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STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

April 13, 1979

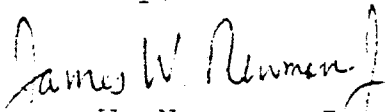
1979-12

TO: . All Companies Licensed to Write
Insurance in Virginia

RE: 1979 Acts of the General Assembly of Virginia

During its 1979 Session, the General Assembly enacted several pieces of legislation affecting insurance companies which will become effective July 1, 1979 unless otherwise indicated. The most important of these new laws are summarized in the attached memorandum. Notice of these laws should be directed to the proper person(s) to insure that appropriate action is taken by your company to comply with any new requirements.

Sincerely,


James W. Newman, Jr.
Commissioner of Insurance

JWNjr:dj
Attachment

1979 Insurance Legislation
Commonwealth of Virginia

GENERAL

1. Chapter 324 (House Bill 1889)

This law prohibits insurance companies from refusing to insure or refusing to continue to insure or limiting the amount, extent, or kind of coverage or charging a different rate solely because of blindness or partial blindness except where based on actuarial principles or if it is related to actual or reasonably anticipated experience. (§38.1-52)

LIFE AND HEALTH INSURANCE

2. Chapter 13 (House Bill 501)

This law requires that plans for future hospitalization, medical and surgical services make available health insurance coverages for the services of clinical social workers. (§32-195.10:1, 38.1-347.1, 38.1-348.7 and 38.1-360)

3. Chapter 47 (House Bill 711)

This law allows the State Corporation Commission to establish rules and regulations for simplified and readable accident and sickness insurance policies. The rules and regulations may be applicable only to those policy forms issued on a non-group basis or to groups with ten (10) or fewer members and must be advisory only for a period of at least eighteen months. (§38.1-354.1)

4. Chapter 97 (House Bill 272)

This law creates two new rights for those individuals whose health insurance policies might otherwise be terminated due to loss of eligibility for group coverage. The first right entitles an individual to have a non-group health insurance policy issued to him or her without evidence of insurability upon certain conditions. The second right entitles an individual to an extension of coverage under the group policy for ninety days upon certain conditions. (§32-195.8 and 32.1-360)

5. Chapter 399 (Senate Bill 859)

This law expands the definition of the required health insurance coverages for inpatient care

benefits for drug and alcohol rehabilitation and treatment whether provided in a mental or general hospital or other licensed alcohol rehabilitation facility with certain limitations of coverage. (§38.1-348.7)

6. Chapter 721 (Senate Bill 663)

This law transfers the sections of the Code relating to prepaid health plans from Title 32 to Title 38.1 and prohibits the operation of a plan without a license issued by the State Corporation Commission. (§38.1-810 through 38.1-862) This law is effective immediately.

7. Chapter 726 (Senate Bill 737)

This law allows the State Corporation Commission to disapprove or withdraw approval of a policy of individual accident and sickness insurance if it finds that the benefits provided are not reasonable in relation to the premium charged. (§38.1-362.7)

8. Chapter 324 (House Bill 1889)

This law prohibits insurers from soliciting or effecting the sale of a policy of life insurance or accident and sickness insurance without furnishing such disclosure information as required by the State Corporation Commission. (§38.1-52)

9. Chapter 341 (House Bill 1890)

This law prohibits an insurer or prepaid health plan from denying or limiting a claim under an insurance policy or a contract for future hospitalization, medical, and surgical services for the reason that the claimant has received a settlement from the person causing the injury. (§38.1-342.2)

PROPERTY AND CASUALTY INSURANCE

10. Chapter 4 (Senate Bill 201)

This law requires that any insurer issuing automobile insurance policies on risks assigned by the Virginia Automobile Insurance Plan must provide to the named insured a statement defining the rate classifications of the insured at the time of issuance or renewal. (§38.1-381.7)

11. Chapter 113 (Senate Bill 734)

This law provides that a deductible of two hundred dollars (\$200) may be applied to uninsured

motorists insurance coverage only in those cases where the loss is a result of an accident involving an unidentified owner or operator. (§38.1-381)

12. Chapter 157 (House Bill 1902)

This law allows local governments to provide or purchase liability coverage for volunteers and board and commission members. (§15.1-506.1)

13. Chapter 176 (House Bill 1550)

This law allows the State Corporation Commission to approve a readable fire or homeowners insurance policy form deviating from the standard fire insurance form as long as the readable form is in each and every respect not less favorable to the insured. (§38.1-367.1) This law is effective immediately.

14. Chapter 228 (House Bill 1837)

This law changes the minimum amount of property damage that must occur in an automobile accident before a report to the Division of Motor Vehicles is required from two hundred fifty dollars (\$250) to three hundred fifty dollars (\$350) or more. (§46.1-400)

15. Chapter 279 (House Bill 1243)

This law requires that an insurance company release to certain law enforcement agencies upon request all information in its possession relating to a fire loss and it requires that an insurer report a fire loss to certain law enforcement agencies when it has reason to believe that the loss may be of other than accidental cause. Immunity from prosecution for release of information is granted to insurers and to any persons acting on their behalf. (§27-85.3 through 27-85.6)

16. Chapter 401 (House Bill 665)

This law sets up a regulatory scheme for the disposition of salvage motor vehicles to be administered by the Commissioner of the Division of Motor Vehicles. The law requires such things as registration of dealers in salvage vehicles, application by insurance companies for title to total loss vehicles and maintenance of records on salvage vehicles. (§46.1-550.5 through 46.1-550.13)

17. Chapter 463 (House Bill 1952)

This law permits two or more employers to join together in a group self-insurance association

to meet their obligations under the Workmen's Compensation Act. Responsibility for licensing and regulating such associations is assigned to the State Corporation Commission.

18. Chapter 457 (House Bill 1549)

This law authorizes the State Corporation Commission to establish standards for the content of any policy of fire or homeowner's insurance. Policy forms that do not meet the standards established by rule and regulation of the Commission will not be approved for use in the Commonwealth.

19. Chapter 458 (House Bill 1551)

This law changes the language of the standard 165-line fire policy with respect to the inventory requirement in case a loss occurs and with respect to the appraisal clause.

20. Chapter 521 (House Bill 1898)

This law increases the maximum amount in excess of any deductible of a claim from one hundred fifty dollars (\$150) to three hundred dollars (\$300) that may be subject to collection of double damages plus attorney's fees and expenses if a court finds that an insurance company's refusal to pay was not made in good faith.

FINANCIAL CONDITION AND AGENTS' LICENSING

21. Chapter 437 (Senate Bill 801)

This law changes the valuation standards and nonforfeiture benefits of life insurance policies and annuities.

22. Chapter 513 (House Bill 1406)

This law recodifies Chapter 7 of the Virginia Insurance Code relating to the regulation, qualification, examination and licensure of insurance agents and brokers.

RESOLUTIONS

1. House Joint Resolution No. 235

This resolution continues the study of the Commonwealth's insurance coverages. Study of such

things as general liability risk exposure including the problems of local governments, procurement practices and accurate cost and risk exposure data are isolated for study this year.

2. House Joint Resolution No. 247

This resolution directs the Commissioner of Insurance to actively encourage insurance companies in Virginia to develop and issue more readable insurance policies.

3. House Resolution No. 38

This resolution requests the Workmen's Compensation Subcommittee of the House Committee on Labor and Commerce to continue its study of the factors accounting for the accelerating increase in workmen's compensation insurance premiums.

4. House Joint Resolution No. 248

This resolution continues the Virginia Advisory Legislative Council Study of fire insurance policies. The issue of replacement value and the 80 percent coinsurance requirement will be given particular emphasis this year.

5. Senate Joint Resolution No. 166

This resolution requests the Virginia Advisory Legislative Council to study the underwriting and rating procedures of those insurance companies issuing fire and homeowners insurance on private residences. The rates and quality of service of the FAIR Plan will also be examined in this study.

6. House Joint Resolution No. 341

This resolution requests the State Corporation Commission to undertake a study of the feasibility of, and the means of implementing a program of continuing education requirements for insurance agents.