

VIRGINIA ACTS OF ASSEMBLY -- 2013 SESSION

CHAPTER 11

An Act to amend and reenact § 38.2-4504 of the Code of Virginia, relating to nonstock corporations conducting dental or optometric services plans.

[H 1510]

Approved February 20, 2013

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-4504 of the Code of Virginia is amended and reenacted as follows:

§ 38.2-4504. Nonstock corporation required.

A. Each plan shall be conducted either by or through (i) a nonstock corporation organized pursuant to the laws of this Commonwealth or (ii) a foreign nonstock corporation that is subject to regulation and licensing under the laws of its domiciliary jurisdiction that are substantially similar to those provided by this chapter.

B. Notwithstanding the provisions of §§ 38.2-4502 and 38.2-4503, a nonstock corporation may offer or administer a plan without being required to act as agent for participating dentists or optometrists.

C. A nonstock corporation applying for its initial license pursuant to this chapter to offer or administer a plan may elect in its application to act as a nonagent, in which case the provisions of this section shall apply to such nonagent.

D. A nonstock corporation operating a plan pursuant to § 38.2-4502 or § 38.2-4503 may petition the Commission to change its status from an agent nonstock corporation to a nonagent nonstock corporation by making application to the Commission no less than ninety days preceding the proposed date of the change. The nonstock corporation shall give notice of the petition to its contract holders and participating dentists or optometrists. The Commission shall not approve the change of status unless it is satisfied that the financial condition of the nonstock corporation and the proposed method of operation and manner of doing business enable the nonstock corporation to meet its contractual obligations to all subscribers and that the nonstock corporation has otherwise complied with the requirements of this chapter. The Commission shall (i) consider, among other things, the sufficiency of the contingency reserve required under subsection E of this section and, in addition, may elect to (ii) subject the nonstock corporation, notwithstanding the provisions of § 38.2-1700, to the requirements of Chapter 17 (§ 38.2-1700 et seq.) of this title. If the Commission fails to approve the change of status, it shall state the reason in its order. A change in status shall only be effective as to subscription contracts issued or renewed on and after the date of a change in status.

E. No nonstock corporation shall offer or administer a plan without acting as an agent for participating dentists or optometrists unless it maintains at all times a contingency reserve ~~in an amount of at least equal to forty-five days of anticipated operating expenses and incurred claims expenses generated for subscription contracts issued by the nonstock corporation~~ \$4 million. The contingency reserve shall be computed as the Commission requires.

F. The provisions of §§ 38.2-4505, 38.2-4507, 38.2-4508, and 38.2-4512 shall not apply to a nonstock corporation that does not act as agent for participating dentists or optometrists.