

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend and reenact § 38.2-1903.1 of the Code of Virginia, relating to insurance; large commercial risks.

[S 1015]

Approved

Be it enacted by the General Assembly of Virginia:**1. That § 38.2-1903.1 of the Code of Virginia is amended and reenacted as follows:**

§ 38.2-1903.1. Exemptions of large commercial risks.

A. Notwithstanding any other provision of this title, an insurer shall not be required to file with, or to receive approval from, the Commission for policy forms and rates used in the insurance of large commercial risks.

B. The form approval and rate filing exemption set forth in subsection A shall not apply to rates and forms for writing workers' compensation and professional liability policies issued to large commercial risks.

C. A "large commercial risk" is a person or entity that:

1. Has a risk manager to negotiate insurance coverage. A risk manager means (i) an employee of the large commercial risk or (ii) a third party consultant retained by the large commercial risk, who provides skilled services in loss prevention, loss reduction, or risk and insurance coverage analysis, and the purchase of insurance, and who possesses at least one of the following credentials:

a. A bachelor's or higher degree in risk management issued by an accredited college or university;

b. A designation as a Chartered Property and Casualty Underwriter (CPCU) issued by the American Institute for CPCU/Insurance Institute of America;

c. A designation as an Associate in Risk Management (ARM) issued by the American Institute for CPCU/Insurance Institute of America;

d. A designation as a Certified Risk Manager (CRM) issued by the National Alliance for Insurance Education & Research;

e. A designation as a Fellow in Risk Management (FRM) issued by the Global Risk Management Institute/Risk & Insurance Management; or

f. At least five years of experience in one or more of the following areas of commercial property and casualty insurance: (i) risk financing, (ii) claims administration, (iii) loss prevention, or (iv) risk and insurance coverage analysis; and

2. Meets at least two of the following criteria:

a. Possesses a net worth in excess of \$2 million;

b. Generates annual revenues in excess of \$2 million;

c. Employs more than 10 full-time or full-time equivalent employees per individual insured;

d. Pays annual aggregate nationwide insurance premiums in excess of \$25,000;

e. Is a not-for-profit organization or public body generating annual budgeted expenditures of at least \$5 million; or

f. Is a municipality with a population in excess of 30,000.

D. An insurer providing a policy to a large commercial risk must obtain annual, written certification signed by the risk manager and an officer of the corporation from the large commercial risk certifying that the large commercial risk (i) employs the necessary qualified risk manager and stating the basis for the risk manager's qualifications; (ii) meets two of the other criteria set forth in subdivision C 2 of this section; (iii) is aware that the policy being purchased is not subject to initial state regulatory review or approval of rates and forms; (iv) has the necessary expertise to negotiate its own policy language and rates; and (v) agrees to the use of the exempted rates and forms by its insurer or insurers.

E. The policyholder certification shall be filed with and retained by the insurance company issuing coverage to the large commercial risk. ~~An insurer issuing policies under this section shall provide the number of exempted policyholders annually to the Commission, along with an aggregation of the criteria establishing the exemption.~~