

VIRGINIA ACTS OF ASSEMBLY -- 2022 SESSION

CHAPTER 412

An Act to amend and reenact § 38.2-3730 of the Code of Virginia, relating to credit life insurance and credit accident and sickness insurance; adjustment of rates; requirement for hearing.

[S 383]

Approved April 11, 2022

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-3730 of the Code of Virginia is amended and reenacted as follows:

§ 38.2-3730. Experience reports and adjustment of prima facie rates.

A. Each insurer doing insurance business in this Commonwealth shall annually file with the National Association of Insurance Commissioners a report of credit life and credit accident and sickness written on a calendar year basis. Such report shall utilize the Credit Insurance Supplement-Annual Statement Blank as then approved by the National Association of Insurance Commissioners. Such filing shall be made in accordance with and no later than the due date in the Instructions in the Annual Statement.

B. The Commission shall, on a triennial basis, ~~publish notice and conduct a hearing~~ *recalculate rates* to determine the actual loss ratio for each form of insurance and adjust the prima facie rates, as provided in §§ 38.2-3726 and 38.2-3727, by applying the ratio of the actual loss ratio to the loss ratio standard set forth in § 38.2-3725 to the prima facie rates. The Commission shall, ~~after such hearing,~~ *publish notice of* the adjusted actual statewide prima facie rates to be used by insurers during the next triennium *and provide an opportunity for a hearing*. As set forth in this section, the following formula shall be used to adjust the prima facie rates:

$$\text{PFR} \times \frac{\text{Actual Loss Ratio}}{\text{Loss Ratio Standard}}$$

Where PFR is the prima facie rate as provided in §§ 38.2-3726 and 38.2-3727, the Actual Loss Ratio is the ratio of the incurred claims to the earned premiums at prima facie rates for all companies for the preceding three years as reported in the Annual Statement Supplements and the Loss Ratio Standard is the loss ratio provided in § 38.2-3725.

C. ~~In the event that three years of experience is not available using prima facie rates published by the Commission, the Commission may adjust prima facie rates using the number of years of experience available at prima facie rates previously published by the Commission.~~