

WEST VIRGINIA INFORMATIONAL LETTER

No. 63

MAY 1989

**TO: ALL INSURANCE COMPANIES LICENSED TO TRANSACT BUSINESS
IN WEST VIRGINIA AND OTHER INTERESTED PARTIES**

RE: TERMINATION OF AGENTS' AUTHORITY TO REPRESENT INSURERS

The 1989 regular session of the West Virginia Legislature enacted Senate Bill 440 which amends Chapter 33, Article 12, Section 25 of the West Virginia Code and further amends article twelve (12) by adding a new section designated section twenty-five-a (25a).

Section 25 is amended to provide a list of reasons for which an agent can be fined or have his license revoked or suspended and increases agent fines from up to \$100.00 per occurrence to up to \$1,000.00 per occurrence.

Section 25a was added to be effective July 5, 1989, and will require insurers to notify, in writing, the agent and the Insurance Commissioner of termination of the agents authority to represent the insurer. Notice of termination must be provided within five (5) working days of termination and state the causes and circumstances of termination.

Until such time as this office can revise the prescribed termination form, this office will continue to accept terminations using the RNS-6 form. In the space between the agents name and the termination date, the applicable termination code or codes must be inserted for every termination listed. The termination codes and a description of each code are supplied within this communication.

Terminations received in Agent Licensing after July 5, 1989, which do not have a code will be returned to the company for completion.

Terminations **MUST** be submitted to this office within five (5) working days of termination and the company **MUST** advise the agent of such termination within the same 5-day period. It is strongly recommended that, in order to comply with the West Virginia Insurance Laws, the company provide each agent with a copy of the RNS-6 **AND** a list of the termination codes.

Section 25a further states that, in the absence of fraud or bad faith, immunity is provided to the insurer, the Commissioner and their respective employees for information furnished as to the causes and circumstances of termination.

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This information should be distributed immediately to all individuals within your organization who may be responsible for submitting agent licensing forms to this Department.

Further information can be obtained by contacting the West Virginia Insurance Commissioner, Agent Licensing Section, 2019 Washington Street East, Charleston WV 25305, telephone (304) 348-0610.

Hanley C. Clark
Insurance Commissioner

WEST VIRGINIA INSURANCE COMMISSIONER
Termination Codes & Descriptions

Effective July 5, 1989, notice of termination of an agents appointment must include the reason and circumstances for such termination.

Codes "**F**" through "**W**" require that full and complete explanations and documentation must be attached to the form. The documentation need not prove violations but should include situations where possible violations exist. The Office of the Insurance Commissioner will investigate these situations and take appropriate action based upon its investigation.

<u>CODES</u>	<u>DESCRIPTIONS</u>
B	Insufficient Production.
D	Deceased.
E	Agents Request.
F	Violated any insurance law or any lawful rule, regulation, or order of the Commissioner.
G	Improperly withheld, misappropriated, or converted to his own use any money received in the course of business and belonging to policyholders, insurers, beneficiaries, or others.
H	Misrepresented the terms of any existing or proposed insurance contract to the detriment of the applicant or insured.
J	Engaged in any pattern of unfair method of competition or unfair or deceptive acts or practices in the business of insurance as defined in the Unfair Trade Practices Act.
K	Forged another persons name to an application for insurance or to any other document or fraudulently procured a forged signature to an insurance application or any other document, knowing such signature to be forged.
L	Knowingly and willingly made or permitted a false or fraudulent statement or misrepresentation in or relative to an application for a policy of insurance.
N	Been convicted of or pleaded nolo contendere to any felony.
P	Been convicted of or pleaded nolo contendere to a misdemeanor in connection with his activities as an agent.
Q	Obtained the license for the purpose of writing controlled business.
T	Had an agents or brokers license suspended or revoked in any other state, district, or territory of the United States or any province of Canada.
U	Not demonstrated trustworthiness and competency in his activities as an agent.
V	Obtained the license through misrepresentation, fraud, or any other act for which issuance of the license could have been refused had it been known to the Commissioner at the time of issuance.
W	Other

A copy of this Termination Code & Description list should accompany the copy of the termination form which the company must provide to the agent within five (5) working days of such termination.