



BUREAU OF INSURANCE

May 28, 1999

Administrative Letter 1999-4

TO: All Companies Licensed to Write Homeowners Insurance In Virginia
and Interested Parties

RE: Wind and Hurricane Deductibles

The State Corporation Commission's Bureau of Insurance recently conducted a survey to determine how many companies write policies with wind or hurricane deductibles and how the companies advise their policyholders of these deductibles. The Bureau found that some companies do not send a special letter or notice advising their policyholders that their homeowners policy is subject to a special wind or hurricane deductible.

The Bureau is concerned that many Virginia policyholders whose policies are subject to special wind or hurricane deductibles are not aware of how these deductibles work. Some policyholders may not even be aware that their policy is subject to the deductible.

The Bureau, therefore, recommends that all companies which write policies with wind, hurricane, or tropical storm deductibles send a notice to their policyholders explaining how the deductible works, if they have not already done so. This should be written in plain language so that it may be easily understood by the average policyholder. The Bureau also recommends that the notice be sent prior to hurricane season this year.

Sincerely,

Alfred W. Gross
Commissioner of Insurance