

# VIRGINIA ACTS OF ASSEMBLY -- 1994 SESSION

## CHAPTER 316

*An Act to amend and reenact §§ 38.2-135, 38.2-316, 38.2-400, 38.2-403, 38.2-1024, 38.2-1303, 38.2-1800, 38.2-1819, 38.2-1822, 38.2-1833, 38.2-1834, 38.2-1840, 38.2-2223, 38.2-2529, 38.2-3100, 38.2-3419.1, 38.2-3500, and 38.2-4802 of the Code of Virginia and to amend the Code of Virginia by adding in Article 3 of Chapter 35 of Title 38.2 a section numbered 38.2-3543.1, relating to insurance; State Corporation Commission; regulation and administration.*

[S 204]

Approved April 5, 1994

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

**1. That §§ 38.2-135, 38.2-316, 38.2-400, 38.2-403, 38.2-1024, 38.2-1303, 38.2-1800, 38.2-1819, 38.2-1822, 38.2-1833, 38.2-1834, 38.2-1840, 38.2-2223, 38.2-2529, 38.2-3100, 38.2-3419.1, 38.2-3500, and 38.2-4802 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Article 3 of Chapter 35 of Title 38.2 a section numbered 38.2-3543.1 as follows:**

§ 38.2-135. Classes of insurance companies may be licensed to write.

Except as otherwise provided in this title and subject to any conditions and restrictions imposed therein, any insurer licensed to transact the business of insurance in this Commonwealth, other than life insurers and title insurers, may be licensed to write one or more of the classes of insurance enumerated in Article 2 (§ 38.2-101 et seq.) of this chapter that it is authorized under its charter to write, except life insurance, industrial life insurance, credit life insurance, variable life insurance, *modified guaranteed life insurance*, annuities, variable annuities, *modified guaranteed annuities*, and title insurance. An insurer licensed to write life insurance shall not be licensed to write any additional class of insurance except *modified guaranteed life insurance*, variable life insurance, annuities, *modified guaranteed annuities*, variable annuities, credit life insurance, credit accident and sickness insurance, accident and sickness insurance, industrial life insurance, and legal services insurance. An insurer licensed to write title insurance shall not be licensed to write any additional class of insurance. However, any life insurer that has been licensed to write and has been actively engaged in writing life insurance and any additional class of insurance set out in Article 2 (§ 38.2-101 et seq.) of this chapter continuously during a period of twenty years immediately preceding July 1, 1952, may continue to be licensed to write those classes of insurance. No company shall write any class of insurance unless it has a current annual license from the Commission to do so.

§ 38.2-316. Policy forms to be filed with Commission; notice of approval or disapproval; exceptions.

A. No policy of life insurance, industrial life insurance, *variable life insurance*, *modified guaranteed life insurance*, group life insurance, accident and sickness insurance, or group accident and sickness insurance; no annuity, *modified guaranteed annuity*, pure endowment, variable annuity, group annuity, *group modified guaranteed annuity*, or group variable annuity contract; no health services plan, legal services plan, dental or optometric services plan, or health maintenance organization contract; ~~or~~ *and no fraternal benefit certificate nor any certificate or evidence of coverage issued in connection with such policy, contract, or plan issued or issued for delivery in Virginia* shall be delivered or issued for delivery in this Commonwealth unless a copy of the form has been filed with the Commission. In addition to the above requirement, no policy of accident and sickness insurance shall be delivered or issued for delivery in this Commonwealth unless the rate manual showing rates, rules, and classification of risks applicable thereto has been filed with the Commission.

B. Except as provided in this section, no application form shall be used with the policy or contract and no rider or endorsement shall be attached to or printed or stamped upon the policy or contract unless the form of such application, rider or endorsement has been filed with the Commission. No individual certificate shall be used in connection with any group life insurance policy, group accident and sickness insurance policy, group annuity contract, or group variable annuity contract unless the form for the certificate has been filed with the Commission.

C. None of the policies, contracts, and certificates specified in subsection A of this section shall be delivered or issued for delivery in this Commonwealth and no applications, riders, and endorsements shall be used in connection with the policies, contracts, and certificates unless the forms thereof have been approved in writing by the Commission as conforming to the requirements of this title and not inconsistent with law.

D. The Commission may disapprove or withdraw approval of the form of any policy, contract or certificate specified in subsection A of this section, or of any application, rider or endorsement, if the form:

1. Does not comply with the laws of this Commonwealth;
2. Has any title, heading, backing or other indication of the contents of any or all of its provisions

that is likely to mislead the policyholder, contract holder or certificate holder; or

3. Contains any provisions that encourage misrepresentation or are misleading, deceptive or contrary to the public policy of this Commonwealth.

E. Within thirty days after the filing of any form requiring approval, the Commission shall notify the organization filing the form of its approval or disapproval of the form which has been filed, and, in the event of disapproval, its reason therefor. The Commission, at its discretion, may extend for up to an additional thirty days the period within which it shall approve or disapprove the form. Any form received but neither approved nor disapproved by the Commission shall be deemed approved at the expiration of the thirty days if the period is not extended, or at the expiration of the extended period, if any; however, no organization shall use a form deemed approved under the provisions of this section until the organization has filed with the Commission a written notice of its intent to use the form together with a copy of the form and the original transmittal letter thereof. The notice shall be filed in the offices of the Commission at least ten days prior to the organization's use of the form.

F. If the Commission proposes to withdraw approval previously given or deemed given to the form of any policy, contract or certificate, or of any application, rider or endorsement, it shall notify the insurer in writing at least fifteen days prior to the proposed effective date of withdrawal giving its reasons for withdrawal.

G. Any insurer or fraternal benefit society aggrieved by the disapproval or withdrawal of approval of any form may proceed as indicated in § 38.2-1926.

H. This section shall not apply to any special rider or endorsement on any policy, except an accident and sickness insurance policy that relates only to the manner of distribution of benefits or to the reservation of rights and benefits under such policy, and that is used at the request of the individual policyholder, contract holder or certificate holder.

I. The Commission may exempt any categories of such policies, contracts, and certificates and any applicable rate manuals from (i) the filing requirements, (ii) the approval requirements of this section, or (iii) both such requirements. The Commission may modify such requirements, subject to such limitations and conditions which the Commission finds appropriate. In promulgating an exemption, the Commission may consider the nature of the coverage, the person or persons to be insured or covered, the competence of the buyer or other parties to the contract, and other criteria the Commission considers relevant.

*J. Pursuant to the authority granted by § 38.2-223, the Commission may promulgate such rules and regulations as it may deem necessary to set standards for policy and other form submissions required by this section or § 38.2-3501.*

§ 38.2-400. Expense of administration of insurance laws borne by licensees; minimum contribution.

A. The expense of maintaining the Bureau of the Commission responsible for administering the insurance laws of this Commonwealth, including a reasonable margin in the nature of a reserve fund, shall be assessed annually by the Commission against all companies and surplus lines brokers subject to this title except premium finance companies and providers of continuing care registered pursuant to Chapter 49 of this title. The assessment shall be in proportion to the direct gross premium income on business done in this Commonwealth. The assessment shall not exceed one-tenth of one percent of the direct gross premium income and shall be levied pursuant to § 38.2-403. For any year a company is subject to an assessment, the assessment shall not be less than \$300.

*B. All fees assessed under any provision of this title and paid into the state treasury shall be deposited to a special fund designated "Bureau of Insurance Special Fund — State Corporation Commission," and out of such special fund and the unexpended balance thereof shall be appropriated the sums necessary for the regulation, supervision and examination of all entities subject to regulation under this title. Any references in the Code of Virginia to funds being paid directly into the state treasury and credited to the fund for the maintenance of the Bureau of Insurance shall hereinafter mean the "Bureau of Insurance Special Fund — State Corporation Commission."*

§ 38.2-403. Assessment for expenses.

The Commission shall assess each company annually for its just share of expenses. The assessment shall be in proportion to direct gross premium income for the year immediately preceding that for which the assessment is made. The Commission shall give the companies notice of the assessment which shall be paid to the Commission on or before March 1 of each year for deposit into the state treasury *as provided in subsection B of § 38.2-400*. Any company that fails to pay the assessment on or before the date herein prescribed shall be subject to a penalty imposed by the Commission. The penalty shall be ten percent of the assessment and interest shall be charged at a rate pursuant to § 58.1-1812 for the period between the due date and the date of full payment. If a payment is made in an amount later found to be in error, the Commission shall, (i) if an additional amount is due, notify the company of the additional amount and the company shall pay the additional amount within fourteen days of the date of the notice or, (ii) if an overpayment is made, order a refund as provided for in subsection B of § 38.2-410.

§ 38.2-1024. License required to transact the business of insurance; application fee requirements for license.

A. No insurer unless authorized pursuant to Chapter 48 of this title shall transact the business of

insurance in this Commonwealth until it has obtained a license from the Commission. For a foreign or alien insurer, this license shall be in addition to the certificate of authority required by § 38.2-1027. Each application for a license to transact the business of insurance in this Commonwealth shall be accompanied by a nonrefundable license application fee of \$500. The fee shall be collected by the Commission and paid directly into the state treasury and credited to the Bureau of Insurance's maintenance fund *as provided in subsection B of § 38.2-400*. The license shall be signed by a member or other duly authorized agent of the Commission and shall expire on the next June 30 after the date on which it becomes effective, subject to renewal pursuant to § 38.2-1025.

B. The Commission shall not grant a license to do the business of insurance in this Commonwealth to any insurer until it is satisfied that, from the evidence it requires under uniform procedures suitable to and applied equally to all classes of insurers, the insurer:

1. Has paid all fees, taxes, and charges required by law;
2. Has made any deposit required by this title;
3. Has the minimum capital and surplus if a stock insurer, the minimum surplus if a mutual or a reciprocal insurer, and the minimum trustee surplus if an alien insurer, prescribed in this title for insurers transacting the same class of insurance;
4. Has filed a financial statement or statements and any reports, certificates or other documents the Commission considers necessary to secure a full and accurate knowledge of its affairs and financial condition;
5. Is solvent and its financial condition, method of operation, and manner of doing business are such as to satisfy the Commission that it can meet its obligations to all policyholders; and
6. Has otherwise complied with all the requirements of law.

§ 38.2-1303. Printed forms to be filed by insurers; certificates to domestic insurers.

A. The Commission shall be responsible for ~~preparing and distributing~~ *prescribing the type of blank or may prepare and distribute* printed forms or blanks to each licensed ~~insurer~~ *insurers* for all statements, reports, schedules or exhibits required by law or order.

B. The Commission shall furnish without charge to domestic insurers any certificates required to entitle them to do business in other states or countries.

§ 38.2-1800. Definitions.

As used in this chapter:

"Agent" or "insurance agent," when used without qualification, means an individual, partnership, *limited liability company*, or corporation that solicits, negotiates, procures or effects contracts of insurance or annuity in this Commonwealth.

"Licensed agent" or "licensed insurance agent," when used without qualification, means an individual, partnership, *limited liability company*, or corporation licensed in this Commonwealth to solicit, negotiate, procure or effect contracts of insurance or annuity of the classes authorized within the scope of such license.

"Appointed agent" or "appointed insurance agent," when used without qualification, means an individual, partnership, *limited liability company*, or corporation licensed in this Commonwealth to solicit, negotiate, procure, or effect contracts of insurance or annuity of the classes authorized within the scope of such license and who is appointed by a company licensed in this Commonwealth to solicit, negotiate, procure, or effect in 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.

"Cooperative nonprofit life benefit insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect life insurance, accident and sickness insurance or annuities on behalf of insurers licensed under Chapter 38 of this title.

"Burial insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect burial insurance on behalf of insurers licensed under Chapter 40 of this title.

"Credit life and health insurance agent" means an agent licensed in this Commonwealth exclusively to solicit, negotiate, procure, or effect credit life insurance and credit accident and sickness insurance on behalf of insurers licensed in this Commonwealth, but only to the extent authorized in Chapter 37.1 of this title.

"Dental services agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect dental services plan contracts on behalf of dental services plans licensed under Chapter 45 of this title.

"Filed" means received by the Commission.

"Health agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect applications and coverage on behalf of corporations licensed in this Commonwealth under Chapter 42 of this title or for health maintenance organizations licensed in this Commonwealth under Chapter 43 of this title. Nothing in this chapter prohibits any person licensed in this Commonwealth as a life and health agent from also acting as a health agent.

"Legal services agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect legal services plan contracts on behalf of legal services plans licensed under Chapter 44 of this title.

"Life and health insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect life insurance, annuity contracts, and accident and sickness insurance as defined in §§ 38.2-102, 38.2-103, 38.2-104, 38.2-106, 38.2-108 and 38.2-109, respectively, and variable contracts as defined in §§ 38.2-105 and 38.2-107, if so qualified, on behalf of insurers licensed in this Commonwealth. Except as otherwise provided, limitations or restrictions as to methods of compensation imposed by this title on agents shall not apply to life and health insurance agents.

"Mortgage accident and sickness insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect mortgage accident and sickness insurance on behalf of insurers licensed in this Commonwealth.

"Mortgage guaranty insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect mortgage guaranty insurance on behalf of insurers licensed in this Commonwealth.

"Mortgage redemption insurance agent" means an employee of a lending institution, whether or not the institution accepts deposits from the public, licensed in this Commonwealth to solicit, negotiate, procure, or effect mortgage redemption insurance and mortgage accident and sickness insurance. "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.

"Mutual assessment life and health insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect mutual assessment life and accident and sickness insurance on behalf of insurers licensed under Chapter 39 of this title.

"Mutual assessment property and casualty insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect mutual assessment property and casualty insurance on behalf of insurers licensed under Chapter 25 of this title.

"Ocean marine insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect those classes of insurance classified in § 38.2-126, except those kinds specifically classified as inland marine insurance, on behalf of insurers licensed in this Commonwealth.

"Optometric services agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect optometric services plan contracts on behalf of optometric services plans licensed under Chapter 45 of this title.

"Property and casualty insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect insurance as defined in §§ 38.2-110 through ~~38.2-122~~ 38.2-122.1, and §§ 38.2-124 through 38.2-134 on behalf of insurers licensed in this Commonwealth.

"Resident" means (i) an individual domiciled and residing in Virginia; (ii) a partnership duly formed and recorded in Virginia; ~~or~~ (iii) a corporation incorporated and existing under the laws of Virginia; *or* (iv) *a limited liability company organized and existing under the laws of Virginia.*

"Single interest insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect single interest insurance on behalf of insurers licensed in this Commonwealth.

"Solicit, negotiate, procure, or effect" means and includes the selling or attempted selling, placing or attempted placing of insurance or coverage, whether directly or indirectly, in this Commonwealth, and for which action the agent receives, or would receive, direct or indirect compensation in the form of commissions, fees, or other inducements or benefits.

"Title insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect title insurance on behalf of title insurance companies licensed under Chapter 46 of this title.

"Travel accident insurance agent" means an individual at transportation terminal buildings, or a ticket-selling agent of a railroad, steamship company, air carrier, or public bus carrier, who is licensed in this Commonwealth solely to act as an agent in the sale of travel accident insurance to individuals.

"Travel baggage insurance agent" means the ticket-selling agent of a railroad or steamship company, air carrier, or public bus carrier who is licensed in this Commonwealth solely to act as an agent in the sale of travel baggage insurance to individuals.

"Variable contract agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect variable contracts on behalf of insurers licensed in this Commonwealth.

§ 38.2-1819. Application for license; fee required.

A. Each applicant for a license shall make a written application to the Commission, in the form and containing the information the Commission prescribes. Each applicant shall, at the time of applying for a license, pay a nonrefundable application processing fee in an amount and in a manner prescribed by the Commission. The prescribed application processing fee shall not be less than fifteen dollars nor more than thirty dollars. The fee shall be collected by the Commission and paid directly into the state treasury and credited to the fund for the maintenance of the Bureau of Insurance *as provided in subsection B of § 38.2-400.*

B. Each applicant shall submit his written application no later than one year from the date he satisfies the precensuring education or experience requirements set forth in § 38.2-1816. Applications submitted beyond the one-year period shall be rejected and applicants shall be required to satisfy all

prelicensing requirements again.

§ 38.2-1822. License required of agents; individual acting for partnership or corporate licensee.

A. No person shall act, and no insurer or licensed agent shall knowingly permit a person to act, in this Commonwealth as an agent of an insurer licensed to transact the business of insurance in this Commonwealth without first obtaining a license in a manner and in a form prescribed by the Commission. As used in this section, "act as an agent" means soliciting, negotiating, procuring, or effecting contracts of insurance or annuity on behalf of an insurer licensed in this Commonwealth or receiving or sharing, directly or indirectly, any commission or other valuable consideration arising therefrom. No person shall submit business to any joint underwriting association or any plan established under this title for the equitable distribution of risks among insurers unless the person holds a valid license to transact the class of insurance involved.

B. No individual shall act as an agent on behalf of either a partnership or a corporation in the transaction of insurance unless he is licensed as an agent and appointed, if appointment is required by statute.

C. No partnership, *limited liability company*, or corporation may act as an agent in this Commonwealth unless licensed and appointed, if appointment is required by statute. The existence of the partnership, *limited liability company*, or corporation shall be recorded pursuant to law, and the authority of the corporation to act as an insurance agent or agency shall be specifically set forth in its charter. The Commission may require proof of the foregoing before issuing a license to the partnership, *limited liability company*, or corporation.

D. For a nonresident partnership, a *nonresident limited liability company*, or a nonresident corporation, a certification by the insurance department of the nonresident's state of domicile satisfying the requirements of subsection A of § 38.2-1836 shall be deemed to satisfy the foregoing requirements.

E. In addition to the requirements of §§ 59.1-69 and 59.1-70, any person or corporation conducting the business of insurance in this Commonwealth under an assumed or fictitious name shall notify the Bureau of Insurance, in writing, either at the time the application for a license to do business is filed or the assumed or fictitious name is adopted, setting forth the name under which such business is to be conducted. Any person or corporation transacting the business of insurance under an existing assumed or fictitious name shall provide the Bureau of Insurance with this information in writing no later than July 1990.

F. When the business of insurance is no longer conducted under an assumed or fictitious name, written notification to the Bureau of Insurance is required as soon as practicable.

§ 38.2-1833. Appointments of agents.

A. Subject to the requirement of § 38.2-1801, every licensed agent may solicit applications for insurance for any one or more of the classes of insurance for which he is licensed on behalf of an insurer (i) also licensed in this Commonwealth for those classes of insurance and (ii) by which the licensed agent has not yet been validly appointed, subject to the following requirements:

1. The insurer shall, within thirty days of the date of execution of the first insurance application submitted by a licensed but not yet appointed agent, either reject such application or file with the Commission a written notice of appointment on a form acceptable to the Commission.

2. The insurer shall mail to the licensed agent, within the same thirty-day period, a copy of the notice of appointment form filed with the Commission.

3. Upon receipt of the notice of appointment form, the Commission shall verify that the agent holds a valid license and that the form has been properly completed. If the Commission determines that the appointment is invalid, it shall notify the appointing insurer within five days of its receipt of the appointment form. If the appointment is valid, the Commission shall issue an acknowledgement of appointment to the agent within five days of its receipt of the appointment form, and shall simultaneously notify the appointing insurer of the issuance of such acknowledgement of appointment.

4. If the licensed agent does not receive from the Commission an acknowledgement of his appointment within forty-five days from the date of execution of the first insurance application submitted to the insurer, then the agent shall immediately discontinue any soliciting of insurance on behalf of that insurer until such acknowledgement is received. Any such further solicitation after forty-five days but prior to receipt of such acknowledgement shall constitute a violation of this section and shall be subject to penalties as prescribed in §§ 38.2-218 and 38.2-1831.

B. Each licensed agent's appointment record shall be public information and shall be available for public inspection during normal business hours of the Commission. The Commission may charge a reasonable fee to cover the costs incurred in providing this information.

C. Each insurer shall pay an appointment fee, in an amount prescribed by the Commission, for each agent appointed by the insurer. The prescribed appointment fee shall not be less than seven dollars nor more than fifteen dollars. Such fees shall be billed to the insurer by the Commission on a quarterly basis and shall be due and payable immediately upon receipt by the insurer. Such quarterly billing shall include all agents appointed by the insurer during the immediately preceding quarter, regardless of the current status of any such appointees. All appointment fees collected by the Commission shall be paid directly into the state treasury and placed to the credit of the fund for the maintenance of the Bureau of

Insurance as provided in subsection B of § 38.2-400.

§ 38.2-1834. Duration of appointment; annual renewal of agent's appointment.

A. A valid appointment of an agent shall authorize the agent to act for the insurer during the time for which the appointing insurer is licensed to do business in this Commonwealth, unless such appointment is otherwise terminated, suspended, or revoked. Upon the termination, suspension or revocation of such appointment, the agent, or any other person having possession of the appointment, shall immediately return it to the Commission.

B. Prior to August 1 of each year, every insurer shall remit in a manner prescribed by the Commission a renewal appointment fee in an amount prescribed by the Commission, which shall be collected by the Commission and paid directly into the state treasury and credited to the fund for the maintenance of the Bureau of Insurance as provided in subsection B of § 38.2-400.

C. Upon the termination of an agent by an insurer, the insurer shall notify the agent of such termination within five days and the Commission within thirty days in a manner acceptable to the Commission, whereupon termination of the agent's appointment to represent the insurer shall be recorded by the Commission.

D. Any license in effect on January 1, 1986, shall be deemed to be an appointment for the unexpired term of that license. Certificates of qualifications issued prior to January 1, 1986, shall be deemed to be the license required by this chapter.

E. [Repealed.]

F. An appointment of an agent holding a restricted or limited license shall authorize such agent to solicit, negotiate, procure or effect only those classes of insurance specifically included in such agent's license authority.

§ 38.2-1840. Annual license fee.

The annual fee for each insurance consultant's license shall be fifty dollars, which shall be paid in a manner prescribed by the Commission. Prior to August 1 of each year thereafter, every consultant shall renew his license in the manner prescribed by the Commission. All fees shall be collected by the Commission and paid into the state treasury and placed to the credit of the fund for the maintenance of the Bureau of Insurance as provided in subsection B of § 38.2-400.

§ 38.2-2223. Variations of, or additions to, form.

For the word "company" appearing in any standard form, there may be substituted a more accurate descriptive term for the type of insurer. Additional provisions, other than those in the standard form, or coverages more favorable than those in the standard form, may be used with a standard form by any insurer with the approval of the Commission. However, the Commission shall first determine that the more favorable coverage or the additional provisions are not in conflict or inconsistent with the standard form, the laws of this Commonwealth or any rules and regulations adopted by the Commission. ~~The approval and determination by the Commission shall be evidenced by an order entered of record.~~

§ 38.2-2529. Unearned premium reserves required.

A. Advance assessments received by mutual assessment property and casualty insurers shall be considered premiums and, except as provided in subsection B of this section, shall be subject to the requirement of an unearned premium reserve computed in accordance with § 38.2-1312. The reserves may be reduced for applicable reinsurance in accordance with the provisions of ~~subsection B of § 38.2-1316~~ Article 3.1 (§ 38.2-1316.1 et seq.) of Chapter 13 of this title.

B. The amount each insurer shall maintain in reserves for unearned premium reserves shall be as follows:

1. For calendar year 1987, at least ten percent of the unearned premium reserve as calculated in subsection A of this section; and

2. For each subsequent year, at least an additional ten percent as calculated in subsection A for that subsequent year in order that the full amount of unearned premium reserves shall be established by December 31, 1996.

§ 38.2-3100. Scope of chapter.

Except as otherwise provided, this chapter applies to insurers transacting life insurance and the granting of annuities, and to life insurance and annuities as defined in §§ 38.2-102 through 38.2-107.1.

§ 38.2-3419.1. Report of costs and utilization of mandated benefits.

A. Beginning with the calendar year 1991, every insurer, health services plan, and health maintenance organization *from which a report is deemed necessary under regulations adopted by the Commission* shall report to the Commission cost and utilization information for each of the mandated benefits and providers set forth in this article ~~on an annual basis. The reporting period shall be as determined by the Commission in its regulations, but not less often than biennially.~~ Each report shall be submitted no later than the next May 1 following the reporting period. The reports shall be in detail and form as required under regulations adopted by the Commission so as to provide the information deemed necessary by the Commission to determine the financial impact of each mandated benefit and provider.

B. The Commission shall prepare a consolidation of these reports to provide to the General Assembly such information concerning the costs of mandated benefits, the utilization of services under

mandated benefits, and such other information as the Commission or the General Assembly may deem appropriate. Such consolidated reports shall be submitted to the General Assembly no later than the next October 31 following the reporting period.

§ 38.2-3500. Form of policy.

A. No individual accident and sickness insurance policy shall be delivered or issued for delivery to any person in this Commonwealth unless:

1. The entire consideration for the policy is expressed in the policy;
2. The time at which the insurance takes effect and terminates is expressed in the policy;
3. The policy insures only one person, except that it may insure eligible family members, originally or by subsequent amendment, upon the application of an adult member of a family who shall be deemed the policyowner;

4. The exceptions and reductions are set forth in the policy and, except those that are set forth in §§ 38.2-3503 through 38.2-3508, are printed with the benefit provisions to which they apply, or under an appropriate caption, but if an exception or reduction specifically applies only to a particular benefit of the policy, a statement of the exception or reduction shall be included with that benefit provision;

5. Each form, including riders and endorsements, is identified by a form number in the lower left-hand corner of the first page of the form;

6. It contains no provision making any portion of the charter, rules, constitution, or bylaws of the insurer a part of the policy unless that portion is set forth in the policy, except in the case of the incorporation of, or reference to, a statement of rates or classification of risks, or short-rate table filed with the Commission; and

7. It contains a statement about the provisions of subsections A and B of § ~~32.1-325.1~~ 32.1-325.2 regarding ~~overpayment~~ *the status of the Department of Medical Assistance Services as the payor of last resort.*

B. If any policy is issued by an insurer domiciled in this Commonwealth for delivery to a person residing in another state, and if the insurance supervisory official of the other state advises the Commission that any such policy is not subject to approval or disapproval by such official, the Commission may by ruling require that such policy meet the standards set forth in this chapter.

C. "Eligible family member" means the (i) spouse, (ii) dependent children, without regard to whether such children reside in the same household as the policyowner, (iii) children under a specified age not greater than nineteen years, and (iv) any person dependent on the policyowner.

§ 38.2-3543.1. Regulations.

*The Commission may establish rules and regulations for coordination of benefits. Pursuant to the authority granted by § 38.2-223, the Commission may promulgate such rules and regulations as it may deem necessary to establish standards with regard to coordination of benefits provisions.*

§ 38.2-4802. Fees for surplus lines brokers' licenses.

The annual fee for each surplus lines broker's license shall be fifty dollars. The fee shall be paid when the application for license is filed and then prior to March 15 of each subsequent year. However, the fee for any license applied for after September 15 shall be twenty-five dollars. All fees shall be collected by the Commission and paid into the state treasury to the credit of the fund for the maintenance of the Bureau of Insurance *as provided in subsection B of § 38.2-400* .

**2. That an emergency exists and the amendments to § 38.2-3419.1 within this act are in force from their passage.**