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**HOUSE BILL NO. 324**

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the House Committee on Commerce and Labor  
on January 21, 2016)

(Patron Prior to Substitute—Delegate Kilgore)

A *BILL to amend and reenact § 38.2-1906 of the Code of Virginia, relating to insurance rates; decreases.*

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

**1. That § 38.2-1906 of the Code of Virginia is amended and reenacted as follows:**

**§ 38.2-1906. Filing and use of rates.**

A. Each authorized insurer subject to the provisions of this chapter shall file with the Commission all rates and supplementary rate information and all changes and amendments to the rates and supplementary rate information made by it for use in the Commonwealth on or before the date they become effective.

In cases where the Commission has made a determination pursuant to § 38.2-1912 that competition is not an effective regulator of rates for a line or subclassification of insurance, such rates, supplementary rate information, changes and amendments to rates and supplementary rate information for that line or subclassification shall be filed in accordance with and shall be subject to the provisions of § 38.2-1912.

B. Each rate service organization licensed under § 38.2-1914 that has been designated by an insurer for the filing of prospective loss costs or supplementary rate information under § 38.2-1908 shall file with the Commission all prospective loss costs or supplementary rate information and all changes and amendments to the prospective loss costs or supplementary rate information made by it for use in the Commonwealth on or before the date they become effective. Prospective loss costs and supplementary rate information for insurance defined in § 38.2-119 must comply with the provisions of § 38.2-1912.1 prior to being used by an insurer in a filing establishing or changing its rate.

C. Prospective loss costs filings and supplementary rate information filed by rate service organizations shall not contain final rates, minimum premiums, or minimum premium rules.

D. No insurer shall make or issue an insurance contract or policy of a class to which this chapter applies, except in accordance with the rate and supplementary rate information filings that are in effect for the insurer.

E. For insurance as defined in § 38.2-119 any authorized insurer that does not rely on prospective loss costs or supplementary rate information filed by a rate service organization shall comply with the filing provisions of § 38.2-1912 as if competition was not an effective regulator of rates.

F. Except with respect to workers' compensation and employers' liability insurance as defined in § 38.2-119, and notwithstanding the provisions of subdivision A 3 of § 38.2-1904, nothing shall prohibit an insurer from filing with the Commission any rate or supplementary rate information that allows the insurer to limit for its renewal policies (i) any rate increase that would otherwise be applicable to such policies or (ii) any rate decrease that would otherwise be applicable to such policies if the insurer is also limiting any rate increase. Such limitation shall apply for the period of time specified in the insurer's filing. Nothing shall prohibit such limitation from applying to policies (i) (a) acquired by an insurer from another insurer pursuant to a written agreement of acquisition, merger, or sale that transfers all or part of the other insurer's book of business or (ii) (b) transferred by an agent from one insurer to another insurer pursuant to an agent book of transfer.

**2. That the provisions of this act shall become effective on September 1, 2016.**

HOUSE SUBSTITUTE

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