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STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

March 30, 1979

1979-11

REPLY REQUESTED

TO: The President of the Insurer Addressed

RE: Amendments to Administrative Letters 1979-7 and 1979-10

Because of delays by the Insurance Services Office last fall, the Virginia State Corporation Commission was not able to issue its order establishing Uninsured Motorists Insurance rates until after most insurance companies had already begun their policy renewal processes for policies with effective dates on and after January 1, 1979. The result of this was that a large number of policies with effective dates in the first quarter of 1979 were renewed with incorrect Uninsured Motorists Insurance rates.

On March 12, 1979 I sent you Administrative Letter 1979-7 regarding certain rating problems for Uninsured Motorists Insurance. In that letter I asked that each incorrectly rated policy be endorsed to set forth therein the correct rates for the limits of Uninsured Motorists Insurance coverage provided by the policy and that an appropriate premium adjustment (refund or charge) be made. My letter permitted your company to issue the endorsement and premium adjustment on the insured's next installment date if your company uses a premium installment plan filed with the Bureau of Insurance.

On March 27, 1979 I sent you Administrative Letter 1979-10 permitting your company to issue the endorsement and make the premium adjustment in connection with the policy renewal on three-month and six-month policies.

I have become convinced that the Bureau's position as set forth in the two Administrative Letters described above is too harsh. I have decided not to persist in a course of action that may cause your company to incur excessive costs or to interfere with its ability to handle new and renewal business.

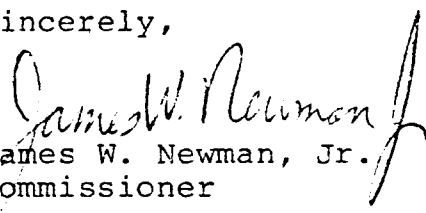
Therefore, for each incorrectly rated policy, your company may (1) on the insured's next installment date or at any time prior to the renewal date, issue an endorsement setting forth the correct rate for the limits of Uninsured Motorists Insurance coverage provided by each policy and make the appropriate premium adjustment, or (2) on renewal of each policy, include the premium adjustment in the computation of the renewal premium and insert a flyer or notice to the insured explaining how and why the premium adjustment is being made.

If an incorrectly rated policy is terminated prior to the date of expiration or is not renewed, your company is expected to make the appropriate adjustment at that time.

In order that the Bureau can keep its records straight, I request that you respond to this letter by May 1, 1979 either confirming that you will be using the procedure in the letter(s) sent in response to the previous Administrative Letters or correcting the earlier letter(s) by identifying the procedure that your company now intends to use.

I sincerely regret the confusion and difficulty caused you and your staff by this situation. I hope that future Uninsured Motorists Insurance filings are made in a more timely manner so that the Commission can issue its order before the renewal process begins. Anything you can do to ensure this would be appreciated.

Sincerely,


James W. Newman, Jr.
Commissioner

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