

State Corporation Commission 2011 Fiscal Impact Statement

1. Bill Number: HB2506

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Hope

3. Committee: Commerce and Labor

4. Title: Health benefits plans offered by foreign health insurers.

5. Summary/Purpose: Creates a new Article 6 in Chapter 35 of Title 38.2 entitled “Offering Health Benefit Plans Approved in Other States.” Authorizes foreign health insurers, licensed to sell health benefit plans in any other state, to sell such health benefits plans in Virginia if the foreign health insurer meets certain requirements and obtains a certificate of registration pursuant to the Article. Adds health benefits plans to the list of contracts/insurance that an individual acting as an agent (who is not a licensed surplus lines broker) may sell, solicit or negotiate on behalf of an unlicensed insurer. Lists the criteria for when a foreign health insurer may offer health benefits plans in Virginia. The criteria include (i) the foreign health insurer offers the same health benefits plan in its domiciliary state and is in compliance with the laws of that state, and (ii) obtains a certificate of registration to do business in Virginia as a foreign health insurer. Provides that these health benefits plans will not be subject to various statutes under Title 38.2 regarding the sale, offering or provision of accident and sickness insurance. Sets forth the requirements for obtaining a certificate of registration as referenced § 38.2-3557 A. A certificate of registration will not be issued if the Commission finds that the foreign health insurer (i) will not provide a health benefits plan in compliance with Article 6; (ii) has not complied with the financial condition requirements of various statutes in Title 38.2; or (iii) has not adopted procedures regarding confidentiality of its records. Provides that a certificate of registration shall be valid for 3 years. Authorizes the Commission to establish regulations governing registration renewal procedures and registration fees. Sets forth the disclosures required to be included in each health benefits plan and each application for a health benefits plan, including specific language to be included in the (i) written application for a health benefits plan; and (ii) each health benefits plan policy. Sets forth when the Commission may deny, revoke or suspend a certificate of registration, including requirements regarding notice and opportunity to be heard. Authorizes the Commission to establish fair marketing standards. Requires that the minimum benefits provided under a health benefits plan must satisfy any actuarial value standards pursuant to Title 38.2 or Virginia regulations adopted by the Commission, or standards required under federal law or regulation. Lists the applicability of certain requirements under Title 38.2 to such foreign health insurers offering the health benefits plans including that they will be subject to (i) existing provisions regarding unfair trade practices (§ 38.2-500 et seq.); (ii) capital and surplus requirements (§§ 38.2-1028 and 38.2-1029); (iii) taxes and assessments imposed on domestic health insurers selling individual and group health insurance policies (Title 58.1); and (iv) requirements for obtaining the authority to transact business in Virginia including the

maintenance of a registered office and registered agent (Title 13.1). Authorizes the Commission to conduct market conduct and solvency examinations and to adopt regulations to implement the Article, including production of standard forms for the disclosure of benefits, and applies any dispute resolution mechanisms or provisions for notice and hearing pursuant to Title 38.2.

6. **Budget amendment necessary:** No
7. **Fiscal Impact Estimates:** No Fiscal Impact on the State Corporation Commission
8. **Fiscal implications:** None on the State Corporation Commission
9. **Specific agency or political subdivisions affected:** State Corporation Commission
Bureau of Insurance
10. **Technical amendment necessary:** No
11. **Other comments:** House Bill 2506 was stricken at the request of its patron on February 1, 2011.

Date: 02/03/11/V. Tompkins

cc: Secretary of Commerce and Trade
Secretary of Health and Human Resources