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HOUSE BILL NO. 1156

Offered January 14, 2022

A BILL to amend and reenact §§ 38.2-135, 38.2-316, and 38.2-1800 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 38.2-107.2, relating to insurance; private family leave insurance.

Patron—Byron

Referred to Committee on Commerce and Energy

Be it enacted by the General Assembly of Virginia:

1. That §§ 38.2-135, 38.2-316, and 38.2-1800 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 38.2-107.2 as follows:

§ 38.2-107.2. Private family leave insurance.

"Family leave insurance" means an insurance policy issued to an employer related to a benefit program provided to an employee to pay for the employee's income loss due to (i) the birth of a child or adoption of a child by the employee; (ii) placement of a child with the employee for foster care; (iii) care of a family member of the employee who has a serious health condition; or (iv) circumstances arising out of the fact that the employee's family member who is a service member is on active duty or has been notified of an impending call or order to active duty. Family leave coverage may be written as an amendment to a group disability income policy, included in a group disability income policy, or written as a separate group policy purchased by an employer.

§ 38.2-135. Classes of insurance companies may be licensed to write.

Except as otherwise provided in this title and subject to any conditions and restrictions imposed therein, any insurer licensed to transact the business of insurance in ~~this~~ the Commonwealth, other than life insurers and title insurers, may be licensed to write one or more of the classes of insurance enumerated in Article 2 (§ 38.2-101 et seq.) of this chapter that it is authorized under its charter to write, except life insurance, industrial life insurance, credit life insurance, variable life insurance, modified guaranteed life insurance, annuities, variable annuities, modified guaranteed annuities, and title insurance. An insurer licensed to write life insurance shall not be licensed to write any additional class of insurance except modified guaranteed life insurance, variable life insurance, annuities, modified guaranteed annuities, variable annuities, credit life insurance, credit accident and sickness insurance, accident and sickness insurance, ~~and~~ industrial life insurance *and family leave insurance*. An insurer licensed to write title insurance shall not be licensed to write any additional class of insurance. However, any life insurer that has been licensed to write and has been actively engaged in writing life insurance and any additional class of insurance set out in Article 2 (§ 38.2-101 et seq.) of this chapter continuously during a period of ~~twenty~~ 20 years immediately preceding July 1, 1952, may continue to be licensed to write those classes of insurance. No company shall write any class of insurance unless it has a current annual license from the Commission to do so.

§ 38.2-316. Policy forms to be filed with Commission; notice of approval or disapproval; exceptions.

A. No policy of life insurance, industrial life insurance, variable life insurance, modified guaranteed life insurance, group life insurance, *family leave insurance*, accident and sickness insurance, or group accident and sickness insurance; no annuity, modified guaranteed annuity, pure endowment, variable annuity, group annuity, group modified guaranteed annuity, or group variable annuity contract; no health services plan, legal services plan, dental or optometric services plan, or health maintenance organization contract; no dental plan organization dental benefit contract; and no fraternal benefit certificate nor any certificate or evidence of coverage issued in connection with such policy, contract, or plan issued or issued for delivery in Virginia shall be delivered or issued for delivery in ~~this~~ the Commonwealth unless a copy of the form has been filed with the Commission. In addition to the above requirement, no policy of accident and sickness insurance *or family leave insurance* shall be delivered or issued for delivery in ~~this~~ the Commonwealth unless the rate manual showing rates, rules, and classification of risks applicable thereto has been filed with the Commission.

B. Except as provided in this section, no application form shall be used with the policy or contract and no rider or endorsement shall be attached to or printed or stamped upon the policy or contract unless the form of such application, rider or endorsement has been filed with the Commission. No individual certificate and no enrollment form shall be used in connection with any group life insurance policy, group accident and sickness insurance policy, group annuity contract, ~~or~~ group variable annuity contract, *or group family leave insurance policy* unless the form for the certificate and enrollment form

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59 have been filed with the Commission.

60 C. 1. None of the policies, contracts, and certificates specified in subsection A of this section shall
61 be delivered or issued for delivery in ~~this~~ the Commonwealth and no applications, enrollment forms,
62 riders, and endorsements shall be used in connection with the policies, contracts, and certificates unless
63 the forms thereof have been approved in writing by the Commission as conforming to the requirements
64 of this title and not inconsistent with law.

65 2. In addition to the above requirement, no premium rate change applicable to individual accident
66 and sickness insurance policies, subscriber contracts of health services plans, dental or optometric
67 services plans, or fraternal benefit contracts providing individual accident and sickness coverage as
68 authorized in § 38.2-4116 shall be used unless the premium rate change has been approved in writing by
69 the Commission. No premium rate change applicable to individual or group Medicare supplement
70 policies shall be used unless the premium rate change has been approved in writing by the Commission.

71 D. The Commission may disapprove or withdraw approval of the form of any policy, contract or
72 certificate specified in subsection A of this section, or of any application, enrollment form, rider or
73 endorsement, if the form:

74 1. Does not comply with the laws of ~~this~~ the Commonwealth;

75 2. Has any title, heading, backing or other indication of the contents of any or all of its provisions
76 that is likely to mislead the policyholder, contract holder or certificate holder; or

77 3. Contains any provisions that encourage misrepresentation or are misleading, deceptive or contrary
78 to the public policy of ~~this~~ the Commonwealth.

79 E. Within 30 days after the filing of any form requiring approval, the Commission shall notify the
80 organization filing the form of its approval or disapproval of the form which has been filed, and, in the
81 event of disapproval, its reason therefor. The Commission, at its discretion, may extend for up to an
82 additional 30 days the period within which it shall approve or disapprove the form. Any form received
83 but neither approved nor disapproved by the Commission shall be deemed approved at the expiration of
84 the 30 days if the period is not extended, or at the expiration of the extended period, if any; however,
85 no organization shall use a form deemed approved under the provisions of this section until the
86 organization has filed with the Commission a written notice of its intent to use the form together with a
87 copy of the form and the original transmittal letter thereof. The notice shall be filed in the offices of the
88 Commission at least 10 days prior to the organization's use of the form.

89 F. If the Commission proposes to withdraw approval previously given or deemed given to the form
90 of any policy, contract or certificate, or of any application, rider or endorsement, it shall notify the
91 insurer in writing at least 15 days prior to the proposed effective date of withdrawal giving its reasons
92 for withdrawal.

93 G. Any insurer or fraternal benefit society aggrieved by the disapproval or withdrawal of approval of
94 any form may proceed as indicated in § 38.2-1926.

95 H. This section shall not apply to any special rider or endorsement on any policy, except an accident
96 and sickness insurance policy that relates only to the manner of distribution of benefits or to the
97 reservation of rights and benefits under such policy, and that is used at the request of the individual
98 policyholder, contract holder or certificate holder.

99 I. The Commission may exempt any categories of such policies, contracts, and certificates and any
100 applicable rate manuals from (i) the filing requirements, (ii) the approval requirements of this section, or
101 (iii) both such requirements. The Commission may modify such requirements, subject to such limitations
102 and conditions which the Commission finds appropriate. In promulgating an exemption, the Commission
103 may consider the nature of the coverage, the person or persons to be insured or covered, the competence
104 of the buyer or other parties to the contract, and other criteria the Commission considers relevant.

105 J. In lieu of complying with the requirements of subsections A, B, and C, any legal services
106 organization operating, conducting, or administering a legal services plan may provide the Commission
107 with an informational filing regarding a subscription contract, enrollment form, rider, or endorsement
108 used by the legal services organization in connection with a legal services plan offered in the
109 Commonwealth together with written notice of its intent to use the form. Upon providing such
110 informational filing and notice, the legal services organization may use the subscription contract,
111 enrollment form, rider, or endorsement without its prior approval by the Commission. This subsection
112 shall not limit the authority of the Commission to review a legal services plan and any subscription
113 contract, enrollment form, rider, or endorsement used in connection therewith and to disapprove the use
114 of such form for any of the grounds set forth in subsection D.

115 K. Pursuant to the authority granted by § 38.2-223, the Commission may promulgate such rules and
116 regulations as it may deem necessary to set standards for policy and other form submissions required by
117 this section or § 38.2-3501.

118 **§ 38.2-1800. Definitions.**

119 As used in this chapter:

120 "Agent," "insurance agent," "producer," or "insurance producer," when used without qualification,

means an individual or business entity that sells, solicits, or negotiates contracts of insurance or annuity in the Commonwealth.

"Appointed agent," "appointed insurance agent," "appointed producer," or "appointed insurance producer," when used without qualification, means an individual or business entity licensed in the Commonwealth to sell, solicit, or negotiate contracts of insurance or annuity of the classes authorized within the scope of such license and who is appointed by a company licensed in the Commonwealth to sell, solicit, or negotiate on 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.

"Business entity" means a partnership, limited partnership, limited liability company, corporation, or other legal entity other than a sole proprietorship.

"Dental plan organization authority" means the authority in the Commonwealth to sell, solicit, or negotiate dental benefit contracts on behalf of dental plan organizations licensed under Chapter 61 (§ 38.2-6100 et seq.).

"Dental services authority" means the authority in the Commonwealth to sell, solicit, or negotiate dental services plan contracts on behalf of dental services plans licensed under Chapter 45 (§ 38.2-4500 et seq.).

"Filed" means received by the Commission.

"Health agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate insurance as defined in §§ 38.2-108 and 38.2-109, and including contracts issued by insurers, health services plans, health maintenance organizations, dental services plans, optometric services plans, and dental plan organizations licensed in the Commonwealth.

"Home protection insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate home protection insurance as defined in § 38.2-129 on behalf of insurers licensed in the Commonwealth.

"Home state" means the District of Columbia and any state or territory of the United States, except Virginia, or any province of Canada, in which an insurance producer maintains such person's principal place of residence or principal place of business and is licensed by that jurisdiction to act as a resident insurance producer.

"Legal services insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate legal services insurance as defined in § 38.2-127 on behalf of insurers licensed in the Commonwealth.

"License" means a document issued by the Commission authorizing an individual or business entity to act as an insurance producer for the lines of authority specified in the document. Except as provided in § 38.2-1833, the license itself does not create any authority, actual, apparent or inherent, in the licensee to represent, commit, or bind an insurer.

"Licensed agent," "licensed insurance agent," "licensed producer," or "licensed insurance producer," when used without qualification, means an individual or business entity licensed in the Commonwealth to sell, solicit, or negotiate contracts of insurance or annuity of the classes authorized within the scope of such license.

"Life and annuities insurance agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate life insurance and annuity contracts as defined in §§ 38.2-102, 38.2-103, 38.2-104, 38.2-105.1, 38.2-106, and 38.2-107.1, respectively, *and family leave insurance as defined in § 38.2-107.2*, on behalf of insurers licensed in the Commonwealth.

"Limited burial insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate burial insurance society membership where the certificates of membership are used solely to fund preneed funeral contracts on any individual, on behalf of insurers licensed under Chapter 40 (§ 38.2-4000 et seq.); or to represent an association referred to in § 38.2-3318.1, limited to soliciting members of that association for association group life insurance certificates where the funds are used solely to fund preneed funeral contracts.

"Limited lines credit insurance agent" means an agent licensed in the Commonwealth whose authority is restricted to selling, soliciting, or negotiating, on behalf of insurers licensed in the Commonwealth, one or more of the following coverages to individuals through a master, corporate, group or individual policy: (i) credit life insurance and credit accident and sickness insurance, but only to the extent authorized in Chapter 37.1 (§ 38.2-3717 et seq.); (ii) credit involuntary unemployment insurance as defined in § 38.2-122.1; (iii) credit property insurance, as defined in § 38.2-122.2; (iv) mortgage accident and sickness insurance; (v) mortgage redemption insurance; (vi) mortgage guaranty insurance; and (vii) any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing that credit obligation and that the Commission specifically determines may be sold, solicited, or negotiated by those holding a limited lines credit insurance agent license. Each insurer that sells, solicits or negotiates any of the coverages set forth in this definition shall provide to each individual whose duties will include selling, soliciting or negotiating such

182 coverages a program of instruction that may, at the discretion of the Commission, be submitted for
183 approval by the Commission or reviewed by the Commission subsequent to its implementation.

184 "Limited lines life and health agent" means an individual or business entity authorized by the
185 Commission whose license authority to sell, solicit, or negotiate is limited to the following, or any other
186 type of authority that the Commission may deem it necessary to recognize for the purposes of
187 complying with § 38.2-1836: dental services authority; limited burial insurance authority; mutual
188 assessment life and health insurance authority; optometric services authority; and dental plan
189 organization authority. Limited lines life and health insurance shall not include life insurance, health
190 insurance, property insurance, casualty insurance, and title insurance.

191 "Limited lines property and casualty agent" means an individual or business entity authorized by the
192 Commission whose license authority to sell, solicit, or negotiate is limited to the following, or any other
193 type of authority that the Commission may deem it necessary to recognize for the purposes of
194 complying with § 38.2-1836: home protection insurance authority; legal services insurance authority;
195 mutual assessment property and casualty insurance authority; ocean marine insurance authority; pet
196 accident, sickness and hospitalization insurance authority; portable electronics insurance authority; self
197 storage insurance authority; and travel insurance. Unless otherwise defined, "limited lines property and
198 casualty insurance" shall not include life insurance, health insurance, property insurance, casualty
199 insurance, and title insurance.

200 "Mortgage accident and sickness insurance authority" means the authority in the Commonwealth to
201 sell, solicit, or negotiate mortgage accident and sickness insurance on behalf of insurers licensed in the
202 Commonwealth.

203 "Mortgage guaranty insurance authority" means the authority in the Commonwealth to sell, solicit, or
204 negotiate mortgage guaranty insurance on behalf of insurers licensed in the Commonwealth.

205 "Mortgage redemption insurance authority" means the authority in the Commonwealth to sell, solicit,
206 or negotiate mortgage redemption insurance on behalf of insurers licensed in the Commonwealth. As
207 used in this chapter, "mortgage redemption insurance" means a nonrenewable, nonconvertible, decreasing
208 term life insurance policy written in connection with a mortgage transaction for a period of time
209 coinciding with the term of the mortgage. The initial sum shall not exceed the amount of the
210 indebtedness outstanding at the time the insurance becomes effective, rounded up to the next \$1,000.

211 "Motor vehicle rental contract enroller" means an unlicensed hourly or salaried employee of a motor
212 vehicle rental company that is in the business of providing primarily private motor vehicles to the public
213 under a rental agreement for a period of less than six months, and receives no direct or indirect
214 commission from the insurer, the renter or the vehicle rental company.

215 "Motor vehicle rental contract insurance agent" means a person who (i) is a selling agent of a motor
216 vehicle rental company that is in the business of providing primarily private passenger motor vehicles to
217 the public under a rental agreement for a period of less than six months and (ii) whose license in the
218 Commonwealth is restricted to selling, soliciting, or negotiating only the following insurance coverages,
219 and solely in connection with and incidental to the rental contract:

220 1. Personal accident insurance that provides benefits in the event of accidental death or injury
221 occurring during the rental period;

222 2. Liability coverage sold to the renter in excess of the rental company's obligations under
223 § 38.2-2204, 38.2-2205, or Title 46.2, as applicable;

224 3. Personal effects insurance that provides coverages for the loss of or damage to the personal effects
225 of the renter and other vehicle occupants while such personal effects are in or upon the rental vehicle
226 during the rental period;

227 4. Roadside assistance and emergency sickness protection programs; and

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

230 The term "motor vehicle rental contract insurance agent" does not include motor vehicle rental
231 contract enrollers.

232 "Mutual assessment life and health insurance authority" means the authority in the Commonwealth to
233 sell, solicit, or negotiate mutual assessment life and accident and sickness insurance on behalf of insurers
234 licensed under Chapter 39 (§ 38.2-3900 et seq.), but only to the extent permitted under § 38.2-3919.

235 "Mutual assessment property and casualty insurance authority" means the authority in the
236 Commonwealth to sell, solicit, or negotiate mutual assessment property and casualty insurance on behalf
237 of insurers licensed under Chapter 25 (§ 38.2-2500 et seq.), but only to the extent permitted under
238 § 38.2-2525.

239 "NAIC" means the National Association of Insurance Commissioners.

240 "Negotiate" means the act of conferring directly with or offering advice directly to a purchaser or
241 prospective purchaser of a particular contract of insurance concerning any of the substantive benefits,
242 terms or conditions of the contract, provided that the person engaged in that act either sells insurance or
243 obtains insurance from insurers for purchasers.

"Ocean marine insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate those classes of insurance classified in § 38.2-126, except those classes specifically classified as inland marine insurance, on behalf of insurers licensed in the Commonwealth.

"Optometric services authority" means the authority in the Commonwealth to sell, solicit, or negotiate optometric services plan contracts on behalf of optometric services plans licensed under Chapter 45 (§ 38.2-4500 et seq.).

"Personal lines agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate insurance as defined in §§ 38.2-110 through 38.2-114, 38.2-116, 38.2-117, 38.2-118, 38.2-124, 38.2-125, 38.2-126, 38.2-129, 38.2-130, and 38.2-131 for transactions involving insurance primarily for personal, family, or household needs rather than for business or professional needs.

"Pet accident, sickness and hospitalization insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate pet accident, sickness and hospitalization insurance on behalf of insurers licensed in the Commonwealth.

"Property and casualty insurance agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate both personal and commercial lines of insurance as defined in §§ 38.2-110 through 38.2-122.2, and §§ 38.2-124 through 38.2-134 on behalf of insurers licensed in the Commonwealth.

"Resident" means (i) an individual residing in Virginia; (ii) an individual residing outside of Virginia whose principal place of business is in Virginia, who is able to demonstrate to the satisfaction of the Commission that the laws of his home state prevent him from obtaining a resident agent license in that state, and who affirmatively chooses to qualify as and be treated as a resident of Virginia for purposes of licensing and continuing education, both in Virginia and in the state in which the individual resides, if applicable; (iii) a partnership duly formed and recorded in Virginia; (iv) a corporation incorporated and existing under the laws of Virginia; (v) a limited liability company organized and existing under the laws of Virginia; or (vi) a foreign business entity that is not licensed as a resident agent in any other jurisdiction, and that demonstrates to the satisfaction of the Commission that its principal place of business is within the Commonwealth of Virginia.

"Restricted nonresident health agent" means a nonresident agent whose license authority in his home state does not include all of the authority granted under a health agent license in Virginia. The license issued to such agent shall authorize the agent to sell, solicit, or negotiate in Virginia, on behalf of insurers licensed in Virginia, only those kinds or classes of insurance for which the agent is authorized in his home state.

"Restricted nonresident life and annuities agent" means a nonresident agent whose license authority in his home state does not include all of the authority granted under a life and annuities agent license in Virginia. The license issued to such agent shall authorize the agent to sell, solicit, or negotiate in Virginia, on behalf of insurers licensed in Virginia, only those kinds or classes of insurance for which the agent is authorized in his home state.

"Restricted nonresident personal lines agent" means a nonresident agent whose license authority in his home state does not include all of the authority granted under a personal lines agent license in Virginia. The license issued to such agent shall authorize the agent to sell, solicit, or negotiate in Virginia, on behalf of insurers licensed in Virginia, only those kinds or classes of insurance for which the agent is authorized in his home state.

"Restricted nonresident property and casualty agent" means a nonresident agent whose license authority in his home state does not include all of the authority granted under a property and casualty agent license in Virginia. The license issued to such agent shall authorize the agent to sell, solicit, or negotiate in Virginia, on behalf of insurers licensed in Virginia, only those kinds or classes of insurance for which the agent is authorized in his home state.

"Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurer.

"Settlement agent" means a person licensed as a title insurance agent and registered with the Virginia State Bar pursuant to Chapter 10 (§ 55.1-1000 et seq.) of Title 55.1.

"Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular class of insurance from one or more insurers.

"Surety bail bondsman" means a person licensed as a surety bail bondsman pursuant to Article 11 (§ 9.1-185 et seq.) of Chapter 1 of Title 9.1.

"Surplus lines broker" means a person licensed pursuant to Article 5.1 (§ 38.2-1857.1 et seq.) of this chapter, and who is thereby authorized to engage in the activities set forth in Chapter 48 (§ 38.2-4805.1 et seq.).

"Terminate" means the cancellation of the relationship between an insurance producer and the insurer, or the termination of an insurance producer's authority to transact insurance.

"Title insurance agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate title insurance, and performing all of the services set forth in § 38.2-4601.1, on behalf of title insurance

305 companies licensed under Chapter 46 (§ 38.2-4600 et seq.).

306 "Uniform Application" means the current version of the NAIC Uniform Application for resident and
307 nonresident producer licensing.

308 "Uniform Business Entity Application" means the current version of the NAIC Uniform Business
309 Entity Application for resident and nonresident business entities.

310 "Variable contract agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate
311 variable life insurance and variable annuity contracts on behalf of insurers licensed in the
312 Commonwealth.

313 "Viatical settlement broker" means a person licensed pursuant to Chapter 60 (§ 38.2-6000 et seq.), in
314 accordance with Article 6.1 (§ 38.2-1865.1 et seq.) of this chapter, and who is thereby authorized to
315 engage in the activities set forth in Chapter 60 (§ 38.2-6000 et seq.).