



General Assembly

January Session, 2001

Raised Bill No. 1096

LCO No. 3409

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

AN ACT CONCERNING THE LICENSING OF INSURANCE PRODUCERS.

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

1 Section 1. (NEW) As used in sections 1 to 19, inclusive, of this act
2 and chapters 701a and 702 of the general statutes, unless the context or
3 subject matter otherwise require:

4 (1) "Agent" or "insurance agent" means an insurance producer
5 appointed by an insurer to act on the insurer's behalf pursuant to
6 section 13 of this act.

7 (2) "Business entity" means a corporation, association, partnership,
8 limited liability company, limited liability partnership, or other legal
9 entity.

10 (3) "Commissioner" means the Insurance Commissioner.

11 (4) "Home state" means the District of Columbia and any state or
12 territory of the United States in which an insurance producer
13 maintains the producer's principal place of residence or principal place
14 of business and is licensed to act as an insurance producer.

15 (5) "Insurance" means any of the lines of authority contained in title
16 38a of the general statutes.

17 (6) "Insurance producer" or "producer" means a person required to
18 be licensed under the laws of this state to sell, solicit or negotiate
19 insurance.

20 (7) "Insurer" means "insurer", as defined in section 38a-1 of the
21 general statutes.

22 (8) "License" means a document issued by the commissioner
23 authorizing a person to act as an insurance producer for the lines of
24 authority specified in the document. The license itself does not create
25 any authority, actual, apparent or inherent, in the holder to represent
26 or commit an insurance carrier.

27 (9) "Limited line credit insurance" includes credit life, credit
28 disability, credit property, credit unemployment, involuntary
29 unemployment, mortgage life, mortgage guaranty, mortgage
30 disability, guaranteed automobile protection insurance and any other
31 form of insurance offered in connection with an extension of credit that
32 is limited to partially or wholly extinguishing that credit obligation
33 that the commissioner determines should be designated a form of
34 limited line credit insurance.

35 (10) "Limited line credit insurance producer" means a person who
36 sells, solicits or negotiates one or more forms of limited line credit
37 insurance coverage to individuals through a master, corporate, group
38 or individual policy.

39 (11) "Limited lines insurance" means those lines of insurance
40 referred to in section 38a-782 of the general statutes, as amended by
41 this act, or any other line of insurance that the commissioner deems
42 necessary to recognize for the purpose of complying with section 7 of
43 this act.

44 (12) "Limited lines producer" means a person authorized by the

45 commissioner to sell, solicit or negotiate limited lines insurance.

46 (13) "Negotiate" means the act of conferring directly with, or
47 offering advice directly to, a purchaser or prospective purchaser of a
48 particular contract of insurance concerning any of the substantive
49 benefits, terms or conditions of the contract, provided the person
50 engaged in that act either sells insurance or obtains insurance from
51 insurers for purchasers.

52 (14) "Person" means an individual or a business entity.

53 (15) "Sell" means to exchange a contract of insurance by any means,
54 for money or its equivalent, on behalf of an insurance company.

55 (16) "Solicit" means attempting to sell insurance or asking or urging
56 a person to apply for a particular kind of insurance from a particular
57 company.

58 (17) "Terminate" means the cancellation of the relationship between
59 an insurance producer and the insurer or the termination of a
60 producer's authority to transact insurance.

61 (18) "Uniform business entity application" means the National
62 Association of Insurance Commissioners uniform business entity
63 application for resident and nonresident business entities, as amended
64 from time to time.

65 (19) "Uniform application" means the National Association of
66 Insurance Commissioners uniform application for resident and
67 nonresident producer licensing, as amended from time to time.

68 Sec. 2. (NEW) A person shall not sell, solicit or negotiate insurance
69 in this state for any class or classes of insurance unless the person is
70 licensed for that line of authority in accordance with sections 1 to 19,
71 inclusive, of this act.

72 Sec. 3. (NEW) (a) Nothing in sections 1 to 19, inclusive, of this act

73 shall be construed to require an insurer to obtain an insurance
74 producer license. As used in this section, "insurer" does not include an
75 insurer's officers, directors, employees, subsidiaries or affiliates.

76 (b) A license as an insurance producer shall not be required of the
77 following: (1) An officer, director or employee of an insurer or of an
78 insurance producer, provided the officer, director or employee does
79 not receive any commission on policies written or sold to insure risks
80 residing, located or to be performed in this state and (A) the officer's,
81 director's or employee's activities are executive, administrative,
82 managerial, clerical or a combination thereof, and are only indirectly
83 related to the sale, solicitation or negotiation of insurance; or (B) the
84 officer's, director's or employee's functions relate to underwriting, loss
85 control, inspection or the processing, adjusting, investigating or
86 settling of a claim on a contract of insurance; or (C) the officer, director
87 or employee is acting in the capacity of a special agent or agency
88 supervisor assisting insurance producers where the person's activities
89 are limited to providing technical advice and assistance to licensed
90 insurance producers and do not include the sale, solicitation or
91 negotiation of insurance; (2) a person who (A) secures and furnishes
92 information for the purpose of (i) group life insurance, group property
93 and casualty insurance, group annuities, group or blanket accident and
94 health insurance, (ii) enrolling individuals under plans, or (iii) issuing
95 certificates under plans or otherwise assisting in administering plans;
96 or (B) performs administrative services related to mass marketed
97 property and casualty insurance; provided no commission is paid to
98 the person for the services performed under subparagraphs (A) and
99 (B) of this subdivision; (3) an employer or association or its officers,
100 directors, employees, or the trustees of an employee trust plan, to the
101 extent that the employer, association officer, employee, director or
102 trustee is engaged in the administration or operation of a program of
103 employee benefits for the employer's or association's own employees
104 or the employees of its subsidiaries or affiliates, which program
105 involves the use of insurance issued by an insurer, provided the
106 employer, association, officer, director, employee or trustee is not in

107 any manner compensated, directly or indirectly, by the company
108 issuing the contracts; (4) an employee of an insurer, or an organization
109 employed by an insurer, that is engaged in the inspection, rating or
110 classification of risks, or in the supervision of the training of insurance
111 producers and who is not individually engaged in the sale, solicitation
112 or negotiation of insurance; (5) a person whose activities in this state
113 are limited to advertising without the intent to solicit insurance in this
114 state through communications in printed publications or other forms
115 of electronic mass media whose distribution is not limited to residents
116 of the state, provided the person does not sell, solicit or negotiate
117 insurance that would insure risks residing, located or to be performed
118 in this state; (6) a person who is not a resident of this state who sells,
119 solicits or negotiates a contract of insurance for commercial property
120 and casualty risks to an insured with risks located in more than one
121 state insured under the contract, provided the person is otherwise
122 licensed as an insurance producer to sell, solicit or negotiate such
123 insurance in the state where the insured maintains its principal place
124 of business and the contract of insurance insures risks located in that
125 state; or (7) a salaried full-time employee who counsels or advises his
126 or her employer relative to the insurance interests of the employer or
127 of the subsidiaries or business affiliates of the employer provided the
128 employee does not sell or solicit insurance or receive a commission.

129 Sec. 4. (NEW) (a) A resident individual applying for an insurance
130 producer license shall pass a written examination unless exempt under
131 section 8 of this act. The examination shall test the knowledge of the
132 individual concerning the lines of authority for which application is
133 made, the duties and responsibilities of an insurance producer and the
134 insurance laws and regulations of this state, except that no additional
135 course or examination shall be required for the line of variable life and
136 variable annuity products. Examinations required by this section shall
137 be developed and conducted under rules prescribed by the
138 commissioner, or regulations which the commissioner may adopt
139 pursuant to section 17 of this act.

140 (b) The commissioner may make arrangements, including, but not
141 limited to, contracting with an outside testing service, for
142 administering examinations and collecting the nonrefundable fee set
143 forth in section 38a-11 of the general statutes.

144 (c) Each individual applying for an examination shall remit a
145 nonrefundable fee as set forth in section 38a-11 of the general statutes.

146 (d) An individual who fails to appear for the examination as
147 scheduled or fails to pass the examination shall reapply for an
148 examination and remit all required fees and forms before being
149 scheduled for another examination.

150 Sec. 5. (NEW) (a) A person applying for a resident insurance
151 producer license shall make application to the commissioner on the
152 uniform application and declare under penalty of refusal, suspension
153 or revocation of the license that the statements made in the application
154 are true, correct and complete to the best of the individual's knowledge
155 and belief. Before approving the application, the commissioner shall
156 find that the individual (1) is at least eighteen years of age; (2) has not
157 committed any act that is a ground for denial, suspension or
158 revocation set forth in section 11 of this act; (3) has completed, where
159 required by the commissioner, a prelicensing course of study for the
160 lines of authority for which the person has applied; (4) has paid the
161 fees set forth in section 38a-11 of the general statutes; and (5) has
162 successfully passed the examinations for the lines of authority for
163 which the person has applied.

164 (b) A business entity acting as an insurance producer shall obtain an
165 insurance producer license. Application shall be made using the
166 uniform business entity application. Before approving the application,
167 the commissioner shall find that (1) the business entity has paid the
168 fees set forth in section 38a-11 of the general statutes; and (2) the
169 business entity has designated a licensed producer responsible for the
170 business entity's compliance with the insurance laws, rules and
171 regulations of this state.

172 (c) The commissioner may require the applicant to submit any
173 documents reasonably necessary to verify the information contained in
174 an application.

175 (d) Each insurer that sells, solicits or negotiates any form of limited
176 line credit insurance shall provide to each individual whose duties will
177 include selling, soliciting or negotiating limited line credit insurance a
178 program of instruction that may be approved by the commissioner.

179 Sec. 6. (NEW) (a) Unless a person is denied a license pursuant to
180 section 11 of this act, any person who has met the requirements of
181 sections 4 and 5 of this act shall be issued an insurance producer
182 license. An insurance producer may receive qualification for a license
183 in one or more of the following lines of authority (1) life: insurance
184 coverage on human lives including benefits of endowment and
185 annuities, which may include benefits in the event of death or
186 dismemberment by accident and benefits for disability income; (2)
187 accident and health or sickness: insurance coverage for sickness, bodily
188 injury or accidental death which may include benefits for disability
189 income; (3) property: insurance coverage for the direct or
190 consequential loss or damage to property of every kind; (4) casualty:
191 insurance coverage against legal liability, including that for death,
192 injury or disability or damage to real or personal property; (5) variable
193 life and variable annuity products: insurance coverage provided under
194 variable life insurance contracts and variable annuities; (6) personal
195 lines: property and casualty coverage sold to individuals and families
196 for noncommercial purposes; (7) credit: limited line credit insurance;
197 and (8) any other line of insurance permitted under this state's laws or
198 regulations.

199 (b) An insurance producer license shall remain in effect unless
200 revoked or suspended provided the fee specified in section 38a-11 of
201 the general statutes is paid and the continuing education requirements
202 for resident individual producers are met by the due date.

203 (c) An individual insurance producer who allows an insurance

204 producer's license to lapse may, not later than twelve months after the
205 due date of the renewal fee, reinstate the same license without being
206 required to pass a written examination, except that a penalty in the
207 amount of double the unpaid renewal fee shall be required for any
208 renewal fee received after the due date.

209 (d) A licensed insurance producer who is unable to comply with
210 license renewal procedures due to military service or some other
211 extenuating circumstance, such as a long-term medical disability, may
212 request a waiver of those procedures. The producer may also request a
213 waiver of any examination requirement or any other fine or sanction
214 imposed for failure to comply with renewal procedures.

215 (e) The license shall contain the licensee's name, address, personal
216 identification number, and the date of issuance, the lines of authority,
217 the expiration date and any other information the commissioner deems
218 necessary.

219 (f) Licensees shall inform the commissioner by any means
220 acceptable to the commissioner of any change of licensee information
221 as required under section 38a-771 of the general statutes, as amended
222 by this act. If, upon investigation, the commissioner determines that a
223 licensee has failed to timely inform the commissioner of a change in
224 legal name or address, the commissioner shall impose a penalty
225 pursuant to section 38a-774 of the general statutes.

226 (g) The commissioner may contract with nongovernmental entities,
227 including, but not limited to, the National Association of Insurance
228 Commissioners or any of its affiliates or subsidiaries, to perform any
229 ministerial functions related to producer licensing that the
230 commissioner deems appropriate. Such ministerial functions may
231 include the collection of licensing fees.

232 Sec. 7. (NEW) (a) Unless a person is denied a license pursuant to
233 section 11 of this act, a nonresident person shall receive a nonresident
234 producer license if: (1) The person is currently licensed as a resident

235 and in good standing in the person's home state; (2) the person has
236 submitted the proper request for licensure and has paid the fees
237 required under section 38a-11 of the general statutes; (3) the person has
238 submitted or transmitted to the commissioner the application for
239 licensure that the person submitted to the person's home state, or in
240 lieu of the same, a completed uniform application, provided an
241 applicant for a surplus lines brokers license or limited lines credit
242 insurance producer license may submit any other application
243 acceptable to the commissioner; and (4) the person's home state
244 awards nonresident producer licenses to residents of this state on the
245 same basis.

246 (b) The commissioner may verify the producer's licensing status
247 through the producer database maintained by the National
248 Association of Insurance Commissioners, its affiliates or subsidiaries.

249 (c) A nonresident producer who moves to this state from another
250 state or a resident producer who moves from this state to another state
251 shall file a change of address and provide certification from the new
252 resident state not later than thirty days after the change of legal
253 residence. No licensing fee or application shall be required from a
254 producer moving to this state pursuant to this section.

255 (d) Notwithstanding any other provision of sections 1 to 19,
256 inclusive, of this act, a person licensed as a surplus lines broker in the
257 person's home state shall receive a nonresident surplus lines broker
258 license pursuant to subsection (a) of this section. Except as provided in
259 subsection (a) of this section, nothing in this section otherwise amends
260 or supercedes any provision of sections 38a-740 to 38a-745, inclusive,
261 of the general statutes, as amended by this act.

262 (e) Notwithstanding any other provision of sections 1 to 19,
263 inclusive, of this act, a person licensed as a limited line credit insurance
264 producer or other type of limited lines producer in the producer's
265 home state shall receive a nonresident limited lines producer license,
266 pursuant to subsection (a) of this section, granting the same scope of

267 authority as granted under the license issued by the producer's home
268 state. For the purpose of this section, limited line insurance is any
269 authority granted by the home state which restricts the authority of the
270 license to less than the total authority prescribed in the associated
271 major lines pursuant to subdivisions (1) to (6), inclusive, of subsection
272 (a) of section 6 of this act.

273 Sec. 8. (NEW) Except as provided in section 7 or 15 of this act, an
274 individual who applies for an insurance producer license in this state
275 and who was previously licensed for the same lines of authority in
276 another state shall not be required to complete any prelicensing
277 education or examination if the application is received not later than
278 ninety days after the cancellation of the applicant's previous license
279 and if the prior state issues a certification that, at the time of
280 cancellation, the applicant was in good standing in that state or the
281 state's producer database records, maintained by the National
282 Association of Insurance Commissioners, its affiliates or subsidiaries,
283 indicate that the producer is or was licensed in good standing for the
284 line of authority requested. A person licensed as an insurance
285 producer in another state who moves to this state shall make
286 application not later than ninety days after establishing legal residence
287 to become a resident licensee pursuant to section 5 of this act. No
288 prelicensing education or examination shall be required of that person
289 for any line of authority previously held in the prior state except where
290 the commissioner determines otherwise by regulation, which the
291 commissioner may adopt in accordance with chapter 54 of the general
292 statutes.

293 Sec. 9. (NEW) An insurance producer doing business under any
294 name other than the producer's legal name shall notify the
295 commissioner prior to using the assumed name.

296 Sec. 10. (NEW) (a) The commissioner may issue a temporary
297 insurance producer license for a period not to exceed one hundred
298 eighty days without requiring an examination if the commissioner

299 deems that the temporary license is necessary for the servicing of an
300 insurance business in the following cases: (1) To the surviving spouse
301 or court-appointed personal representative of a licensed insurance
302 producer who dies or becomes mentally or physically disabled to
303 allow adequate time for the sale of the insurance business owned by
304 the producer or for the recovery or return of the producer to the
305 business or to provide for the training and licensing of new personnel
306 to operate the producer's business; (2) to a member or employee of a
307 business entity licensed as an insurance producer, upon the death or
308 disability of an individual designated in the business entity application
309 or the license; (3) to the designee of a licensed insurance producer
310 entering active service in the armed forces of the United States; or (4)
311 in any other circumstance where the commissioner deems that the
312 public interest will best be served by the issuance of the license.

313 (b) The commissioner may limit the authority of any temporary
314 licensee in any way deemed necessary to protect insureds and the
315 public. The commissioner may require the temporary licensee to have
316 a suitable sponsor who is a licensed producer or insurer and who
317 assumes responsibility for all acts of the temporary licensee and may
318 impose other similar requirements designed to protect insureds and
319 the public. The commissioner may revoke a temporary license if the
320 interests of insureds or the public are endangered. A temporary license
321 may not continue after the owner or the personal representative
322 disposes of the business.

323 Sec. 11. (NEW) (a) The commissioner may place on probation,
324 suspend, revoke or refuse to issue or renew an insurance producer's
325 license or may levy a civil penalty in accordance with the provisions of
326 title 38a of the general statutes, or may take any combination of such
327 actions, for any one or more of the following causes: (1) Providing
328 incorrect, misleading, incomplete or materially untrue information in
329 the license application; (2) violating any insurance laws, or violating
330 any regulation, subpoena or order of the commissioner or of another
331 state's commissioner; (3) obtaining or attempting to obtain a license

332 through misrepresentation or fraud; (4) improperly withholding,
333 misappropriating or converting any moneys or properties received in
334 the course of doing an insurance business; (5) intentionally
335 misrepresenting the terms of an actual or proposed insurance contract
336 or application for insurance; (6) having been convicted of a felony; (7)
337 having admitted or been found to have committed any insurance
338 unfair trade practice or fraud; (8) using fraudulent, coercive or
339 dishonest practices, or demonstrating incompetence,
340 untrustworthiness or financial irresponsibility in the conduct of
341 business in this state or elsewhere; (9) having an insurance producer
342 license, or its equivalent, denied, suspended or revoked in any other
343 state, province, district or territory; (10) forging another's name to an
344 application for insurance or to any document related to an insurance
345 transaction; (11) improperly using notes or any other reference
346 material to complete an examination for an insurance license; (12)
347 knowingly accepting insurance business from an individual who is not
348 licensed; (13) failing to comply with an administrative or court order
349 imposing a child support obligation; or (14) failing to pay state income
350 tax or comply with any administrative or court order directing
351 payment of state income tax.

352 (b) If the action by the commissioner is to nonrenew a license or to
353 deny an application for a license, the commissioner shall notify the
354 applicant or licensee and advise, in writing, the applicant or licensee of
355 the reason for the denial or nonrenewal of the applicant's or licensee's
356 license. The applicant or licensee may make written demand upon the
357 commissioner, not later than thirty days after the notice, for a hearing
358 before the commissioner to determine the reasonableness of the
359 commissioner's action. The hearing shall be held not later than twenty
360 days after receipt of such request and shall be held pursuant to section
361 38a-19 of the general statutes.

362 (c) The license of a business entity may be suspended, revoked or
363 refused if the commissioner finds, after hearing, that an individual
364 licensee's violation was known or should have been known by one or

365 more of the partners, officers or managers acting on behalf of the
366 partnership or corporation and the violation was neither reported to
367 the commissioner nor corrective action taken.

368 (d) In addition to or in lieu of any applicable denial, suspension or
369 revocation of a license, a person may, after hearing, be subject to a civil
370 fine pursuant to section 38a-774 of the general statutes.

371 (e) The commissioner shall retain the authority to enforce the
372 provisions of, and impose any penalty or remedy authorized by,
373 sections 1 to 19, inclusive, of this act or title 38a of the general statutes
374 against any person who is under investigation for or charged with a
375 violation of sections 1 to 19, inclusive, of this act or title 38a of the
376 general statutes even if the person's license or registration has been
377 surrendered or has lapsed by operation of law.

378 Sec. 12. (NEW) (a) An insurance company or insurance producer
379 shall not pay a commission, service fee, brokerage or other valuable
380 consideration to a person for selling, soliciting or negotiating insurance
381 in this state if the person is required to be licensed under sections 1 to
382 19, inclusive, of this act and is not so licensed.

383 (b) A person shall not accept a commission, service fee, brokerage or
384 other valuable consideration for selling, soliciting or negotiating
385 insurance in this state if the person is required to be licensed under
386 sections 1 to 19, inclusive, of this act and is not so licensed.

387 (c) Renewal or other deferred commissions may be paid to a person
388 for selling, soliciting or negotiating insurance in this state if the person
389 was required to be licensed under sections 1 to 19, inclusive, of this act
390 at the time of the sale, solicitation or negotiation and was so licensed at
391 that time.

392 (d) An insurer or insurance producer may pay or assign
393 commissions, service fees, brokerages or other valuable consideration
394 to an insurance agency or to persons who do not sell, solicit or

395 negotiate insurance in this state, unless the payment would violate
396 section 38a-825 of the general statutes.

397 Sec. 13. (NEW) (a) An insurance producer shall not act as an agent
398 of an insurer unless the insurance producer becomes an appointed
399 agent of the insurer. An insurance producer who is not acting as an
400 agent of an insurer is not required to become appointed.

401 (b) To appoint a producer as its agent, the appointing insurer shall
402 file, in a form approved by the commissioner, a notice of appointment
403 not later than fifteen days after the date the agency contract is executed
404 or the first insurance application is submitted. An insurer may elect to
405 appoint a producer to all or some of the affiliated companies within
406 the insurer's holding company system or group by filing a single
407 appointment request, provided the commissioner (1) has implemented
408 an electronic system capable of processing such filings; and (2) has
409 previously notified insurers doing business in this state that such
410 filings are acceptable. An insurer that appoints a producer to more
411 than one affiliated company within the insurer's holding company or
412 system shall pay the fee specified by section 38a-11 of the general
413 statutes for each affiliated company to which the producer is
414 appointed.

415 (c) Upon receipt of the notice of appointment, the commissioner
416 shall verify within a reasonable time not to exceed thirty days that the
417 insurance producer is eligible for appointment. If the insurance
418 producer is determined to be ineligible for appointment, the
419 commissioner shall notify the insurer not later than five days after the
420 commissioner's determination.

421 (d) An insurer shall pay an appointment fee, in the amount set forth
422 in section 38a-11 of the general statutes, for each insurance producer
423 appointed by the insurer.

424 (e) An insurer shall remit, in a manner prescribed by the
425 commissioner, a renewal appointment fee in the amount set forth in

426 section 38a-11 of the general statutes.

427 Sec. 14. (NEW) (a) An insurer or authorized representative of the
428 insurer that terminates the appointment, employment, contract or
429 other insurance business relationship with a producer shall notify the
430 commissioner not later than thirty days following the effective date of
431 the termination, in a form prescribed by the commissioner, if the
432 reason for termination is one of the reasons set forth in section 11 of
433 this act or if the insurer has knowledge the producer was found by a
434 court, government body, or self-regulatory organization authorized by
435 law to have engaged in any of the activities set forth in section 11 of
436 this act. Upon receiving a written request from the commissioner, the
437 insurer shall provide additional information, documents, records or
438 other data pertaining to the termination or activity of the producer.

439 (b) An insurer or authorized representative of the insurer that
440 terminates the appointment, employment, or contract with a producer
441 for any reason not set forth in section 11 of this act, shall notify the
442 commissioner not later than thirty days following the effective date of
443 the termination, in a form prescribed by the commissioner. Upon
444 receiving a written request from the commissioner, the insurer shall
445 provide additional information, documents, records or other data
446 pertaining to the termination.

447 (c) The insurer or the authorized representative of the insurer shall
448 promptly notify the commissioner in a form acceptable to the
449 commissioner if, upon further review or investigation, the insurer
450 discovers additional information that would have been reportable to
451 the commissioner in accordance with subsection (a) of this section had
452 the insurer then known of its existence.

453 (d) Not later than fifteen days after making the notification required
454 by subsections (a), (b) and (c) of this section, the insurer shall mail a
455 copy of the notification to the producer at the producer's last-known
456 address. If the producer is terminated for cause for any of the reasons
457 set forth in section 11 of this act, the insurer shall provide a copy of the

458 notification to the producer at the producer's last known address by (1)
459 certified mail, return receipt requested, postage prepaid, or (2)
460 overnight delivery using a nationally recognized carrier. Not later than
461 thirty days after the producer has received the original or additional
462 notification, the producer may file written comments concerning the
463 substance of the notification with the commissioner. The producer
464 shall, by the same means, simultaneously send a copy of the comments
465 to the reporting insurer, and the comments shall become a part of the
466 commissioner's file and accompany each copy of a report distributed
467 or disclosed for any reason about the producer as permitted under
468 subsection (f) of this section.

469 (e) In the absence of actual malice, an insurer, the authorized
470 representative of the insurer, a producer, the commissioner, or an
471 organization of which the commissioner is a member and that
472 compiles the information and makes it available to other
473 commissioners or regulatory or law enforcement agencies shall not be
474 subject to civil liability, and a civil cause of action of any nature shall
475 not arise against said persons or entities or their respective agents or
476 employees as a result of any statement or information required by or
477 provided pursuant to this section or any information relating to any
478 statement that may be requested in writing by the commissioner, from
479 an insurer or producer, or a statement by a terminating insurer or
480 producer to an insurer or producer limited solely and exclusively to
481 whether a termination for cause under subsection (a) of this section
482 was reported to the commissioner, provided the propriety of any
483 termination for cause under subsection (a) of this section is certified in
484 writing by an officer or authorized representative of the insurer or
485 producer terminating the relationship. In any action brought against a
486 person that may have immunity under this section for making any
487 statement required by this section or providing any information
488 relating to any statement that may be requested by the commissioner,
489 the party bringing the action shall plead specifically in any allegation
490 that this section does not apply because the person making the
491 statement or providing the information did so with actual malice. This

492 section shall not abrogate or modify any statutory or common law
493 privileges or immunities.

494 (f) Any documents, materials or other information in the control or
495 possession of the Insurance Department that are furnished by an
496 insurer, producer or an employee or agent of the insurer or producer
497 on behalf of the insurer or producer, or obtained by the commissioner
498 in an investigation pursuant to this section shall be confidential by law
499 and privileged, shall not be subject to subpoena, shall not be subject to
500 discovery or admissible in evidence in any private civil action, and the
501 commissioner shall not be required to disclose the documents,
502 materials or other information pursuant to the Freedom of Information
503 Act, as defined in section 1-200 of the general statutes, except that the
504 commissioner may use the documents, materials or other information
505 to further any regulatory or legal action brought as a part of the
506 commissioner's duties. Neither the commissioner nor any person who
507 receives documents, materials or other information while acting under
508 the authority of the commissioner shall be permitted or required to
509 testify in any private civil action concerning any confidential
510 document, material, or information that is subject to this section. The
511 commissioner may: (1) Share documents, materials or other
512 information, including the confidential and privileged documents,
513 materials or information subject to this section, with other state,
514 federal, and international regulatory agencies, with the National
515 Association of Insurance Commissioners, its affiliates or subsidiaries,
516 and with state, federal, and international law enforcement authorities,
517 provided the recipient agrees to maintain the confidentiality and
518 privileged status of the document, material or other information; (2)
519 receive documents, materials or information, including otherwise
520 confidential and privileged documents, materials or information, from
521 the National Association of Insurance Commissioners, its affiliates or
522 subsidiaries and from regulatory and law enforcement officials of
523 other foreign or domestic jurisdictions, and shall maintain as
524 confidential or privileged any document, material or information
525 received with notice or the understanding that it is confidential or

526 privileged under the laws of the jurisdiction that is the source of the
527 document, material or information; and (3) enter into agreements
528 governing sharing and use of documents, materials and information
529 consistent with this section. No waiver of any applicable privilege or
530 claim of confidentiality in the documents, materials, or information
531 shall occur as a result of disclosure to the commissioner under this
532 section or as a result of sharing as authorized in subdivision (3) of this
533 subsection. Nothing in sections 1 to 19, inclusive, of this act shall
534 prohibit the commissioner from releasing final, adjudicated actions
535 including for cause terminations that are open to public inspection
536 pursuant to the Freedom of Information Act, as defined in section 1-
537 200 of the general statutes, to a database or other clearinghouse service
538 maintained by the National Association of Insurance Commissioners,
539 its affiliates or subsidiaries.

540 (g) An insurer, the authorized representative of the insurer, or
541 producer that fails to report as required under the provisions of this
542 section or that is found to have reported with actual malice by a court
543 of competent jurisdiction may, after notice and hearing, have its license
544 or certificate of authority suspended or revoked and may be fined in
545 accordance with the provisions of title 38a of the general statutes.

546 Sec. 15. (NEW) (a) The commissioner shall waive any prelicensing
547 requirements, except the requirements imposed by section 7 of this act,
548 for a nonresident license applicant with a valid license from the
549 applicant's home state if the applicant's home state awards nonresident
550 licenses to residents of this state on the same basis.

551 (b) A nonresident producer's satisfaction of the producer's home
552 state's continuing education requirements for licensed insurance
553 producers shall constitute satisfaction of this state's continuing
554 education requirements if the nonresident producer's home state
555 recognizes the satisfaction of its continuing education requirements
556 imposed upon producers from this state on the same basis.

557 Sec. 16. (NEW) (a) A producer shall report to the commissioner any

558 administrative action taken against the producer in another
559 jurisdiction or by another governmental agency in this state not later
560 than thirty days after the final disposition of the matter. The report
561 shall include a copy of the order, consent to order or other relevant
562 legal documents.

563 (b) Not later than thirty days after the initial pretrial hearing date, a
564 producer shall report to the commissioner any criminal prosecution
565 taken against the producer in any jurisdiction. The report shall include
566 a copy of the initial complaint filed, the order resulting from the
567 hearing and any other relevant legal documents.

568 Sec. 17. (NEW) The commissioner may adopt regulations, in
569 accordance with chapter 54 of the general statutes, to implement the
570 provisions of sections 1 to 19, inclusive, of this act.

571 Sec. 18. (NEW) Except as provided in section 7 and section 15 of this
572 act, sections 1 to 19, inclusive, of this act shall not apply to excess and
573 surplus lines agents and brokers licensed pursuant to sections 38a-740
574 to 38a-745, inclusive, of the general statutes, as amended by this act,
575 and section 38a-794 of the general statutes.

576 Sec. 19. (NEW) Nothing in sections 1 to 18, inclusive, of this act shall
577 be construed as applicable to bail bond insurance under chapter 700f of
578 the general statutes, or title insurance under chapter 700a of the
579 general statutes.

580 Sec. 20. Section 38a-704 of the general statutes is repealed and the
581 following is substituted in lieu thereof:

582 Any person, partnership, association, limited liability company or
583 corporation, or any person, partnership, association, limited liability
584 company or corporation acting under a trade name, who acts within
585 this state, either on [his] the person's own behalf or as a representative
586 or agent of any other person or partnership, association, limited
587 liability company or corporation or any other person, partnership,

588 association, limited liability company or corporation acting under a
589 trade name, as an insurance producer, as defined in [subsection (1) of
590 section 38a-702] section 1 of this act, unless such person holds an
591 insurance producer license then in force from the commissioner
592 authorizing [him] the person so to act, shall be fined not more than five
593 hundred dollars or imprisoned not more than three months or both.

594 Sec. 21. Section 38a-769 of the general statutes is repealed and the
595 following is substituted in lieu thereof:

596 (a) Any person, partnership, association or corporation, resident, or
597 with its principal place of business in this state, or a nonresident of this
598 state who is not licensed in any other state, desiring to act within this
599 state as [an insurance producer,] a public adjuster, casualty adjuster,
600 motor vehicle physical damage appraiser, certified insurance
601 consultant, surplus lines broker or desiring to engage in any
602 insurance-related occupation for which a license is deemed necessary
603 by the commissioner, shall make a written application to the
604 commissioner for a resident license. Any other person, partnership,
605 association or corporation desiring to so act or to engage in any
606 insurance-related occupation for which a license is deemed necessary
607 by the commissioner, shall make a written application to the
608 commissioner for a nonresident license. No application for a
609 nonresident license shall be granted unless the applicant holds an
610 equivalent license from any other state. Any application for a resident
611 or nonresident license shall be made for each name or designation
612 under which such business shall be conducted, in such form as the
613 commissioner prescribes, stating the line or lines of insurance for
614 which the applicant desires such license and any other business which
615 [he] the applicant desires also to transact. All initial applications shall
616 be accompanied by a nonrefundable filing fee specified in section
617 38a-11. The commissioner shall cause to be made such inquiry and
618 examination as to the qualifications of each such applicant as [he] the
619 commissioner deems necessary.

620 (b) Each application for a license shall be signed by: The applicant, if
621 the application is for an individual; a licensed officer, if the application
622 is for a corporation; a licensed partner, if the application is for a
623 partnership; and a licensed principal, if the application is for any other
624 applicant.

625 (c) Each applicant for a license shall furnish satisfactory evidence to
626 the commissioner that [he] the applicant is a person of good moral
627 character and that [he] the applicant is financially responsible. [,
628 provided each applicant for a title insurance license, except any such
629 applicant who held a valid title insurance license on June 12, 1984,
630 shall also furnish satisfactory evidence that he is a commissioner of the
631 Superior Court in good standing.] In order to determine the
632 trustworthiness and competency of an applicant the commissioner
633 shall subject [him] the applicant to personal written examination as to
634 [his] the applicant's competency to act as a licensee for each line of
635 insurance for which [he] the applicant desires to be licensed. The
636 commissioner may, at [his] the commissioner's discretion, designate an
637 independent testing service to prepare and administer such
638 examination, provided any examination fees charged by such service
639 shall be paid by the applicant. The commissioner shall collect the
640 appropriate examination fee as specified in section 38a-11, which shall
641 entitle the applicant to take the examination for the license desired,
642 except that when a testing service is used, the testing service shall pay
643 such fee to the commissioner for each examination taken by an
644 applicant. In either case, each such examination shall be as the
645 commissioner prescribes and shall be of sufficient scope to test the
646 applicant's knowledge of insurance, the duties and responsibilities of a
647 licensee and the laws of this state applicable to insurance. The
648 commissioner may require a waiting period not exceeding six months,
649 before reexamining any applicant who has failed to pass any such
650 examination.

651 (d) Upon [satisfying himself] finding that an applicant meets the
652 licensing requirements of this title and is in all respects properly

653 qualified and trustworthy and that the granting of such license is not
654 against the public interest, the commissioner may issue to such
655 applicant the license applied for, in such form as [he] the commissioner
656 may adopt, to act within this state to the extent therein specified.

657 (e) The commissioner may [make and enforce such reasonable
658 regulations as he may deem necessary relating to] adopt regulations,
659 in accordance with chapter 54, concerning the approval of schools
660 offering courses in insurance, the content of such courses and the
661 advertising to the public of the services of these schools.

662 (f) To further the enforcement of this section and to determine the
663 eligibility of any licensee, the commissioner may, as often as [he] the
664 commissioner deems necessary, examine the books and records of any
665 such licensee.

666 (g) A license may, in the discretion of the commissioner, be renewed
667 or continued upon payment of the appropriate fee as specified in
668 section 38a-11, without the resubmittal of the detailed information
669 required in the original application.

670 [(h) No license as an insurance producer shall be required of the
671 following: (1) Any regularly salaried officer or employee of an
672 insurance company, who is engaged in the performance of usual and
673 customary executive, technical, administrative or clerical duties and
674 which duties do not include the negotiation or solicitation of
675 insurance; such employees shall not solicit, negotiate or effect any new
676 contractual agreement or change or modify any terms, conditions or
677 exposure of an existing contractual agreement not provided for in the
678 original contract, (2) salaried employees in the office of an insurance
679 producer or company, who devote their full time to clerical and
680 administrative services, including the receipt of premiums in the office
681 of their employer, as long as such employees do not receive any
682 commission and their compensation is not varied by the volume of
683 premiums taken or received. Such employees shall not solicit,

684 negotiate or effect any new contractual agreement or change or modify
685 any terms, conditions or exposure of an existing contractual agreement
686 not provided for in the original contract.]

687 Sec. 22. Section 38a-771 of the general statutes is repealed and the
688 following is substituted in lieu thereof:

689 (a) Any person, firm, partnership, association or corporation
690 holding a license issued pursuant to sections [38a-702 to 38a-717] 38a-
691 703 to 38a-716, inclusive, as amended by this act, 38a-731 to 38a-735,
692 inclusive, 38a-741 to 38a-745, inclusive, as amended by this act, 38a-769
693 to 38a-777, inclusive, as amended by this act, [38a-783] section 10 of
694 this act, 38a-786, 38a-790, 38a-792 [, 38a-794 and 38a-795] and 38a-794
695 or holding a license in the name of a trade name shall notify the
696 Insurance Commissioner, in writing, [within thirty days of] not later
697 than thirty days after any: (1) Change in business or residence address;
698 (2) change in employer; (3) change in name; or (4) change in licensed
699 members of a firm, partnership, association or officers of a corporation
700 as stated in the application for license.

701 (b) Any person, firm, partnership, association or corporation, or any
702 person, firm, partnership, association or corporation acting as a trade
703 name, holding a license issued pursuant to sections [38a-702] 38a-703
704 to 38a-718, inclusive, as amended by this act, 38a-731 to 38a-735,
705 inclusive, 38a-741 to 38a-745, inclusive, as amended by this act, 38a-769
706 to 38a-777, inclusive, as amended by this act, [38a-783] section 10 of
707 this act, 38a-786, 38a-790, 38a-792 [, 38a-794, and 38a-795] and 38a-794,
708 shall notify the Insurance Commissioner, in writing, [within thirty
709 days of] not later than thirty days after any bankruptcy proceeding or
710 the conviction of a felony, or any administrative action taken against
711 such licensee in another state [within thirty days of] not later than
712 thirty days after the entering of the administrative order in that state.
713 Such notification shall be accompanied by all supporting
714 documentation.

715 (c) If, upon investigation, the commissioner determines that a
716 producer has violated the provisions of subsection (b) of this section,
717 [he] the commissioner may, following a hearing as specified in section
718 38a-774, impose a fine upon and suspend or revoke the license of the
719 producer.

720 Sec. 23. Section 38a-782 of the general statutes is repealed and the
721 following is substituted in lieu thereof:

722 [(a) Any applicant for a license as an insurance producer shall
723 submit written application to the commissioner.]

724 [(b)] (a) A producer license shall indicate the lines of authority
725 granted to the applicant by examination qualification.

726 [(c) A producer's authority to act as an agent shall be activated on
727 the date the insurer's authorized licensing representative signs a
728 written appointment form if the representative sends such form to the
729 commissioner within three business days of signing and retains proof
730 of mailing satisfactory to the commissioner, unless the commissioner
731 determines the appointment is invalid. An insurer shall be responsible
732 for the actions of the producer that relate to such appointment. As
733 used in this section, "authorized licensing representative" means an
734 individual whose name is on file at the Insurance Department as being
735 authorized to appoint producers.

736 (d) The commissioner may waive the requirement for examination
737 in the case of (1) any applicant for an insurance producer's license who
738 is a nonresident of this state and who holds an equivalent license from
739 any other state. The commissioner of this state shall make such
740 determination; (2) any applicant for a travel accident or baggage
741 agent's license; (3) any applicant who at any time within two years
742 next preceding the date of application has been licensed in this state
743 under a license of the same type as the license applied for; (4) an
744 applicant for a temporary producer's license provided for in section
745 38a-783; (5) any applicant for a life producer's license who has been

746 awarded the professional designation of Chartered Life Underwriter;
747 (6) any applicant for a property or casualty producer's license who has
748 been awarded the professional designation of Chartered Property and
749 Casualty Underwriter; (7) an applicant for a producer's license to sell
750 home warranty contracts or home warranty service agreements as
751 defined in subsection (a) of section 38a-320; (8) any applicant for a
752 producer's license to sell automobile mechanical breakdown insurance;
753 (9) any applicant for a producer's license to sell (A) policies covering
754 property sold under a conditional bill of sale or installment sales
755 contract where the premium for such coverage is included as an item
756 in such sales or financing contracts, or (B) policies insuring the life or
757 health of a purchaser or borrower if the premium for such coverage is
758 included in the financing or mortgaging agreement; (10) any applicant
759 for a license to sell title insurance; or (11) any miscellaneous line of
760 insurance designated by the commissioner pursuant to regulations
761 adopted in accordance with chapter 54.

762 (e) Each applicant for an insurance producer's license shall, before
763 being admitted to such examination, prove to the satisfaction of the
764 commissioner that he meets one of the following alternative
765 prerequisites: (1) That he has successfully completed a course
766 approved by the Insurance Commissioner requiring not less than forty
767 hours for each line of insurance for which he desires to be licensed; (2)
768 that he has equivalent experience or training as determined by the
769 Insurance Commissioner. No additional course or examination shall be
770 required for the line of variable products.]

771 [(f)] (b) An applicant for a license as an insurance producer shall
772 hold himself or herself out to the public in good faith and the license
773 shall not be used or intended to be used principally for the purpose of
774 obtaining commissions on policies or bonds on which [he] the
775 producer, on [his] the producer's own account, pays or is to pay the
776 premium or on which the premiums are paid or are to be paid by [his]
777 the producer's spouse, [his] the producer's employer, whether or not
778 [his] the producer's employment is on a part or full-time basis, or any

779 corporation of which [he] the producer has stock control, or of which
780 the stock control is held by any combination of himself or herself, [his]
781 the producer's employer and [his] the producer's spouse. If the
782 premiums on policies or bonds intended to be written, or written, by
783 any such applicant for the general public do not exceed nine times the
784 premiums on policies or bonds intended to be written, or written, by
785 [him] the producer for the purpose of obtaining commissions on
786 premiums paid or to be paid by [him] the producer, [his] the
787 producer's spouse, [his] the producer's employer and any corporation
788 of which [he] the producer has stock control or of which the stock
789 control is held by any combination of himself or herself, [his] the
790 producer's spouse and [his] the producer's employer, as aforesaid, it
791 shall be conclusively presumed that the license is intended to be used
792 or is being used principally for such purpose.

793 Sec. 24. Subdivision (7) of section 38a-91 of the general statutes is
794 repealed and the following is substituted in lieu thereof:

795 (7) "Producer" shall have the same meaning as "insurance producer",
796 as defined in section [38a-702] 1 of this act.

797 Sec. 25. Subsection (g) of section 38a-155 of the general statutes is
798 repealed and the following is substituted in lieu thereof:

799 (g) All insurance products sold through the insurance companies
800 authorized by this section and the insurance company authorized by
801 section 4 of public act 84-323* shall be available to be sold by any
802 licensed independent agent, as provided in sections [38a-702] 38a-703
803 to 38a-718, inclusive, as amended by this act, 38a-731 to 38a-735,
804 inclusive, 38a-741 to 38a-745, inclusive, as amended by this act, 38a-769
805 to 38a-777, inclusive, as amended by this act, [38a-783] section 10 of
806 this act, 38a-786, 38a-790, 38a-792 [, 38a-794 and 38a-795] and 38a-794
807 and so authorized by such insurance company.

808 Sec. 26. Section 38a-188 of the general statutes is repealed and the
809 following is substituted in lieu thereof:

810 A health care center governed by sections 38a-175 to 38a-192,
811 inclusive, shall be exempt from the provisions of the general statutes
812 relating to insurance in the conduct of its operations under said
813 sections and in such other activities as do constitute the business of
814 insurance, unless expressly included therein, and except for the
815 following: Sections 38a-11, 38a-17, 38a-51, 38a-52, 38a-56, 38a-57, 38a-
816 129 to 38a-140, inclusive, 38a-147 and 38a-815 to 38a-819, inclusive,
817 provided a health care center shall not be deemed in violation of
818 sections 38a-815 to 38a-819, inclusive, solely by virtue of such center
819 selectively contracting with certain providers in one or more
820 specialties, and sections 38a-80, 38a-543, [38a-702] 38a-703 to 38a-718,
821 inclusive, as amended by this act, 38a-731 to 38a-735, inclusive, 38a-741
822 to 38a-745, inclusive, as amended by this act, 38a-769, as amended by
823 this act, 38a-770, as amended by this act, 38a-772 to 38a-777, inclusive,
824 as amended by this act, [38a-783] section 10 of this act, 38a-786, 38a-
825 790, 38a-792 [, 38a-794 and 38a-795] and 38a-794, provided a health
826 care center organized as a nonprofit, nonstock corporation shall be
827 exempt from sections 38a-146, [38a-702] 38a-703 to 38a-718, inclusive,
828 as amended by this act, 38a-731 to 38a-735, inclusive, 38a-741 to 38a-
829 745, inclusive, as amended by this act, 38a-769, as amended by this act,
830 38a-770, as amended by this act, 38a-772 to 38a-777, inclusive, as
831 amended by this act, [38a-783] section 10 of this act, 38a-786, 38a-790,
832 38a-792 [, 38a-794 and 38a-795] and 38a-794. If a health care center is
833 operated as a line of business, the foregoing provisions shall, where
834 possible, be applied only to that line of business and not to the
835 organization as a whole. The commissioner may adopt regulations, in
836 accordance with the provisions of chapter 54, stating the circumstances
837 under which the resources of a person which controls a health care
838 center, or operates a health care center as a line of business will be
839 considered in evaluating the financial condition of a health care center.
840 Such regulations, if adopted, shall require as a condition to the
841 consideration of the resources of such person which controls a health
842 care center, or operates a health care center as a line of business to
843 provide satisfactory assurances to the commissioner that it will assume

844 the financial obligations of the health care center. During the period
845 prior to the effective date of regulations issued under this section, the
846 commissioner shall, upon request, consider the resources of a person
847 which controls a health care center, or operates a health care center as a
848 line of business, if the commissioner receives satisfactory assurances
849 from such person that it will assume the financial obligations of the
850 health care center and determines that such person meets such other
851 requirements as the commissioner determines are necessary. A health
852 care center organized as a nonprofit, nonstock corporation shall be
853 exempt from the sales and use tax and all property of each such
854 corporation shall be exempt from state, district and municipal taxes.
855 Each corporation governed by sections 38a-175 to 38a-192, inclusive,
856 shall be subject to the provisions of sections 38a-903 to 38a-961,
857 inclusive. Nothing in this section shall be construed to override
858 contractual and delivery system arrangements governing a health care
859 center's provider relationships.

860 Sec. 27. Section 38a-770 of the general statutes is repealed and the
861 following is substituted in lieu thereof:

862 Whenever the Insurance Commissioner receives an application for
863 an initial license or license renewal, pursuant to the requirements of
864 sections [38a-702] 38a-703 to 38a-718, inclusive, as amended by this act,
865 38a-731 to 38a-735, inclusive, 38a-741 to 38a-745, inclusive, as amended
866 by this act, 38a-769, as amended by this act, 38a-771 to 38a-777,
867 inclusive, as amended by this act, [38a-783] section 10 of this act, 38a-
868 786, 38a-790, 38a-792 [, 38a-794 and 38a-795] and 38a-794, which is not
869 accompanied by the required fees, the commissioner shall return such
870 application together with all accompanying fees. Whenever the
871 Insurance Commissioner receives an application accompanied by the
872 required fees accepted by the commissioner, all examination and filing
873 fees are deemed earned.

874 Sec. 28. Section 38a-772 of the general statutes is repealed and the
875 following is substituted in lieu thereof:

876 Any person wilfully misrepresenting any fact required to be
877 disclosed in any application or in any other form, paper or document
878 required to be filed with the commissioner in connection with an
879 application for any license issued by the commissioner pursuant to
880 sections [38a-702] 38a-703 to 38a-718, inclusive, as amended by this act,
881 38a-731 to 38a-735, inclusive, 38a-741 to 38a-745, inclusive, as amended
882 by this act, 38a-769 to 38a-777, inclusive, as amended by this act, [38a-
883 783] section 10 of this act, 38a-786, 38a-790, 38a-792 [, 38a-794 and 38a-
884 795] and 38a-794 shall be fined not more than five hundred dollars or
885 imprisoned not more than six months or both.

886 Sec. 29. Subdivision (7) of subsection (a) of section 38a-775 of the
887 general statutes is repealed and the following is substituted in lieu
888 thereof:

889 (7) "Insurance producer" has the same meaning as set forth in
890 section [38a-702] 1 of this act.

891 Sec. 30. Subsection (c) of section 38a-976 of the general statutes is
892 repealed and the following is substituted in lieu thereof:

893 (c) "Agent" shall have the same meaning as ["insurance agent" and]
894 "insurance producer", as defined in section [38a-702] section 1 of this
895 act.

896 Sec. 31. Subsection (c) of section 38a-458 of the general statutes is
897 repealed and the following is substituted in lieu thereof:

898 (c) No insurance [agent] producer shall sell any such policy,
899 certificate, rider or endorsement unless the [agent] producer is licensed
900 to sell both life and health insurance in this state.

901 Sec. 32. Section 38a-713 of the general statutes is repealed and the
902 following is substituted in lieu thereof:

903 Any insurance [agent] producer who signs or countersigns any

904 policy of insurance or countersigns any endorsement thereon in blank
905 shall be fined not more than one hundred dollars, and the
906 commissioner shall revoke [his] the producer's license.

907 Sec. 33. Subsection (f) of section 38a-323 of the general statutes is
908 repealed and the following is substituted in lieu thereof:

909 (f) (1) No surplus lines insurer shall be deemed eligible to write
910 coverage for risks as provided in sections 38a-741 to 38a-744, inclusive,
911 as amended by this act, 38a-777, as amended by this act, [38a-794 and
912 38a-795] and 38a-794, unless such surplus lines insurer complies with
913 the requirements of this section. (2) Notwithstanding the provisions of
914 subsection (b) of this section, premium billing notices shall be
915 provided by any surplus lines insurer to the insured at least sixty days
916 in advance of the renewal or anniversary date of the policy. Notices of
917 nonrenewal or premium billing required by this section shall be
918 provided by the surplus lines insurer or its duly authorized
919 representative to the insured. (3) Notwithstanding the provisions of
920 subsection (c) of this section, failure of any surplus lines insurer to
921 provide the insured with the required notice of nonrenewal or
922 premium billing shall entitle the insured to an extension of the policy
923 for a period of ninety days after the renewal or anniversary date of
924 such policy, provided if the surplus lines insurer fails to provide the
925 required notice on or before the renewal or anniversary date of such
926 policy, the provisions of subsection (c) of this section shall apply. In the
927 event of such a ninety-day extension of coverage, the premium for the
928 extended period of coverage shall be the current rate or the previous
929 rate, whichever is lower.

930 Sec. 34. Subsection (b) of section 38a-324 of the general statutes is
931 repealed and the following is substituted in lieu thereof:

932 (b) No surplus lines insurer shall be deemed to be eligible to write
933 coverage for risks as provided in sections 38a-741 to 38a-744, inclusive,
934 as amended by this act, 38a-777, as amended by this act, [38a-794 and

935 ~~38a-795]~~ and 38a-794, unless such insurer complies with the
936 requirements of subsection (a) of this section.

937 Sec. 35. Section 38a-742 of the general statutes is repealed and the
938 following is substituted in lieu thereof:

939 The licensee shall keep a complete and separate record of all policies
940 procured from unauthorized insurers under such license. Such records
941 shall be open to the examination of the commissioner at all reasonable
942 times and shall show: [(a)] (1) The exact amount of each kind of
943 insurance permitted under sections 38a-741 to 38a-744, inclusive, as
944 amended by this act, and 38a-794 [and 38a-795 which] that has been
945 procured for each insured; [(b)] (2) the gross premiums charged by the
946 insurers for each kind of insurance permitted under section 38a-794;
947 [(c)] (3) the amount of each kind of premiums of insurance permitted
948 by section 38a-794 which were returned to each insured; [(d)] (4) the
949 name of the insurer or insurers which issued each of such policies; [(e)]
950 (5) the effective dates of such policies; [(f)] (6) the terms for which they
951 were issued.

952 Sec. 36. Subsection (a) of section 38a-743 of the general statutes is
953 repealed and the following is substituted in lieu thereof:

954 (a) Every person, firm, association or corporation licensed pursuant
955 to the provisions of sections 38a-741 to 38a-744, inclusive, as amended
956 by this act, 38a-777, as amended by this act, [38a-794 and 38a-795] and
957 38a-794 shall pay to the commissioner on May first of each year a sum
958 equal to four per cent of the gross premiums charged the insureds by
959 the insurers during the period from January first to March thirty-first
960 of that year, and on August first of each year a sum equal to four per
961 cent of the gross premiums charged the insured by the insurers during
962 the period from April first to June thirtieth of that year, on November
963 first of each year a sum equal to four per cent of the gross premiums
964 charged the insureds by the insurers during the period from July first
965 to September thirtieth of that year and on February first of each year a

966 sum equal to four per cent of the gross premiums charged the insureds
967 by the insurers during the period from October first to December
968 thirty-first of the preceding year, for insurance procured by such
969 licensee pursuant to such license, less the amount of such premiums
970 returned to such insureds, except that the premium tax shall not apply
971 to any policy issued to the state of Connecticut or any agency thereof
972 or to any policy issued to any town, or agency of such town or special
973 taxing district when said town, agency or department thereof or
974 special taxing district appears in the policy as the named insured and
975 as such is responsible for the payment of premiums shown on said
976 policy. Each licensee shall also file on May first, August first,
977 November first, and February first a return, in the form described by
978 the commissioner, showing such information as the commissioner
979 deems necessary.

980 Sec. 37. Section 38a-744 of the general statutes is repealed and the
981 following is substituted in lieu thereof:

982 Any licensee acting in conformance with sections 38a-741 to 38a-744,
983 inclusive, as amended by this act, 38a-777, as amended by this act,
984 [38a-794 and 38a-795] and 38a-794 shall not be subject to personal
985 liability as set forth in section 38a-714.

986 Sec. 38. Section 38a-745 of the general statutes is repealed and the
987 following is substituted in lieu thereof:

988 Each insurance policy issued pursuant to sections 38a-741 to 38a-
989 744, inclusive, as amended by this act, 38a-777, as amended by this act,
990 [38a-794 and 38a-795] and 38a-794 by a surplus lines insurer shall bear
991 on its cover, in not less than ten point bold red type, the following:

992

993

994

995 NOTICE

996 This policy is not protected by the Connecticut Insurance Guaranty
997 Association.

998 Sec. 39. Section 38a-777 of the general statutes is repealed and the
999 following is substituted in lieu thereof:

1000 Any licensee under sections 38a-741 to 38a-744, inclusive, as
1001 amended by this act, 38a-777, as amended by this act, [38a-794 and 38a-
1002 795] and 38a-794 who negotiates, continues or renews any contract for
1003 insurance in any unauthorized company, and who neglects to make
1004 and file the affidavit and statements required by said sections, or who
1005 wilfully makes a false affidavit or statement, or who negotiates,
1006 continues or renews any such contract of insurance after the revocation
1007 or during the suspension of [his] the licensee's license, shall forfeit [his]
1008 the license if not previously revoked and shall be fined not more than
1009 five hundred dollars or imprisoned not more than six months or both.

1010 Sec. 40. Subsection (a) of section 38a-784 of the general statutes is
1011 repealed and the following is substituted in lieu thereof:

1012 (a) Any license issued for an insurance producer by the
1013 commissioner shall be in force only until the first day of February in
1014 each even-numbered year, but may be renewed by the commissioner,
1015 in [his] the commissioner's discretion and without formality other than
1016 proper application and satisfactory proof that such applicant at that
1017 time possesses the required qualifications for license and that the
1018 issuance of such license will not be contrary to the licensing provisions
1019 of this title, provided any producer's license issued by the
1020 commissioner, except a temporary producer's license provided for in
1021 section [38a-783] 10 of this act, shall continue in force until cancelled,
1022 suspended or revoked and provided the insurance company
1023 represented by any licensee or licensees shall furnish the
1024 commissioner, prior to May first, biennially, the names of its agents
1025 whose appointments it wishes to continue. The fees for producer

1026 licenses and agent appointments shall be assessed biennially as
1027 provided in section 38a-11.

1028 Sec. 41. Section 53-323 of the general statutes is repealed and the
1029 following is substituted in lieu thereof:

1030 No person, firm or corporation selling real or personal property or
1031 engaged in the business of financing the purchase of real or personal
1032 property or of lending money on the security of real or personal
1033 property shall require, as a condition to such sale, financing or lending,
1034 or as a condition to the renewal or extension of any such loan or to the
1035 performance of any other act in connection with such sale, financing or
1036 lending, that the purchaser or borrower, or [his] the purchaser's or
1037 borrower's successors, shall negotiate through a particular insurance
1038 company, or insurance [agent or broker] producer, any policy of
1039 insurance or renewal thereof. No person, firm or corporation named as
1040 a loss payee or having an interest under any mortgagee provision of
1041 any insurance policy issued in connection with the sale of real or
1042 personal property or the financing of the purchase of real or personal
1043 property, shall require as a condition to releasing or endorsing any
1044 claim settlement payment that the property insured be inspected by
1045 such loss payee or mortgagee or its designee, unless it is inspected or
1046 approved at such loss payee's or mortgagee's own effort and expense.
1047 If such inspection is required, it shall be completed, with respect to
1048 personal property, within two days, excluding Saturdays, Sundays and
1049 legal holidays, of notification of the availability of such property and,
1050 with respect to real property, within thirty days, excluding Saturdays,
1051 Sundays, and legal holidays, of such notification. If any loss payee
1052 chooses to inspect any personal property pursuant to this section, such
1053 loss payee or the designee of such loss payee shall be authorized to
1054 endorse at the time of such inspection any such claim settlement
1055 payment. If an agreement is reached concerning the amount of the
1056 settlement at the time of such inspection, such loss payee or designee
1057 shall endorse at that time any such claim settlement payment. Any
1058 person, firm or corporation, whether as principal, agent, officer or

1059 director, for [himself] the person or itself, or for another person, firm or
1060 corporation, violating the provisions of this section shall be fined not
1061 more than one hundred dollars.

1062 Sec. 42. Sections 38a-702, 38a-706, 38a-708, 38a-711, 38a-717, 38a-783
1063 and 38a-795 of the general statutes are repealed.

Statement of Purpose:

To rewrite provisions related to the licensing of insurance producers and conform such provisions with the National Association of Insurance Commissioners model act.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]