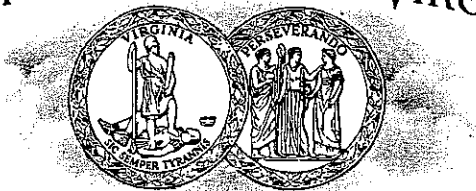


COMMONWEALTH OF VIRGINIA

JAMES M. THOMSON
COMMISSIONER OF INSURANCE

THOMAS S. NARDO
FIRST DEPUTY COMMISSIONER



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STATE CORPORATION COMMISSION BUREAU OF INSURANCE

June 30, 1986

ADMINISTRATIVE LETTER 1986-17

LETTER

TO: ALL APPROVED SURPLUS LINES INSURERS

RE: AUTOMOBILE STANDARD FORMS AND ENDORSEMENTS
FIRE INSURANCE POLICIES AND FIRE INSURANCE
IN COMBINATION WITH OTHER COVERAGES

WITHDRAWN

By Administrative
Letter 1989-08

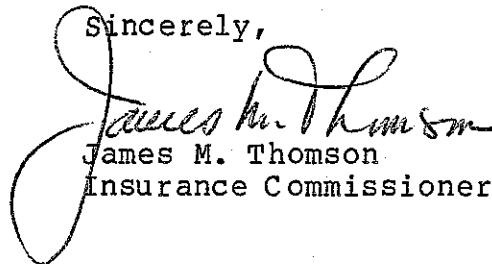
It has come to our attention that certain surplus lines insurers are not in compliance with the statutory requirements regarding the above captioned kinds of insurance contracts. Section 38.1-382 of the Code of Virginia (Section 38.2-2218 effective July 1, 1986) gives the State Corporation Commission the authority to promulgate standard forms for use in connection with any contract of motor vehicle insurance to be issued or delivered in this State. Once a standard form is promulgated by the Commission, Section 38.1-384 (Section 38.2-2220 effective July 1, 1986) requires that "... no (emphasis supplied) insurance company shall use any form covering substantially the same provisions contained in such standard form unless it be in the precise language of the form so filed and adopted by the Commission." Because the Code of Virginia does not exempt surplus lines insurers from these statutory requirements, the applicable standard automobile forms must be used by surplus lines insurers also.

In addition, there are several statutory provisions contained in Chapter 8, Article 3 as respects fire insurance and fire insurance in combination with other coverages with which surplus lines insurers must also comply. Section 38.1-363 (Section 38.2-2101 effective July 1, 1986) specifically prohibits the issuance or delivery of a policy of fire insurance on any property in Virginia unless the policy or contract conforms to the requirements of Title 38.1 (Chapter 21 of Title 38.2 effective July 1, 1986). Sections 38.1-365 through 38.1-367 (Sections 38.2-2104 through 38.2-2106 effective July 1, 1986) apply to

surplus lines insurers as well as licensed insurers. These provisions primarily establish the standard insuring agreement, the statutory fire provisions, conditions, stipulations and agreements, and the standard execution and attestation clause for fire insurance and fire insurance in combination with other coverages.

Please review the statutes in question to ensure your compliance with the Code of Virginia. Failure to comply may result in statutory penalties being imposed against you and/or withdrawal of your status as an approved surplus lines insurer.

Sincerely,

A handwritten signature in cursive script that reads "James M. Thomson". The signature is written in black ink and is positioned above the printed name and title.

James M. Thomson
Insurance Commissioner