



Senate

General Assembly

File No. 124

January Session, 2007

Senate Bill No. 1304

Senate, March 26, 2007

The Committee on General Law reported through SEN. COLAPIETRO of the 31st Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING THE LICENSING AND REGULATION OF MOTOR VEHICLE APPRAISERS.

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

1 Section 1. Subsection (a) of section 38a-769 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *January 1, 2008*):

4 (a) Any person, partnership, association or corporation that is
5 resident in this state or has its principal place of business in this state,
6 or a nonresident of this state who is not licensed in any other state,
7 desiring to act within this state as a public adjuster, casualty adjuster,
8 [motor vehicle physical damage appraiser,] certified insurance
9 consultant, surplus lines broker or desiring to engage in any insurance-
10 related occupation for which a license is deemed necessary by the
11 commissioner, other than an occupation as an insurance producer,
12 shall make a written application to the commissioner for a resident
13 license. Any other person, partnership, association or corporation
14 desiring to so act or to engage in any insurance-related occupation for

15 which a license is deemed necessary by the commissioner, other than
16 an occupation as an insurance producer, shall make a written
17 application to the commissioner for a nonresident license. No
18 application for a nonresident license shall be granted unless the
19 applicant holds an equivalent license from any other state. Any
20 application for a resident or nonresident license shall be made for each
21 name or designation under which such business shall be conducted, in
22 such form as the commissioner prescribes, stating the line or lines of
23 insurance for which the applicant desires such license and any other
24 business which the applicant desires also to transact. All initial
25 applications shall be accompanied by a nonrefundable filing fee
26 specified in section 38a-11, as amended by this act. The commissioner
27 shall cause to be made such inquiry and examination as to the
28 qualifications of each such applicant as the commissioner deems
29 necessary.

30 Sec. 2. Subsection (a) of section 38a-11 of the general statutes is
31 repealed and the following is substituted in lieu thereof (*Effective*
32 *January 1, 2008*):

33 (a) The commissioner shall demand and receive the following fees:
34 (1) For the annual fee for each license issued to a domestic insurance
35 company, one hundred dollars; (2) for receiving and filing annual
36 reports of domestic insurance companies, twenty-five dollars; (3) for
37 filing all documents prerequisite to the issuance of a license to an
38 insurance company, one hundred seventy-five dollars, except that the
39 fee for such filings by any health care center, as defined in section 38a-
40 175, shall be one thousand one hundred dollars; (4) for filing any
41 additional paper required by law, fifteen dollars; (5) for each certificate
42 of valuation, organization, reciprocity or compliance, twenty dollars;
43 (6) for each certified copy of a license to a company, twenty dollars; (7)
44 for each certified copy of a report or certificate of condition of a
45 company to be filed in any other state, twenty dollars; (8) for
46 amending a certificate of authority, one hundred dollars; (9) for each
47 license issued to a rating organization, one hundred dollars. In
48 addition, insurance companies shall pay any fees imposed under

49 section 12-211; (10) a filing fee of twenty-five dollars for each initial
50 application for a license made pursuant to section 38a-769; (11) with
51 respect to insurance agents' appointments: (A) A filing fee of twenty-
52 five dollars for each request for any agent appointment, except that no
53 filing fee shall be payable for a request for agent appointment by an
54 insurance company domiciled in a state or foreign country which does
55 not require any filing fee for a request for agent appointment for a
56 Connecticut insurance company; (B) a fee of forty dollars for each
57 appointment issued to an agent of a domestic insurance company or
58 for each appointment continued; and (C) a fee of twenty dollars for
59 each appointment issued to an agent of any other insurance company
60 or for each appointment continued, except that no fee shall be payable
61 for an appointment issued to an agent of an insurance company
62 domiciled in a state or foreign country which does not require any fee
63 for an appointment issued to an agent of a Connecticut insurance
64 company; (12) with respect to insurance producers: (A) An
65 examination fee of seven dollars for each examination taken, except
66 when a testing service is used, the testing service shall pay a fee of
67 seven dollars to the commissioner for each examination taken by an
68 applicant; (B) a fee of forty dollars for each license issued; (C) a fee of
69 forty dollars per year, or any portion thereof, for each license renewed;
70 and (D) a fee of forty dollars for any license renewed under the
71 transitional process established in section 38a-784; (13) with respect to
72 public adjusters: (A) An examination fee of seven dollars for each
73 examination taken, except when a testing service is used, the testing
74 service shall pay a fee of seven dollars to the commissioner for each
75 examination taken by an applicant; and (B) a fee of one hundred
76 twenty-five dollars for each license issued or renewed; (14) with
77 respect to casualty adjusters: (A) An examination fee of ten dollars for
78 each examination taken, except when a testing service is used, the
79 testing service shall pay a fee of ten dollars to the commissioner for
80 each examination taken by an applicant; (B) a fee of forty dollars for
81 each license issued or renewed; and (C) the expense of any
82 examination administered outside the state shall be the responsibility
83 of the entity making the request and such entity shall pay to the

84 commissioner one hundred dollars for such examination and the
85 actual traveling expenses of the examination administrator to
86 administer such examination; [(15) with respect to motor vehicle
87 physical damage appraisers: (A) An examination fee of forty dollars
88 for each examination taken, except when a testing service is used, the
89 testing service shall pay a fee of forty dollars to the commissioner for
90 each examination taken by an applicant; (B) a fee of forty dollars for
91 each license issued or renewed; and (C) the expense of any
92 examination administered outside the state shall be the responsibility
93 of the entity making the request and such entity shall pay to the
94 commissioner one hundred dollars for such examination and the
95 actual traveling expenses of the examination administrator to
96 administer such examination; (16)] (15) with respect to certified
97 insurance consultants: (A) An examination fee of thirteen dollars for
98 each examination taken, except when a testing service is used, the
99 testing service shall pay a fee of thirteen dollars to the commissioner
100 for each examination taken by an applicant; (B) a fee of two hundred
101 dollars for each license issued; and (C) a fee of one hundred twenty-
102 five dollars for each license renewed; [(17)] (16) with respect to surplus
103 lines brokers: (A) An examination fee of ten dollars for each
104 examination taken, except when a testing service is used, the testing
105 service shall pay a fee of ten dollars to the commissioner for each
106 examination taken by an applicant; and (B) a fee of five hundred
107 dollars for each license issued or renewed; [(18)] (17) with respect to
108 fraternal agents, a fee of forty dollars for each license issued or
109 renewed; [(19)] (18) a fee of thirteen dollars for each license certificate
110 requested, whether or not a license has been issued; [(20)] (19) with
111 respect to domestic and foreign benefit societies shall pay: (A) For
112 service of process, twenty-five dollars for each person or insurer to be
113 served; (B) for filing a certified copy of its charter or articles of
114 association, five dollars; (C) for filing the annual report, ten dollars;
115 and (D) for filing any additional paper required by law, three dollars;
116 [(21)] (20) with respect to foreign benefit societies: (A) For each
117 certificate of organization or compliance, four dollars; (B) for each
118 certified copy of permit, two dollars; and (C) for each copy of a report

119 or certificate of condition of a society to be filed in any other state, four
120 dollars; [(22)] (21) with respect to reinsurance intermediaries: A fee of
121 five hundred dollars for each license issued or renewed; [(23)] (22)
122 with respect to viatical settlement providers: (A) A filing fee of thirteen
123 dollars for each initial application for a license made pursuant to
124 section 38a-465a; and (B) a fee of twenty dollars for each license issued
125 or renewed; [(24)] (23) with respect to viatical settlement brokers: (A) A
126 filing fee of thirteen dollars for each initial application for a license
127 made pursuant to section 38a-465a; and (B) a fee of twenty dollars for
128 each license issued or renewed; [(25)] (24) with respect to viatical
129 settlement investment agents: (A) A filing fee of thirteen dollars for
130 each initial application for a license made pursuant to section 38a-465a;
131 and (B) a fee of twenty dollars for each license issued or renewed;
132 [(26)] (25) with respect to preferred provider networks, a fee of two
133 thousand five hundred dollars for each license issued or renewed;
134 [(27)] (26) with respect to rental companies, as defined in section 38a-
135 799, a fee of forty dollars for each permit issued or renewed; [(28)] (27)
136 with respect to medical discount plan organizations licensed under
137 section 38a-479rr, a fee of five hundred dollars for each license issued
138 or renewed; and [(29)] (28) with respect to each duplicate license
139 issued a fee of twenty-five dollars for each license issued.

140 Sec. 3. (NEW) (*Effective January 1, 2008*) (a) Any person, partnership,
141 association or corporation that is a resident in this state or has its
142 principal place of business in this state, or a nonresident of this state
143 who is not licensed in any other state, desiring to act within this state
144 as motor vehicle physical damage appraiser shall make a written
145 application to the Commissioner of Consumer Protection for a resident
146 license. Any other person, partnership, association or corporation
147 desiring to so act within this state as a motor vehicle physical damage
148 appraiser shall make a written application to the commissioner for a
149 nonresident license. No application for a nonresident license shall be
150 granted unless the applicant holds an equivalent license from any
151 other state. Any application for a resident or nonresident license shall
152 be made for each name or designation under which such business shall
153 be conducted, in such form as the commissioner prescribes and any

154 other business which the applicant desires also to transact. All initial
155 applications shall be accompanied by a nonrefundable filing fee of one
156 hundred dollars. The commissioner shall cause to be made such
157 inquiry and examination as to the qualifications of each such applicant
158 as the commissioner deems necessary.

159 (b) Each application for a license shall be signed by: (1) The
160 applicant, if the application is for an individual; (2) a licensed officer, if
161 the application is for a corporation; (3) a licensed partner, if the
162 application is for a partnership; and (4) a licensed principal, if the
163 application is for any other applicant.

164 (c) Each applicant for a license shall furnish satisfactory evidence to
165 the commissioner that the applicant is a person of good moral
166 character and that the applicant is financially responsible.

167 (d) Upon finding that an applicant meets the licensing requirements
168 of this section and is in all respects properly qualified and trustworthy
169 and that the granting of such license is not against the public interest,
170 the commissioner may issue to such applicant the license applied for,
171 in such form as the commissioner may adopt, to act within this state to
172 the extent therein specified.

173 (e) The commissioner may adopt regulations, in accordance with
174 chapter 54 of the general statutes, concerning the approval of schools
175 offering courses in motor vehicle physical damage appraisal, the
176 content of such courses and the advertising to the public of the services
177 of these schools.

178 (f) To further the enforcement of this section and to determine the
179 eligibility of any licensee, the commissioner may, as often as the
180 commissioner deems necessary, examine the books and records of any
181 such licensee.

182 (g) A license may, in the discretion of the commissioner, be renewed
183 or continued upon payment of an appropriate fee, as determined by
184 the commissioner, without the resubmittal of the detailed information

185 required in the original application.

| | | |
|---|------------------------|-------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>January 1, 2008</i> | 38a-769(a) |
| Sec. 2 | <i>January 1, 2008</i> | 38a-11(a) |
| Sec. 3 | <i>January 1, 2008</i> | New section |

GL *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 chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 08 \$ | FY 09 \$ |
|--|---------------------------|---------------|---------------|
| Consumer Protection, Dept.; Insurance Dept. | GF - Revenue Impact | See Below | See Below |
| Consumer Protection, Dept. Insurance Dept. | GF - Cost IF - Savings | Indeterminate | Indeterminate |

Note: GF=General Fund; IF=Insurance Fund

Municipal Impact: None

Explanation

This bill transfers motor vehicle appraisal licensing from the Department of Insurance (DOI) to the Department of Consumer Protection (DCP), resulting in a revenue gain to DCP and revenue loss to DOI, the net impact of which is uncertain but is not anticipated to be significant. Currently, approximately 2,100 licenses are renewed every two years and about 150 new licenses are processed annually through DOI. The bill does not specify a licensing fee schedule for these appraisers (except for a \$100 filing fee) and allows DCP to determine the appropriate level of fee for licensing and renewal which is unknown at this time.

Since the bill transfers the licensing responsibilities to DCP from DOI, there would be additional staffing costs needed for DCP and a reduction in workload and associated savings to DOI, the extent of which cannot be determined at this time.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of licenses processed.

OLR Bill Analysis**SB 1304*****AN ACT CONCERNING THE LICENSING AND REGULATION OF
MOTOR VEHICLE APPRAISERS*****SUMMARY:**

The law requires motor vehicle physical damage appraisers to be licensed by the Insurance Department before appraising motor vehicle physical damage on behalf of an insurance company or a firm engaged in the business of adjusting or appraising motor vehicle claims. This bill (1) requires applicants to apply to the consumer protection department rather than the Insurance Department for their licenses and (2) eliminates the Insurance Department license fee schedule for these appraisers. The bill does not transfer the responsibility for licensing the appraisers from the Insurance Department to the consumer protection department (see COMMENT).

EFFECTIVE DATE: January 1, 2008

DUTIES TRANSFERRED

The bill requires any individual or business seeking a license to apply to the Department of Consumer Protection (DEP). All applicants, both individuals and businesses, must apply in writing. As under current law for applications made to the Insurance Department, applications must be signed by the individual applicant, officer of a corporation, partner of a partnership, or principal of another type of business, as appropriate. Applicants must provide satisfactory evidence that they have good moral character and are financially responsible.

The bill also transfers to DCP the authority to (1) adopt regulations concerning the approval of schools offering courses in motor vehicle physical damage appraisal, including course content and school

advertising, (2) examine the books and records of licensees, and (3) renew licenses on payment of a fee determined by the commissioner.

FEES

The bill imposes a nonrefundable application fee of \$100. It eliminates the \$40 examination fee, \$40 license or renewal fee, and \$100 examination fee for examinations given outside of the state, plus expenses. Because an applicant does not apply to the Insurance Department, initial applicants are not required to pay the initial application fee of \$25.

BACKGROUND

Duties Not Transferred

The law, unchanged by the bill, prohibits anyone from acting as an appraiser for motor vehicle physical damage claims on behalf of an insurance company or a firm engaged in the business of adjusting or appraising motor vehicle claims unless the person has (1) obtained a license from the insurance commissioner and (2) paid the biennial fee specified in the insurance law (CGS § 38a-11). The law defines “motor vehicle physical damage appraiser” as any person, partnership, association, limited liability company, or corporation that practices, as a business, the appraising of damage to motor vehicles insured under automobile physical damage policies or on behalf of third-party claimants.

The law requires applicants to apply in the manner prescribed by the insurance law. The law allows the insurance commissioner to waive the examination requirement for nonresident motor vehicle physical damage appraisers licensed by another state.

The law authorizes the insurance commissioner to adopt regulations concerning qualification standards, license suspension and revocation, and business methods.

A violator is subject to a criminal penalty of a fine of up to \$500, one year imprisonment, or both (CGS § 38a-790).

COMMENT***Duties Partially Transferred***

The bill requires applicants to apply to the consumer protection department for a license. The law prohibits motor vehicle physical damage appraisers from practicing without a license issued by the insurance department after paying a fee, which the bill eliminates. It is not clear how the departments will share the administrative responsibility.

COMMITTEE ACTION

General Law Committee

Joint Favorable

Yea 17 Nay 2 (03/08/2007)