



9800 Fredericksburg Road  
San Antonio, Texas 78288

June 18, 2008

Federal Trade Commission/Office of the Secretary  
Room H-135 (Annex C)  
600 Pennsylvania Avenue, N.W.  
Washington, DC 20580

Via Electronic Submission

**RE: Credit-Based Insurance Score – Homeowners Insurance – P044804  
Comments of United Services Automobile Association**

Federal Trade Commission/Office of the Secretary:

Comments on the Draft Model Order are hereby submitted on behalf of United Services Automobile Association, a Texas-domiciled reciprocal interinsurance exchange, and its wholly-owned property and casualty affiliates, USAA Casualty Insurance Company, USAA General Indemnity Company, and Garrison Property and Casualty Company (collectively “USAA”).

USAA provides insurance, banking, and investment products to more than 6.4 million members of the U.S. military and their families. USAA is a highly competitive financial services company known for its financial strength and its outstanding service to its members. USAA is one of only two personal lines property and casualty insurers in the nation to maintain the highest possible financial ratings from all three major ratings agencies. In addition, for the past two years USAA has been named the #1 company for customer service by Business Week magazine. USAA is a direct writer of personal lines property and casualty insurance products and is currently ranked as the nation’s 7th largest auto insurer and 6th largest homeowners insurer.

USAA understands the Federal Trade Commission’s obligation to analyze insurance credit score practices. However, we believe that the Draft Model Order is deficient in two key areas: 1) the lack of any protection for confidential personal and business information; and 2) the overly broad scope of the information requested.

First, USAA has significant concerns with the conspicuous lack of data security protections contained in the Draft Model Order. As the provider of choice for military personnel and their families, USAA takes great care in ensuring the privacy of its members’ personal information and financial data. Pursuant to the attached “Privacy Promise,” USAA annually assures its members that it will protect their confidential information from public disclosure.

USAA is also concerned with potential security implications if compelled to produce detailed information regarding active duty service members, many of whom are currently serving overseas. Because of our unique understanding of their situation, military personnel actively seek to do business with USAA and trust us to protect their information. Forcing USAA to release the names, addresses, social security numbers, and other detailed personal information of these military personnel (including policy information that could reveal deployment status) could leave them and their families more vulnerable and breach our unique trust.

USAA’s concern regarding data security also relates to proprietary business information. The Draft Model Order seeks a detailed analysis of a company’s business structure, including policy applications, underwriting guidelines, claims-handling procedures, pricing and rating

methodologies, and sales force compensation data. USAA considers the detailed company-specific information, much of which includes trade secrets, to be confidential and proprietary. We have spent considerable effort and expense developing our business for a market niche of military families. If competitors obtained this information it would allow them to replicate USAA's products, services, and pricing, abrogating the competitive advantage that USAA has spent years building. We note that even when similar information is requested by state insurance regulatory authorities, it is done so with an assurance of confidentiality. As there are no protections specifically articulated in the Draft Model Order, if subpoenaed, USAA would be reluctant to release information it deems to be confidential trade secrets and proprietary financial information.

The second key area of concern involves the scope of the Draft Model Order. We respectfully submit that the Draft Model Order is overly broad and unduly burdensome. As an example, the Draft Model Order requests information over a three-year time period from January 1, 2004, through December 31, 2006, involving data contained in over 15 million USAA policies. The level of detail necessary to provide this information would require time and resources not possible in the proposed sixty-day response period. In addition to the expense of additional resources, USAA would be forced to displace other necessary systems efforts to respond to the Draft Model Order, which could adversely impact the quality of ongoing service that USAA provides to its members.

In addition, USAA is not required by any authority to keep or maintain some of the data requested in the Draft Model Order. For example, USAA is not privy to certain coverage and risk information pertaining to residual markets, involuntary markets, or flood insurance plans. If a policy is written through a residual market or another carrier, USAA does not house that information. As a result, if the data could be obtained at all, it would have to be through third parties, adding time and expense. Certain other information, such as policyholder income, driver's licenses for homeowners, lot value of the home, land value and renovation information may not be available for the Relevant Time Period.

USAA appreciates the opportunity to share our concerns with you, as well as your willingness to consider our comments.

Sincerely,

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Attached: USAA's 2008 Privacy Promise

## Our Privacy Promise to You

By choosing USAA, you have expressed confidence in our ability to serve you. We take this responsibility seriously and diligently safeguard your personal information.

### **We Do Not Sell Your Information.**

For more than 80 years, members have trusted USAA with their personal and financial information. USAA is committed to protecting the information of current and former members as described in this Privacy Promise. This commitment is the foundation of our Privacy Promise to you.

### **Your Information is Confidential.**

USAA's Code of Ethics requires that member information be held in strict confidence. Our contracts with companies that process information strictly limit use of USAA information and require strong security protections.

### **We Protect Your Information.**

We have physical security at our buildings, passwords to protect our databases, compliance audits, and world-class virus/intrusion detection software in place.

## **We Collect Information to Serve You**

Collecting information makes it possible for USAA to deliver the kind of personalized service you expect.

Within USAA, we collect and share information:

- that you provide to us or authorize us to collect.
- about your transactions with us or with other companies.
- that is provided by consumer reporting agencies or government agencies.

## **We Share the Information We Collect as Permitted by Law**

We share information outside of USAA to properly manage our business.

Examples of these routine business practices include:

- servicing accounts

- fraud prevention
- complying with laws and court orders
- tax reporting.

We may share the information we collect with financial and non-financial companies that provide marketing services on USAA's behalf.

- We use printers and mail processing companies to send you information about USAA and other products.
- We do not give other companies access to your information for their own marketing.

We honor any additional rights you may have under foreign or state laws.

### **Information for Internet Users**

USAA uses Internet cookies and related technology for your security, to manage our site and to provide more relevant offers. Visit our [Security Center](#) to learn more.

### **Your right to limit use of your information within USAA**

USAA is known for its exceptional member service. Using member information responsibly helps us maintain this excellent service. If you agree that USAA's rigorous practices meet your privacy expectations, **no further action is required.**

However, federal law requires that we give you two choices about how we use information **within USAA.**

#### **Limiting the flow of information within USAA**

If you choose to limit our ability to share financial information within USAA (opt out) it will make it difficult for us to provide the high level of service you expect. For example, if you opt out, you may need to repeat information you already provided or we may not know which product best meets your needs.

- You may limit affiliates within USAA, such as our banking, insurance and securities affiliates, from having access to some of the information we have collected. This information includes your income, your transactions with other companies and your credit information.

### **Limiting the information we use for marketing**

If you choose to limit the information we use for marketing (opt out), we will be less effective at providing the most relevant offers to you.

- You may limit affiliates within USAA, such as our banking, insurance and securities affiliates, from using the personal information we share with them to market to you. This information includes your income, your transactions with USAA and your credit information.
- This opt out choice will apply for at least 5 years. Your choice will take effect after October 1, 2008. You will be given a chance to renew your choice before it expires.

**If you choose to opt out, you may update your profile at [usaa.com](http://usaa.com) or call 1-800-531-7154.** Your choice will apply to your joint account holders on the effective date of your opt out.

To contact us about privacy, write to:

**USAA Privacy Office**  
9800 Fredericksburg Rd.  
San Antonio, TX 78288-0020

### **Updates and Effective Date**

Any material changes to the Privacy Promise will be posted on this website. The effective date of the Privacy Promise is June 1, 2008.

This statement is made on behalf of USAA, which includes United Services Automobile Association, affiliated companies identified with the USAA name and logo and Garrison Property and Casualty Insurance Company. USAA includes financial and non-financial service companies that offer auto, property and life insurance, banking, financial planning, investments, merchandise and travel services and a non-profit organization.