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STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

May 25, 1978

1978-3

TO: ALL COMPANIES LICENSED TO WRITE PROPERTY AND CASUALTY INSURANCE IN THE STATE OF VIRGINIA

RE: Notification Forms Regarding Refusal to Renew and Cancellation of Automobile, Fire and Homeowners Insurance Policies Pursuant to Section 38.1-381.5 and Section 38.1-371.2 of the Code of Virginia.

During the 1978 Session of the General Assembly, a law was passed to become effective July 1, 1978 expanding the notice required to be given to policyholders pursuant to the above-captioned sections of the Code of Virginia. The Commissioner of Insurance was also given the duty of approving the format of this notice by law. Because of Virginia Supreme Court decisions interpreting insurance termination laws, no termination is effective unless the cancellation or refusal to renew is in accordance with the above-captioned sections as amended on and after July 1.

This new law raises two questions: (1) When must the expanded notice be given, i.e., for any cancellation or refusal to renew occurring on or after July 1, 1978 or only for those notices that must be given on or after July 1, 1978? and (2) What changes in the required notice forms will be approved by the Commissioner of Insurance?

As regards the first question, the Bureau believes that the amended law applies only to notices that must be given on or after July 1, 1978.

With respect to the second question, any previously approved form expanded to include the following language will be deemed approved by the Commissioner.

"ADDITIONAL INFORMATION REGARDING THE REASON(S) FOR CANCELLATION/REFUSAL TO RENEW: Upon written

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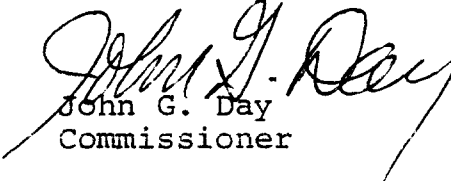
request to the company made within sixty (60) days of the date of this notice, you have a right to obtain in writing the specific items of information that support the reasons given, and the source(s) of this information. You are also entitled to obtain the nature and substance of the file relating to the action taken by telephone or you may personally review the file. Upon payment of reasonable reproduction charges, you are entitled to copies of any document in the file relating to the action taken."

Any company wishing to use language which differs from the language above must file its proposed form with the Bureau of Insurance and obtain its approval prior to use.

Additional guidelines for compliance with this new law will be forthcoming shortly. These initial guidelines were forwarded in advance because of the affect of the new law on cancellations and nonrenewals of automobile, fire and homeowners policies.

If you have any questions, please contact Mrs. Dorothy B. Hall of this office at (804)786-3666.

Sincerely,


John G. Day
Commissioner

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