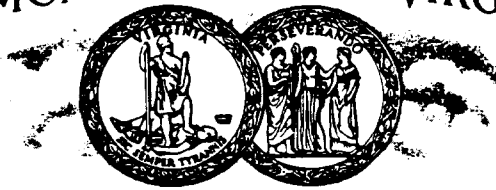


JAMES M. THOMSON
COMMISSIONER OF INSURANCE
THOMAS S. NARDO
FIRST DEPUTY COMMISSIONER

COMMONWEALTH OF VIRGINIA



BOX 1157
RICHMOND, VA. 23209
TELEPHONE (804) 786-374

STATE CORPORATION COMMISSION BUREAU OF INSURANCE

March 1, 1985

ADMINISTRATIVE LETTER 1985-8

TO: All Companies Licensed to Transact Insurance in the Commonwealth of Virginia

RE: Revised Instructions for Filing the "Declaration of Estimated License Tax and Estimated Assessment"

Effective March 1, 1985 the Bureau of Insurance revised its instructions for the filing of the "Declaration of Estimated License Tax and Estimated Assessment". Code Section 38.1-48.2 entitled "Declarations of estimated assessment" requires "Every insurance company which is required to make a declaration of estimated tax as provided in article 2 of Chapter 11 of Title 58 of the Code of Virginia, as amended, and any hospital, medical, surgical, dental or optometric service organization licensed pursuant to the provisions of chapters 11, 11.1 or 11.2 of Title 32 of the Code of Virginia, as amended, shall make a declaration of estimated assessment for the assessable year in the manner hereinafter provided, if the assessment imposed by this chapter can reasonably be expected to exceed five thousand dollars." Chapters 11, 11.1 and 11.2 of Title 32 of the Code of Virginia have been repealed and have been reenacted as Chapters 23 and 27 of Title 38.1.

Code Section 58.1-2520 entitled "Requirement of declaration" states that "Every insurance company subject to the state license tax imposed by Code Section 58.1-2501 shall make a declaration of estimated tax if the tax imposed by this chapter, for the license year, measured by direct gross premium income, can reasonably be expected to exceed \$3,000.00".

Each quarter the Bureau of Insurance mails instructions to all licensed companies applicable to their filing of estimated license tax and estimated assessment. The attached instructions have been revised as follows:

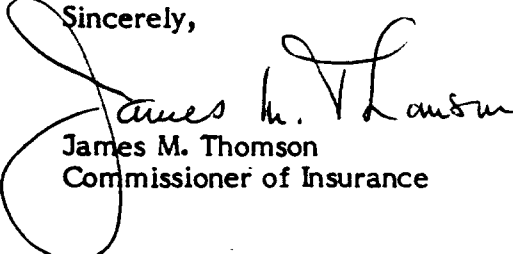
- a. The figures for license tax and/or assessment must be shown in the appropriate column. The figures will be recorded and payments applied as shown on the form. Bureau personnel will not change these figures, even though they appear to be wrong, without written notification from the company "within the applicable calendar year".

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March 1, 1985
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- b. The Bureau will no longer receive, hold and then process post-dated checks. Any checks submitted with a future payment date will be returned to the company.
- c. Code Section 58-502.2 (a) applicable to the filing of license tax has been repealed and reenacted as Code Section 58.1-2520, entitled "Requirement of declaration". The previous statutory requirement of a \$5,000 threshold for filing a declaration has been reduced to \$3,000. Code Section 38.1-48.2 applicable to filing of declarations for estimated assessment retains a minimum filing threshold of \$5,000.00.

Please follow the revised instructions as it will assist the Bureau of Insurance in the expeditious handling of your "Declaration of Estimated License Tax and Estimated Assessment".

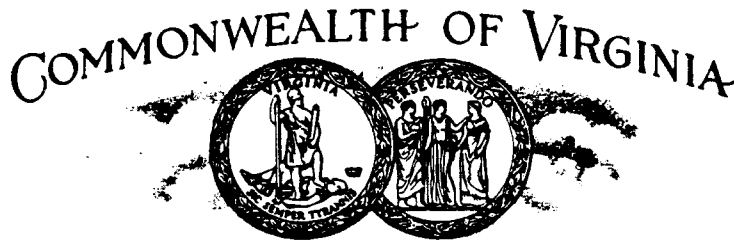
Sincerely,



James M. Thomson
Commissioner of Insurance

JMT:dI
Attachment

JAMES M. THOMSON
COMMISSIONER OF INSURANCE
THOMAS S. NARDO
FIRST DEPUTY COMMISSIONER



BOX 1157
RICHMOND, VA. 23209
TELEPHONE (804) 786-3741

STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

March 1, 1985

MEMORANDUM

TO: ALL INSURANCE COMPANIES LICENSED IN VIRGINIA

RE: REVISED INSTRUCTIONS FOR FILING THE ATTACHED DECLARATION OF ESTIMATED LICENSE TAX AND ESTIMATED ASSESSMENT

The Bureau of Insurance now maintains all company tax records on a computer system. The instructions below are to be followed when completing the declaration for each quarter of the calendar year.

Please read and follow these instructions carefully. Any questions regarding the declaration should be directed to Joyce Doss, (804) 786-4239, or Franklin Harris, (804) 786-6098.

1. The declaration should be filed with the Bureau on or before the due date shown on the form even though no tax liability has been incurred. This allows complete, up-to-date tax records and audit trails imperative to the computer system now in use.
2. The figures for license tax and/or assessment must be shown in the appropriate column. The figures will be recorded and payments applied as shown on the form. Bureau personnel will not change these figures, even though they appear to be wrong, without written notification from the company within the applicable calendar year.
3. Any overpayment from a previous year MAY NOT be applied to quarterly declaration payments. These overpayments will be refunded in accordance with the appropriate Virginia Code Sections at a later date.
4. The Bureau will no longer receive, hold and then process post-dated checks. Any checks submitted with a future payment date will be returned to the company.

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5. All tax records and payments are recorded using ONLY the company's NAIC number. This number is located to the right of the due date on the form. If another company's form is used for submitting the payment, the NAIC number must be changed as well as the company's name. If not, the payment will be posted to the wrong company's record.
6. The declaration must be signed and dated by a company officer. Filing of tax returns or payments of taxes by mail is in accordance with Section 58.1-9 of the Code of Virginia, which reads as follows:

"When remittance of a tax return or a tax payment is made by mail, receipt of such return or payment by the person with whom such return is required to be filed or to whom such payment is required to be made, in a sealed envelope bearing a postmark on or before midnight of the day such return is required to be filed or such payment made without penalty or interest, shall constitute filing and payment as if such return had been filed or such payment made before the close of business on the last day on which such return may be filed or such tax may be paid without penalty or interest."

NOTE: Code Sections 58.1-2520 and 38.1-48.2A state in part that every insurance company subject to a State license tax and/or assessment measured by direct gross premium income must file a declaration of estimated tax and estimated assessment at that point in the taxable and/or assessable year when the tax and/or assessment imposed exceeds \$3,000 and \$5,000, respectively.