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HOUSE BILL NO. 1281

Offered January 26, 1998

A BILL to amend and reenact §§ 38.2-1800, 38.2-1814, and 38.2-1824 of the Code of Virginia, relating to insurance; pet accident, sickness and hospitalization.

Patron—Hargrove

Referred to Committee on Corporations, Insurance and Banking

Be it enacted by the General Assembly of Virginia:**1. That §§ 38.2-1800, 38.2-1814, and 38.2-1824 of the Code of Virginia are amended and reenacted as follows:**

§ 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 (§ 38.2-3800 et seq.) of this title.

"Bail bond agent" means an agent licensed in this Commonwealth for the sole purpose of writing appearance bonds as surety, as defined in subdivision 3 of § 38.2-121.

"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 (§ 38.2-4000 et seq.) 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 (§ 38.2-3717 et seq.) of this title.

"Credit property insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect insurance against direct physical damage to personal household property used as security for a loan or other credit transaction. Such insurance may insure the creditor as sole beneficiary or may insure both the creditor and the debtor with the creditor as primary beneficiary and the debtor as beneficiary of proceeds not paid to the creditor. As used in this definition, "household personal property" does not include motor vehicles, mobile homes, or watercraft.

"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 (§ 38.2-4500 et seq.) 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 (§ 38.2-4200 et seq.) of this title or for health maintenance organizations licensed in this Commonwealth under Chapter 43 (§ 38.2-4300 et seq.) 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 (§ 38.2-4400 et seq.) 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

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60 defined in §§ 38.2-102, 38.2-103, 38.2-104, 38.2-106, 38.2-108 and 38.2-109, respectively, and variable
61 contracts as defined in §§ 38.2-105 and 38.2-107, if so qualified, on behalf of insurers licensed in this
62 Commonwealth. Except as otherwise provided, limitations or restrictions as to methods of compensation
63 imposed by this title on agents shall not apply to life and health insurance agents.

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

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

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

73 "Mortgage redemption insurance" means a nonrenewable, nonconvertible, decreasing term life insurance
74 policy written in connection with a mortgage transaction for a period of time coinciding with the term
75 of the mortgage. The initial sum shall not exceed the amount of the indebtedness outstanding at the time
76 the insurance becomes effective, rounded up to the next \$1,000.

77 "Mutual assessment life and health insurance agent" means an agent licensed in this Commonwealth
78 to solicit, negotiate, procure, or effect mutual assessment life and accident and sickness insurance on
79 behalf of insurers licensed under Chapter 39 (§ 38.2-3900 et seq.) of this title.

80 "Mutual assessment property and casualty insurance agent" means an agent licensed in this
81 Commonwealth to solicit, negotiate, procure, or effect mutual assessment property and casualty insurance
82 on behalf of insurers licensed under Chapter 25 (§ 38.2-2500 et seq.) of this title.

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

86 "Optometric services agent" means an agent licensed in this Commonwealth to solicit, negotiate,
87 procure, or effect optometric services plan contracts on behalf of optometric services plans licensed
88 under Chapter 45 (§ 38.2-4500 et seq.) of this title.

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

92 "*Pet accident, sickness and hospitalization insurance agent*" means an agent licensed in this
93 Commonwealth to solicit, negotiate, procure or effect *pet accident, sickness and hospitalization*
94 *insurance on behalf of insurers licensed in this Commonwealth.*

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

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

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

104 "Title insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure,
105 or effect title insurance on behalf of title insurance companies licensed under Chapter 46 (§ 38.2-4600 et
106 seq.) of this title.

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

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

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

115 § 38.2-1814. License required of resident property and casualty insurance agent.

116 No individual who is a resident of this Commonwealth shall obtain a license as a property and
117 casualty insurance agent from the Commission unless he has passed a written examination prescribed by
118 the Commission. However, any individual may obtain a license as a bail bond agent, credit property
119 insurance agent, mortgage guaranty insurance agent, ocean marine insurance agent, *pet accident, sickness*
120 *and hospitalization insurance agent* or travel baggage insurance agent without taking a written
121 examination. Mutual assessment property and casualty insurance agents shall be licensed without

122 examination only within the limitations of § 38.2-2525.

123 § 38.2-1824. Kinds of agents' licenses and appointments issued.

124 A. The Commission shall issue the following kinds of agents' licenses and appointments: life and
125 health insurance, property and casualty insurance, cooperative nonprofit life benefit insurance, bail
126 (appearance) bonds, burial insurance, credit life and health insurance, credit property insurance, dental
127 services insurance, health insurance, legal services insurance, mortgage accident and sickness insurance,
128 mortgage guaranty insurance, mortgage redemption insurance, mutual assessment property and casualty
129 insurance, mutual assessment life and health insurance, ocean marine insurance, optometric services
130 insurance, *pet accident, sickness and hospitalization insurance*, title insurance, travel accident insurance,
131 travel baggage insurance, and variable contract insurance.

132 B. All individuals and agencies who on July 1, 1987, held limited licenses to write accident and
133 sickness insurance, or automobile insurance, or casualty insurance, or fidelity and surety bonds, or fire
134 insurance, or life insurance and annuities, may remain licensed under such limited licenses, but no such
135 license which has lapsed or been revoked shall be reinstated, and no new or additional licenses for any
136 of the categories enumerated above shall be issued.