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SENATE BILL NO. 955

Offered January 17, 1997

A BILL to amend and reenact § 38.2-109 of the Code of Virginia, relating to accident and sickness insurance; definition.

Patrons—Colgan, Holland, Norment, Potts, Reasor, Saslaw, Stolle and Wampler

Referred to the Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-109 of the Code of Virginia is amended and reenacted as follows:

§ 38.2-109. Accident and sickness.

A. "Accident and sickness insurance" means insurance against loss resulting from sickness, or from bodily injury or death by accident or accidental means, or from a combination of any or all of these perils. As used in this title, unless the context requires otherwise, the term "accident and sickness insurance" shall be deemed to include "credit accident and sickness insurance."

B. The term "accident and sickness insurance" shall also include agreements insuring against losses resulting from health care claims or expenses in excess of a specific or aggregate dollar amount, when such agreements are used to provide coverage to (i) self-funded plans of accident and sickness benefits, (ii) health maintenance organizations, or (iii) providers associated with a managed care network, and only under circumstances where:

1. The agreement clearly indicates the extent and duration of the liability assumed by the insurer once the policyholder's liability has been exceeded;

2. The agreement includes a provision pursuant to which any employee or member covered under a plan in which the policyholder assumes liability for providing a portion of the benefit shall be furnished a brief explanation of such arrangement; and

3. The insurer maintains reserves in accordance with § 38.2-1314 for the liability it assumes under the agreement.

Such agreements shall not be subject to the requirements of Chapters 34 and 35 (§§ 38.2-3400 et seq. and 38.2-3500 et seq.) of this title.

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