

BUREAU OF INSURANCE REGULATION ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2015

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 is divided into the following five 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 insurers, 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); the Agent Regulation and Administration Division licenses and regulates the activities of licensed insurance agents, agencies and public adjusters and collects various special taxes and assessments on insurance companies; and the Policy and Compliance Division monitors state and federal legislation impacting insurance regulation, prepares reports and studies for the Bureau, and supports the other Bureau divisions in an auxiliary role in performing their respective regulatory functions.

The regulatory functions of the Bureau include: (1) monitoring the activities of insurance agents, agencies and public adjusters to ensure their actions comply with state law; (2) answering questions and assisting consumers with problems concerning insurance companies or agents by investigating consumer complaints; (3) conducting on-site field examinations of insurance company practices in Virginia to ensure compliance with state law and to verify whether claims are paid on a timely basis, underwriting decisions are not unfairly discriminatory, and that marketing materials are not misleading; (4) promoting and protecting the interests of covered persons under managed care health insurance plans (MCHIP) and assisting consumers in understanding and exercising their rights of appeal of adverse decisions made by MCHIPs; and (5) evaluating 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 2015 ACTIVITIES

New insurance companies licensed to do business in Virginia	25
Insurance company financial statements analyzed	1,145
Financial examinations of insurance companies conducted	18
Property and Casualty insurance rules, rates and form submissions	4,870
Life and Health insurance policy forms and rates submissions	2,749
Property and Casualty insurance complaints received	2,125
Life and Health insurance complaints received	2,557
Market conduct examinations completed by the Life and Health Division	3
Market Regulation Continuum Actions completed by the Life and Health Division	28
Market conduct examinations completed by the Property and Casualty Division	4
Market Regulation Continuum Actions completed by the Property and Casualty Division	79
Insurance agents and agencies licensed	218,418
Assessment audits	4,708
Ombudsman Office inquiries received	583
Individuals assisted by Ombudsman Office in appealing MCHIP denials	171

EXTERNAL APPEAL FISCAL YEAR 2015

Number of Cases Reviewed	408
Eligible Appeals	156
Ineligible Appeals	252
Eligibility Pending	0
Final Adverse Decision Upheld By Reviewer	93
Final Adverse Decision Overturned by Reviewer	51
Final Adverse Decision Modified	2
MCHIP Reversed Itself	0
Appeal Decisions Pending	0
Terminated or Withdrawn	0

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:

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 Jacqueline K. Cunningham is the Deputy receiver, of HOW. Any inquiries concerning the conduct of the receivership of HOW may be directed to their Special Deputy Receiver, Patrick H. Cantilo, Esquire, Cantilo & Bennett, LLP, Suite 300, 11401 Century Oaks Terrace, Austin, Texas 78758.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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, Jacqueline K. Cunningham, is the Deputy Receiver of ROA and TRG. Any inquiries concerning the conduct of the receivership of ROA and TRG may be directed to John Cox with the Commission's Office of General Counsel, Special Deputy Receiver of ROA and TRG or by e-mail at www.reciprocalgroup.com.

Southern Title Insurance Corporation (STIC). Date of receivership: December 20, 2011. The State Corporation Commission was named receiver for STIC by the Circuit Court of the City of Richmond.

The Commission is the Receiver, and the Commissioner of Insurance, Jacqueline K. Cunningham, is the Deputy Receiver of STIC. Any inquiries concerning the conduct of the receivership of STIC may be directed to John Cox with the Commission's Office of General Counsel, Special Deputy Receiver of STIC.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

**COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE
FOR THE FISCAL YEARS ENDING JUNE 30, 2014, AND JUNE 30, 2015**

<u>General Fund</u>	<u>2014</u>	<u>2015</u>	Increase or (Decrease)
Gross Premium Taxes of Insurance Companies	\$369,941.17	\$24,170.93	(\$345,770.24)
Fraternal Benefit Societies Licenses	480.00	480.00	0.00
Interest on Delinquent Taxes	98,982.40	3,392.99	(95,589.41)
Penalty on non-payment of taxes by due date	56,389.60	1,306.48	(55,083.12)
 <u>Special Fund</u>			
Company License Application Fee	12,000.00	10,500.00	(1,500.00)
Health Maintenance Organization License Fee	0.00	0.00	0.00
Automobile Club/ Agent Licenses	7,400.00	6,700.00	(700.00)
Insurance Premium Finance Companies Licenses	13,000.00	14,600.00	1,600.00
Fraternal Benefit Societies Licenses	0.00	0.00	0.00
Agents Appointment Fees	16,929,246.00	14,973,042.00	(1,956,204.00)
Surplus Lines Broker Licenses	108,650.00	112,850.00	4,200.00
Home Service Contract Providers License Fee	7,000.00	8,000.00	1,000.00
Title Settlement Agents Fee	75,860.00	7,990.00	(67,870.00)
Producer License Application Fees	991,700.00	1,063,155.00	71,455.00
Surety Bail Bondsmen License Fee	0.00	0.00	0.00
P&C Consultant License Fees	70,300.00	72,750.00	2,450.00
Recording, Copying, and Certifying			
Public Records Fee	16,175.52	6,663.00	(9,512.52)
SCC Bad Check Fee	0.00	175.00	175.00
Managed Care Health Ins. Plan Appeals Fee	0.00	0.00	0.00
Administrative Penalty Payment	266,000.00	0.00	(266,000.00)
State Publication Sales	0.00	0.00	0.00
Assessments To Insurance Companies for			
Maintenance of the Bureau of Insurance	7,472,927.91	8,375,454.23	902,526.32
Reinsurance Intermediary Broker Fees	1,000.00	1,000.00	0.00
Reinsurance Intermediary Managers Fee	0.00	0.00	0.00
Managing General Agent Fees	7,500.00	6,500.00	(1,000.00)
Viatical Settlement Provider License Fees	8,900.00	7,800.00	(1,100.00)
Viatical Settlement Broker License Fees	10,100.00	9,550.00	(550.00)
MCHIP Assessment	0.00	0.00	0.00
Public Adjusters	13,000.00	33,515.00	20,515.00
Appointment Fee Penalty	70,950.00	120,500.00	49,550.00
Miscellaneous Revenue	328.00	2,207.00	1,879.00
Recovery of Prior Year Expenses	98,156.03	58,427.90	(39,728.13)
Fire Programs Fund	34,810,046.21	36,502,568.85	1,692,522.64
Fire Programs Fund Interest	0.00	0.00	0.00
DMV Uninsured Motorist Transfer	4,715,410.15	6,313,564.48	1,598,154.33
Flood Assessment Fund	216,831.53	219,275.85	2,444.32
Heat Assessment Fund	1,865,573.69	1,922,032.06	56,458.37
Fines Imposed by State Corporation Commission	2,350,478.31	1,535,771.68	(814,706.63)
Fraud Assessment Fund	5,606,869.83	5,856,883.12	250,013.29
Fraud Assessment Interest	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	\$76,271,196.35	\$77,270,825.57	\$999,629.22