



## BUREAU OF INSURANCE

### HEALTH SERVICES PLAN CHAPTER 42 OF TITLE 38.2 OF THE CODE OF VIRGINIA

#### **REQUIREMENTS FOR ORGANIZING AND LICENSING IN VIRGINIA**

Prospective applicants should contact the Company Licensing and Regulatory Compliance Section of the Bureau of Insurance, about their intention to establish a health services plan in Virginia. By doing so, the applicant will have the opportunity to submit a more thorough and acceptable application.

1. Submit the appropriate application form (form attached), completed and signed along with a check made payable to the Treasurer of Virginia for the \$500 nonrefundable application fee.
2. The plan may be conducted by a hospital(s) and/or physicians through a nonstock corporation. Pursuant to §§ 38.2-4202, 4203 and 4204 of the Code of Virginia, submit to the Bureau of Insurance a copy of the applicant's organizational document(s), i.e. articles of incorporation with any amendments. Information pertaining to this process may be obtained at [www.scc.virginia.gov/clk](http://www.scc.virginia.gov/clk)
3. Submit a copy of the entity's bylaws, certified by its Secretary.
4. Submit the name, address and official position of each member of the governing body and any person with authority to manage or establish policy. For each individual, provide an NAIC Biographical Affidavit. The Biographical Affidavit must be certified by an independent third party that has conducted a comprehensive review of the applicant's background and has certified that the Biographical Affidavit has no inaccurate or conflicting information and no material omissions. NAIC Biographical Affidavits must be current and shall not be signed by the affiant more than one year prior to the date the application is filed. The form can be accessed through the NAIC's website at [www.naic.org/industry\\_ucaa.htm](http://www.naic.org/industry_ucaa.htm).

5. Submit a current financial statement (balance sheet) signed by at least two principal officers before a Notary Public. Describe any investments or property shown. Such a description should include a list of the securities owned; a list of deposits with the banks stating the name, address, and amount deposited in each bank; and a general list of other properties owned.
6. Submit projected income statements, balance sheets and cash flow statements by quarter for one year past "breakeven" and at least for three years into the future. Fully document all important assumptions, including but not limited to premium rates; levels of enrollment; utilization rates; factors determining health care expenses; administrative expenses; and future sources of financing. The plan must demonstrate an ability to adequately finance its operations and to maintain an adequate minimum net worth at all times as a condition of licensure. "Non-agency" plans should note specific requirements for contingency reserves and membership in the Virginia Life, Accident and Sickness Insurance Guaranty Association pursuant to § 38.2-4208 D of the Code of Virginia.
7. Provide a written description of the plan's proposed method of operation, including information relating to (a) the delivery system, (b) management information systems, (c) internal controls, (d) the marketing of the plan, and (e) the management team, along with any contract for these services. The description must include a discussion on whether the plan is an agency or nonagency plan and whether the plan will offer open enrollment and provide public services to the community.
8. Submit a copy of each subscriber contract(s), evidence(s) of coverage, group agreements, endorsement(s), and member application form(s) which the plan proposes to use in Virginia. Include a description of the premium rates to be charged for each contract and the services made available in consideration of such payments of premium. An actuarial justification of the rates must be included.
9. Submit a copy of the Participation Agreement containing agreements to render health care services and include other necessary provisions for execution by hospitals, physicians, and other parties as required pursuant to § 38.2-4210 of the Code of Virginia.
10. Provide a description of insurance policies to protect the plan and/or its subscribers. Types of coverage should at least include (a) excess and stop/loss, (b) fidelity bonding, (c) general liability, (d) professional liability (malpractice), and (e) insolvency coverage.
11. In addition to insurance coverages held, any nonstock corporation licensed under Chapter 42 of Title 38.2 of the Code of Virginia may enter into reinsurance agreements with insurers as stated in § 38.2-4229 of the Code of Virginia. Please submit copies of any agreements that are proposed or in force.

**NOTE:**

1. If the applicant is to be a Virginia Corporation, it must secure a Certificate of Incorporation from the Clerk's Office, State Corporation Commission, (804) 371-9733. This may be done by filing Articles of Incorporation and paying the necessary fees. Information pertaining to this process may be obtained at [www.scc.virginia.gov/clk](http://www.scc.virginia.gov/clk). Copies of the Certificate of Incorporation must be filed with the application.
2. A Health Services Plan organized in another state which is subject to substantially similar regulation and licensing may also be licensed in Virginia. The plan should file evidence of regulation and licensing with the Bureau of Insurance. If the regulation of the state of domicile is deemed to be substantially similar, the foreign plan will be notified. The plan should then secure a Certificate of Authority from the Clerk's Office of the Commission and make application for license under items 1 through 11 above. Information may be obtained at [www.scc.virginia.gov/clk](http://www.scc.virginia.gov/clk). This is in addition to the license received from the Bureau of Insurance.
3. If the Health Services Plan's operations meet the criteria of a managed care health insurance plan ("MCHIP") as defined in § 38.2-5800 of the Code of Virginia, please document compliance with the provisions of Chapter 58 of Title 38.2 of the Code of Virginia by submitting items required for the establishment of a MCHIP, which may be found at [www.scc.virginia.gov/boi/co/lic\\_reg.aspx](http://www.scc.virginia.gov/boi/co/lic_reg.aspx).

**Bureau Contact**

Applicants should direct all questions regarding the requirements for licensing to the following person:

Daryl Hepler, Supervisor  
Company Licensing and Regulatory Compliance  
State Corporation Commission  
Virginia Bureau of Insurance  
P.O. Box 1157  
Richmond, VA 23218  
Telephone: (804) 371-9999  
Facsimile: (804) 371-9511  
[Daryl.Hepler@scc.virginia.gov](mailto:Daryl.Hepler@scc.virginia.gov)

**COMMONWEALTH OF VIRGINIA**  
**STATE CORPORATION COMMISSION, BUREAU OF INSURANCE**  
**RICHMOND, VIRGINIA 23219**

**APPLICATION FOR LICENSE IN VIRGINIA**

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(Name of Plan)

(NAIC Number)

(FEIN number)

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(Address)

hereby applies for a Virginia license to operate a plan issuing contracts for future

- Hospitalization Services  
 Medical Services  
 Surgical Services  
 Dental Services  
 Optometric Services  
 Legal Services

Number of subscribers as of January 1 of the current year \_\_\_\_\_

Names and addresses of all hospitals, physicians, dentists, optometrists or attorneys participating in plan:

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Geographical area requested by plan:

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(Date)

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(Signature of Officer)

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(Title)