

**DIVISION OF INSURANCE REGULATION  
ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 1996**

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 1996 ACTIVITIES**

New insurance companies licensed to do business in Virginia	49
Insurance company financial statements analyzed	5,907
Financial examinations of insurance companies conducted	37
Property and Casualty insurance rules, rates, and form submissions	5,436
Life and Health insurance policy forms and rate submissions	6,186
Property and Casualty insurance complaints received	4,165
Life and Health insurance complaints received	3,711
Market conduct examinations completed by the Life and Health Division	9
Market conduct examinations completed by the Property and Casualty Division	8
Insurance agents and agencies licensed	76,049
Tax and Assessment Audits	6,100

**COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE  
FOR THE FISCAL YEARS ENDING JUNE 30, 1995, AND JUNE 30, 1996**

<u>Kind</u>	<u>1995</u>	<u>1996</u>	<u>Increase or (Decrease)</u>
<u>General Fund</u>			
Gross Premium Taxes of Insurance Companies	\$209,784,062.99	\$218,046,425.32	\$8,262,362.33
Fraternal Benefit Societies Licenses	500.00	540.00	40.00
Hospital, Medical, and Surgical Plans and Salesmen's Licenses	65,040.00	129,830.00	64,790.00
Interest on Delinquent Taxes	129,584.09	137,956.92	8,372.83
Penalty on non-payment of taxes by due date	103,265.58	84,461.60	(18,803.98)
<u>Special Fund</u>			
Company License Application Fee	18,000.00	26,000.00	8,000.00
Health Maintenance Organization License Fee	500.00	500.00	0.00
Automobile Club/Agent Licenses	7,494.00	8,238.00	744.00
Insurance Premium Finance Companies Licenses	11,300.00	10,200.00	(1,100.00)
Agents Appointment Fees	5,659,610.00	7,127,206.00	1,467,596.00
Surplus Lines Broker Licenses	14,969.84	15,875.00	905.16
Agents License Application Fees	295,365.00	309,375.00	14,010.00
Recording, Copying, and Certifying Public Records Fee	59,302.55	53,803.60	(5,498.95)
Assessments To Insurance Companies for Maintenance of the Bureau of Insurance	7,985,842.31	6,442,447.14	(1,543,395.17)
Miscellaneous Revenues	3.00	0.00	(3.00)
Recovery of Prior Year Expenses	111,932.05	122,615.12	10,683.07
Fire Programs Fund	9,038,388.49	11,873,498.15	2,835,109.66
Licensing P&C Consultants	41,850.00	42,850.00	1,000.00
SCC Bad Check Fee	75.00	200.00	125.00
Fines Imposed by State Corporation Commission	6,083,650.00	626,350.00	(5,457,300.00)
Private Review Agents	26,500.00	10,000.00	(16,500.00)
Flood Assessment Fund	139,185.56	69,997.80	(69,187.76)
Heat Assessment Fund	748,111.69	823,706.31	75,594.62
Reinsurance Intermediary Broker Fees	2,000.00	1,000.00	(1,000.00)
Managing General Agent Fees	6,500.00	5,000.00	(1,500.00)
State Publication Sales	660.00	560.00	(100.00)

**TOTAL**

\$240,333,692.15

\$245,968,635.96

\$5,634,943.81