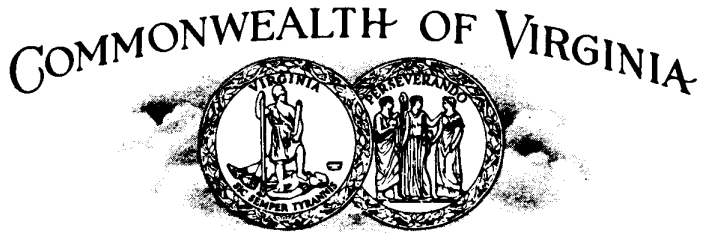
STEVEN T. FOSTER
COMMISSIONER OF INSURANCE



BOX 1157
RICHMOND, VIRGINIA 23209
TELEPHONE: (804) 371-9741
TDD/VOICE: (804) 371-9375

STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

May 27, 1993

ADMINISTRATIVE LETTER 1993-11

TO: All Companies Licensed to Write Credit Insurance

RE: Credit Involuntary Unemployment Insurance

During its 1993 session, the General Assembly of Virginia enacted and amended certain statutes affecting credit involuntary unemployment insurance.

A definition of credit involuntary unemployment insurance was added to Chapter 1 of Title 38.2 of the Code of Virginia. The new definition at §38.2-122.1 enables property and casualty insurers to offer this type of insurance without including a default provision. Previously, this type of insurance was considered credit insurance, as defined in §38.2-122, and a default provision was required to trigger coverage under the policy.

Contracts of credit involuntary unemployment insurance must meet the readability requirements of §38.2-233.F. The attached certification form must be included as a part of any submission of forms for this coverage.

Companies must also file the disclosure notices described in §38.2-233 for review and approval. The disclosures must be on a separate form(s) and may not be incorporated within the contract of insurance or its application. Forms for truncated coverage must include a statement pursuant to §38.2-233.G.1.

All companies currently writing or planning to write credit involuntary unemployment insurance must have the proper authorization added to their license and must promptly file forms in compliance with these statues for use with policies effective on or after July 1, 1993.

Questions concerning license authorization should be directed to the Company Licensing Section of the Financial Regulation Division of the Bureau of Insurance. Policy forms and related certifications must be filed with the Forms and Rates Section of the Property and Casualty Division of the Bureau of Insurance.

Sincerely,

Steven T. Foster
Commissioner of Insurance

Attachment

VIRGINIA READABILITY COMPLIANCE CERTIFICATION

For use with credit involuntary unemployment insurance forms and certificates filed for use with policies effective on or after July 1, 1993.

Name and Address of Insurer: _____

_____

_____

Title of Form/Certificate: _____

Form/Certificate Number: _____

I hereby certify that the Flesch reading case score of the above form or certificate is _____. It contains _____ sentences, _____ words, and _____ syllables. The type size of the text of the form or certificate is _____ point type, _____ point leaded.

I also certify that, to the best of my knowledge and belief, the form or certificate is in compliance with §38.2-233.F. of the Code of Virginia.

_____
Signature of an Officer of the Insurer

_____
Name (Print)

_____
Title

_____
Date

Form VA-CIU