

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

DOCUMENT CONTROL

98 JUN -8 PM 1:37

BUREAU OF INSURANCE

AT RICHMOND, JUNE 8, 1998
ADMINISTRATIVE ORDER NO. 11300

PRIVATE PASSENGER AUTOMOBILE INSURANCE

ESTABLISHMENT OF STANDARD FORMS OF POLICIES, RIDERS, ENDORSEMENTS, AND OTHER SPECIAL OR SUPPLEMENTAL AGREEMENTS AND PROVISIONS FOR USE BY ALL INSURANCE COMPANIES IN INSURING (1) AGAINST LOSS OR DAMAGE RESULTING FROM ACCIDENT TO, OR INJURY SUFFERED BY, ANY PERSON, AND FOR WHICH THE PERSON INSURED IS LIABLE, (2) AGAINST LOSS BY LIABILITY FOR DAMAGE TO PROPERTY RESULTING FROM THE OWNERSHIP, MAINTENANCE OR USE OF ANY MOTOR VEHICLE, AND (3) AGAINST LOSS OF OR DAMAGE TO ANY MOTOR VEHICLE OWNED BY THE INSURED, PURSUANT TO THE PROVISIONS OF SECTIONS 38.2-2218 TO 38.2-2223, INCLUSIVE, OF THE CODE OF VIRGINIA.

WHEREAS, Pursuant to the provisions of Sections 38.2-2218 to 38.2-2223, inclusive, of the Code of Virginia, certain forms of policies, riders, endorsements, and other special or supplemental agreements and provisions for use by all insurance companies in insuring (1) against loss or damage resulting from accident to, or injury suffered by, any person, and for which the person insured is liable, (2) against loss by liability for damage to property resulting from the ownership, maintenance or use of any motor vehicle, and (3) against loss of or damage to any motor vehicle owned by the insured have been established by other Administrative Orders;

AND IT APPEARING to the Commissioner of Insurance that a statutory change enacted effective July 1, 1998, necessitated a change to a standard form endorsement;

IT IS, THEREFORE, ORDERED, That the following endorsement for use in connection with the standard forms of policies be, and it hereby is, filed by the State Corporation Commission, Bureau of Insurance, in its office at Richmond, Virginia:

A906j (7-1-98) Amendment of Termination Provisions - Virginia

IT IS FURTHER ORDERED, That, except as hereinafter provided, the proposed new endorsement shall become the standard form thereof for use by all insurance companies applicable to all policies effective on and after July 1, 1998, and thereafter no insurance company shall use any form covering substantially the same agreement provided for by such form, unless it is in the precise language of the standard form.

IT IS FURTHER ORDERED, That if there is objection to the provisions of the proposed new standard form the objection must be filed in writing within twenty days from the date upon which this Order is entered. If written objection is filed such form shall not become standard as provided herein and proceedings in reference thereto shall be instituted.

IT IS FURTHER ORDERED, That the Bureau of Insurance shall immediately notify all parties to whom attested copies of this Order are directed, in writing, upon receipt of an objection from any insurance company as to the provisions of any proposed standard form.

IT IS FURTHER ORDERED, That for the word "company" appearing in any standard form, there may be substituted a more accurate descriptive term for the type of insurer.

IT IS FURTHER ORDERED, That there being, in the opinion of the Commissioner, no further necessity for the continuance of the following endorsement, it is withdrawn for policies effective on and after July 1, 1998:

A906i (7-1-96) Amendment of Termination Provisions - Virginia

IT IS FURTHER ORDERED, That attested copies of this Order be sent to all licensed rate service organizations, Mary M. Bannister, Deputy Commissioner of Insurance and all companies which are affected thereby.

A True Copy
Teste:

William J. Bridge

Clerk of the
State Corporation Commission

Summary of Changes

Form A906i (7-1-96) is replaced by A906j (7-1-98). The provisions of form A906i (7-1-96) have been amended by the following:

1. Changed the lead-in language to reflect that the entire cancellation condition is replaced by the provisions of the A906j. This was done to eliminate any confusion between the policy and the endorsement.
2. In the paragraph immediately following item 2 (on page 1 of 4), the phrase "and hour" in brackets was changed to read "and time".
3. The paragraph immediately following item 2 (on page 1 of 4) was divided into two paragraphs for clarity.
4. The language from the policy form regarding calculation of the return premium has been incorporated into the A906j. See the last paragraph on page 1 of 4.
5. Eliminated the phrase "anniversary of the" from item B.2. Cancellation by Company Limited. This was done due to a recent legislative change.
6. Clarified the company's right to increase the comprehensive deductible (midterm); see the second to the last paragraph on page 2 of 4.
7. Effective July 1, 1998, Virginia Code Section 38.2-2212 is amended (by Senate Bill 884) to allow insurers to broaden the standard form A906j - Amendment of Termination Provisions. This change was effected so that insurers can, if they choose, prepare and submit a change to the A906j that waives the requirement that the named insured submit a written request for cancellation of the policy.
8. Subtle editorial changes were made such as capitalization and placement of text to improve clarity.

**PRIVATE PASSENGER AUTOMOBILE
FAMILY - SPECIAL PACKAGE POLICIES ONLY
AMENDMENT OF TERMINATION PROVISIONS - VIRGINIA**

It is agreed that:

A. The Cancellation condition is replaced by the following:

This policy may be cancelled by the insured named in Item 1 of the declarations, or his duly constituted attorney-in-fact [by surrender thereof to the company or any of its authorized agents or]1 by mailing to the company written notice stating when thereafter the cancellation shall be effective.

This policy may be cancelled by the company by mailing to the insured named in Item 1 of the declarations at the address shown in this policy, written notice stating when not less than forty-five days thereafter such cancellation shall be effective; except that this policy may be cancelled by the company by mailing to the insured named in Item 1 of the declarations at the address shown in this policy written notice stating:

1. when not less than ten days thereafter such cancellation shall be effective, if this policy has been in effect less than sixty days and is not a renewal policy, or

2. when not less than fifteen days thereafter such cancellation shall be effective, if the named insured fails to discharge when due any of his obligations in connection with the payment of premium for this policy or any installment thereof, whether payable to the company or its agent either directly or indirectly under any premium finance plan or extension of credit.

Notice to the insured named in Item 1 of the declarations shall be mailed either by certificate of mailing, provided the company has retained a copy of said notice, or by registered or certified mail, pursuant to Section 38.2-2208 of the Code of Virginia. The [time of surrender or the]1 effective date [and time]1 of cancellation stated in the notice shall become the end of the policy period.

Delivery of such written notice either by such insured, or his duly constituted attorney-in-fact, or by the company shall be equivalent to mailing.

If the named insured cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the company cancels, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

PRIVATE PASSENGER AUTOMOBILE
FAMILY - SPECIAL PACKAGE POLICIES ONLY
AMENDMENT OF TERMINATION PROVISIONS - VIRGINIA, continued

B. The following condition is added or, if the policy contains a condition so entitled, such condition is replaced by the following:

Cancellation By Company Limited

If this policy has been in effect for sixty days at the time notice of cancellation is mailed or delivered or, if this policy is a renewal, effective immediately, the company shall not exercise its right to cancel unless:

1. the named insured fails to discharge when due any of his obligations in connection with the payment of premium for this policy or any installment thereof, whether payable to the company or its agent either directly or indirectly under any premium finance plan or extension of credit; or

2. the named insured or any other operator who either resides in the same household or customarily operates an automobile insured under this policy has had his driver's license suspended or revoked during the policy period, or, if the policy is a renewal, during its policy period or the ninety days immediately preceding the last effective date;

3. the named insured or his duly constituted attorney-in-fact has notified the company of a change in the insured's legal residence to a state other than Virginia and the insured automobile will be principally garaged in the new state of legal residence.

However, notwithstanding items 1, 2, and 3 above, the company shall have the right to modify any physical damage coverage afforded by this policy (except coverage for loss caused by collision) by inclusion of a deductible not exceeding \$100.00.

The Cancellation By Company Limited condition shall apply to each successive policy period for which the company consents to renew or continue this policy but nothing in this condition shall obligate the company to renew or continue this policy.

PRIVATE PASSENGER AUTOMOBILE
FAMILY - SPECIAL PACKAGE POLICIES ONLY
AMENDMENT OF TERMINATION PROVISIONS - VIRGINIA, continued

C. The following condition is added:

Renewal

[If this policy is written for a policy period of less than one year or without a fixed expiration date, the company agrees that it will not exercise its right to refuse to renew or continue the insurance, except as of the end of any six month interval of the original effective date.]2

The company agrees that it will not refuse to renew or continue this policy unless a written notice of its refusal to renew or continue is mailed to the insured named in Item 1 of the declarations, at the address shown in this policy, at least forty-five days prior to the expiration date. Notice to the insured named in Item 1 of the declarations shall be mailed either by certificate of mailing, provided the company has retained a copy of said notice, or by registered or certified mail, pursuant to Section 38.2-2208 of the Code of Virginia. Delivery of such written notice shall be equivalent to mailing.

Such notice shall not be required:

1. if the named insured fails to pay the premium as required by the company for renewal or continuance of this policy,
2. if the company or its agent acting on behalf of the company has manifested its willingness to renew by issuing or offering to issue a renewal policy, certificate or other evidence of renewal, or has manifested such intention in writing to the insured, or
3. if the named insured, or his duly constituted attorney-in-fact, has notified in writing to the company or its agent that he wishes the policy to be cancelled or that he does not wish the policy to be renewed or if prior to the date of expiration he fails to accept the offer of the company.

**PRIVATE PASSENGER AUTOMOBILE
FAMILY - SPECIAL PACKAGE POLICIES ONLY
AMENDMENT OF TERMINATION PROVISIONS - VIRGINIA, continued**

Footnotes:

1. The language in brackets may be omitted.
2. If this endorsement is prepared for use only with:
 - (a) policies which are not written for a policy period of less than one year or without a fixed expiration date, matter in brackets may be omitted.
 - (b) Family Automobile Policies or Special Package Automobile Policies which by their terms (see Note) provide for automatic continuance for successive policy periods of less than twelve calendar months, the following may be substituted for the language in brackets:

The company agrees that it will not exercise its right to refuse to renew or continue the policy, except as of the end of any six month interval of the original effective date.
 - (c) policies which are written for policy periods of five months or less, matter in brackets may be omitted.

NOTE

See Reference Note 4 of the 1958 Standard Provisions for Family Automobile Policies; See Reference Note 3 and Condition 1 of the 1963 Standard Provisions for Special Package Automobile Policy.