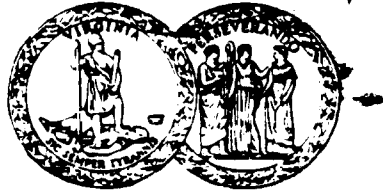


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STATE CORPORATION COMMISSION BUREAU OF INSURANCE

May 22, 1987

ADMINISTRATIVE LETTER 1987 - 9

TO: All Insurers Licensed and Approved to Transact
Insurance Business in Virginia

RE: Report of Acts Deemed Larceny

The Bureau of Insurance has become aware that some companies doing business in Virginia may be in violation of Section 38.2-1810 of the Code of Virginia.

Section 38.2-1810 requires that if an insurer knows or has reasonable cause to believe that any appointed agent or licensed surplus lines broker of the insurer has committed any act of larceny as prescribed in Title 18.2, Chapter 5, Section 18.2-111 of the Virginia Code with respect to any money, bill, note, check, order, draft, or other property either belonging to the insurer or received by the agent or surplus lines broker on behalf of the insurer, the insurer must file a statement with the Commission of all the relevant facts and circumstances within sixty days after acquiring the knowledge.

The most common occurrences of larceny with respect to insurance transactions involve the collection of premium monies by an agent which are not remitted to the company and the failure of an agent to remit return premiums due insureds.

Please be aware that the Code further states that the information provided the Commission by the company is a privileged communication and will not subject the company to any liability whatsoever.

Any statements concerning larceny or any other improprieties by insurance agents should be directed to Gail Kimpfler, Supervisor of Agent Investigations, for Property and Casualty matters, and John Mardigian, Supervisor of Consumer Services, for Life and Health matters. A copy of Section 18.2-111 is reproduced on the back of this letter for your information.

Sincerely,

Steven T. Foster
Commissioner of Insurance

STF/ff

ARTICLE 4.

Embezzlement and Fraudulent Conversions.

§ 18.2-111. Embezzlement deemed larceny; indictment; statement from attorney for the Commonwealth. — If any person wrongfully and fraudulently use, dispose of, conceal or embezzle any money; bill, note, check, order, draft, bond, receipt, bill of lading or any other personal property, tangible or intangible, which he shall have received for another or for his employer, principal or bailor, or by virtue of his office, trust, or employment, or which shall have been entrusted or delivered to him by another or by any court, corporation or company, he shall be deemed guilty of larceny thereof, may be indicted as for larceny, and proof of embezzlement under this section shall be sufficient to sustain the charge. On the trial of every indictment for larceny, however, the defendant, if he demands it, shall be entitled to a statement in writing from the attorney for the Commonwealth designating the statute he intends to rely upon to ask for conviction. Such statement shall be furnished to the defendant, or his attorney, no later than five days prior to the date fixed for trial on the indictment provided the demand is made more than five days prior to such date. (Code 1950, § 18.1-109; 1960, c. 358; 1975, cc. 14, 15; 1979, c. 349.)