

**DIVISION OF INSURANCE REGULATION
ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

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. Regulation of insurance has been left almost exclusively to state governments since 1869, and here in the Commonwealth of Virginia the functions of the Bureau have increased with the complexity and importance of insurance in our daily lives.

The Bureau of Insurance is divided into the following four divisions: The Financial Regulation Division which 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 maintenance organizations, and agents; the Property and Casualty Market Regulation Division regulates the activities of property and casualty insurers (auto, homeowner's liability and property); and the Administrative Services Division collects various special taxes and assessments on insurance companies as well as, working as an auxiliary role to support the Bureau's other divisions.

The regulatory functions of the Bureau of Insurance include: (1) Agents Investigation - monitoring the activities of insurance agents and agencies to ensure their actions comply with state law, (2) Consumer Services - answer questions and assists consumers with problems concerning insurance companies or agents by investigating consumer complaints, (3) Market Conduct - conduct on-site field examinations of Virginia insurance company practices to ensure that they comply with state law by verifying whether a company pays claims in a timely manner, ensure that underwriting decisions are not unfairly discriminatory, and evaluate marketing materials to ensure that they are not misleading; (4) Office of the Managed Care Ombudsman promotes and protects the interests of covered persons under Managed Care Health Insurance Plans (MCHIP), and assist consumers in understanding and exercising their rights of appeal of adverse decisions made by MCHIPs; and (5) Policy Forms and Rates - evaluates insurance policies and rates to ensure that they comply with state law, are understandable, are of high quality, and that the premiums charged are reasonable and fair.

SUMMARY OF 2001 ACTIVITIES

New insurance companies licensed to do business in Virginia	34
Insurance company financial statements analyzed	5,086
Financial examinations of insurance companies conducted	31
Property and Casualty insurance rules, rates and form submissions	7,147
Life and Health insurance policy forms and rates submissions	7,789
Property and Casualty insurance complaints received	3,994
Life and Health insurance complaints received	3,719
Market conduct examinations completed by the Life and Health Division	17
Market conduct examinations completed by the Property and Casualty Division	7
Insurance agents and agencies licensed	107,785
Tax and assessment audits	6,672

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:

1. **Fidelity Bankers Life Insurance Company d/b/a First Dominion Life Insurance (FBL/FD)**. Date of receivership: May 13, 1991. It presently appears that the affairs of the receivership will be wound up in the early part of 2004 and that the company will not resume the transaction of the business of insurance.

2. **HOW Insurance Company, a Risk Retention Group, Home Owners Warranty Corporation and Home Warranty Corporation (the HOW Companies)**. Date of receivership: October 7, 1994. It presently appears that the affairs of the receivership will be wound up in the latter part of 2004 or early 2005 and that the company will not resume the transaction of the business of insurance.

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.

3. **CHA Group Insurance Trust in Receivership (CHA)**. Date of receivership: March 17, 1989. The affairs of the receivership were wound up in 2001 and a Final Order discharging the receiver was issued on May 18, 2001. The Trust will not conduct any further business.

4. **Settlers Life Insurance Company**. Date of receivership: May 14, 1999. The Company was successfully rehabilitated and sold to another life insurance company. The approval of the sale of the company, the termination of the receivership, and the lifting of the license suspension became final through an order issued on December 15, 1999. Settlers Life Insurance Company has resumed normal operations.

5. **Union of America Mutual Insurance Company (Union)**. Date of receivership: August 9, 2000. All policies of the company were cancelled effective July 21, 2000. A Final Order Terminating Receivership and Discharging the Deputy Receiver and the Special Deputy Receiver was issued on December 5, 2001.

**COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE
FOR THE FISCAL YEARS ENDING JUNE 30, 2000, AND JUNE 30, 2001**

<u>Kind</u>	<u>2000</u>	<u>2001</u>	<u>Increase or (Decrease)</u>
<u>General Fund</u>			
Gross Premium Taxes of Insurance Companies	\$251,074,071.73	\$268,060,165.30	\$16,986,093.57
Fraternal Benefit Societies Licenses	500.00	2,480.00	1,980.00
Viatical Settlement Provider License Fees	500.00	3,000.00	2,500.00
Viatical Settlement Broker License Fees	3,700.00	2,650.00	(1,050.00)
Hospital, Medical, and Surgical Plans and Salesmen's Licenses	0.00	0.00	0.00
Interest on Delinquent Taxes	315,948.76	227,710.51	(88,238.25)
Penalty on non-payment of taxes by due date	123,060.44	92,139.21	(30,921.23)
<u>Special Fund</u>			
Company License Application Fee	22,500.00	23,500.00	1,000.00
Health Maintenance Organization License Fee	0.00	0.00	0.00
Automobile Club/Agent Licenses	8,000.00	6,600.00	(1,400.00)
Insurance Premium Finance Companies Licenses	11,700.00	9,100.00	(2,600.00)
Agents Appointment Fees	8,987,295.00	11,464,391.44	2,477,096.44
Surplus Lines Broker Licenses	17,675.00	20,100.00	2,425.00
Producer License Application Fees	458,598.00	556,455.00	97,857.00
Recording, Copying, and Certifying Public Records Fee	53,100.00	51,819.00	(1,281.00)
Assessments To Insurance Companies for Maintenance of the Bureau of Insurance	7,640,707.73	10,447,308.42	2,806,600.69
Miscellaneous Revenue	0.00	0.00	0.00
Recovery of Prior Year Expenses	77,221.71	217,211.82	139,990.11
Fire Programs Fund	13,678,226.41	15,018,461.73	1,340,235.32
P&C Consultant License Fees	54,650.00	41,650.00	(13,000.00)
SCC Bad Check Fee	275.00	475.00	200.00
Managed Care Health Ins. Plan Appeals Fee	0.00	2,300.00	2,300.00
Administrative Penalty Payment	12,000.00	0.00	(12,000.00)
Fines Imposed by State Corporation Commission	1,174,296.79	1,810,675.00	636,378.21
Private Review Agents	0.00	0.00	0.00
Flood Assessment Fund	91,945.75	124,368.67	32,422.92
Heat Assessment Fund	1,058,127.20	1,186,742.20	128,615.00
Fraud Assessment Fund	3,090,785.58	3,225,018.94	134,233.36
Reinsurance Intermediary Broker Fees	1,500.00	1,000.00	(500.00)
Reinsurance Intermediary Managers Fee	0.00	500.00	500.00
Managing General Agent Fees	9,500.00	8,500.00	(1,000.00)
MCHIP Assessment	732,261.12	18,824.19	(713,436.93)
State Publication Sales	360.00	0.00	(360.00)
Debt Set Off Collections	0.00	0.00	0.00
Fire Programs Fund Interest	0.00	81,916.32	81,916.32
Fraud Assessment Interest	10,853.42	20,430.84	9,577.42
TOTAL	\$288,709,359.64	\$312,725,493.59	\$24,016,133.95