

COMMONWEALTH OF VIRGINIA

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June 1, 2012

Administrative Letter 2012-06

To: All Property and Casualty Insurers and Other Interested Parties

Re: Legislation Enacted by the 2012 Virginia General Assembly – Clarification of House Bill 523 (and companion Senate Bill 369), House Bill 127, and House Bill 1202 (and companion Senate Bill 140)

The Bureau is issuing this administrative letter as further explanation of House Bill 523 (and companion Senate Bill 369), House Bill 127 and House Bill 1202, (and companion Senate Bill 140) as summarized in Administrative Letter 2012-05. **Please see the bolded language below for additional clarification.**

House Bill 523 (Chapter 235) and Senate Bill 369 (Chapter 346) – Effective January 1, 2013

These bills add a section to Chapter 21 (Fire Insurance Policies) to require insurers issuing new or renewal policies of fire insurance, or fire insurance in combination with other insurance coverages, which exclude coverage for damage caused by earthquake, to provide a written notice that explicitly states that “earthquake coverage is excluded unless purchased by endorsement.” This notice must state that information regarding such coverage is available from the insurer or the agent if earthquake coverage is otherwise available from the insurer.

The policies to which the law applies include all fire policies and fire policies in combination with other coverages, including but not limited to mobile home policies, dwelling fire policies, homeowners policies, renters policies, commercial fire policies, commercial package policies providing fire coverage, and master policies providing mortgage force-placed fire coverage that are issued in Virginia. This provision does not apply to surplus lines policies nor does it apply to mutual assessment fire policies.

Insurers may use notices that unambiguously set forth the information required by the law even if the language of the notice is not in the precise language that is quoted in the new section.

House Bill 127 (Chapter 264) – Effective October 1, 2012

This bill amends § 38.2-305 (Insurance Policy Provisions) to require property and casualty insurers to include on each declarations page a list of all policy forms and endorsements, including the form numbers and edition dates, that are applicable to the policy. Insurers that use unique identifier numbers for each form and do not use edition dates are only required to place the unique number on the declarations page.

One example of a unique identifier would be a number with a suffix that changes with each revision (for example, 54231.1 for the first edition and 54231.2 for the second edition).

The bill does not require insurers to list the name of the form nor does it require insurers to list *notices* or other pieces of *correspondence* that they send to their policyholders.

House Bill 1202 (Chapter 371) and Senate Bill 140 (Chapter 561)

These bills add a section to the Fire Insurance Policies chapter (§§ 38.2-2100 et seq.) to require insurers writing fire policies, or fire policies in combination with other coverages, to provide coverage of at least \$250 for the cost of services provided by volunteer fire departments, which are not fully funded by real estate taxes or other property taxes.

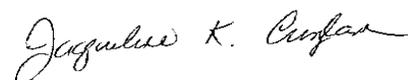
The policies to which the law applies include all fire policies and fire policies in combination with other coverages, including but not limited to mobile home policies, dwelling fire policies, homeowners policies, renters policies, commercial fire policies, commercial package policies providing fire coverage, and master policies providing mortgage force-placed fire coverage that are issued in Virginia. This provision does not apply to surplus lines policies nor does it apply to mutual assessment fire policies.

This provision applies to policies issued or renewed on or after July 1, 2012.

Any questions regarding this administrative letter may be referred to:

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Sincerely,



Jacqueline K. Cunningham
Commissioner of Insurance