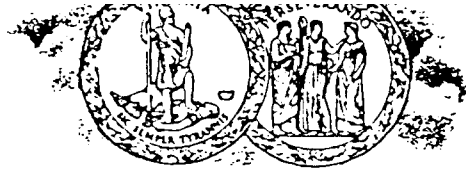


WES W. NEWMAN, JR.
COMMISSIONER OF INSURANCE
W. G. FLOURNOY
FIRST DEPUTY COMMISSIONER



BOX 1157
RICHMOND, VA. 231
TELEPHONE (804) 786 -

STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

March 19, 1979

1979-9

REPLY REQUESTED

TO: The President of the Insurer Addressed

RE: Charges for Motor Vehicle Accident
and Conviction Reports

The Bureau of Insurance has recently received a number of complaints regarding the practice of some Companies and agents of (1) charging applicants for automobile insurance in the voluntary market a fee for obtaining a motor vehicle accident and conviction report or (2) requiring applicants to obtain their own motor vehicle reports in order to be considered for insurance.

The purpose of this letter is to point out that these are improper practices and they should be stopped immediately. Automobile insurance rates include among other General Expenses the expense for obtaining underwriting information such as a motor vehicle report.

In addition, Section 38.1-337 of the Code of Virginia provides that all fees, charges, premiums or other consideration charged for the insurance or for the procurement thereof shall be stated in the policy. As such, the practice of charging applicants for motor vehicle reports or of requiring applicants to obtain their own reports violates this section.

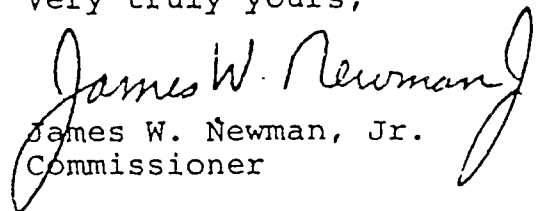
Also, I would like to remind you that Section 38.1-279.33 of the Code of Virginia does not permit assignment of points under an insurer's safe driver insurance plan to its insured as a result of a motor vehicle accident unless the accident was "caused in whole or in part by the fault of its insured." An insurer should not assign a point to an insured merely because accident involvement is indicated on a motor vehicle report. The insurer must make sufficient investigation to be able to support the legal requirement of fault.

MEMORANDUM TO THE PRESIDENT OF THE INSURER ADDRESSED
Page Two
March 19, 1979

It is important that you notify immediately appropriate personnel of your Company and your Virginia agents licensed to write automobile insurance.

Please advise me by return mail no later than April 16, 1979, that Company personnel and your Virginia agents have been advised of this letter and have been directed to comply with it.

Very truly yours,


James W. Newman, Jr.
Commissioner

JWNjr:dj