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**STATE CORPORATION COMMISSION
BUREAU OF INSURANCE**

February 23, 2009

Administrative Letter 2009 - 02

To: All Foreign Insurers Licensed in Virginia

Re: Permitted Accounting Practices

The purpose of this Administrative Letter is to notify all licensed foreign insurers that the Virginia Bureau of Insurance will be closely monitoring Footnote #1 of the filed Annual Statements. This footnote requires a disclosure if an insurer employs accounting practices that depart from the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual, as required by § 38.2-1300 C of the Code of Virginia. The disclosure shall include a description of the accounting practice, a statement that the accounting practice differs from NAIC statutory accounting practices and procedures, and the monetary effect on net income and statutory surplus as a result of using an accounting practice that differs from NAIC statutory accounting practices and procedures. Additionally, if an insurer's risk-based capital would have triggered a regulatory event had it not used a prescribed or permitted accounting practice, that fact should be disclosed in the Annual Statement.

If a permitted accounting practice is determined to be material and, in the sole discretion of the Virginia Bureau of Insurance, not justified, the Virginia Bureau of Insurance may disallow the permitted accounting practice and may require the insurer to refile its Annual Statement.

Questions regarding this letter may be directed to:

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Cordially,

A handwritten signature in black ink, appearing to read 'Alfred W. Gross'.

Alfred W. Gross
Commissioner of Insurance