

COMMONWEALTH OF VIRGINIA

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MEMORANDUM

TO: All Property and Casualty Insurers

DATE: March 3, 2016

RE: Virginia 2016 House Bill 31, Effective February 23, 2016

This memorandum serves to inform insurers of requirements identified in 2016 House Bill 31, which became effective immediately upon Governor McAuliffe's signature on February 23, 2016. House Bill 31 modifies the provisions of Virginia Code §§ 38.2-231, 38.2-2113, and 38.2-2208 by restoring an insurer's ability to use a certificate of mailing from the United States Postal Service (USPS) to demonstrate that a notice was mailed to the insured, often referred to as "proof of mailing." These statutes apply to notices of cancellation or refusals to renew a policy, and, for policies subject to the provisions of § 38.2-231, to the notice of a premium increase greater than 25 percent, and notice of a reduction in coverage (collectively, "notice"). House Bill 31 did **not** restore the use of certificates of bulk mailing as a method of demonstrating proof of mailing.

House Bill 31 clarifies that Intelligent Mail barcode tracing (IMb Tracing™) is a permitted first-class mail tracking method and identifies a requirement for insurers to maintain records regarding the sending of such notices for one year, regardless of the method used to send the notices.

This memorandum provides guidance relating to the documentation the Bureau of Insurance (Bureau) requires to prove acknowledgement by the USPS that these notices were mailed. The following procedures will be implemented by the Bureau to verify compliance:

- The Bureau will look for evidence that ties the notice to the IMb barcode associated with the mailing. In order to tie the notice to the IMb barcode on the envelope, insurers should place the IMb barcode on the notice as well.
- The Bureau will compare the IMb barcode on the notice to the information the insurer obtained from the USPS showing the facility identification code where the mail was processed, the operation code, the scan date and time, the routing code, and the IMb Tracing™ code. The insurer may provide the Bureau with the single record containing this information; however, the

Bureau reserves the right to request a print out of all or a part of the USPS file that contains the record specific to the notice.

- As a best practice, the Bureau suggests that insurers use unique serial numbers when creating the IMb barcodes for these mailings.
- The Bureau will evaluate the insurer's records to ensure that all records associated with such notices are maintained for one year after the effective date of the notice. These records include the files obtained from the USPS that provide the dates these notices were scanned by the USPS.

If you have questions regarding this memorandum, please contact:

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