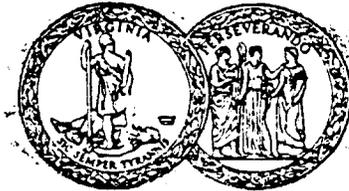


COMMONWEALTH OF VIRGINIA



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STATE CORPORATION COMMISSION BUREAU OF INSURANCE

May 28, 1982

ADMINISTRATIVE
LETTER 1982-13

TO: ALL COMPANIES LICENSED TO WRITE MOTOR VEHICLE INSURANCE
IN VIRGINIA

RE: Competitive Pricing Rating Law
Chapter 226 (H213), 1982 Acts of Assembly
Rate Standards - Motor Vehicle Insurance

By Administrative Letter 1982-5, dated April 30, 1982, I forwarded to you summaries of statutes enacted or amended and re-enacted by the General Assembly of Virginia during its 1982 Session, including the above captioned which becomes effective on July 1, 1982, and which changes the manner in which insurers may charge increased or surcharged rates under a "Safe Driver Insurance Plan", by whatever name such be referred to, and which permits premium credits for up to sixty (60) months, both related to motor vehicle insurance.

The amendment to Section 38.1-279.33 of the Code provides, in subsection (c) thereof, that no insurer shall use, in whole or in part, any information pertaining to any motor vehicle conviction or accident to produce increased or surcharged rates above their filed manual rates for individual risks for a period in excess of thirty-six months commencing no later than twelve months after the date of such conviction or accident, whichever is earlier.

This means that effective July 1, 1982, an insurer who uses any information, in whole or in part, to first charge for an accident (where the accident was caused in whole or in part by the fault of its insured - Section 38.1-279.33:1) or for a conviction under its "Safe Driver Insurance Plan" within twelve (12) months of the date of such accident or conviction, is permitted to make such charge for a period not in excess of thirty six (36) months.

If the insurer makes its first charge for such accident or conviction later than (after) twelve (12) months from the date of such accident or conviction, the insurer is not permitted to make such charge for a period of thirty-six (36) months.

In example of the foregoing paragraph, where an insured under a policy effective June 1, 1982 to December 1, 1982 is involved in a chargeable accident on July 15, 1982, the point can be charged either beginning on December 1, 1982 and charged until the December 1, 1985 renewal, or beginning on June 1, 1983 and charged until the June 1, 1986 renewal.

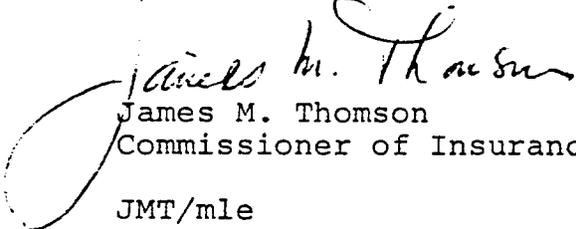
If the point for the accident of July 15, 1982 was not learned of until August 1, 1983, for example, the point could be charged beginning on December 1, 1983 until the June 1, 1986 renewal only.

The amendment to Section 46.1-31 of the Code provides, in subsection B.2. thereof, that the Commissioner of Motor Vehicles will provide abstracts of the operating record of any person covering a period of sixty (60) months.

As such, insurers can provide premium credits in their motor vehicle insurance rating plans for insureds who are accident-free and/or conviction-free for a period up to sixty (60) months, based upon information available from the Division of Motor Vehicles.

Should you have any questions concerning this matter, kindly communicate same to the Bureau in writing.

Very truly yours,


James M. Thomson
Commissioner of Insurance

JMT/mle