

**Compliance with Loss Ratio Filing and Monitoring Requirements for
Accident and Sickness Excepted Benefits Policies
Guidance Document from the Virginia Bureau of Insurance**

The purpose of this guidance document is to remind insurers of the anticipated loss ratio standards outlined in [14 VAC 5-130-65](#) of the Virginia Administrative Code for filings subject to the provisions of Chapter 35 of Title 38.2 of the Code of Virginia (“Code”) and to encourage proactive self-compliance with the requirements of Virginia law. [14 VAC 5-130-90](#) provides the State Corporation Commission (“Commission”) with the authority to monitor actual experience under any form subject to this regulation. If the Commission finds that the premium rate filed in accordance with this chapter is not meeting or will not meet the originally filed and approved loss ratio, the Commission may require insurers to implement the remedies outlined in 14 VAC 5-130-90 C.

A recent market analysis conducted by the Bureau of Insurance (“Bureau”) indicates that insurers that write excepted benefits policies in Virginia are generally not in compliance with minimum and anticipated loss ratio requirements set forth in 14 VAC 5-130-65.

To address non-compliance with 14 VAC 5-130-65, insurers should immediately evaluate their open and closed blocks of business to determine whether corrective actions must be taken to come into compliance with this section. The attached template has been developed to assist insurers with this evaluation.¹

Corrective actions include any of the following: payment of premium refunds, premium credits and appropriate rate adjustments for all affected policyholders. These actions may be combined with enhancing current benefits as allowed under policy requirements. If premium is collected through employer payroll deduction, premium refunds or credits will not be required and other corrective actions should be considered. Any changes proposed to approved policy forms, beyond what is stated as variable, must be filed with the Bureau and comply with current laws and regulatory guidance.

Pursuant to [§ 38.2-1317.2](#) of the Code, the Bureau will be sending a questionnaire to certain insurers that have written excepted benefits policies in Virginia to gather information about the number of policies issued and the products currently being offered. The Bureau will continue to monitor loss ratios of insurers that write excepted benefits policies, and if the Bureau identifies continued non-compliance, violations may be considered knowing and willful pursuant to [§ 38.2-218 A](#) of the Code.

Any questions concerning this guidance document or the attached template may be addressed to Chief Insurance Market Examiner Julie Fairbanks at Julie.fairbanks@scc.virginia.gov or (804) 371-9385.

¹ Insurers subject to any future market conduct action will be required to complete and submit this template.