

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 38.2-1715 of the Code of Virginia, relating to advertisement of coverage*
3 *by the Virginia Life, Accident and Sickness Insurance Guaranty Association.*

4 [S 916]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 38.2-1715 of the Code of Virginia is amended and reenacted as follows:**

8 § 38.2-1715. Prohibited advertisement of Association coverage in insurance sales; notice to policy
9 owners.

10 A. No person, including an insurer, agent, or affiliate of an insurer shall make, publish, disseminate,
11 circulate, or place before the public, or cause, directly or indirectly, to be made, published, disseminated,
12 circulated or placed before the public, in any newspaper, magazine or other publication, or in the form
13 of a notice, circular, pamphlet, letter or poster, or over any radio station or television station, or in any
14 other way, any advertisement, announcement or statement, written or oral, that uses the existence of the
15 Association of this Commonwealth for the purpose of sales, solicitation, or inducement to purchase any
16 form of insurance covered by this chapter. This subsection shall not apply to the Association or any
17 other entity that does not sell or solicit insurance.

18 B. By January 1, 2011, the Association shall prepare a summary document describing the general
19 purposes and current limitations of this chapter and that complies with subsection C. This document
20 shall be submitted to the Commission for approval. At the expiration of the sixtieth day after the date
21 on which the Commission approves the document, an insurer may not deliver a policy or contract to a
22 policy or contract owner unless the summary document is delivered to the policy or contract owner at
23 the time of delivery of the policy or contract. The document shall *be posted on the Association's website*
24 *and shall* also be available upon request by a policy or contract owner. The distribution, delivery, or
25 contents or interpretation of this document does not guarantee that either the policy or the contract or
26 the owner of the policy or contract is covered in the event of the impairment or insolvency of a member
27 insurer. The summary document shall be revised by the Association as amendments to the chapter may
28 require. Failure to receive this document does not give the policy owner, contract owner, certificate
29 owner, certificate holder, or insured any greater rights than those stated in this chapter.

30 C. The document prepared under subsection B shall contain a clear and conspicuous disclaimer on its
31 face. The Commission shall establish the form and content of the disclaimer. The disclaimer shall:

32 1. State the name and address of the Association and the Bureau of Insurance;

33 2. Prominently warn the policy or contract owner that the Association may not cover the policy or
34 contract or, if coverage is available, it will be subject to substantial limitations and exclusions and
35 conditioned on continued residence in the Commonwealth;

36 3. State the types of policies for which guaranty funds will provide coverage;

37 4. State that the insurer and its agents are prohibited by law from using the existence of the
38 Association for the purpose of sales, solicitation, or inducement to purchase any form of insurance;

39 5. State that the policy or contract owner should not rely on coverage under the Association when
40 selecting an insurer;

41 6. Explain rights available and procedures for filing a complaint to allege a violation of any
42 provisions of this chapter; and

43 7. Provide other information as directed by the Commission including but not limited to, sources for
44 information about the financial condition of insurers provided that the information is not proprietary and
45 is subject to disclosure under the Freedom of Information Act (§ 2.2-3700 et seq.).

46 D. A member insurer shall retain evidence of compliance with subsection B for so long as the policy
47 or contract for which the notice is given remains in effect.

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