

# VIRGINIA ACTS OF ASSEMBLY -- 2006 SESSION

## CHAPTER 641

*An Act to amend and reenact § 51.1-1139 of the Code of Virginia, relating to the Virginia Retirement System; sickness and disability program.*

[H 460]

Approved April 5, 2006

**Be it enacted by the General Assembly of Virginia:**

**1. That § 51.1-1139 of the Code of Virginia is amended and reenacted as follows:**

§ 51.1-1139. Policies to provide for accounting to Board; advance premium deposit reserve.

A. Each ~~policy~~ *insurance product* purchased by the Board ~~or contract for administrative services related to a self-funded product~~ shall provide for an accounting to the Board not later than 120 days after the end of each ~~policy~~ *product* year. ~~The~~ *For an insurance product, the* accounting shall include (i) the amounts of premiums actually accrued under the policy during the policy year, (ii) the total amount of all claim charges incurred during the policy year, and (iii) ~~the amounts of the insurer's expenses and risk charges for the policy year~~ *amount of fees accrued under the policy during the year plus the total amount of all claim charges incurred during the policy year. For a self-insured product, the accounting shall include the total amount of all claim charges incurred during the product year, the total amount of third party administrator expenses, and the total amount of other charges for administrative services.*

B. Any portion of the excess of the total of clause A (i) over ~~the sum of clauses A (ii) and clause A (iii)~~ may, with the approval of the Board, be held by the insurance company in an advance premium deposit reserve to be used by the company for charges under the policy only. Any expenses incurred by the Board in connection with the administration of the disability benefits provisions of the program may be deducted from the advance premium deposit reserve. The advance premium deposit reserve shall bear interest at a rate to be determined in advance of each policy year by the insurance company. The rate shall be subject to Board approval as being consistent with the rates generally used by the company for similar funds held under other disability insurance policies. Any portion of the excess not held by the insurance company shall be held by the Board to be used for charges under the policy only. If the Board determines that the advance premium deposit reserve, together with any portion of the excess accumulated and held by the Board, has attained an amount estimated to make satisfactory provision for adverse fluctuations in future charges under the policy, any further excess shall inure to the benefit of the Commonwealth as determined by the Board.

C. For purposes of this section, the insurance company may combine and consolidate the policies issued by it as directed by the Board.