

# 1996 SESSION

## HOUSE SUBSTITUTE

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**HOUSE JOINT RESOLUTION NO. 118**  
**AMENDMENT IN THE NATURE OF A SUBSTITUTE**  
(Proposed by the House Committee on Rules  
on February 6, 1996)  
(Patron Prior to Substitute—Delegate Deeds)

*Requesting the Bureau of Insurance of the State Corporation Commission to study certain practices of insurers regarding exclusive insurance agents.*

WHEREAS, the business of insurance vitally affects the public interest; and

WHEREAS, because of the complexity of the insurance business, purchasers of insurance are especially vulnerable if insurance marketing practices are unfair, discriminatory, or misleading; and

WHEREAS, a significant percentage of insurance products are sold in Virginia by exclusive independent agents who, although they are self-employed independent contractors, are nevertheless in business to represent one carrier; and

WHEREAS, the ability of such exclusive independent agents to continue to market insurance products in a manner which appropriately reflects customer needs can be jeopardized if the insurance company which constitutes such agents' sole source of business demands that those agents adopt production quotas which involve typing practices, redlining practices, renewals with substandard affiliated carriers, or other practices which are injurious to insurance purchasers; and

WHEREAS, the General Assembly is concerned that demands upon exclusive independent insurance agents to engage in inappropriate marketing practices may have occurred; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Bureau of Insurance of the State Corporation Commission be requested to study certain practices of insurers regarding exclusive insurance agents. The Bureau shall determine whether exclusive insurance agents have been the target of demands for inappropriate marketing practices by the carriers whom they represent in Virginia. Should the Bureau determine that such practices have occurred or might occur, it shall also determine whether the laws of the Commonwealth should be revised to regulate the relationship between insurance companies and their exclusive insurance agents to ensure that such agents are able to conduct their business without risk of loss of renewal premiums or termination of their agency relationship because of a refusal to engage in inappropriate marketing practices.

All agencies of the Commonwealth shall provide assistance to the Bureau, upon request.

The Bureau of Insurance shall complete its work in time to submit its findings and recommendations to the Governor and the 1997 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

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