



Senate

General Assembly

File No. 95

February Session, 2000

Senate Bill No. 444

Senate, March 17, 2000

The Committee on Insurance and Real Estate reported through SEN. BOZEK of the 6th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

An Act Concerning Restitution Orders Under The Unfair Insurance Practices Act.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 38a-817 of the general statutes, as
2 amended by section 24 of public act 99-215, is repealed and the
3 following is substituted in lieu thereof:

4 (b) If, after such hearing, the commissioner determines that the
5 person charged has engaged in an unfair method of competition or an
6 unfair or deceptive act or practice, [he] the commissioner shall reduce
7 [his] the commissioner's findings to writing and shall issue and cause
8 to be served upon the person charged with the violation a copy of such
9 findings and an order requiring such person to cease and desist from
10 engaging in such method of competition, act or practice and if the act
11 or practice is a violation of section 38a-816, as amended, the
12 commissioner may, at [his] the commissioner's discretion order any
13 one or more of the following: [(i)] (1) Payment of a monetary penalty of

14 not more than one thousand dollars for each and every act or violation
15 but not to exceed an aggregate penalty of ten thousand dollars unless
16 the person knew or reasonably should have known [he] that the
17 person was in violation of section 38a-815, 38a-816, as amended, this
18 subsection and subsection (e), in which case the penalty shall be not
19 more than five thousand dollars for each and every act or violation but
20 not to exceed an aggregate penalty of fifty thousand dollars in any six-
21 month period; [(ii)] (2) suspension or revocation of the person's license
22 if [he] the person knew or reasonably should have known [he] the
23 person was in violation of said sections and subsections; (3) restitution
24 of any sums shown to have been obtained in violation of any of the
25 provisions of said sections or any regulation implementing the
26 provisions of said sections.

27 Sec. 2. Subsection (e) of section 38a-817 of the general statutes, as
28 amended by section 24 of public act 99-215, is repealed and the
29 following is substituted in lieu thereof:

30 (e) Any person who violates a cease and desist order of the
31 commissioner made pursuant to this section and while such order is in
32 effect shall, after notice and hearing and upon order of the
33 commissioner, be subject to any one or more of the following: [(i)] (1) A
34 monetary penalty of not more than ten thousand dollars for each and
35 every act or violation; or [(ii)] (2) suspension or revocation of such
36 person's license.

INS Committee Vote: Yea 18 Nay 0 JF

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Affected Agencies: Department of Insurance

Municipal Impact: None

Explanation**State Impact:**

The Department of Insurance will have a potential workload increase as a result of the passage of this bill. The bill authorizes the Insurance Commissioner to order restitution of any sums obtained by persons in violation of the Connecticut Unfair Insurance Practices Act. This may require hearings to be held by the commissioner. The department can handle this workload increase within anticipated budgetary resources.

OLR Bill Analysis

SB 444

AN ACT CONCERNING RESTITUTION ORDERS UNDER THE UNFAIR INSURANCE PRACTICES ACT.**SUMMARY:**

This bill broadens the insurance commissioner's authority to impose sanctions against violators of the Unfair Insurance Practices Act. It adds the authority for the commissioner to order the restitution of money obtained in violation of the act or its implementing regulations.

EFFECTIVE DATE: October 1, 2000

BACKGROUND***Penalties for Violation of Unfair Insurance Practices Act***

If the commissioner determines, after notice and a hearing, that someone has engaged in an unfair method of competition or an unfair or deceptive act or practice, he must reduce his findings to writing, serve a copy of them on the person charged, and order him to cease and desist. But if the act or practice charged is a violation of certain defined unfair practices he may order one or more of the following: (1) payment of a monetary penalty of up to \$1,000 for each violation but not exceeding \$10,000 in the aggregate unless the person knew or should have known of the violation, in which case the penalty is up to \$5,000 for each violation but not exceeding \$50,000 in the aggregate in any six-month period, and (2) suspension or revocation of the person's license if he knew or should have known of the violation.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Report

Yea 18 Nay 0