC #31-41491) (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 examination of GEICO, Examination No. 368892;

WHEREAS, GEICO disagrees with the alleged findings and denies any wrongdoing or activity that violates any applicable laws or regulations. However, GEICO has agreed to resolve all issues relating to the Market Conduct Examination No. 368892 through this Stipulation. GEICO voluntarily enters into this Stipulation solely for the purpose of reaching a compromise and settlement to fully resolve the issues raised in this market conduct examination; and

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

1. In 27 instances, GEICO did not to maintain its records in a manner so that the date the insured requested the policy cancellation to be effective could be readily ascertained, in violation of § 374.205.2(2) and 20 CSR 100-8.040(2), RSMo.[1]

2. GEICO failed to maintain its records in a manner so that the complaint handling could be readily ascertained, in violation of 20 CSR 100-8.040(2).

3. In 21 instances, GEICO failed to provide the requested supporting documents when responding to the Division, in violation of 20 CSR 100-4.100(2)(A).

4. In one instance, GEICO did not apply the anti-lock brake discount factor to the rate for vehicles on the policy, resulting in overcharges to the insureds, in violation of § 379.470, 20 CSR 500-4.100(1)(B), and 20 CSR 500-4.100(6).

5. In one instance, GEICO did not include all insureds on the rating of the policy that received coverage as an insured in accordance with its filed rates and rules, in violation of § 379.470, 20 CSR 500-4.100(1)(B), and 20 CSR 500-4.100(6).

6. In one instance, GEICO failed to use the base rates and discounts filed with the Division that correspond to the effective date of the policy. GEICO also applied incorrect Good Driver discount factors, in violation of § 379.470, 20 CSR 500-4.100(1)(B), and 20 CSR 500-4.100(6).

7. GEICO used unfiled vehicle symbol assignment information, in violation of 20 CSR 500-4.100(6).In five instances, GEICO failed to follow its rating rules by applying the Good Student discount without verifying the insureds qualified for the discount as defined in the underwriting rules, and without documenting the files with the requirement in the rule that qualified the insureds for the discount, in violation of § 379.470, 20 CSR 500-4.100(1)(B), and 20

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

CSR 500-4.100(6).

8. GEICO used an unfiled rate by failing to file with the Division underwriting placement documentation that directly affects rates, in violation of § 379.470, 20 CSR 500-4.100(1)(B), and 20 CSR 500-4.100(6).

9. In two instances, GEICO failed to disclose to the insured at renewal the percentage or dollar amount of premium increase resulting from an accident claim made under the policy, in violation of § 379.470 and 20 CSR 500-2.600(2).

10. In 116 instances, GEICO endorsed the policy with a non-compliant Missouri Property and Casualty Insurance Guaranty Association Coverage Limitation form and GEICO failed to file updated forms with the Division in violation of §§ 375.779.2 and 375.934(2).

11. In 58 instances, GEICO endorsed the policy with a non-compliant Missouri Property and Casualty Insurance Guaranty Association Coverage Limitation form, in violation of §§ 375.779.2 and 375.934(2).

12. In 116 instances, GEICO endorsed the policy with a non-compliant Missouri Property and Casualty Insurance Guaranty Association Coverage Limitation form, in violation of §§ 375.779.2 and 375.934(2).

13. In 32 instances, GEICO modified an insured's automobile insurance premium charged for uninsured motorist and comprehensive coverage based on the insured's violations and accidents, in violation of § 379.470 and 20 CSR 500-2.700(1).

14. In one instance, GEICO did not send a required 45-day letter to an insured, per the provisions of § 375.1007(3) and in violation of 20 CSR 100-1.050(1)(C).

15. In two instances, GEICO failed to settle a claim promptly, per the provisions of § 375.1007(4).

16. In one instance, GEICO did not maintain a claim file in a manner that clearly

showed the handling and disposition of the claim, in violation of § 374.205.2(2) and 20 CSR 100-8.040(3)(B).

17. In two instances, GEICO settled a claim for less than the amount it owed to the claimant by paying an appearance allowance instead of paying the cost to repair or replace the damaged part, per the provisions of § 375.1007(1) and § 375.1007(4) and in violation of 20 CSR 100-1.020(1)(A) and 20 CSR 100-1.050(2)(D)1.

18. In 39 instances, GEICO paid windshield repair claims in a manner inconsistent with its filed policy language, in violation of § 375.1007(1) and § 375.1005.

19. In 107 files, the Company did not implement reasonable standards for the prompt investigation and settlement of total loss claims by failing to itemize depreciation deductions applied to the loss vehicle in violation of §375.1007 (3), §375.1005, 20 CSR 100-1.050 (2) (E), and 20 CSR 100-8.040 (3) (B).

20. In 7 instances, the Company did not accurately account for the condition of the loss vehicle in determining the actual cash value of the vehicle. In accordance with CCC One's condition description and scale, the loss vehicles were not assigned a condition level that matched the vehicle's actual condition, in violation of §375.1007 (4), §375.1005 and 20 CSR 100-1.050 (2) (E).

21. In one file, GEICO added value to a total loss vehicle based on the condition of a carpet that was not supported by the file documents and photos, in violation of § 374.205.2(2) and 20 CSR 100-8.040(3)(B). In 12 instances, GEICO did not provide the total loss claimant with a valid sales tax affidavit, in violation of § 375.1007(4) and § 375.1005.

22. In 22 instances, GEICO closed a claim without making payment, and without advising the insured the claim was closing, per § 375.1007(3) and in violation of 20 CSR 100-1.050(1)(E).

23. In one instance, GEICO closed a claim without issuing payment even though the damaged vehicle was inspected, and an estimate of damages prepared, per the provisions of § 375.1007(4).

24. In one instance, GEICO refused to pay a third party claim without conducting a proper investigation of the claim, per the provisions of § 375.1007(6).

25. In one instance, GEICO was late in responding to a criticism issued by an examiner, in violation of § 374.205.2(2) and 20 CSR 100-8.040(6).

26. In two instances, GEICO was late in responding to two formal requests issued by the examiners in violation of § 374.205.2(2) and 20 CSR 100-8.040(6).

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

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (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 require its representatives to include the date the insured requests the cancellation to be effective in its policy file notes.

2. GEICO agrees to keep its records in such a manner that complaint handling can be readily ascertained by market conduct examiners.

3. GEICO agrees to provide records requested during examinations within ten calendar days unless an extension is requested and granted.

4. GEICO agrees to maintain its records so that complaint handling practices may be readily ascertained during market conduct examinations, in accordance with the record keeping requirements in § 374.205.2(2) and 20 CSR 100-8.040(2).

5. GEICO agrees to provide all documents requested by the Division when receiving a complaint forwarded to it by the Division. If a document is not available, GEICO agrees to indicate that the reason it is not providing the document is because it is not available.

6. GEICO agrees to follow its own rate and rule filings for all policies in a manner consistent with the provisions of Section 379.470 and any applicable regulations.

7. GEICO agrees to reimburse the one policy holder identified in the examination report who did not receive an anti-lock brake discount the difference between the amount that they would have paid had an anti-lock brake discount factor been applied and the amount they actually paid. GEICO further agrees to review all private passenger auto policies in effect from January 1, 2021, to the date of the Order approving this Stipulation to determine if any policyholders qualifying for the anti-lock brake discount failed to receive the discount. If a policyholder qualified for the discount but did not receive it, GEICO will reimburse the policyholder the difference between the amounts they would have paid had the discount been applied and the amount they actually paid. Payment of interest, pursuant to § 374.191, will be included with the reimbursement. A letter will be included stating that "as a result of a Missouri Market Conduct Examination it was discovered that additional payments were owed on the claim."

8. GEICO agrees to provide reimbursement in the amount of $40.48 for the policy holder identified in the examination report whose spouse was not rated. Payment of interest, pursuant to § 374.191, will be included with the reimbursement. A letter will be included stating

that "as a result of a Missouri Market Conduct Examination it was discovered that additional payments were owed on the claim."

9. GEICO agrees to file its rate information to the Division as required by 20 CSR 500-4.100.

10. GEICO agrees to ensure that all rate information and supplementary rate information that is necessary to determine a policy's rate be filed in future filings, including all risk group and underwriting models.

11. GEICO agrees to disclose to the insured the percentage or dollar amount of premium increase resulting from any accident claim made under the policy at the time of renewal.

12. GEICO agrees to update its form filings to reflect changes in Missouri law.

13. GEICO agrees that it will not modify an insured's automobile insurance premium for uninsured motorist and comprehensive coverage based on the insured's violations and accidents.

14. GEICO agrees to review all active Missouri automobile insurance policies from January 1, 2021, to the date of the order approving this Stipulation to determine if premium for uninsured motorist or comprehensive coverage was modified based on the insured's violations and accidents, and to issue refunds where premium was modified. Payment of interest, pursuant to § 374.191, will be included with the payment. A letter will be included stating that "as a result of a Missouri Market Conduct Examination it was discovered that a premium refund was due to the insured."

15. GEICO agrees that it will not use appearance allowances as an alternative to paying for the cost of repair or replacement unless an appearance allowance is clearly authorized by the policy, the benefits and detriments of the appearance allowance are explained to the insured in writing, and written consent from the insured is obtained.

16. GEICO agrees that it will add a provision to its filed policy making a deductible

inapplicable to windshield repairs if it wants to continue waiving the deductible for windshield repairs.

17. GEICO agrees to document its total loss claim files so as to clearly show, per 20 CSR 100-8.040 (3) (B), how the Company arrived at the amount of the condition adjustment by component on loss vehicles. Any adjustment in the value based on depreciation shall be itemized and appropriate in amount pursuant to 20 CSR 100-1.050(2)(E). GEICO agrees to document any adjustment in the value based on depreciation with detail. The claim file shall clearly show the amount of adjustment to the value of the comparable vehicles, including but not limited to, condition from the beginning value to final values by vehicle component and the weight applied to each comparable vehicle for weighted average. Condition ratings applied to the loss vehicle shall be documented with the reason for the adjustment or non-adjustment and the amount. The basis for any adjustment in the settlement shall be maintained in writing in GEICO's claim file.

18. GEICO agrees to maintain, for a period of three years from the date the claim is closed, all documentation related to the claim, including, but not limited to, all documentation of total loss vehicle calculations set out in #17 above and audits of the total loss calculations, as required under paragraph #20 below and pursuant to 20 CSR 100-8.040(3)(B).

19. GEICO agrees to advise its third-party vendors that for total loss valuations all reductions made to comparable vehicle(s) must be properly documented, verified and itemized.

20. For a period of one (1) year after the date of the Order approving this Stipulation, the Company agrees to conduct internal quarterly audits of total loss claims to review and determine whether the total loss valuations contain the details as outlined in remedial actions 17 and 18 and 20 CSR 100-1.050(2)(E). During this one (1) year period, the Company agrees to pull a random sample of at least 30 total loss claims received during the quarter and review for compliance with remedial actions 17 and 18 and 20 CSR 100-1.050(2)(E). If the compliance with these remedial

actions and 20 CSR 100-1.050(2)(E) was not met, the Company agrees to address the errors with the claims team as appropriate and the Company agrees to remediate the loss with the claimant if such remediation is warranted. The Company further agrees to provide quarterly reports to the Division of all total loss claims reviewed within 60 days of the end of the quarter. The reports shall be provided in a manner acceptable to the Division.

21. GEICO agrees to reimburse all policyholders for premium overcharges or claim underpayments identified in the examination report which have not already been reimbursed. Payment of interest, pursuant to § 374.191 will be included. A letter will be included indicating that as a result of a Missouri Market Conduct Examination it was determined that an additional payment was due to the insured.

22. GEICO agrees to provide all Missouri total loss claimants with a sales tax affidavit that includes the correct amount of the insurance proceeds and deductible, unless GEICO chooses to reimburse the claimant directly for the amount of the sales tax paid by the claimant.

23. GEICO agrees to review all total loss claims from January 1, 2021, to the date of the order approving this Stipulation to determine if GEICO provided the claimant with a valid sales tax affidavit. If no valid affidavit was provided, GEICO will refund the amount of the tax liability. Payment of interest, pursuant to § 374.191 will be included. A letter will be included indicating that as a result of a Missouri Market Conduct Examination it was determined that an additional payment was due to the insured.

24. GEICO agrees that when a claim is closed, it will send a written notice to a claimant advising the claimant of the closure.

25. GEICO agrees to reopen claim number 0637**********, to conduct an investigation and to make payment on the claim if payment is warranted by the facts and applicable policy provisions.

C. **Compliance.** GEICO agrees to file documentation pursuant to section 374.205 with the Division, in a format acceptable to the Division, within 120 days of the entry of an Order approving this Stipulation, of any remedial action taken to implement compliance with the terms of this Stipulation, including the payment of any refunds or additional claim payments made to insureds. GEICO may request the Division provide an extension of time to comply with the provision upon a showing of good cause.

D. **Voluntary Forfeiture.** GEICO agrees, voluntarily and knowingly, to surrender and forfeit the sum of $29,750.00, 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 examination. GEICO does not agree with certain findings in the Market Conduct Examination No. 368892, and it is the position of GEICO that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed facts and legal allegations. The forfeiture is a result of a negotiated settlement and does not represent an admission of any part on behalf of GEICO. The signing of this Stipulation of Settlement and Voluntary Forfeiture and GEICO consent to pay the voluntary forfeiture set forth in it does not constitute an admission of wrongdoing or liability on the part of GEICO and is done to fully, finally and completely resolve all the matters encompassed within the scope of this Stipulation and the Market Conduct Examination No. 368892 without further regulatory or administrative process or any actions, requirements or monetary payments beyond those enumerated herein.

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 examination no. 368892.

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: December 20, 2024

Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: 12/10/24

Tracey Laws
VP and Head, Government & Regulatory Affairs
GEICO Casualty Company

MARKET CONDUCT EXAMINATION REPORT
Property and Casualty

GEICO Casualty Company
NAIC # 31-41491

MISSOURI SBS EXAMINATION # 368892

NAIC MATS #MO-HICKSS1-144

May 1, 2023

Home Office
1440 Kiewit Plaza
Omaha, NE 68131

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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May 1, 2023

Honorable Chlora Lindley-Myers, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Lindley-Myers:

In accordance with your market conduct examination warrant, a targeted market conduct examination has been conducted of the specified lines of business and business practices of

GEICO Casualty Company (NAIC #31-41491)

hereinafter referred to as GEICO or as the Company. This examination was conducted as a desk examination at the offices of the Missouri Department of Commerce and Insurance (DCI).

FOREWORD

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures, products or files does not constitute approval thereof by the DCI.

During this examination, the examiners cited errors considered potential violations made by the Company. Statutory citations were as of the examination period unless otherwise noted.

When used in this report:

- "Company" or "GEICO" refers to GEICO Casualty Company
- "CSR" refers to the Missouri Code of State Regulations
- "DCI" refers to the Missouri Department of Commerce and Insurance
- "Director" refers to the Director of the Missouri Department of Commerce and Insurance
- "NAIC" refers to the National Association of Insurance Commissioners
- "RSMo" refers to the Revised Statutes of Missouri

SCOPE OF EXAMINATION

The DCI has authority to conduct this examination pursuant to, but not limited to, §§ 374.110, 374.190, 374.205, 375.938, and 375.1009, RSMo, and was conducted in accordance with § 374.205.

The purpose of this examination was to determine if the Company complied with Missouri statutes and DCI regulations. The primary period covered by this review is January 1, 2017 through December 31, 2019, unless otherwise noted. Errors found outside of this time period may also be included in the report.

The examination was a targeted examination involving the following lines of business and business functions: Private Passenger Automobile Insurance - Operations Management, Complaint Handling, Underwriting and Rating, and Claims.

The examination was conducted in accordance with the standards in the NAIC's 2020 *Market Regulation Handbook*. As such, the examiners utilized the benchmark error rate guidelines from the NAIC *Market Regulation Handbook* when conducting reviews that applied a general business practice standard. The NAIC benchmark error rate for claims practices is seven percent (7%) and for other trade practices is ten percent (10%). Error rates exceeding these benchmarks are presumed to indicate a general business practice. The benchmark error rates were not utilized for reviews not applying the general business practice standard.

In performing this examination, the examiners reviewed only a sample of the Company's practices, procedures, products and files. Therefore, some noncompliant practices, procedures, products and files may not have been found. As such, this report may not fully reflect all of the practices and procedures of the Company.

COMPANY PROFILE

The following company profile was provided to the examiners by the Company.

GEICO Casualty Company (the "Company") was incorporated on August 31, 1982, in the state of Maryland under the name of Guardian Casualty Company as a wholly-owned subsidiary of Criterion Insurance Company (later renamed GEICO Indemnity Company). The Company's name was changed to Criterion Casualty Company on January 31, 1983, and it began operations in May 1983. On January 6, 1994, the Company's name was changed to GEICO Casualty Company. As of December 30, 2020, the Company was re-domesticated from Maryland to the state of Nebraska, as well as its parent Company, GEICO Indemnity Company, which is a wholly-owned subsidiary of GEICO Corporation, a Delaware corporation. On January 2, 1996, GEICO Corporation, previously a publicly held company, became an indirect wholly-owned subsidiary of Berkshire Hathaway Inc., a Delaware corporation.

Charter powers permit the handling of all forms of property and casualty insurance coverage. The Company was formed in 1982 to offer non-standard risk automobile insurance to the military market principally through General Field Representatives. The Company currently also sells policies to the general non- standard risk market through direct response sources.

EXECUTIVE SUMMARY

The DCI conducted a targeted market conduct examination of GEICO Casualty Company. The examiners found the following areas of concern:

OPERATIONS MANAGEMENT

- In 27 files, the Company did not to maintain its records in a manner so that the date the insured requested the policy cancellation to be effective could be readily ascertained. Reference: § 374.205.2(2), RSMo., and 20 CSR 100-8.040(2)

COMPLAINT HANDLING

- The Company failed to maintain a complete record of all complaints in its complaint register for the exam timeframe. Reference: § 375.936(3), RSMo.
- In 21 complaint files received from the DCI, the Company failed to provide the requested supporting documents when responding to the DCI. Reference: §§ 374.085.1(4), 374.190, RSMo., 20 CSR 100-4.100(1)(A), and 20 CSR 100-4.100(2)(A)

UNDERWRITING AND RATING

- In two files, the Company did not apply discount factors to the rate, as filed. Reference: § 379.470, RSMo., 20 CSR 500-4.100(1)(B), and 20 CSR 500-4.100(6)
- In two files, the Company did not include all insureds in the rating of the policy in accordance with its filed rules and rates. Reference: § 379.470, RSMo., 20 CSR 500-4.100(1)(B), and 20 CSR 500-4.100(6)
- In one file, the Company failed to use rates and discounts filed with DCI that correspond to the effective date of the policy. Reference: § 379.470, RSMo.
- The Company used but did not file complete rate information and supplemental rate information with DCI that is integral to rating a policy. Reference: § 379.470, RSMo., 20 CSR 500-4.100(1)(B), and 20 CSR 500-4.100(6)
- In six files, the Company failed to follow its rating rules as filed with DCI. Reference: § 379.470, RSMo.
- In two files, the Company failed to disclose the percentage or dollar amount of premium increase resulting from a claim made under the policy. Reference: § 379.470, RSMo., 20 CSR 500-2.600(2)
- In 290 files, the Company endorsed the policy with a non-compliant Missouri Property and Casualty Insurance Guaranty Association Coverage Limitation form. Reference: §§ 375.775.1(2), 375.775.1(3), 375.775.2, and 375.779.2, RSMo.
- In one file, the Company used a lending loss, for which the insured was not at fault, in determining tier placement, adversely affecting the insured's rate for new business and subsequent renewals. Reference: § 379.470, RSMo., 20 CSR 500-2.600(3)
- In 32 files, the Company modified the insured's automobile insurance premium charged for uninsured motorist coverage and comprehensive coverage based on the insured's violations and accidents. Reference: § 379.470, RSMo., 20 CSR 500-2.700(1)
- The Company's underwriting model is such that the use of not at fault accidents in new business tier placement adversely affects subsequent renewal premiums by reduced opportunity to move to a better tier. Not at fault accidents affect renewal policy premium. Reference: § 379.470, RSMo., 20 CSR 500-2.600(3)

CLAIMS

- In one file, the Company failed to send notice to the insured of the reasons why it needed more time to investigate. Reference: § 375.1007(3), RSMo., 20 CSR 100-1.050(1)(C)

- In two files, the Company failed to resolve the claim in a timely manner. Reference: § 375.1007(4), RSMo.
- In one file, the Company did not maintain the file in a manner that clearly shows the handling and disposition of the claim. Reference: § 374.205.2, RSMo., 20 CSR 100-8.040(3)(B)
- In two files, the Company paid less on the claim than owed under the policy. Reference: §§ 375.1007(1), 375.1007(4), RSMo., 20 CSR 100-1.020(1)(A), and 20 CSR 100-050(2)(D)1
- In 39 files, the Company failed to follow its filed policy by waiving the deductible on windshield repairs. Reference: §§ 375.1007(1), 375.1007(4), and 379.470, RSMo.
- In 12 files, the Company did not provide the claimant with a valid and complete sales tax affidavit. Reference: § 375.1007(4), RSMo.
- In 107 files, the Company did not document how it determined the condition adjustments on comparable vehicles in total loss valuations. Reference: § 374.205.2(2), RSMo., and 20 CSR 100-8.040(3)(B)
- In 109 claims, the Company did not handle claims in accordance with policy provisions and applicable statutes, rules, and regulations. Reference: §§ 375.1007(3), 375.1007(4), RSMo., 20 CSR 100-1.050(2)(E)
- In one file, the Company added value to the loss vehicle when the documents and photos did not support the adjustment. Reference: § 375.1007(4), RSMo.
- In 22 files, the Company closed the claim without advising the insured of duties and conditions in the policy that could affect the insured's rights. Reference: § 375.1007(3), RSMo., 20 CSR 100-1.050(1)(E)
- In one file, the Company closed the claim without issuing payment to the insured, when payment was owed. Reference: § 375.1007(4), RSMo.
- In one file, the Company failed to complete a reasonable investigation of the claim. Reference: § 375.1007(6), RSMo.

EXAMINATION FINDINGS

I. OPERATIONS/MANAGEMENT

The operations/management portion of the examination provides a review of what the Company is and how it operates.

A. NAIC Market Regulation Handbook Chapter 20 – Operations/Management Standard 7: Records are adequate, accessible, consistent and orderly and comply with state record retention requirements.

To test for this standard, the examiners requested and reviewed a random sample of 58 out of 63,020 insured cancelled policy files, 113 out of 1,971 non-renewed policy files, and 116 out of 121,276 Company cancelled policy files from the data supplied by the Company to determine if the Company adequately documented the cancellations and non-renewals in compliance with state record retention requirements. Examiners also reviewed for any other record retention issues during the course of the examination.

1. Insured Cancelled Policies

Field Size	63,020
Sample Size	58
Type of Sample	Random
Number of Files with Errors	25

The examiners found the following error in this review.

Finding 1: In 25 files, the Company did not maintain its records in a manner so that the date the insured requested the policy cancellation to be effective could be readily ascertained.

Reference: § 374.205.2(2), RSMo., and 20 CSR 100-8.040(2)

2. Non-renewed Policies

Field Size	1,971
Sample Size	113
Type of Sample	Random
Number of Files with Errors	2

The examiners found the following error in this review.

Finding 1: In two files, the Company did not maintain its records in a manner so that the date the insured requested the policy cancellation to be effective could be readily ascertained.

Reference: § 374.205.2(2), RSMo., and 20 CSR 100-8.040(2)

3. Company Cancelled Policies

No areas of concern were noted.

II. COMPLAINT HANDLING

The complaint handling portion of the examination reviews the Company's complaint handling practices. The examiners reviewed how the Company handled complaints to ensure it was performing according to its own guidelines and Missouri statutes and regulations.

A. NAIC Market Regulation Handbook Chapter 20 – Complaint Handling Standard 1: All complaints are recorded in the required format on the regulated entity's complaint register.

To test for this standard, examiners requested and reviewed the Company's complaint register to compare with DCI's complaint records to determine if the Company kept a complete record

of all complaints received by the DCI for the required time period. Any complaints found in policy files or claim files were also compared with the Company's complaint register to determine if the Company kept a complete record of all complaints in the format required by Missouri statute.

Field Size	109
Sample Size	109
Type of Sample	Census
Number of Files with Errors	2

The examiners found the following error in this review.

Finding 1: A complete record of all complaints was not maintained by the Company for the exam timeframe. Two complaints received by the DCI were not contained in the Company's complaint register.

Reference: 20 CSR 100-8.040 (2)

B. NAIC Market Regulation Handbook Chapter 20 – Complaint Handling Standard 3: The regulated entity takes adequate steps to finalize and dispose of the complaint in accordance with applicable statutes and rules and regulations and contract language.

To test for this standard, the examiners reviewed the Company's response to complaints received by the DCI to determine if the Company provided all supporting documents requested by the DCI.

Field Size	109
Sample Size	109
Type of Sample	Census
Number of Files with Errors	21

The examiners found the following error in this review.

Finding 1: In 21 complaint files received from the DCI, the Company failed to provide the requested supporting documents when responding to the DCI.

Reference: §§ 374.085.1(4), 374.190, RSMo., 20 CSR 100-4.100(1)(A), and 20 CSR 100-4.100(2)(A)

III. UNDERWRITING AND RATING

The underwriting and rating portion of the examination provides a review of the Company's compliance with Missouri statutes and regulations regarding underwriting and rating practices such as the use of policy forms, adherence to underwriting guidelines, assessment of premium, and procedures to decline or terminate coverage.

A. NAIC Market Regulation Handbook Chapter 20 Underwriting and Rating Standard 1: The rates charged for the policy coverage are in accordance with filed rates (if applicable) or the regulated entity's rating plan.

To test for this standard, the examiners requested and reviewed a random sample of 116 out of 722,387 inforce policy files from the data supplied by the Company to determine if the rates charged were consistent with the Company's filed rates and in compliance with Missouri law. The examiners also reviewed a random sample of 58 out of 63,020 insured cancelled policies from the data supplied by the Company to determine if return premium was correctly calculated.

1. Inforce Policies

Field Size	722,387
Sample Size	116
Type of Sample	Random
Number of Files with Errors	10

The examiners found the following errors in this review. Files with more than one error were counted only once in the number of errors.

Finding 1: In two files, the Company did not apply the anti-lock brake discount factor to the rate for vehicles on the policy.

Reference: § 379.470, RSMo., 20 CSR 500-4.100(1)(B), and 20 CSR 500-4.100(6)

Finding 2: In one file, the Company did not include all insureds in the rating of the policy in accordance with its rates and rules filed with DCI. All insureds received coverage as an insured, but were not rated.

Reference: § 379.470, RSMo., 20 CSR 500-4.100(1)(B), and 20 CSR 500-4.100(6)

Finding 3: In one file, the Company failed to use the rates and discounts filed with DCI that correspond to the effective date of the policy.

Reference: § 379.470, RSMo., 20 CSR 500-4.100(1)(B), and 20 CSR 500-4.100(6)

Finding 4: The Company used unfiled vehicle symbol assignment information.

Reference: § 379.470, RSMo., 20 CSR 500-4.100(1)(B), and 20 CSR 500-4.100(6)

Finding 5: In five files, the Company failed to follow its rating rules filed with DCI by applying the Good Student discount to the policy without verifying the insureds qualified for the discount as defined in the underwriting rules or documenting the file with the requirement in the rule that qualified the insured for the discount.

Reference: § 379.470, RSMo., 20 CSR 500-4.100(1)(B), and 20 CSR 500-4.100(6)

Finding 6: The Company used an unfiled rate by failing to file with DCI, underwriting placement documentation that directly affects rate.

Reference: § 379.470, RSMo., 20 CSR 500-4.100(1)(B), and 20 CSR 500-4.100(6)

2. Insured Cancelled Policies

No areas of concern were noted.

B. NAIC Market Regulation Handbook Chapter 20 Underwriting and Rating Standard 2: All mandated disclosures are documented and in accordance with applicable statutes, rules and regulations.

To test for this standard, the examiners requested and reviewed a random sample of 116 out of 722,387 inforce policies, 58 out of 63,020 insured cancelled policies, and 116 out of 121,276 Company cancelled policies from the data supplied by the Company to determine if the Company properly disclosed the percentage or dollar amount of any premium increase that was a result of accident claims made under the policy. The samples were also reviewed to determine if all other disclosures complied with Missouri law.

1. Inforce Policies

Field Size	722,387
Sample Size	116
Type of Sample	Random
Number of Files with Errors	116

The examiners found the following errors in this review. Files with more than one error were counted only once in the number of errors.

Finding 1: In two files, the Company failed to disclose to the insured at renewal the percentage or dollar amount of premium increase resulting from an accident claim made under the policy.

Reference: § 379.470, RSMo., and 20 CSR 500-2.600(2)

Finding 2: In 116 files, the Company endorsed the policy with a non-compliant Missouri Property and Casualty Insurance Guaranty Association Coverage Limitation form. The Company failed to file updated forms with DCI as §§ 375.775.1(2), 375.775.1(3), and 375.775.2, RSMo. changed.

Reference: § 375.779.2, RSMo.

2. Insured Cancelled Policies

Field Size	63,020
Sample Size	58
Type of Sample	Random
Number of Files with Errors	58

The examiners found the following error in this review.

Finding 1: In 58 files, the Company endorsed the policy with a non-compliant Missouri Property and Casualty Insurance Guaranty Association Coverage Limitation form. The Company failed to file updated forms with DCI as §§ 375.775.1(2), 375.775.1(3), and 375.775.2, RSMo. changed.

Reference: § 375.779.2, RSMo, §375.934 (2).

3. Company Cancelled Policies

Field Size	121,276
Sample Size	116
Type of Sample	Random
Number of Files with Errors	116

The examiners found the following error in this review.

Finding 1: In 116 files, the Company endorsed the policy with a non-compliant Missouri Property and Casualty Insurance Guaranty Association Coverage Limitation form. The Company failed to file updated forms with DCI as §§ 375.775.1(2), 375.775.1(3), and 375.775.2, RSMo. changed.

Reference: § 375.779.2, RSMo, §375.934 (2).

C. NAIC Market Regulation Handbook Chapter 21 Underwriting and Rating Standard 10: The regulated entity's underwriting practices are not unfairly discriminatory. The regulated entity adheres to applicable statutes, rules, and regulations and the entity's guidelines in the selection of risks.

To test for this standard, the examiners requested and reviewed a random sample of 116 out of 722,387 policy files from the data supplied by the Company to determine if the Company's underwriting and rating are not unfairly discriminatory and are in accordance with applicable statutes, rules and regulations.

Field Size	722,387
Sample Size	116
Type of Sample	Random
Number of Files with Errors	33

The examiners found the following errors in this review. Files with more than one error were counted only once in the number of errors.

Finding 1: In 32 files, the Company modified the insured's automobile insurance premium charged for uninsured motorist coverage and comprehensive coverage based on the insured's violations and accidents which is considered unfairly discriminatory with the meaning of § 379.470, RSMo. The Company's underwriting model is designed to take into account the insured's driving record for violations and accidents as criteria for risk group placement, which are in turn used to determine the factor used in rating the policy, which is unfairly discriminatory when applied to uninsured motorist and comprehensive coverages.

Reference: § 379.470, RSMo., and 20 CSR 500-2.700(1)

D. NAIC Market Regulation Handbook Chapter 21 Underwriting and Rating Standard 1: Credits, debits and deviations are consistently applied on a non-discriminatory basis.

To test for this standard, the examiners requested and reviewed a random sample of 116 out of 722,387 policy files from the data supplied by the Company to determine if the Company's underwriting and rating practices are not unfairly discriminatory and are in accordance with applicable statutes, rules and regulations.

No areas of concern were noted.

E. NAIC Market Regulation Handbook Chapter 21 Underwriting and Rating Standard 16: Cancellation/non-renewal notices comply with policy provisions and state laws, including the amount of advance notice provided to the insured and other parties to the contract.

To test for this standard, the examiners requested and reviewed a random sample of 116 out of 121,276 company cancelled policies and 113 out of 1,971 non-renewed policies from the data supplied by the Company to determine if the cancellation or non-renewal was proper and if the Company sent adequate notice to the insured and all other parties to the contract.

1. Company Cancelled Policies

No areas of concern were noted.

2. Non-renewed Policies

No areas of concern were noted.

IV. CLAIMS

The claims portion of the examination provides a review of the Company's compliance with Missouri statutes and regulations regarding claims handling practices such as the timeliness of handling, accuracy of payment, adherence to contract provisions, and compliance with Missouri statutes and regulations.

A. NAIC Market Regulation Handbook Chapter 20 Claims Standard 2: Timely investigations are conducted.

To test for this standard, the examiners requested and reviewed a random sample of 109 out of 30,510 paid collision claims, 109 out of 22,239 paid comprehensive claims, 109 out of 10,665 closed without payment collision claims, 109 out of 15,194 closed without payment comprehensive claims, and 109 out of 11,632 total loss claims to determine if investigations were completed in a timely manner.

1. Paid Collision Claims

Field Size	30,510
Sample Size	109
Type of Sample	Random
Number of Files with Errors	1
Error Ratio	0.92%

The examiners found the following error in this review.

Finding 1: In one file, the Company failed to send the required letter within 45 days when the investigation remained incomplete, and failed to advise the insured of the reasons additional time was needed to investigate the claim.

Reference: § 375.1007(3), RSMo., and 20 CSR 100-1.050(1)(C)

2. Paid Comprehensive Claims

No areas of concern were noted.

3. Closed Without Payment Collision Claims

No areas of concern were noted.

4. Closed Without Payment Comprehensive Claims

No areas of concern were noted.

5. Total Loss Claims

No areas of concern were noted.

B. NAIC Market Regulation Handbook Chapter 20 Claims Standard 3: Claims are resolved in a timely manner.

To test for this standard, the examiners requested and reviewed a random sample of 109 out of 30,510 paid collision claims, 109 out of 22.239 paid comprehensive claims, 109 out of 10,665 closed without payment collision claims, 109 out of 15,194 closed without payment comprehensive claims, and 109 total loss claims from the data supplied by the Company to determine if claims were resolved in a timely manner.

1. Paid Collision Claims

Field Size	30,510
Sample Size	109
Type of Sample	Random
Number of Files with Errors	1
Error Ratio	0.92%

The examiners found the following error in this review.

Finding 1: In one file, the Company failed to settle the claim promptly. The Company closed the claim without sending payment to the insured.

Reference: § 375.1007(4), RSMo.

2. Paid Comprehensive Claims

Field Size	22,239
Sample Size	109
Type of Sample	Random
Number of Files with Errors	1
Error Ratio	0.92%

The examiners found the following error in this review.

Finding 1: In one file, the Company failed to settle the claim promptly. The Company delayed paying the claim by requiring the insured to select a body shop.

Reference: § 375.1007(4), RSMo.

3. Closed Without Payment Collision Claims

No areas of concern were noted.

4. Closed Without Payment Comprehensive Claims

No areas of concern were noted.

5. Total Loss Claims

No areas of concern were noted.

C. NAIC Market Regulation Handbook Chapter 20 Claims Standard 5: Claims files are adequately documented.

To test for this standard, the examiners requested and reviewed a random sample of 109 out of 30,510 paid collision claims and 109 out of 10,665 closed without payment collision claims from the data supplied by the Company to determine if the Company properly documented the claim file to support its decisions.

1. Paid Collision Claims

No areas of concern were noted.

2. Closed Without Payment Collision Claims

Field Size	10,665
Sample Size	109
Type of Sample	Random
Number of Files with Errors	1
Error Ratio	1.00%

The examiners found the following error in this review.

Finding 1: In one file, the Company did not maintain the claim file in a manner that clearly shows the handling and disposition of the claim.

Reference: § 374.205.2, RSMo., and 20 CSR 100-8.040(3)(B)

D. NAIC Market Regulation Handbook Chapter 20 Claims Standard 6: Claims are properly handled in accordance with policy provisions and applicable statutes (including HIPAA), rules and regulations.

To test for this standard, the examiners requested and reviewed a random sample of 109 out of 30,510 paid collision claims, 109 out of 22,239 paid comprehensive claims, 109 out of 22,239 closed without payment collision claims, 109 out of 15,194 closed without payment comprehensive claims, and 109 total loss claims from the data supplied by the Company to determine if claims were handled according to the policy and Missouri law.

1. Paid Collision Claims

Field Size	30,510

Sample Size	109
Type of Sample	Random
Number of Files with Errors	2
Error Ratio	1.83%

The examiners found the following error in this review.

Finding 1: In two files, the Company settled the claim for less than the amount it owed to the claimant by paying an appearance allowance instead of paying the cost to repair or replace the damaged part. There is no provision in the policy that allows the Company to pay less than the cost to repair or replace the damaged property or any of its parts.

Reference: §§ 375.1007(1), 375.1007(4), RSMo., 20 CSR 100-1.020(1)(A), and 20 CSR 100-1.050(2)(D)1

2. Paid Comprehensive Claims

Field Size	22,239
Sample Size	109
Type of Sample	Random
Number of Files with Errors	39
Error Ratio	35.78%

The examiners found the following error in this review.

Finding 1: In 39 files, the Company paid windshield repair claims in a manner inconsistent with policy language filed with the department.

Reference: §§ 375.1007(1), RSMo.

3. Closed Without Payment Collision Claims

No areas of concern were noted.

4. Closed Without Payment Comprehensive Claims

No areas of concern were noted.

5. Total Loss Claims

Field Size	11,632
Sample Size	109
Type of Sample	Random
Number of Files with Errors	109
Error Ratio	100%

The examiners found the following errors in this review.

Finding 1: In 107 files, the Company reduced total loss valuations with unsupported condition adjustments on comparable vehicles. The claim files were not documented to show how the Company arrived at the amount of the adjustment.

Reference: §§ 375.1007(3), 374.205.2(2), RSMo., and 20 CSR 100-8.040(3)(B)

Finding 2: Of 109 files, examiners reviewed 15 files and in nine, the Company did not accurately account for the condition of the loss vehicle in determining the actual cash value of the vehicle. In accordance with CCC One's condition descriptions and scale, the loss vehicles' condition were not assigned a condition level that matched the vehicles' actual condition.

Reference: §375.1007(4), RSMo., and 20 CSR 100-1.050(2)(E)

Finding 3: In 104 files, the Company reduced the settlement with an unsupported adjustment in the loss vehicle valuation in applying a weighting factor when averaging the comparable vehicle values partly based on criteria for which the comparable vehicles were already adjusted. There is no basis contained in the claim files for the adjustment and it was duplicative.

Reference: § 375.1007(4), RSMo., and 20 CSR 100-1.050(2)(E)

Finding 4: In 109 files, the Company applied formulas for mileage adjustments that were variable. The rate per mile was inconsistent between comparable vehicles in a single claim and between the claim files, including vehicles with similar mileage.

Reference: § 375.1007(4), RSMo., and 20 CSR 100-1.050(2)(E)

Finding 5: In one file, the Company added value to the loss vehicle for the condition of the carpet when the file documents and photos did not support the adjustment.

Reference: § 374.205.2 (2), RSMo. And 20 CSR 100-8.040 (3) (B).

Finding 6: In 12 files, the Company failed to provide the claimant with a valid sales tax affidavit.

Reference: § 375.1007(4), RSMo.

E. NAIC Market Regulation Handbook Chapter 20 Claims Standard 9: Denied and closed without payment claims are handled in accordance with policy provisions and state law.

To test for this standard, the examiners requested and reviewed a random sample of 109 out of 10,665 closed without payment collision claims and 109 out of 15,194 closed without payment comprehensive claims from data supplied by the Company to determine if the Company properly handled claims according to policy provisions and Missouri law, and to determine if the Company provided a written notice of claim denial or claim closure.

1. Closed Without Payment Collision Claims

Field Size	10,665
Sample Size	109
Type of Sample	Random
Number of Files with Errors	6
Error Ratio	5.50%

The examiners found the following errors in this review.

Finding 1: In four files, the Company closed the claim without making payment and failed to advise the insured the claim was closing. The Company's claim manuals and procedures do not provide sufficient instruction to claim handlers to send notice to the insured the claim is closing.

Reference: § 375.1007(3), RSMo. and 20 CSR 100-1.050(1)(E)

Finding 2: In one file, the Company closed the claim, but failed to issue payment to the insured even though the Company had inspected the insured's vehicle and prepared an estimate of damages.

Reference: § 375.1007(4), RSMo.

Finding 3: In one file, the Company refused to pay a third party claim without properly investigating the claim.

Reference: § 375.1007(6), RSMo.

2. Closed Without Payment Comprehensive Claims

Field Size	15,194
Sample Size	109
Type of Sample	Random
Number of Files with Errors	18
Error Ratio	16.51%

The examiners found the following error in this review.

Finding 1: In 18 files, the Company closed the claim without making payment and failed to advise the insured the claim was closing. The Company's claim manuals and procedures do not provide sufficient instruction to claim handlers to send notice to the insured the claim is closing.

Reference: § 375.1007(3), RSMo.

V. CRITICISMS AND FORMAL REQUESTS TIME STUDY

This study is based upon the time required by the Company to provide the examiners with the requested material or to respond to criticisms. Missouri statutes and regulations require companies to respond to criticisms and formal requests within 10 calendar days. In the event an extension of time was requested by the Company and granted by the examiners, the response was deemed timely if it was received within the subsequent time frame. If the response was not received within the allotted time, the response was not considered timely.

A. Criticism Time Study

Number of Calendar Days to Respond	Number of Criticisms	Percentage of Total
0 to 10 days	84	91.30%
Over 10 days with extension	7	7.61%
Over 10 days without extension or after extension due date	1	1.09%
Totals	92	100.00%

Finding 1: The Company was late responding to one criticism.

Reference: §374.205.2(2), RSMo., and 20 CSR 100-8.040(6)

B. Formal Request Time Study

Number of Calendar Days to Respond	Number of Requests	Percentage of Total
0 to 10 days	43	70.50%
Over 10 days with extension	16	26.22%
Over 10 days without extension or after extension due date	2	3.28%
Totals	61	100.00%

Finding 1: The Company was late responding to two formal requests.

Reference: §374.205.2(2), RSMo., and 20 CSR 100-8.040(6)

FINAL EXAMINATION REPORT SUBMISSION AND ACKNOWLEDGEMENT

Attached hereto is the Division of Insurance Market Regulation's final report of the examination of GEICO Casualty Company (NAIC #31-41491), Missouri Examination Number SBS #368892. The findings in the final report were extracted from the Market Conduct Examiner's Draft Report, dated May 1, 2023. Any changes from the text of the Market Conduct Examiner's Draft Report reflected in this final report were made by the Chief Market Conduct Examiner or with the Chief Market Conduct Examiner's approval. This final report has been reviewed and approved by the undersigned.

The courtesy and cooperation extended by the officers and employees of the Company during the course of the Examination are hereby acknowledged.

December 20, 2024
Date

Teresa Kroll
Chief Examiner, Market Conduct

This examination was conducted by and the draft report was produced by the following team members:

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