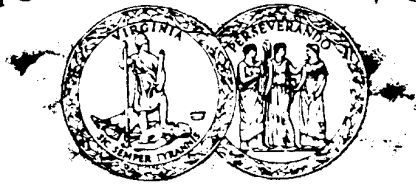


COMMONWEALTH OF VIRGINIA



STEVEN T. FOSTER
COMMISSIONER OF INSURANCE

Box 1157
RICHMOND, VA 23209
TELEPHONE: (804) 786-3741
TDD/VOICE: (804) 225-3806

STATE CORPORATION COMMISSION BUREAU OF INSURANCE

December 21, 1989

Administrative Letter
1989-14

TO: All Companies Licensed to Write Accident and Sickness Insurance in Virginia
RE: Accelerated Approval Procedure for Medicare Supplement Forms and Rates Filings

Effective January 1, 1990, the Medicare Catastrophic Coverage Act of 1988 is repealed. The Bureau of Insurance has adopted an Accelerated Approval Procedure for Medicare Supplement Forms and Rates filings to allow companies writing Medicare supplement insurance in Virginia to file, in a timely manner, forms and rates generated as a result of the repeal. The Bureau of Insurance will seek adoption of the Model Regulation to Implement Transitional Requirements for the Conversion of Medicare Supplement Insurance Benefits and Premiums to Conform to Repeal of the Medicare Catastrophic Coverage Act (Transition Rule), recently adopted by the National Association of Insurance Commissioners (NAIC), as soon as possible. Prior to adoption of these requirements, the Bureau of Insurance will administratively implement procedures consistent with the accelerated policy adjustment procedures as set forth in Section 6 of the NAIC Transition Rule.

If a company wishes to take advantage of this accelerated approval procedure, it must:

1. Submit a filing which complies with all statutory and regulatory requirements.
2. Clearly state in the transmittal letter that the filing is a "Medicare Supplement Transitional Filing".
3. Submit, in duplicate, appropriate premium adjustments necessary to produce loss ratios as originally anticipated for the applicable policies or contracts. Such supporting documents as necessary to justify the adjustment shall accompany the filing and shall be consistent with Virginia Insurance Regulation No. 22, in both content and format.
4. Submit in duplicate any appropriate riders, endorsements or policy forms needed to accomplish the Medicare supplement insurance modifications necessary to eliminate benefit duplications with Medicare and to provide the benefits as listed in Section 5 of the Transition Rule. Any such riders, endorsements or policy forms shall provide a clear description of the Medicare supplement benefits provided by the policy or contract.

5. Submit the following certification signed by an officer of the company:
"The company has reviewed this filing and certifies that to the best of its knowledge and belief, this filing complies with all requirements of the NAIC Model Regulation to Implement Transitional Requirements for the Conversion of Medicare Supplement Insurance Benefits and Premiums to Conform to the Repeal of the Medicare Catastrophic Coverage Act (Transition Rule). The company also certifies that if, upon further review by the Bureau of Insurance, any portion of this filing is found not to comply with any requirement of the Transition Rule, the company will modify the forms or premiums as directed by the Commissioner of Insurance. The company further certifies that any such modification will be made effective as of the effective implementation date of the filing to which this certification applies, and that the company will promptly notify affected insureds of the modification."


The Commission will not use accelerated review procedures for filings received after March 16, 1989.

Filings received that comply with the criteria set forth above, shall be approved immediately upon receipt. Filings received that do not meet this criteria will be reviewed on a first received, first reviewed basis. As soon as the Commission has formally adopted the NAIC Transition Rule, the filings will be reviewed in accordance with our established review procedures and the company will be advised of any required modifications.

If there are questions regarding this procedure please address them to:

Robert L. Wright, CLU, CIE
Supervisor, Forms and Rates Section
Life and Health Division
Bureau of Insurance
P. O. Box 1157
Richmond, Virginia 23209

Sincerely yours,


Steven T. Foster
Commissioner of Insurance

STF/ds