



BUREAU OF INSURANCE

April 19, 1999

Administrative Letter 1999 -2

TO: All companies licensed as insurers in accordance with Chapter 10 or otherwise licensed, registered, listed or approved pursuant to Chapter 26, 27, 28, 29, 40, 41, 42, 43, 44, 45, 47, 48, 51 or 57 of Title 38.2 of the Code of Virginia; and also those subject to regulation by the State Corporation Commission pursuant to § 13.1-400.2, 15.2-2706 or 65.2-802 of the Code of Virginia.

RE: Year 2000

Technical problems arising from the "Year 2000 problem" are well documented and do not need to be addressed in this administrative letter. The purpose of this letter is to remind insurers and other companies comprising Virginia's insurance industry that the Bureau of Insurance expects its regulated companies to continue to provide the services required by their contracts regardless of any Year 2000 disruption. The Bureau is prepared to take regulatory action as authorized by the Code of Virginia regardless of the reasons for noncompliance, including Year 2000 problems.

The State Corporation Commission, including the Bureau, has committed to taking the appropriate steps, both internally and through its regulatory authority, to contribute to the Commonwealth of Virginia's effort to protect Virginians and move into the millennium without disruption of essential services. Accordingly the Commission has urged the industries and businesses it regulates to give adequate attention to the Year 2000 problem. The Bureau is reminding companies that the potential problems cannot be adequately addressed without the active involvement of management and, ultimately, a company's board of directors.

The Bureau will be monitoring the Year 2000 problem and related issues throughout 1999 and beyond. Noncompliance with the requirements of Virginia law, including the failure to pay claims or deliver other contractual services in a reasonably prompt and efficient manner may result in monetary fines and penalties, and more severe action, including suspension and revocation of license, if solvency is threatened or there is a reasonable expectation that continued operation of the company may be hazardous to policyholders or the public.

Sincerely,

Alfred W. Gross
Commissioner of Insurance