

**West Virginia Informational Letter 45-A**

November 1992

[SUPERSEDED BY INFORMATIONAL LETTER 45-B]

TO: ALL COMPANIES LICENSED TO WRITE PROPERTY AND CASUALTY  
INSURANCE IN WEST VIRGINIA

FROM: DISAPPROVAL OF POLICIES BY LIENHOLDERS DUE TO LACK OF  
A.M. BEST RATING, 33-11-5(b) (2) OF THE WEST VIRGINIA CODE

This informational letter is intended to supersede the Insurance Commissioners previous Informational Letter 45.

Briefly, Informational Letter 45 (issued November, 1987) interpreted § 33-11--5(b) (2) of the West Virginia Code, concluding that "a lienholder who refuses to accept an insurers policy because of the absence of a Best rating, without further consideration of the insurers financial soundness, has unreasonably disapproved such policy and would be in violation of § 33-11-5(b) (2)."

It has come to our attention that it has become an industry practice for lending institutions to use exclusively the A. M. Best Rating to determine the financial soundness of an insurer. It has further come to our attention that it is a requirement of Federal Government agencies that only insurers with a specified A.M. Best Rating may be used where mortgages are underwritten by federal funds.

Therefore, henceforth it will be the position of the West Virginia Insurance Commissioner that the use of the A.M. Best Rating Guide is not in violation of the requirements of 33-11-5(b) (2) of the West Virginia Code, so long as it is uniformly and fairly applied.

Hanley C. Clark  
Insurance Commissioner of  
the State of West Virginia