

**DIVISION OF INSURANCE REGULATION
ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

The regulation of insurance was transferred to the State Corporation Commission from the Auditor of Public Accounts in 1906. The Bureau has licensed and examined the affairs of insurance companies since that time. Regulation of insurance has been left almost exclusively to state governments since 1869, and here in Virginia the functions of the Bureau of Insurance have increased with the complexity and importance of insurance in our daily lives.

The Bureau of Insurance has four separate departments. There are three line departments, Financial Regulation, Market Regulation for Property and Casualty Insurance, and Market Regulation for Life and Health Insurance, and one staff department, Administration. The line units conduct the day-to-day operations of monitoring company and agent activities, while the staff department works in an auxiliary role to support the line units.

The Bureau is involved in a variety of regulatory functions which can be categorized into five areas. They include: (1) The examination and evaluation of companies to assure that they are financially sound and capable of meeting their contractual obligations. (2) The Bureau also reviews and studies rates and policies to insure that insurance products offered in this State are understandable, are of high quality, and that the premiums charged are reasonable and fair. (3) The Bureau also monitors the services and benefits provided by companies to determine if they are consistent with policy provisions, fairly and equitably delivered, and understandable. (4) In addition, the Bureau checks new entrants into the insurance business and monitors the conduct of existing ones to determine if they are competent, knowledgeable, and conduct their activities in accordance with acceptable standards of business conduct. (5) The Bureau is also actively engaged in improving its present operations by identifying, and resolving areas of regulatory concern before significant problems develop.

SUMMARY OF 2000 ACTIVITIES

New insurance companies licensed to do business in Virginia	38
Insurance company financial statements analyzed	8,391
Financial examinations of insurance companies conducted	36
Property and Casualty insurance rules, rates, and form submissions	11,833
Life and Health insurance policy forms and rate submissions	8,665
Property and Casualty insurance complaints received	3,662
Life and Health insurance complaints received	3,068
Market conduct examinations completed by the Life and Health Division	20
Market conduct examinations completed by the Property and Casualty Division	10
Insurance agents and agencies licensed	93,558
Tax and Assessment Audits	6,386

NOTICE OF INSURANCE-RELATED ENTITIES IN RECEIVERSHIP

Pursuant to Virginia Code § 38.2-1517, please **TAKE NOTICE** that the following insurance-related entities are in receivership under authority of various provisions of Title 38.2 of the Code of Virginia:

1. **Fidelity Bankers Life insurance Company d/b/a First Dominion Life Insurance (FBL/FD).** Date of receivership: May 13, 1991. It presently appears that the affairs of the receivership will be wound up in the latter part of 2001 and that the company will not resume the transaction of the business of insurance.

2. **HOW Insurance Company, a Risk Retention Group, Home Owners Warranty Corporation and Home Warranty Corporation (the HOW Companies).** Date of receivership: October 7, 1994. It presently appears that the affairs of the receivership will be wound up in the latter part of 2004 or early 2005 and that the company will not resume the transaction of the business of insurance.

The Commission is the Receiver, and Commissioner of Insurance Alfred W. Gross is the Deputy Receiver, of FBL/FD and the HOW Companies. Any inquiries concerning the conduct of the receivership of First Dominion Life Insurance Company and the HOW Companies may be directed to their Special Deputy Receiver, Patrick H. Cantilo, Esquire, Cantilo & Bennett, LLP, Suite 1700, 111 Congress Avenue, Austin, Texas 78701.

3. **CHA Group Insurance Trust in Receivership (CHA).** Date of receivership: March 17, 1989. It is presently expected that the affairs of the receivership will be wound up in 2001 and that the Trust will conduct no further business.

The Commission is the Receiver of CHA Group Insurance Trust, in Receivership. Any inquiries concerning the conduct of the receivership of CHA may be directed to the Deputy Receiver of CHA, C. William Waechter, Jr., Esquire, Williams, Mullens, Clark & Dobbins, Two James Center, 1021 East Cary Street, 16th Floor, Richmond, Virginia 23219.

Settlers Life Insurance Company. Date of Receivership: May 14, 1999. The Company was successfully rehabilitated and sold to another life insurance company. The approval of the sale of the company, the termination of the receivership, and the lifting of the license suspension became final through an order issued on December 15, 1999. Settlers Life Insurance Company has resumed normal operations.

Union of America Mutual Insurance Company (Union). Date of Receivership: August 9, 2000. All policies of the company were cancelled effective July 21, 2000. It is presently expected that the affairs of the receivership will be wound up in 2001.

The Commission is the Receiver, and Commissioner of Insurance Alfred W. Gross is the Deputy Receiver of Union. Any inquiries concerning the conduct of the receivership of Union may be directed to the Special Deputy Receiver, Melvin J. Dillon, Dillon Company, Inc., P.O. Box 19662, Raleigh, North Carolina 27619.

**COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE
FOR THE FISCAL YEARS ENDING JUNE 30, 1999, AND JUNE 30, 2000**

<u>Kind</u>	<u>1999</u>	<u>2000</u>	<u>Increase or Decrease</u>
<u>General Fund</u>			
Gross Premium Taxes of Insurance Companies	\$244,909,995.27	\$251,074,071.73	\$6,164,076.46
Fraternal Benefit Societies Licenses	500.00	500.00	0.00
Viatical Settlement Provider License Fees	1,500.00	500.00	(1,000.00)
Viatical Settlement Broker License Fees	2,100.00	3,700.00	1,600.00
Hospital, Medical, and Surgical Plans and Salesmen's Licenses	0.00	0.00	0.00
Interest on Delinquent Taxes	148,550.90	315,948.76	167,397.86
Penalty on non-payment of taxes by due date	130,551.38	123,060.44	(7,490.94)
<u>Special Fund</u>			
Company License Application Fee	25,000.00	22,500.00	(2,500.00)
Health Maintenance Organization License Fee	0.00	0.00	0.00
Automobile Club/ Agent Licenses	7,400.00	8,000.00	600.00
Insurance Premium Finance Companies Licenses	10,400.00	11,700.00	1,300.00
Agents Appointment Fees	8,453,448.00	8,987,295.00	533,847.00
Surplus Lines Broker Licenses	15,800.00	17,675.00	1,875.00
Producer License Application Fees	373,676.00	458,598.00	84,922.00
Recording, Copying, and Certifying Public Records Fee	60,494.50	53,100.00	(7,394.50)
Assessments To Insurance Companies for Maintenance of the Bureau of Insurance	5,529,064.44	7,640,707.73	2,111,643.29
Miscellaneous Revenue	0.00	0.00	0.00
Recovery of Prior Year Expenses	161,069.43	77,221.71	(83,847.72)
Fire Programs Fund	13,163,599.62	13,678,226.41	514,626.79
P&C Consultant License Fees	68,550.00	54,650.00	(13,900.00)
SCC Bad Check Fee	50.00	275.00	225.00
Administrative Penalty Payment	67,000.00	12,000.00	(55,000.00)
Fines Imposed by State Corporation Commission	1,127,624.00	1,174,296.79	46,672.79
Private Review Agents	(8,000.00)	0.00	8,000.00
Flood Assessment Fund	121,356.76	91,945.75	(29,411.01)
Heat Assessment Fund	1,046,767.92	1,058,127.20	11,359.28
Fraud Assessment Fund	3,002,801.00	3,090,785.58	87,984.58
Reinsurance Intermediary Broker Fees	1,000.00	1,500.00	500.00
Managing General Agent Fees	5,000.00	9,500.00	4,500.00
MCHIP Assessment	0.00	732,261.12	732,261.12
State Publication Sales	360.00	360.00	0.00
Debt Set Off Collections	0.00	0.00	0.00
Fraud Assessment Interest	0.00	10,853.42	10,853.42
TOTAL	\$278,425,659.22	\$288,709,359.64	\$10,283,700.42