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HOUSE BILL NO. 364

Offered January 16, 1996

A *BILL to amend and reenact § 38.2-1317 of the Code of Virginia, relating to insurance; SCC acceptance of insurance examination reports.*

Patron—Deeds

Referred to Committee on Corporations, Insurance and Banking

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-1317 of the Code of Virginia is amended and reenacted as follows:

§ 38.2-1317. Examinations; when authorized or required.

A. Whenever the Commission considers it expedient for the protection of the interests of the people of this Commonwealth, it may make or direct to be made an examination into the affairs of any person licensed to transact any insurance business in this Commonwealth or any other person subject to the jurisdiction of the Commission pursuant to provisions of this title. The Commission may also make or direct to be made, whenever necessary or advisable an examination into the affairs of:

1. Any person having a contract under which he has the exclusive or dominant right to manage or control any licensed insurer,

2. Any person holding the shares of capital stock or policyholder proxies of any domestic insurer amounting to control as defined in § 38.2-1322 either as voting trustee or otherwise,

3. Any person engaged or assisting in, or proposing or claiming to engage or assist in the promotion or formation of a domestic insurer, or

4. Any person seeking a license to transact any insurance business in this Commonwealth.

B. The Commission shall examine or cause to be examined every domestic insurer at least once in every five years; however, on or after January 1, 1993, the Commission shall examine every insurer licensed in this Commonwealth at least once in every five years.

C. The examination of any foreign or alien insurer or any other foreign or alien person subject to examination shall be made to the extent practicable in cooperation with the insurance departments of other states.

D. Instead of making its own examination, the Commission may accept a full report of the examination of a foreign or alien person, duly authenticated by the insurance supervisory official of the state of domicile or of entry until January 1, 1994. Thereafter, such reports may only be accepted if:

1. The insurance department was at the time of the examination accredited under the National Association of Insurance Commissioners' (NAIC) Financial Regulation Standards and Accreditation Program; or

2. The examination is performed under the supervision of such an accredited insurance department or with the participation of one or more examiners who are employed by an accredited insurance department and who, after a review of the examination work papers and report, state under oath that the examination was performed in a manner consistent with the standards and procedures required by their insurance department; or

3. *The Commission determines, in its sole discretion, that the examination was performed in a manner consistent with standards and procedures employed by the Commission in the examination of domestic insurers, and the report of examination is duly authenticated by the insurance supervisory official of the insurer's state of domicile or entry.*

INTRODUCED

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