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HOUSE BILL NO. 307

Offered January 13, 2016

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A BILL to amend and reenact §§ 38.2-1905, 38.2-2118, 38.2-2119, 38.2-2120, 38.2-2202, and 38.2-2210 of the Code of Virginia, relating to insurance notices.

Patron—Byron

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That §§ 38.2-1905, 38.2-2118, 38.2-2119, 38.2-2120, 38.2-2202, and 38.2-2210 of the Code of Virginia are amended and reenacted as follows:

§ 38.2-1905. Motor vehicle insurer not to charge points or increase premiums in certain instances.

A. No insurer may increase its insured's premium or may charge points under a safe driver insurance plan to its insured as a result of a motor vehicle accident unless the accident was caused either wholly or partially by the named insured, a resident of the same household, or other customary operator. No insurer may increase its insured's premium or may charge points to its insured where the operator causing the accident is a principal operator insured under a separate policy. Any insurer increasing a premium or charging points as a result of a motor vehicle accident shall notify the named insured in writing and in the same notification shall inform the named insured that he may appeal the decision of the insurer to the Commissioner if he feels his premium has increased or he has been charged points as a result of a motor vehicle accident without just cause. *Such notice shall include the requirements that the appeal be in writing and made within 60 days of receipt of the notice of any premium increase adjustment or of any point charge resulting from a motor vehicle accident.*

B. An appeal of a premium increase or of a point charge by the named insured shall be requested in writing within sixty days of receipt of the notice of any premium adjustment or of any point charge resulting from a motor vehicle accident. Upon receipt of the request, the Commissioner shall promptly initiate a review to determine whether the premium increase or the point charge is justified. The premium increase or the point charge shall remain in full force and effect until the Commissioner rules that the premium be adjusted or the point charge be removed because it is not justified, or because the point charge was not assigned in accord with the insurer's filed rating plan, and so notifies the insurer and the insured. Upon receipt of the ruling, the insurer shall promptly refund any premiums paid as a direct result of the premium increase or the point charge, and shall adjust future billings to reflect the Commissioner's ruling.

C. ~~On and after January 1, 1991, no~~ No insurer shall assign points under a safe-driver insurance policy to any vehicle other than the vehicle customarily driven by the operator responsible for incurring points.

D. If an insured is a law-enforcement officer, as defined in § 9.1-101, no insurer may increase such insured's personal insurance premium or may charge points under a safe driver insurance plan to such insured as a result of an accident which occurred in the course of the insured's employment as a law-enforcement officer while the insured was driving a motor vehicle provided by the employing law-enforcement agency and was engaged in a law-enforcement activity at the time of such accident.

§ 38.2-2118. Required statement on insurance policies for owner-occupied dwellings.

Each insurer writing insurance on owner-occupied dwellings and appurtenant structures with a replacement cost provision under the provisions of Chapter 19 (§ 38.2-1900 et seq.) ~~of this title shall give each applicant for insurance provide on each new and renewal policy~~ a statement summarizing: (i) any minimum coverage requirement necessary for the replacement cost provision to be fully effective; and (ii) the effect on claim payment of not meeting the minimum coverage requirement.

§ 38.2-2119. Approval of forms or provisions for certain risks.

A. The Commission may approve and authorize the use of appropriate forms or provisions for supplemental contracts or extended coverage endorsements where the insured may be indemnified for (i) the difference between the actual cash value of the property at the time of loss and the cost of repair or replacement of the property on the same site with new materials of like kind and quality, within a reasonable time after the loss, and without deduction for depreciation, (ii) additional cost or loss by reason of any ordinance or law in force at the time of loss which necessitates the demolition of any portion of the insured property, (iii) any increased cost of repair or replacement by reason of any ordinance or law regulating construction or repair of the insured building, and (iv) loss from interruption

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59 of business, untenability, or termination of leasehold interest because of damage to or destruction of
60 the property described in the policy. These forms or provisions shall apply to coverage provided to an
61 insured having any interest in an insured building or structure which is a part of the building described
62 in the policy, including service equipment for the building.

63 B. Where any policy of insurance issued or delivered in this Commonwealth pursuant to this chapter
64 provides for the payment of the full replacement cost of property insured thereunder, the policy shall
65 permit the insured to assert a claim for the actual cash value of the property without prejudice to his
66 right to thereafter assert a claim for the difference between the actual cash value and the full
67 replacement cost unless a claim for full replacement cost has been previously resolved. Any claim for
68 such difference must be made within six months of (i) the last date on which the insured received a
69 payment for actual cash value or (ii) date of entry of a final order of a court of competent jurisdiction
70 declaratory of the right of the insured to full replacement cost, whichever shall last occur.

71 C. Notwithstanding the provisions of § 38.2-2104, insurers may offer, as an option, coverage limited
72 to the amount necessary to repair or replace damaged property with functionally equivalent property at a
73 lower cost than would be required to repair or replace the damaged property with material of like kind
74 and quality. Such policies may also permit, at the option of the insured, settlement based on the market
75 value of the damaged property at the time of loss. No new policy ~~or original premium notice~~ of
76 insurance covering property insured on a functional replacement cost basis shall be issued or delivered
77 ~~in the Commonwealth unless it contains~~ the following statement, printed in boldface type, ~~or unless the~~
78 ~~statement is attached to the front of or is enclosed with the policy or premium notice:~~

79 Important Notice

80 The coverage under this policy applies on a functional replacement cost basis which means that,
81 under certain conditions, claims may be settled for less than the actual cash value of the property
82 insured.

83 **§ 38.2-2120. Optional coverage to be offered with homeowner's policy.**

84 Any insurer who issues or delivers a *new or renewal* homeowner's insurance policy in this
85 Commonwealth shall offer as an option a provision insuring against loss caused or resulting from water
86 which backs up through sewers or drains.

87 **§ 38.2-2202. Required notice of optional coverage available.**

88 A. No ~~original premium notice~~ *new policy* for insurance covering liability arising out of the
89 ownership, maintenance, or use of any motor vehicle shall be issued or delivered *in the Commonwealth*
90 ~~unless it contains on the front of the premium notice or unless there is enclosed with the premium~~
91 ~~notice policy~~, in boldface type, the following statement:

92 IMPORTANT NOTICE

93 IN ADDITION TO THE MINIMUM INSURANCE REQUIRED BY LAW, YOU MAY
94 PURCHASE ADDITIONAL INSURANCE COVERAGE FOR THE NAMED INSURED AND FOR
95 HIS RELATIVES WHO ARE MEMBERS OF HIS HOUSEHOLD WHILE IN OR UPON, ENTERING
96 OR ALIGHTING FROM A MOTOR VEHICLE, OR THROUGH BEING STRUCK BY A MOTOR
97 VEHICLE WHILE NOT OCCUPYING A MOTOR VEHICLE, AND FOR OCCUPANTS OF THE
98 INSURED MOTOR VEHICLE. THE FOLLOWING HEALTH CARE AND DISABILITY BENEFITS
99 ARE AVAILABLE FOR EACH ACCIDENT:

100 1. PAYMENT OF UP TO \$2,000 PER PERSON FOR ALL REASONABLE AND NECESSARY
101 EXPENSES FOR MEDICAL, CHIROPRACTIC, HOSPITAL, DENTAL, SURGICAL, PROSTHETIC
102 AND REHABILITATION SERVICES, SERVICES PROVIDED BY AN EMERGENCY MEDICAL
103 SERVICES VEHICLE AS DEFINED IN § 32.1-111.1, AND FUNERAL EXPENSES RESULTING
104 FROM THE ACCIDENT AND INCURRED WITHIN THREE YEARS AFTER THE DATE OF THE
105 ACCIDENT. HOWEVER, IF YOU DO NOT PURCHASE THE \$2,000 LIMIT OF COVERAGE, YOU
106 AND THE COMPANY MAY AGREE TO ANY OTHER LIMIT; AND

107 2. AN AMOUNT EQUAL TO THE LOSS OF INCOME UP TO \$100 PER WEEK IF THE
108 INJURED PERSON IS ENGAGED IN AN OCCUPATION FOR WHICH HE RECEIVES
109 COMPENSATION, FROM THE FIRST WORKDAY LOST AS A RESULT OF THE ACCIDENT UP
110 TO THE DATE THE PERSON IS ABLE TO RETURN TO HIS USUAL OCCUPATION. SUCH
111 PAYMENTS ARE LIMITED TO A PERIOD EXTENDING ONE YEAR FROM THE DATE OF THE
112 ACCIDENT.

113 IF YOU DESIRE TO PURCHASE EITHER OR BOTH OF THESE COVERAGES AT AN
114 ADDITIONAL PREMIUM, YOU MAY DO SO BY CONTACTING THE AGENT OR COMPANY
115 THAT ISSUED YOUR POLICY.

116 The insurer issuing the ~~premium notice~~ *policy* shall inform the insured by any reasonable means of
117 communication of the approximate premium for the additional coverage.

118 B. No new policy ~~or original premium notice~~ of insurance covering liability arising out of the
119 ownership, maintenance, or use of any motor vehicle shall be issued or delivered *in the Commonwealth*
120 ~~unless it contains~~ the following statement, printed in boldface type, ~~or unless the statement is attached to~~

the front of or is enclosed with the policy or premium notice:

IMPORTANT NOTICE

IN ADDITION TO THE INSURANCE COVERAGE REQUIRED BY LAW TO PROTECT YOU AGAINST A LOSS CAUSED BY AN UNINSURED MOTORIST, IF YOU HAVE PURCHASED LIABILITY INSURANCE COVERAGE THAT IS HIGHER THAN THAT REQUIRED BY LAW TO PROTECT YOU AGAINST LIABILITY ARISING OUT OF THE OWNERSHIP, MAINTENANCE, OR USE OF THE MOTOR VEHICLES COVERED BY THIS POLICY, AND YOU HAVE NOT ALREADY PURCHASED UNINSURED MOTORIST INSURANCE COVERAGE EQUAL TO YOUR LIABILITY INSURANCE COVERAGE:

1. YOUR UNINSURED AND UNDERINSURED MOTORIST INSURANCE COVERAGE HAS INCREASED TO THE LIMITS OF YOUR LIABILITY COVERAGE AND THIS INCREASE WILL COST YOU AN EXTRA PREMIUM CHARGE; AND

2. YOUR TOTAL PREMIUM CHARGE FOR YOUR MOTOR VEHICLE INSURANCE COVERAGE WILL INCREASE IF YOU DO NOT NOTIFY YOUR AGENT OR INSURER OF YOUR DESIRE TO REDUCE COVERAGE WITHIN 20 DAYS OF THE MAILING OF THE POLICY OR THE PREMIUM NOTICE, AS THE CASE MAY BE. THE INSURER MAY REQUIRE THAT SUCH A REQUEST TO REDUCE COVERAGE BE IN WRITING.

3. IF THIS IS A NEW POLICY AND YOU HAVE ALREADY SIGNED A WRITTEN REJECTION OF SUCH HIGHER LIMITS IN CONNECTION WITH IT, PARAGRAPHS 1 AND 2 OF THIS NOTICE DO NOT APPLY.

After 20 days, the insurer shall be relieved of the obligation imposed by this subsection to attach or imprint the foregoing statement to any subsequently delivered renewal policy, extension certificate, other written statement of coverage continuance, or to any subsequently mailed premium notice.

YOU ARE ENTITLED TO PURCHASE UNINSURED/UNDERINSURED COVERAGE LIMITS EQUAL TO THE LIABILITY LIMITS ON YOUR MOTOR VEHICLE POLICY. HOWEVER, ANY ONE NAMED INSURED HAS THE RIGHT TO REDUCE THE LIMITS OF THE UNINSURED/UNDERINSURED MOTORIST COVERAGE TO LESS THAN THE LIABILITY LIMITS ON THE POLICY BUT NO LOWER THAN THE FINANCIAL RESPONSIBILITY LIMITS REQUIRED BY § 46.2-472 OF THE CODE OF VIRGINIA. THE INSURER MAY REQUIRE THAT A REQUEST TO REDUCE COVERAGE BE IN WRITING. ONCE ANY ONE NAMED INSURED REDUCES THE POLICY LIMITS FOR UNINSURED/UNDERINSURED MOTORIST COVERAGE BELOW THE POLICY'S LIABILITY LIMITS, THAT ELECTION IS BINDING ON ALL INSURED ON THE POLICY. LATER, IF YOU DESIRE TO INCREASE YOUR LIMITS, YOU MUST MAKE A SPECIFIC REQUEST TO YOUR INSURER. YOU MAY WANT TO PUT THIS REQUEST IN WRITING.

BEFORE REDUCING THE LIMITS OF THE UNINSURED/UNDERINSURED MOTORIST COVERAGE, YOU SHOULD CAREFULLY CONSIDER THAT THIS COVERAGE PROVIDES IMPORTANT PROTECTION IN THE EVENT YOU ARE INJURED OR YOUR MOTOR VEHICLE IS DAMAGED DUE TO THE ACTIONS OF AN UNINSURED/UNDERINSURED MOTORIST.

§ 38.2-2210. Warning concerning cancellation to appear on application for motor vehicle liability insurance; reason for cancellation or nonrenewal required on application.

A. Any application for the original issuance of a policy of insurance covering liability arising out of the ownership, maintenance, or use of any motor vehicle as defined in § 38.2-2212 shall have the following statement printed on or attached to the first page of the application form, in boldface type: READ YOUR POLICY. THE POLICY OF INSURANCE FOR WHICH THIS APPLICATION IS BEING MADE, IF ISSUED, MAY BE CANCELLED WITHOUT CAUSE AT THE OPTION OF THE INSURER AT ANY TIME IN THE FIRST 60 DAYS DURING WHICH IT IS IN EFFECT AND AT ANY TIME THEREAFTER FOR REASONS STATED IN THE POLICY.

B. Any application for the original issuance of a policy of insurance covering liability arising out of the ownership, maintenance, or use of any motor vehicle defined in § 38.2-2212 that requires the insured to disclose information as to any previous cancellation or refusal to renew shall also permit the insured to offer or provide a full explanation of the reason for the cancellation or refusal to renew.

C. The notice required by this section shall be given by the insurer to any applicant within ten days of the application in the event the applicant is not provided a written copy of the application and the coverage has been bound by such insurer.

D. This section shall not apply to the renewal of any policy of insurance.

2. That the provisions of this act shall apply to new or renewal policies issued on or after January 1, 2017.