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SENATE BILL NO. 210

Offered January 13, 2016

Prefiled January 5, 2016

A BILL to amend and reenact §§ 38.2-221.3, 38.2-514.1, and 38.2-1800 of the Code of Virginia and to repeal Chapter 3.1 (§§ 13.1-400.1 through 13.1-400.10) of Title 13.1 and §§ 38.2-2407 and 38.2-2408 of the Code of Virginia, relating to automobile clubs.

Patron—Alexander

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That §§ 38.2-221.3, 38.2-514.1, and 38.2-1800 of the Code of Virginia are amended and reenacted as follows:

§ 38.2-221.3. Confidentiality of applications and investigations.

A. For purposes of this section, "business entity" means a partnership, limited partnership, limited liability company, corporation, or other legal entity that is entitled to hold property in its own name and that is not a sole proprietorship.

B. This section applies to the Commission's authority to (i) license, register, or authorize business entities pursuant to this title and (ii) ~~license automobile clubs pursuant to Chapter 3.1 (§ 13.1-400.1 et seq.) of Title 13.1.~~ This section shall not apply to any license issued under Chapter 18 (§ 38.2-1800 et seq.).

C. All applications, documents, materials, or other information produced by, obtained by, or disclosed to the Commission or any other person in the course of an investigation, or a review of an application, shall be given confidential treatment, is not subject to subpoena, and may not be made public by the Commission or any other person. The Commission may grant access to (i) a regulatory official of any state or country; (ii) the National Association of Insurance Commissioners, its affiliate, or its subsidiary; or (iii) a law-enforcement authority of any state or country, provided that those officials are required under their law to maintain its confidentiality. Any such disclosure by the Commission shall not constitute a waiver of confidentiality of such applications, documents, materials, or other information, or copies thereof. Any parties receiving such information shall agree in writing prior to receiving the information to provide to it the same confidential treatment as required by this section, unless the prior written consent of the business entity to which it pertains has been obtained.

D. Nothing in this section shall prohibit the Commission from (i) using such confidential information in furtherance of any regulatory or legal action; (ii) publishing any decisions, orders, findings, opinions, or judgments; or (iii) publishing any final report or any other report containing aggregated findings, provided that such reports, decisions, orders, findings, opinions, or judgments shall not disclose any such confidential information.

§ 38.2-514.1. Disclosure required.

A. Any agent selling, soliciting, or negotiating a contract of insurance in conjunction with any ~~automobile club service agreement or in conjunction with any~~ accidental death and dismemberment policy shall provide to the applicant, at the time of application, a written disclosure which shall contain:

1. The name or type of each policy or contract of insurance ~~and automobile club service agreement~~ for which application has been made;

2. The premium quotation associated with each policy or contract of insurance ~~and the cost of any dues, assessments or periodic payments of money associated with each automobile club service agreement~~ for which application has been made; and

3. A statement that the applicant has elected to purchase such policies, ~~or contracts, or automobile club service agreements.~~

B. The disclosure required by this section shall be signed and dated by the agent and the applicant. A copy of the signed disclosure shall be given to the applicant at the time of application. If the application is made by telephonic or electronic request, a copy of the disclosure shall be signed and dated by the agent and shall be mailed to the applicant within ten calendar days of the application.

C. The provisions of this section shall apply only to the original issuance of policies or contracts of insurance ~~and automobile club service agreements~~ covering personal, family, or household needs rather than business or professional needs. ~~As used in this section, an automobile club service agreement is an agreement issued by an automobile club as defined in § 13.1-400.1.~~

D. Notwithstanding subsections A, B and C, this section shall not apply to the sale of group insurance.

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§ 38.2-1800. Definitions.

As used in this chapter:

"Agent," "insurance agent," "producer," or "insurance producer," when used without qualification, means an individual or business entity that sells, solicits, or negotiates contracts of insurance or annuity in the Commonwealth.

"Appointed agent," "appointed insurance agent," "appointed producer," or "appointed insurance producer," when used without qualification, means an individual or business entity licensed in the Commonwealth to sell, solicit, or negotiate contracts of insurance or annuity of the classes authorized within the scope of such license and who is appointed by a company licensed in the Commonwealth to sell, solicit, or negotiate on its behalf contracts of insurance of the classes authorized within the scope of such license and, if authorized by the company, may collect premiums on those contracts.

"Automobile club authority" means the authority in the Commonwealth to sell, solicit, or negotiate automobile club contracts on behalf of automobile clubs licensed under Chapter 3-1 (§ 13.1-400.1 et seq.) of Title 13-1.

"Business entity" means a partnership, limited partnership, limited liability company, corporation, or other legal entity other than a sole proprietorship.

"Dental plan organization authority" means the authority in the Commonwealth to sell, solicit, or negotiate dental benefit contracts on behalf of dental plan organizations licensed under Chapter 61 (§ 38.2-6100 et seq.).

"Dental services authority" means the authority in the Commonwealth to sell, solicit, or negotiate dental services plan contracts on behalf of dental services plans licensed under Chapter 45 (§ 38.2-4500 et seq.).

"Filed" means received by the Commission.

"Health agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate insurance as defined in §§ 38.2-108 and 38.2-109, and including contracts issued by insurers, health services plans, health maintenance organizations, dental services plans, optometric services plans, and dental plan organizations licensed in the Commonwealth.

"Home protection insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate home protection insurance as defined in § 38.2-129 on behalf of insurers licensed in the Commonwealth.

"Home state" means the District of Columbia and any state or territory of the United States, except Virginia, or any province of Canada, in which an insurance producer maintains such person's principal place of residence or principal place of business and is licensed by that jurisdiction to act as a resident insurance producer.

"Legal services insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate legal services insurance as defined in § 38.2-127 on behalf of insurers licensed in the Commonwealth.

"License" means a document issued by the Commission authorizing an individual or business entity to act as an insurance producer for the lines of authority specified in the document. Except as provided in § 38.2-1833, the license itself does not create any authority, actual, apparent or inherent, in the licensee to represent, commit, or bind an insurer.

"Licensed agent," "licensed insurance agent," "licensed producer," or "licensed insurance producer," when used without qualification, means an individual or business entity licensed in the Commonwealth to sell, solicit, or negotiate contracts of insurance or annuity of the classes authorized within the scope of such license.

"Life and annuities insurance agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate life insurance and annuity contracts as defined in §§ 38.2-102, 38.2-103, 38.2-104, 38.2-105.1, 38.2-106, and 38.2-107.1, respectively, on behalf of insurers licensed in the Commonwealth.

"Limited burial insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate burial insurance society membership where the certificates of membership are used solely to fund preneed funeral contracts on any individual, on behalf of insurers licensed under Chapter 40 (§ 38.2-4000 et seq.); or to represent an association referred to in § 38.2-3318.1, limited to soliciting members of that association for association group life insurance certificates where the funds are used solely to fund preneed funeral contracts.

"Limited lines credit insurance agent" means an agent licensed in the Commonwealth whose authority is restricted to selling, soliciting, or negotiating, on behalf of insurers licensed in the Commonwealth, one or more of the following coverages to individuals through a master, corporate, group or individual policy: (i) credit life insurance and credit accident and sickness insurance, but only to the extent authorized in Chapter 37.1 (§ 38.2-3717 et seq.); (ii) credit involuntary unemployment insurance as defined in § 38.2-122.1; (iii) credit property insurance, as defined in § 38.2-122.2; (iv) mortgage accident and sickness insurance; (v) mortgage redemption insurance; (vi) mortgage guaranty insurance; and (vii) any other form of insurance offered in connection with an extension of credit that is

limited to partially or wholly extinguishing that credit obligation and that the Commission specifically determines may be sold, solicited, or negotiated by those holding a limited lines credit insurance agent license. Each insurer that sells, solicits or negotiates any of the coverages set forth in this definition shall provide to each individual whose duties will include selling, soliciting or negotiating such coverages a program of instruction that may, at the discretion of the Commission, be submitted for approval by the Commission or reviewed by the Commission subsequent to its implementation.

"Limited lines life and health agent" means an individual or business entity authorized by the Commission whose license authority to sell, solicit, or negotiate is limited to the following, or any other type of authority that the Commission may deem it necessary to recognize for the purposes of complying with § 38.2-1836 : dental services authority; limited burial insurance authority; mutual assessment life and health insurance authority; optometric services authority; and dental plan organization authority. Limited lines life and health insurance shall not include life insurance, health insurance, property insurance, casualty insurance, and title insurance.

"Limited lines property and casualty agent" means an individual or business entity authorized by the Commission whose license authority to sell, solicit, or negotiate is limited to the following, or any other type of authority that the Commission may deem it necessary to recognize for the purposes of complying with § 38.2-1836: ~~automobile club authority~~; home protection insurance authority; legal services insurance authority; mutual assessment property and casualty insurance authority; ocean marine insurance authority; pet accident, sickness and hospitalization insurance authority; portable electronics insurance authority; self storage insurance authority; and travel insurance. Unless otherwise defined, "limited lines property and casualty insurance" shall not include life insurance, health insurance, property insurance, casualty insurance, and title insurance.

"Mortgage accident and sickness insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate mortgage accident and sickness insurance on behalf of insurers licensed in the Commonwealth.

"Mortgage guaranty insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate mortgage guaranty insurance on behalf of insurers licensed in the Commonwealth.

"Mortgage redemption insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate mortgage redemption insurance on behalf of insurers licensed in the Commonwealth. As used in this chapter, "mortgage redemption insurance" means a nonrenewable, nonconvertible, decreasing term life insurance policy written in connection with a mortgage transaction for a period of time coinciding with the term of the mortgage. The initial sum shall not exceed the amount of the indebtedness outstanding at the time the insurance becomes effective, rounded up to the next \$1,000.

"Motor vehicle rental contract enroller" means an unlicensed hourly or salaried employee of a motor vehicle rental company that is in the business of providing primarily private motor vehicles to the public under a rental agreement for a period of less than six months, and receives no direct or indirect commission from the insurer, the renter or the vehicle rental company.

"Motor vehicle rental contract insurance agent" means a person who (i) is a selling agent of a motor vehicle rental company that is in the business of providing primarily private passenger motor vehicles to the public under a rental agreement for a period of less than six months and (ii) whose license in the Commonwealth is restricted to selling, soliciting, or negotiating only the following insurance coverages, and solely in connection with and incidental to the rental contract:

1. Personal accident insurance that provides benefits in the event of accidental death or injury occurring during the rental period;

2. Liability coverage sold to the renter in excess of the rental company's obligations under § 38.2-2204, 38.2-2205, or Title 46.2, as applicable;

3. Personal effects insurance that provides coverages for the loss of or damage to the personal effects of the renter and other vehicle occupants while such personal effects are in or upon the rental vehicle during the rental period;

4. Roadside assistance and emergency sickness protection programs; and

5. Other travel-related or vehicle-related insurance coverage that a motor vehicle rental company offers in connection with and incidental to the rental of vehicles.

The term "motor vehicle rental contract insurance agent" does not include motor vehicle rental contract enrollers.

"Mutual assessment life and health insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate mutual assessment life and accident and sickness insurance on behalf of insurers licensed under Chapter 39 (§ 38.2-3900 et seq.), but only to the extent permitted under § 38.2-3919.

"Mutual assessment property and casualty insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate mutual assessment property and casualty insurance on behalf of insurers licensed under Chapter 25 (§ 38.2-2500 et seq.), but only to the extent permitted under § 38.2-2525.

182 "NAIC" means the National Association of Insurance Commissioners.

183 "Negotiate" means the act of conferring directly with or offering advice directly to a purchaser or
184 prospective purchaser of a particular contract of insurance concerning any of the substantive benefits,
185 terms or conditions of the contract, provided that the person engaged in that act either sells insurance or
186 obtains insurance from insurers for purchasers.

187 "Ocean marine insurance authority" means the authority in the Commonwealth to sell, solicit, or
188 negotiate those classes of insurance classified in § 38.2-126, except those classes specifically classified
189 as inland marine insurance, on behalf of insurers licensed in the Commonwealth.

190 "Optometric services authority" means the authority in the Commonwealth to sell, solicit, or negotiate
191 optometric services plan contracts on behalf of optometric services plans licensed under Chapter 45 (§
192 38.2-4500 et seq.).

193 "Personal lines agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate
194 insurance as defined in §§ 38.2-110 through 38.2-114, 38.2-116, 38.2-117, 38.2-118, 38.2-124,
195 38.2-125, 38.2-126, 38.2-129, 38.2-130, and 38.2-131 for transactions involving insurance primarily for
196 personal, family, or household needs rather than for business or professional needs.

197 "Pet accident, sickness and hospitalization insurance authority" means the authority in the
198 Commonwealth to sell, solicit, or negotiate pet accident, sickness and hospitalization insurance on behalf
199 of insurers licensed in the Commonwealth.

200 "Property and casualty insurance agent" means an agent licensed in the Commonwealth to sell,
201 solicit, or negotiate both personal and commercial lines of insurance as defined in §§ 38.2-110 through
202 38.2-122.2, and §§ 38.2-124 through 38.2-134 on behalf of insurers licensed in the Commonwealth.

203 "Resident" means (i) an individual residing in Virginia; (ii) an individual residing outside of Virginia
204 whose principal place of business is in Virginia, who is able to demonstrate to the satisfaction of the
205 Commission that the laws of his home state prevent him from obtaining a resident agent license in that
206 state, and who affirmatively chooses to qualify as and be treated as a resident of Virginia for purposes
207 of licensing and continuing education, both in Virginia and in the state in which the individual resides,
208 if applicable; (iii) a partnership duly formed and recorded in Virginia; (iv) a corporation incorporated
209 and existing under the laws of Virginia; (v) a limited liability company organized and existing under the
210 laws of Virginia; or (vi) a foreign business entity that is not licensed as a resident agent in any other
211 jurisdiction, and that demonstrates to the satisfaction of the Commission that its principal place of
212 business is within the Commonwealth of Virginia.

213 "Restricted nonresident health agent" means a nonresident agent whose license authority in his home
214 state does not include all of the authority granted under a health agent license in Virginia. The license
215 issued to such agent shall authorize the agent to sell, solicit, or negotiate in Virginia, on behalf of
216 insurers licensed in Virginia, only those kinds or classes of insurance for which the agent is authorized
217 in his home state.

218 "Restricted nonresident life and annuities agent" means a nonresident agent whose license authority
219 in his home state does not include all of the authority granted under a life and annuities agent license in
220 Virginia. The license issued to such agent shall authorize the agent to sell, solicit, or negotiate in
221 Virginia, on behalf of insurers licensed in Virginia, only those kinds or classes of insurance for which
222 the agent is authorized in his home state.

223 "Restricted nonresident personal lines agent" means a nonresident agent whose license authority in
224 his home state does not include all of the authority granted under a personal lines agent license in
225 Virginia. The license issued to such agent shall authorize the agent to sell, solicit, or negotiate in
226 Virginia, on behalf of insurers licensed in Virginia, only those kinds or classes of insurance for which
227 the agent is authorized in his home state.

228 "Restricted nonresident property and casualty agent" means a nonresident agent whose license
229 authority in his home state does not include all of the authority granted under a property and casualty
230 agent license in Virginia. The license issued to such agent shall authorize the agent to sell, solicit, or
231 negotiate in Virginia, on behalf of insurers licensed in Virginia, only those kinds or classes of insurance
232 for which the agent is authorized in his home state.

233 "Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on
234 behalf of an insurer.

235 "Settlement agent" means a person licensed as a title insurance agent and registered with the Virginia
236 State Bar pursuant to Chapter 27.3 (§ 55-525.16 et seq.) of Title 55.

237 "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular
238 class of insurance from one or more insurers.

239 "Surety bail bondsman" means a person licensed as a surety bail bondsman pursuant to Article 11
240 (§ 9.1-185 et seq.) of Chapter 1 of Title 9.1.

241 "Surplus lines broker" means a person licensed pursuant to Article 5.1 (§ 38.2-1857.1 et seq.) of this
242 chapter, and who is thereby authorized to engage in the activities set forth in Chapter 48 (§ 38.2-4800
243 et seq.).

244 "Terminate" means the cancellation of the relationship between an insurance producer and the
245 insurer, or the termination of an insurance producer's authority to transact insurance.
246 "Title insurance agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate
247 title insurance, and performing all of the services set forth in § 38.2-4601.1, on behalf of title insurance
248 companies licensed under Chapter 46 (§ 38.2-4600 et seq.).
249 "Uniform Application" means the current version of the NAIC Uniform Application for resident and
250 nonresident producer licensing.
251 "Uniform Business Entity Application" means the current version of the NAIC Uniform Business
252 Entity Application for resident and nonresident business entities.
253 "Variable contract agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate
254 variable life insurance and variable annuity contracts on behalf of insurers licensed in the
255 Commonwealth.
256 "Viatical settlement broker" means a person licensed pursuant to Chapter 60 (§ 38.2-6000 et seq.), in
257 accordance with Article 6.1 (§ 38.2-1865.1 et seq.) of this chapter, and who is thereby authorized to
258 engage in the activities set forth in Chapter 60 (§ 38.2-6000 et seq.).
259 **2. That Chapter 3.1 (§§ 13.1-400.1 through 13.1-400.10) of Title 13.1 and §§ 38.2-2407 and**
260 **38.2-2408 of the Code of Virginia are repealed.**