

COMMONWEALTH OF VIRGINIA



STEVEN T. FOSTER
COMMISSIONER OF INSURANCE

Box 1157
RICHMOND, VA 23209
TELEPHONE: (804) 786-3741
TDD/VOICE: (804) 225-3806

STATE CORPORATION COMMISSION BUREAU OF INSURANCE

October 30, 1992

ADMINISTRATIVE LETTER NO. 1992-21

TO: ALL LICENSED PROPERTY AND CASUALTY INSURERS
RE: HURRICANE ANDREW

The State Corporation Commission Bureau of Insurance is concerned by recent reports that a major property and casualty insurer has suggested using the losses from Hurricane Andrew as the basis to raise rate levels.

While the Bureau recognizes the importance of maintaining insurer solvency, no evidence has thus far been presented to indicate that there is any justification for widespread rate increases to Virginia policyholders as a result of Hurricane Andrew, Hurricane Iniki, or other recent catastrophe losses.

The purpose of this letter is to request that all insurers exercise restraint in reacting to these tragic natural disasters. I would urge you to consider whether any proposed rate increases are actuarially justified and fairly applied. The Bureau is currently monitoring, and will continue to monitor, both filed rate increases and premium increases applicable to individual insureds to determine compliance with this request and the need for further regulatory action.

I have discussed this matter with the Attorney General of Virginia and I understand that she will also be writing to you to outline her particular concerns regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steven T. Foster', with a horizontal line extending to the right.

Steven T. Foster
Commissioner of Insurance

STF:11