

COMMONWEALTH OF VIRGINIA

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STATE CORPORATION COMMISSION BUREAU OF INSURANCE

May 30, 2006

Administrative Letter 2006 - 9

TO: All Companies Licensed to Sell Life Insurance in Virginia, all Burial Societies licensed in Virginia, all Limited Lines Life and Health Agents Licensed in Virginia, and Interested Parties

RE: § 38.2-1800 – Definition of *Limited Burial Insurance Authority*

In light of the passage of HB 573, which raises the limit from \$7500 to \$10,000 on limited burial insurance authority (effective July 1, 2006), the Bureau of Insurance (the Bureau), issues this Administrative Letter in an effort to clarify this type of authority and eliminate some confusion that companies and agents may have.

Effective July 1, 2006, Code of Virginia § 38.2-1800 defines "limited burial insurance authority":

"Limited burial insurance authority" means the authority in this Commonwealth to sell, solicit, or negotiate burial insurance society membership where the certificates of membership will not exceed \$10,000 on any individual, on behalf of insurers licensed under Chapter 40 (§ 38.2-4000 et seq.) of this title; or to represent an association referred to in § 38.2-3318.1, limited to soliciting members of that association for burial association group life insurance certificates in amounts of \$10,000 or less.

The Bureau issues a limited lines life and health (type 080) license to persons who wish to sell burial insurance. The limits of this license allow for the sale of burial insurance in only two ways:

1. Burial society. There is currently one licensed burial society in Virginia. Certificates of membership that in total do not exceed \$10,000 may be sold by the limited lines agent and issued by the burial society to any one individual.
2. Association group contract. A limited lines agent may solicit members of an association for burial association group life certificates not to exceed \$10,000 to one individual. These certificates must be issued from a group contract issued to an association for burial insurance. (Code of Virginia §38.2-3318.1 E defines association and policy requirements).

Given these statutory limitations, the following guidance may be helpful:

- A limited lines agent may not sell certificates totaling more than \$10,000 to any one individual from any one burial society or under any one association group contract. This may be one certificate of \$10,000, or a combination.

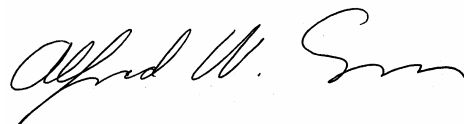
- An individual may belong to more than one association to which a burial insurance group contract has been issued.
- Companies and agents may not circumvent these requirements by having more than one limited lines agent sell certificates of less than \$10,000 to any one individual, but where the total value of all certificates issued to any one individual from any one burial society or under any one association group contract exceeds \$10,000.
- As specifically noted in the definition of “Limited Lines Life and Health Agent” in § 38.2-1800 of the Code of Virginia, a limited lines life and health agent may **not** sell life insurance, health insurance, property insurance, casualty insurance, and title insurance.

Questions regarding this letter may be directed to:

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We appreciate your consideration of this matter.

Cordially,



Alfred W. Gross
Commissioner of Insurance

AWG/jkc