

JAMES M. THOMSON
COMMISSIONER OF INSURANCE

THOMAS S. NARDO
FIRST DEPUTY COMMISSIONER



BOX 1157
RICHMOND, VA. 23209
TELEPHONE (804) 786-3741

STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

June 4, 1986

**ADMINISTRATIVE LETTER
1986-10**

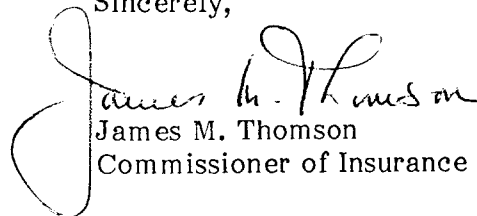
- TO:** All Companies Licensed to Write Liability Other Than
Automobile Insurance in Virginia
- RE:** Cancellation of Commercial Liability Other than Automobile Insurance
Policies

On July 1, 1986 a new statute becomes effective which requires insurers to give notice of cancellation or refusal to renew forty-five days prior to the date of cancellation or non-renewal of any personal injury liability insurance policy (other than automobile) or property damage liability insurance policy (other than automobile) insuring a business entity; provided, however, in the case of cancellation for nonpayment of premium, only fifteen days' notice of cancellation is required.

This statute also requires that the notice be approved as to form by the Commissioner of Insurance. To facilitate implementation of this law, a prototype termination notice is attached to this letter. All insurers are hereby authorized to use this form or any similar form which is not substantially different from this form. Any other notice that an insurer intends to use that differs substantially in form or content must be submitted to the Bureau of Insurance for approval. However, any insurer or agent may include any additional disclosure statements required by state or federal laws.

A copy of this new statute is reproduced on the back of this letter for your information. Review it carefully to assure that appropriate action is taken to effect compliance with these new legal requirements. Please pay particular attention to the requirement that the insurer's duplicate copy contain a certificate that the duplicate is a copy of the notice that was mailed, in accordance with the statutory mailing requirements, to the insured.

Sincerely,


James M. Thomson
Commissioner of Insurance

JMT:bt
Attachment

VIRGINIA ACTS OF ASSEMBLY - CHAPTER

An Act to amend the Code of Virginia by adding in Article 4 of Chapter 1 of Title 38.1 a section numbered 38.1-43.01, relating to the notice of cancellation of or refusal to renew certain commercial insurance policies.

NONCERTIFIED COPY

[H 140]

Approved

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Article 4 of Chapter 1 of Title 38.1 a section numbered 38.1-43.01 as follows:

§ 38.1-43.01. Notice of cancellation of or refusal to renew certain commercial insurance policies.—A. No notice of cancellation or refusal to renew by an insurer of a policy of insurance as defined in § 38.1-15 or § 38.1-16 insuring a business entity shall be effective unless the insurer shall deliver or mail a written notice of cancellation or refusal to renew. Such notice shall:

1. Be approved as to form by the Commissioner of Insurance prior to its use;

2. State the date, which shall not be less than forty-five days after the delivery or mailing of the notice of cancellation or refusal to renew, on which such cancellation or refusal to renew shall become effective, except that such effective date may not be less than fifteen days from the date of mailing or delivery when the policy is being cancelled or not renewed for failure of the insured to discharge when due any of his obligations in connection with the payment of premium for the policy;

3. Be mailed or delivered to any lien holder if the terms of the policy require the giving of such notice;

4. State the specific reason or reasons of the insurer for cancellation or refusal to renew; and

5. Advise the insured of its right to request in writing, within fifteen days of the receipt of the notice, that the Commissioner of Insurance review the action of the insurer.

B. No written notice of cancellation or refusal to renew that is mailed by an insurer to an insured in accordance with this section shall be effective unless:

1. a. It is sent by registered or certified mail, or

b. At the time of mailing the insurer obtains a written receipt from the United States Postal Service showing the name and address of the insured stated in the policy;

2. The insurer retains a duplicate copy of the notice of cancellation or refusal to renew; and

3. At the time of mailing the insurer endorses upon the duplicate copy of the notice a certificate showing that the duplicate is a copy of the notice that was sent to the insured (i) by registered or certified mail, or (ii) by regular mail for which the postal receipt was obtained.

C. Nothing in this section shall prohibit any insurer or agent from including in the notice of cancellation or refusal to renew any additional disclosure statements required by state or federal laws.

D. For the purpose of this section the term "business entity" shall mean an entity as defined by § 13.1-603 or § 13.1-803 and shall include an individual, a county, city, town, or an authority, board, commission, sanitation, soil and water, planning or other district, public service corporation owned, operated or controlled by a locality or other local governmental authority.

E. There shall be no liability on the part of and no cause of action of any nature shall arise against (i) the Commissioner of Insurance or his subordinates, (ii) any insurer, its authorized representative, its agents, its employees, or (iii) any firm, person or corporation furnishing to the insurer information as to reasons for cancellation or refusal to renew, for any statement made by any of them in complying with this section or for providing information pertaining thereto.

**NOTICE OF CANCELLATION OR REFUSAL TO RENEW
COMMERCIAL LIABILITY OTHER THAN AUTOMOBILE INSURANCE POLICIES**

KIND OF POICY:
POLICY NO.:
DATE OF MAILING:
ISSUED THROUGH AGENCY OR OFFICE AT:

INSURANCE
COMPANY:

NAME AND MAILING
ADDRESS OF INSURED:

(Applicable item marked)

We hereby cancel the above mentioned policy in accordance with Virginia law effective _____ at _____.
(date) (time)

Reason(s) for cancellation: _____

We hereby notify you in accordance with Virginia law that the above mentioned policy will expire effective _____ at _____ and the policy will
(date) (time)
not be renewed.

Reason(s) for non-renewal: _____

Review by Commissioner of Insurance: Virginia law provides that within 15 days of receipt of this Notice you are entitled to request in writing to the Commissioner of Insurance that he review the action of this Company in cancelling or not renewing your insurance. The Commissioner's address is: Commissioner of Insurance, State Corporation Commission, P. O. Box 1157, Richmond, VA 23209.