

# COMMONWEALTH OF VIRGINIA



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## STATE CORPORATION COMMISSION

### BUREAU OF INSURANCE

March 31, 1989

#### ADMINISTRATIVE LETTER 1989 - 5

**TO:** All Licensed Insurance Companies  
**RE:** Insurance Company Expenses

It is the position of the State Corporation Commission Bureau of Insurance that one time non-repetitive expenses may not be recouped in prospective rate filings. Virginia Code Section 38.2-1904 prescribes that only expenses relevant to business conducted in the Commonwealth may be utilized in developing rates. In the event that a company's Virginia specific data is insufficient, countrywide, regional or other state data, or a credible estimate of the expenses for conducting such business is allowed.

The cost of the lobbying efforts in the recent California initiatives, for example, clearly does not belong in the Virginia rate making process. To ensure that such expenses are not included in Virginia rates, each insurer should be prepared to indicate the method by which such costs have been excluded from the rate making process and the specific dollar amounts being excluded in developing the proposed rates for use in the Commonwealth.

Please acknowledge your receipt and intent to comply with the terms of this letter by having an appropriate company officer sign below. Return the signed form to JoAnne G. Scott, Bureau of Insurance, Box 1157, Richmond, Virginia 23209. A separate form must be returned for each insurer.

Signed: \_\_\_\_\_

Insurer: \_\_\_\_\_

Print Name: \_\_\_\_\_

NAIC No.: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Sincerely,

A handwritten signature in black ink, appearing to read 'Steven T. Foster', written over a horizontal line.

Steven T. Foster  
Commissioner of Insurance