

COMMONWEALTH OF VIRGINIA



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STATE CORPORATION COMMISSION BUREAU OF INSURANCE

April 19, 1991

Administrative Letter
1991-5

TO: All Insurers, Health Services Plans and Health Maintenance Organizations
Licensed to Write Life Insurance or Accident and Sickness Insurance in Virginia

RE: Effective Date of New Section 38.2-508.1 of the Code of Virginia

The 1991 Virginia General Assembly, by passing two identical bills (HB 1385 and SB 847), created a new section of the Code of Virginia, Section 38.2-508.1, dealing with unfair trade practices (copy of SB 487 attached). This new section provides that the actions described are prohibited as being unfairly discriminatory. All insurers are therefore directed to immediately review their underwriting practices and to be sure that there is no violation of this new section of the Code of Virginia.

The Governor of Virginia on April 3, 1991, signed both versions of the law as emergency legislation, making Section 38.2-508.1 effective on April 3, 1991. As a result, immediate compliance with Section 38.2-508.1 is required.

Questions regarding the contents of this letter should be directed to:

Robert L. Wright, CLU, CIE
Supervisor, Forms and Rates Section
Life and Health Division
Bureau of Insurance
P. O. Box 1157
Richmond, Virginia 23209

Yours truly,

A handwritten signature in black ink, appearing to read "S. T. Foster".
Steven T. Foster
Commissioner of Insurance

STF/ds
Attachment

1991 SESSION

VIRGINIA ACTS OF ASSEMBLY - CHAPTER 663

An Act to amend the Code of Virginia by adding a section numbered 38.2-508.1, relating to life insurance for members of the armed forces and the National Guard.

[S 847]

Approved 4-3-91

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 38.2-508.1, as follows:

§ 38.2-508.1. Unfair discrimination; members of the armed forces.—A. No person shall refuse to issue or refuse to continue a life insurance policy on the life of any member of the United States Armed Forces, the Reserves of the United States Armed Forces or the National Guard due to (i) their status as a member of any such military organization or (ii) their duty assignment while a member of any such military organization.

B. In circumstances where an individual's or family member's coverage under a group life or group health insurance policy or contract was terminated due to such individual's status as a member of the United States Armed Forces, the Reserves of the United States Armed Forces or the National Guard, no person shall refuse to reinstate such coverage, regardless of continuation, renewal, reissue or replacement of the group insurance policy, upon the occurrence of the individual's return to eligibility status under the policy or contract. Such reinstated coverage shall not contain any new preexisting condition or other exclusions or limitations except that the remainder of a preexisting condition requirement that was not satisfied prior to termination of the individual's coverage resulting from such military status may be applied once the individual returns and coverage under the group policy is reinstated.

President of the Senate

Speaker of the House of Delegates

Approved:

Governor