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HOUSE BILL NO. 2379

Offered January 23, 1995

A BILL to amend and reenact § 65.2-804 of the Code of Virginia, relating to workers' compensation; review of workers' compensation insurance premium increases.

Patron—Hamilton

Referred to Committee on Labor and Commerce

Be it enacted by the General Assembly of Virginia:**1. That § 65.2-804 of the Code of Virginia is amended and reenacted as follows:**

§ 65.2-804. Evidence of compliance with title; notices of cancellation of insurance.

A. 1. Every employer subject to this title shall file with the Workers' Compensation Commission, in form prescribed by it, annually or as often as may be necessary, evidence of his compliance with the provisions of § 65.2-801 and all others relating thereto. Every employer who has complied with the foregoing provision and has subsequently cancelled his insurance or his membership in a licensed group self-insurance association shall immediately notify the Workers' Compensation Commission of such cancellation, the date thereof and the reasons therefor. Every insurance carrier or group self-insurance association shall in like manner notify the Workers' Compensation Commission immediately upon the cancellation of any policy issued by it or any membership agreement, whichever is applicable, under the provisions of this title, except that a carrier or group self-insurance association need not set forth its reasons for cancellation unless requested by the Workers' Compensation Commission.

2. Every employer who cancels his insurance or his membership in a licensed group self-insurance association shall, prior to cancelling his insurance or his membership, give thirty days' written notice to his employees covered. Every employer who receives the notice required under subsection B of this section shall immediately forward a copy to his employees covered. Where the employer is a mine owner or operator, the notice or copy of notice required to be given by this subsection shall also be given to the Chief Mine Inspector. The provisions of this subsection shall not apply with respect to a cancellation incident to a change of insurance or membership where no lapse of coverage occurs.

B. No policy of insurance hereafter issued under the provisions of this title, nor any membership agreement in a group self-insurance association, shall be cancelled or nonrenewed by the insurer issuing such policy or by the group self-insurance association cancelling or nonrenewing such membership, except on thirty days' notice to the employer and the Workers' Compensation Commission, unless the employer has obtained other insurance and the Workers' Compensation Commission is notified of that fact by the insurer assuming the risk, or unless, in the event of cancellation, said cancellation is for nonpayment of premiums; then ten days' notice shall be given the employer and the Workers' Compensation Commission.

C. Notwithstanding the provisions of § 38.2-1923, any employer who has obtained a policy of insurance issued under the provisions of this title may, in conjunction with the renewal or proposed renewal thereof, request review by the State Corporation Commission of any increase in premium charged or sought to be charged by the issuer of such policy. Upon receipt of any such request, the State Corporation Commission shall promptly begin a review to determine whether the proposed premium (i) is in conformity with the insurer's filed rate then applicable to such insurance, (ii) reasonably reflects the insured's risk classification and claims experience, and (iii) incorporates an accurate experience modification. If the State Corporation Commission determines that such premium increase does not comply with the provisions of this subsection, it shall immediately request the insurer to recalculate the proposed premium. Nothing in this section, however, shall be deemed to authorize the State Corporation Commission to substitute its judgment as to underwriting for that of the insurer.

INTRODUCED

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