



STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

July 8, 1985

ADMINISTRATIVE LETTER 1985-1

TO: All Companies Licensed to Write Liability Other Than Automobile Insurance in Virginia

The Bureau of Insurance forwarded to you on May 23, 1985 Administrative Letter 1985-10 which outlined the position of the Bureau of Insurance concerning exclusion of general liability coverage for pollution liability. A copy of that Administrative Letter is printed on the back of this letter for your easy reference.

Administrative Letter 1985-10 indicated that the Bureau would not approve the total pollution liability exclusion endorsement to existing policies or new and renewal policies which were effective prior to the approval of the new ISO/CGL form. The Bureau did list several alternative situations in which the pollution exclusion endorsement could be approved.

While some companies have availed themselves of the options outlined in Administrative Letter 1985-10, many companies have refused to write general liability insurance for a large number of accounts due to their inability to totally exclude the pollution liability exposure. This has caused a lack of availability of general liability coverage for municipalities and other entities which have meaningful pollution liability exposure.

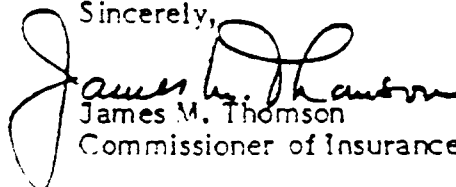
In order to ameliorate this availability problem for these insureds, and based upon assurance from representatives of these insureds that they understand the pollution coverage will be excluded but wish to buy the liability coverage with the pollution coverage excluded, the Bureau of Insurance is by this letter immediately altering the position taken in the May 23, 1985 Administrative Letter 1985-10.

The Bureau of Insurance will now approve endorsements excluding all coverage for pollution liability from general liability policies as long as the normal filing requirements have been met. Further, it is the Bureau's intent to approve these endorsements for use on new and renewal policies. Any endorsement which is to be attached mid-term excluding coverage for pollution liability must contain a signature line whereby the insured or its representative acknowledges the deletion of this coverage from the policy. Companies may wish to consider such a signature line on all such exclusion endorsements, whether to existing policies or new and renewal policies.

It should be noted that this exclusion of pollution liability is still not permitted on the automobile liability insurance policy, because the requirements of the Interstate Commerce Commission filings and State Motor Carrier Requirements. The Bureau of Insurance is working with the Insurance Service Office on revising the standard form for garage liability insurance in order to permit a total pollution liability exclusion from the premises portion of the garage liability policy. However, due to the requirements of the Motor Truck Carrier Act which deal with environmental restoration liability, such an exclusion will not be permissible under the auto portion of such a policy.

Please inform your branch offices and producers in Virginia of this amendment of our position on this matter. Any questions concerning this matter should be addressed to P. A. Synnott, Jr., CPCU, CLU, Deputy Commissioner, Market Regulation.

Sincerely,


James M. Thomson
Commissioner of Insurance