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SENATE BILL NO. 1158

Offered January 11, 2017

Prefiled January 9, 2017

A *BILL to amend and reenact §§ 38.2-1024, 38.2-1027, and 38.2-1208 of the Code of Virginia, relating to reciprocal insurance.*

Patron—Reeves (By Request)

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That §§ 38.2-1024, 38.2-1027, and 38.2-1208 of the Code of Virginia are amended and reenacted as follows:

§ 38.2-1024. License required to transact the business of insurance; application fee requirements for license.

A. No insurer unless authorized pursuant to Chapter 48 (§ 38.2-4806 et seq.) of this title shall transact the business of insurance in this Commonwealth until it has obtained a license from the Commission. For a foreign or alien insurer *or reciprocal*, this license shall be in addition to the certificate of authority required by § 38.2-1027. Each application for a license to transact the business of insurance in this Commonwealth shall be accompanied by a nonrefundable license application fee of \$500. The fee shall be collected by the Commission and paid directly into the state treasury and credited to the Bureau of Insurance's maintenance fund as provided in subsection B of § 38.2-400. The license shall be signed by a member or other duly authorized agent of the Commission and shall expire on the next June 30 after the date on which it becomes effective, subject to renewal pursuant to § 38.2-1025.

B. The Commission shall not grant a license to do the business of insurance in this Commonwealth to any insurer until it is satisfied that, from the evidence it requires under uniform procedures suitable to and applied equally to all classes of insurers, the insurer:

1. Has paid all fees, taxes, and charges required by law;
2. Has made any deposit required by this title;
3. Has the minimum capital and surplus if a stock insurer, the minimum surplus if a mutual or a reciprocal insurer, and the minimum trustee surplus if an alien insurer, prescribed in this title for insurers transacting the same class of insurance;
4. Has filed a financial statement or statements and any reports, certificates or other documents the Commission considers necessary to secure a full and accurate knowledge of its affairs and financial condition;

5. Is solvent and its financial condition, method of operation, and manner of doing business are such as to satisfy the Commission that it can meet its obligations to all policyholders; and

6. Has otherwise complied with all the requirements of law.

§ 38.2-1027. Admission of foreign and alien insurers.

Before transacting any insurance business in this Commonwealth, each foreign or alien insurer *or reciprocal* shall obtain a certificate of authority and shall comply with the applicable provisions of Article 17 (§ 13.1-757 et seq.) of Chapter 9 of Title 13.1 in the case of a stock insurer ~~and~~, of Article 14 (§ 13.1-919 et seq.) of Chapter 10 of Title 13.1 in the case of a mutual insurer, *and of Article 1 (§ 38.2-1200 et seq.) of Chapter 12 in the case of a reciprocal*. The certificate shall be in addition to the license to transact the business of insurance required by § 38.2-1024.

§ 38.2-1208. Additional requirements, foreign and alien reciprocals.

No foreign reciprocal shall be licensed to transact the business of insurance in this Commonwealth unless it has filed with the Commission a certificate of the supervising insurance official of the state in which it is organized. The certificate shall show that the foreign reciprocal is licensed to write ~~and is writing actively~~ in that state the class of insurance it proposes to write in this Commonwealth. No alien reciprocal shall be licensed to transact the business of insurance until it has filed with the Commission a certificate of the supervising insurance official of (i) the state through which it entered the United States or (ii) the alien reciprocal's domiciliary country. The certificate shall show that the alien reciprocal is licensed to write and is writing actively in that state or country the class of insurance it proposes to write in this Commonwealth.