



STATE CORPORATION COMMISSION  
BUREAU OF INSURANCE

May 18, 1979

ADMINISTRATIVE  
LETTER  
1979-16

TO: The Chief Executive Officers  
of All Insurers Domiciled in  
the State of Virginia

RE: Revisions in the NAIC Program to Implement  
the President's Anti-Inflation Program

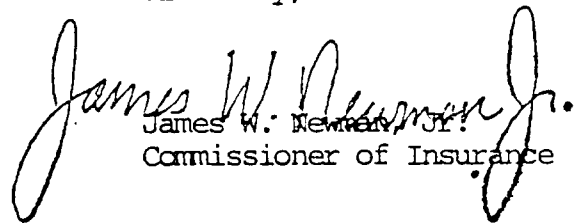
Because of the importance to both the citizens of this state and to the insurance industry of controlling inflation, in my letter to you dated January 19, 1979 (copy enclosed), I called upon each insurer domiciled or doing business in this state to comply with the NAIC's program for State Implementation of President Carter's Anti-Inflation Program. On April 17, 1979 the NAIC Executive Committee adopted two major revisions in its program.

- (1). The scope of the NAIC monitoring program has been reduced to embrace only those insurers whose annual premium volume together with that of all affiliated insurers is \$50 million or more. Despite the fact that this eliminates approximately 4,000 smaller insurers and insurer groups, leaving slightly less than 300 groups subject to the NAIC program, more than 90% of the market (based upon 1977 premium volume) will continue to be covered. Not only does this change limit the NAIC monitoring program to more manageable proportions (without excluding the segment of insurers most likely to have a significant impact on inflation), but also it conforms to COWPS reporting requirements which do not require any insurance firm or group with less than \$50 million in annual premium to report to COWPS. Based upon NAIC discussion with COWPS, the NAIC understands that COWPS has no objection to this change in the NAIC monitoring approach to assist in implementing the COWPS program. However, it should be noted that the \$50 million provision pertains to reporting and monitoring activity. There is no suggestion that insurers or insurer groups with less than \$50 million of annual premium volume are exempt from complying with the COWPS standards.

- (2) The Executive Committee deleted item II.A.(3) of the original NAIC program which called for insurers to set forth on premium renewal notices involving rate increases whether the insurer or the group complies with the COWPS standards. This elimination is predicted in several factors including (a) such provision was not requested by COWPS, (b) the program is a voluntary program, (c) such activity increases costs and (d) insurers are still free to do so if they so choose.

A copy of the revised program is enclosed for your use and information. Henceforth we will employ the revised program in this state. I urge and appreciate your cooperation in attempting to make this program a success.

Sincerely,

  
James W. Newman, Jr.  
Commissioner of Insurance

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enclosure