



# Senate

General Assembly

**File No. 263**

*January Session, 2001*

Senate Bill No. 1393

*Senate, April 12, 2001*

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 IMPLEMENTING THE LEGISLATIVE COMMISSIONERS' RECOMMENDATIONS FOR TECHNICAL REVISIONS TO CERTAIN INSURANCE AND REAL ESTATE STATUTES.***

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

1 Section 1. Section 38a-349 of the general statutes is repealed and the  
2 following is substituted in lieu thereof:

3 (a) Each insurance company [which] that issues in this state  
4 automobile liability policies as defined in section 38a-341 insuring  
5 against loss resulting from liability for damages because of bodily  
6 injury or death of any person and injury to or destruction of property  
7 arising out of the ownership, maintenance or use of a specific motor  
8 vehicle or motor vehicles [,] shall file with the Insurance Commissioner  
9 the rules and regulations, or any modifications of such rules and  
10 regulations, used by such company to determine whether or not to  
11 underwrite such policies.

12 (b) Such rules and regulations, or modification of such rules and

13 regulations, shall be on file with the commissioner for a waiting period  
14 of thirty days before they become effective. The commissioner may  
15 extend the waiting period for an additional [extension] period not to  
16 exceed thirty days if the commissioner gives the insurance company  
17 that made the filing written notice within the waiting period. The  
18 written notice shall indicate that the commissioner needs additional  
19 time to consider the filing. Upon written application by such insurance  
20 company, the commissioner may authorize a filing that the  
21 commissioner has reviewed to become effective before the expiration  
22 of the waiting period or any extension period. A filing shall be deemed  
23 approved unless disapproved by the commissioner within the waiting  
24 period or any extension period. If, within the waiting period or any  
25 extension period, the commissioner disapproves the filing, the  
26 commissioner shall send the insurance company that made such filing  
27 written notice of disapproval, specifying the reasons for disapproval,  
28 and stating that such filing shall not become effective. Such finding of  
29 the commissioner shall be subject to review as provided in section 38a-  
30 19.

31 Sec. 2. Subsection (b) of section 38a-689 of the general statutes is  
32 repealed and the following is substituted in lieu thereof:

33 (b) Such rules and regulations, or modification of such rules and  
34 regulations, shall be on file with the commissioner for a waiting period  
35 of thirty days before they become effective. The commissioner may  
36 extend the waiting period for an additional [extension] period not to  
37 exceed thirty days if the commissioner gives the insurance company  
38 that made the filing written notice within the waiting period. The  
39 written notice shall indicate that the commissioner needs additional  
40 time to consider the filing. Upon written application by such insurance  
41 company, the commissioner may authorize a filing that the  
42 commissioner has reviewed to become effective before the expiration  
43 of the waiting period or any extension period. A filing shall be deemed  
44 approved unless disapproved by the commissioner within the waiting

45 period or any extension period. If, within the waiting period or any  
46 extension period, the commissioner disapproves the filing, the  
47 commissioner shall send the insurance company that made such filing  
48 written notice of disapproval, specifying the reasons for disapproval,  
49 and stating that such filing shall not become effective. Such finding of  
50 the commissioner shall be subject to review as provided in section 38a-  
51 19.

52 Sec. 3. Subsection (c) of section 38a-476 of the general statutes is  
53 repealed and the following is substituted in lieu thereof:

54 (c) All health insurance plans and insurance arrangements shall  
55 provide coverage, under the terms and conditions of [its] their policies  
56 or contracts, for the preexisting conditions of any newly insured  
57 individual who was previously covered for such preexisting condition  
58 under the terms of the individual's preceding qualifying coverage,  
59 provided the preceding coverage was continuous to a date less than  
60 one hundred twenty days prior to the effective date of the new  
61 coverage, exclusive of any applicable waiting period, except in the case  
62 of a newly insured group member whose previous coverage was  
63 terminated due to an involuntary loss of employment, the preceding  
64 coverage must have been continuous to a date not more than one  
65 hundred fifty days prior to the effective date of the new coverage,  
66 exclusive of any applicable waiting period, provided such newly  
67 insured group member or dependent applies for such succeeding  
68 coverage within thirty days of the member's or dependent's initial  
69 eligibility.

70 Sec. 4. Subdivisions (1) to (3), inclusive, of subsection (d) of section  
71 38a-488a of the general statutes are repealed and the following is  
72 substituted in lieu thereof:

73 (1) A clinical social worker who is licensed under the provisions of  
74 chapter 383b and who has passed the clinical examination of the  
75 American Association of State Social Work Boards and has completed

76 at least two thousand hours of [the] post-master's social work  
77 experience in a nonprofit agency qualifying as a tax-exempt  
78 organization under Section 501(c) of the Internal Revenue Code of 1986  
79 or any subsequent corresponding internal revenue code of the United  
80 States, as from time to time amended, in a municipal, state or federal  
81 agency or in an institution licensed by the Department of Public Health  
82 under section 19a-490;

83 (2) A social worker who was certified as an independent social  
84 worker under the provisions of chapter 383b prior to October 1, 1990;

85 (3) A licensed marital and family therapist who has completed at  
86 least two thousand hours of [the] post-master's marriage and family  
87 therapy work experience in a nonprofit agency qualifying as a tax-  
88 exempt organization under Section 501(c) of the Internal Revenue  
89 Code of 1986 or any subsequent corresponding internal revenue code  
90 of the United States, as from time to time amended, in a municipal,  
91 state or federal agency or in an institution licensed by the Department  
92 of Public Health under section 19a-490.

93 Sec. 5. Subdivisions (1) to (3), inclusive, of subsection (d) of section  
94 38a-514 of the general statutes are repealed and the following is  
95 substituted in lieu thereof:

96 (1) A clinical social worker who is licensed under the provisions of  
97 chapter 383b and who has passed the clinical examination of the  
98 American Association of State Social Work Boards and has completed  
99 at least two thousand hours of [the] post-master's social work  
100 experience in a nonprofit agency qualifying as a tax-exempt  
101 organization under Section 501(c) of the Internal Revenue Code of 1986  
102 or any subsequent corresponding internal revenue code of the United  
103 States, as from time to time amended, in a municipal, state or federal  
104 agency or in an institution licensed by the Department of Public Health  
105 under section 19a-490;

106 (2) A social worker who was certified as an independent social  
107 worker under the provisions of chapter 383b prior to October 1, 1990;

108 (3) A licensed marital and family therapist who has completed at  
109 least two thousand hours of [the] post-master's marriage and family  
110 therapy work experience in a nonprofit agency qualifying as a tax-  
111 exempt organization under Section 501(c) of the Internal Revenue  
112 Code of 1986 or any subsequent corresponding internal revenue code  
113 of the United States, as from time to time amended, in a municipal,  
114 state or federal agency or in an institution licensed by the Department  
115 of Public Health under section 19a-490.

116 Sec. 6. Section 38a-782a of the general statutes is repealed and the  
117 following is substituted in lieu thereof:

118 The commissioner may adopt regulations, in accordance with  
119 chapter 54, relating to the establishment of continuing education  
120 requirements for persons licensed as [an insurance producer]  
121 insurance producers, provided the commissioner shall suspend such  
122 requirements for any person who is a public official during the period  
123 such person serves as a public official, if the person is prohibited from  
124 selling insurance during that period. As used in this section, "public  
125 official" means any state-wide elected officer, any member or member-  
126 elect of the General Assembly, or a senator or representative in  
127 Congress.

128 Sec. 7. Subsection (b) of section 38a-979 of the general statutes is  
129 repealed and the following is substituted in lieu thereof:

130 (b) The notice shall be in writing and shall state: (1) Whether  
131 personal information may be collected from persons other than the  
132 individual proposed for coverage, (2) the types of personal information  
133 that may be collected, the kinds of investigative techniques that may be  
134 used to collect such information and the sources from which such  
135 information may be collected, (3) the types of disclosures identified in

136 [subsections (b) to (f), inclusive, (i), (k), (l) and (n)] subdivisions (2) to  
137 (6), inclusive, (9), (11), (12) and (14) of section 38a-988, as amended by  
138 this act, and the circumstances under which such disclosures may be  
139 made without prior authorization; provided only those circumstances  
140 need be described which occur with such frequency as to indicate a  
141 general business practice, (4) a description of the rights established  
142 under sections 38a-983 and 38a-984 and the manner in which these  
143 rights may be exercised, and (5) that information obtained from a  
144 report prepared by an insurance-support organization may be retained  
145 by the organization and disclosed to other persons.

146 Sec. 8. Section 38a-987 of the general statutes is repealed and the  
147 following is substituted in lieu thereof:

148 No insurance institution or agent may base an adverse underwriting  
149 decision in whole or in part:

150 [(a)] (1) On a previous adverse underwriting decision or on the fact  
151 that an individual previously obtained insurance coverage through a  
152 residual market mechanism, provided an insurance institution or  
153 agent may base an adverse underwriting decision on further  
154 information obtained from an insurance institution or agent  
155 responsible for a previous adverse underwriting decision;

156 [(b)] (2) On personal information received from an insurance-  
157 support organization whose primary source of information is an  
158 insurance institution, provided an insurance institution or agent may  
159 base an adverse underwriting decision on further personal information  
160 obtained as the result of information received from an insurance-  
161 support organization.

162 Sec. 9. Section 38a-988 of the general statutes is repealed and the  
163 following is substituted in lieu thereof:

164 An insurance institution, agent or insurance-support organization

165 shall not disclose any personal or privileged information concerning  
166 an individual collected or received in connection with an insurance  
167 transaction unless the disclosure is:

168 [(a)] (1) Made with the written authorization of the individual,  
169 provided: [(1)] (A) If such authorization is submitted by another  
170 insurance institution, agent or insurance-support organization, it meets  
171 the requirements of section 38a-981, or [(2)] (B) if such authorization is  
172 submitted by a person other than an insurance institution, agent or  
173 insurance-support organization, it shall be: [(A)] (i) Dated, [(B)] (ii)  
174 signed by the individual, and [(C)] (iii) obtained within one year prior  
175 to the date a disclosure is sought pursuant to this [subsection]  
176 subdivision; [or]

177 [(b)] (2) Made to a person other than an insurance institution, agent  
178 or insurance-support organization, provided such disclosure is  
179 reasonably necessary: [(1)] (A) To enable such person to perform a  
180 business, professional or insurance function for the disclosing  
181 insurance institution, agent or insurance-support organization, and  
182 such person agrees not to disclose the information without the  
183 individual's written authorization unless the disclosure: [(A)] (i)  
184 Would otherwise be permitted by this section if made by an insurance  
185 institution, agent, or insurance-support organization, or [(B)] (ii) is  
186 reasonably necessary for such person to perform [his] such person's  
187 function for the disclosing insurance institution, agent or insurance-  
188 support organization; or [(2)] (B) to enable such person to provide  
189 information to the disclosing insurance institution, agent or insurance-  
190 support organization for the purpose of: [(A)] (i) Determining an  
191 individual's eligibility for an insurance benefit or payment, or [(B)] (ii)  
192 detecting or preventing criminal activity, fraud, material  
193 misrepresentation or material nondisclosure in connection with an  
194 insurance transaction; [or]

195 [(c)] (3) Made to an insurance institution, agent, insurance-support

196 organization or self-insurer, provided the information disclosed is  
197 limited to that which is reasonably necessary: [(1)] (A) To detect or  
198 prevent criminal activity, fraud, material misrepresentation or material  
199 nondisclosure in connection with insurance transactions, or [(2)] (B) for  
200 either the disclosing or receiving insurance institution, agent or  
201 insurance-support organization to perform its function in connection  
202 with an insurance transaction involving the individual; [or]

203 [(d)] (4) Made to a medical-care institution or medical professional  
204 for the purpose of: [(1)] (A) Verifying insurance coverage or benefits;  
205 [(2)] (B) informing an individual of a medical problem of which [he]  
206 such individual may not be aware; or [(3)] (C) conducting an  
207 operations or services audit, provided only such information is  
208 disclosed as is reasonably necessary to accomplish the foregoing  
209 purposes; [or]

210 [(e)] (5) Made to an insurance regulatory authority; [or]

211 [(f)] (6) Made to a law enforcement or other government authority:  
212 [(1)] (A) To protect the interests of the insurance institution, agent or  
213 insurance-support organization in preventing or prosecuting the  
214 perpetration of fraud upon it; or [(2)] (B) if the institution, agent or  
215 organization reasonably believes that illegal activities have been  
216 conducted by the individual; [or]

217 [(g)] (7) Otherwise permitted or required by law; [or]

218 [(h)] (8) In response to a facially valid administrative or judicial  
219 order, including a search warrant or subpoena; [or]

220 [(i)] (9) Made for the purpose of conducting actuarial or research  
221 studies, provided: [(1)] (A) No individual may be identified in any  
222 actuarial or research report; [(2)] (B) materials in which the individual  
223 may be identified are returned or destroyed as soon as they are no  
224 longer necessary; and [(3)] (C) the actuarial or research organization

225 agrees not to disclose the information unless the disclosure would  
226 otherwise be permitted by this section if made by an insurance  
227 institution, agent or insurance-support organization; [or]

228 [(j)] (10) Made to a party or a representative of a party to a proposed  
229 or consummated sale, transfer, merger or consolidation of all or part of  
230 the business of the insurance institution, agent or insurance-support  
231 organization, provided: [(1)] (A) Prior to the consummation of the sale,  
232 transfer, merger or consolidation only such information is disclosed as  
233 is reasonably necessary to enable the recipient to make business  
234 decisions about the purchase, transfer, merger or consolidation; and  
235 [(2)] (B) the recipient agrees not to disclose the information unless the  
236 disclosure would otherwise be permitted by this section if made by an  
237 insurance institution, agent or insurance-support organization; [or]

238 [(k)] (11) Made to a person whose only use of such information will  
239 be in connection with the marketing of a product or service, provided:  
240 [(1)] (A) No medical-record information, privileged information, or  
241 personal information relating to an individual's character, personal  
242 habits, mode of living or general reputation is disclosed, and no  
243 classification derived from such information is disclosed; [(2)] (B) the  
244 individual has been afforded an opportunity to indicate that [he] the  
245 individual does not wish personal information disclosed for marketing  
246 purposes and has given no indication that [he] the individual does not  
247 wish the information disclosed; and [(3)] (C) the person receiving such  
248 information agrees not to use it except in connection with the  
249 marketing of a product or service; [or]

250 [(l)] (12) Made to an affiliate whose only use of the information will  
251 be in connection with an audit of the insurance institution or agent or  
252 the marketing of an insurance product or service, provided [(1)] (A)  
253 with regard to individually identifiable medical records information,  
254 written consent of the individual to whom the individually identifiable  
255 medical record pertains is obtained prior to disclosure for marketing

256 purposes, and [(2)] (B) the affiliate agrees not to disclose the  
257 information for any other purpose or to unaffiliated persons; [or]

258 [(m)] (13) Made by a consumer reporting agency, provided the  
259 disclosure is made to a person other than an insurance institution or  
260 agent; [or]

261 [(n)] (14) Made to a group policyholder for the purpose of reporting  
262 claims experience or conducting an audit of the insurance institution's  
263 or agent's operations or services, provided the information disclosed is  
264 reasonably necessary for the recipient to conduct the audit; [or]

265 [(o)] (15) Made to a professional peer review organization for the  
266 purpose of reviewing the service or conduct of a medical-care  
267 institution or medical professional; [or]

268 [(p)] (16) Made to a governmental authority for the purpose of  
269 determining the individual's eligibility for health benefits for which the  
270 governmental authority may be liable; [or]

271 [(q)] (17) Made to a certificate holder or policyholder for the  
272 purpose of providing information regarding the status of an insurance  
273 transaction; [or]

274 [(r)] (18) Made to a lienholder, mortgagee, assignee, lessor or other  
275 person shown on the records of an insurance institution or agent as  
276 having a legal or beneficial interest in a policy of insurance, provided:  
277 [(1)] (A) No medical-record information is disclosed unless the  
278 disclosure would otherwise be permitted by this section; and [(2)] (B)  
279 the information disclosed is limited to that which is reasonably  
280 necessary to permit such person to protect its interests in such policy;  
281 or

282 [(s)] (19) Made pursuant to section 53-445.

283 Sec. 10. Subsections (b) and (c) of section 20-325a of the general

284 statutes are repealed and the following is substituted in lieu thereof:

285 (b) No person, licensed under the provisions of this chapter, shall  
286 commence or bring any action with respect to any acts done or services  
287 rendered after October 1, 1995, as set forth in subsection (a), unless the  
288 acts or services were rendered pursuant to a contract or authorization  
289 from the person for whom the acts were done or services rendered. To  
290 satisfy the requirements of this subsection any contract or  
291 authorization shall: (1) Be in writing, (2) contain the names and  
292 addresses of the real estate broker performing the services and the  
293 name of the person or persons for whom the acts were done or services  
294 rendered, (3) show the date on which such contract was entered into or  
295 such authorization given, (4) contain the conditions of such contract or  
296 authorization, (5) be signed by the real estate broker or the real estate  
297 broker's authorized agent, (6) if such contract or authorization pertains  
298 to any real property, include the following statement: "THE REAL  
299 ESTATE BROKER MAY BE ENTITLED TO CERTAIN LIEN RIGHTS  
300 PURSUANT TO SECTION 20-325a OF THE CONNECTICUT  
301 GENERAL STATUTES", and (7) be signed by the person or persons for  
302 whom the acts were done or services rendered or by an agent  
303 authorized to act on behalf of such person or persons, pursuant to a  
304 written document executed in the manner provided for conveyances in  
305 section 47-5, except, if the acts to be done or services rendered involve  
306 a listing contract for the sale of land containing any building or  
307 structure occupied or intended to be occupied by no more than four  
308 families, the contract or authorization shall be signed by the owner of  
309 the real estate or by an agent authorized to act on behalf of such owner  
310 pursuant to a written document executed in the manner provided for  
311 conveyances in section 47-5.

312 (c) Notwithstanding the provisions of subsection (b) of this section,  
313 no person licensed under the provisions of this chapter [,] shall  
314 commence or bring any action with respect to any acts done or services  
315 rendered after October 1, 2000, in a commercial real estate transaction,

316 unless the acts or services were rendered pursuant to (1) a contract or  
317 authorization meeting the requirements of subsection (b) of this  
318 section, or (2) a memorandum, letter or other writing stating for whom  
319 the licensee will act or has acted, signed by the party for whom the  
320 licensee will act or has acted in the commercial real estate transaction,  
321 the duration of the authorization and the amount of any compensation  
322 payable to the licensee, provided (A) the licensee provides written  
323 notice to the party, substantially similar to the following: "THE REAL  
324 ESTATE BROKER MAY BE ENTITLED TO CERTAIN LIEN RIGHTS  
325 PURSUANT TO SECTION 20-325a OF THE CONNECTICUT  
326 GENERAL STATUTES", and (B) the notice is provided at or before the  
327 execution of the contract, authorization, memorandum, letter or other  
328 writing, and may be made part of the contract, authorization,  
329 memorandum, letter or other writing.

330 Sec. 11. Subsection (r) of section 20-325a of the general statutes is  
331 repealed and the following is substituted in lieu thereof:

332 (r) No broker is entitled to claim any lien under this section, unless,  
333 after the broker is entitled to compensation, without contingencies [ ]  
334 other than closing or transfer of title, under the terms set forth in the  
335 written contract and not later than three days prior to the later of the  
336 date of the conveyance or lease as set forth in the real estate sales  
337 contract or lease or the actual date of the conveyance or the date when  
338 the tenant takes possession, the broker gives written notice of the claim  
339 for lien to the owner of the real property and to the prospective buyer  
340 or tenant that the broker is entitled to compensation under the terms  
341 set forth in the written contract and intends to claim a lien on the real  
342 property. The notice shall be served upon the owner and the  
343 prospective buyer or tenant, by any indifferent person, state marshal  
344 or other proper officer, by leaving with such owner and prospective  
345 buyer or at their usual [place] places of abode a true and attested copy  
346 thereof. When there are two or more owners, or two or more buyers,  
347 the notice shall be served on each owner and on each buyer.

**INS**      *Joint Favorable*

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:

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**OFA Fiscal Note**

**State Impact:** None

**Affected Agencies:** None

**Municipal Impact:** None

**Explanation****State Impact:**

The bill makes technical changes to the insurance and real estate statutes. There is no fiscal impact as a result of this bill.

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**OLR Bill Analysis**

SB 1393

***AN ACT IMPLEMENTING THE LEGISLATIVE COMMISSIONERS'  
RECOMMENDATIONS FOR TECHNICAL REVISIONS TO CERTAIN  
INSURANCE AND REAL ESTATE STATUTES.***

**SUMMARY:**

This bill makes technical changes to the insurance and real estate statutes.

EFFECTIVE DATE: October 1, 2001

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Report

Yea 18    Nay 0