

**DIVISION OF INSURANCE REGULATION  
ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 1999**

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 1999 ACTIVITIES**

New insurance companies licensed to do business in Virginia	37
Insurance company financial statements analyzed	10,005
Financial examinations of insurance companies conducted	37
Property and Casualty insurance rules, rates, and form submissions	8,231
Life and Health insurance policy forms and rate submissions	8,470
Property and Casualty insurance complaints received	3,792
Life and Health insurance complaints received	3,977
Market conduct examinations completed by the Life and Health Division	10
Market conduct examinations completed by the Property and Casualty Division	9
Insurance agents and agencies licensed	82,903
Tax and Assessment Audits	6,450

**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 provision of Title 38.2 of the Code of Virginia:

1. **Fidelity Banker Life Insurance Company d/b/a First Dominion Life Insurance Company (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.

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 late 2000 and that the Trust will conduct no further business.

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.

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, Mullen, Clark & Dobbins, Two James Center, 1021 East Cary Street, 16th Floor, Richmond, Virginia 23219.

**STATE CORPORATION COMMISSION**

**COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE  
FOR THE FISCAL YEARS ENDING JUNE 30, 1998, AND JUNE 30, 1999**

<u>Kind</u>	<u>General Fund</u>	<u>1998</u>	<u>1999</u>	<u>Increase or (Decrease)</u>
Gross Premium Taxes of Insurance Companies		\$236,970,840.47	\$244,909,995.27	\$7,939,154.8
Fraternal Benefit Societies Licenses		500.00	500.00	0.00
Viatical Settlement Provider Lic. Fees		2,500.00	1,500.00	(1,000.00)
Viatical Settlement		450.00	2,100.00	1,650.00

Hospital, Medical, and Surgical Plans and Salesmen's Licenses	0.00	0.00	0.00
Interest on Delinquent Taxes	137,848.01	148,550.90	10,702.89
Penalty on non-payment of taxes by due date	212,627.20	130,551.38	(82,075.82)
<u>Special Fund</u>			
Company License Application Fee	29,000.00	25,000.00	(4,000.00)
Health Maintenance Organization License Fee	0.00	0.00	0.00
Automobile Club/ Agent Licenses	10,068.00	7,400.00	(2,668.00)
Insurance Premium Finance Companies Licenses	9,600.00	10,400.00	800.00
Agents Appointment Fees	7,983,084.00	8,453,448.00	470,364.00
Surplus Lines Broker Licenses	15,825.00	15,800.00	(25.00)
Agents License Application Fees	380,315.00	373,676.00	(6,639.00)
Recording, Copying, and Certifying Public Records Fee	65,780.00	60,494.50	(5,285.50)
Assessments To Insurance Companies for Maintenance of the Bureau of Insurance	5,504,922.63	5,529,064.44	24,141.81
Miscellaneous Revenue	0.00	0.00	0.00
Recovery of Prior Year Expenses	122,723.81	161,069.43	38,345.62
Fire Programs Fund	12,529,253.30	13,163,599.62	634,346.32
Licensing P&C Consultants	46,000.00	68,550.00	22,550.00
SCC Bad Check Fee	150.00	50.00	(100.00)
Administrative Penalty Payment	0.00	67,000.00	67,000.00
Fines Imposed by State Corporation Commission	1,249,400.00	1,127,624.00	(121,776.00)
Private Review Agents	13,000.00	(8,000.00)	(21,000.00)
Flood Assessment Fund	108,020.29	121,356.76	13,336.47
Heat Assessment Fund	979,951.87	1,046,767.92	66,816.05
Fraud Assessment Fund	0.00	3,002,801.00	3,002,801.00
Reinsurance Intermediary Broker Fees	1,500.00	1,000.00	(500.00)
Managing General Agent Fees	7,500.00	5,000.00	(2,500.00)
State Publication Sales	320.00	360.00	40.00
Debt Set Off Collections	18.00	0.00	(18.00)
<b>TOTAL</b>	<b>\$266,381,179.58</b>	<b>\$278,425,659.22</b>	<b>\$12,044,461.64</b>