

COMMONWEALTH OF VIRGINIA

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May 20, 2015

Administrative Letter 2015-10

To: All Insurers and Other Interested Parties

Re: Insurance-Related Legislation Enacted by the 2015 Virginia General Assembly

We have attached for your reference summaries of certain insurance-related statutes enacted or amended and re-enacted during the 2015 Session of the Virginia General Assembly. **The effective date of these statutes is July 1, 2015, except as otherwise indicated in this letter.** Each organization to which this letter is being sent should review the summaries carefully and see that notice of these laws is directed to the proper persons, **including appointed representatives**, to ensure that appropriate action is taken to effect compliance with these new legal requirements. Copies of individual bills referred to in this letter may be obtained at <http://lis.virginia.gov/cgi-bin/legp604.exe?ses=141&typ=lnk&val=55> or via the links we have provided in the summary headings. You may enter the bill number (not the chapter number) on the Virginia General Assembly Home Page, and you will be linked to the Legislative Information System. You may also link from the Legislative Information System to any existing section of the Code of Virginia. All statutory references made in the letter are to Title 38.2 (Insurance) of the Code of Virginia unless otherwise noted. All references to the Commission refer to the State Corporation Commission.

Please note that this document is a **summary** of legislation. It is neither a legal review and interpretation nor a full description of the legislative amendments affecting insurance-related laws during the 2015 Session. Each person or organization is responsible for review of relevant statutes.

Sincerely

A handwritten signature in cursive script that reads 'Jacqueline K. Cunningham'.

Jacqueline K. Cunningham
Commissioner of Insurance

Attachment

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Chapter 9 ([Senate Bill 697](#)) and Chapter 443 ([House Bill 1357](#))

§§ 38.2-231, 38.2-2113, and 38.2-2208. Commercial liability, homeowners, and automobile insurance policies; notices. Authorizes insurers to send certain notices, including nonrenewal and cancellation notices, pertaining to commercial liability, homeowners, or motor vehicle insurance policies by any first-class mail tracking method used or approved by the United States Postal Service (USPS), in addition to the registered and certified mail options. Insurers should note that the certain methods of delivery previously permitted by statute are no longer permissible methods of delivery, including “certificates of mailing” and “certificates of bulk mailing.”

Chapter 11 ([Senate Bill 729](#))

§ 38.2-3730. Credit life and credit accident and sickness insurance; reports. Removes the requirement that insurers file annual reports regarding credit life and credit accident and sickness insurance with the Commission. There is no change in the requirement for the information to be filed with the National Association of Insurance Commissioners.

Chapter 14 ([Senate Bill 748](#))

§§ 38.2-4214, 38.2-4319, 38.2-4408, and 38.2-4509. Insurance plans; hypothecation of assets. Applies provisions regulating the hypothecation of assets that currently apply to most insurers to health services plans, health maintenance organizations, and insurers offering dental or optometric services plans. The bill requires insurers to maintain a certain amount of free and unencumbered admitted assets and to report to the Commission certain information regarding transactions encumbering assets.

Chapter 32 ([Senate Bill 1227](#)) and Chapter 115 ([House Bill 2063](#))

§§ 38.2-3418.16 and 54.1-3303. Telemedicine services; prescriptions. Amends the definition of “telemedicine services” to encompass the use of electronic technology or media, including interactive audio or video, for the purpose of diagnosing or treating a patient or consulting with other health care providers regarding a patient's diagnosis or treatment.

Chapter 334 ([House Bill 1742](#))

§ 38.2-1884. Self-storage unit insurance. Removes the per-customer dollar limit on the amount of incidental compensation an employee or representative of a lessor of self-storage units may receive in connection with the sale of self-storage insurance. Currently, such compensation is limited to \$10 per customer who purchases such coverage for a self-storage unit.

Chapter 515 ([House Bill 1942](#)) and Chapter 516 ([Senate Bill 1262](#))

§ 38.2-3407.15:2. Health insurance plans and programs; preauthorization for drug benefits. Requires provider contracts under which an insurance carrier or its intermediary has the right or obligation to require preauthorization for a drug benefit to include specific provisions governing the preauthorization process.

Chapter 518 ([House Bill 2031](#))

§ 38.2-3407.15:2. Health insurance; updating maximum allowable cost pricing lists. Requires any contract between a health insurance carrier and its intermediary, pursuant to which the intermediary has the right or obligation to establish a maximum allowable cost, and any provider contract between a carrier and a participating pharmacy provider or its contracting agent, pursuant to which the carrier has the right or obligation to establish a maximum allowable cost, to contain specific provisions that require the intermediary or carrier to update the maximum allowable cost list, and verify the availability of the drugs on such list. Such contracts are also required to contain provisions that require the intermediary or carrier to provide a process for an appeal, investigation, and resolution of disputes regarding maximum allowable cost drug pricing.

Chapter 584 ([Senate Bill 1190](#)) and Chapter 585 ([House Bill 1819](#))

§§ 38.2-2206 and 8.01-66.1:1. Motor vehicle liability insurance; underinsured motorist claims; settlement procedures; subrogation. Establishes a procedure by which an injured person or personal representative may settle a claim with a liability insurer or insurers and the liability insurer's or insurers' insured for the available limits of the liability insurer's coverage without prejudice to any underinsured motorist benefits or claim. Upon payment of the liability insurer's available limits, the liability insurer has no further duties to its insured and the underinsured motorist benefits insurer shall have no right of subrogation or claim against the underinsured motorist. The provisions of the bill apply to policies issued or renewed on or after January 1, 2016.

Chapter 619 ([House Bill 2357](#))

§ 38.2-1906. Insurance rates; policies transferred pursuant to agent book transfer. Clarifies that an insurer may cap the renewal rates for policies that have been transferred by an agent from one insurer to another insurer pursuant to an agent book transfer, to the same extent that such rates may be capped for policyholders whose coverage is continued by that insurer.

Chapter 649 ([House Bill 1747](#))

§§ 38.2-3412.1, 38.2-3418.17, 38.2-4300, 38.2-4319, and 38.2-5800. Health insurance; mental health parity. Conforms certain requirements regarding coverage for mental health and substance use disorders to provisions of the federal Mental Health Parity and Addiction Equity Act of 2008 (the Act). The bill requires that group and individual health insurance coverage provide mental health and substance use disorder benefits. Such benefits shall be in parity with the medical and surgical benefits contained in the coverage in accordance with the Act, even where those requirements would not otherwise apply directly. The measure requires the Bureau of Insurance to develop reporting requirements regarding denied claims, complaints, and appeals involving such coverage and to compile the information into an annual report.

Chapter 650 ([House Bill 1940](#))

§ 38.2-3418.17. Health insurance; mandated coverage for autism spectrum disorder. Requires health insurers, health care subscription plans, and health maintenance organizations to provide coverage for the diagnosis and treatment of autism spectrum disorder in individuals from age two through age ten. Currently, such coverage is required to be provided for individuals from age two through age six. The provision applies with respect to insurance policies, subscription contracts, and health care plans delivered, issued for delivery, reissued, or extended on or after January 1, 2016. The measure does not apply to policies, contracts, or plans issued in the individual market or the small group market, which effective January 1, 2016, will include employers with no more than 100 employees

Chapter 723 ([House Bill 1444](#)) Effective 1/1/2016

§§ 38.2-3407.19, 38.2-4214, 38.2-4319, and 38.2-4509. Vision care plans; reimbursement for services. Prohibits a participating provider agreement between a vision care plan carrier and an optometrist or ophthalmologist from establishing the fee or rate that the optometrist or ophthalmologist is required to accept for the provision of health care materials or services, or from requiring that an optometrist or ophthalmologist accept the reimbursement paid by the vision care plan carrier as

payment in full, unless the services or materials are covered services or covered materials under the applicable vision care plan. Reimbursements by a vision care plan carrier are required to be reasonable, which is defined as the negotiated fee or rate that is set forth in the participating provider agreement and is acceptable to the provider. Vision care plans shall not require an optometrist or ophthalmologist to use a particular optical laboratory, manufacturer of eyeglass frames or contact lenses, or third-party supplier as a condition of participation in a vision care plan. Changes to a participating provider agreement shall be submitted in writing to the optometrist or ophthalmologist at least 30 days prior to their effective date. Provisions of this measure that relate to covered materials also apply to licensed opticians practicing in the Commonwealth. The bill has a delayed effective date of January 1, 2016.