



# Senate

General Assembly

**File No. 227**

January Session, 2005

Substitute Senate Bill No. 435

*Senate, April 11, 2005*

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT CONCERNING SERVICES PROVIDED BY INSURANCE PRODUCERS AND HEALTH INSURERS.**

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

1 Section 1. Section 38a-825 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2005*):

3 (a) No insurance company doing business in this state, or attorney,  
4 producer or any other person shall pay or allow, or offer to pay or  
5 allow, as inducement to insurance, any rebate of premium payable on  
6 the insurance policy, or any special favor or advantage in the  
7 dividends or other benefits to accrue thereon, or any valuable  
8 consideration or inducement not specified in the [policy of] insurance  
9 policy. No person shall receive or accept from any company, or  
10 attorney, producer or any other person, as inducement to insurance,  
11 any such rebate of premium payable on the insurance policy, or any  
12 special favor or advantage in the dividends or other benefit to accrue  
13 thereon, or any valuable consideration or inducement not specified in

14 the insurance policy. [of insurance.] No person shall be excused from  
15 testifying or from producing any books, papers, contracts, agreements  
16 or documents, at the trial of any other person charged with the  
17 violation of any provision of this section or of section 38a-446, on the  
18 ground that such testimony or evidence may tend to incriminate [him]  
19 the person, but no person shall be prosecuted for any act concerning  
20 which [he] the person is compelled to so testify or produce  
21 documentary or other evidence, except for perjury committed in so  
22 testifying.

23 (b) Nothing in subsection (a) of this section shall prohibit the offer  
24 or provision of a value added service, activity or product without a fee,  
25 or at a reduced fee, that is related to the coverage provided by an  
26 insurance policy or annuity contract, if the offer or provision of such  
27 value added service, activity, or product does not violate any other  
28 provision of this title and is: (1) Clearly identified and included in the  
29 insurance policy, contract or producer agreement; or (2) (A) directly  
30 related to the producer's services with respect to the insurance policy,  
31 contract, or producer agreement, or (B) offered or undertaken to  
32 provide risk management tools for the benefit of the person covered by  
33 the policy, contract or producer agreement.

34 (c) The Insurance Commissioner shall adopt regulations, in  
35 accordance with chapter 54, to define the value added services,  
36 activities or products allowed under subsection (b) of this section. Such  
37 services, activities or products may include: (1) Risk assessments, (2)  
38 risk management tools, (3) claims assistance, (4) legislative updates,  
39 and (5) administration consulting.

40 (d) Nothing in subsection (a) of this section shall prohibit the offer  
41 or provision of discounts or special offers on health related products or  
42 services not otherwise covered under a health insurance policy or  
43 contract that are designed to benefit individuals covered by the health  
44 insurance policy or contract.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2005</i>	38a-825

**INS**      *Joint Favorable Subst.*

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

***Municipal Impact:*** None

***Explanation***

The bill adds exemptions to the premium rebating prohibition. The bill has no fiscal impact.

**OLR Bill Analysis**

sSB 435

***AN ACT CONCERNING SERVICES PROVIDED BY INSURANCE PRODUCERS AND HEALTH INSURERS*****SUMMARY:**

This bill adds two exemptions to the premium rebating prohibition. It permits an insurance company, attorney, or insurance producer to offer or provide certain value-added services, activities, or products at a reduced or no cost. It also permits discounts or special offers on health-related products that are (1) not covered by an insurance policy or contract and (2) designed to benefit covered individuals. It requires the insurance commissioner to adopt regulations to define value-added services, activities, and products.

EFFECTIVE DATE: October 1, 2005

**VALUE-ADDED SERVICES, ACTIVITIES, AND PRODUCTS**

An insurance company, attorney, or insurance producer can offer or provide value-added services, activities, or products that relate to an insurance policy or annuity contract if it does not violate another state insurance law and (1) is clearly identified in the policy, contract, or producer agreement or (2) is directly related to the producer's policy, contract, or agreement-related services or meant as a risk-management tool to benefit the covered person.

**REGULATIONS**

The insurance commissioner must adopt regulations that define allowable value-added services, activities, and products. They can include (1) risk assessments, (2) risk management tools, (3) claims assistance, (4) legislative updates, and (5) administration consulting.

**BACKGROUND*****Rebating Prohibited***

It is against the law to offer, pay, receive, or accept, as an inducement

to insurance, any premium rebate, special favor, or valuable consideration not specified in an insurance policy.

***Related Bill***

HB 6139 exempts certain bail bond payment plans from the premium rebating prohibition.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Substitute  
Yea 16    Nay 0