

COMMONWEALTH OF VIRGINIA

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STATE CORPORATION COMMISSION BUREAU OF INSURANCE

April 23, 1991

ADMINISTRATIVE LETTER 1991-7

TO: ALL GROUP SELF-INSURANCE ASSOCIATIONS

RE: CONTINGENCY RESERVE FUNDING LEVEL REQUIRED BY THE RULES GOVERNING GROUP SELF-INSURERS OF LIABILITY UNDER THE VIRGINIA WORKERS' COMPENSATION ACT (INSURANCE REGULATION 16)


The purpose of this letter is to set forth the procedures under which a group self-insurance association may apply to the Commission for approval to cease additional funding of its contingency reserve as established by Section 12 of the referenced regulation.

Once an Association's contingency reserve reaches an amount equal to twelve percent of its latest three years' average annual premium, a request may be made that the annual funding requirement be suspended. The Commission will review each request on an individual basis to determine the funding adequacy and future additional requirements. Such review will consider the levels of specific and aggregate excess coverage and an Association's claims' history, and may or may not result in Commission approval to suspend further contributions. Approvals, if granted, will be valid for one year only.

Application should be made in writing to:

Paul W. Holzgreffe, Chief Examiner
Bureau of Insurance
P. O. Box 1157
Richmond, VA 23209

Sincerely,


Steven T. Foster
Commissioner of Insurance

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