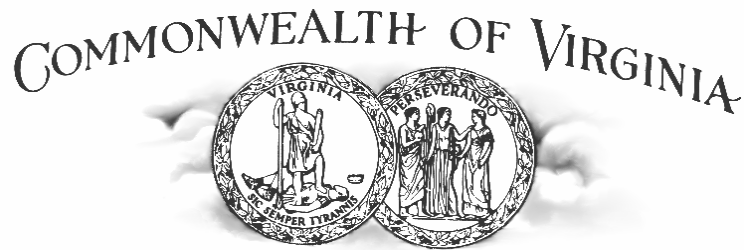


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**STATE CORPORATION COMMISSION
BUREAU OF INSURANCE**

May 7, 2007

Obsolete 9/10/21

Administrative Letter 2007-5

TO: All Entities with Authority to Appoint Agents in Virginia and Other Interested Parties

RE: Administrative Changes and Changes in Laws Governing Agent Licensing

Please distribute to the appropriate personnel within your company, and notify agents of the changes.

The purpose of this Administrative Letter is to advise insurers and insurance agents regarding a change in the agent appointment fee and a change in Chapter 18 of Title 38.2 of the Code of Virginia, both of which are effective as of July 1, 2007.

Agent Appointment Fees

The State Corporation Commission has determined that the agent appointment fee should be reduced to \$12. In 2002 the statutory maximum for the appointment fee was raised to \$25 in order to address possible future increases to cover increased processing costs; however, such costs have not yet increased as anticipated; therefore, the Commission determined that the appointment fee shall be reduced from \$14 to \$12, **effective July 1, 2007.**

The 2006-2007 appointment renewal invoices for the fiscal year ending June 30, 2007 and the appointment billing for the quarter ending June 30, 2007 will be billed on or about July 2, 2007 at the current **\$14** amount.

The appointment fees billed to insurers and payable on November 10, 2007 for the quarter ending September 30, 2007 (and for each quarter thereafter) will be billed at the reduced **\$12** amount.

Sections 38.2-1833 and 1834 of the Code of Virginia can be reviewed on the General Assembly Legislative Information System website at <http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+TOC3802000001800000000000>.

Automatic Agent License Termination

Section 38.2-1825 B of the Code of Virginia provides as follows:

An agent's license shall automatically terminate after a period of 183 calendar days during which no appointment of such agent under such license was in effect. The Commission may, upon a showing of good cause, and upon payment of any prescribed fee, waive or extend this requirement. As used herein, the term "good cause" shall not include negligence, clerical error, or administrative oversight by the licensee or the appointing insurer.

The Bureau of Insurance recommended to the 2007 Session of the Virginia General Assembly that it repeal this subsection. The General Assembly enacted, and Governor Kaine signed, House Bill 3016, which repeals § 38.2-1825 B and reenacts the remainder of § 38.2-1825 of the Code of Virginia, effective July 1, 2007. Section 38.2-1825 can be reviewed on the General Assembly Legislative Information System website at <http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+38.2-1825>. The change to § 38.2-1825 does not affect the requirements contained in other licensing and appointment statutes as prescribed in Chapter 18 of Title 38.2 of the Code of Virginia.

This Administrative Letter is available on the Bureau of Insurance website at <http://www.scc.virginia.gov/division/boi/webpages/boiadministrativeltrs.htm>.

Questions relating to this Administrative Letter should be directed to:

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Cordially,



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Commissioner of Insurance