

# COMMONWEALTH OF VIRGINIA



JACQUELINE K. CUNNINGHAM  
COMMISSIONER OF INSURANCE  
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BUREAU OF INSURANCE

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August 21, 2017

**To: All Insurers and Other Interested Parties**

**Re: Appointment Terminations for Cause**

**Please distribute to the appropriate personnel within your company that handle Appointment/Termination filings.**

The purpose of this notice is to provide information and clarification concerning the termination of appointments for cause under Chapter 18 of Title 38.2 of the Code of Virginia ("Code") and to request that insurers review their appointment terminations to determine whether any were improperly terminated for cause.

Pursuant to § [38.2-1834.1](#) of the Code, an insurer or authorized representative of an insurer that terminates an agent or licensee's appointment "for cause" must notify the Bureau of Insurance ("Bureau") within thirty calendar days following the effective date of the termination if the reason for termination is one of the reportable reasons set forth in § [38.2-1831](#) of the Code, or if the insurer has knowledge the agent was found by a court, government body, or legally authorized self-regulatory organization authorized by law to have engaged in any of the activities in §§ [38.2-1356](#), [38.2-1363](#), [38.2-1831](#) or [38.2-1843](#) of the Code.

In addition, § [38.2-1834.1](#) requires, among other things, that: (i) such termination for cause be certified in writing by an officer or authorized representative of the insurer or agent terminating the relationship; (ii) the insurer send a letter to the Bureau documenting the reason for the termination; and (iii) upon written request of the Bureau, the insurer provide additional information, documents, records or other data pertaining to the termination or activity of the agent or other licensee.

**It has recently been brought to the Bureau's attention that a number of appointments have been terminated "for cause" when the reason for termination is not a reportable reason under § [38.2-1831](#) of the Code (e.g., lack of production). Please note that appointments may only be terminated for cause under the limited circumstances in which an agent or licensee has engaged in the activities identified in §§ [38.2-1356](#), [38.2-1363](#), [38.2-1831](#) and [38.2-1843](#) of the Code. As such, the Bureau requests that insurers review their appointment terminations to determine if any have erroneously been terminated for cause, and that any such errors be reported to the Bureau, along with a letter of explanation, at the e-mail address listed below.**

Questions concerning this notice may be addressed to:

Richard J. Tozer, Manager  
Agent Licensing Section  
Agent Regulation Division  
Bureau of Insurance  
[AgentLicensing@scc.virginia.gov](mailto:AgentLicensing@scc.virginia.gov)