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STATE CORPORATION COMMISSION  
BUREAU OF INSURANCE

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**1984-5 ADMINISTRATIVE LETTER**

TO: All Companies Licensed to Write Property and Casualty Insurance in Virginia

Property and Casualty Market Conduct Examinations conducted by the Bureau of Insurance recently have indicated a number of occasions where companies have used rates other than those which were on file with the Bureau of Insurance. While in many cases these rates have been higher as well as lower than the rates which could have been used legally, in almost all cases where commercial lines business was reviewed the rates used were lower than those on file, and in some cases, it was clear from the file that the lower unfiled rates were intentionally used in order to attract or retain business.

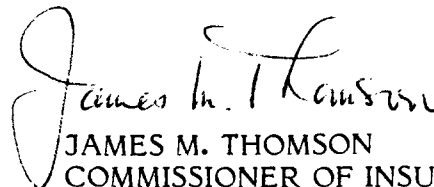
While the Bureau of Insurance has disciplined those companies who have violated the rate filing laws, it should also be noted that in many cases companies have relied upon information provided by their agents in the rating of their policies.

It appears that in an effort to compete for commercial business, some agents have deliberately reported lower exposure units, improper classifications, and other information which would cause the company to charge a lower premium than the filings of the company would allow.

While the company is responsible for acts of its agents, the Bureau of Insurance will also investigate and consider appropriate disciplinary action against agents who act in a fraudulent or dishonest manner. Section 38.1-327.43 of the Code of Virginia provides for the suspension or revocation of an agents license for such actions.

I would therefore urge all companies to advise their branch offices and agents in Virginia that disregard of the Virginia Insurance Rating Laws either by the company or the agent will not be permitted by the Virginia Bureau of Insurance.

Any questions concerning this Administrative Letter should be addressed to Mr. P. A. Synnott, Jr., CPCU, CLU, Deputy Commissioner for Market Regulation.

  
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