057199780

INTRODUCED

SB913

1 **SENATE BILL NO. 913**
2 Offered January 12, 2005
3 Prefiled January 11, 2005
4 *A BILL to amend and reenact § 38.2-1903.1 of the Code of Virginia, relating to the regulation of*
5 *insurance rates; large commercial risks.*
6 ————————
Patron—Norment
7 ————————
8 Referred to Committee on Commerce and Labor
9 ————————
10 **Be it enacted by the General Assembly of Virginia:**
11 **1. That § 38.2-1903.1 of the Code of Virginia is amended and reenacted as follows:**
12 § 38.2-1903.1. Exemptions of large commercial risks.
13 A. Notwithstanding any other provision of this title, an insurer shall not be required to file with, or
14 to receive approval from, the Commission for policy forms and rates used in the insurance of large
15 commercial risks.
16 B. The form approval and rate filing exemption set forth in subsection A shall not apply to rates and
17 forms for writing workers' compensation and professional liability policies issued to large commercial
18 risks or to forms for writing commercial automobile policies issued to large commercial risks.
19 C. A "large commercial risk" is a person or entity that:
20 1. Has a risk manager to negotiate insurance coverage. A risk manager means (i) an employee of the
21 large commercial risk or (ii) a third party consultant retained by the large commercial risk, who provides
22 skilled services in loss prevention, loss reduction, or risk and insurance coverage analysis, and the
23 purchase of insurance, and who possesses at least one of the following credentials:
24 a. A bachelor's or higher degree in risk management issued by an accredited college or university;
25 b. A designation as a Chartered Property and Casualty Underwriter (CPCU) issued by the American
26 Institute for CPCU/Insurance Institute of America;
27 c. A designation as an Associate in Risk Management (ARM) issued by the American Institute for
28 CPCU/Insurance Institute of America;
29 d. A designation as a Certified Risk Manager (CRM) issued by the National Alliance for Insurance
30 Education & Research;
31 e. A designation as a Fellow in Risk Management (FRM) issued by the Global Risk Management
32 Institute/Risk & Insurance Management; or
33 f. At least five years of experience in one or more of the following areas of commercial property and
34 casualty insurance: (i) risk financing, (ii) claims administration, (iii) loss prevention, or (iv) risk and
35 insurance coverage analysis; and
36 2. Meets at least two of the following criteria:
37 a. Possesses a net worth in excess of $~~10,000,000~~ *2 million*;
38 b. Generates annual revenues in excess of $~~25,000,000~~ *2 million*;
39 c. Employs more than ~~eighty~~ *10* full-time or full-time equivalent employees per individual insured ~~or~~
40 ~~is a member of an affiliated group employing more than 100 employees in the aggregate~~;
41 d. Pays annual aggregate nationwide insurance premiums in excess of $~~100,000~~ *25,000*;
42 e. Is a not-for-profit organization or public body generating annual budgeted expenditures of at least
43 $~~10,000,000~~ *5 million*; or
44 f. Is a municipality with a population in excess of 30,000.
45 D. An insurer providing a policy to a large commercial risk must obtain annual, written certification
46 signed by the risk manager and the chief executive officer from the large commercial risk certifying that
47 the large commercial risk (i) employs the necessary qualified risk manager and stating the basis for the
48 risk manager's qualifications; (ii) meets two of the other criteria set forth in subdivision C 2 of this
49 section; (iii) is aware that the policy being purchased is not subject to initial state regulatory review or
50 approval of rates and forms; (iv) has the necessary expertise to negotiate its own policy language and
51 rates; and (v) agrees to the use of the exempted rates and forms by its insurer or insurers.
52 E. The policyholder certification shall be filed with and retained by the insurance company issuing
53 coverage to the large commercial risk. An insurer issuing policies under this section shall provide the
54 number of exempted policyholders annually to the Commission, along with an aggregation of the criteria
55 establishing the exemption.