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May 4, 2017

Administrative Letter 2017-02

To: All Insurers and Other Interested Parties

Re: Insurance-Related Legislation Enacted by the 2017 Virginia General Assembly

We have attached for your reference summaries of certain insurance-related statutes enacted or amended and re-enacted during the 2017 Session of the Virginia General Assembly. **The effective date of these statutes is July 1, 2017, 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?171+men+BIL> 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 2017 Session. Each person or organization is responsible for review of relevant statutes.

Sincerely,

A handwritten signature in black ink, appearing to read "Jacqueline K. Cunningham".

Jacqueline K. Cunningham
Commissioner of Insurance

Attachment

TABLE OF CONTENTS

Chapter Number and Bill Number	Page Number
Chapter 39 (Senate Bill 994).....	3
Chapter 287 (House Bill 1656) Effective March 3, 2017.....	3
Chapter 477 (House Bill 1471).....	3
Chapter 482 (House Bill 1835).....	3
Chapter 588 (House Bill 2037).....	4
Chapter 615 (House Bill 1450).....	4
Chapter 643 (House Bill 2102) Effective January 1, 2018	4
Chapter 648 (House Bill 2422).....	4
Chapter 653 (Senate Bill 1074)	5
Chapter 655 (Senate Bill 1158)	5
Chapter 716 (House Bill 2267).....	5
Chapter 727 (House Bill 1542) Effective January 1, 2018	5
Chapter 756 (House Bill 2318) Effective January 1, 2018	5

Chapter 39 ([Senate Bill 994](#))

The bill authorizes the State Corporation Commission (Commission) to refund assessment overpayments to insurers and surplus line brokers without issuing a refund order. The measure conforms these procedures to other refunding provisions administered by the Bureau of Insurance (Bureau).

Chapter 287 ([House Bill 1656](#)) Effective March 3, 2017

The bill prohibits health insurance policies and plans from holding proton radiation therapy to a higher standard of clinical evidence for benefit coverage decisions than is applied for other types of radiation therapy treatment. The measure applies to policies and plans that provide coverage for cancer therapy. The bill was effective from its passage.

Chapter 477 ([House Bill 1471](#))

The bill adopts revisions to the Credit for Reinsurance Model Law adopted by the NAIC. It authorizes the Commission to adopt regulations specifying additional requirements relating to or setting forth the valuation of assets or reserve credits; the amount and forms of security supporting certain reinsurance arrangements; and the circumstances pursuant to which credit will be reduced or eliminated. The new regulation will address reinsurance arrangements entered into with life/health insurer-affiliated captives, special purpose vehicles or similar entities that may not have the same statutory accounting or solvency requirements as U.S.-based multi-state life/health insurers.

Chapter 482 ([House Bill 1835](#))

The bill allows a funeral service provider to request, and allows a life insurer to provide, information about a deceased person's life insurance policy, including the name and contact information of any beneficiaries of record. The bill requires a funeral service provider to whom such information is provided to make all reasonable efforts to contact all beneficiaries of record, if the beneficiary is not the decedent's estate, within four calendar days of receiving such information and provide to the beneficiaries all information provided to the funeral service provider by the insurance carrier. The bill also requires the funeral service provider to inform the beneficiaries that the beneficiary of a life insurance policy has no legal duty or obligation to pay any amounts associated with the provision of funeral services or the debts or obligations of the deceased.

Chapter 588 ([House Bill 2037](#))

The bill provides that when there is no amount actually paid or payable by a health insurer, health services plan, or health maintenance organization to a provider for covered services, the insurer, health services plan, or health maintenance organization is required to calculate the cost-sharing obligation of the insured, subscriber, or enrollee based on a pre-established allowed amount..

Chapter 615 ([House Bill 1450](#))

The bill provides that if a pharmacy has provided notice through an intermediary of its agreement to accept reimbursements at rates applicable to preferred providers, the insurer or its intermediary may elect to respond directly to the pharmacy instead of the intermediary. The measure does not require an insurer to contract with a pharmacy's intermediary and does not prohibit an insurer or its intermediary from contracting with or disclosing confidential information to a pharmacy's intermediary.

Chapter 643 ([House Bill 2102](#)) Effective January 1, 2018

This new article outlines the requirements for completing and submitting a Corporate Governance Annual Disclosure (CGAD) with the Commission, and provides for the confidential treatment of the CGAD and related information. The bill requires all domestic insurers, or the insurance group of which they are a member, to file a CGAD on June 1 of each calendar year. The CGAD is a confidential report related to an insurer or insurance group's internal operations which summarizes its corporate governance structure, policies and practices.

Chapter 648 ([House Bill 2422](#))

The bill provides that an insurance institution or agent which shares nonpublic personal information with non-affiliated parties only in accordance with § 38.2-613 does not have to continue to provide the annual privacy notice if the insurance institution's or agent's sharing practices have not changed since the last time a notice was given. If the insurance institution or agent changes its sharing practices, then a notice outlining the new practices must be given to the consumer.

Chapter 653 ([Senate Bill 1074](#))

Chapter 250 of the 2016 Acts of Assembly repealed provisions relating to the licensure and operations of automobile clubs. This bill amends the definition of "insurance" in § 38.2-100 to clarify that service agreements (defined in § 38.2-514.1) offered by automobile clubs are not "insurance."

Chapter 655 ([Senate Bill 1158](#))

The bill requires a foreign reciprocal to obtain a license to transact the business of insurance in the Commonwealth if an affiliate of the foreign reciprocal is licensed to write the class of insurance it proposes to write in Virginia and is writing actively that class of insurance in its state of domicile or at least two other states. The measure also provides that a foreign or alien reciprocal is prohibited from transacting the business of insurance in Virginia until it obtains from the SCC both a certificate of authority and a license to transact the business of insurance in the Commonwealth.

Chapter 716 ([House Bill 2267](#))

The bill requires any health benefit plan that is amended, renewed, or delivered on or after January 1, 2018, that provides coverage for hormonal contraceptives, to cover up to a 12-month supply of hormonal contraceptives when dispensed or furnished at one time for a covered person by a provider or pharmacy or at a location licensed or otherwise authorized to dispense drugs or supplies.

Chapter 727 ([House Bill 1542](#)) Effective January 1, 2018

The bill transfers responsibility for regulating home service contract providers from the Commission to the Commissioner of the Department of Agriculture & Consumer Services.

Chapter 756 ([House Bill 2318](#)) Effective January 1, 2018

The bill removes from the definition of "birth-related neurological injury" a provision that it applies retroactively to any child born on and after January 1, 1988, who suffers from an injury to the brain or spinal cord caused by the deprivation of oxygen or mechanical injury occurring in the course of labor, delivery or resuscitation in the immediate post-delivery period in a hospital. The bill also requires the Commission to prepare a report containing options and recommendations for improving the actuarial soundness of financing for the Virginia Birth-Related Neurological Injury Compensation Program for the Governor and Chairmen of the House Appropriations and Senate Finance Committees no later than November 1, 2017.