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SENATE BILL NO. 337

Offered January 12, 2022

Prefiled January 11, 2022

A BILL to amend and reenact §§ 38.2-3516 through 38.2-3519 of the Code of Virginia, relating to accident and sickness insurance; minimum standards.

Patron—Barker

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That §§ 38.2-3516 through 38.2-3519 of the Code of Virginia are amended and reenacted as follows:

Article 2.

Individual Accident and Sickness Insurance Minimum Standards.

§ 38.2-3516. Purpose.

The purpose of this article is to authorize the Commission, pursuant to the authority granted in § 38.2-223, to issue rules and regulations to:

1. Provide reasonable standardization and simplification of terms and coverages of individual accident and sickness insurance policies *Establish the minimum standards for filing of policy forms for individual and small group health benefit plans as defined in § 38.2-3438;*

2. Facilitate public understanding and comparison *Establish the minimum standards, terms, and coverages for individual and group accident and sickness policies known as excepted benefits, as defined in § 38.2-3431; and*

3. Eliminate provisions contained in individual accident and sickness insurance policies which may be misleading or unreasonably confusing in connection either with the purchase of coverages or with the settlement of claims; and

4. Provide for full disclosure in the sale of individual accident and sickness policies *Establish the minimum standards for short-term limited-duration insurance.*

The Commission shall ensure that policy standards are simple and understandable and are not misleading or unreasonably confusing and that the sale of such policies provides for full disclosure.

§ 38.2-3517. Definitions.

As used in this article:

"Form" means policies, contracts, riders, endorsements, and applications a policy, rider, endorsement, amendment, application, enrollment form, certificate of insurance, evidence of coverage, group agreement, supplemental agreement, or any other form required to be filed with or approved by the Commission.

"Policy" means the entire contract between the insurer and the insured, including the policy riders, endorsements, and the application, if attached an insurance policy, contract, certificate, evidence of coverage, or other agreement of insurance, including any attached rider, endorsement, or application.

§ 38.2-3518. Standards for policy provisions.

A. Pursuant to the authority granted in § 38.2-223, the Commission may issue rules and regulations to establish specific standards, including standards of full and fair disclosure, for the sale of individual and group accident and sickness insurance policies. These rules and regulations shall be in addition to and in accordance with applicable laws of this the Commonwealth, including Chapter 34 (§ 38.2-3400 et seq.) and Articles, Article 1 (§ 38.2-3500 et seq.) and 2 (§ 38.2-3516 et seq.) of this chapter which may cover but shall not be limited to; this article, and Article 3 (§ 38.2-3521.1 et seq.)

1. Terms of renewability;

2. Initial and subsequent conditions of eligibility;

3. Nonduplication of coverage provisions;

4. Coverage of dependents;

5. Coverage of persons eligible for Medicare by reason of age;

6. Preexisting conditions;

7. Termination of insurance;

8. Probationary periods;

9. Limitations;

10. Exceptions;

11. Reductions;

12. Elimination periods;

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59 13. Requirements for replacement;
60 14. Recurrent conditions; and
61 15. Definition of terms including but not limited to the following: hospital, accident, sickness, injury,
62 physician, accidental means, total disability, partial disability, nervous disorder, guaranteed renewable,
63 and noncancellable.

64 For the purposes of this article, "licensed health care practitioners", to the extent required by law,
65 shall be deemed physicians.

66 B. Pursuant to the authority granted in § 38.2-223, the Commission may issue rules and regulations
67 that specify prohibited policies or policy provisions not otherwise specifically authorized by statute that
68 in the opinion of the Commission are unjust, unfair, or unfairly discriminatory to the policyowner,
69 beneficiary, or any person insured under the policy.

70 **§ 38.2-3519. Minimum standards for excepted benefits.**

71 A. Pursuant to the authority granted in § 38.2-223, the Commission may issue rules and regulations
72 establishing minimum standards for benefits under each *any* of the following categories of coverage in
73 individual policies of accident and sickness insurance:

- 74 1. Basic hospital expense coverage;
- 75 2. Basic medical-surgical expense coverage;
- 76 3. Hospital confinement indemnity coverage;
- 77 4. Major medical expense coverage;
- 78 5. Disability income protection coverage;
- 79 6. Accident only coverage;
- 80 7. Specified disease or specified accident coverage;
- 81 8. Medicare supplement coverage; and
- 82 9. Limited benefit health coverage.

83 B. Nothing in this section shall preclude the issuance of any policy that combines two or more of the
84 categories of coverage enumerated in subdivisions 1 through 6 of subsection A of this section *policies*
85 *known as excepted benefits*.

86 C. *B.* No *excepted benefits* policy shall be delivered or issued for delivery in *this the* Commonwealth
87 that does not meet the prescribed minimum standards *for the categories of coverage listed in*
88 *subdivisions 1 through 9 of subsection A of this section established by the Commission* or does not meet
89 the requirements set forth in § 38.2-3501.

90 ~~D.~~ C. The Commission may prescribe the method of identification of policies based upon coverages
91 provided.