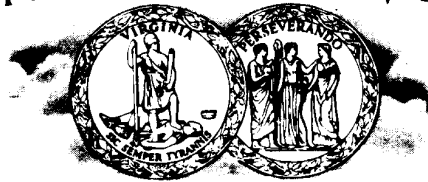


COMMONWEALTH OF VIRGINIA

STEVEN T. FOSTER
COMMISSIONER OF INSURANCE



Box 1157
RICHMOND, VA 23209
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STATE CORPORATION COMMISSION BUREAU OF INSURANCE

April 21, 1989

Administrative Letter
1989-6

TO: All Health Maintenance Organizations Licensed in Virginia

RE: Market Conduct Examinations

The Life and Health Market Conduct Section of the Bureau of Insurance will be examining health maintenance organizations beginning in 1989 and continuing in subsequent years. The purpose of these examinations will be to determine whether the health maintenance organizations are in compliance with various provisions of the Code of Virginia and State Corporation Commission Regulations.

The areas of examination will include:

Operations/Organization Document

Advertising/Marketing Communications

Policy and Other Forms

Licensing and Appointment of Agents

Underwriting/Unfair Discrimination/Insurance Information and Privacy Protection
Act

Cancellations/Nonrenewals

Premium Notice and Collections

Complaints

Claim Practices

All Health Maintenance Organizations Licensed in Virginia
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This letter is a reminder that health maintenance organizations must be in compliance with Title 38.2, Chapter 43 of the Code of Virginia. Market Conduct Examinations will be conducted under the authority of various sections of the Code of Virginia and Virginia Insurance Regulations, including, but not necessarily limited to, the following: §§38.2-200., 38.2-515., 38.2-614., 38.2-1317., 38.2-1809. and 38.2-4315. of the Code of Virginia, as amended; State Corporation Commission Insurance Regulation Nos. 8 and 28.


Each health maintenance organization is expected to be aware of and be up-to-date on all applicable laws and regulations. For those who do not have them, they can be obtained from:

NILS Publishing Company
21625 Prairie Street
Chatsworth, California 91311
(1-800-423-5910)

If, after review, you have any questions, please contact:

Robert E. Thornburgh, CLU, FLMI
Supervisor, Market Conduct Section
Bureau of Insurance
P. O. Box 1157
Richmond, Virginia 23209

Sincerely yours,



Steven T. Foster
Commissioner of Insurance