

COMMONWEALTH OF VIRGINIA

STEVEN T. FOSTER
COMMISSIONER OF INSURANCE

BOX 1157
RICHMOND, VIRGINIA 23218
TELEPHONE:(804)371-9741
TDD/VOICE: (804) 371-9206

STATE CORPORATION COMMISSION BUREAU OF INSURANCE

July 10, 1996

ADMINISTRATIVE LETTER 1996- 12

**To: All Insurers, Health Services Plans and Health Maintenance Organizations
Licensed to Write Accident and Sickness Insurance in Virginia**

**Re: House Bill 1026
Section 38.2-3514.2 of the Code of Virginia**

Under the provisions of 1996 House Bill 1026, Sections 38.2-4214 and 38.2-4319 of the Code of Virginia will be amended and reenacted, and a new section, numbered 38.2-3514.2 will be added. This new section specifies those conditions under which an insurer, health services plan or health maintenance organization will be permitted to refuse to renew those individual policies, subscription contracts or plans to which this new law applies. The purpose of this letter is to provide guidance in anticipation of a number of questions carriers will likely have concerning the requirements of § 38.2-3514.2, and to clarify Bureau position with respect to compliance with these requirements.

All contracts marketed on and after July 1, 1996 must contain renewability provisions in compliance with § 38.2-3514.2. Non-renewal will not be permitted for reasons other than those stated in § 38.2-3514.2.A. Policies with "noncancellable" or "guaranteed renewable" provisions must comply with 14 VAC 5-140 and 14 VAC 5-130, (formerly Regulations 19 and 22, respectively) as well. Policies with "conditionally renewable" provisions may be non-renewed only for one or more of the reasons stated in § 38.2-3514.2.A, as are applicable. "Conditionally renewable" policies to which this statute applies, and in force on July 1, 1996 must be amended on their renewal date so that their renewal provisions comply with the statutory requirement as well as any other applicable statutory requirements in place as of the policy renewal date. Policies with "optionally renewable" provisions to which this statute applies may not be marketed on or after July 1, 1996. "Optionally renewable" policies in force on July 1, 1996 must be amended on their renewal date to conform to § 38.2-3514.2 and will from that time forward be considered "conditionally renewable" contracts.

Administrative Letter 1996-12
July 10, 1996
Page Two

Questions concerning any of the above should be directed, in writing to:

Jacqueline K. Cunningham
Supervisor
Life and Health Forms and Rates
Section
Virginia State Corporation Commission
Bureau of Insurance
P.O. Box 1157
Richmond, Virginia 23218

Very truly yours,

Alfred W. Gross
Acting Commissioner of Insurance

AWG/jkc