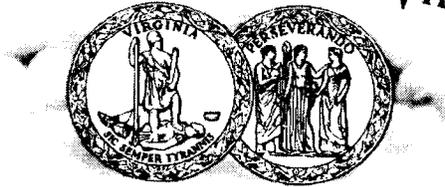


EXAMINATION REPORT
of
VADA GROUP
SELF-INSURANCE ASSOCIATION
RICHMOND, VIRGINIA
as of
DECEMBER 31, 2014

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

COMMONWEALTH OF VIRGINIA

JACQUELINE K. CUNNINGHAM
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE



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I, Jacqueline K. Cunningham, Commissioner of Insurance of the Commonwealth of Virginia, do hereby certify that the annexed copy of the Examination Report of VADA Group Self-Insurance Association as of December 31, 2014, is a true copy of the original report on file with this Bureau.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed to the original the seal of the Bureau at the City
of Richmond, Virginia this 19th day of May, 2016

Jacqueline K. Cunningham
Commissioner of Insurance

(SEAL)

TABLE OF CONTENTS

DESCRIPTION.....1

HISTORY1

MANAGEMENT AND CONTROL2

TERRITORY AND PLAN OF OPERATION3

ADMINISTRATIVE AGREEMENT.....4

CLAIMS SERVICE AGREEMENT4

MARKETING/MANAGEMENT AGREEMENT5

DIVIDENDS TO MEMBERS5

FIDELITY BOND COVERAGE.....6

SPECIAL RESERVES AND DEPOSITS6

EXCESS INSURANCE COVERAGE6

SCOPE7

FINANCIAL STATEMENTS8

RECOMMENDATIONS FOR CORRECTIVE ACTION15

SUBSEQUENT EVENTS18

CONCLUSION.....19

Richmond, Virginia
February 26, 2016

Honorable Jacqueline K. Cunningham
Commissioner of Insurance
Richmond, Virginia

Dear Madam:

Pursuant to your instructions and by authority of Section 38.2-1317 of the Code of Virginia, an examination of the records and affairs of:

**VADA GROUP
SELF-INSURANCE ASSOCIATION**

Richmond, Virginia

hereinafter referred to as the Association, has been completed. The report is hereby submitted for your consideration.

DESCRIPTION

The Association is a group self-insurance association licensed to provide workers' compensation coverage and employers' liability coverage to its members pursuant to Section 65.2-802 of the Code of Virginia and 14 VAC 5-370-10 et seq. (Rules Governing Group Self-Insurers of Liability Under the Virginia Workers' Compensation Act) promulgated by the State Corporation Commission (the "Commission").

The Association was last examined by representatives of the Commission's Bureau of Insurance (the "Bureau") as of December 31, 2011. This examination covers the period from January 1, 2012 through December 31, 2014.

HISTORY

The Association was licensed by the Bureau effective April 1, 1981. On July 1, 1990, the Bureau revised the Association's license to authorize employers' liability coverage.

According to its original indemnity agreement and power of attorney, the Association was formed for the following purpose: "To pool the respective liabilities of members under the Virginia Workers' Compensation Act..."

MANAGEMENT AND CONTROL

Control of the Association is vested in a Members' Supervisory Board (the "Board") elected by the members of the Association. The by-laws provide for no less than nine nor more than twelve board members. The Board shall elect a Chairman, a Vice-Chairman, a Secretary, a Treasurer and any additional officers as the Board deems necessary.

The Board and officers were as follows at December 31, 2014:

<u>Representative</u>	<u>Member</u>
Gerald E. Duncan	Duncan Ford Chrysler Dodge Jeep Rocky Mount, Virginia
Joan W. Goebel	Carter Myers Automotive Chester, Virginia
Jerry F. Halfant	Jim Price Chevrolet Charlottesville, Virginia
George M. Harvey, Jr.	Harvey's Chevrolet Radford, Virginia
Donald J. Hopper	Cowles Parkway Ford Woodbridge, Virginia
Michael J. King	Southern Automotive Group Chesapeake, Virginia
Thaddeus J. Nowak	Ted Britt Ford Automotive Group Fairfax, Virginia
Ralph L. Mastantuono	American Service Center Fairfax, Virginia

Daniel A. Rosinski

Bowditch Ford
Newport News, Virginia

Charles S. Stringfellow, Jr.

Brown's Automotive Group
Fairfax, Virginia

Chris A. Strosnider

Strosnider Chevrolet
Hopewell, Virginia

Officers

Charles S. Stringfellow, Jr.

Chairman

Michael J. King

Vice-Chairman

Donald J. Hopper

Secretary

Joan W. Goebel

Treasurer

TERRITORY AND PLAN OF OPERATION

The operation of the Association is confined to Virginia where it is licensed to transact the business of workers' compensation and employers' liability group self-insurance. Membership in the Association is available to applicants engaged in a similar type of business upon the approval of the Board and the Commission.

All members are required to enter into an indemnity agreement in which each member jointly and severally agrees to assume and discharge members' employers' liabilities and any and all members' liabilities covered under the Virginia Workers' Compensation Act. No formal insurance policy is issued to the members.

The Association has a contractual agreement with an administrator who shall administer and manage the affairs of the Association in accordance with the policies adopted and established by the Board. Marketing services, including new sales, renewal sales, and service calls are provided by a contractual agreement. Claims are processed and paid by a service agent under a contractual agreement with the Association. The Association's operations are conducted on a fiscal year basis ending June 30.

ADMINISTRATIVE AGREEMENT

Effective October 17, 2002, the Association entered into an administrative agreement with Virginia Automobile Dealers Services, Inc. ("VADS"). The initial term of this agreement was for a period of one year and shall be automatically renewed for one year terms thereafter unless terminated by mutual written consent of the Association and VADS.

According to the agreement, VADS is responsible for managing the financial and administrative affairs of the Association, including collecting contributions and assessments, maintaining necessary records of account, managing investments, managing the underwriting of the Association and filing reports and forms as required.

As compensation for its services, VADS shall receive 4.5% of the annual billed audited premium, plus 10% of all income earned on investments, excluding capital gains and losses. Administrative fees for calendar year 2014 were \$478,787.

CLAIMS SERVICE AGREEMENT

Effective January 1, 2005, the Association entered into a claims service agreement with PMA Management Corporation ("PMA"). This agreement, as amended December 19, 2012, extended the term for two additional years through June 30, 2015 and shall remain in force and effect unless otherwise amended or terminated.

According to the agreement, PMA shall provide all customary and appropriate workers' compensation claims handling functions. Such claims handling functions include: the investigating, adjusting, paying, settling or litigating of each qualified claim or loss. PMA's claims services also include: determining appropriate claims reserves, providing customary reporting and other administrative and clerical work. Further, PMA shall provide reporting to the excess insurance carrier, managed care services, risk control services, and risk management information services.

As compensation for its services, PMA shall receive 7.1% of the total annual billable premium. Until such a final amount is established, PMA shall receive monthly installments on the first of each month equaling one-twelfth of the estimated annual fee calculated on the initial estimated annual premium. Claims service agent fees for calendar year 2014 were \$496,704. Additionally, for cost containment services, PMA receives \$7.00 per bill reviewed plus 29% of the total savings resulting from the use of PMA's cost containment programs.

MARKETING/MANAGEMENT AGREEMENT

Effective July 1, 2006, the Association entered into a marketing agreement with E. L. Creech & Co., Inc. ("Creech") to provide the Association with marketing services, including new sales, renewal sales, and service calls. This agreement is for a period of three years, unless terminated by either party by providing written notice at least 30 days prior to termination.

As compensation for its services, Creech shall receive 1% of the annual audited net premiums paid into the Association. Until such a final amount is established, Creech shall receive monthly installments of \$6,666. Marketing fees for calendar year 2014 were \$64,917.

DIVIDENDS TO MEMBERS

Any surplus assets accumulated within a fiscal year may be declared refundable by the Board. Payment of this surplus in the form of dividends, however, may not be made until the Association has received approval from the Bureau. During the examination period, the Bureau approved the following dividends:

<u>Fiscal Year</u>	<u>April 16, 2012</u>	<u>May 7, 2013</u>	<u>May 13, 2014</u>
1995		\$25,000	
1997	\$125,000	100,000	\$50,000
1998	100,000	50,000	
1999			50,000
2002	200,000	100,000	50,000
2003	300,000		
2004	125,000		200,000
1/1/05-6/30/05	750,000	250,000	125,000
2005/2006	1,000,000	500,000	400,000
2006/2007	1,000,000	300,000	250,000
2007/2008	500,000	400,000	400,000
2010/2011			200,000
Totals	<u>\$4,100,000</u>	<u>\$1,725,000</u>	<u>\$1,725,000</u>

FIDELITY BOND COVERAGE

At December 31, 2014, the Association was listed as a named insured on a fidelity bond, with a \$3,000,000 limit of liability, subject to a \$10,000 deductible, to insure against losses arising from dishonest acts of its administrator and employees.

SPECIAL RESERVES AND DEPOSITS

At December 31, 2014, the Association had securities with a market value of \$259,830 on deposit with the Treasurer of Virginia as required by 14 VAC 5-370-60 A.

EXCESS INSURANCE COVERAGE

The Association had both specific and aggregate excess insurance agreements in force at December 31, 2014, with the following limits:

	<u>Association's Retention</u>	<u>Excess Insurer's Limits</u>
Specific Excess	\$600,000	Workers' Compensation Statutory Employers' Liability \$1,000,000
Aggregate Excess	110% of total standard premium, subject to a minimum retention of \$8,424,433	\$5,000,000

SCOPE

This is a full scope financial condition examination initiated and conducted under the provisions of Article 4, Chapter 13 of Title 38.2 of the Code of Virginia. It covers the period January 1, 2012 through December 31, 2014. Assets were verified and liabilities were established at December 31, 2014. A review of income and disbursements for the period was made to the extent deemed necessary.

The items comprising the Balance Sheet had a medium or low risk assessment as determined from the principles of the risk-based examination approach contained in the NAIC Financial Condition Examiners Handbook. Analytical review procedures were applied to non-material items.

In addition, the following matters were reviewed, several of which are discussed separately under their respective captions in the report:

History
Management and Control
Territory and Plan of Operation
Administrative Agreement
Claims Service Agreement
Marketing/Management Agreement
Dividends to Members
Fidelity Bond Coverage
Special Reserves and Deposits
Excess Insurance Coverage
Financial Statements

FINANCIAL STATEMENTS

There follows a statement reflecting the financial condition of the Association at December 31, 2014, a statement of income for the year ended December 31, 2014, a reconciliation of members' equity for the period under review, a statement of members' account by fiscal year inception to date and a statement of Examiners' changes in members' equity.

BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Bonds, long-term	\$20,555,963
Other invested assets	3,217,646
Cash on deposit	2,373,716
Premiums receivable	662,934
Interest due and accrued	305,203
Amounts recoverable on paid losses	253,314
Prepaid expense	18,745
Income tax receivable	<u>211,778</u>
 Total assets	 <u><u>\$27,599,299</u></u>

LIABILITIES AND MEMBERS' EQUITY

Losses unpaid	\$15,034,595
Loss adjustment expenses unpaid	917,354
Contingency reserve	1,454,572
Unearned premiums	793,312
Excess insurance premiums payable	125,629
Premium refunds payable	121,057
Administrative fees payable	123,130
Service agent's fees payable	144,080
Taxes, licenses and fees payable	456,202
Dividends payable	3,418,424
Other expenses payable	202
Marketing payable	18,394
Actuary fees payable	8,250
Investment fees payable	29,750
Accounting fees payable	14,100
Payroll audits payable	<u>46,115</u>
 Total liabilities	 \$22,705,166
 Restricted members' equity	 \$259,830
Unrestricted members' equity	<u>4,634,303</u>
 Total liabilities and members' equity	 <u><u>\$27,599,299</u></u>

STATEMENT OF INCOME
FOR YEAR ENDED DECEMBER 31, 2014

UNDERWRITING INCOME

Premiums earned	<u>\$6,716,660</u>
Deductions:	
Losses incurred	\$3,906,501
Loss expenses incurred	1,118,950
Other underwriting expenses incurred	1,751,594
Contingency reserve	<u>221,482</u>
Total underwriting deductions	<u>\$6,998,527</u>
Net underwriting gain or (loss)	<u>(\$281,867)</u>

INVESTMENT INCOME

Net investment income earned	\$862,068
Net realized capital gains or (losses)	<u>132,202</u>
Net investment gain	<u>\$994,270</u>

OTHER INCOME

Contingency applied to deficit	\$2,197,075
Miscellaneous income	<u>6,180</u>
Total other income	<u>\$2,203,255</u>
Net income before federal income taxes incurred	\$2,915,658
Federal income taxes incurred	<u>(682,398)</u>
Net income	<u><u>\$3,598,056</u></u>

RECONCILIATION OF MEMBERS' EQUITY

	<u>2012</u>	<u>2013</u>	<u>2014</u>	
Members' equity, previous year before undistributed dividends	*	\$8,086,860	\$7,267,524	\$6,431,840
Adjustment for previous examination changes		112,151		
Net income		2,422,724	1,913,536	3,598,056
Net unrealized capital gains or (losses)		(229,545)	(1,129,623)	(341,827)
Dividends paid to members		<u>(3,124,666)</u>	<u>(1,619,597)</u>	<u>(1,375,512)</u>
Restricted and unrestricted members' equity, end of year, before undistributed dividends		\$7,267,524	\$6,431,840	\$8,312,557
Less: Restricted members' equity, end of year		<u>259,830</u>	<u>259,830</u>	<u>259,830</u>
Unrestricted members' equity, end of year before undistributed dividends		\$7,007,694	\$6,172,010	\$8,052,727
Less: Dividends declared but unpaid		<u>2,963,532</u>	<u>3,068,937</u>	<u>3,418,424</u>
Unrestricted members' equity, end of year		<u><u>\$4,044,162</u></u>	<u><u>\$3,103,073</u></u>	<u><u>\$4,634,303</u></u>

* Adjusted members' equity before undistributed dividends from previous examination.

Members' Account By Fiscal Year Inception to Date December 31, 2014

	All Other Fiscal Years Preceding 1981-2011	Third Fiscal Year Preceding 2011/2012	Second Fiscal Year Preceding 2012/2013	First Fiscal Year Preceding 2013/2014	Partial Current Fiscal Year 7/1/14-12/31/14	Total Inception to Date 1981-2014
<u>Income Received</u>						
Premiums written	\$155,325,999	\$6,499,609	\$7,700,313	\$8,193,632	\$4,624,093	\$182,343,646
Less: Excess insurance	13,338,613	458,342	561,350	520,573	293,240	15,172,118
Net premiums written	\$141,987,386	\$6,041,267	\$7,138,963	\$7,673,059	\$4,330,853	\$167,171,528
Investment income	21,320,855	285,927	197,162	55,281	1,121,790	22,981,015
(Allocation between years)	743,883	92,172	109,287	130,292	(1,075,634)	0
Other	446,307	0	0	0	(1,783,206)	(1,336,899)
Total income collected	\$164,498,431	\$6,419,366	\$7,445,412	\$7,858,632	\$2,593,803	\$188,815,644
<u>Less: Expenses Paid</u>						
Losses paid	\$87,887,808	\$2,444,812	\$3,230,840	\$2,675,518	\$454,018	\$96,692,996
Allocated loss adjustment expenses paid	6,981,702	346,863	396,149	310,078	45,312	8,080,104
Administrative fees	8,619,887	383,879	448,529	423,563	223,564	10,099,422
Service agent's fees	12,857,565	482,800	546,994	482,800	273,352	14,643,511
Taxes, licenses, and fees	3,356,273	299,189	334,363	190,634	0	4,180,459
Federal income tax	659,018	49,527	221,241	15,000	0	944,786
Other expenses	4,822,937	349,805	331,718	245,960	109,947	5,860,367
Total expenses	\$125,185,190	\$4,356,875	\$5,509,834	\$4,343,553	\$1,106,193	\$140,501,645
Net cash income	\$39,313,241	\$2,062,491	\$1,935,578	\$3,515,079	\$1,487,610	\$48,313,999
<u>Add: Receivables</u>						
Premiums receivable	\$0	\$0	\$0	\$0	\$662,934	\$662,934
Interest due and accrued	202,386	25,077	29,734	35,448	12,558	305,203
Recoverable on paid losses	253,314	0	0	0	0	253,314
Other	0	0	0	0	230,523	230,523
Total	\$455,700	\$25,077	\$29,734	\$35,448	\$906,015	\$1,451,974
<u>Deduct: Liabilities</u>						
Losses unpaid	\$2,499,833	\$1,876,569	\$3,366,819	\$4,527,356	\$2,764,018	\$15,034,595
Loss adjustment expenses	272,383	70,719	180,266	237,448	156,538	917,354
Contingency reserve	481,304	194,988	231,140	246,671	300,469	1,454,572
Unearned premiums	0	0	0	0	793,312	793,312
Excess insurance premiums payable	0	0	0	81,064	44,565	125,629
Premium refunds payable	0	0	0	0	121,057	121,057
Administrative fees payable	0	0	0	97,542	25,588	123,130
Service agent's fees payable	0	0	0	100,987	43,093	144,080
Taxes, licenses and fees	0	0	0	0	456,202	456,202
Other expenses payable	0	0	0	26,846	89,965	116,811
Total	\$3,253,520	\$2,142,276	\$3,778,225	\$5,317,914	\$4,794,807	\$19,286,742

Members' Account By Fiscal Year Inception to Date December 31, 2014

	All Other Fiscal Years Preceding 1981-2011	Third Fiscal Year Preceding 2011/2012	Second Fiscal Year Preceding 2012/2013	First Fiscal Year Preceding 2013/2014	Partial Current Fiscal Year 7/1/14-12/31/14	Total Inception to Date 1981-2014
Restricted and Unrestricted Members' Equity to date by fiscal year before dividends	\$36,515,421	(\$54,708)	(\$1,812,913)	(\$1,767,387)	(\$2,401,182)	\$30,479,231
Less: Dividends paid inception to date by fiscal year	22,166,674	0	0	0	0	22,166,674
Less: Restricted Members' Equity by fiscal year	<u>51,966</u>	<u>51,966</u>	<u>51,966</u>	<u>51,966</u>	<u>51,966</u>	<u>259,830</u>
Unrestricted Members' Equity undistributed by fiscal year	\$14,296,781	(\$106,674)	(\$1,864,879)	(\$1,819,353)	(\$2,453,148)	\$8,052,727
Less: Dividends declared but unpaid	<u>3,418,424</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,418,424</u>
Unrestricted Members' Equity 12/31/14	<u>\$10,878,357</u>	<u>(\$106,674)</u>	<u>(\$1,864,879)</u>	<u>(\$1,819,353)</u>	<u>(\$2,453,148)</u>	<u>\$4,634,303</u>

STATEMENT OF EXAMINERS' CHANGES IN MEMBERS' EQUITY
DECEMBER 31, 2014

	Amount Per <u>Association</u>	Amount Per <u>Examiner</u>	Increase (Decrease) <u>Members' Equity</u>
<u>Assets:</u>			
Premiums receivable	\$570,536	\$662,934	\$92,398
Income tax receivable	173,123	211,778	38,655
<u>Liabilities:</u>			
Contingency reserve	\$1,451,364	\$1,454,572	(\$3,208)
Unearned premiums	782,378	793,312	(10,934)
Excess insurance payments payable	118,073	125,629	(7,556)
Premium refunds payable	0	121,057	(121,057)
Administrative fees payable	123,892	123,130	762
Service agent's fees payable	136,525	144,080	(7,555)
Taxes, licenses and fees payable	275,000	456,202	(181,202)
Marketing payable	17,329	18,394	(1,065)
Actuary fees payable	4,125	8,250	(4,125)
Payroll audits payable	22,000	46,115	(24,115)
Examiners' changes in members' equity			<u>(\$229,002)</u>
Restricted and unrestricted members' equity per Association			\$5,123,135
Restricted and unrestricted members' equity per Examiners			<u>4,894,133</u>
Decrease in unrestricted members' equity			<u>(\$229,002)</u>

RECOMMENDATIONS FOR CORRECTIVE ACTION

Management and Control

1. The results of this examination reflect an unrestricted members' equity deficits for the 2011/2012, 2012/2013, 2013/2014, 2014/2015 fiscal years of \$106,674, \$1,864,879, \$1,819,353 and \$2,453,148, respectively. The Board is reminded of its responsibility to assure that the Association is financially sound and able to fulfill its obligations assumed under the Virginia Workers' Compensation Act.

Accounts and Records

2. Income tax receivable \$211,778

The above asset is \$38,655 more than the amount reported by the Association in its 2014 Annual Statement. The Examiners' amount is based on a review of the Association's 2014 federal income tax return filed in 2015.

3. Administrative fees payable \$123,130

The above liability is \$762 less than the amount reported by the Association in its 2014 Annual Statement. The Examiners' amount is based on the actual fees paid compared to the fees required by the administrative agreement for the 2014/2015 fiscal year as of December 31, 2014.

4. Taxes, licenses and fees payable \$456,202

The above liability is \$181,202 more than the amount reported by the Association in its 2014 Annual Statement. The Examiners' amount is based on a review of invoices paid in 2015 for taxes pertaining to 2014.

5. Actuary fees payable \$8,250

The above liability is \$4,125 more than the amount reported by the Association in its 2014 Annual Statement. The Examiners' amount is based on a review of invoices paid in 2015 for actuarial services pertaining to 2014.

6. Payroll audits payable \$46,115

The above liability is \$24,115 more than the amount reported by the Association in its 2014 Annual Statement. The Examiners' amount is based on a review of invoices paid in 2015 for payroll auditing services pertaining to 2014.

Payroll Audit Changes

The adjustments in the following recommendations were determined by utilizing each member's final 2014/2015 fiscal year payrolls which were not fully completed until after the Association's 2014 Annual Statement filing to the Bureau.

7. Premiums receivable \$662,934
Premium refunds payable \$121,057

The above amounts have been increased \$92,398 and \$121,057, respectively. The Examiners' amounts are based on subsequent 2014/2015 fiscal year member payroll audits and reflect differences between audited contributions and contributions paid, prorated for the period June 1, 2014 through December 31, 2014.

8. Contingency reserve \$1,454,572

The above liability is \$3,208 more than the amount reported by the Association in its 2014 Annual Statement. The Examiners' change is a result of an increase in earned premium based on a review of member payroll audits during the period under review and subsequent 2014/2015 fiscal year member payroll audits, which is the basis for the calculation of the contingency reserve.

9. Unearned premiums \$793,312

The above liability is \$10,934 more than the amount reported by the Association in its 2014 Annual Statement. The Examiners' amount reflects the estimated premiums received to date at December 31, 2014, less the amount earned at December 31, 2014 based on subsequent 2014/2015 fiscal year member payroll audits.

10. Excess insurance payments payable \$125,629

The above liability is \$7,556 more than the amount reported by the Association in its 2014 Annual Statement. The Examiners' amount reflects an increase in the modified normal premium, as defined by the excess insurer, and developed from subsequent 2014 member payroll audits, which is the basis for computing excess insurance premiums.

11. Service agent's fees payable \$144,080

The above liability is \$7,555 more than the amount reported by the Association in its 2014 Annual Statement. The Examiners' amount reflects claims service agent fees paid at December 31, 2014, less the amount owed at December 31, 2014 based on the Examiners' analysis of member payroll audits for the period under review and subsequent 2014/2015 fiscal year member payroll audits.

12. Marketing payable \$18,394

The above liability is \$1,065 more than the amount reported by the Association in its 2014 Annual Statement. The Examiners' amount reflects marketing fees paid at December 31, 2014, less the amount owed at December 31, 2014 based on the Examiners' analysis of member payroll audits for the period under review and subsequent 2014/2015 fiscal year member payroll audits.

SUBSEQUENT EVENTS

1. On June 2, 2015, the Bureau approved dividends for the Association's members totaling \$2,250,000.
2. The Association's annual cost for excess insurance coverage effective July 1, 2015 increased \$77,283 or 14%.

CONCLUSION

The courteous cooperation extended by the Association's administrator and service agent during the course of the examination is gratefully acknowledged.

In addition to the undersigned, Chris Collins, CFE and Ben MacKercher participated in the work of the examination.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William Kevin Knight". The signature is fluid and cursive, with a large, stylized initial "W" and "K".

William Kevin Knight, CFE
Senior Insurance Examiner



Group Self Insurance Association
for Workers' Compensation

STATE CORP. COMMISSION
2016 MAY 12 AM 8:22
BUREAU OF INSURANCE

**Members'
Supervisory Board**

Chairman

Joan W. Goebel
Carter Myers Automotive

Vice-Chairman

Michael J. King
Southern Automotive
Group

Secretary

Donald J. Hopper
Cowles Parkway Ford

Treasurer

Gerald E. Duncan
Duncan Ford Chrysler
Dodge Jeep

Stacy Cummings

Priority Auto Group

Jerry Halfant

Price Automotive

George M. Harvey, Jr.

Harvey's

Ralph L. Mastantuono

Mercedes Benz of
Alexandria

Thad Nowak

Ted Britt Ford

Daniel A. Rosinski

Bowditch Ford

Charlie Stringfellow

Malloy Automotive

Chris A. Strosnider

Strosnider Chevrolet

Administrator

Donald L. Hall
Virginia Automobile
Dealers Services, Inc.

May 9, 2016

David H. Smith
Chief Examiner
Bureau of Insurance
State Corporation Commission
PO Box 1157
Richmond, VA 23218

Dear Mr. Smith:

After careful review of your Examination Report as of December 31, 2014, we accept all of your recommendations and will make the necessary adjusting entries.

It was a pleasure to work with your examiners. We found them thorough, professional and highly competent.

Should you have any questions please do not hesitate to contact me.

Regards,

Donald L. Hall
Administrator

Copy: VADA GSIA Chairman Joan Goebel, Carter Myers Automotive
Michael Allen, VADA GSIA General Manager