

**REPORT OF THE
STATE CORPORATION COMMISSION ON**

**The Level of Competition,
Availability, and Affordability
in the Commercial
Liability Insurance Entity**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



House Document No. 13

**COMMONWEALTH OF VIRGINIA
RICHMOND
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COMMONWEALTH OF VIRGINIA



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STATE CORPORATION COMMISSION

November 16, 1987

TO: The General Assembly of Virginia

The report contained herein is pursuant to House Bill No. 1235 (§38.2-1905.1 of the Code of Virginia) of the 1987 Session of the General Assembly of Virginia and addresses the level of competition, availability, and affordability of personal injury and property damage liability insurance covering commercial entities.

This report also designates the lines and subclassifications of such insurance for which the Commission has reasonable cause to believe that competition may not be an effective regulator of rates. Supplemental reports for these lines and subclassifications of insurance are required to be filed with the Commission on or before March 16, 1988.

Respectfully submitted,

State Corporation Commission

A handwritten signature in cursive script, reading 'Steven T. Foster', written over a horizontal line.

by Steven T. Foster
Commissioner of Insurance

Enclosure

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EXECUTIVE SUMMARY

Legislative Directive

Section 38.2-1905.1 of the Code of Virginia directs the State Corporation Commission to report to the General Assembly at least annually on the level of competition, availability and affordability concerning the lines and subclassifications of insurance defined in §§ 38.2-117 (Personal Injury Liability) and § 38.2-118 (Property Damage Liability) insuring a commercial entity. See Appendix A.

The Commission's report is required to designate all insurance lines and subclassifications defined in §§ 38.2-117 and 38.2-118, including those lines and subclassifications containing coverage defined in those sections, insuring a commercial entity for which the Commission has reasonable cause to believe that competition may not be an effective regulator of rates. Before discussing potentially non-competitive areas, we will address lines and subclassifications that are generally competitive.

GENERALLY COMPETITIVE AREAS

Based on our findings, it appears that **competition is an effective regulator of rates for many subclassifications and types of coverages, primarily in the premises/operations and commercial umbrella liability lines of insurance.** While we have not listed every possible subclassification and type of coverage, some of the generally competitive areas include:

GENERALLY COMPETITIVE LINES AND SUBCLASSIFICATIONS

I. PREMISES/OPERATIONS LIABILITY

- A. TRADE CONTRACTORS NOT ENGAGED
IN COMMERCIAL CONSTRUCTION**
- B. HABITATIONAL PROPERTIES**
- C. RETAIL AND WHOLESALE OPERATIONS**
- D. OTHER SERVICE AND MERCANTILE**

II. COMMERCIAL UMBRELLA LIABILITY

POTENTIALLY NON-COMPETITIVE AREAS

Based on analysis of the surveys, the demand factors, and the general market conditions, the Commission has reasonable cause to believe that **competition may not be an effective regulator of rates for the following entire lines of insurance:**

POTENTIALLY NON-COMPETITIVE ENTIRE LINES

- I. **PRODUCTS AND COMPLETED OPERATIONS LIABILITY
(INCLUDING DISCONTINUED OPERATIONS)**
- II. **ENVIRONMENTAL IMPAIRMENT LIABILITY**
- III. **LIQUOR LIABILITY**
- IV. **DIRECTORS AND OFFICERS LIABILITY**

The Commission has reasonable cause to believe that **competition may not be an effective regulator of rates for the following subclassifications and types of coverages in otherwise competitive lines of insurance:**

POTENTIALLY NON-COMPETITIVE SUBCLASSIFICATION AND TYPES OF COVERAGES WITHIN COMPETITIVE LINES

- I. **PREMISES/OPERATIONS LIABILITY**
 - A. **CONTRACTORS LIABILITY**
 - 1. Commercial Contracting
 - 2. Hazardous Waste
 - 3. Pest Control/Exterminators
 - B. **GOVERNMENTAL OR MUNICIPAL LIABILITY**
 - 1. Government Entities (including Public Officials Liability)
 - 2. Law Enforcement Agencies
 - 3. School Divisions
 - 4. Public Housing
 - C. **RECREATIONAL LIABILITY**
 - 1. Special Events
 - 2. All Other Recreational Activities
 - D. **DAY CARE/CHILD CARE LIABILITY**

II. PROFESSIONAL LIABILITY

- A. MEDICAL PROFESSIONAL LIABILITY**
- B. LAWYERS PROFESSIONAL LIABILITY**
- C. INSURANCE AGENTS ERRORS AND OMISSIONS**
- D. ARCHITECTS ERRORS AND OMISSIONS**
- E. ENGINEERS ERRORS AND OMISSIONS**
- F. REAL ESTATE AGENTS ERRORS AND OMISSIONS**

Accordingly, pursuant to Virginia Code § 38.2-1905.2.C., insurers writing these potentially non-competitive lines, subclassifications and types of coverages designated above will be required, on or before March 16, 1988, to file supplemental reports for further investigation and hearings by the State Corporation Commission.

INTRODUCTION

Purpose

Section 38.2-1905.1 of the Code of Virginia directs the State Corporation Commission to report to the General Assembly at least annually, on the level of competition, availability and affordability concerning the lines and subclassifications of insurance defined in §§ 38.2-117 (Personal Injury Liability) and § 38.2-118 (Property Damage Liability) insuring a commercial entity. A copy of § 38.2-1905.1 appears in Appendix A.

This report, as directed by the statute, shall indicate:

1. the level of competition among insurers in Virginia for the lines or subclassifications defined in §§ 38.2-117 and 38.2-118;
2. the availability of those lines or subclassifications of insurance; and
3. the affordability of those lines or subclassifications of insurance.

This report shall also designate all insurance lines or subclassifications defined in §§ 38.2-117 and 38.2-118, including those lines or subclassifications of insurance containing insurance coverage defined in those sections, insuring a commercial entity for which the Commission has reasonable cause to believe that competition may not be an effective regulator of rates.

Historical Background

In 1985, a significant change became apparent in the insurance climate in Virginia and across the country. After several years of competitive pricing practices, insurers began to increase their rates far in excess of their previous levels. Moreover, some insurers discontinued writing certain lines or subclassifications of coverage altogether. This situation was so serious that it became known as a "liability insurance crisis." A historical perspective is necessary to understand the origins of the crisis.

Between 1979 and 1984, the property and casualty insurance industry in the United States began to experience dramatic increases in underwriting losses. Until 1983, investment income fueled by high interest rates had been able to offset these underwriting losses. As interest rates declined, however, so did investment income. The result was a reduction in insurers' surplus. Reductions in surplus decrease capacity which in turn restricts the ability of a company to write new business. This creates availability problems for insurance consumers.

Insurers tried to compensate for their increased losses by raising prices, restricting policy limits and coverages, and withdrawing from segments of the market that had produced large claims. Soaring premium costs and dramatic decreases in the availability of liability insurance took a toll on businesses, professionals, and local governments across Virginia. Some were forced out of business; some had to "go bare" because they could no longer afford the coverage being offered or they were unable to

obtain insurance at any cost; and still others had their coverage restricted and limited to the extent that the insurance no longer met their business needs.

A number of explanations have been suggested to account for the severe crisis of the mid-1980's. One explanation points to company mismanagement. Between 1980 and 1984, insurance companies seriously underpriced their products to attract new business. Competition in the property and casualty insurance market was fierce during this period and many insurers, anxious to invest premium dollars, accepted business which previously would have been declined. The result was poor underwriting and increased loss frequency and severity.

Another explanation for the crisis involves the lack of regulatory controls over insurance cycles. Insurance cycles, or profit cycles, are series or patterns of changes in profitability. Profit cycles are not unique to the insurance industry but, in fact, are evident in other areas of the economy such as agriculture, retail, and manufacturing. Similar to those areas of business, the insurance industry is very competitive and consists of many buyers and sellers. No one buyer or seller controls a large share of the market, and entering or leaving the market is relatively easy. Therefore, prices are set by supply and demand and are based on profit expectations. The profit cycle can be summarized in the following manner. During a period of profitability, the profit expectations of the present sellers increase. New sellers enter the market because of expectations of profit. The result is an increase in the supply of insurance. Competition reduces prices. Reduced prices change profits. Changed profits lower the perception of profit expectations. Lower profit expectations lead some insurers to leave the market and others to become more restrictive. Supply is reduced. Reduced supply causes prices to be increased. Increased prices produce increased profits. Profit expectations increase and the cycle starts again. Profit cycles can only be eliminated by eliminating competition in the marketplace. Profit cycles can be controlled, however, by regulatory actions such as controlling rate making, protecting admitted carriers from severe price competition with non-admitted carriers, and monitoring the adequacy of loss reserves.

A third explanation for the liability crisis can be attributed to large underwriting losses generated by an increase in the frequency and severity of tort claims and an expansion of traditional doctrines under which liability is imposed. This in turn has reduced the industry's ability to accurately predict future loss exposure. Critics of the tort system have recommended tort reform as the answer to the liability crisis.

During the 1986 Session of the General Assembly, Senate Joint Resolution No. 22 was adopted which created a joint subcommittee to study (i) the causes, effects and possible solutions to the problems experienced by political subdivisions, businesses, and the citizens of the Commonwealth in obtaining adequate and affordable liability and related insurance coverage, and (ii) the tort reparations system and the impact of that system on the cost and availability of liability insurance. Five public hearings and three work sessions were held in Richmond throughout 1986 to study the causes, effects, and possible solutions to the liability crisis.

Tort and Insurance Reform

The 1987 General Assembly acted on many of the recommendations made by the joint subcommittee in an attempt to address the liability insurance crisis. Several tort reform bills were passed on the assumption that some type of control needed to be placed on the tort reparations system in order to provide insurance companies with a greater amount of predictability in estimating the amount of claims they might have to pay. For a summary of tort reform legislation, see Appendix B.

The legislature also passed two measures directed at the insurance industry. These were HB 1234 and HB 1235. Prior to the enactment of these bills which became effective July 1, 1987, rates for liability insurance in Virginia were regulated primarily through competition in the marketplace. With the exception of a few lines of insurance requiring prior approval of rates, the rates filed by insurers became effective unless the Commission determined that they were excessive, inadequate, or unfairly discriminatory. Virginia loss data was used to the extent it was credible, and as long as there was a reasonable degree of competition in the marketplace, the rates could not be considered excessive. House bills 1234 and 1235 were attributed to the Attorney General who, in her testimony before the SJR 22 joint subcommittee, emphasized the need for insurance reform. Several proposals were outlined which were designed to modify the way insurance companies were regulated in Virginia. The Attorney General suggested that (i) Virginia rates should be based primarily upon Virginia loss experience, (ii) more detailed information should be submitted for each rate filing so that a better determination could be made as to whether competition is an effective regulator of rates, and (iii) closed claims for commercial liability lines should be required to be submitted in order to provide a more detailed data base for rate making.

With the enactment of House Bill 1234, a change in the insurance code was made requiring insurers to report all liability claims for personal injury or property damage made against policies insuring commercial entities. House Bill 1235 amended the insurance code by requiring insurers of certain commercial insurance policies to provide written notice of reduction in liability coverage for personal injury or property damage as well as notice for an increase in the filed rate for such coverage of more than 25%. The bill also required that rates take into consideration Virginia loss experience as long as that experience was relevant and actuarially sound and required that consideration be given to investment income and loss reserving practices utilized by insurers.

Finally, House Bill 1235 amended the insurance code by requiring the Commission to submit an annual report to the General Assembly, with a copy to the Attorney General, indicating both the level of competition among insurers for lines or subclassifications of insurance defined in §§ 38.2-117 and 38.2-118 and the availability and affordability of those lines or subclassifications. Changes were also made in the insurance code to require insurers to file supplemental reports on any line or subclassification designated in the annual report and to require a 60-day pre-filing of rates for any line or subclassification where the Commission found that competition was not an effective regulator of rates.

Insurance Alternatives Developed to Ease Availability Problems

In addition to the tort reform measures and the changes in the rating laws, several other measures have also been created, reactivated or expanded to attempt to ease the liability insurance crisis for consumers. Many of these are major new alternatives to traditional insurance that will have the positive long-term combined effect of easing availability problems as well as providing new competitive sources of insurance protection for consumers and hopefully applying downward pressure on premium rates.

These measures include the following:

1. The Virginia Market Assistance Plan was established and became operational in January, 1986. This was a voluntary plan which was created to assist commercial insurance buyers in obtaining difficult-to-place commercial lines liability coverages. The plan was originally designed to assist in the individual placement of municipal liability insurance (excluding pollution coverages); insurance coverage for day care providers; liquor liability insurance; and products liability insurance for businesses with \$3,000,000 or less in annual premium. Every liability insurer admitted to do business in Virginia and every approved surplus lines broker was solicited to participate. Twenty companies participated in the plan. The Commissioner of Insurance deactivated the plan in April, 1987, because of the lack of applications for assistance for the various lines for which the plan was established. The plan will be reactivated in the future if demand warrants.
2. A medical malpractice joint underwriting association was activated in November, 1986. This was established pursuant to Chapter 28 of Title 38.2 of the Code of Virginia for the purpose of providing medical malpractice insurance which was not reasonably available in the voluntary market. As of August, 1987, 292 physicians had secured coverage through the program.
3. Group self-insurance pools for municipalities were formed pursuant to the 1986 enactment of Chapter 11.1 in Title 15.1 of the Code of Virginia. The regulation of these pools was assigned to the State Corporation Commission which, effective September 1, 1987, issued rules governing these group self-insurance pools. So far two pools have been approved by the State Corporation Commission. These pools have become a major alternative to traditional insurance in providing relief to municipalities.
4. A new chapter was added to Title 38.2 of the Code of Virginia in 1987 for the purpose of allowing the formation and operation of risk retention groups and purchasing groups. Risk retention groups are corporations or associations formed for the primary purpose of assuming and spreading all or any portion of the liability exposure of its members. Members of a risk retention group must have a similar or related business liability exposure. No risk retention groups have been chartered in the Commonwealth to date; however, approximately 25 groups chartered

outside of the Commonwealth have filed with the Commission the necessary information to operate in Virginia. Approximately 132 purchasing groups have been registered with the Commission in accordance with Chapter 51 of Title 38.2.

5. A new law was enacted on July 1, 1987 which allows for the establishment of group self-insurance pools for underground storage tank owners and operators who are unable to meet the financial responsibility requirements set forth in Title 62.1 of the Code of Virginia. The State Corporation Commission is in the process of promulgating rules for the formation and operation of these pools.
6. The Birth-Related Neurological Injury Compensation Act was passed in 1987 to provide funding for certain injuries to infants at the time of labor, delivery, or during the immediate post-delivery period. This program will not become operational until January 1, 1988.
7. Surplus lines brokers also offer a means of obtaining insurance which may not be readily available in the admitted market, i.e., by a carrier licensed in the Commonwealth. A surplus lines broker may procure certain classes of insurance from unlicensed insurers if, after a diligent effort, the surplus lines broker was unable to procure "in a form and at a premium acceptable to the insured" the amount of such insurance from an insurer licensed to transact that class of business in the Commonwealth. The surplus lines broker is authorized to procure the following types of insurance: accident and sickness; fire; miscellaneous property; water damage; burglary and theft; glass; boiler and machinery; elevator; animal collision; personal injury liability; property damage liability; workers' compensation and employers' liability; fidelity and surety; motor vehicle and aircraft; mortgage guaranty; home protection; homeowners; farmowners; commercial multi-peril; marine and inland marine; contingent and consequential losses and legal services insurance.

Insurance Marketplace in Virginia

The insurance marketplace in Virginia may be divided into descriptive segments. While other groupings may be suggested, the following grouping effectively defines the major insurance mechanisms affecting commercial personal injury and property damage liability. The market segments we have identified are:

- Licensed (admitted) insurers
- Approved surplus lines insurers
- Risk retention groups
- Captive insurers
- Group self-insurance pools and associations
- Individual self-insurance

There are 581 licensed property and casualty insurers and 158 approved surplus lines carriers operating in Virginia as of October, 1987. These carriers wrote a

total of \$3.66 billion in property and casualty premiums in Virginia in 1986. The commercial personal injury and property damage liability premiums, as defined in subsection A of § 38.2-1905.1, for the purposes of this report, represent approximately \$380 million (10%) of the total property and casualty premiums written in Virginia. Licensed insurers wrote \$343 million and surplus lines carriers wrote \$37 million of the \$380 million. No liability premium figures for the other market segments were available at the time of this report. While risk retention groups, captive insurers, group self-insurance pools, and individual self-insurance are important aspects of the marketplace, they play a limited role by providing coverage for specialty lines of insurance or in serving large private enterprises. Therefore, for the purpose of this report, we have concentrated our analysis on coverages offered by licensed carriers and surplus lines insurers.

It should be noted that the Liability Risk Retention Act of 1981 and as amended in 1986 provides an alternative to the traditional insurance market. It permits buyers of liability insurance to form their own insurance companies and permits the group purchase of any type of general liability insurance. While it is too soon to quantify or assess the impact of the Act on the availability or affordability of liability insurance, it appears that many groups most affected by these problems are attempting to create risk retention groups or purchasing groups under the Act. If this activity continues, it is likely that the Act will make a significant contribution to the solution of these problems. There are conflicting interpretations at the federal and state level regarding the Act which must be resolved before it can be fully implemented. The U.S. Department of Commerce recently issued a report which suggests several amendments to the Act which would eliminate any ambiguities or impediments to the formation of additional purchasing groups or risk retention groups.

There are approximately 25 risk retention groups that have given notice to the State Corporation Commission of their intention to do business in Virginia. In addition, there are 132 purchasing groups that have submitted plans for operation in Virginia. A review of both the risk retention groups and purchasing groups in Appendix C indicates that they cover classifications of insurance that have experienced availability and affordability problems, i.e., medical professional liability, products liability, day care liability, recreational liability, etc. The risk retention concept could play a major role in Virginia to alleviate extreme market cycles by providing alternatives to the traditional market.

SCOPE OF REPORT

Three elements were analyzed in order to place the report in proper perspective. These elements are:

1. lines and subclassifications of insurance defined in §§ 38.2-117 and 38.2-118;
2. concept of reasonable cause;
3. commercial entity.

Lines and Subclassifications - Section 38.2-117 of the Insurance Code defines "personal injury" liability insurance and § 38.2-119 defines "property damage" liability insurance.

While the term "line" or "subclassification" of insurance is not defined in the Insurance Code, it is generally accepted to mean a classification within a classification of insurance defined in the Code. To give an accurate picture of the various segments of the commercial liability insurance market, we broke down the classifications to include "lines," "subclassifications," and "types of coverages." For the purposes of this report, a line is a major subcomponent of the two classifications of insurance defined in §§ 38.2-117 and 38.2-118. An example of a line of insurance is premises/operations liability. A subclassification is a major subcomponent of a line of insurance. An example would be the recreational liability subclassification of the premises/operations liability line. In some instances, the study further broke down a subclassification into another subcomponent which has been labeled type of coverage. An example would be special events type of coverage for the recreational liability subclassification.

In order to produce detailed, comprehensive results for this report, we attempted to include as many commercial components of our society as possible. We thus initially identified approximately 100 commercial components as "subclassifications" and "types of coverages" and used them as the basis for our study.

Most of the industry, however, was unable to provide us with statistical and related information needed for the purposes of this report. Many companies do not break down statistical and underwriting data for many of the subclassifications that we identified.

The National Association of Insurance Commissioners (NAIC) and the Insurance Services Office (ISO) are the major organizations that might be expected to have specific data on these subclassifications. They do not, however, break down their information with that detailed specification. We asked ISO to provide information concerning the number of companies writing major lines of insurance such as general liability, product liability, environmental liability, and recreational liability. ISO advised the Commission that their statistical information is designed to produce aggregate data for specified reports. Information of the type we requested was not available. ISO is, however, devising such a report that should be available in 1988.

The lack of available industry information pertaining to the number of writers within certain subclassifications was a major impediment in the research for this report. Most information relative to this research has traditionally been maintained on a line basis. Therefore, it should be noted that the information presented in this report pertaining to the level of competition within certain subclassifications was derived not only from the company surveys that were returned to the Bureau by the industry but also from the agent surveys as well. Additionally, our analysis included information derived from discussions with persons in industry and consumer groups. This information, combined with the demand factors and knowledge of general market conditions, served as a basis for the analysis and findings in this report.

Concept of Reasonable Cause - The concept of "reasonable cause" denotes a lesser standard than the actual determination by the Commission as to whether competition is an effective regulator of rates. The purpose of this report is to indicate whether competition may or may not be an effective regulator of rates and, therefore, is only the first step in the review process. The report is not meant to be the definitive determination by the Commission that competition is not an effective regulator of rates. Thus, while our research has been comprehensive, it cannot possibly be as detailed as later research which will analyze information contained in the supplemental reports required by § 38.2-1905.2 that insurers will file with the Commission for those lines and subclassifications identified in this report. There may be several instances where this report will indicate potentially troubled lines or subclassifications where our research indicates that competition may not be an effective regulator of rates, but where further analysis of data provided in supplemental reports and in testimony provided at the hearings indicates that competition is an effective regulator of rates for that line or subclassification.

Commercial Entity - Section 38.2-1905.1.G. defines "commercial entity" to mean "any (i) sole proprietorship, partnership or corporation, (ii) unincorporated association or (iii) the Commonwealth, a county, city, town, or an authority, board, commission, sanitation, soil and water, planning or other district, public service corporation owned, operated and controlled by the Commonwealth, a locality or other local governmental authority."

Thus, the scope of this report is limited to personal injury and property damage insurance for commercial entities only. Personal lines of insurance such as homeowners insurance or private passenger automobile insurance are not covered under this report.

METHODOLOGY

There are a number of factors that may be considered to determine whether there is reasonable cause to believe that competition may not be an effective regulator of rates for the lines and subclassifications of insurance defined in §§ 38.2-117 and 38.2-118 insuring commercial entities.

For the purposes of this report, we have used some of the items listed in § 38.2-1905.1.E. as a general guideline in conducting the study. These are the items that the Commission may consider in determining whether competition is an effective regulator of rates.

- (1) The number of insurers actually writing insurance within the line or subclassification.
- (2) The extent and nature of rate differentials among insurers within the line or subclassification.
- (3) The respective market shares of insurers actually writing business within the line or subclassification, and changes in market share when compared with previous years.
- (4) Ease of entry into the line or subclassification by insurers not currently writing such line or subclassification.
- (5) The extent to which rates within the line or subclassification are established by rate service organizations.
- (6) The extent to which insurers licensed to write the line or subclassification have sought to write or obtain new business within the line or subclassification within the past year.
- (7) Whether a pattern of excessive rates exists within the line or subclassification in relation to losses, expenses and investment income.
- (8) Such other factors as the Commission deems relevant to the determination of whether competition is an effective regulator of rates within the line or subclassification.

For the purposes of this report, items 3, 7, and 8 were not considered. The Commission may consider these items after it has received the supplemental reports and conducted hearings on these issues.

Surveys

To assist in the determination of availability, affordability, as well as the level of competition, we prepared several surveys designed to elicit factual or opinionative responses from as many segments of the insurance industry as possible.

Surveys were prepared and sent to insurers licensed to write property and casualty insurance in Virginia, insurance agents, surplus lines companies, the Bureau of Insurance Property and Casualty Consumer Services Division, and consumers. In addition, we contacted several major surplus lines brokers to solicit their opinions. For a listing of all questions and results of the surveys, see Appendix D.

Company Survey - Surveys were sent to each of the 581 companies writing property and casualty insurance in Virginia. The Commission chose this method (as opposed to a random sample method) to obtain as comprehensive a data base as possible. We received 308 responses to this survey.

The companies were asked several questions to assist us in a comprehensive identification of the primary indicators of whether competition existed, i.e., the extent and nature of rate differentials among insurers within the line or subclassification, the degree to which rates within the line or subclassification are established by rating service organizations, and the extent to which insurers licensed to write the line or subclassification have sought to write or obtain new business within the line or subclassification within the past year. Other questions were directly geared to availability and affordability by reflecting whether there were special conditions, restrictions or exceptions that had been imposed for the line or subclassification, and whether there had been any significant rate increases.

We had hoped to determine the amount of business that the companies were actually writing in each line or subclassification of insurance and to compare that with previous years. However, since most companies do not, at this time, break down information as narrowly as we defined it, premium volume was not credible enough to be considered.

Agent Survey - The Agent Survey was developed to assist in the determination of whether there is a reasonable cause to believe that a problem in availability or affordability exists for the various lines and subclassifications of commercial liability insurance.

The insurance agents have been described as the foot soldiers of the property and casualty insurance industry. The insurance agent is the primary link in the marketing chain connecting the insurance company with the insurance consumer. Property and casualty agents have firsthand knowledge of the problems their clients are experiencing in obtaining coverage at an affordable price. Their responses to the comprehensive survey, although only opinions, reflect the liability insurance crisis from the perspective of the agent and his client.

Two different methods are found in the distribution of property and casualty insurance. Some property and casualty insurance companies sell their insurance through their own employee-agents. These companies are known as direct writers or exclusive agent writers. Other companies sell their insurance using agents who are independent of the insurance company. The agents representing these companies are known as independent agents. Independent agents usually represent several different insurance companies rather than the one company represented by the exclusive agent.

Our survey was sent to each independent insurance agency in Virginia. Our survey was also sent to each exclusive agent representing several of the largest direct writers in Virginia. The direct writer agents advised the Commission that since their companies were on restricted underwriting programs for commercial liability insurance, particularly in the subclassifications we described, they could not provide significant input.

We received approximately 500 surveys that were usable for purposes of our study which represented a return rate of approximately 25% from the independent agents. We believe the surveys returned from this group reflected an objective and composite picture of the level of availability and affordability for the commercial lines and subclassifications identified in our study.

Consumer Survey - A survey was developed and sent to certain trade associations and businesses that rely on some of the lines and subclassifications identified in the Company and Agent Surveys. The purpose of this survey was to provide a representative sampling to determine how the consumer is being affected by the liability insurance crisis in the areas of availability and affordability.

Even with the follow-up calls, the return on this survey was very disappointing. Only ten surveys were returned, so only a limited analysis was able to be made from this source. In general, the responses indicated that coverage was, with some effort, available but that affordability was still a problem.

Property and Casualty Consumer Services Division Survey - To gain some additional insight into the commercial insurance availability and affordability problem in Virginia, we surveyed Bureau staff in the Property and Casualty Consumer Services Division. This division receives inquiries or complaints from consumers that are having a problem with at least one aspect of their insurance. The staff of this division investigates these contacts and provides information to consumers who call in with questions and concerns. These staff people have an excellent feel as to the current concerns of consumers having insurance related problems.

The increase in the number of general liability complaints received by the Bureau over the past three years is reflective of the problems consumers have had with this type of insurance. In the fiscal year 1984-85 we received 89 general liability complaints. In fiscal year 1985-86, that number increased 18% to 105. In fiscal year 1986-87 the number increased 171% to 285. This 171% increase for general liability complaints compares to only an 8.4% increase for complaints for all types of property and casualty insurance. Over the two year period, the combined percentage increase in general liability complaints was 220%. This compares with a 46% increase over the same period for complaints for all types of property and casualty insurance. Many of these complaints relate directly to availability and affordability as well as mid term cancellations, non-renewals, significant premium increases, difficulty in finding coverage at all and finding coverage with so many new restrictions, limitations and exclusions that the insurance is not fully meeting the needs of consumers.

Surplus Lines Company Survey - The surplus lines industry is a market for consumers who are generally unable, after diligent effort, to procure insurance in an acceptable form and premium from insurance companies licensed to transact business

in Virginia. Surplus lines companies may seek approval by the Commission to write surplus lines insurance in Virginia.

A survey was sent to each surplus lines company approved in Virginia to determine if the availability problem extended to that market as well. In some cases, insurance will be available in the surplus lines market where it will not be so in the admitted or licensed insurance company market. Admittedly, that would not address the issue of affordability as it may be reasonable to assume that premiums for coverages not generally available in the admitted market will be more expensive because of the reluctance of licensed insurers to write the business and its perceived increased risk.

The surplus lines companies were asked the same detailed information that was requested from all licensed property and casualty insurance companies in Virginia. Thus, every insurance company licensed to write property and casualty in Virginia, and every surplus lines company approved by the Commission to write such business in Virginia, was surveyed to enhance the comprehensive nature of our research and this report. We received responses from forty-four surplus lines companies.

AVAILABILITY, AFFORDABILITY AND LEVEL OF COMPETITION AMONG INSURERS
AND RECOMMENDATIONS OF LINES AND SUBCLASSIFICATIONS WHERE
COMPETITION MAY NOT BE AN EFFECTIVE REGULATOR OF RATES

Availability and Affordability

Availability for most lines and subclassifications of commercial liability insurance appears to have improved considerably over the past year. Prices have started to level off as insurers' balance sheets have improved. Beginning in 1985, companies began to restrict their underwriting practices and dramatically increased their prices which led to increased profit expectations. As insurer profit expectations increased, coupled with a wave of tort reform legislation around the country, the market began to shift toward increased availability as insurers began to compete again for business. All lines and subclassifications, however, were not affected by the general turnaround of the profit cycle towards greater competition and availability. There are still areas where insurers are perceiving the risk as too great to earn a profit and where availability still appears somewhat limited.

The affordability of commercial liability insurance still remains a problem for consumers. As stated earlier, a primary response by the insurance industry to the liability insurance crisis in addition to restricting underwriting and imposing coverage limitations was to increase significantly the price of the insurance that was available. While this had a favorable effect on insurer profitability, it had a negative effect on the consumer.

The Company Survey indicated a significant increase in the rates for commercial liability insurance. Increased loss experience and upward changes in the Insurance Services Office (ISO) advisory rates were the main reasons given by the companies for their increases in insurance rates.

The Company and Agent Surveys were of major importance in this analysis of availability, affordability, and the level of competition among insurers. The Company Surveys provided information concerning the number of companies currently writing, seeking new business, and renewing business in Virginia. It also provided information about the rates used and the recent changes in these rates. In addition to providing information about current availability and affordability problems, the Agent Surveys also provided the prognosis of market trends for the various subclassifications and types of coverages. Additionally, our analysis included information derived from discussions with persons in industry and consumer groups. This information, combined with the demand factors and knowledge of general market conditions, served as a basis for this analysis.

Level of Competition

In general, the property and casualty industry is competitive. There are approximately 581 licensed property and casualty insurers writing business in Virginia. Over 300 of these were actively writing general liability insurance in 1986. The overall market shares of these insurers are so small that no one insurer has the ability

to exert significant control or influence over the market in terms of the premium it receives for the coverage. Therefore, no one insurer has the ability to adversely affect the competitive activities of the insurer's rivals. In addition, there are approximately 158 approved surplus lines insurers that act as a market for consumers who are generally unable, after diligent effort, to procure insurance in an acceptable form and for an acceptable premium from insurers in the licensed or admitted market.

Also, as discussed earlier, major new alternatives to traditional insurance have emerged not only to ease availability and affordability problems to beleaguered consumers, but also to serve as growing competing sources of protection. Group self-insurance plans for municipalities, underground storage tank owners and operators, and workers' compensation groups are excellent examples of major new alternative forms of coverage and competition to traditional insurance. There are currently 25 risk retention groups operating in Virginia, and we expect an expansion in this number as differing interpretations between federal and state laws are resolved either by legislation or court decisions. These risk retention groups not only provide a new source of competition to traditional insurance but they also serve as a major new form of protection to groups of members of a related industry.

There is considerable ease of entry into the commercial liability market. With 581 licensed property and casualty insurers and over 158 approved surplus lines companies there are minimum barriers for insurers to enter a new subclassification market. While there are currently several operational and regulatory barriers to entry for new insurers in the property and casualty industry, including minimum capital and surplus requirements, form approval, and rate approval, the existence of 581 insurers in Virginia is evidence that these barriers are not major obstacles and that the market is structurally competitive. However, in some of the subclassifications, the operational barriers may be quite significant, i.e., medical malpractice requires a substantial level of personnel expertise, as well as long term commitment, to underwrite adequately and manage the claim results. In these cases there would be a reluctance for new insurers to begin selling in a new market unless their profit expectations were very high.

No one brought to our attention, nor did our analysis reveal, evidence of anti-competitive actions by insurers to raise prices in commercial liability insurance or to refuse to write new insurance. While the industry underwent a period of dramatic increases in premium, restrictions in coverage and underwriting practices, and withdrawal from writing new or renewal business, this was, in our opinion, a reaction to changing market conditions brought about by increased underwriting losses, perception by the industry of a tort liability system out of control, decline in investment income, and a down turn in the profit cycle of the industry all converging at the same time, thus providing a perception by the industry of a negative market environment and period of uncertainty.

The property and casualty industry is not unlike the stock market. Most insurers, like mutual fund managers, follow the pack in making their policy decisions. If there is a major perception that the market is tightening, insurers will move en masse in that direction until there is clear evidence that the cycle is heading in a different direction. But, in our opinion, this is not evidence of direct or indirect

concerted pricing behavior. The insurance industry has too many existing and potential competitors in the field to engage in this type of behavior.

In the absence of persuasive evidence of concerted pricing behavior, this concept was precluded from further study in this report on the level of competition in the industry.

In evaluating the level of competition for the various lines and subclassifications of commercial liability insurance, a major indicator was the number of companies actually writing the business in the market. The theory is that the fewer companies writing, the more an insurer can influence the market which makes the market less competitive. Conversely the more companies writing, the less an insurer can influence the market and this makes the market more competitive.

Another excellent indicator is the extent to which insurers licensed to write the line or subclassification have sought to write or obtain new business within the line, or subclassification. This data would give some indication of the way the industry views the market environment for a particular line or subclassification of business. Insurers with pessimistic expectations concerning the growth and profitability of a certain type of business will not actively seek to write new business. Without new entrants coming into the market, there would be very little reason to have probable cause to believe that competition for this line or subclassification would increase in the near future. The possible negative implications on availability and affordability are apparent.

If more insurers, however, come into the market, insurer expectations concerning growth and profitability becomes positive, and the favorable effects on competition, availability and affordability become enhanced.

Based on the economic theory described above, for any subclassification of insurance where there is one or only a few insurers writing business, this may be, when viewed in conjunction with the other criteria, considered a basis to conclude that there is reasonable cause to believe that the market may not be competitive for this subclassification.

It should be cautioned again that the purpose of this report is to find "reasonable cause" and not to determine the final indication of competition or the lack thereof. Since the recommendation of the first report is designed to provide a framework for later actual determination by the Commission, **we leaned towards the finding of reasonable cause as opposed to not finding reasonable cause** if one or more of the primary indicators suggested a possible problem.

As a further caution, it should be again stated that the industry does not break down information statistically as detailed and as narrow into the various subclassifications as we attempted to study. As a result there may well be more competition than we have indicated based on the results of the surveys. In that case there will be ample opportunity for the industry to present its case at the hearings before the Commission as to the actual nature of the level of competition for the various subclassifications.

GENERALLY COMPETITIVE AREAS

Based on our findings, it appears that competition is an effective regulator of rates for many subclassifications and types of coverages, primarily in the premises/operations and commercial umbrella liability lines of insurance. While we have not listed every possible subclassification and type of coverage, some of the generally competitive areas include:

GENERALLY COMPETITIVE LINES AND SUBCLASSIFICATIONS

I. PREMISES/OPERATIONS LIABILITY

A. TRADE CONTRACTORS NOT ENGAGED IN COMMERCIAL CONSTRUCTION

Examples:	Carpenters	Plumbers
	Electricians	Masons

B. HABITATIONAL PROPERTIES

Examples:	Apartments	Boarding Houses
	Condominiums	

C. RETAIL AND WHOLESALE OPERATIONS

Examples:	Grocery	Drug
	Variety	Department Stores

D. OTHER SERVICE AND MERCANTILE

Examples:	Farms	Auto Parking Garages
	Caterers	Banks/Financial Institutions
	Hotels/Motels	Barber/Beauty Shops
	Funeral Homes	Convenience Shops
	Quick Print Shops	Retail/Service Establishments
	Churches (including pastoral liability)	

II. COMMERCIAL UMBRELLA LIABILITY

Our survey results indicated that there were 74 insurers willing to write this line of business. Some insurers indicated there were certain underwriting restrictions on some classes of insureds, but that umbrella coverage was generally available and that prices were trending lower.

Some underwriting restrictions were that insurers are requiring higher underlying limits of liability for primary policies or that they would only write umbrellas over their own primary policies, but not over other

insurers' primary policies. The trend towards higher primary limits has been continual over recent years as the liability exposures of many insureds have increased. Some carriers will write only over their own primary policies to assure that they have control of all claims that could potentially affect their umbrella policy. However, even taking into consideration these restrictions, the majority of insureds have sufficient umbrella coverage that is both available and affordable.

There are some other restricted areas of the umbrella market that were identified, but these mainly pertain to high hazard and specialty exposures such as heavy equipment manufacturers, machine shops, chemical companies and utilities. The restrictions in this area are probably appropriate since most of the policy terms, conditions and prices are negotiated individually between a somewhat sophisticated buyer and seller.

Since each umbrella policy is priced individually depending on the merits of each insured, there is reasonable cause to believe that competition is an effective regulator of rates in this line of insurance.

POTENTIALLY NON-COMPETITIVE AREAS

Based on analysis of the surveys, the demand factors, and the general market conditions, the Commission has reasonable cause to believe that competition may not be an effective regulator of rates for the following lines, subclassifications and types of coverages:

POTENTIALLY NON-COMPETITIVE ENTIRE LINES

I. PRODUCTS AND COMPLETED OPERATIONS LIABILITY (INCLUDING DISCONTINUED OPERATIONS)

II. ENVIRONMENTAL IMPAIRMENT LIABILITY

III. LIQUOR LIABILITY

IV. DIRECTORS AND OFFICERS LIABILITY

I. Products and Completed Operations Liability (Including Discontinued Operations)

The Commission has reasonable cause to believe that competition may not be an effective regulator of rates for the entire products and completed operations liability line, including discontinued operations.

While the results of the survey were not conclusive, we feel that products liability coverage merits further review by the Commission. The fact that problems with this type of coverage led to it being included in the Risk Retention Act of 1986 and the Market Assistance Plan provides reasonable cause to believe that a problem may exist in this line of insurance.

A. Manufacturing

A specific example that illustrates the problems encountered in this subclassification is as follows:

Chemical Manufacturers

While 12 companies indicated on the survey that they wrote this type of coverage, they have done so with restrictions which tend to limit the value of the coverage to the buyer.

Only four companies indicated that they have sought to write new business for chemical manufacturers within the past year. This is further indication that this market may not be increasing its competitiveness in spite of the improvements in levels of competition, availability and affordability for commercial liability insurance in general.

Additionally, 38% of the total number of agents responding to the survey indicated that chemical manufacturers were still experiencing availability or affordability problems. This is another indication that this market may not have reached a sufficient level of competition to be an effective regulator of rates. The prognosis of market trends for chemical manufacturers over the last 12 months was not encouraging with 97% of the agents indicating that the availability problem had worsened or remained unchanged and 95% indicating the same for the affordability problem.

B. Retail

A specific example that illustrates the problems encountered in this subclassification is as follows:

Restaurants

Fifty-six insurers indicated on the survey that they wrote this type of coverage. Forty of these were able to specifically state that they were seeking new business.

In the Agent Survey, 34% of the total number of agents responding to the survey indicated that a problem still existed for this type of coverage. Of this group, 75% felt that an availability problem still existed and 70% felt that an affordability problem still existed. Their prognosis of market trends for this subclassification over the

last 12 months was not encouraging with 83% of the agents indicating that the availability problem had worsened or remained unchanged and 88% indicating the same for the affordability problem.

C. All Others (including Non-Manufacturing/Contractors)

Sixty-three insurers indicated on the survey that they wrote all other types of products and completed operations liability coverage and 53 specifically stated that they were seeking new business.

In the Agent Survey, 21% of the total number of agents responding to the survey indicated that a problem still existed for this subclassification. Of this group, 70% felt that an availability problem still existed and 66% felt that an affordability problem still existed. Their prognosis of market trends for this subclassification over the last 12 months was not encouraging with 86% of the agents indicating that the availability problem had worsened or remained unchanged and 87% indicating the same for the affordability problem.

II. Environmental Impairment Liability

The Commission has reasonable cause to believe that competition may not be an effective regulator of rates for the entire environmental impairment liability line.

The results of our analysis indicate that competition may not be an effective regulator of rates for this entire line. Although 14 companies reported writing this type of business, they were including significant underwriting and coverage restrictions. These restrictions have the effect of reducing the value of the coverage to the buyer. Additionally, the Agent Surveys indicated that serious problems existed in the availability and affordability of this line.

The prognosis of market trends for environmental impairment liability was not encouraging. More than 95% of the agents indicated that availability and affordability problems had worsened or remained unchanged over the last 12 months.

In addition, our discussions with some of the surplus lines brokers indicated that environmental impairment liability was still experiencing availability problems across the board.

The highly specialized expertise required to write this line serves as a barrier to entry in attracting new writers. Also, because of the significant pollution exposure and limited reinsurance available for this market, the business environment for writing this line is still perceived to be very unfavorable.

III. Liquor Liability

The Commission has reasonable cause to believe that competition may not be an effective regulator of rates for the entire liquor liability line.

The survey results indicate that a limited number of insurers are actively pursuing business in these subclassifications. The increased tort liability for these operators in the event of an alcohol-related injury or death to an individual has created a perceived negative business environment on the part of the industry. Insurers do not, in general, perceive that there are high profit expectations in this line. Liquor liability was experiencing enough problems in 1986 to include that line in the Market Assistance Plan to help relieve availability problems for consumers.

The survey results also indicated that these subclassifications of the liquor liability line did not have a sufficient number of insurers actively seeking business to make them competitive. This seems to imply negative expectations concerning the profitability and growth of these markets.

A. Distributors/Merchants

A specific example that illustrates the problems encountered in this subclassification is as follows:

Retail Outlets

Although four insurers indicated on the survey that they wrote this type of coverage, only two were able to specifically state that they were seeking new business.

In the Agent Survey, 18% of the total number of agents responding to the survey indicated that a problem still existed for this type of coverage. Of this group, 75% felt that an availability problem still existed and 58% felt that an affordability problem still existed. Their prognosis of market trends for this subclassification over the last 12 months was not encouraging with 95% of the agents indicating that the availability problem had worsened or remained unchanged and 97% indicating the same for the affordability problem.

B. Owners of premises where liquor is consumed

A specific example that illustrates the problems encountered in this subclassification is as follows:

Restaurants/Bars and Taverns

Although thirteen insurers indicated on the survey that they wrote this type of coverage, only four were able to specifically state that they were seeking new business.

In the Agent Survey, 41% of the total number of agents responding to the survey indicated that a problem still existed for this type of coverage. Of this group, 83% felt that an availability problem still existed and 59% felt that an affordability problem still existed. Their prognosis of market trends for this subclassification over the last 12 months was not encouraging with 87% of the agents indicating that the availability problem had worsened or remained unchanged and 92% indicating the same for the affordability problem.

IV. Directors and Officers Liability

The Commission has reasonable cause to believe that competition may not be an effective regulator of rates for the entire directors and officers liability line.

While 53 companies responded to writing directors and officers liability insurance, coverage for specific subclassifications appears very specialized. As a result, there is a limited number of companies writing most subclassifications. While certain subclassifications may be available, these represent only a small portion of the total market. The Commission feels that this line warrants further review.

A. Profit Organizations

A specific example that illustrates the problems encountered in this subclassification is as follows:

Banks and Savings and Loans

Although ten companies indicated on the survey that they wrote this type of business and seven specifically stated that they were seeking new business, the results of the Agent Survey on availability and affordability indicated that a problem still existed for banks and savings and loans.

In the Agent Survey, 35% of the total number of agents responding to the survey indicated that an availability or affordability problem still existed. Their prognosis of market trends for banks and savings and loans over the last 12 months was not encouraging with 88% of the agents indicating that the availability problem had worsened or remained unchanged and 89% indicating the same for the affordability problem.

B. Non-Profit Organizations

Although sixteen companies indicated on the survey that they wrote this type of business, and nine specifically stated that they were seeking new business, the results of the Agent Survey on availability

and affordability indicated that a problem still existed for non-profit organizations.

In the Agent Survey, 35% of the total number of agents responding to the survey indicated that an availability or affordability problem still existed. Their prognosis of market trends for this subclassification over the last 12 months was not encouraging, with 86% of the agents responding that the availability problem had worsened or remained unchanged and 91% indicating the same for the affordability problem.

Based on analysis of the surveys, the demand factors, and the general market conditions, the Commission has reasonable cause to believe that competition may not be an effective regulator of rates for the following lines, subclassifications and types of coverages:

POTENTIALLY NON-COMPETITIVE SUBCLASSIFICATION AND TYPES OF COVERAGES WITHIN COMPETITIVE LINES

I. PREMISES/OPERATIONS LIABILITY

A. CONTRACTORS LIABILITY

1. Commercial Contracting
2. Hazardous Waste
3. Pest Control/Exterminators

B. GOVERNMENTAL OR MUNICIPAL LIABILITY

1. Government Entities (including Public Officials Liability)
2. Law Enforcement Agencies
3. School Divisions
4. Public Housing

C. RECREATIONAL LIABILITY

1. Special Events
2. All Other Recreational Activities

D. DAY CARE/CHILD CARE LIABILITY

II. PROFESSIONAL LIABILITY

A. MEDICAL PROFESSIONAL LIABILITY

B. LAWYERS PROFESSIONAL LIABILITY

C. INSURANCE AGENTS ERRORS AND OMISSIONS

D. ARCHITECTS ERRORS AND OMISSIONS

E. ENGINEERS ERRORS AND OMISSIONS

F. REAL ESTATE AGENTS ERRORS AND OMISSIONS

I. Premises/Operations Liability

The Commission has reasonable cause to believe that competition may not be an effective regulator of rates for the following subclassifications and types of coverages in the apparently otherwise competitive premises/operations liability line:

A. Contractors Liability

1. Commercial Contracting (e.g. well drilling, excavation work, street or road construction, sewer/water main construction, and steel erection)

Specific examples that illustrate the problems encountered in this subclassification are as follows:

Well Drilling

In the Agent Survey, 20% of the total number of agents responding to the survey indicated that a problem still existed for this type of coverage. Of this group, 73% felt that an availability problem still existed and 61% felt that an affordability problem still existed. Their prognosis of market trends for this subclassification over the last 12 months was not encouraging with 87% of the agents indicating that the availability problem had worsened or remained unchanged and 88% indicating the same for the affordability problem.

Excavation Work

Thirty-five companies indicated on the survey that they wrote this type of business. Of these, 23 companies indicated that they are seeking new business and all 35 companies indicated that they are renewing coverage. There was a concern by some companies not seeking new business that the loss frequency and severity was high and that specific knowledge is needed to inspect and underwrite this type of business which limits the number of insurers entering this field. In addition, insurers had the perception that the underground explosion and collapse hazards were too great. Further, many companies will only write this business as incidental to other operations and not on a stand alone basis.

In the Agent Survey, 39% of the total number of agents responding to the survey indicated that a problem still existed for this type of coverage. Of this group, 78% felt that an availability problem still existed and 61% felt that an affordability problem still existed. Their prognosis of market trends for this subclassification over the last 12 months was not encouraging with 83% of the agents indicating that the

availability problem had worsened or remained unchanged and 86% indicating the same for the affordability problem.

2. Hazardous Waste

No insurer indicated on the survey that it wrote this type of coverage. While there may be writers for this type of coverage of the contractors subclassification, the number may be so small that the market approaches a monopoly or oligopoly arrangement. The one or very few insurers writing this particular type of coverage of insurance has sufficient power to control or influence the price it receives for the coverage and can, in fact, price it well above the normal competitive level. Purchasers, particularly small companies, that are unable to self-insure have no choice but to purchase the product.

In addition 42% of the total number of agents responding to the survey indicated that this type of coverage was still experiencing availability and affordability problems. Their prognosis of market trends for this subclassification over the last 12 months was not encouraging with 98% of the agents indicating that the availability problem had worsened or remained unchanged and 100% indicating the same for the affordability problem.

3. Pest Control/Exterminators

Although six companies indicated on the survey that they wrote this type of coverage, only three were able to specifically state that they were seeking new business.

In the Agent Survey 53% of the total number of agents responding to the survey indicated that an availability or affordability problem still existed. Of this group, 86% felt that an availability problem still existed and 63% felt that an affordability problem still existed. Their prognosis of market trends for this subclassification over the last 12 months was not encouraging with 96% of the agents indicating that the availability problem had worsened or remained unchanged and 99% indicating the same for the affordability problem.

B. Governmental or Municipal Liability

As stated earlier in this report, group self-insurance pools for municipalities were formed pursuant to the 1986 enactment of Chapter 11.1 in Title 15.1 of the Code of Virginia. So far two pools have been approved by the State Corporation Commission. These pools have become a major alternative to traditional insurance in providing relief to municipalities.

1. Government Entities (including Public Officials Liability)

Fourteen companies indicated on the survey that they wrote this type of coverage, but only two were able to specifically state that they were seeking new business.

In the Agent Survey 34% of the total number of agents responding to the survey indicated that an availability or affordability problem still existed. Of this group, 83% felt that an availability problem still existed and 63% felt that an affordability problem still existed. Their prognosis of market trends for this subclassification over the last 12 months was not encouraging with 83% of the agents indicating that the availability problem had worsened or remained unchanged and 89% indicating the same for the affordability problem.

2. Law Enforcement Agencies

Although the law enforcement agencies coverage was not specifically addressed in the survey, a specific example that illustrates the problems encountered in this type of coverage is as follows:

Police Departments

Two companies indicated on the survey that they insured police departments. While there may be other writers for this coverage of the governmental or municipal liability line, the number may be so small that the market approaches a monopoly or oligopoly arrangement. The few insurers writing policies covering police departments have sufficient power to control or influence the price it receives for the coverage and can, in fact, price it well above the normal competitive level. Purchasers, particularly smaller governmental units, that are unable to self-insure either individually or through a group have no choice but to purchase the product.

In addition 41% of the total number of agents responding to the survey indicated that there was still an availability or affordability problem in obtaining liability coverage for police departments. Their prognosis of market trends over the last 12 months was not encouraging with 89% of the agents indicating that the availability problem had worsened or remained unchanged and 94% indicating the same for the affordability problem.

3. School Divisions

Although 19 companies indicated on the survey that they wrote this type of coverage, only four were able to specifically state that they were seeking new business.

In the Agent Survey 29% of the total number of agents responding to the survey indicated that an availability or affordability problem still existed. Of this group, 72% felt that an availability problem still existed and 66% felt that an affordability problem still existed. Their prognosis of market trends for this subclassification over the last 12 months was not encouraging with 82% of the agents indicating that the availability problem had worsened or remained unchanged and 88% indicating the same for the affordability problem.

4. Public Housing

Four companies indicated on the survey that they wrote this type of coverage, but only one was able to specifically state that it was seeking new business.

In the Agent Survey 26% of the total number of agents responding to the survey indicated that an availability or affordability problem still existed. Of this group, 77% felt that an availability problem still existed and 61% felt that an affordability problem still existed. Their prognosis of market trends for this subclassification over the last 12 months was not encouraging with 90% of the agents indicating that the availability problem had worsened or remained unchanged and 94% indicating the same for the affordability problem.

C. Recreational Liability

1. Special Events

While 15 companies indicated on the survey that they wrote this coverage, they have done so with restrictions which tend to limit the value of the coverage to the consumer.

In addition 39% of the total number of agents responding to the survey indicated that there was still availability or affordability problems for special events coverage. Their prognosis of market trends over the last 12 months was not encouraging with 93% of the agents indicating that the availability problem had worsened or remained unchanged and 92% indicating the same for the affordability problem.

2. All Other Recreational Activities (e.g., skating rinks, water recreation, clubs, golf courses and exercise facilities, etc.)

Specific examples that illustrate the problems encountered in this type of coverage are as follows:

Skating Rinks

Although eight companies indicated on the survey that they wrote this type of business and five specifically stated that they were seeking new business, the results of the Agent Survey on availability and affordability indicated that a problem still existed for this subclassification.

In the Agent Survey 39% of the total number of agents responding to the survey indicated that an availability or affordability problem still existed. Their prognosis of market trends for this type of coverage over the last 12 months was also not encouraging with 94% of the agents indicating that the availability problem had worsened or remained unchanged and 95% indicating the same for the affordability problem.

There was a concern by some companies not seeking new business that the loss frequency and severity were too high.

Water Recreational

While eight companies indicated on the survey that they wrote this coverage, they have done so with restrictions which tend to limit the value of this coverage to the consumer. Only two companies specifically indicated that they have sought to write new business in this type of coverage within the past year. This is further indication that this market may not be increasing its competitiveness in spite of the improvements in the levels of competition, availability and affordability for commercial liability insurance in general.

In addition 37% of the total number of agents responding to the survey indicated that this this type of coverage was still experiencing availability or affordability problems. Their prognosis of market trends over the last 12 months was also not encouraging with 96% of the agents indicating that the availability problem had worsened or remained unchanged and 98% indicating the same for the affordability problem.

Exercise Facilities

While eight companies indicated on the survey that they wrote this coverage, they have done so with restrictions which tend to limit the value of the coverage to the consumer.

Only three companies specifically indicated that they have sought to write new business in this type of coverage within the past year. This is further indication that this market may not be increasing its competitiveness in spite of the improvements in the levels of competition, availability and affordability for commercial liability insurance in general.

In addition 38% of the total number of agents responding to the survey indicated that this type of coverage was still experiencing availability or affordability problems. Their prognosis of market trends over the last 12 months was also not encouraging with 96% of the agents indicating that the availability problem had worsened or remained unchanged and 92% indicating the same for the affordability problem.

D. Day Care/Child Care Liability

While there are 23 companies writing day care/child care coverage, they are doing so with restrictions (e.g. child molestation) that significantly limit such coverage's value to the day care/child care centers, particularly small ones. In addition 58% of the total number of agents responding to the survey indicated that these centers were still experiencing availability or affordability problems. This is another indication that this market may not have reached a sufficient level of competition to be an effective regulator of rates. Their prognosis of market trends for day care/child care centers over the last 12 months was also not encouraging. Of the agents who responded in the survey that a problem still existed for this subclassification, 84% of these agents indicated that the availability problem had worsened or remained unchanged and 91% indicated the same for the affordability problem.

The Agent Survey, the Consumer Services Division Survey, our study into the day care/child care liability insurance crisis last year as well as information received from the public meetings we conducted on insurance problems led us to conclude that this type of coverage still needs further regulatory attention. While availability problems may be easing to a small extent, problems of affordability still remain. Additionally, it is very difficult for most of these centers to pass along their increased insurance costs to parents - especially the single parents and those on public assistance.

The perception by the industry is that day care/child care centers have become risky businesses because of the publicity surrounding child molestation cases. The environment does not appear conducive for competition to work as an effective regulator of rates at this time.

II. Professional Liability

The Commission has reasonable cause to believe that competition may not be an effective regulator of rates for the following subclassifications of the professional liability line.

While fifty-three companies responded to writing professional liability insurance, coverage for specific subclassifications appears very specialized. As a result, there is a limited number of companies writing most specific subclassifications. Considerable expertise is needed to underwrite adequately and manage the claim results of many of these types of coverages.

A. Medical Professional Liability

There is no question that practitioners in the health care field are experiencing significant availability and affordability problems. As medical malpractice is already designated as being under prior filing, no further analysis is needed in this report.

Specific examples that illustrate the problems encountered in this subclassification are as follows:

OB/GYN

Although four insurers indicated on the survey that they wrote this type of coverage, only one was able to specifically state that it was seeking new business.

In the Agent Survey, 51% of the total number of agents responding to the survey indicated that a problem still existed for this type of coverage. Of this group, 83% felt that an availability problem still existed and 68% felt that an affordability problem still existed. Their prognosis of market trends over the last 12 months was not encouraging with 97% of the agents indicating that the availability problem had worsened or remained unchanged and 98% indicating the same for the affordability problem.

Nurses and Nurse Practitioners

In the Agent Survey, 32% of the total number of agents responding to the survey indicated that a problem still occurred for this type of coverage. Of this group, 63% felt that an affordability problem still existed.

One company, operating under a Risk Retention Group, raised the rates for nurse practitioners from \$58.00 to \$1,500. This represented a proposed 2500% rate increase and caused alarming concern to the insureds. The Commission is currently contesting the authority of Risk Retention Groups' ability to raise premium rates without

complying with the Virginia Insurance Code's rate and policy form filing requirement, but this matter has not been resolved at this time. While medical malpractice rates are already under prior approval and generally beyond the scope of this report, we felt that the critical affordability problem for nurses and nurse practitioners should be mentioned.

All Other Medical Malpractice

Although nine insurers indicated on the survey that they wrote this type of coverage, only three of these were able to specifically state that they were seeking new business.

In the Agent Survey, 51% of the total number of agents responding to the survey indicated that a problem still existed for this type of coverage. Of this group, 81% felt that an availability problem still existed and 67% felt that an affordability problem still existed. Their prognosis of market trends over the last 12 months was not encouraging with 98% of the agents indicating that the availability problem had worsened or remained unchanged and 100% indicating the same for the affordability problem.

B. Lawyers Professional Liability

Although six insurers indicated on the survey that they wrote this type of coverage, only three were able to specifically state that they were seeking new business.

In the Agent Survey, 30% of the total number of agents responding to the survey indicated that a problem still existed for lawyers. Of this group, 70% felt that an availability problem still existed and 66% felt that an affordability problem still existed. Their prognosis of market trends for this subclassification over the last 12 months was not encouraging with 93% of the agents indicating that the availability problem had worsened or remained unchanged and 99% indicating the same for the affordability problem.

C. Insurance Agents Errors and Omissions

Although ten insurers indicated on the survey that they wrote this type of coverage, only four were able to specifically state that they were seeking new business.

In the Agent Survey, 45% of the total number of agents responding to the survey indicated that a problem still existed for insurance agents errors and omissions. Of this group, 55% felt that an availability problem still existed and 85% felt that an affordability problem still existed. Their prognosis of market trends for this subclassification over the last 12 months was not encouraging with 93% of the agents

indicating that the availability problem had worsened or remained unchanged and 95% indicating the same for the affordability problem.

D. Architects Errors and Omissions

Although four insurers indicated on the survey that they wrote this type of coverage, none of them was able to specifically state that they were seeking new business.

In the Agent Survey, 32% of the total number of agents responding to the survey indicated that a problem still existed for architects. Of this group, 70% felt that an availability problem still existed and 67% felt that an affordability problem still existed. Their prognosis of market trends for this subclassification over the last 12 months was not encouraging with 95% of the agents indicating that the availability problem had worsened or remained unchanged and 98% indicating the same for the affordability problem.

E. Engineers Errors and Omissions

Four insurers indicated on the survey that they wrote this type of coverage, but none of them was able to specifically state that they were seeking new business.

In the Agent Survey, 30% of the total number of agents responding to the survey indicated that a problem still existed for engineers. Of this group, 71% felt that an availability problem still existed and 64% felt that an affordability problem still existed. Their prognosis of market trends for this subclassification over the last 12 months was not encouraging with 94% of the agents indicating that the availability problem had worsened or remained unchanged and 96% indicating the same for the affordability problem.

F. Real Estate Agents Errors and Omissions

Although real estate agents liability coverage was not specifically addressed in the surveys, discussions with industry persons and various consumer groups have led us to believe that competition may not be an effective regulator of rates for this subclassification.

DESIGNATION OF DATE TO FILE SUPPLEMENTAL REPORTS

Pursuant to Virginia Code § 38.2-1905.2.C., insurers writing these potentially non-competitive lines, subclassifications and types of coverages designated above will be required, on or before March 16, 1988, to file supplemental reports for further investigation and hearings by the State Corporation Commission.

APPENDICES

APPENDIX A

HOUSE BILL NO. 1235

§ 38.2-1905.1

§ 38.2-1905.1. Report on level of competition, availability and affordability of certain insurance. — A. The Commission shall submit a report or reports to the General Assembly, at least annually, concerning the lines and subclassifications of insurance defined in §§ 38.2-117 and 38.2-118, including those lines and subclassifications containing as a part thereof insurance coverage as defined in those sections, insuring a commercial entity. The report or reports shall indicate (i) the level of competition among insurers in Virginia for those lines or subclassifications, (ii) the availability of those lines or subclassifications of insurance and (iii) the affordability of those lines or subclassifications of insurance.

B. The Commission's report or reports to the General Assembly shall also designate all insurance lines or subclassifications defined in § 38.2-117 and 38.2-118, including those lines or subclassifications of insurance containing as a part thereof insurance coverage defined in those sections, insuring a commercial entity, for which the Commission has reasonable cause to believe that competition may not be an effective regulator of rates.

C. The report or reports to the General Assembly pursuant to this section shall be made no later than December 31 of each year, the first report or reports to be made not later than December 31, 1987.

D. A copy of each report made pursuant to this section shall be sent by the Commission to the Division of Consumer Counsel of the Office of the Attorney General. Each report shall be a matter of public record.

E. Those lines and subclassifications designated pursuant to subsection B of this section shall be reviewed by the Commission for the purpose of determining whether competition is an effective regulator of rates for each such designated line or subclassification. The Commission shall hold a hearing or hearings for that purpose no later than two months following the due date of the supplemental reports required under § 38.2-1905.2 at which it shall hear evidence offered by any interested party. In determining whether competition is an effective regulator of rates for each designated line or subclassification, the Commission may consider such factors as it deems relevant to such determinations, including the following factors:

1. The number of insurers actually writing insurance within the line or subclassification.

2. The extent and nature of rate differentials among insurers within the line or subclassification.

3. The respective market share of insurers actually writing insurance within the line or subclassification, and changes in market share compared with previous years.

4. The ease of entry into the line or subclassification by insurers not currently writing such line or subclassification.

5. The degree to which rates within the line or subclassification are established by rating service organizations.

6. The extent to which insurers licensed to write the line or subclassification have sought to write or obtain new business within the line or subclassification within the past year.

7. Whether a pattern of excessive rates exists within the line or subclassification in relation to losses, expenses and investment income.

8. Such other factors as the Commission deems relevant to the determination of whether competition is an effective regulator of rates within the line or subclassification.

F. Notwithstanding any designation made by the Commission pursuant to subsection B of this section, the Commission may, upon petition of any interested party, hold a hearing to determine whether, under the factors set forth in subsection E of this section, competition is not an effective regulator of rates for lines or subclassifications not so designated.

G. "Commercial entity" as used in this section shall mean any (i) sole proprietorship, partnership or corporation, (ii) unincorporated association or (iii) the Commonwealth, a county, city, town, or an authority, board, commission, sanitation, soil and water, planning or other district, public service corporation owned, operated or controlled by the Commonwealth, a locality or other local governmental authority.

H. The Commission shall adopt such rules and regulations including provision for identification from time to time of subclassifications of insurance necessary to implement the provisions of this section.

APPENDIX B

Tort Reform

The 1987 General Assembly acted on many of the recommendations made by the joint subcommittee in an attempt to address the liability insurance crisis. Several tort reform bills were passed on the assumption that some type of control needed to be placed on the tort reparations system in order to provide insurance companies with a greater amount of predictability in estimating the amount of claims they might have to pay.

The following tort reform legislation was enacted in 1987:

1. Limitation on punitive damages - This law amends the Civil Remedies and Procedure Code by adding § 8.01-38.1 which places a \$350,000 cap on the amount of punitive damages that can be awarded in personal injury cases.
2. Exemption from jury service - This law amends §§ 8.01-341 and 8.01-341.1 of the Civil Remedies and Procedure Code by limiting the classes of people who may claim exemption from serving on juries in civil and criminal cases.
3. Limitations on liability of corporate officers - This law amends the Corporations Code by limiting the liability of corporate officers and directors in proceedings brought by or on behalf of shareholders of the corporation or brought by or on behalf of members of the corporation. The limit of liability would apply except where the officer or director had engaged in willful misconduct or a knowing violation of criminal law. The limit of liability is set at the lesser of (i) the monetary amount specified in the articles of incorporation or (ii) the greater of \$100,000 or the amount of cash compensation received during the year immediately preceding the act or omission for which liability is imposed.
4. Statute of limitations in medical malpractice - This law amends the Civil Remedies and Procedure Code by adding a provision which limits the time within which a person on behalf of a minor can bring action for medical malpractice. The statute of limitations is set at two years from the date of the act or omission giving rise to the cause of action, with some exceptions being granted.
5. Statute of limitations - This law amends § 8.01-243 of the Civil Remedies and Procedure Code by including in the statute of limitations for personal actions any action for damages resulting from fraud.
6. Certification of merits of pleadings - This law amends § 8.01-271.1 of the Civil Remedies and Procedure Code by requiring attorneys to certify as to the merits of any pleadings or motions which are filed by them. The bill also imposes sanctions upon attorneys who file frivolous lawsuits or who otherwise misrepresent the merits of any pleadings or motions.

7. Immunity of members of local government - This law amends the Counties, Cities, and Towns Code by adding a section which grants immunity to members of local governing bodies for lawsuits arising from the conduct of their affairs except where such lawsuit involves the appropriation of funds or is the result of intentional or willful misconduct or gross negligence.

8. Limit on liability for members of transportation districts - This law amends § 15.1-1364 of the Counties, Cities and Towns Code which pertains to the limit of liability for members of transportation districts. The bill expands the definition of "liability policy" to include any program of self-insurance administered by the Virginia Division of Risk Management.

APPENDIX C

PURCHASING GROUPS

November 4, 1987

AAOMS RISK PG
AHA/HEALTH CARE INSTITUTIONS D&O PG
ALLIED HEALTH PURCHASING GROUP ASSOC.
AMERICAN ACADEMY OF PHYSICIAN ASSISTANTS
AMERICAN ALCOHOLIC BEVERAGE CO.
AMERICAN ASSOCIATION FOR COUNSELING AND DEVELOPMENT
AMERICAN ASSOCIATION FOR PROFESSIONALS, INC.
AMERICAN COLLECTORS ASSOCIATION ENTERPRISE, INC.
AMERICAN COLLECTORS ASSOCIATION, INC.
AMERICAN COMMERCIAL COLLECTORS ASSOCIATION, INC.
AMERICAN CONTRACTORS
AMERICAN DENTAL PURCHASING GROUP
AMERICAN HOME SHIELD
AMERICAN HUNTING
AMERICAN INTERNIST PURCHASING GROUP
AMERICAN MANUFACTURERS
AMERICAN PART-TIME PHYSICIANS PG
AMERICAN PROFESSIONALS E&O ASSOCIATION
AMERICAN PSYCHIATRIC ASSOC.PG
AMERICAN PHYSICIANS PG
AMERICAN PULPWOOD ASSOC.
AMERICAN RENTAL DEALERS INS. PG
AMERICAN SADDLE ANIMAL
AMERICAN TRUCK STOP OPERATORS ASSOC.
AMERICAN TRUCKING ASSOCIATION
AMERICAN TRUCKING ASSURANCE ALLIANCE
APA WOOD SUPPLIERS LIABILITY GROUP
APPRAISER'S LIABILITY INS. TRUST PURCHASING GROUP
ASBESTOS REMOVAL PROFESSIONALS
ASSOCIATED RESTAURANT MANAGEMENT PURCHASING GROUP
ASSOCIATION OF MEDICAL EQUIPMENT DEALERS, INC.
ASSOCIATION PURCHASING GROUP
ASSOCIATION OF TRUCK OPERATORS PURCHASING GROUP
ASSOCIATION OF WATER PARK OWNERS AND OPERATORS PG
ASSURANCE PURCHASERS COOPERATIVE INS. PURCHASING GROUP
AVMA PROFESSIONAL LIABILITY INSURANCE TRUST
AUTOMOTIVE INSURANCE
BETTER HOMES AND GARDENS PURCHASING GROUP
BETTER HOMES AND GARDENS REAL ESTATE SERVICE, INC.
CENTURY 21
CHEM-DRY CLEANERS INS. PG
CHILD CARE CENTER ASSOC.
CHIMNEY SWEEP PURCHASING GROUP
COCA-COLA BOTTLERS' ASSOC.
CROP INS. E&O ASSOC.
DIET CENTERS ASSOCIATION, INC.
DIRECTORS AND OFFICERS LIABILITY ASSOCIATION REGISTER INCORPORATED
DSN DEALER SERVICE NETWORK
DURACLEAN INTERNATIONAL INS. PG
EDUCATIONAL INSTITUTIONS PURCHASING GROUP

PURCHASING GROUPS

November 4, 1987

ELECTRONIC REALTY ASSOCIATES, INC.
EXPLOSIVES PURCHASING GROUP
FINANCIAL INSTITUTION & LENDERS LIAB. ASSOC. OF AMERICA, INC.
FUND ADMINISTRATORS ASSOCIATION PURCHASING GROUP
GOVERNMENTAL ENTITIES PURCHASING GROUPS
HEALTH CARE PROFESSIONS PURCHASING GROUP ASSOCIATION
HEALTH-PRO ,INC. PURCHASING GROUP
HOME CARE ASSOCIATION RISK PURCHASE GROUP, INC. ("the Purchasing Group")
INTERNAL MEDICINE PURCHASING GROUP OF AMERICA
LANDOWNERS AND DEVELOPERS PG
LAWYERS BENEFIT PG
LESSORS AND RENTERS ASSOC. INC.
LIMO AUTO RENTAL PG INS.
LIQUOR DEALERS ASSOC.
LONGHAUL TRUCKING LIABILITY PG
MECHANICAL INS. PG
MEDICAL GROUP PURCHASING ASSOC.
MEDICAL INS. PG
MMI PHYSICIANS INTERESTS/MMI HEALTH CARE INTEREST PG
MUNICIPAL PURCHASING GROUP
MUNICIPAL PG FOR LAW ENFORCEMENT OFFICERS AND PUBLIC OFFICIALS
MUNICIPAL RISK PG
MUTUAL ASSURANCE PG
NATIONAL AMUSEMENT COOPERATIVE PG
NATIONAL ASSOCIATION OF HOME INSPECTORS INC.
NATIONAL ASSOCIATION OF LIFE UNDERWRITERS PG
NATIONAL ASSOCIATION OF ORTHODONTISTS, INC.
NATIONAL ASSOCIATION OF N.P. D&O PROFESSIONALS, INC.
NATIONAL ASSOCIATION OF PRIVATE SECURITY INDUSTRIES, INC.
NATIONAL ASSOCIATION OF TEMPORARY SERVICES
NATIONAL ASSOCIATION OF WHOLESALER - DISTRIBUTORS PURCHASING GROUP
NATIONAL BURGLAR AND FIRE ALARM ASSOC. PG
NATIONAL CONTRACTORS SURETY PG
NATIONAL DAY CARE ASSOC.
NATIONAL DISTRIBUTORS
NATIONAL ELEVATOR
NATIONAL FEDERATION OF HIGH SCHOOL ASSOC. PG
NATIONAL FEDERATION OF INSURANCE REGULATORS
NATIONAL FEDERATION OF PUBLIC ENTITIES PG
NATIONAL LIMOUSINE ASSOCIATION PG
NATIONAL MARINE ASSOCIATION
NATIONAL MARINE TRADES ASSOC. A PG
NATIONAL MINING ASSOCIATION PG
NATIONAL NURSE PG ASSOC.
NATIONAL SOCIETY OF DENTAL PRACTITIONERS PG
NATIONWIDE TOOL RENTAL
NATIONWIDE TRANSPORTATION UMBRELLA
NORTH AMERICAN CAMPGROUND ASSOCIATION
NORTH AMERICAN CHEMICAL USERS AND APPLICATORS ASSOC.

PURCHASING GROUPS

November 4, 1987

NORTH AMERICAN HORSE
NORTH AMERICAN WATERPARK AND RECREATION ASSOC. INC. PG
NURSES PURCHASING GROUP, INC.
NURSING ORGANIZATION
NURSING PRACTITIONERS PROF.
NURSING PROFESSION PG
NURSING PURCHASING GROUP, INC.
NUTRI/SYSTEM OPERATORS PURCHASING GROUP
OSS/ACA CAMPOWNERS UMBRELLA PROGRAM (C.O.U.P.) PG
OSTEOPATHIC PHYSICIANS AND SURGEONS PROFESSIONAL LIAB. ASSOC. INS. PG
P & P PURCHASING GROUP
PATHOLOGISTS LIAB. INS. PG
PROFESSIONAL ENVIRONMENTAL CONTRACTORS, INC.
REALTY PURCHASING GROUP ASSOC.
RECREATIONAL SPORTS INS. PG
REPLACE A CAR ASSOCIATION
S.A.M.E. A PURCHASING GROUP
SPORTS CONTEST ASSOC.
TITLE AGENTS OF AMERICA INSURANCE PURCHASING GROUP, INC.
TRANSPORTATION POLLUTION LIAB. ASSOC.
TRUST FOR INSURING EDUCATORS
UGLY DUCKLING
U.S. EQUINE BUSINESS
UNITED SECURITY ASSOC. PG
UNITED STATES ASSOCIATES, INC.
UNITED STATES ASSOCIATION OF D&O PROFESSIONALS, INC.
UNITED STATES ASSOCIATION FOR PROFESSIONALS, INC.
UNITED STATES HORSE ASSOC.
UNITED VAN LINES RISK PG ASSOC.
USA UNITED SECURITY ASSOCIATION
USAR RISK PURCHASING GROUP, INC.
USL PURCHASING GROUP ASSOCIATION
WORLDWIDE OUTFITTERS AND GUIDES ASSOC. INC.

APPENDIX D

SURVEY QUESTIONS AND RESULTS

**SURPLUS LINES COMPANY AND
INSURANCE COMPANY SURVEY**

General Information

Company Name: _____

NAIC Company Number: _____ NAIC Group Number: _____

Respondent: _____

Title: _____

Mailing Address: _____

Phone Number: () _____

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commissions' Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

- | | |
|------------------------------------------|-----|
| General Liability | [] |
| Foster Children Providers | [] |
| Mental Health Services | [] |
| Day Care | [] |
| Excavation Work | [] |
| Hotels | [] |
| Propane Gas Facilities | [] |
| Anhydrous Ammonia Dealers & Distributors | [] |
| Exterminators | [] |
| Private Investigators | [] |
| Elevator Maintenance | [] |
| Explosives Manufacturers | [] |
| Heavy Manufacturers | [] |
| Light Manufacturers | [] |
| Condominium Association Liability | [] |
| Homeowner Association Liability | [] |
| Restaurants | [] |
| Gasoline Distributor | [] |
| Other Types (please specify) | |
| _____ | [] |
| _____ | [] |
| _____ | [] |
| _____ | [] |
| _____ | [] |

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commissions' Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

- Product Liability** []
- Chemical Manufacturers []
- Medical Equip/Supplies []
- Fishermen []
- Woodburning Stove Manufacturers []
- Fireworks Manufacturers []
- Contractors Equipment Rental []
- Food Products Manufacturers []
- Restaurant []
- Tobacco Products Manufacturers []
- Products (All Other) []

Other Types (please specify)

- _____ []
- _____ []
- _____ []
- _____ []
- _____ []

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commissions' Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

- Environmental Liability** []
- Asbestos Removal []
- Hazardous Waste Disposal []
- Landfills []
- Pesticide Application []
- Pollution Liability []

Other Types (please specify)

- _____ []
- _____ []
- _____ []
- _____ []
- _____ []

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commissions' Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

- | | |
|-------------------------------------|-----|
| Governmental Liability | [] |
| Government Entities | [] |
| Police Liability | [] |
| Public Officials | [] |
| School Districts | [] |
| Public Housing Authority | [] |
| Ambulance Liability | [] |
| Zoos and Parks | [] |
| Other Types (please specify) | |
| _____ | [] |
| _____ | [] |
| _____ | [] |
| _____ | [] |
| _____ | [] |

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commissions' Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

- Liquor Liability** []
- Restaurants []
- Bars & Taverns []
- Not Specified []
- Private Clubs []
- Package Stores and Other Retail Establishments []

Other Types (please specify)

- _____ []
- _____ []
- _____ []
- _____ []
- _____ []

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commissions' Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

- Recreational Liability** []
- Skating Rinks []
- Bowling Alleys []
- Water Recreation Risks []
- Saddle Animals []
- Carnivals []
- Special Events []
- Parks or Playgrounds []
- Theaters []
- Golf Courses []
- Exercise Facilities []
- Camps []
- Ski Lifts or tows []
- Marinas []
- Stadiums []
- Recreation Facilities (All Other) []

Other Types (please specify)

- _____ []
- _____ []
- _____ []
- _____ []
- _____ []

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commission's Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

- | | |
|------------------------------------|-----|
| Professional Liability | [] |
| Emergency & Medical Technicians | [] |
| Psychologists | [] |
| OB/GYN Physicians | [] |
| Veterinarians | [] |
| Nurses | [] |
| Nurse Midwives | [] |
| Dentists | [] |
| Attorneys | [] |
| Architects | [] |
| Engineers | [] |
| Accountants | [] |
| Teachers | [] |
| Real Estate Developers | [] |
| Pastoral Liability | [] |
| College Fac. Liability | [] |
| Neurosurgeons | [] |
| Anesthesiologist | [] |
| Insurance Agents E & O | [] |
| Nursing Home Liability | [] |
| Professional Liability (All Other) | [] |
| Medical Malpractice (All Other) | [] |

E & O (All Other)

[]

Other Types (please specify)

[]

[]

[]

[]

[]

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commissions' Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

- Director & Officers** []
- Banks/Savings & Loan []
- Credit Unions []
- Hospitals []
- Non-Profit Organizations []
- School Board []
- Condominium []
- Other Types (please specify)**
- _____ []
- _____ []
- _____ []
- _____ []
- _____ []

Type of Coverage: _____

1. Provide the following information for your Virginia business:

	<u>1986</u>	<u>1985</u>	<u>1984</u>
Number of Exposures	_____	_____	_____
Direct Written Premiums	_____	_____	_____

2. At the present time, are you actively seeking new business in Virginia for this type of coverage?

[] Yes - (Please answer question 2.a.)

[] No - (Please skip question 2.a. and 2.b. - Go directly to question 2.c.)

2. a. Are there any special conditions, restrictions, or exceptions that have been imposed for this type of coverage after January 1, 1984?

[] Yes

[] No

If yes, what are they?

2. b. Is the current environment for seeking new business in Virginia for this type of coverage:

[] improving [] declining [] unchanged

2. c. (Answer question 2.c. and 2.d. only if your answer to question 2 is 'no'.)

Were you actively seeking new business in Virginia for this type of coverage prior to 1984?

[] Yes

[] No

2.d. What are your reasons for not actively seeking new business in Virginia for this type of coverage at the present time?

3. Are you renewing existing policies in Virginia for this type of coverage?

[] Yes - (Please answer question 3.a.)

[] No - (Please skip question 3.a. - Go directly to question 3.b.)

3. a. Are there any special conditions, restrictions, or exceptions that have been imposed for this type of coverage after January 1, 1984?

[] Yes

[] No

If yes, what are they?

3. b. (Answer this question only if your answer to question 3 is 'no'.)

What are your reasons for not renewing existing policies in Virginia for this type of coverage?

(If this type of coverage is exempt from rate filing requirements in Virginia go directly to question 5.)

4. Do you use rates filed by ISO in Virginia for this type of coverage?

[] Yes - (Please answer question 4.a.)

[] No - (Please skip question 4.a. - Go directly to question 4.b.)

4. a. Have you filed any rate modifications to ISO's rate filings in Virginia for this type of coverage?

[] Yes

[] No

If yes, what are the rate modifications?

4. b. (Answer this question only if your answer to question 4 is 'no'.)

Do you use rates filed in Virginia by another rate service organization for this type of coverage?

Yes - (Please answer question 4.c. and 4.d.)

No - (Please skip question 4.c. and 4.d - Go directly to question 5)

4. c. Which rate service organizations' rate filings in Virginia do you use for this type of coverage?

4. d. Have you filed any rate modifications to this organizations' rate filings in Virginia for this type of coverage?

Yes

No

If yes, what are the rate modifications?

5. Has there been a significant increase in the rate for this type of coverage in Virginia over the past three years.

Yes - (Please answer question 5.a.)

No - (Please skip question 5.a.)

5. a. Please state the primary reason or reasons for the rate increase.

Thank you for completing this questionnaire.

AGENTS' RESPONSE SURVEY

General Information

Agency Name: _____

Respondent: _____

Title: _____

Mailing Address: _____

Phone Number: () _____

**AGENTS' RESPONSE SURVEY
 AVAILABILITY AND AFFORDABILITY OF COMMERCIAL LIABILITY INSURANCE
 IN VIRGINIA — PART I**

Please indicate your opinion as to which of the following types of liability coverage are currently experiencing significant "Availability" and/or "Affordability" problems.

Indicate problem types by placing an [X] in the appropriate bracket.

<u>Type of Coverage</u>	<u>Availability</u>	<u>Affordability</u>
General Liability	[]	[]
Foster Children Providers	[]	[]
Mental Health Services	[]	[]
Nonprofit Orgnaizations	[]	[]
Day Care	[]	[]
Contractors	[]	[]
Excavation Work	[]	[]
Well Servicing	[]	[]
Hotels	[]	[]
Petroleum Dealers (Wholesale)	[]	[]
Propane Gas Facilities	[]	[]
Anhydrous Ammonia Dlrs. & Distr.	[]	[]
Exterminators	[]	[]
Private Investigators	[]	[]
Elevator Maintenance	[]	[]
Explosives Manufacturers	[]	[]
Custom Harvesting	[]	[]
Heavy Manufacturers	[]	[]
Light Manufacturers	[]	[]
Condominium Assn. Liability	[]	[]
Homeowner Assn. Liability	[]	[]
Restaurants	[]	[]
Gasoline Distributor	[]	[]
Other Types (please specify)		
_____	[]	[]
_____	[]	[]

<u>Type of Coverage</u>	<u>Availability</u>	<u>Affordability</u>
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
Product Liability	[]	[]
Chemical Manufacturers	[]	[]
Medical Equip/Supplies	[]	[]
Fishermen	[]	[]
Woodburning Stove Manufacturers	[]	[]
Fireworks Manufacturers	[]	[]
Contractors Equipment Distr. (Including Rental)	[]	[]
Food Products Mfg.	[]	[]
Restaurant	[]	[]
Tobacco Products Mfg.	[]	[]
Products (All Other)	[]	[]
Other Types (please specify)		
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
Environmental Liability	[]	[]
Asbestos Removal	[]	[]
Hazardous Waste Disposal	[]	[]
Landfills	[]	[]
Pesticide Application	[]	[]
Pollution Liability	[]	[]
Other Types (please specify)		
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]

<u>Type of Coverage</u>	<u>Availability</u>	<u>Affordability</u>
Governmental Liability	[]	[]
Government Entities	[]	[]
Police Liability	[]	[]
Public Officials	[]	[]
School Districts	[]	[]
Public Housing Authority	[]	[]
Ambulance Liability	[]	[]
Zoos and Parks	[]	[]
Other Types (please specify)		
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
Recreational Liability	[]	[]
Skating Rinks	[]	[]
Bowling Alleys	[]	[]
Water Recreation Risks	[]	[]
Dude Ranches	[]	[]
Saddle Animals	[]	[]
Pack Horse Liability	[]	[]
Guides & Outfitters	[]	[]
Carnivals	[]	[]
Special Events	[]	[]
Parks or Playgrounds	[]	[]
Theatres	[]	[]
Golf Courses	[]	[]
Exercise Facilities	[]	[]
Camps	[]	[]
Ski Lifts or tows	[]	[]
Marinas	[]	[]
Stadiums	[]	[]
Recreation Facilities (All Other)	[]	[]
Other Types (please specify)		
_____	[]	[]
_____	[]	[]

<u>Type of Coverage</u>	<u>Availability</u>	<u>Affordability</u>
_____	[]	[]
_____	[]	[]
_____	[]	[]
Liquor Liability	[]	[]
Restaurants	[]	[]
Bars & Taverns	[]	[]
Not Specified	[]	[]
Private Clubs	[]	[]
Package Stores & Other Retail Est.	[]	[]
Other Types (please specify)		
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
Commercial Umbrella (excess)	[]	[]
Professional Liability	[]	[]
Emergency & Medical Technicians	[]	[]
Psychologists	[]	[]
OB/GYN Physicians	[]	[]
Veterinarians	[]	[]
Nurses	[]	[]
Nurse Midwives	[]	[]
Dentists	[]	[]
Attorneys	[]	[]
Architects	[]	[]
Engineers	[]	[]
Accountants	[]	[]
Teachers	[]	[]
Real Estate Developers	[]	[]
Pastoral Liability	[]	[]
College Fac. Liability	[]	[]
Insurance Agents E & O	[]	[]
Nursing Home Liability	[]	[]
Neurosurgeons	[]	[]

<u>Type of Coverage</u>	<u>Availability</u>	<u>Affordability</u>
Anesthesiologist	[]	[]
Professional Liability (General)	[]	[]
Medical Malpractice (General)	[]	[]
E & O (General)	[]	[]
Other Types (please specify)		
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
Director & Officers	[]	[]
Banks/Savings & Loan	[]	[]
Credit Unions	[]	[]
Hospitals	[]	[]
Non-Profit Organizations	[]	[]
School Board	[]	[]
Condominium	[]	[]
Other Types (please specify)		
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]

**AGENTS' RESPONSE SURVEY
THE AVAILABILITY AND AFFORDABILITY MARKET TRENDS
OF COMMERCIAL LIABILITY INSURANCE - PART II**

Please give us your opinion of the availability/affordability market trend over the last 12 months for coverages that you identified in Part I as problem types.

Indicate market trend by placing an [X] in the appropriate bracket.

<u>Type of Coverage</u>	<u>Availability</u>			<u>Affordability</u>		
	<u>Improved</u>	<u>Worsened</u>	<u>Unchanged</u>	<u>Improved</u>	<u>Worsened</u>	<u>Unchange</u>
General Liability	[]	[]	[]	[]	[]	[]
Foster Children Providers	[]	[]	[]	[]	[]	[]
Mental Health Services	[]	[]	[]	[]	[]	[]
Nonprofit Orgnaizations	[]	[]	[]	[]	[]	[]
Day Care	[]	[]	[]	[]	[]	[]
Contractors	[]	[]	[]	[]	[]	[]
Excavation Work	[]	[]	[]	[]	[]	[]
Well Servicing	[]	[]	[]	[]	[]	[]
Hotels	[]	[]	[]	[]	[]	[]
Petroleum Dealers (Wholesale)	[]	[]	[]	[]	[]	[]
Propane Gas Facilities	[]	[]	[]	[]	[]	[]
Anhydrous Ammonia Dirs. & Distr.	[]	[]	[]	[]	[]	[]
Exterminators	[]	[]	[]	[]	[]	[]
Private Investigators	[]	[]	[]	[]	[]	[]
Elevator Maintenance	[]	[]	[]	[]	[]	[]
Explosives Manufacturers	[]	[]	[]	[]	[]	[]
Custom Harvesting	[]	[]	[]	[]	[]	[]
Heavy Manufacturers	[]	[]	[]	[]	[]	[]
Light Manufacturers	[]	[]	[]	[]	[]	[]
Condominium Assn. Liability	[]	[]	[]	[]	[]	[]
Homeowner Assn. Liability	[]	[]	[]	[]	[]	[]
Restaurants	[]	[]	[]	[]	[]	[]
Gasoline Distributor	[]	[]	[]	[]	[]	[]
Other Types (please specify)						
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]

Type of Coverage	Availability			Affordability		
	Improved	Worsened	Unchanged	Improved	Worsened	Unchange
Product Liability	[]	[]	[]	[]	[]	[]
Chemical Manufacturers	[]	[]	[]	[]	[]	[]
Medical Equip/Supplies	[]	[]	[]	[]	[]	[]
Fishermen	[]	[]	[]	[]	[]	[]
Woodburning Stove Manufacturers	[]	[]	[]	[]	[]	[]
Fireworks Manufacturers	[]	[]	[]	[]	[]	[]
Contractors Equipment Distr. (Including rental)	[]	[]	[]	[]	[]	[]
Food Products Manufacturers	[]	[]	[]	[]	[]	[]
Restaurant	[]	[]	[]	[]	[]	[]
Tobacco Products Manufacturers	[]	[]	[]	[]	[]	[]
Products (All Other)	[]	[]	[]	[]	[]	[]
Other Types (please specify)						
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
Environmental Liability	[]	[]	[]	[]	[]	[]
Asbestos Removal	[]	[]	[]	[]	[]	[]
Hazardous Waste Disposal	[]	[]	[]	[]	[]	[]
Landfills	[]	[]	[]	[]	[]	[]
Pesticide Application	[]	[]	[]	[]	[]	[]
Pollution Liability	[]	[]	[]	[]	[]	[]
Other Types (please specify)						
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
Governmental Liability	[]	[]	[]	[]	[]	[]
Government Entities	[]	[]	[]	[]	[]	[]
Police Liability	[]	[]	[]	[]	[]	[]
Public Officials	[]	[]	[]	[]	[]	[]
School Districts	[]	[]	[]	[]	[]	[]

<u>Type of Coverage</u>	<u>Availability</u>			<u>Affordability</u>		
	<u>Improved</u>	<u>Worsened</u>	<u>Unchanged</u>	<u>Improved</u>	<u>Worsened</u>	<u>Unchange</u>
Public Housing Authority	[]	[]	[]	[]	[]	[]
Ambulance Liability	[]	[]	[]	[]	[]	[]
Zoos and Parks	[]	[]	[]	[]	[]	[]
Other Types (please specify)						
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
Recreational Liability	[]	[]	[]	[]	[]	[]
Skating Rinks	[]	[]	[]	[]	[]	[]
Bowling Alleys	[]	[]	[]	[]	[]	[]
Water Recreation Risks	[]	[]	[]	[]	[]	[]
Dude Ranches	[]	[]	[]	[]	[]	[]
Saddle Animals	[]	[]	[]	[]	[]	[]
Pack Horse Liability	[]	[]	[]	[]	[]	[]
Guides & Outfitters	[]	[]	[]	[]	[]	[]
Carnivals	[]	[]	[]	[]	[]	[]
Special Events	[]	[]	[]	[]	[]	[]
Parks or Playgrounds	[]	[]	[]	[]	[]	[]
Theatres	[]	[]	[]	[]	[]	[]
Golf Courses	[]	[]	[]	[]	[]	[]
Exercise Facilities	[]	[]	[]	[]	[]	[]
Camps	[]	[]	[]	[]	[]	[]
Ski Lifts or tows	[]	[]	[]	[]	[]	[]
Marinas	[]	[]	[]	[]	[]	[]
Stadiums	[]	[]	[]	[]	[]	[]
Recreation Fac. (All Other)	[]	[]	[]	[]	[]	[]
Other Types (please specify)						
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]

Type of Coverage	Availability			Affordability		
	Improved	Worsened	Unchanged	Improved	Worsened	Unchange
Liquor Liability	[]	[]	[]	[]	[]	[]
Restaurants	[]	[]	[]	[]	[]	[]
Bars & Taverns	[]	[]	[]	[]	[]	[]
Not Specified	[]	[]	[]	[]	[]	[]
Private Clubs	[]	[]	[]	[]	[]	[]
Package Stores & Other Retail Establishments	[]	[]	[]	[]	[]	[]
Other Types (please specify)	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
Commercial Umbrella (excess)	[]	[]	[]	[]	[]	[]
Professional Liability	[]	[]	[]	[]	[]	[]
Emergency & Medical Technicians	[]	[]	[]	[]	[]	[]
Psychologists	[]	[]	[]	[]	[]	[]
OB/GYN Physicians	[]	[]	[]	[]	[]	[]
Veterinarians	[]	[]	[]	[]	[]	[]
Nurses	[]	[]	[]	[]	[]	[]
Nurse Midwives	[]	[]	[]	[]	[]	[]
Dentists	[]	[]	[]	[]	[]	[]
Attorneys	[]	[]	[]	[]	[]	[]
Architects	[]	[]	[]	[]	[]	[]
Engineers	[]	[]	[]	[]	[]	[]
Accountants	[]	[]	[]	[]	[]	[]
Teachers	[]	[]	[]	[]	[]	[]
Real Estate Developers	[]	[]	[]	[]	[]	[]
Pastoral Liability	[]	[]	[]	[]	[]	[]
College Fac. Liability	[]	[]	[]	[]	[]	[]
Insurance Agents E & O	[]	[]	[]	[]	[]	[]
Nursing Home Liability	[]	[]	[]	[]	[]	[]
Professional Liability (All Other)	[]	[]	[]	[]	[]	[]
Medical Mal. (All Other)	[]	[]	[]	[]	[]	[]

<u>Type of Coverage</u>	<u>Availability</u>			<u>Affordability</u>		
	<u>Improved</u>	<u>Worsened</u>	<u>Unchanged</u>	<u>Improved</u>	<u>Worsened</u>	<u>Unchange</u>
E & O (All Other)	[]	[]	[]	[]	[]	[]
Neurosurgeon	[]	[]	[]	[]	[]	[]
Anesthesiologist	[]	[]	[]	[]	[]	[]
Other Types (please specify)						
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
Director & Officers	[]	[]	[]	[]	[]	[]
Banks/Savings & Loan	[]	[]	[]	[]	[]	[]
Credit Unions	[]	[]	[]	[]	[]	[]
Hospitals	[]	[]	[]	[]	[]	[]
Non-Profit Organizations	[]	[]	[]	[]	[]	[]
School Board	[]	[]	[]	[]	[]	[]
Condominium	[]	[]	[]	[]	[]	[]
Other Types (please specify)						
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]

6. Have any minimum premium "per risk" requirements imposed by any company impeded your ability to place business in Virginia during the past five years?

- Yes
- No

6.a. If yes, please specify.

CONSUMER RESPONSE SURVEY

ASSOCIATIONS

General Information

Assn. Name: _____

Respondent: _____

Title: _____

Mailing Address: _____

Phone Number: () _____

**CONSUMER RESPONSE SURVEY
THE AVAILABILITY AND AFFORDABILITY OF
COMMERCIAL LIABILITY INSURANCE.**

1. What type of business are your members currently engaged in?

2. How many members does your association have? _____

3. Are there any types of commercial liability coverage that your members have not been able to renew in the past three years?

Yes

No

3.a. If yes, please specify the types of coverages and some reasons for non-renewal.

4. Have your members experienced any significant rate increases for their commercial liability insurance coverage in the past three years?

Yes

No

4.a. If yes, please specify the type of coverage and how large was the increase.

5. Have your members experienced any significant reductions in their commercial liability coverage in the past three years?

Yes

No

5.a. If yes, please specify the types of coverages and what types of reductions apply.

6. Have your members had a problem obtaining any specific types of commercial liability insurance coverage in the past three years due to the unavailability or unaffordability of such coverage?

Yes

No

6.a. If yes, please specify the type of coverage, and whether the problem was the availability or affordability of the coverage.

Thank you for completing this questionnaire.

CONSUMER RESPONSE SURVEY

BUSINESSES

General Information

Company Name: _____

Respondent: _____

Title: _____

Mailing Address: _____

Phone Number: () _____

**CONSUMER RESPONSE SURVEY
THE AVAILABILITY AND AFFORDABILITY OF
COMMERCIAL LIABILITY INSURANCE**

1. What type of business are you currently engaged in?

2. How many years have you been in business?

1 - 3 years

5 - 10 years

3 - 5 years

more than 10 years

3. Are there any types of general liability coverage that you have not been able to renew in the past three years?

Yes

No

3.a. If yes, please specify the type of coverage and the reason for non-renewal.

4. Have you experienced any significant rate increases for your general liability insurance coverage in the past three years?

Yes

No

4.a. If yes, please specify the type of coverage and how large was the increase.

5. Have you experienced any significant reductions in your general liability coverage in the past three years?

Yes

No

APPENDIX A

HOUSE BILL NO. 1235

§ 38.2-1905.1

§ 38.2-1905.1. Report on level of competition, availability and affordability of certain insurance. — A. The Commission shall submit a report or reports to the General Assembly, at least annually, concerning the lines and subclassifications of insurance defined in §§ 38.2-117 and 38.2-118, including those lines and subclassifications containing as a part thereof insurance coverage as defined in those sections, insuring a commercial entity. The report or reports shall indicate (i) the level of competition among insurers in Virginia for those lines or subclassifications, (ii) the availability of those lines or subclassifications of insurance and (iii) the affordability of those lines or subclassifications of insurance.

B. The Commission's report or reports to the General Assembly shall also designate all insurance lines or subclassifications defined in § 38.2-117 and 38.2-118, including those lines or subclassifications of insurance containing as a part thereof insurance coverage defined in those sections, insuring a commercial entity, for which the Commission has reasonable cause to believe that competition may not be an effective regulator of rates.

C. The report or reports to the General Assembly pursuant to this section shall be made no later than December 31 of each year, the first report or reports to be made not later than December 31, 1987.

D. A copy of each report made pursuant to this section shall be sent by the Commission to the Division of Consumer Counsel of the Office of the Attorney General. Each report shall be a matter of public record.

E. Those lines and subclassifications designated pursuant to subsection B of this section shall be reviewed by the Commission for the purpose of determining whether competition is an effective regulator of rates for each such designated line or subclassification. The Commission shall hold a hearing or hearings for that purpose no later than two months following the due date of the supplemental reports required under § 38.2-1905.2 at which it shall hear evidence offered by any interested party. In determining whether competition is an effective regulator of rates for each designated line or subclassification, the Commission may consider such factors as it deems relevant to such determinations, including the following factors:

1. The number of insurers actually writing insurance within the line or subclassification.

2. The extent and nature of rate differentials among insurers within the line or subclassification.

3. The respective market share of insurers actually writing insurance within the line or subclassification, and changes in market share compared with previous years.

4. The ease of entry into the line or subclassification by insurers not currently writing such line or subclassification.

5. The degree to which rates within the line or subclassification are established by rating service organizations.

6. The extent to which insurers licensed to write the line or subclassification have sought to write or obtain new business within the line or subclassification within the past year.

7. Whether a pattern of excessive rates exists within the line or subclassification in relation to losses, expenses and investment income.

8. Such other factors as the Commission deems relevant to the determination of whether competition is an effective regulator of rates within the line or subclassification.

F. Notwithstanding any designation made by the Commission pursuant to subsection B of this section, the Commission may, upon petition of any interested party, hold a hearing to determine whether, under the factors set forth in subsection E of this section, competition is not an effective regulator of rates for lines or subclassifications not so designated.

G. "Commercial entity" as used in this section shall mean any (i) sole proprietorship, partnership or corporation, (ii) unincorporated association or (iii) the Commonwealth, a county, city, town, or an authority, board, commission, sanitation, soil and water, planning or other district, public service corporation owned, operated or controlled by the Commonwealth, a locality or other local governmental authority.

H. The Commission shall adopt such rules and regulations including provision for identification from time to time of subclassifications of insurance necessary to implement the provisions of this section.

APPENDIX B

Tort Reform

The 1987 General Assembly acted on many of the recommendations made by the joint subcommittee in an attempt to address the liability insurance crisis. Several tort reform bills were passed on the assumption that some type of control needed to be placed on the tort reparations system in order to provide insurance companies with a greater amount of predictability in estimating the amount of claims they might have to pay.

The following tort reform legislation was enacted in 1987:

1. Limitation on punitive damages - This law amends the Civil Remedies and Procedure Code by adding § 8.01-38.1 which places a \$350,000 cap on the amount of punitive damages that can be awarded in personal injury cases.
2. Exemption from jury service - This law amends §§ 8.01-341 and 8.01-341.1 of the Civil Remedies and Procedure Code by limiting the classes of people who may claim exemption from serving on juries in civil and criminal cases.
3. Limitations on liability of corporate officers - This law amends the Corporations Code by limiting the liability of corporate officers and directors in proceedings brought by or on behalf of shareholders of the corporation or brought by or on behalf of members of the corporation. The limit of liability would apply except where the officer or director had engaged in willful misconduct or a knowing violation of criminal law. The limit of liability is set at the lesser of (i) the monetary amount specified in the articles of incorporation or (ii) the greater of \$100,000 or the amount of cash compensation received during the year immediately preceding the act or omission for which liability is imposed.
4. Statute of limitations in medical malpractice - This law amends the Civil Remedies and Procedure Code by adding a provision which limits the time within which a person on behalf of a minor can bring action for medical malpractice. The statute of limitations is set at two years from the date of the act or omission giving rise to the cause of action, with some exceptions being granted.
5. Statute of limitations - This law amends § 8.01-243 of the Civil Remedies and Procedure Code by including in the statute of limitations for personal actions any action for damages resulting from fraud.
6. Certification of merits of pleadings - This law amends § 8.01-271.1 of the Civil Remedies and Procedure Code by requiring attorneys to certify as to the merits of any pleadings or motions which are filed by them. The bill also imposes sanctions upon attorneys who file frivolous lawsuits or who otherwise misrepresent the merits of any pleadings or motions.

7. Immunity of members of local government - This law amends the Counties, Cities, and Towns Code by adding a section which grants immunity to members of local governing bodies for lawsuits arising from the conduct of their affairs except where such lawsuit involves the appropriation of funds or is the result of intentional or willful misconduct or gross negligence.
8. Limit on liability for members of transportation districts - This law amends § 15.1-1364 of the Counties, Cities and Towns Code which pertains to the limit of liability for members of transportation districts. The bill expands the definition of "liability policy" to include any program of self-insurance administered by the Virginia Division of Risk Management.

APPENDIX C

PURCHASING GROUPS

November 4, 1987

AAOMS RISK PG
AHA/HEALTH CARE INSTITUTIONS D&O PG
ALLIED HEALTH PURCHASING GROUP ASSOC.
AMERICAN ACADEMY OF PHYSICIAN ASSISTANTS
AMERICAN ALCOHOLIC BEVERAGE CO.
AMERICAN ASSOCIATION FOR COUNSELING AND DEVELOPMENT
AMERICAN ASSOCIATION FOR PROFESSIONALS, INC.
AMERICAN COLLECTORS ASSOCIATION ENTERPRISE, INC.
AMERICAN COLLECTORS ASSOCIATION, INC.
AMERICAN COMMERCIAL COLLECTORS ASSOCIATION, INC.
AMERICAN CONTRACTORS
AMERICAN DENTAL PURCHASING GROUP
AMERICAN HOME SHIELD
AMERICAN HUNTING
AMERICAN INTERNIST PURCHASING GROUP
AMERICAN MANUFACTURERS
AMERICAN PART-TIME PHYSICIANS PG
AMERICAN PROFESSIONALS E&O ASSOCIATION
AMERICAN PSYCHIATRIC ASSOC.PG
AMERICAN PHYSICIANS PG
AMERICAN PULPWOOD ASSOC.
AMERICAN RENTAL DEALERS INS. PG
AMERICAN SADDLE ANIMAL
AMERICAN TRUCK STOP OPERATORS ASSOC.
AMERICAN TRUCKING ASSOCIATION
AMERICAN TRUCKING ASSURANCE ALLIANCE
APA WOOD SUPPLIERS LIABILITY GROUP
APPRAISER'S LIABILITY INS. TRUST PURCHASING GROUP
ASBESTOS REMOVAL PROFESSIONALS
ASSOCIATED RESTAURANT MANAGEMENT PURCHASING GROUP
ASSOCIATION OF MEDICAL EQUIPMENT DEALERS, INC.
ASSOCIATION PURCHASING GROUP
ASSOCIATION OF TRUCK OPERATORS PURCHASING GROUP
ASSOCIATION OF WATER PARK OWNERS AND OPERATORS PG
ASSURANCE PURCHASERS COOPERATIVE INS. PURCHASING GROUP
AVMA PROFESSIONAL LIABILITY INSURANCE TRUST
AUTOMOTIVE INSURANCE
BETTER HOMES AND GARDENS PURCHASING GROUP
BETTER HOMES AND GARDENS REAL ESTATE SERVICE, INC.
CENTURY 21
CHEM-DRY CLEANERS INS. PG
CHILD CARE CENTER ASSOC.
CHIMNEY SWEEP PURCHASING GROUP
COCA-COLA BOTTLERS' ASSOC.
CROP INS. E&O ASSOC.
DIET CENTERS ASSOCIATION, INC.
DIRECTORS AND OFFICERS LIABILITY ASSOCIATION REGISTER INCORPORATED
DSN DEALER SERVICE NETWORK
DURACLEAN INTERNATIONAL INS. PG
EDUCATIONAL INSTITUTIONS PURCHASING GROUP

PURCHASING GROUPS

November 4, 1987

ELECTRONIC REALTY ASSOCIATES, INC.
EXPLOSIVES PURCHASING GROUP
FINANCIAL INSTITUTION & LENDERS LIAB. ASSOC. OF AMERICA, INC.
FUND ADMINISTRATORS ASSOCIATION PURCHASING GROUP
GOVERNMENTAL ENTITIES PURCHASING GROUPS
HEALTH CARE PROFESSIONS PURCHASING GROUP ASSOCIATION
HEALTH-PRO ,INC. PURCHASING GROUP
HOME CARE ASSOCIATION RISK PURCHASE GROUP, INC. ("the Purchasing Group")
INTERNAL MEDICINE PURCHASING GROUP OF AMERICA
LANDOWNERS AND DEVELOPERS PG
LAWYERS BENEFIT PG
LESSORS AND RENTERS ASSOC. INC.
LIMO AUTO RENTAL PG INS.
LIQUOR DEALERS ASSOC.
LONGHAUL TRUCKING LIABILITY PG
MECHANICAL INS. PG
MEDICAL GROUP PURCHASING ASSOC.
MEDICAL INS. PG
MMI PHYSICIANS INTERESTS/MMI HEALTH CARE INTEREST PG
MUNICIPAL PURCHASING GROUP
MUNICIPAL PG FOR LAW ENFORCEMENT OFFICERS AND PUBLIC OFFICIALS
MUNICIPAL RISK PG
MUTUAL ASSURANCE PG
NATIONAL AMUSEMENT COOPERATIVE PG
NATIONAL ASSOCIATION OF HOME INSPECTORS INC.
NATIONAL ASSOCIATION OF LIFE UNDERWRITERS PG
NATIONAL ASSOCIATION OF ORTHODONTISTS, INC.
NATIONAL ASSOCIATION OF N.P. D&O PROFESSIONALS, INC.
NATIONAL ASSOCIATION OF PRIVATE SECURITY INDUSTRIES, INC.
NATIONAL ASSOCIATION OF TEMPORARY SERVICES
NATIONAL ASSOCIATION OF WHOLESALER - DISTRIBUTORS PURCHASING GROUP
NATIONAL BURGLAR AND FIRE ALARM ASSOC. PG
NATIONAL CONTRACTORS SURETY PG
NATIONAL DAY CARE ASSOC.
NATIONAL DISTRIBUTORS
NATIONAL ELEVATOR
NATIONAL FEDERATION OF HIGH SCHOOL ASSOC. PG
NATIONAL FEDERATION OF INSURANCE REGULATORS
NATIONAL FEDERATION OF PUBLIC ENTITIES PG
NATIONAL LIMOUSINE ASSOCIATION PG
NATIONAL MARINE ASSOCIATION
NATIONAL MARINE TRADES ASSOC. A PG
NATIONAL MINING ASSOCIATION PG
NATIONAL NURSE PG ASSOC.
NATIONAL SOCIETY OF DENTAL PRACTITIONERS PG
NATIONWIDE TOOL RENTAL
NATIONWIDE TRANSPORTATION UMBRELLA
NORTH AMERICAN CAMPGROUND ASSOCIATION
NORTH AMERICAN CHEMICAL USERS AND APPLICATORS ASSOC.

PURCHASING GROUPS

November 4, 1987

NORTH AMERICAN HORSE
NORTH AMERICAN WATERPARK AND RECREATION ASSOC. INC. PG
NURSES PURCHASING GROUP, INC.
NURSING ORGANIZATION
NURSING PRACTITIONERS PROF.
NURSING PROFESSION PG
NURSING PURCHASING GROUP, INC.
NUTRI/SYSTEM OPERATORS PURCHASING GROUP
OSS/ACA CAMPOWNERS UMBRELLA PROGRAM (C.O.U.P.) PG
OSTEOPATHIC PHYSICIANS AND SURGEONS PROFESSIONAL LIAB. ASSOC. INS. PG
P & P PURCHASING GROUP
PATHOLOGISTS LIAB. INS. PG
PROFESSIONAL ENVIRONMENTAL CONTRACTORS, INC.
REALTY PURCHASING GROUP ASSOC.
RECREATIONAL SPORTS INS. PG
REPLACE A CAR ASSOCIATION
S.A.M.E. A PURCHASING GROUP
SPORTS CONTEST ASSOC.
TITLE AGENTS OF AMERICA INSURANCE PURCHASING GROUP, INC.
TRANSPORTATION POLLUTION LIAB. ASSOC.
TRUST FOR INSURING EDUCATORS
UGLY DUCKLING
U.S. EQUINE BUSINESS
UNITED SECURITY ASSOC. PG
UNITED STATES ASSOCIATES, INC.
UNITED STATES ASSOCIATION OF D&O PROFESSIONALS, INC.
UNITED STATES ASSOCIATION FOR PROFESSIONALS, INC.
UNITED STATES HORSE ASSOC.
UNITED VAN LINES RISK PG ASSOC.
USA UNITED SECURITY ASSOCIATION
USAR RISK PURCHASING GROUP, INC.
USL PURCHASING GROUP ASSOCIATION
WORLDWIDE OUTFITTERS AND GUIDES ASSOC. INC.

APPENDIX D

SURVEY QUESTIONS AND RESULTS

**SURPLUS LINES COMPANY AND
INSURANCE COMPANY SURVEY**

General Information

Company Name: _____

NAIC Company Number: _____ NAIC Group Number: _____

Respondent: _____

Title: _____

Mailing Address: _____

Phone Number: () _____

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commissions' Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

- General Liability** []
- Foster Children Providers []
- Mental Health Services []
- Day Care []
- Excavation Work []
- Hotels []
- Propane Gas Facilities []
- Anhydrous Ammonia Dealers & Distributors []
- Exterminators []
- Private Investigators []
- Elevator Maintenance []
- Explosives Manufacturers []
- Heavy Manufacturers []
- Light Manufacturers []
- Condominium Association Liability []
- Homeowner Association Liability []
- Restaurants []
- Gasoline Distributor []
- Other Types (please specify)**
- _____ []
- _____ []
- _____ []
- _____ []
- _____ []

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commissions' Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

- Product Liability** []
- Chemical Manufacturers []
- Medical Equip/Supplies []
- Fishermen []
- Woodburning Stove Manufacturers []
- Fireworks Manufacturers []
- Contractors Equipment Rental []
- Food Products Manufacturers []
- Restaurant []
- Tobacco Products Manufacturers []
- Products (All Other) []

Other Types (please specify)

- _____ []
- _____ []
- _____ []
- _____ []
- _____ []

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commissions' Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

- | | |
|-------------------------------------|-----|
| Environmental Liability | [] |
| Asbestos Removal | [] |
| Hazardous Waste Disposal | [] |
| Landfills | [] |
| Pesticide Application | [] |
| Pollution Liability | [] |
| Other Types (please specify) | |
| _____ | [] |
| _____ | [] |
| _____ | [] |
| _____ | [] |
| _____ | [] |

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commissions' Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

- Governmental Liability** []
- Government Entities []
- Police Liability []
- Public Officials []
- School Districts []
- Public Housing Authority []
- Ambulance Liability []
- Zoos and Parks []
- Other Types (please specify)**
- _____ []
- _____ []
- _____ []
- _____ []
- _____ []

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commissions' Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

- Liquor Liability** []
- Restaurants []
- Bars & Taverns []
- Not Specified []
- Private Clubs []
- Package Stores and Other Retail Establishments []

Other Types (please specify)

- _____ []
- _____ []
- _____ []
- _____ []
- _____ []

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commissions' Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

- Recreational Liability** []
- Skating Rinks []
- Bowling Alleys []
- Water Recreation Risks []
- Saddle Animals []
- Carnivals []
- Special Events []
- Parks or Playgrounds []
- Theaters []
- Golf Courses []
- Exercise Facilities []
- Camps []
- Ski Lifts or tows []
- Marinas []
- Stadiums []
- Recreation Facilities (All Other) []

Other Types (please specify)

- _____ []
- _____ []
- _____ []
- _____ []
- _____ []

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commission's Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

- | | |
|------------------------------------|--------|
| Professional Liability | [] |
| Emergency & Medical Technicians | [] |
| Psychologists | [] |
| OB/GYN Physicians | [] |
| Veterinarians | [] |
| Nurses | [] |
| Nurse Midwives | [] |
| Dentists | [] |
| Attorneys | [] |
| Architects | [] |
| Engineers | [] |
| Accountants | [] |
| Teachers | [] |
| Real Estate Developers | [] |
| Pastoral Liability | [] |
| College Fac. Liability | [] |
| Neurosurgeons | [] |
| Anesthesiologist | [] |
| Insurance Agents E & O | [] |
| Nursing Home Liability | [] |
| Professional Liability (All Other) | [] |
| Medical Malpractice (All Other) | [] |

E & O (All Other)

[]

Other Types (please specify)

[]

[]

[]

[]

[]

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commissions' Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

Commercial Umbrella (excess) []

INSTRUCTIONS:

This survey is designed to provide the Virginia State Corporation Commissions' Bureau of Insurance with information necessary to prepare a comprehensive report evaluating (i) the level of competition among insurers in Virginia for the various lines and subclassifications of commercial general liability insurance, (ii) the availability of various lines and subclassifications of commercial liability insurance (iii) the affordability of various lines and subclassifications of commercial liability insurance.

If you are writing any of the following types of coverages you must complete this questionnaire.

Place an [X] in the appropriate box next to the types of coverage that you are currently writing.

Complete a separate questionnaire for each type of coverage that you write.

Type of coverage:

- Director & Officers** []
- Banks/Savings & Loan []
- Credit Unions []
- Hospitals []
- Non-Profit Organizations []
- School Board []
- Condominium []
- Other Types (please specify)**
- _____ []
- _____ []
- _____ []
- _____ []
- _____ []

Type of Coverage: _____

1. Provide the following information for your Virginia business:

	<u>1986</u>	<u>1985</u>	<u>1984</u>
Number of Exposures	_____	_____	_____
Direct Written Premiums	_____	_____	_____

2. At the present time, are you actively seeking new business in Virginia for this type of coverage?

- Yes - (Please answer question 2.a.)
- No - (Please skip question 2.a. and 2.b. - Go directly to question 2.c.)

2. a. Are there any special conditions, restrictions, or exceptions that have been imposed for this type of coverage after January 1, 1984?

- Yes
- No

If yes, what are they?

2. b. Is the current environment for seeking new business in Virginia for this type of coverage:

- improving declining unchanged

2. c. (Answer question 2.c. and 2.d. only if your answer to question 2 is 'no'.)

Were you actively seeking new business in Virginia for this type of coverage prior to 1984?

- Yes
- No

2.d. What are your reasons for not actively seeking new business in Virginia for this type of coverage at the present time?

3. Are you renewing existing policies in Virginia for this type of coverage?

Yes - (Please answer question 3.a.)

No - (Please skip question 3.a. - Go directly to question 3.b.)

3. a. Are there any special conditions, restrictions, or exceptions that have been imposed for this type of coverage after January 1, 1984?

Yes

No

If yes, what are they?

3. b. (Answer this question only if your answer to question 3 is 'no'.)

What are your reasons for not renewing existing policies in Virginia for this type of coverage?

(If this type of coverage is exempt from rate filing requirements in Virginia go directly to question 5.)

4. Do you use rates filed by ISO in Virginia for this type of coverage?

Yes - (Please answer question 4.a.)

No - (Please skip question 4.a. - Go directly to question 4.b.)

4. a. Have you filed any rate modifications to ISO's rate filings in Virginia for this type of coverage?

Yes

No

If yes, what are the rate modifications?

4. b. (Answer this question only if your answer to question 4 is 'no'.)

Do you use rates filed in Virginia by another rate service organization for this type of coverage?

Yes - (Please answer question 4.c. and 4.d.)

No - (Please skip question 4.c. and 4.d - Go directly to question 5)

4. c. Which rate service organizations' rate filings in Virginia do you use for this type of coverage?

4. d. Have you filed any rate modifications to this organizations' rate filings in Virginia for this type of coverage?

Yes

No

If yes, what are the rate modifications?

5. Has there been a significant increase in the rate for this type of coverage in Virginia over the past three years.

Yes - (Please answer question 5.a.)

No - (Please skip question 5.a.)

5. a. Please state the primary reason or reasons for the rate increase.

Thank you for completing this questionnaire.

AGENTS' RESPONSE SURVEY

General Information

Agency Name: _____

Respondent: _____

Title: _____

Mailing Address: _____

Phone Number: () _____

**AGENTS' RESPONSE SURVEY
 AVAILABILITY AND AFFORDABILITY OF COMMERCIAL LIABILITY INSURANCE
 IN VIRGINIA — PART I**

Please indicate your opinion as to which of the following types of liability coverage are currently experiencing significant "Availability" and/or "Affordability" problems.

Indicate problem types by placing an [X] in the appropriate bracket.

<u>Type of Coverage</u>	<u>Availability</u>	<u>Affordability</u>
General Liability	[]	[]
Foster Children Providers	[]	[]
Mental Health Services	[]	[]
Nonprofit Orgnaizations	[]	[]
Day Care	[]	[]
Contractors	[]	[]
Excavation Work	[]	[]
Well Servicing	[]	[]
Hotels	[]	[]
Petroleum Dealers (Wholesale)	[]	[]
Propane Gas Facilities	[]	[]
Anhydrous Ammonia Dlrs. & Distr.	[]	[]
Exterminators	[]	[]
Private Investigators	[]	[]
Elevator Maintenance	[]	[]
Explosives Manufacturers	[]	[]
Custom Harvesting	[]	[]
Heavy Manufacturers	[]	[]
Light Manufacturers	[]	[]
Condominium Assn. Liability	[]	[]
Homeowner Assn. Liability	[]	[]
Restaurants	[]	[]
Gasoline Distributor	[]	[]
Other Types (please specify)		
_____	[]	[]
_____	[]	[]

<u>Type of Coverage</u>	<u>Availability</u>	<u>Affordability</u>
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
Product Liability	[]	[]
Chemical Manufacturers	[]	[]
Medical Equip/Supplies	[]	[]
Fishermen	[]	[]
Woodburning Stove Manufacturers	[]	[]
Fireworks Manufacturers	[]	[]
Contractors Equipment Distr. (Including Rental)	[]	[]
Food Products Mfg.	[]	[]
Restaurant	[]	[]
Tobacco Products Mfg.	[]	[]
Products (All Other)	[]	[]
Other Types (please specify)		
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
Environmental Liability	[]	[]
Asbestos Removal	[]	[]
Hazardous Waste Disposal	[]	[]
Landfills	[]	[]
Pesticide Application	[]	[]
Pollution Liability	[]	[]
Other Types (please specify)		
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]

<u>Type of Coverage</u>	<u>Availability</u>	<u>Affordability</u>
Governmental Liability	[]	[]
Government Entities	[]	[]
Police Liability	[]	[]
Public Officials	[]	[]
School Districts	[]	[]
Public Housing Authority	[]	[]
Ambulance Liability	[]	[]
Zoos and Parks	[]	[]
Other Types (please specify)		
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
Recreational Liability	[]	[]
Skating Rinks	[]	[]
Bowling Alleys	[]	[]
Water Recreation Risks	[]	[]
Dude Ranches	[]	[]
Saddle Animals	[]	[]
Pack Horse Liability	[]	[]
Guides & Outfitters	[]	[]
Carnivals	[]	[]
Special Events	[]	[]
Parks or Playgrounds	[]	[]
Theatres	[]	[]
Golf Courses	[]	[]
Exercise Facilities	[]	[]
Camps	[]	[]
Ski Lifts or tows	[]	[]
Marinas	[]	[]
Stadiums	[]	[]
Recreation Facilities (All Other)	[]	[]
Other Types (please specify)		
_____	[]	[]
_____	[]	[]

<u>Type of Coverage</u>	<u>Availability</u>	<u>Affordability</u>
_____	[]	[]
_____	[]	[]
_____	[]	[]
Liquor Liability	[]	[]
Restaurants	[]	[]
Bars & Taverns	[]	[]
Not Specified	[]	[]
Private Clubs	[]	[]
Package Stores & Other Retail Est.	[]	[]
Other Types (please specify)		
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
Commercial Umbrella (excess)	[]	[]
Professional Liability	[]	[]
Emergency & Medical Technicians	[]	[]
Psychologists	[]	[]
OB/GYN Physicians	[]	[]
Veterinarians	[]	[]
Nurses	[]	[]
Nurse Midwives	[]	[]
Dentists	[]	[]
Attorneys	[]	[]
Architects	[]	[]
Engineers	[]	[]
Accountants	[]	[]
Teachers	[]	[]
Real Estate Developers	[]	[]
Pastoral Liability	[]	[]
College Fac. Liability	[]	[]
Insurance Agents E & O	[]	[]
Nursing Home Liability	[]	[]
Neurosurgeons	[]	[]

<u>Type of Coverage</u>	<u>Availability</u>	<u>Affordability</u>
Anesthesiologist	[]	[]
Professional Liability (General)	[]	[]
Medical Malpractice (General)	[]	[]
E & O (General)	[]	[]
Other Types (please specify)		
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
Director & Officers	[]	[]
Banks/Savings & Loan	[]	[]
Credit Unions	[]	[]
Hospitals	[]	[]
Non-Profit Organizations	[]	[]
School Board	[]	[]
Condominium	[]	[]
Other Types (please specify)		
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]
_____	[]	[]

**AGENTS' RESPONSE SURVEY
THE AVAILABILITY AND AFFORDABILITY MARKET TRENDS
OF COMMERCIAL LIABILITY INSURANCE - PART II**

Please give us your opinion of the availability/affordability market trend over the last 12 months for coverages that you identified in Part I as problem types.

Indicate market trend by placing an [X] in the appropriate bracket.

<u>Type of Coverage</u>	<u>Availability</u>			<u>Affordability</u>		
	<u>Improved</u>	<u>Worsened</u>	<u>Unchanged</u>	<u>Improved</u>	<u>Worsened</u>	<u>Unchange</u>
General Liability	[]	[]	[]	[]	[]	[]
Foster Children Providers	[]	[]	[]	[]	[]	[]
Mental Health Services	[]	[]	[]	[]	[]	[]
Nonprofit Orgnaizations	[]	[]	[]	[]	[]	[]
Day Care	[]	[]	[]	[]	[]	[]
Contractors	[]	[]	[]	[]	[]	[]
Excavation Work	[]	[]	[]	[]	[]	[]
Well Servicing	[]	[]	[]	[]	[]	[]
Hotels	[]	[]	[]	[]	[]	[]
Petroleum Dealers (Wholesale)	[]	[]	[]	[]	[]	[]
Propane Gas Facilities	[]	[]	[]	[]	[]	[]
Anhydrous Ammonia Dirs. & Distr.	[]	[]	[]	[]	[]	[]
Exterminators	[]	[]	[]	[]	[]	[]
Private Investigators	[]	[]	[]	[]	[]	[]
Elevator Maintenance	[]	[]	[]	[]	[]	[]
Explosives Manufacturers	[]	[]	[]	[]	[]	[]
Custom Harvesting	[]	[]	[]	[]	[]	[]
Heavy Manufacturers	[]	[]	[]	[]	[]	[]
Light Manufacturers	[]	[]	[]	[]	[]	[]
Condominium Assn. Liability	[]	[]	[]	[]	[]	[]
Homeowner Assn. Liability	[]	[]	[]	[]	[]	[]
Restaurants	[]	[]	[]	[]	[]	[]
Gasoline Distributor	[]	[]	[]	[]	[]	[]
Other Types (please specify)						
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]

<u>Type of Coverage</u>	<u>Availability</u>			<u>Affordability</u>		
	<u>Improved</u>	<u>Worsened</u>	<u>Unchanged</u>	<u>Improved</u>	<u>Worsened</u>	<u>Unchange</u>
Product Liability	[]	[]	[]	[]	[]	[]
Chemical Manufacturers	[]	[]	[]	[]	[]	[]
Medical Equip/Supplies	[]	[]	[]	[]	[]	[]
Fishermen	[]	[]	[]	[]	[]	[]
Woodburning Stove Manufacturers	[]	[]	[]	[]	[]	[]
Fireworks Manufacturers	[]	[]	[]	[]	[]	[]
Contractors Equipment Distr. (Including rental)	[]	[]	[]	[]	[]	[]
Food Products Manufacturers	[]	[]	[]	[]	[]	[]
Restaurant	[]	[]	[]	[]	[]	[]
Tobacco Products Manufacturers	[]	[]	[]	[]	[]	[]
Products (All Other)	[]	[]	[]	[]	[]	[]
Other Types (please specify)						
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
Environmental Liability	[]	[]	[]	[]	[]	[]
Asbestos Removal	[]	[]	[]	[]	[]	[]
Hazardous Waste Disposal	[]	[]	[]	[]	[]	[]
Landfills	[]	[]	[]	[]	[]	[]
Pesticide Application	[]	[]	[]	[]	[]	[]
Pollution Liability	[]	[]	[]	[]	[]	[]
Other Types (please specify)						
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
Governmental Liability	[]	[]	[]	[]	[]	[]
Government Entities	[]	[]	[]	[]	[]	[]
Police Liability	[]	[]	[]	[]	[]	[]
Public Officials	[]	[]	[]	[]	[]	[]
School Districts	[]	[]	[]	[]	[]	[]

<u>Type of Coverage</u>	<u>Availability</u>			<u>Affordability</u>		
	<u>Improved</u>	<u>Worsened</u>	<u>Unchanged</u>	<u>Improved</u>	<u>Worsened</u>	<u>Unchange</u>
Public Housing Authority	[]	[]	[]	[]	[]	[]
Ambulance Liability	[]	[]	[]	[]	[]	[]
Zoos and Parks	[]	[]	[]	[]	[]	[]
Other Types (please specify)						
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
Recreational Liability	[]	[]	[]	[]	[]	[]
Skating Rinks	[]	[]	[]	[]	[]	[]
Bowling Alleys	[]	[]	[]	[]	[]	[]
Water Recreation Risks	[]	[]	[]	[]	[]	[]
Dude Ranches	[]	[]	[]	[]	[]	[]
Saddle Animals	[]	[]	[]	[]	[]	[]
Pack Horse Liability	[]	[]	[]	[]	[]	[]
Guides & Outfitters	[]	[]	[]	[]	[]	[]
Carnivals	[]	[]	[]	[]	[]	[]
Special Events	[]	[]	[]	[]	[]	[]
Parks or Playgrounds	[]	[]	[]	[]	[]	[]
Theatres	[]	[]	[]	[]	[]	[]
Golf Courses	[]	[]	[]	[]	[]	[]
Exercise Facilities	[]	[]	[]	[]	[]	[]
Camps	[]	[]	[]	[]	[]	[]
Ski Lifts or tows	[]	[]	[]	[]	[]	[]
Marinas	[]	[]	[]	[]	[]	[]
Stadiums	[]	[]	[]	[]	[]	[]
Recreation Fac. (All Other)	[]	[]	[]	[]	[]	[]
Other Types (please specify)						
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]

Type of Coverage	Availability			Affordability		
	Improved	Worsened	Unchanged	Improved	Worsened	Unchange
Liquor Liability	[]	[]	[]	[]	[]	[]
Restaurants	[]	[]	[]	[]	[]	[]
Bars & Taverns	[]	[]	[]	[]	[]	[]
Not Specified	[]	[]	[]	[]	[]	[]
Private Clubs	[]	[]	[]	[]	[]	[]
Package Stores & Other Retail Establishments	[]	[]	[]	[]	[]	[]
Other Types (please specify)						
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
Commercial Umbrella (excess)	[]	[]	[]	[]	[]	[]
Professional Liability	[]	[]	[]	[]	[]	[]
Emergency & Medical Technicians	[]	[]	[]	[]	[]	[]
Psychologists	[]	[]	[]	[]	[]	[]
OB/GYN Physicians	[]	[]	[]	[]	[]	[]
Veterinarians	[]	[]	[]	[]	[]	[]
Nurses	[]	[]	[]	[]	[]	[]
Nurse Midwives	[]	[]	[]	[]	[]	[]
Dentists	[]	[]	[]	[]	[]	[]
Attorneys	[]	[]	[]	[]	[]	[]
Architects	[]	[]	[]	[]	[]	[]
Engineers	[]	[]	[]	[]	[]	[]
Accountants	[]	[]	[]	[]	[]	[]
Teachers	[]	[]	[]	[]	[]	[]
Real Estate Developers	[]	[]	[]	[]	[]	[]
Pastoral Liability	[]	[]	[]	[]	[]	[]
College Fac. Liability	[]	[]	[]	[]	[]	[]
Insurance Agents E & O	[]	[]	[]	[]	[]	[]
Nursing Home Liability	[]	[]	[]	[]	[]	[]
Professional Liability (All Other)	[]	[]	[]	[]	[]	[]
Medical Mal. (All Other)	[]	[]	[]	[]	[]	[]

<u>Type of Coverage</u>	<u>Availability</u>			<u>Affordability</u>		
	<u>Improved</u>	<u>Worsened</u>	<u>Unchanged</u>	<u>Improved</u>	<u>Worsened</u>	<u>Unchange</u>
E & O (All Other)	[]	[]	[]	[]	[]	[]
Neurosurgeon	[]	[]	[]	[]	[]	[]
Anesthesiologist	[]	[]	[]	[]	[]	[]
Other Types (please specify)						
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
Director & Officers	[]	[]	[]	[]	[]	[]
Banks/Savings & Loan	[]	[]	[]	[]	[]	[]
Credit Unions	[]	[]	[]	[]	[]	[]
Hospitals	[]	[]	[]	[]	[]	[]
Non-Profit Organizations	[]	[]	[]	[]	[]	[]
School Board	[]	[]	[]	[]	[]	[]
Condominium	[]	[]	[]	[]	[]	[]
Other Types (please specify)						
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]
_____	[]	[]	[]	[]	[]	[]

6. Have any minimum premium "per risk" requirements imposed by any company impeded your ability to place business in Virginia during the past five years?

Yes

No

6.a. If yes, please specify.

CONSUMER RESPONSE SURVEY

ASSOCIATIONS

General Information

Assn. Name: _____

Respondent: _____

Title: _____

Mailing Address: _____

Phone Number: () _____

**CONSUMER RESPONSE SURVEY
THE AVAILABILITY AND AFFORDABILITY OF
COMMERCIAL LIABILITY INSURANCE.**

1. What type of business are your members currently engaged in?

2. How many members does your association have? _____

3. Are there any types of commercial liability coverage that your members have not been able to renew in the past three years?

[] Yes

[] No

3.a. If yes, please specify the types of coverages and some reasons for non-renewal.

4. Have your members experienced any significant rate increases for their commercial liability insurance coverage in the past three years?

[] Yes

[] No

4.a. If yes, please specify the type of coverage and how large was the increase.

5. Have your members experienced any significant reductions in their commercial liability coverage in the past three years?

[] Yes

[] No

5.a. If yes, please specify the types of coverages and what types of reductions apply.

6. Have your members had a problem obtaining any specific types of commercial liability insurance coverage in the past three years due to the unavailability or unaffordability of such coverage?

- Yes
- No

6.a. If yes, please specify the type of coverage, and whether the problem was the availability or affordability of the coverage.

Thank you for completing this questionnaire.

CONSUMER RESPONSE SURVEY

BUSINESSES

General Information

Company Name: _____

Respondent: _____

Title: _____

Mailing Address: _____

Phone Number: () _____

**CONSUMER RESPONSE SURVEY
THE AVAILABILITY AND AFFORDABILITY OF
COMMERCIAL LIABILITY INSURANCE**

1. What type of business are you currently engaged in?

2. How many years have you been in business?

1 - 3 years

5 - 10 years

3 - 5 years

more than 10 years

3. Are there any types of general liability coverage that you have not been able to renew in the past three years?

Yes

No

3.a. If yes, please specify the type of coverage and the reason for non-renewal.

4. Have you experienced any significant rate increases for your general liability insurance coverage in the past three years?

Yes

No

4.a. If yes, please specify the type of coverage and how large was the increase.

5. Have you experienced any significant reductions in your general liability coverage in the past three years?

Yes

No

5.a. If yes, please specify the type of coverage and what types of reductions.

6. Have you had a problem in obtaining any specific types of commercial general liability insurance coverage in the past three years due to the unavailability or unaffordability of such coverage?

- Yes
- No

6.a. If yes, please specify the type of coverage, and whether the problem was the availability or affordability of the coverage.

Thank you for completing this questionnaire.

**PROPERTY AND CASUALTY CONSUMER SERVICES
LIABILITY INSURANCE CRISIS SURVEY**

As part of our study of the liability crisis required by HB 1235, we are trying to obtain additional consumer information on the availability and affordability of commercial and professional liability insurance. Would you please help us by answering the following questions based on your opinion relative to the complaints you receive on a daily basis. We understand that your complaints records are not computerized to the extent this information could be readily retrieved. Your opinion or recollection will be fine for the purposes of this portion of our study and is gratefully appreciated.

1. In general, based on consumer complaints received by the Bureau, is the liability insurance availability crisis improving, worsening or remaining the same compared to 1986?

2. Are there any types of commercial insurance where you feel consumers are still having problems obtaining insurance at any price? (Please specify)

3. In general, based on consumer complaints received by the Bureau, is the affordability problem - in obtaining adequate coverage at a reasonable price - improving, worsening or remaining the same since 1986?

4. Are there any commercial lines of insurance where you feel consumers are still being faced with significant premium increases so that their insurance approaches unaffordability? (Please specify)

5. What is the nature of 1987 complaints relative to the liability insurance crisis? Do any types of commercial insurance stand out in your mind as being problematic? Please comment.

THANKS A LOT FOR YOUR ASSISTANCE

COMPANY SURVEY RESULTS

The first portion of the survey results indicate the total number of companies that stated that, in general, they wrote coverage for the specified line or subclassification.

The second portion of the survey results graphically indicated statistical information for those companies that were able to break down their statistical data enough to respond to the questions under the specified subclassifications.

General Liability

Foster Children Providers	[1]
Mental Health Services	[2]
Day Care	[23]
Excavation Work	[35]
Hotels	[37]
Propane Gas Facilities	[5]
Anhydrous Ammonia Dealers & Distributors	[0]
Exterminators	[6]
Private Investigators	[0]
Elevator Maintenance	[1]
Explosives Manufacturers	[0]
Heavy Manufacturers	[23]
Light Manufacturers	[38]
Condominium Association Liability	[34]
Homeowner Association Liability	[11]
Restaurants	[57]
Gasoline Distributor	[11]

98 Companies responded

Product Liability

Chemical Manufacturers	[12]
Medical Equip/Supplies	[7]
Fishermen	[4]
Woodburning Stove Manufacturers	[3]
Fireworks Manufacturers	[0]
Contractors Equipment Rental	[7]
Food Products Manufacturers	[3 1]
Restaurants	[56]
Tobacco Products Manufacturers	[1]
Products (All Other)	[63]

93 Companies responded

Environmental Liability

Asbestos Removal	[1]
Hazardous Waste Disposal	[0]
Landfills	[1]
Pesticide Application	[5]
Pollution Liability	[8]

14 Companies responded

Governmental Liability

Government Entities	[14]
Police Liability	[2]
Public Officials	[1]
School Districts	[19]
Public Housing Authority	[4]
Ambulance Liability	[7]
Zoos and Parks	[4]

26 Companies responded

Liquor Liability

Restaurants	[13]
Bars & Taverns	[2]
Not Specified	[2]
Private Clubs	[7]
Package Stores and Other Retail Establishments	[4]

18 Companies responded

Recreational Liability

Skating Rinks	[8]
Bowling Alleys	[22]
Water Recreation Risks	[8]
Saddle Animals	[8]
Carnivals	[5]
Special Events	[15]
Parks or Playgrounds	[18]
Theaters	[30]
Golf Courses	[27]
Exercise Facilities	[8]
Camps	[13]
Ski Lifts or tows	[0]
Marinas	[11]
Stadiums	[11]
Recreation Facilities (All Other)	[9]

37 Companies responded

Professional Liability

Emergency & Medical Technicians	[6]
Psychologists	[2]
OB/GYN Physicians	[4]
Veterinarians	[19]
Nurses	[5]
Nurse Midwives	[0]
Dentists	[4]
Attorneys	[6]
Architects	[4]
Engineers	[4]
Accountants	[2]
Teachers	[6]
Real Estate Developers	[1]
Pastoral Liability	[35]
College Fac. Liability	[1]
Neurosurgeons	[3]
Anesthesiologist	[3]
Insurance Agents E & O	[10]
Nursing Home Liability	[6]
Professional Liability (All Other)	[18]
Medical Malpractice (All Other)	[9]
E & O (All Other)	[8]

53 Companies responded

Commercial Umbrella (excess)

74 Companies responded

Director & Officers

Banks/Savings & Loans	[10]
Credit Unions	[3]
Hospitals	[10]
Non-Profit Organizations	[16]
School Boards	[6]
Condominiums	[3 1]

53 Companies responded

GENERAL LIABILITY

	Foster Child. Provider	Mental Health Services	Day Care	Excavate Work	Hotels	Propane Gas Facility	Extermi- nators	Elevator Maint.	Heavy Manuf.	Light Manuf.	Condo Assoc. Liability
Cos. Surveyed	1	1	23	35	31	5	6	1	13	32	22
Cos. currently seeking new bus. in VA	1	1	12	23	23	1	3	0	12	27	20
Cos. imposing special conditions after 1984	0	0	12	5	8	0	3	0	5	8	4
Cos. not seeking new bus. but seeking bus. prior to 1984	0	0	6	4	5	0	0	0	3	5	4
State of current environment for seeking new bus. in VA	+0 -0 =1	N/A N/A N/A	+3 -0 =12	+6 -0 =16	+2 -0 =21	+0 -0 =4	+0 -0 =3	+0 -0 =1	+3 -0 =7	+5 -0 =17	+0 -0 =17
Cos. renewing existing policies in VA	1	1	17	35	31	4	3	1	11	31	21
Cos. imposing special conditions after 1984	0	0	11	4	8	0	0	0	5	8	3
Cos. using rates filed by ISO	1	1	19	35	31	4	3	1	13	32	20
Cos. that file rate modifications to ISO	0	0	6	14	14	0	2	0	3	21	11
Cos. using rates filed by other rate service organizations	0	0	2	0	0	0	0	0	0	0	0
Cos. that file rate modifications with other organizations	0	0	2	0	0	0	0	0	0	0	0
Cos. with significant increases in rates over past 3 yrs.	0	0	12	14	16	3	0	0	5	15	8
N/A No Answer +improved; -declined; =unchanged											

GENERAL LIABILITY (cont.)

Homeowner Assoc. Liability	Restau- rants	Gas Distr.	Other Types
-------------------------------------------	--------------------------	-----------------------	------------------------

6	47	11	21
---	----	----	----

6	36	7	14
---	----	---	----

0	12	2	2
---	----	---	---

4	10	0	2
---	----	---	---

+0	+6	+1	+4
----	----	----	----

-0	-0	-0	-2
----	----	----	----

=6	=29	=7	=8
----	-----	----	----

6	45	11	16
---	----	----	----

0	10	5	2
---	----	---	---

6	47	11	17
---	----	----	----

3	20	3	9
---	----	---	---

1	0	0	0
---	---	---	---

1	0	0	0
---	---	---	---

2	23	7	6
---	----	---	---

PRODUCT LIABILITY

	Chem. Manuf.	Medical Equip./ Supplies	Fishermen	Wood- burning	Contractor	Food Product	Restau- rant	Tobacco	Product (all other)
Cos. Surveyed	7	7	1	3	7	21	50	1	63
Cos. currently seeking new bus. in VA	4	4	1	2	7	19	40	1	53
Cos. imposing special conditions after 1984	1	0	0	0	1	3	11	0	15
Cos. not seeking new bus. but seeking bus. prior to 1984	1	0	0	0	2	4	14	0	17
State of current environment for seeking new bus. in VA	+2 -0 =3	+1 -0 =3	+0 -0 =1	+0 -0 =2	+0 -0 =7	+1 -0 =18	+13 -0 =29	+1 -0 =0	+14 -0 =42
Cos. renewing existing policies in VA	6	5	1	3	7	21	49	1	60
Cos. imposing special conditions after 1984	1	0	0	0	1	3	10	0	15
Cos. using rates filed by ISO	7	5	1	3	7	21	49	1	57
Cos. that file rate modifications to ISO	1	1	0	1	1	11	23	0	39
Cos. using rates filed by other rate service organizations	0	0	0	0	0	0	0	0	1
Cos. that file rate modifications with other organizations	0	0	0	0	0	0	0	0	1
Cos. with significant increases in rates over past 3 yrs.	4	3	0	1	4	15	25	0	34

ENVIRONMENTAL LIABILITY

	Asbestos Removal	Landfills	Pesticide Application	Pollution Liability
Cos. Surveyed	1	1	5	4
Cos. currently seeking new bus. in VA	0	0	2	2
Cos. imposing special conditions after 1984	0	0	2	2
Cos. not seeking new bus. but seeking bus. prior to 1984	1	0	0	0
State of current environment for seeking new bus. in VA	N/A N/A N/A	N/A N/A N/A	+0 -2 =2	+0 -0 =2
Cos. renewing existing policies in VA	0	1	5	3
Cos. imposing special conditions after 1984	0	1	2	1
Cos. using rates filed by ISO	0	1	4	0
Cos. that file rate modifications to ISO	0	1	2	0
Cos. using rates filed by other rate service organizations	0	0	0	0
Cos. that file rate modifications with other organizations	0	0	0	0
Cos. with significant increases in rates over past 3 yrs.	0	0	0	0

GOVERNMENTAL LIABILITY

	Government Entities	Other Types	School Districts	Public Housing Authority	Ambulance Liability	Zoos & Parks
Cos. Surveyed	3	3	8	1	1	1
Cos. currently seeking new bus. in VA	2	1	4	1	1	0
Cos. imposing special conditions after 1984	2	1	2	0	1	0
Cos. not seeking new bus. but seeking bus. prior to 1984	1	0	0	0	0	0
State of current environment for seeking new bus. in VA	+1 -0 =1	+0 -0 =1	+2 -0 =2	+0 -0 =1	+0 -0 =1	N/A N/A N/A
Cos. renewing existing policies in VA	3	2	7	1	1	1
Cos. imposing special conditions after 1984	3	2	2	0	0	0
Cos. using rates filed by ISO	3	2	7	0	1	0
Cos. that file rate modifications to ISO	2	2	2	0	1	0
Cos. using rates filed by other rate service organizations	0	0	0	0	0	0
Cos. that file rate modifications with other organizations	0	0	0	0	0	0
Cos. with significant increases in rates over past 3 yrs.	1	2	5	0	1	0

LIQUOR LIABILITY

	Restau- rants	Bars Taverns	Not Specif.	Private Clubs	Package Stores	Other Types
Cos. Surveyed	6	1	1	3	2	2
Cos. currently seeking new bus. in VA	4	1	1	3	2	2
Cos. imposing special conditions after 1984	1	0	0	1	0	1
Cos. not seeking new bus. but seeking bus. prior to 1984	0	1	0	1	0	0
State of current environment for seeking new bus. in VA	+1 -0 =3	+0 -1 =0	+0 -0 =1	+0 -1 =2	+1 -0 =1	+0 -0 =2
Cos. renewing existing policies in VA	6	1	1	3	2	2
Cos. imposing special conditions after 1984	2	0	0	1	0	1
Cos. using rates filed by ISO	3	0	1	1	1	1
Cos. that file rate modifications to ISO	1	0	0	0	0	0
Cos. using rates filed by other rate service organizations	0	0	0	0	0	0
Cos. that file rate modifications with other organizations	0	0	0	0	0	0
Cos. with significant increases in rates over past 3 yrs.	0	1	0	1	0	0

RECREATIONAL LIABILITY

	Skate Rinks	Bowl Alleys	Water Rec.	Saddle Animals	Carnivals	Special Events	Parks Playground	Theaters	Golf Courses	Exercise Facilities	Camps
Cos. Surveyed	5	18	5	4	4	14	16	20	18	5	9
Cos. currently seeking new bus. in VA	1	12	2	2	2	8	5	14	11	3	5
Cos. imposing special conditions after 1984	1	3	0	0	1	5	3	4	5	2	2
Cos. not seeking new bus. but seeking bus. prior to 1984	0	4	2	0	0	3	0	4	4	3	0
State of current environment for seeking new bus. in VA	+1 -0 =1	+1 -0 =11	+2 -0 =1	+1 -0 =2	+1 -0 =2	+2 -0 =7	+4 -0 =5	+3 -0 =13	+4 -0 =9	+1 -0 =3	+4 -0 =4
Cos. renewing existing policies in VA	3	16	3	3	4	11	14	18	18	5	8
Cos. imposing special conditions after 1984	0	3	0	0	1	4	0	4	5	1	2
Cos. using rates filed by ISO	4	18	4	2	3	11	16	20	18	3	6
Cos. that file rate modifications to ISO	1	7	0	0	2	1	4	5	6	1	2
Cos. using rates filed by other rate service organizations	0	0	0	0	0	0	0	0	0	0	2
Cos. that file rate modifications with other organizations	0	0	0	0	0	0	0	0	0	0	1
Cos. with significant increases in rates over past 3 yrs.	1	9	2	0	1	8	7	9	7	0	3

RECREATIONAL LIABILITY (cont.)

Other Types	Marinas	Stadium	Rec. Facil.
2	10	4	5
2	5	1	2
1	3	0	0
0	1	0	2
+0	+2	+0	+2
-0	-0	-0	-1
=2	=5	=2	=0
2	10	3	3
1	3	0	0
2	9	2	5
0	3	1	1
0	0	0	0
0	0	0	0
2	4	1	2

PROFESSIONAL LIABILITY

	Emerg. Med.	Psychol.	OB/ GYN	Vet.	Nurses	Dentist	Attorn.	Archit./ Engin.	Account	Teachers	Real Estate Dev.	Pastoral Liability
Cos. Surveyed	5	1	3	11	3	2	5	2	1	2	1	18
Cos. currently seeking new bus. in VA	5	1	1	8	3	1	3	0	1	1	0	17
Cos. imposing special conditions after 1984	2	1	1	5	1	0	0	0	0	0	0	7
Cos. not seeking new bus. but seeking bus. prior to 1984	0	1	2	1	1	0	1	0	0	0	1	4
State of current environment for seeking new bus. in VA	+1 -0 =3	+0 -0 =1	+1 -0 =2	+1 -0 =8	+0 -0 =3	+0 -1 =1	+0 -0 =3	N/A N/A N/A	+1 -0 =0	+0 -0 =1	N/A N/A N/A	+5 -0 =12
Cos. renewing existing policies in VA	5	1	1	11	3	2	4	0	1	2	0	18
Cos. imposing special conditions after 1984	1	1	0	2	1	0	0	0	0	0	0	5
Cos. using rates filed by ISO	0	0	0	6	0	0	1	0	0	0	0	1
Cos. that file rate modifications to ISO	0	0	0	1	0	0	0	0	0	0	0	0
Cos. using rates filed by other rate service organizations	0	0	0	0	0	0	0	0	0	0	0	0
Cos. that file rate modifications with other organizations	0	0	0	0	0	0	0	0	0	0	0	0
Cos. with significant increases in rates over past 3 yrs.	0	1	2	1	0	2	4	1	1	0	1	1

PROFESSIONAL LIABILITY

	Other Types	Neur.	Anesth.	Ins. Agent E&O	Nursing Home	Prof. Liab.	Med. Mal.	E&O (All Other)
Cos. Surveyed	36	2	2	7	3	12	4	3
Cos. currently seeking new bus. in VA	35	1	1	4	2	9	3	1
Cos. imposing special conditions after 1984	3	1	1	3	2	0	2	0
Cos. not seeking new bus. but seeking bus. prior to 1984	7	1	1	1	0	4	2	0
State of current environment for seeking new bus. in VA	+6 -0 =26	+0 -0 =2	+1 -0 =1	+2 -0 =2	+1 -0 =2	+6 -0 =2	+1 -0 =3	+0 -1 =1
Cos. renewing existing policies in VA	36	1	1	4	3	11	3	1
Cos. imposing special conditions after 1984	2	0	0	2	1	0	0	0
Cos. using rates filed by ISO	3	0	0	0	1	3	1	0
Cos. that file rate modifications to ISO	2	0	0	0	0	1	0	0
Cos. using rates filed by other rate service organizations	0	0	0	0	0	0	0	0
Cos. that file rate modifications with other organizations	0	0	0	0	0	0	0	0
Cos. with significant increases in rates over past 3 yrs.	2	1	2	3	1	1	3	0

UMBRELLA LIABILITY

Commercial Umbrella

Cos. Surveyed	74
Cos. currently seeking new bus. in VA	65
Cos. imposing special conditions after 1984	27
Cos. not seeking new bus. but seeking bus. prior to 1984	16
State of current environment for seeking new bus. in VA	+19 -2 =42
Cos. renewing existing policies in VA	69
Cos. imposing special conditions after 1984	35
Cos. using rates filed by ISO	5
Cos. that file rate modifications to ISO	1
Cos. using rates filed by other rate service organizations	0
Cos. that file rate modifications with other organizations	0
Cos. with significant increases in rates over past 3 yrs.	43

DIRECTOR & OFFICER

	Banks/ Savings & Loans	Credit Unions	Hospitals	Non- Profit Organ.	School Board	Condo- minium	Other Types
Cos. Surveyed	7	1	3	9	2	26	13
Cos. currently seeking new bus. in VA	5	1	3	8	2	24	13
Cos. imposing special conditions after 1984	3	0	1	5	1	4	7
Cos. not seeking new bus. but seeking bus. prior to 1984	2	0	0	1	0	7	6
State of current environment for seeking new bus. in VA	+2 -1 =2	N/A N/A N/A	+1 -0 =1	+2 -0 =3	+1 -0 =1	+3 -1 =20	+7 -1 =5
Cos. renewing existing policies in VA	7	1	3	8	2	25	12
Cos. imposing special conditions after 1984	4	0	2	4	1	3	6
Cos. using rates filed by ISO	2	0	0	1	0	8	2
Cos. that file rate modifications to ISO	1	0	0	0	0	1	2
Cos. using rates filed by other rate service organizations	0	0	0	0	0	0	0
Cos. that file rate modifications with other organizations	0	0	0	0	0	0	0
Cos. with significant increases in rates over past 3 yrs.	5	0	2	2	0	2	8

AGENT SURVEY RESULTS

The first portion of the survey results is the agents responses regarding their opinions of current availability and affordability problems for the specified lines or subclassifications.

The second portion of the survey results is the agent responses to regarding market trends for availability and affordability for the specified lines or subclassification over the last 12 months.

AGENTS' RESPONSE SURVEY
PART-I

NUMBER OF SURVEYS TABULATED: 492

THE AVAILABILITY AND AFFORDABILITY OF COMMERCIAL LIABILITY INSURANCE	Current Problems											
	Number of Responses in this Category Tabulated	Percent of Total Surveys	Percent of All Avail. Category	Percent of Responses in this Category	Percent of All Afford. Category	Percent of Responses in this Category	Percent of Both	Percent of Responses in this Category	Percent of Both Avail + in this Category	Percent of Responses in this Category	Percent of Both Afford + in this Category	
GENERAL LIABILITY	76	15.43%	25	32.89%	26	34.21%	25	32.89%	50	65.79%	51	67.11%
Foster Children Providers	136	27.64%	51	37.50%	18	13.24%	67	49.26%	118	86.76%	85	62.50%
Mental Health Services	147	29.88%	68	46.26%	22	14.97%	57	38.78%	125	85.03%	79	53.74%
Nonprofit Organizations	135	27.44%	36	26.67%	45	33.33%	54	40.00%	90	66.67%	99	73.33%
Day Care	283	57.52%	82	28.98%	45	15.90%	156	55.12%	238	84.10%	201	71.02%
Contractors	161	32.72%	47	29.19%	54	33.54%	60	37.27%	107	66.46%	114	70.81%
Excavation Work	193	39.23%	75	38.86%	43	22.28%	75	38.86%	150	77.72%	118	61.14%
Mail Servicing	99	20.12%	39	39.39%	27	27.27%	33	33.33%	72	72.73%	60	60.61%
Hotels	104	22.15%	42	39.53%	36	35.03%	31	28.44%	73	66.97%	67	61.47%
Petroleum Dealers(wholesale)	170	34.55%	63	37.06%	26	15.29%	81	47.65%	144	84.71%	107	62.94%
Propane Gas Facilities	181	36.79%	76	41.99%	24	13.26%	81	44.75%	157	86.74%	105	58.01%
Anhydrous Ammonia Dirs. & Dist.	135	27.44%	63	46.67%	18	13.33%	54	40.00%	117	86.67%	72	53.33%
Extruders	259	52.64%	96	37.07%	37	14.29%	126	48.65%	222	85.71%	163	62.93%
Private Investigators	164	33.33%	70	42.68%	27	16.46%	67	40.85%	137	83.54%	94	57.32%
Elevator Maintenance	114	23.17%	57	50.00%	22	19.30%	35	30.70%	92	80.70%	57	50.00%
Explosives Manufacturers	177	35.98%	82	46.33%	13	7.34%	82	46.33%	164	92.66%	95	53.67%
Custom Harvesting	71	14.43%	35	49.30%	18	25.35%	18	25.35%	53	74.65%	36	50.70%
Heavy Manufacturers	100	20.33%	42	42.00%	21	21.00%	37	37.00%	79	79.00%	58	58.00%
Light Manufacturers	81	16.46%	30	37.04%	34	41.98%	17	20.99%	47	58.02%	51	62.96%
Condominium Assn. Liability	98	19.92%	39	39.80%	27	27.53%	32	32.65%	71	72.45%	59	60.20%
Homeowner Assn. Liability	129	26.22%	49	37.98%	33	25.58%	47	36.43%	96	74.42%	80	62.02%
Restaurants	211	42.89%	66	31.28%	54	25.59%	91	43.13%	157	74.41%	145	68.72%
Gasoline Distributor	199	40.43%	76	38.19%	28	14.07%	95	47.74%	171	85.93%	123	61.81%
PRODUCT LIABILITY	15	3.06%	6	40.00%	4	26.67%	5	33.33%	11	73.33%	9	60.00%
Chemical Manufacturers	186	37.80%	83	44.62%	16	8.60%	87	46.77%	170	91.40%	103	55.38%
Medical Equip/Supplies	132	26.83%	59	44.70%	18	13.64%	55	41.67%	114	86.36%	73	55.30%
Fishermen	86	17.48%	33	38.37%	18	20.93%	35	40.70%	68	79.07%	53	61.63%
Woodburning Stove Manufacturers	111	22.56%	48	43.24%	16	14.41%	47	42.34%	95	85.59%	63	56.76%
Firearms Manufacturers	137	27.85%	68	49.64%	4	2.92%	65	47.45%	133	97.08%	69	50.36%
Contractors Equipment Distr.	135	27.44%	46	34.07%	27	20.00%	62	45.93%	108	80.00%	89	65.93%
Food Products Mfg	92	18.70%	39	42.39%	22	23.91%	31	33.70%	70	76.09%	53	57.61%
Restaurant	169	34.33%	50	29.59%	43	25.44%	76	44.97%	128	74.56%	119	70.41%
Tobacco Products Mfg.	84	17.07%	40	47.62%	14	19.08%	28	33.33%	68	80.95%	44	52.38%
Products(all others)	103	20.93%	35	33.98%	31	30.10%	37	35.92%	72	69.90%	68	66.02%
ENVIRONMENTAL LIABILITY	27	5.49%	15	55.56%	3	11.11%	9	33.33%	24	88.89%	12	44.44%
Asbestos Removal	230	46.75%	103	44.78%	17	7.39%	110	47.83%	213	92.61%	127	55.22%
Hazardous Waste Disposal	209	42.48%	99	47.37%	10	4.78%	100	47.85%	199	95.22%	110	52.63%
Landfills	195	39.63%	92	47.18%	12	6.15%	91	46.67%	183	93.85%	103	52.82%
Pesticide Application	232	47.15%	100	43.10%	16	6.90%	116	50.00%	216	93.10%	132	56.90%
Pollution Liability	288	58.54%	122	42.36%	16	5.56%	150	52.08%	272	94.44%	166	57.64%

AGENTS' RESPONSE SURVEY
PART-I

NUMBER OF SURVEYS TABULATED: 492

		Current Problems											
THE AVAILABILITY AND AFFORDABILITY OF COMMERCIAL LIABILITY INSURANCE	Number of Responses in this Category Tabulated	Percent of Total Surveys	Percent of Responses in this Category										
			Avail	Afford	Afford	Both							
			Category										
GOVERNMENTAL LIABILITY	77	15.63%	32	41.56%	15	19.48%	30	38.96%	62	80.52%	45	58.44%	
Government Entities	168	34.15%	62	36.90%	28	16.67%	78	46.43%	140	83.33%	106	63.10%	
Police Liability	201	40.85%	78	38.81%	38	18.91%	85	42.29%	163	81.09%	123	61.19%	
Public Officials	184	37.40%	66	35.87%	48	26.09%	70	38.04%	136	73.91%	118	64.13%	
School Districts	144	29.27%	49	34.03%	40	27.78%	55	38.19%	104	72.22%	95	65.97%	
Public Housing Authority	128	26.02%	50	39.06%	29	22.66%	49	38.28%	99	77.34%	78	60.94%	
Ambulance Liability	171	34.76%	71	41.52%	39	22.81%	61	35.67%	132	77.19%	100	58.48%	
Zoo and Parks	109	22.15%	47	43.12%	27	24.77%	35	32.11%	82	75.23%	62	56.88%	
RECREATIONAL LIABILITY	24	4.88%	10	41.67%	8	33.33%	6	25.00%	16	66.67%	14	58.33%	
Skating Rinks	194	39.43%	76	39.18%	30	15.46%	88	45.36%	164	84.54%	118	60.82%	
Bowling Alleys	133	27.03%	56	42.11%	33	24.81%	44	33.08%	100	75.19%	77	57.89%	
Water Recreation Rinks	181	36.79%	76	41.99%	29	16.02%	76	41.99%	132	83.98%	105	58.01%	
Dude Ranches	101	20.53%	53	52.48%	15	14.85%	33	32.67%	86	85.15%	48	47.52%	
Saddle Animals	199	32.32%	70	44.03%	19	11.93%	70	44.03%	140	89.05%	89	55.97%	
Pack Horse Liability	109	22.15%	53	48.62%	20	18.35%	36	33.03%	89	81.65%	56	51.38%	
Guides & Outfitters	96	19.51%	42	43.75%	24	25.00%	30	31.25%	72	75.00%	54	56.25%	
Carnivals	154	31.30%	70	45.45%	18	11.69%	66	42.86%	136	88.31%	84	54.55%	
Special Events	190	38.62%	57	30.00%	54	28.42%	79	41.58%	136	71.58%	133	70.00%	
Parks or Playgrounds	142	28.86%	63	44.37%	32	22.54%	47	33.10%	110	77.46%	79	55.63%	
Theatres	82	16.67%	33	40.24%	30	36.59%	19	23.17%	52	63.41%	49	59.76%	
Golf Courses	93	18.90%	34	36.56%	31	33.33%	28	30.11%	62	66.67%	59	63.44%	
Exercise Facilities	176	35.77%	60	34.09%	44	25.00%	72	40.91%	132	75.00%	116	65.91%	
Camps	108	21.95%	45	41.67%	28	25.93%	35	32.41%	80	74.07%	63	58.33%	
Ski Lifts or tows	128	26.02%	57	44.53%	16	12.50%	55	42.97%	112	87.50%	71	55.47%	
Marinas	128	26.02%	51	39.84%	30	23.44%	47	36.72%	98	76.56%	77	60.16%	
Stadiums	93	18.90%	50	53.76%	21	22.58%	22	23.66%	72	77.42%	43	46.24%	
Recreation Facs. (all Others)	121	24.59%	41	33.88%	36	29.75%	44	36.36%	85	70.25%	80	66.12%	
LIQUOR LIABILITY	29	5.89%	10	34.48%	6	20.69%	13	44.83%	23	79.31%	19	65.52%	
Restaurants	204	41.46%	80	39.22%	38	18.63%	86	42.16%	166	81.37%	124	60.78%	
Bars & Taverns	193	39.63%	84	43.08%	29	14.87%	82	42.05%	166	85.13%	111	56.92%	
Not Specified	80	16.26%	38	47.50%	14	17.50%	28	35.00%	66	82.50%	42	52.50%	
Private Clubs	123	25.00%	47	38.21%	31	25.20%	45	36.59%	92	74.80%	76	61.79%	
Pkg. Stores & Other Retail Est.	89	18.09%	37	41.57%	22	24.72%	30	33.71%	67	75.28%	52	58.43%	

AGENTS' RESPONSE SURVEY
PART-I

NUMBER OF SURVEYS TABULATED: 492

THE AVAILABILITY AND AFFORDABILITY OF COMMERCIAL LIABILITY INSURANCE	Current Problems												
	Number of Responses in this Category Tabulated	Percent of Total Surveys	Percent of Responses in this Category Avail.	Percent of Responses in this Category Afford	Percent of Responses in this Category Both	Percent of Responses in this Category Avail + Afford	Percent of Responses in this Category Both	Percent of Responses in this Category Afford + Both	Percent of Responses in this Category Both				
	Category Tabulated		Category	Category	Category	Category	Category	Category	Category	Category	Category	Category	Category
COMMERCIAL UMBRELLA (EXCESS)	86	17.48%	10	11.63%	33	38.37%	43	50.00%	53	61.63%	76	88.37%	
PROFESSIONAL LIABILITY	36	7.32%	6	16.67%	10	27.78%	20	55.56%	26	72.22%	30	83.33%	
Emergency & Med Techs	190	38.62%	82	43.16%	33	17.37%	75	39.47%	157	82.63%	108	56.84%	
Psychologists	146	29.67%	61	41.78%	30	20.55%	55	37.67%	116	79.45%	85	58.22%	
OB/GYN	253	51.42%	81	32.02%	43	17.00%	129	50.99%	210	83.00%	172	67.98%	
Veterinarians	98	19.92%	35	35.71%	34	34.69%	29	29.59%	64	65.31%	63	64.29%	
Nurses	156	31.71%	57	36.54%	36	23.08%	63	40.38%	120	76.92%	99	63.46%	
Nurse Midwives	139	28.23%	66	47.48%	19	13.67%	54	38.85%	120	86.33%	73	52.52%	
Dentists	129	26.22%	53	41.09%	29	22.48%	47	36.43%	100	77.52%	76	58.91%	
Attorneys	150	30.49%	51	34.00%	45	30.00%	54	36.00%	105	70.00%	99	66.00%	
Architects	156	31.71%	51	32.69%	47	30.13%	58	37.18%	109	69.87%	105	67.31%	
Engineers	146	29.67%	52	35.62%	42	28.77%	52	35.62%	104	71.23%	94	64.38%	
Accountants	137	27.83%	46	33.58%	37	27.01%	64	39.42%	100	72.99%	91	66.42%	
Teachers	85	17.28%	36	42.35%	23	27.06%	26	30.59%	62	72.94%	49	57.65%	
Real Estate Developers	115	23.37%	38	33.04%	35	30.43%	42	36.52%	80	69.57%	77	66.96%	
Pastoral Liability	70	14.23%	30	42.86%	23	32.86%	17	24.29%	47	67.14%	40	57.14%	
College Fac. Liability	79	16.06%	37	46.84%	24	30.38%	18	22.78%	55	69.62%	42	53.16%	
Insurance Agents E & O	221	44.92%	33	14.93%	99	44.80%	89	40.27%	122	55.20%	188	85.07%	
Nursing Home Liability	163	33.13%	65	39.88%	35	21.47%	63	38.65%	128	78.53%	98	60.12%	
Neurosurgeons	197	40.04%	74	37.56%	39	19.80%	84	42.64%	158	80.20%	123	62.44%	
Anesthesiologist	197	40.04%	71	36.04%	37	18.78%	89	45.18%	160	81.22%	126	63.96%	
Professional Liability (Gen.)	197	40.04%	62	31.47%	61	30.96%	74	37.56%	136	69.04%	135	68.53%	
Medical Malpractice (Gen)	252	51.22%	83	32.94%	49	19.44%	120	47.62%	203	80.56%	169	67.06%	
E & O (Gen)	227	46.14%	55	24.23%	68	29.96%	104	45.81%	159	70.04%	172	75.77%	
DIRECTOR & OFFICERS	17	3.46%	6	35.29%	6	35.29%	5	29.41%	11	64.71%	11	64.71%	
Banks/Savings & Loan	174	35.37%	62	35.63%	40	22.99%	72	41.38%	134	77.01%	112	64.37%	
Credit Unions	96	19.51%	44	45.83%	24	25.00%	28	29.17%	72	75.00%	52	54.17%	
Hospitals	111	22.56%	39	35.14%	27	24.32%	45	40.54%	84	75.68%	72	64.86%	
Non-Profit Organizations	171	34.76%	55	32.16%	53	30.99%	63	36.84%	118	69.01%	116	67.84%	
School Board	128	26.02%	44	34.38%	41	32.03%	43	33.59%	87	67.97%	84	65.63%	
Condominium	124	25.20%	36	29.03%	43	34.68%	45	36.29%	81	65.32%	88	70.97%	

		Future Availability						
THE AVAILABILITY AND AFFORDABILITY OF COMMERCIAL LIABILITY INSURANCE	Percent of Total Surveys Tabulated	Percent of Responses in this Category						
GENERAL LIABILITY	16.67%	12	14.63%	29	35.37%	41	50.00%	
Foster Children Providers	28.05%	9	6.52%	41	29.71%	88	63.77%	
Mental Health Services	30.08%	4	2.70%	51	34.46%	93	62.84%	
Nonprofit Organizations	31.10%	24	15.69%	42	27.45%	87	56.86%	
Day Care	56.71%	45	16.13%	101	36.20%	133	47.67%	
Contractors	40.85%	61	30.35%	51	25.37%	89	44.28%	
Excavation Work	38.82%	32	16.75%	72	37.70%	87	45.55%	
Well Servicing	21.95%	14	12.96%	29	26.85%	65	60.19%	
Hotels	26.42%	20	15.38%	32	24.62%	78	60.00%	
Petroleum Dealers(wholesale)	33.74%	6	3.61%	66	39.76%	94	56.65%	
Propane Gas Facilities	32.32%	5	3.14%	55	34.97%	99	62.26%	
Anhydrous Ammonia Dirs. & Dist.	26.83%		0.00%	48	36.36%	84	63.64%	
Exterminators	45.12%	10	4.50%	94	42.34%	118	53.15%	
Private Investigators	31.91%	4	2.55%	41	26.11%	112	71.34%	
Elevator Maintenance	23.17%	3	2.63%	32	28.07%	79	69.30%	
Explosives Manufacturers	29.67%	1	0.68%	55	37.67%	90	61.64%	
Duston Harvesting	17.89%	5	5.68%	18	20.45%	65	73.86%	
Heavy Manufacturers	23.96%	12	10.17%	35	29.66%	71	60.17%	
Light Manufacturers	23.78%	27	23.08%	24	20.51%	66	56.41%	
Condominium Assn. Liability	27.85%	26	18.98%	38	27.74%	73	53.28%	
Homeowner Assn. Liability	31.10%	21	13.73%	49	32.05%	83	54.25%	
Restaurants	44.11%	40	18.43%	81	37.33%	96	44.24%	
Gasoline Distributor	37.60%	8	4.32%	66	35.68%	111	60.00%	
PRODUCT LIABILITY	16.87%	10	12.05%	36	43.37%	37	44.58%	
Chemical Manufacturers	29.67%	5	3.42%	60	41.10%	81	55.48%	
Medical Equip/Supplies	28.46%	8	5.71%	39	27.86%	93	66.43%	
Fishermen	20.12%	6	6.06%	24	24.24%	69	69.70%	
Woodburning Stove Manufacturers	24.97%	2	1.65%	35	28.93%	84	69.42%	
Fireworks Manufacturers	29.47%		0.00%	56	38.62%	89	61.38%	
Contractors Equipment Distr.	28.66%	8	5.67%	39	27.66%	94	66.67%	
Food Products Mfg	23.37%	12	10.43%	38	33.04%	65	56.52%	
Restaurant	36.79%	31	17.13%	63	34.81%	87	48.07%	
Tobacco Products Mfg.	20.73%	2	1.96%	40	39.22%	60	58.82%	
Products(all others)	24.97%	17	14.05%	38	31.40%	66	54.55%	
ENVIRONMENTAL LIABILITY	7.32%	1	2.78%	18	50.00%	17	47.22%	
Asbestos Removal	43.29%	11	5.16%	94	44.13%	108	50.70%	
Hazardous Waste Disposal	39.84%	3	1.53%	94	47.96%	99	50.51%	
Landfills	39.23%	2	1.04%	81	41.97%	110	56.99%	
Pesticide Application	42.89%	4	1.90%	109	51.66%	98	46.45%	
Pollution Liability	52.44%	7	2.71%	126	48.84%	125	48.45%	

PART-II

NUMBER OF SURVEYS TABULATED: 492

THE AVAILABILITY AND AFFORDABILITY OF COMMERCIAL LIABILITY INSURANCE	Future Availability							
	Percent of Total Surveys Tabulated	Percent of Responses in this Increased Category	Percent of Responses in this Horse Category	Percent of Responses in this Unchanged Category				
GOVERNMENTAL LIABILITY	8.94%	6	13.64%	21	47.73%	17	38.64%	
Government Entities	33.57%	30	17.14%	61	34.86%	84	48.00%	
Police Liability	36.99%	20	10.99%	64	33.16%	98	53.85%	
Public Officials	33.74%	24	14.46%	58	34.94%	84	50.60%	
School Districts	29.88%	26	17.69%	51	34.69%	70	47.62%	
Public Housing Authority	24.59%	12	9.92%	36	29.75%	73	60.33%	
Ambulance Liability	29.47%	4	2.76%	58	40.00%	83	57.24%	
Zoos and Parks	20.93%	1	0.97%	33	32.04%	69	66.99%	
RECREATIONAL LIABILITY	6.71%	4	12.12%	13	39.39%	16	48.48%	
Skating Rinks	33.54%	10	6.06%	67	40.61%	88	53.33%	
Bowling Alleys	26.83%	7	5.30%	52	39.39%	73	55.30%	
Water Recreation Risks	32.72%	6	3.73%	69	42.86%	86	53.42%	
Dude Ranches	22.15%	3	2.73%	33	30.28%	73	66.97%	
Saddle Animals	30.49%	8	5.33%	62	41.33%	80	53.33%	
Pack Horse Liability	21.75%	4	3.74%	36	33.64%	67	62.62%	
Guides & Outfitters	21.14%	1	0.96%	33	31.73%	70	67.31%	
Carnivals	26.83%	3	2.27%	58	43.94%	71	53.79%	
Special Events	34.15%	12	7.14%	76	45.24%	80	47.62%	
Parks or Playgrounds	28.61%	4	3.17%	43	34.13%	79	62.70%	
Theatres	18.70%	6	6.52%	26	28.26%	60	65.22%	
Golf Courses	22.15%	11	10.09%	31	28.44%	67	61.47%	
Exercise Facilities	32.72%	7	4.33%	59	36.63%	93	59.01%	
Camps	22.15%	3	2.75%	27	24.77%	79	72.48%	
Ski Lifts or tows	22.97%	1	0.88%	45	39.82%	67	59.29%	
Marinas	26.02%	12	9.38%	36	28.13%	80	62.50%	
Stadiums	19.51%	1	1.04%	32	33.33%	63	65.63%	
Recreation Facs. (all Others)	23.17%	4	3.51%	47	41.23%	63	55.26%	
LICQUOR LIABILITY	19.31%	18	18.95%	45	47.37%	32	33.68%	
Restaurants	38.41%	34	17.99%	67	35.45%	88	46.56%	
Bars & Taverns	33.54%	11	6.67%	75	45.45%	79	47.88%	
Not Specified	19.51%	4	4.17%	35	36.46%	57	59.38%	
Private Clubs	26.02%	9	7.03%	49	38.28%	70	54.69%	
Pkg. Stores & Other Retail Est.	20.33%	5	5.00%	37	37.00%	58	58.00%	

PART-II

NUMBER OF SURVEYS TABULATED: 492

THE AVAILABILITY AND AFFORDABILITY OF COMMERCIAL LIABILITY INSURANCE	Future Availability							
	Percent of Total Surveys Tabulated	Percent of Responses in this Category						
	of Total Surveys Tabulated	Increased Category	Worse Category	Unchanged Category	Unchanged Category	Unchanged Category	Unchanged Category	Unchanged Category
	of Total Surveys Tabulated	Increased Category	Worse Category	Unchanged Category	Unchanged Category	Unchanged Category	Unchanged Category	Unchanged Category
COMMERCIAL UMBRELLA (EXCESS)	15.24%	24	32.00%	30	40.00%	21	28.00%	
PROFESSIONAL LIABILITY	8.54%	3	7.14%	24	57.14%	15	35.71%	
Emergency & Med Techs	34.76%	2	1.17%	84	49.12%	85	49.71%	
Psychologists	28.25%	2	1.44%	68	48.92%	69	49.64%	
OB/GYN	43.50%	6	2.80%	124	57.94%	84	39.25%	
Veterinarians	23.37%	7	6.09%	39	33.91%	69	60.00%	
Nurses	31.50%	8	5.16%	77	49.68%	70	45.16%	
Nurse Midwives	27.85%	1	0.73%	73	53.28%	63	45.99%	
Dentists	27.03%	7	5.26%	59	44.36%	67	50.38%	
Attorneys	30.08%	11	7.43%	52	35.14%	85	57.43%	
Architects	28.66%	7	4.96%	51	36.17%	83	58.87%	
Engineers	27.44%	8	5.93%	51	37.78%	76	56.30%	
Accountants	27.03%	8	6.02%	45	33.83%	80	60.15%	
Teachers	23.58%	6	5.17%	39	33.62%	71	61.21%	
Real Estate Developers	24.39%	5	4.17%	39	32.50%	76	63.33%	
Pastoral Liability	22.15%	11	10.09%	23	21.10%	75	68.81%	
College Fac. Liability	19.31%	5	5.26%	26	27.37%	64	67.37%	
Insurance Agents E & O	41.87%	15	7.28%	80	38.83%	111	53.88%	
Nursing Home Liability	31.10%	5	3.27%	68	44.44%	80	52.29%	
Neurosurgeons	32.52%	3	1.88%	89	55.63%	68	42.50%	
Anesthesiologist	33.33%	2	1.22%	97	59.15%	65	39.63%	
Professional Liability (Gen.)	30.89%	8	5.26%	75	49.34%	69	45.39%	
Medical Malpractice (Gen)	37.20%	3	1.64%	105	57.38%	75	40.98%	
E & O (Gen)	32.93%	10	6.17%	80	49.38%	72	44.44%	
DIRECTOR & OFFICERS	6.91%	8	23.53%	10	29.41%	16	47.06%	
Banks/Savings & Loan	31.50%	19	12.26%	51	32.90%	85	54.84%	
Credit Unions	20.93%	6	5.83%	29	28.16%	68	66.02%	
Hospitals	21.75%	8	7.48%	33	32.71%	64	59.81%	
Non-Profit Organizations	31.10%	22	14.38%	49	32.03%	82	53.59%	
School Board	25.81%	14	11.02%	47	37.01%	66	51.97%	
Condominium	22.36%	17	15.45%	28	25.45%	65	59.09%	

PART-II

NUMBER OF SURVEYS TABULATED: 492

THE AVAILABILITY AND AFFORDABILITY OF COMMERCIAL LIABILITY INSURANCE	Future Affordability							
	Percent of Total Surveys Tabulated	Percent of Responses in this Category						
	of Total Surveys Tabulated	Increased Category	Worse Category	Unchanged Category	Unchanged Category	Unchanged Category	Unchanged Category	Unchanged Category
	of Total Surveys Tabulated	Increased Category	Worse Category	Unchanged Category	Unchanged Category	Unchanged Category	Unchanged Category	Unchanged Category
GENERAL LIABILITY	14.63%	8	.11%	37	51.39%	27	37.50%	

PART-II

NUMBER OF SURVEYS TABULATED: 492

Future Affordability								
THE AVAILABILITY AND AFFORDABILITY OF COMMERCIAL LIABILITY INSURANCE	Percent of Total Surveys Tabulated	Percent of Responses in this Category						
		Increased	Worse	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged
GENERAL LIABILITY	14.63%	8	11.11%	37	51.39%	27	37.50%	
Foster Children Providers	20.12%	6	6.06%	48	48.48%	45	45.45%	
Mental Health Services	22.56%	4	3.60%	56	50.45%	51	45.95%	
Nonprofit Organizations	26.02%	12	9.38%	51	39.84%	65	50.78%	
Day Care	43.70%	20	9.30%	100	46.51%	95	44.19%	
Contractors	34.15%	31	18.45%	80	47.62%	57	33.93%	
Excavation Work	31.30%	21	13.64%	75	48.70%	58	37.66%	
Well Servicing	17.28%	10	11.76%	32	37.65%	43	50.59%	
Hotels	22.36%	21	19.09%	44	40.00%	45	40.91%	
Petroleum Dealers(wholesale)	28.05%	6	4.33%	66	47.83%	66	47.83%	
Propane Gas Facilities	25.61%	2	1.99%	64	50.79%	60	47.62%	
Anhydrous Ammonia Dirs. & Dist.	22.15%		0.00%	48	44.04%	61	55.96%	
Exterminators	37.20%	2	1.09%	92	50.27%	89	48.63%	
Private Investigators	25.00%	2	1.63%	47	38.21%	74	60.16%	
Elevator Maintenance	17.07%	2	2.38%	32	38.10%	50	59.52%	
Explosives Manufacturers	21.54%	1	0.94%	47	44.34%	58	54.72%	
Duston Harvesting	14.84%	2	2.74%	22	30.14%	49	67.12%	
Heavy Manufacturers	19.92%	6	6.12%	35	35.71%	57	58.16%	
Light Manufacturers	19.92%	15	15.31%	28	28.57%	55	56.12%	
Condominium Assn. Liability	21.95%	7	6.48%	46	42.59%	55	50.93%	
Homeowner Assn. Liability	24.39%	8	6.67%	50	41.67%	62	51.67%	
Restaurants	38.62%	22	11.58%	93	48.95%	75	39.47%	
Gasoline Distributor	29.47%	7	4.83%	68	46.90%	70	48.28%	
PRODUCT LIABILITY	13.82%	7	10.27%	34	50.00%	27	39.71%	
Chemical Manufacturers	21.95%	5	4.63%	50	46.30%	53	49.07%	
Medical Equip/Supplies	21.34%	4	3.81%	38	36.19%	63	60.00%	
Fishermen	16.26%	2	2.50%	26	32.50%	52	65.00%	
Woodburning Stove Manufacturers	18.29%	2	2.22%	33	36.67%	55	61.11%	
Fireworks Manufacturers	20.12%		0.00%	47	47.47%	52	52.53%	
Contractors Equipment Distr.	22.15%	7	6.42%	34	31.19%	68	62.39%	
Food Products Mfg	19.11%	10	10.64%	40	42.55%	44	46.81%	
Restaurant	30.49%	18	12.00%	69	46.00%	63	42.00%	
Tobacco Products Mfg.	15.24%	1	1.33%	34	45.33%	40	53.33%	
Products(all others)	19.72%	13	13.40%	43	44.33%	41	42.27%	
ENVIRONMENTAL LIABILITY	5.89%	1	1	17	1	11	1	
Asbestos Removal	30.89%	7	4.61%	85	55.92%	60	39.47%	
Hazardous Waste Disposal	29.07%		0.00%	86	60.14%	57	39.86%	
Landfills	27.44%		0.00%	80	59.26%	55	40.74%	
Pesticide Application	31.71%	1	0.64%	97	62.18%	58	37.18%	
Pollution Liability	39.23%		0.00%	109	56.48%	84	43.52%	

PART-II

NUMBER OF SURVEYS TABULATED: 492

THE AVAILABILITY AND AFFORDABILITY OF COMMERCIAL LIABILITY INSURANCE	Future Affordability							
	Percent of Total Surveys Tabulated	Percent of Responses in this Category						
	Increased	Unchanged						
	Category	Category	Category	Category	Category	Category	Category	Category
GOVERNMENTAL LIABILITY	7.11%	4	11.43%	20	57.14%	11	31.43%	
Government Entities	27.44%	15	11.11%	64	47.41%	56	41.46%	
Police Liability	29.47%	9	6.21%	72	49.66%	64	44.14%	
Public Officials	28.66%	14	9.93%	67	47.52%	60	42.55%	
School Districts	24.97%	15	12.40%	59	48.76%	47	38.84%	
Public Housing Authority	20.53%	6	5.94%	46	45.54%	49	48.51%	
Ambulance Liability	22.36%	0	0.00%	66	60.00%	44	40.00%	
Zoo and Parks	16.06%	0	0.00%	31	39.24%	48	60.76%	
RECREATIONAL LIABILITY	6.10%	4	13.33%	13	43.33%	13	43.33%	
Skating Rinks	26.42%	7	5.38%	61	46.92%	62	47.67%	
Bowling Alleys	18.90%	8	8.60%	46	49.46%	39	41.94%	
Water Recreation Risks	24.39%	3	2.50%	71	59.17%	46	38.33%	
Dude Ranches	15.24%	3	4.00%	27	36.00%	45	60.00%	
Saddle Animals	22.56%	6	5.41%	54	48.65%	51	45.95%	
Pack Horse Liability	15.85%	4	5.13%	32	41.03%	42	53.85%	
Guides & Outfitters	15.24%	1	1.33%	31	41.33%	43	57.33%	
Carnivals	20.12%	1	1.01%	50	50.51%	48	48.48%	
Special Events	29.47%	6	4.14%	65	44.83%	74	51.03%	
Parks or Playgrounds	20.93%	4	3.88%	43	41.75%	56	54.37%	
Theatres	14.43%	7	9.86%	23	32.39%	41	57.75%	
Golf Courses	17.48%	5	5.81%	31	36.05%	50	58.14%	
Exercise Facilities	26.63%	10	7.63%	61	46.56%	60	45.80%	
Camps	18.50%	2	2.20%	33	36.26%	56	61.54%	
Ski Lifts or tows	17.48%	2	2.33%	42	48.84%	42	48.84%	
Marinas	23.17%	6	5.26%	37	32.46%	71	62.28%	
Stadiums	14.02%	3	4.35%	26	37.68%	40	57.97%	
Recreation Facs. (all Others)	19.72%	3	3.07%	39	40.21%	55	56.70%	
LICQUOR LIABILITY	15.65%	10	12.99%	41	53.25%	26	33.77%	
Restaurants	30.69%	16	10.60%	68	45.03%	67	44.37%	
Bars & Taverns	26.42%	6	4.82%	74	56.92%	50	38.46%	
Not Specified	16.06%	4	5.06%	36	45.57%	39	49.37%	
Private Clubs	22.76%	5	4.46%	49	43.75%	58	51.79%	
Pkg. Stores & Other Retail Est.	15.65%	2	2.60%	41	53.25%	34	44.16%	

PART-II

NUMBER OF SURVEYS TABULATED: 492

THE AVAILABILITY AND AFFORDABILITY OF COMMERCIAL LIABILITY INSURANCE	Future Affordability								
	Percent of Total Surveys Tabulated	Increased	Percent of Responses in this Category	Worse	Percent of Responses in this Category	Unchanged	Percent of Responses in this Category		
								Future Affordability	
								Increased	Unchanged
COMMERCIAL UMBRELLA (EXCESS)	17.48%	20	23.26%	44	51.16%	22	25.58%		
PROFESSIONAL LIABILITY	7.72%	1	2.63%	23	60.53%	14	36.84%		
Emergency & Med Techs	25.81%	3	2.36%	74	58.27%	50	39.37%		
Psychologists	22.15%	1	0.92%	63	57.80%	45	41.28%		
OB/GYN	36.38%	3	1.68%	125	69.83%	51	28.49%		
Veterinarians	19.51%	3	3.13%	40	41.67%	53	55.21%		
Nurses	27.24%	8	5.97%	74	55.22%	52	38.81%		
Nurse Midwives	20.33%	3	3.00%	64	64.00%	33	33.00%		
Dentists	22.76%	3	2.68%	66	58.93%	43	38.37%		
Attorneys	27.24%	2	1.49%	70	52.24%	62	46.27%		
Architects	26.42%	2	1.54%	66	50.77%	62	47.67%		
Engineers	24.19%	4	3.36%	63	52.94%	52	43.70%		
Accountants	24.59%	4	3.31%	59	48.76%	58	47.93%		
Teachers	19.11%	3	3.19%	41	43.62%	50	53.19%		
Real Estate Developers	21.34%	3	2.86%	49	46.67%	53	50.48%		
Pastoral Liability	17.28%	6	7.06%	26	30.59%	53	62.35%		
College Fac. Liability	16.46%	3	3.70%	35	43.21%	43	53.09%		
Insurance Agents E & O	43.50%	10	4.67%	131	61.21%	73	34.11%		
Nursing Home Liability	27.24%	5	3.73%	81	60.45%	48	35.82%		
Neurosurgeons	27.85%	1	0.73%	90	65.67%	46	33.58%		
Anesthesiologist	26.42%	1	0.77%	88	67.67%	41	31.54%		
Professional Liability (Gen.)	30.08%	5	3.38%	91	61.49%	52	35.14%		
Medical Malpractice (Gen)	33.54%		0.00%	116	70.30%	49	29.70%		
E & O (Gen)	31.30%	3	1.93%	94	61.04%	57	37.01%		
DIRECTOR & OFFICERS	5.69%		25.00%	7	25.00%	14	50.00%		
Banks/Savings & Loan	25.61%	14	11.11%	61	48.41%	51	40.48%		
Credit Unions	14.23%	6	8.57%	31	44.29%	33	47.14%		
Hospitals	16.87%	4	4.82%	46	55.42%	33	39.76%		
Non-Profit Organizations	28.46%	13	9.29%	56	40.00%	71	50.71%		
School Board	22.97%	9	7.96%	55	48.67%	49	43.36%		
Condominium	20.12%	11	11.11%	44	44.44%	44	44.44%		

APPENDIX E

CURRENT REGULATION OF PROPERTY AND CASUALTY INSURANCE RATES IN VIRGINIA

Prior Approval

Rates for property and casualty insurance coverage are subject to either Chapter 19 or Chapter 20 of Title 38.2 of the Code of Virginia. Chapter 19 allows the rates for certain lines of insurance to be based primarily on competition in the marketplace. Chapter 20 on the other hand requires rates for certain lines to be approved before they can be used. For the lines of insurance under prior approval no rate filing can become effective until it has been approved by the Commission. A filing may be deemed approved and become effective unless disapproved by the Commission within 60 days of the time that the filing was made. However, the Commission may extend the waiting period for 30 additional days by written notice to the filer before the first 60 day period expires.

Section 38.2-2001 lists the following lines as being subject to prior approval:

1. workers' compensation insurance;
2. coverages provided in the Virginia Automobile Insurance Plan;
3. basic property insurance residual market and joint underwriting association;
4. uninsured motorist coverage as required by subsection A of § 38.2-2206; and
5. home protection contracts.

In addition, § 38.2-1912 of the competitive rating chapter of the insurance code provides the Commission with the authority to move a class, line or subclassification from competitive rating to prior approval in the event that it finds that competition may not be an effective regulator of rates for such class, line or subclassification of insurance. This section reads as follows:

§ 38.2-1912. Delayed effect of rates. — If the Commission finds in any class, line, or subdivision of insurance, or in any rating class or rating territory that (i) competition is not an effective regulator of the rates charged, (ii) Virginia loss experience and other factors specifically applicable to the Commonwealth have not been properly used to determine the rate, (iii) a substantial number of insurers are competing irresponsibly through the rates charged, or (iv) there are widespread violations of this chapter, it shall promulgate a rule requiring that any subsequent changes in the rates or supplementary rate information for that class, line, subdivision, rating class or rating territory shall be filed with the Commission at least sixty days before they become effective.

At this time medical malpractice is the only line of insurance to fall under this provision. On July 14, 1987, the Commission issued an order stating that "it is of the opinion and finds that competition is not an effective regulator of the rates charged for medical malpractice liability insurance in the Commonwealth of Virginia and that, pursuant to Virginia Code § 38.2-1912, the rule promulgated by the Commission by order entered herein August 25, 1975, and thereafter annually renewed by Commission order, should be renewed."

The Commission's findings in that order provide some guidance in the evaluation of other lines and subclassifications of insurance for this report.

In that order the Commission stated: "The record before the Commission in the 1986 proceeding in this matter indicated that in 1985 92.6% of the medical malpractice liability insurance premium volume in the Commonwealth of Virginia was written by three insurers. The record before the Commission in this proceeding indicates that in 1986 two insurers provided coverage for approximately 98% of the acute care hospitals in Virginia insured by licensed insurers and that almost 99% of the premium volume for physicians and surgeons medical malpractice liability insurance in Virginia was written by three licensed insurers. Moreover, with limited exception, one of the aforesaid insurers ceased writing new business on both hospitals and physicians effective January 1, 1986. Accordingly, as was the case in 1986, the record, in our opinion, does not support a finding that competition is an effective regulator of the rates charged for medical malpractice liability insurance."

As can clearly be seen, the Commission was strongly influenced by:

1. the limited number of insurers (three) writing the medical malpractice line of insurance;
2. the dominant market share enjoyed by two of these licensed insurers; and
3. the fact that no new insurers have sought to write this business since the previous year (there were only three in 1984 and 1985 as well).

Thus the Commission ruled that:

"All insurance companies licensed to write medical malpractice liability insurance in the Commonwealth of Virginia and all rate service organizations licensed pursuant to the provisions of Chapter 19 of Title 38.2 of the Code of Virginia shall file with the Commissioner of Insurance any and all changes in medical malpractice liability insurance rates and supplementary rate information and, pursuant to § 38.2-1912B. and D., such supporting data and information as is deemed necessary by the Commissioner of Insurance for the proper functioning of the rate monitoring and regulating process at least sixty (60) days prior to their effective date."

The Commission is currently giving consideration to including lawyers professional liability insurance under this rule.

Competitive Rating

Most other property and casualty classes, lines and subclassifications are under the competitive rating chapter. Specifically, the competitive rating chapter (Chapter 19) applies to the following classes or lines of insurance:

Fire, Miscellaneous Property, Water Damage, Burglary and Theft, Glass, Boiler and Machinery, Animal, Personal Injury Liability, Property Damage Liability, Fidelity, Surety, Credit, Motor Vehicle, Aircraft, Marine, Legal Services, Mortgage Guaranty, Homeowners, Farmowners Insurance, and Commercial Multi-Peril Insurance and Contingent and Consequential Losses.

In 1973, Virginia became the 16th state to rely on competition rather than direct government rate review as the primary means of regulating most property and casualty insurance rates. As a result, most property and casualty insurance rates in Virginia are now established primarily by competitive forces in the marketplace in much the same way that prices are established in most of the rest of the economy and, in particular, in most areas of insurance other than property and casualty.

The competitive rating system differs significantly from the regulatory system previously in effect. Prior to 1974, all insurance companies were required by law to charge the same rate approved by the State Corporation Commission unless the Commission approved a deviation from the basic rate. The basic rate was based on past industry-wide experience collected by insurance rating bureaus, which have now been merged into one organization known as the Insurance Services Office (ISO).

Under Virginia's competitive rating law, each company is encouraged to set rates independently based on its own, rather than industry-wide, loss and expense data. This system relies on competition between insurance companies for new and existing business rather than on governmental intervention to keep rates in line with underlying costs. As previously mentioned, the competitive rating law provides that rates for certain lines of insurance can be subject to the Commission's prior approval.

Competitive Rating vs. Prior Approval

Proponents of competitive rating laws believe that companies can adjust prices in response to changing economic conditions more rapidly than they can under prior approval. The ability to adjust rates rapidly generally has a favorable effect on insurance availability. Prior approval rate changes tend to lag behind the occurrence of economic conditions motivating the change. Under prior approval the expense and time required to institute needed rate changes may reduce profitability. As a result, the insurer in the extreme case may leave the market. The timeliness of adjustments under a competitive rating system is perceived by many within the industry as superior to that under prior approval.

On the other hand, proponents of prior approval believe that competitive rating laws may actually decrease insurance availability because insurance companies compete only for the best risks. Therefore, they believe the less desirable segments of the market (higher risks) will eventually face an availability shortage. Proponents of

competitive rating recognize that high risk customers will be charged rates that are greater than rates paid by low risk customers. However, they believe that this price discrimination guarantees the continued availability of insurance to high risk customers.

Many within the insurance industry believe that sufficient competition exists in most lines of insurance and that prior approval in these lines is unnecessary and unproductive. They view direct governmental rate regulation as being unnecessary and inefficient. Others, however, believe that competition may be insufficient and that prior approval is required to realize the traditional goals of insurance regulation, i.e., to help people obtain the insurance they want, to insure that the product is of high quality and reliability, and to make sure the pricing system is fair and equitable.

