

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

AT RICHMOND, NOVEMBER 28, 1983

ADMINISTRATIVE ORDER NO. 8301

**ORDER SUSPENDING THE REQUIREMENT OF FILING CERTAIN
RATES, RATING PLANS, AND RULES COVERING THOSE CLASSES
OF RISKS KNOWN AS HIGHLY PROTECTED RISKS UNDER THE
PROVISIONS OF § 38.1-279.32 [RECODIFIED AS § 38.2.1903] OF
THE CODE OF VIRGINIA**

WHEREAS, IT APPEARING TO THE Commission that the requirement of filing certain rates, rating plans, and rules for those classes of non-commonplace hazards commonly referred to as highly protected risks, special risk properties, preferred risk properties, or others, should be suspended, pursuant to the provisions of § 38.1-279.32 [recodified as § 38.2-1903] of the Code of Virginia, for the reasons that the marketplace for such insurance is highly competitive, the insureds therein are highly sophisticated insurance consumers and the risks to be insured are non-commonplace hazards. In order for such insureds to qualify for rating under the above-described plans, they must exhibit each of the following characteristics:

1. Management which demonstrates its willingness and determination to reduce probability of loss;
2. Need for periodic and thorough specialized inspection and engineering service designed to prevent or minimize loss and one which demonstrates its effectiveness toward that end;
3. Insurable values sufficient to produce a premium of an amount to warrant the furnishing of special inspection and engineering service by the Insurer;

4. Such structural design and degree of protection which, together with efficient specialized inspection and engineering services, will have the effect of reducing the relative importance of such factors as exposure, and quality of public fire protection;

5. Fire-resistive or incombustible, heavy timber or other approved construction, in good state of preservation and repair;

6. Equipped with fire protection or loss prevention equipment in all areas where such protection is deemed necessary;

7. Provided with satisfactory watchman or alarm service or its equivalent where necessary; and

8. Protected where necessary by adequate public and/or private exterior fire protection system embracing an adequate number of hydrants, hose and necessary miscellaneous equipment with adequate water supply.

IT IS, THEREFORE, ORDERED:

(1) That the requirement of filing certain rates, rating plans, and rules for those classes of risk hereinabove described as highly protected risks be, and they hereby are, suspended under the provisions of § 38.1-279.32 [recodified as § 38.2-1903] by entry of this Order, until the further order of the Commission; and

(2) That the rates, rating plans, and rules affected by this Order and hereinafter used by insurers shall not be excessive, inadequate, or unfairly discriminatory. The Commission hereby reserves the right, either upon its own motion, or upon complaint, to make such examination or investigation with respect thereto as it may deem advisable or necessary in order to determine whether any rate, rating plan, or rule affected by such suspension may be, or may become, excessive, inadequate, or unfairly discriminatory.

IT IS FURTHER, ORDERED:

That an attested copy hereof shall be sent to every rate service organization licensed in this Commonwealth, the Bureau of Insurance, and to all insurance companies licensed to write fire and miscellaneous property insurance in this Commonwealth.