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**SENATE BILL NO. 423**

Offered January 26, 1998

*A BILL to amend and reenact §§ 38.2-1800, 38.2-1814, 38.2-1815 and 38.2-1824 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 38.2-514.2, relating to insurance; motor vehicle rental contract insurance agents.*

Patrons—Colgan, Couric, Holland, Marye and Miller, K.G.

Referred to the Committee on Commerce and Labor

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

**1. That §§ 38.2-1800, 38.2-1814, 38.2-1815 and 38.2-1824 of the Code of Virginia are amended and reenacted, and that the Code of Virginia is amended by adding a section numbered 38.2-514.2 as follows:**

*§ 38.2-514.2. Disclosures required of motor vehicle rental contract insurance agents. No insurance may be solicited, negotiated, procured, or effected by a motor vehicle rental contract insurance agent unless a conspicuous written disclosure is provided to the prospective renter that (i) summarizes clearly and correctly the material terms of coverage offered, including the identity of the insurer or insurers, (ii) advises that the coverage offered may duplicate coverage already provided by the renter's personal motor vehicle insurance policy, homeowner's insurance policy, personal liability insurance policy, or other source of coverage, and (iii) states that the purchase of the coverages offered is not required in order to rent a motor vehicle.*

**§ 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.

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60 "Health agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect  
61 applications and coverage on behalf of corporations licensed in this Commonwealth under Chapter 42  
62 (§ 38.2-4200 et seq.) of this title or for health maintenance organizations licensed in this Commonwealth  
63 under Chapter 43 (§ 38.2-4300 et seq.) of this title. Nothing in this chapter prohibits any person licensed  
64 in this Commonwealth as a life and health agent from also acting as a health agent.

65 "Legal services agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure,  
66 or effect legal services plan contracts on behalf of legal services plans licensed under Chapter 44  
67 (§ 38.2-4400 et seq.) of this title.

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

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

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

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

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

87 "*Motor vehicle rental contract insurance agent*" means a person who (i) is a selling agent of a motor  
88 vehicle rental company that is in the business of providing primarily private passenger motor vehicles to  
89 the public under a rental agreement for a period of less than six months and (ii) is licensed in the  
90 Commonwealth as an agent to solicit, negotiate, procure, or effect the following insurance coverages  
91 solely in connection with and incidental to the rental contract:

92 1. *Personal accident insurance which provides benefits in the event of accidental death or injury*  
93 *occurring during the rental period;*

94 2. *Liability coverage sold to the renter in excess of the rental company's obligations under*  
95 *§§ 38.2-2204, 38.2-2205, or Title 46.2, as applicable;*

96 3. *Personal effects insurance which provides coverages for the loss of or damage to the personal*  
97 *effects of the renter and other vehicle occupants while such personal effects are in or upon the rental*  
98 *vehicle during the rental period;*

99 4. *Roadside assistance and emergency sickness protection programs; and*

100 5. *Other travel- or vehicle-related insurance coverage that a motor vehicle rental company offers in*  
101 *connection with and incidental to the rental of vehicles.*

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

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

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

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

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

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

120 "Single interest insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate,  
121 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 (§ 38.2-4600 et seq.) 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.

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

No individual who is a resident of this Commonwealth shall obtain a license as a property and casualty insurance agent from the Commission unless he has passed a written examination prescribed by the Commission. However, any individual may obtain a license as a bail bond agent, credit property insurance agent, mortgage guaranty insurance agent, *motor vehicle rental contract insurance agent*, ocean marine insurance agent, or travel baggage insurance agent without taking a written examination. Mutual assessment property and casualty insurance agents shall be licensed without examination only within the limitations of § 38.2-2525.

§ 38.2-1815. License required of resident life and health insurance agents and health agents.

No individual who is a resident of this Commonwealth shall obtain a license as a life and health insurance agent or health agent from the Commission unless he has passed a written examination prescribed by the Commission. However, any individual may obtain a license as a travel accident insurance agent, *a motor vehicle rental contract insurance agent*, a mortgage redemption insurance agent, a credit life and health insurance agent, a dental services agent, an optometric services agent, or a legal services agent, without taking a written examination. Agents of an association referred to in § 38.2-3318 who will be limited to soliciting members of that association for burial association group life insurance certificates in amounts of \$5,000 or less may also obtain a license without taking a written examination. Agents of burial societies as defined in Chapter 40 (§ 38.2-4000 et seq.) of this title who will be limited to soliciting members for such societies, and where the certificates of membership will not exceed \$5,000 on any individual, may also obtain a license without taking written examination. Mutual assessment life and health insurance agents shall be licensed without examination only within the limitations of § 38.2-3919.

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

A. The Commission shall issue the following kinds of agents' licenses and appointments: life and health insurance, property and casualty insurance, cooperative nonprofit life benefit insurance, bail (appearance) bonds, burial insurance, credit life and health insurance, credit property insurance, dental services insurance, health insurance, legal services insurance, mortgage accident and sickness insurance, mortgage guaranty insurance, mortgage redemption insurance, *motor vehicle rental contract insurance*, mutual assessment property and casualty insurance, mutual assessment life and health insurance, ocean marine insurance, optometric services insurance, title insurance, travel accident insurance, travel baggage insurance, and variable contract insurance.

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