



General Assembly

January Session, 2003

Raised Bill No. 6520

LCO No. 3453

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

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

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

1 Section 1. Section 38a-42 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2003*):

3 (a) Except as provided in subsection (b) of this section, no insurance
4 company shall enter into any contract of remuneration with any life or
5 accident and health insurance producer [] where the initial or any
6 renewal commission is contingent upon (1) such contract being in
7 effect more than two years, or (2) any continuing premium or other
8 volume requirement contained in such contract.

9 (b) Any insurance company may enter into a contract of
10 remuneration of the kind prohibited in subsection (a) of this section
11 with any such insurance producer if the company [shall have] has
12 offered to such producer a contract which contains no such contingent
13 provisions as described in subdivisions (1) and (2) of subsection (a) of
14 this section and which provides actuarially equivalent remuneration to

15 [that] the contract containing such contingent provisions.

16 Sec. 2. Section 38a-43 of the general statutes is repealed and the
17 following is substituted in lieu thereof (*Effective October 1, 2003*):

18 Whenever it appears to the commissioner that permission to
19 transact business within any state of the United States or within any
20 foreign country has been refused to any domestic insurance company
21 after a certificate of the solvency and good management of such
22 company has been issued to it by the commissioner and after such
23 company has complied with any reasonable laws of such state or
24 foreign country requiring deposits of money or securities with the
25 government of such state or country, the commissioner may
26 [forthwith] immediately cancel the authority of each company
27 organized under the laws of such state or foreign government and
28 licensed to do business in this state and may refuse a certificate of
29 authority to each such company thereafter applying [to him] for
30 authority to do business in this state, until [his] the commissioner's
31 certificate has been recognized by the government of such state or
32 country.

33 Sec. 3. Section 38a-45 of the general statutes is repealed and the
34 following is substituted in lieu thereof (*Effective October 1, 2003*):

35 No corporation shall insure or guarantee titles to real estate situated
36 in this state except subject to and in accordance with all laws of this
37 state relating to insurance or insurance companies generally or relating
38 to the powers or duties of the commissioner. No corporation doing
39 title insurance business may do any other line of insurance business.
40 No corporation doing mortgage guaranty insurance business may do
41 any other line of insurance business. The commissioner may [issue]
42 adopt regulations, in accordance with chapter 54, which set
43 requirements concerning the amount of deposits and the establishment
44 and maintenance of unearned premium and loss reserves and other
45 liabilities of domestic title insurance companies and foreign mortgage

46 guaranty insurance companies for the purpose of protecting their
47 policyholders.

48 Sec. 4. Subsection (c) of section 38a-88b of the general statutes is
49 repealed and the following is substituted in lieu thereof (*Effective*
50 *October 1, 2003*):

51 (c) Notwithstanding the provisions of subsection (a) of this section,
52 the provisions of subsections (b) and (l) of section 38a-88a and
53 subdivision (3) of subsection (i) of section 38a-88a [] shall be
54 applicable to all funds.

55 Sec. 5. Subsection (f) of section 38a-318 of the general statutes is
56 repealed and the following is substituted in lieu thereof (*Effective*
57 *October 1, 2003*):

58 (f) For the purposes of this section, "authorized agency" means: (1)
59 The State Fire Marshal or the local fire marshal when authorized or
60 charged with the investigation of fires at the place where the fire
61 actually took place; and (2) the Insurance Commissioner.

62 Sec. 6. Subsection (a) of section 38a-343 of the general statutes is
63 repealed and the following is substituted in lieu thereof (*Effective*
64 *October 1, 2003*):

65 (a) No notice of cancellation of a policy to which section 38a-342
66 applies may be effective unless sent, by registered or certified mail or
67 by mail evidenced by a certificate of mailing, or delivered by the
68 insurer to the named insured, and any third party designated pursuant
69 to section 38a-323a, at least forty-five days before the effective date of
70 cancellation, except that (1) where cancellation is for nonpayment of
71 the first premium on a new policy, at least fifteen days' notice of
72 cancellation accompanied by the reason for cancellation shall be given,
73 and (2) where cancellation is for nonpayment of any other premium, at
74 least ten days' notice of cancellation accompanied by the reason for
75 cancellation shall be given. No notice of cancellation of a policy which

76 has been in effect for less than sixty days may be effective unless
77 mailed or delivered by the insurer to the insured and any third party
78 designee at least forty-five days before the effective date of
79 cancellation, provided (A) at least fifteen days' notice shall be given
80 where cancellation is for nonpayment of the first premium on a new
81 policy, and (B) at least ten days' notice shall be given where
82 cancellation is for nonpayment of any other premium or material
83 misrepresentation. The notice of cancellation shall state or be
84 accompanied by a statement specifying the reason for such
85 cancellation. Any notice of cancellation for nonpayment of the first
86 premium on a new policy may be retroactive to the effective date of
87 such policy, provided at least fifteen days' notice has been given to the
88 insured and any third party designee and payment of such premium
89 has not been received during such notice period.

90 Sec. 7. Section 38a-417 of the general statutes is repealed and the
91 following is substituted in lieu thereof (*Effective October 1, 2003*):

92 The provisions of section 38a-816 [L] shall govern relationships
93 which favored agents or insurers.

94 Sec. 8. Subdivision (2) of subsection (b) of section 38a-478n of the
95 general statutes is repealed and the following is substituted in lieu
96 thereof (*Effective October 1, 2003*):

97 (2) The filing fee shall be twenty-five dollars and shall be deposited
98 into the Insurance Fund established in section [38a-52] 38a-52a. If the
99 commissioner finds that an enrollee is indigent or unable to pay the
100 fee, the commissioner shall waive the fee.

101 Sec. 9. Subsection (e) of section 38a-702e of the general statutes is
102 repealed and the following is substituted in lieu thereof (*Effective*
103 *October 1, 2003*):

104 (e) Each applicant for an insurance producer license shall, before
105 being admitted to an examination under subsection (a) of this section,

106 prove to the satisfaction of the commissioner that such applicant meets
107 one of the following prerequisites: (1) [That the applicant has
108 successfully completed] Successful completion of a course approved
109 by the commissioner requiring not less than forty hours for each line of
110 insurance for which the applicant is applying to be licensed; or (2) [that
111 such applicant has] equivalent experience or training as determined by
112 the commissioner.

113 Sec. 10. Subdivision (4) of section 38a-844 of the general statutes is
114 repealed and the following is substituted in lieu thereof (*Effective*
115 *October 1, 2003*):

116 (4) The association shall have the right to recover from the following
117 persons the amount of any covered claim paid on behalf of such
118 person pursuant to sections 38a-836 to 38a-853, inclusive: [(a)] (A) Any
119 person who is an affiliate of the insolvent insurer and whose liability
120 obligations to other persons are satisfied in whole or in part by
121 payments made under this chapter; and [(b)] (B) any insured whose
122 net worth on December thirty-first of the year next preceding the date
123 the insurer becomes an insolvent insurer exceeds fifty million dollars
124 and whose liability obligations to other persons are satisfied in whole
125 or in part by payments made under said sections.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>
Sec. 2	<i>October 1, 2003</i>
Sec. 3	<i>October 1, 2003</i>
Sec. 4	<i>October 1, 2003</i>
Sec. 5	<i>October 1, 2003</i>
Sec. 6	<i>October 1, 2003</i>
Sec. 7	<i>October 1, 2003</i>
Sec. 8	<i>October 1, 2003</i>
Sec. 9	<i>October 1, 2003</i>
Sec. 10	<i>October 1, 2003</i>

INS *Joint Favorable*