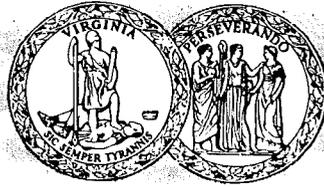


# COMMONWEALTH OF VIRGINIA

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## STATE CORPORATION COMMISSION BUREAU OF INSURANCE

Letter  
Withdrawn  
By Administrative  
Letter 2015-06

July 5, 1994

ADMINISTRATIVE LETTER 1994-7

TO: ALL COMPANIES LICENSED TO WRITE AUTOMOBILE LIABILITY AND  
AUTOMOBILE PHYSICAL DAMAGE INSURANCE IN VIRGINIA

RE: MANDATORY OFFER OF RENTAL REIMBURSEMENT COVERAGE

For policies effective on and after July 1, 1994, §38.2-2230 of  
the Code of Virginia states:

Every insurer issuing a new or renewal policy of  
motor vehicle insurance, as defined in §38.2-2212,  
which provides comprehensive or collision coverage,  
shall offer in writing to the named insured the  
option of purchasing rental reimbursement coverage.

The purpose of this letter is to inform each company licensed to  
write automobile liability and automobile physical damage  
insurance of the application of §38.2-2230.

§38.2-2230 applies to all policies subject to the provisions of §38.2-2212 of the Code of Virginia. The offer of rental reimbursement coverage must be made by every insurer issuing a new or renewal "policy of motor vehicle insurance", as defined in §38.2-2212 which provides comprehensive or collision coverage. Subsection A of §38.2-2212 states the following:

"*Policy of motor vehicle insurance or policy* means a policy or contract for bodily injury or property damage liability insurance issued or delivered in this Commonwealth covering liability arising from the ownership, maintenance, or use of any motor vehicle, insuring as the named insured one individual or husband and wife who are residents of the same household, and under which the insured vehicle designated in the policy is either:

- a. A motor vehicle of a private passenger, station wagon, or motorcycle type that is not used commercially, rented to others, or used as a public or livery conveyance where the terms *public or livery conveyance* do not include car pools, or
- b. Any other four-wheel motor vehicle which is not used in the occupation, profession, or business, other than farming, of the insured, or as a public or livery conveyance, or rented to others. The term *policy of motor vehicle insurance or policy* does not include (i) any policy issued through the Virginia Automobile Insurance Plan, (ii) any policy covering the operation of a garage, sales agency, repair shop, service station, or public parking place, (iii) any policy providing insurance only on an excess basis, or (iv) any other contract providing insurance to the named insured even though the contract may incidentally provide insurance on motor vehicles."

Commercial automobile policies endorsed to provide coverage for individual named insureds may also be subject to the provisions of §38.2-2230. Rental reimbursement coverage must be offered when a commercial automobile policy provides comprehensive or collision coverage for automobiles of the private passenger type or motorcycles when such vehicles are subject to the provisions of §38.2-2212. Commercial automobile policies written to provide coverage for individual named insureds are subject to the provisions of §38.2-2212 when a risk meets the definition of "*policy of motor vehicle insurance*".

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§38.2-2230 requires a positive offer, in writing, with each new or renewal policy. Insurers have flexibility as to the manner in which the offer is given; however, the offer must not be ambiguous or obscure and must be given not later than at the time the new or renewal policy is delivered.

The attached example may be of help in determining the kind of notice or offer that a company should use in order to comply with §38.2-2230. Notices used by individual insurers are not subject to our approval, and should not be filed with the Bureau of Insurance; however, future market conduct examinations will include a determination of whether companies are complying with the statute.

Insurers whose filings do not include provisions for accommodating the provisions of §38.2-2230 should submit the appropriate rule and, if applicable, rate filings as soon as possible in order to comply with the July 1, 1994, effective date.

Questions regarding §38.2-2230 may be directed to the Bureau of Insurance, Property and Casualty Division, at (804) 371-9965.

Sincerely,

A handwritten signature in black ink, appearing to read "S. T. Foster", with a long horizontal line extending to the right.

Steven T. Foster  
Commissioner of Insurance

/rn

Attachments

## NOTICE:

### ADDITIONAL COVERAGE AVAILABLE

FOR POLICIES THAT PROVIDE COMPREHENSIVE OR COLLISION COVERAGES, COVERAGE MAY NOW BE ADDED FOR THE REIMBURSEMENT OF RENTAL VEHICLE EXPENSES.

WHEN THE VEHICLE YOU OWN IS DAMAGED BECAUSE OF A LOSS OR AN ACCIDENT AND WITHDRAWN FROM NORMAL USE, THIS ADDITIONAL COVERAGE PROVIDES FOR REIMBURSEMENT OF EXPENSES INCURRED FOR THE RENTAL OF A SUBSTITUTE VEHICLE OF EQUIVALENT TYPE AND PURPOSE.

CONTACT YOUR AGENT OR COMPANY REPRESENTATIVE IF YOU WISH TO ADD THIS COVERAGE OR NEED ADDITIONAL INFORMATION.