

**BUREAU OF INSURANCE
ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2008**

The regulation of insurance was transferred to the State Corporation Commission from the Auditor of Public Accounts in 1906. The Bureau of Insurance (Bureau) has licensed and examined the affairs of insurance companies since that time. Here in the Commonwealth of Virginia, the functions of the Bureau have increased with the complexity and importance of insurance in our daily lives. In keeping with the Commission's mission, Bureau staff strives to balance the interests of insurance consumers with its duty to regulate Virginia's business responsibility.

The Bureau of Insurance is divided into the following four divisions: The Financial Regulation Division licenses, analyzes, and examines insurance companies and, if necessary, takes steps to resolve financial problems before a company becomes unable to meet its obligations; the Life and Health Market Regulation Division regulates the activities of life, and accident and sickness insurers, health service plans and health maintenance organizations; the Property and Casualty Market Regulation Division regulates the activities of property and casualty insurers (automobile and homeowners); and the Agent Regulation and Administration Division regulates the activities of insurance agents, collects various special taxes and assessments on insurance companies and works in an auxiliary role in support of the Bureau's other divisions.

The regulatory functions of the Bureau of Insurance include: (1) Agent Investigations staff monitor the activities of insurance agents and agencies to ensure their actions comply with state law; (2) Consumer Services staff answer questions and assist consumers with problems concerning insurance companies or agents by investigating consumer complaints; (3) Market Regulation staff conduct on-site field examinations of insurance company practices in Virginia to ensure compliance with state law, to verify whether a company pays claims timely, to ensure that underwriting decisions are not unfairly discriminatory, and to evaluate marketing materials to ensure that they are not misleading; (4) the Office of the Managed Care Ombudsman promotes and protects the interests of covered persons under managed care health insurance plans (MCHIP) and assists consumers in understanding and exercising their rights of appeal of adverse decisions made by MCHIPs; and (5) Policy Forms and Rates Filing staff evaluate insurance policies and rates to ensure compliance with state law, that policies are written in understandable language, and that premiums charged are reasonable and not unfairly discriminatory.

SUMMARY OF 2008 ACTIVITIES

New insurance companies licensed to do business in Virginia	51
Insurance company financial statements analyzed	6,610
Financial examinations of insurance companies conducted	36
Property and Casualty insurance rules, rates and form submissions	8,897
Life and Health insurance policy forms and rates submissions	6,609
Property and Casualty insurance complaints received	2,505
Life and Health insurance complaints received	2,466
Market conduct examinations completed by the Life and Health Division	21
Market conduct examinations completed by the Property and Casualty Division	10
Insurance agents and agencies licensed	165,449
Tax and assessment audits	7,721
Ombudsman Office inquiries received	915
Individuals assisted by Ombudsman Office in appealing MCHIP denials	221

EXTERNAL APPEAL FISCAL YEAR 2008

Number of Cases Reviewed	321
Eligible Appeals	202
Ineligible Appeals	119
Eligibility Pending	0
Final Adverse Decision Upheld By Reviewer	69
Final Adverse Decision Overturned by Reviewer	121
Final Adverse Decision Modified	5
MCHIP Reversed Itself	7
Appeal Decisions Pending	0
Approximate Cost Savings to Appellants	\$1,600,271

NOTICE OF INSURANCE-RELATED ENTITIES IN RECEIVERSHIP

Pursuant to Virginia Code § 38.2-1517, please **TAKE NOTICE** that the following insurance-related entities are in receivership under authority of various provisions of Title 38.2 of the Code of Virginia:

Fidelity Bankers Life Insurance Company d/b/a First Dominion Life Insurance (FBL/FD). Date of receivership: May 13, 1991. The company will not resume the transaction of the business of insurance. For more information/updates you can e-mail www.fblic.com.

HOW Insurance Company, a Risk Retention Group, Home Owners Warranty Corporation and Home Warranty Corporation (the HOW Companies). Date of receivership: October 7, 1994. The company will not resume the transaction of the business of insurance. For more information/updates you can e-mail www.howcorp.com.

The Commission is the Receiver, and Commissioner of Insurance Alfred W. Gross is the Deputy receiver, of FBL/FD and the HOW Companies. Any inquiries concerning the conduct of the receivership of First Dominion Life Insurance Company and the HOW Companies may be directed to their Special Deputy Receiver, Patrick H. Cantilo, Esquire, Cantilo & Bennett, LLP, Suite 200, Building C, 7501 North Capital of Texas Highway, Austin, Texas 78731.

Reciprocal of America (ROA) and The Reciprocal Group (TRG). Date of receivership: January 29, 2003. An Order of Liquidation with a Finding of Insolvency and Directing the Cancellation of Direct Insurance Policies was entered on June 20, 2003, and on October 28, 2003, the proposed plan of liquidation was approved by entry of an Order Setting Final Bar Date and Granting the Deputy Receiver Continuing Authority to Liquidate Companies.

The Commission is the Receiver, and the Commissioner of Insurance, Alfred W. Gross, is the Deputy Receiver of ROA and TRG. Any inquiries concerning the conduct of the receivership of ROA and TRG may be directed to Mike R. Parker, Receivership Operations Manager at 4200 Innsbrook Drive, Glen Allen, Virginia, or P.O. Box 85058, Richmond, Virginia 23285-5058 or by e-mail at www.reciprocalgroup.com.

**COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE
FOR THE FISCAL YEARS ENDING JUNE 30, 2007, AND JUNE 30, 2008**

<u>Kind</u>	<u>2007</u>	<u>2008</u>	<u>Increase or (Decrease)</u>
<u>General Fund</u>			
Gross Premium Taxes of Insurance Companies	\$384,894,000.28	\$396,857,786.77	\$11,963,786.49
Fraternal Benefit Societies Licenses	500.00	440.00	(60.00)
Interest on Delinquent Taxes	25,387.59	543,020.37	517,632.78
Penalty on non-payment of taxes by due date	303,759.51	182,675.45	(121,084.06)
<u>Special Fund</u>			
Company License Application Fee	31,000.00	26,000.00	(5,000.00)
Health Maintenance Organization License Fee	0.00	0.00	0.00
Automobile Club/ Agent Licenses	6,200.00	6,800.00	600.00
Insurance Premium Finance Companies Licenses	14,300.00	14,400.00	100.00
Agents Appointment Fees	16,831,942.00	16,872,679.00	40,737.00
Surplus Lines Broker Licenses	68,100.00	71,950.00	3,850.00
Home Service Contract Providers License Fee	6,000.00	0.00	(6,000.00)
Producer License Application Fees	802,545.00	847,275.00	44,730.00
Surety Bail Bondsmen License Fee	0.00	0.00	0.00
P&C Consultant License Fees	66,745.00	66,450.00	(295.00)
Recording, Copying, and Certifying			
Public Records Fee	24,513.00	54,440.50	29,927.50
SCC Bad Check Fee	116.25	210.00	93.75
Managed Care Health Ins. Plan Appeals Fee	1,850.00	2,700.00	850.00
Administrative Penalty Payment	0.00	234,000.00	234,000.00
State Publication Sales	0.00	0.00	0.00
Assessments To Insurance Companies for			
Maintenance of the Bureau of Insurance	7,605,240.83	7,682,918.16	77,677.33
Reinsurance Intermediary Broker Fees	500.00	3,000.00	2,500.00
Reinsurance Intermediary Managers Fee	0.00	0.00	0.00
Managing General Agent Fees	7,000.00	8,500.00	1,500.00
Viatical Settlement Provider License Fees	5,800.00	7,200.00	1,400.00
Viatical Settlement Broker License Fees	15,850.00	16,650.00	800.00
MCHIP Assessment	0.00	0.00	0.00
Appointment Fee Penalty	253,900.00	113,700.00	(140,200.00)
Miscellaneous Revenue	2,660.00	0.00	(2,660.00)
Recovery of Prior Year Expenses	41,784.09	101,990.67	60,206.58
Fire Programs Fund	27,352,995.17	28,190,505.27	837,510.10
Fire Programs Fund Interest	116,999.68	141,767.00	24,767.32
DMV Uninsured Motorist Transfer	7,121,955.26	7,102,784.20	(19,171.06)
Flood Assessment Fund	316,337.94	334,137.98	17,800.04
Heat Assessment Fund	1,591,189.30	1,573,544.63	(17,644.67)
Fines Imposed by State Corporation Commission	1,391,350.00	1,341,690.39	(49,659.61)
Fraud Assessment Fund	5,156,332.61	5,160,652.39	4,319.78
Fraud Assessment Interest	33,445.98	36,951.57	3,505.59
TOTAL	\$454,090,299.49	\$467,596,819.35	\$13,506,519.86