

**OFFICE OF THE INSURANCE COMMISSIONER  
MARYLAND INSURANCE ADMINISTRATION**

**MARYLAND INSURANCE  
ADMINISTRATION  
EX. REL. D.N.<sup>1</sup>,**

**Complainant**

**v.**

**USAA GENERAL  
INDEMNITY GROUP,**

**Licensee.**

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**Case No. MIA 2022-02-019**

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**MEMORANDUM AND FINAL ORDER**

Pursuant to §§ 2-204 and 2-214 of the Insurance Article of the Annotated Code of Maryland,<sup>2</sup> the Undersigned concludes that USAA General Indemnity Group (“Licensee”) did not violate the Insurance Article in its handling of D.N.’s (“Complainant”) automobile insurance policy.

**STATEMENT OF THE CASE**

This matter arose from an administrative complaint (“Complaint”) filed by Complainant with the Maryland Insurance Administration (the “MIA”) on May 13, 2021. (MIA Exhibit (“Ex.”) 1, Licensee Exhibit (“Lic. Ex.”) 1.) Complainant brought her Complaint regarding Licensee’s cancellation of her automobile insurance policy. (*Id.*) Specifically, Complainant argued that she did not receive proper notice of neither the changes in her monthly premium nor notice of the cancellation because she never signed for the cancellation of insurance notice when it arrived in the mail. (*Id.*) After investigating the Complaint, the MIA determined that Licensee

had not violated the Insurance Article and notified the Parties of its findings by letter dated July 12, 2021 (“Determination”). (MIA Ex. 9, Lic. Ex. 14.) The Determination included a notice of hearing rights for the Parties. (*Id.*) Complainant disagreed with this Determination and filed a timely request for a hearing, which was granted. (MIA Exs. 10, 11.)

### ISSUE

The issue presented in this case is whether Licensee violated the Insurance Article in its cancellation of Complainant’s automobile insurance policy.

### SUMMARY OF THE EVIDENCE

#### A. Testimony

A hearing was held using remote video technology on December 15, 2022. Complainant represented herself and provided sworn testimony on her own behalf. Licensee was represented by James R. Andersen, Esquire, with Rollins, Smalkin, Richards & Mackie, LLC. Additionally, Licensee called Melanie Corr, Quality Assurance Advisor with Licensee, as a witness and she provided sworn testimony on Licensee’s behalf.

#### B. Exhibits

##### *MIA Exhibits<sup>3</sup> (In Record)*

1. Initial Complaint from Complainant to MIA, dated May 13, 2021
2. MIA receipt acknowledgment of Complaint, dated May 13, 2021
3. MIA letter to Licensee notifying of Complaint, dated May 13, 2021
4. Supporting Complaint Documents from Complainant, dated May 17, 2021
5. Supporting documents submitted by Licensee, dated June 10, 2021
6. MIA request for additional documents from Licensee, dated June 11, 2021
7. Email correspondence between MIA and Complainant, dated June 22, 2021
8. Additional documentation from Licensee, dated June 23, 2021
9. Determination letter from MIA to Parties, dated July 12, 2021

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<sup>1</sup> The MIA uses initials to identify a Complainant and to protect the privacy of the Parties.

<sup>2</sup> Unless otherwise noted, all statutory citations are to the Insurance Article of the Annotated Code of Maryland.

<sup>3</sup> At the start of the Hearing, the Parties stipulated to the admission of all of the MIA exhibits.

10. Request for a hearing from Complainant, dated July 14, 2022
11. Letter granting hearing request from MIA to Parties, dated July 16, 2021
12. Letter of appearance from Licensee's counsel, dated November 18, 2021

*Licensee Exhibits*

1. Complainant's MIA Complaint, dated May 13, 2021
2. December 2020 Storage Endorsement Expiration Notice, dated December 13, 2020
3. December 2020 Policy Renewal, dated December 18, 2020
4. Activity and Call Log, dated December 9, 2020
5. Bill Statements and Payments Rendered, dated January 11, 2021
6. March Overdue Notice, dated March 1, 2021
7. April Overdue Notice, dated April 2, 2021
8. April Notice of Cancellation and Proof of Certified Mail, dated April 17, 2021
9. April Overdue and Cancellation Reminder Notice, dated April 24, 2021
10. May Overdue and Cancellation Reminder Notice, dated May 1, 2021
11. Itemized Statement 1, dated June 21, 2021
12. Itemized Statement 2, dated June 21, 2021
13. June 2021 Policy Renewal, dated April 3, 2021
14. Determination letter from MIA to Parties, dated July 12, 2021

**FINDINGS OF FACT**

These findings of fact are based upon a complete and thorough review of the entire record in this case, including the hearing transcript and all exhibits and documentation provided by the Parties. The credibility of the witnesses has been assessed based upon the substance of their testimony, their demeanor, and other relevant factors. To the extent that there are any facts in dispute, the following facts are found to be true by a preponderance of the evidence. Citations to particular parts of the record are for ease of reference and are not intended to exclude, and do not exclude, reliance on the entire record.

1. At all relevant times, Licensee held, and currently holds, a Certificate of Authority from the State of Maryland to act as a property and casualty insurer.

2. Licensee issued Complainant an automobile insurance policy under policy number 03233-81-97G-7101-0 (“Policy”). (MIA Ex. 4, Lic. Ex. 3.) This Policy had a six month policy period and was in effect at all applicable times. (*Id.*) Complainant paid her premium in monthly installment payments. (*Id.*)

3. The Policy included an optional storage endorsement which would provide a reduced premium based on the insured’s agreement that the vehicle was in storage and not being driven. (MIA Ex. 5.) The storage endorsement can be applied to a policy if the following conditions are met: 1) the vehicle will not be driven, 2) the vehicle will be stored in a secured location, 3) the endorsement will be removed before the vehicle is driven, and 4) the vehicle will be in storage for at least 30 days. (*Id.*) In addition, when the storage endorsement is applied the insured must agree to an estimated storage end date. (*Id.*)

4. During the policy period from December 9, 2019, through June 9, 2020, the premium was \$187.89. (MIA Ex. 5.) On or about May 17, 2020, Complainant contacted Licensee requesting that the storage endorsement be applied to her 2001 BMW. (MIA Ex. 5, Lic. Ex. 4.) At that time, the Licensee and Complainant agreed that the storage endorsement would expire on December 16, 2020, unless Complainant asked Licensee to modify the coverage before the end date. (*Id.*) The application of the storage endorsement lowered Complainant’s six month premium from \$187.89 to \$90.62, and an updated declarations page was issued to Complainant for the period of May 17, 2020 through June 9, 2020. (MIA Ex. 5.)

5. During 2020 based on the COVID-19 pandemic, Licensee applied special policyholder credits to its insureds’ accounts. (MIA Ex. 8.) Licensee applied a total credit of \$21.88 to Complainant’s Policy account throughout the year. (MIA Ex. 8.)

6. On April 30, 2020, Licensee credited \$12.52 towards Complainant's premium bill as a COVID-19 relief measure. (MIA Ex. 8.)

7. On June 8, 2020, Licensee credited \$6.26 towards Complainant's premium bill as a COVID-19 relief measure. (MIA Ex. 8.)

8. On June 9, 2020, the Policy renewed for another six month period of June 9, 2020, through December 9, 2020. (MIA Ex. 5.) A declaration page was provided which showed the premium for the six month period would be \$195.91 if the vehicle was driven and would be \$93.29 if the vehicle remained in storage. (*Id.*)

9. On August 28, 2020, Licensee credited \$3.10 towards Complainant's premium bill as a COVID-19 relief measure. (MIA Ex. 8.; Tr. at 22.) At the time this final credit was applied, Complainant's account balance was zero, so it remained on the account as a credit. (*Id.*)

10. On October 3, 2020, the Policy renewal bill for the upcoming period of December 9, 2020, through June 9, 2021, was sent to Complainant. (MIA Ex. 8; Tr. at 22.) This showed that the upcoming total six month premium would be \$87.62; however, because Complainant's account had a credit of \$3.10, the outstanding balance was lowered to \$84.52. (*Id.*)

11. On November 17, 2020, Licensee sent Complainant her monthly premium bill. (MIA Exs. 5, 9.) This bill was for \$11.50 and a payment was due by December 11, 2020. (MIA Ex. 9.)

12. On December 11, 2020, Complainant made a payment in the amount of \$11.50, this left an outstanding account balance of \$73.02. (MIA Ex. 9.)

13. On December 13, 2020, Licensee sent an email to Complainant alerting her the storage endorsement would expire on December 16, 2020, and to modify the storage end date online if she wanted to extend the coverage. (MIA Ex. 5, Lic. Ex. 2, 4.) Licensee did not receive

a modification request from Complainant, so the storage endorsement expired on December 16, 2020. (*Id.*)

14. On December 16, 2020, a new declarations page was issued for the Policy. (MIA Ex. 5.) This declarations page showed that the policy period was December 16, 2020, through June 9, 2021, and that the six month premium was now \$181.74 since the storage endorsement had been removed. (*Id.*)

15. On December 17, 2020, Complainant contacted Licensee regarding the storage endorsement. (MIA Ex. 5.) At that time, Licensee restored the storage endorsement for the 2001 BMW without a lapse, effective December 16, 2020. (MIA Ex. 5, Lic. Ex. 4.) An updated declarations page was sent to Complainant which showed the policy period of December 16, 2020, through June 9, 2021 and added the storage endorsement back to the Policy. (*Id.*) The six month premium was again listed as \$87.62. (*Id.*) Licensee advised Complainant that the storage endorsement would now expire on November 1, 2021, unless modified prior to the end date. (*Id.*) Additionally, Licensee noted that it would send an email reminder three days before the storage expiration date. (*Id.*)

16. On December 18, 2020, Licensee sent a bill to Complainant stating that \$14.60 was due by January 11, 2021. (MIA Ex. 9; Tr. at 23.)

17. Complainant made a payment in the amount of \$14.60 on January 9, 2021. (MIA Ex. 9; Tr. at 23.)

18. On January 18, 2021, a bill was sent to Complainant stating that a payment of \$14.60 was due by February 11, 2021. (MIA Ex. 8.)

19. On February 10, 2021, Complainant made a payment of \$11.00. (MIA Ex. 8; Tr. at 23.) The outstanding balance on the account was \$47.42 at that time. (*Id.*)

20. On February 15, 2021, a bill was sent to Complainant stating that a payment of \$18.20 (\$14.60 monthly premium plus \$3.60 which was the remaining balance from the prior month) was due by March 11, 2021. (MIA Ex. 8.)

21. On March 1, 2021, Licensee sent Complainant an email that advised her the February insurance bill was overdue. (MIA Ex. 5, Lic. Ex. 6; Tr. at 23.) Also in this email, Licensee requested that Complainant pay the remainder of the bill by March 11, 2021 to keep the account current. (*Id.*)

22. Complainant made a payment of \$11.50 on March 9, 2021. (MIA Ex. 8; Tr. at 23.)

23. On March 9, 2021, Complainant called Licensee with questions regarding the policy amount and her account balance. (MIA Ex. 4, 5, Lic. Ex. 4, 5, 11, 12; Tr. at 25, 46.) Licensee explained that since Complainant did not pay the full monthly premium for previous months, the remainder was added to the following month's minimum payment, which caused the requested payment to be more than \$14.60. (*Id.*)

24. On March 18, 2021, Licensee assessed a late fee of \$10.00 since it did not receive the requested minimum payment by March 11, 2021. (MIA Ex. 4, 5, Lic. Ex. 4, 5, 11, 12; Tr. at 24.) After assessing the late fee, the outstanding premium balance was \$45.92. (MIA Ex. 8.)

25. Also on March 18, 2021, Licensee sent Complainant a bill. (MIA Ex. 8.) Based on Complainant's overdue amounts from the previous months plus the late fee, a minimum payment of \$31.30 was due by April 11, 2021. (MIA Ex. 8.)

26. On April 2, 2021, Licensee sent another email to Complainant alerting her that the account bill was overdue. (MIA Ex. 5, Lic. Ex. 7; Tr. at 27.) The email advised Complainant to pay the overdue amount by April 11, 2021 to keep the account current. (*Id.*)

27. Complainant made a payment of \$11.50 on April 8, 2021. (MIA Ex. 8.)

28. On April 17, 2021, Licensee assessed another late fee of \$10.00 since it did not receive the requested minimum payment by April 11, 2021. (MIA Ex. 8.)

29. Also on April 17, 2021, Licensee sent Complainant a premium bill. (MIA Ex. 8.) At that time, to reflect Complainant's overdue premium amounts plus late fees from the previous months, a minimum payment of \$44.42 was due by May 1, 2021. (MIA Ex. 4, 5, Lic. Ex. 4, 5, 11, 12; Tr. at 24.)

30. Additionally, on April 17, 2021, Licensee sent Complainant, via first class mail tracking to her address of record with the Licensee, a Notice of Cancellation for Nonpayment of Premium, which stated a payment of \$19.80 was due by May 1, 2021 to avoid cancellation of the Policy on May 2, 2021. (MIA Exs. 4,5, Lic. Exs. 4, 8,11, 12; Tr. at 26-27, 43.) This notice advised Complainant that if the Policy was cancelled, it could not be reinstated without a lapse in coverage, and Complainant would have to reapply for coverage. (*Id.*)

31. On April 24, 2021, and May 1, 2021, Licensee sent Complainant emails requesting overdue payment to avoid policy cancellation. (MIA Ex. 5, Lic. Ex. 9, 10; Tr. at 27-28.)

32. On May 2, 2021, Licensee cancelled the Policy since Complainant had not made any payments. (MIA Ex. 5, Lic. Ex. 4; Tr. at 29.)

33. On May 13, 2021, Complainant submitted her initial Complaint to the MIA. (MIA Ex. 1, Lic. Ex. 1.)

34. On May 24, 2021, Complainant paid the outstanding account balance for the Policy. (MIA Ex. 8, Lic. Ex. 11; Tr. at 29.) However, the Policy had already been cancelled by that time for failure to pay premiums. (Tr. at 29.)



35. On July 12, 2021, the MIA concluded its investigation into Complainant's Complaint and determined that Licensee had not violated the Insurance Article in its handling of Complainant's policy. (MIA Ex. 9, Lic. Ex 14.)

36. Complainant was not satisfied with the MIA's determination and requested the instant hearing on July 14, 2021. (MIA Ex. 10.) The hearing was granted in this matter by letter dated July 16, 2021. (MIA Ex. 11.)

## **DISCUSSION**

### **A. Positions of the Parties.**

Complainant argues that Licensee erred in its cancellation of the Policy. Specifically, Complainant contends that Licensee failed to properly notify her about the change in the amount due for monthly premiums. Additionally, Complainant avers that Licensee did not provide proper notice of the cancellation because she did not sign for the notice when it arrived in the mail.

Licensee argues that, under Maryland law, it properly handled the cancellation of Complainant's Policy. Licensee contends that it appropriately notified Complainant of changes in her monthly bill amount and followed Maryland law when cancelling the Policy. Finally, Licensee avers that it has met its burden to show that the cancellation of the Policy was properly handled in this case.

### **B. Statutory Framework**

The Notice of Hearing in this case states that specific attention at the hearing shall be directed to § 27-613 of the Insurance Article.

Section 27-613 states, in pertinent part:

- (d) At least 10 days before the date an insurer proposes to cancel a policy for nonpayment of premium, the insurer shall send to the insured, by a first-class mail tracking method, a written notice of intention to cancel for nonpayment of premium.

(g)...(6) At the hearing the insurer has the burden of proving its proposed action to be in accordance with the insurer's filed rating plan, its underwriting standards, or the lawful terms and conditions of the policy related to a cancellation, nonrenewal, or reduction in coverage, as applicable, and not in violation of § 27-501 of this title and, in doing so, may rely only on the reasons set forth in its notice to the insured.

\* \* \* \*

(LexisNexis 2022.)

The burden of proof rests with Licensee to demonstrate by a preponderance of the evidence that Licensee properly notified Complainant before it cancelled Complainant's policy for nonpayment of premium. *Comm'r of Labor & Indus. v. Bethlehem Steel Corp.*, 344 Md. 17, 34 (1996); *see also* Md. Code Ann., State Gov't § 10-217 (LexisNexis 2022); *Berkshire*, 142 Md. App at 672. To prove something by a "preponderance of the evidence" means "to prove that something is more likely so than not so" when all of the evidence is considered. *Coleman v. Anne Arundel County Police Dep't*, 369 Md. 108, 125 n. 16 (2002) (*quoting* the Maryland Pattern Jury Instructions) (*internal citations omitted*). Under this Standard, if the supporting and opposing evidence is evenly balanced on an issue, the finding on that issue must be against the party who bears the burden of proof. *Id.*

**C. Licensee did not violate § 27-613 in its handling of Complainant's automobile insurance policy.**

After investigating Complainant's Complaint concerning Licensee's handling of her automobile insurance policy, the MIA determined that Licensee did not violate the Insurance Article. For the reasons set forth below, I affirm.

In this instance, my determination in this matter is whether Licensee failed to properly notify Complainant of the Policy cancellation. Under Maryland law, an insurer must give notice to the insured 10 days before cancelling a policy for nonpayment of premium. § 27-613(d). This notice is also required to be sent via first class mail tracking method. *Id.* Here, Licensee

fulfilled these requirements under Maryland law. First, Licensee sent Complainant an official notice of cancellation for nonpayment of premium on April 17, 2021, which was 15 days prior to the effective date of the policy cancellation on May 2, 2021. Second, the notice of cancellation for nonpayment of premium was sent via a first-class mail tracking method to Complainant's address of record with the Licensee. Additionally, at the Hearing, Complainant confirmed that the address the notice was mailed to is her current address and has been her same address for the last 20 years. (Tr. at 50.)

While Complainant argued at the Hearing that she did not sign for the certified mail and, therefore, there was no proof that she received it, I find this argument faulty. Section 27-613(d) does not require proof that the notice was received only that the notice was mailed using a first-class tracking method and gives the insured ten days' notice that the policy will be canceled for failure to pay premiums. Licensee's notice met those requirements and therefore I find that Licensee did not violate § 27-613(d).

Finally, Complainant argued that the Licensee did not explain the premium increases to her. I also find this argument to be without merit. The evidence presented demonstrates that Complainant called Licensee on March 9, 2021, with questions regarding the Policy and the premium amounts. At that time Licensee explained that since Complainant did not pay the full monthly premium for previous months, the remainder was added to the following month's minimum payment, which caused the requested payment to be more than \$14.60. While Complainant may not have fully understood why her premium amounts were more than she expected them to be, the evidence before me demonstrates that Licensee explained the premium amounts to Complainant and sent her monthly bills showing the payment amount which was due.

Therefore, I find that Licensee did not violate the Insurance Article in its handling of Complainant's automobile insurance policy.

**CONCLUSIONS OF LAW**

Based upon the foregoing Findings of Fact and Discussion, it is found as a matter of law that Licensee did not improperly handle Complainant's automobile insurance policy in violation of § 27-613, or otherwise violate the Insurance Article.

**FINAL ORDER**

**IT IS HEREBY ORDERED** that the determination issued by the Maryland Insurance Administration is **AFFIRMED**; and it is further

**ORDERED** that the records and publications of the Maryland Insurance Administration reflect this decision.

It is so **ORDERED** this 30<sup>th</sup> day of January, 2023.

**KATHLEEN A. BIRRANE**  
Insurance Commissioner

/S/ Lisa Larson  
LISA LARSON  
Director of Hearings