



General Assembly

January Session, 2007

Committee Bill No. 6065

LCO No. 5510

05510HB06065JUD

Referred to Committee on Judiciary

Introduced by:
(JUD)

**AN ACT CONCERNING UNFAIR CLAIM SETTLEMENT PRACTICES
UNDER THE CONNECTICUT UNFAIR INSURANCE PRACTICES ACT.**

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

1 Section 1. Subdivision (6) of section 38a-816 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2007*):

4 (6) Unfair claim settlement practices. Committing or performing
5 [with such frequency as to indicate a general business practice] any of
6 the following: (a) Misrepresenting a pertinent [facts] fact or insurance
7 policy [provisions] provision relating to [coverages] the coverage at
8 issue; (b) failing to acknowledge and act with reasonable promptness
9 upon communications with respect to [claims] a claim arising under an
10 insurance [policies] policy; (c) failing to adopt and implement
11 reasonable standards for the prompt investigation of claims arising
12 under insurance policies, or failing to adhere to such standards with
13 respect to a claim arising under an insurance policy; (d) refusing to pay
14 [claims] a claim without conducting a reasonable investigation based
15 upon all available information; (e) failing to affirm or deny coverage of
16 [claims] a claim within a reasonable time after a proof of loss

17 [statements have] statement has been completed; (f) not attempting in
18 good faith to effectuate a prompt, fair and equitable [settlements of
19 claims] settlement of a claim in which liability has become reasonably
20 clear; (g) compelling [insureds] an insured to institute litigation to
21 recover [amounts] an amount due under an insurance policy by
22 offering substantially less than the [amounts] amount ultimately
23 recovered in [actions] an action brought by such [insureds] insured; (h)
24 attempting to settle a claim for less than the amount to which a
25 reasonable [man] person would have believed he or she was entitled
26 by reference to written or printed advertising material accompanying
27 or made part of an application; (i) attempting to settle [claims] a claim
28 on the basis of an application which was altered without notice to, or
29 knowledge or consent of the insured; (j) making [claims payments] a
30 claim payment to [insureds or beneficiaries] an insured or beneficiary
31 not accompanied by [statements] a statement setting forth the coverage
32 under which the [payments are] payment is being made; (k) making
33 known to [insureds or claimants] an insured or claimant a policy of
34 appealing from arbitration awards in favor of insureds or claimants for
35 the purpose of compelling [them] the insured or claimant to accept
36 [settlements or compromises] a settlement or compromise less than the
37 amount awarded in arbitration; (l) delaying the investigation or
38 payment of [claims] a claim by requiring an insured, claimant, or the
39 physician of either to submit a preliminary claim report and then
40 requiring the subsequent submission of a formal proof of loss [forms]
41 form, both of which submissions contain substantially the same
42 information; (m) failing to promptly settle [claims] a claim, where
43 liability has become reasonably clear, under one portion of the
44 insurance policy coverage in order to influence [settlements] a
45 settlement under [other portions] any other portion of the insurance
46 policy coverage; (n) failing to promptly provide a reasonable
47 explanation of the basis in the insurance policy in relation to the facts
48 or applicable law for denial of a claim or for the offer of a compromise
49 settlement; (o) using as a basis for cash settlement with a first party
50 automobile insurance claimant an amount which is less than the

51 amount which the insurer would pay if repairs were made unless such
52 amount is agreed to by the insured or provided for by the insurance
53 policy.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2007	38a-816(6)

Statement of Purpose:

To amend the Connecticut Unfair Insurance Practices Act to (1) eliminate the requirement that a person alleging an unfair claim settlement practice establish that prohibited actions were committed or performed with such frequency as to indicate a general business practice, and (2) prohibit an insurer from failing to adhere to its standards for the prompt investigation of a claim.

[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.]

Co-Sponsors: REP. SPALLONE, 36th Dist.; REP. RITTER, 38th Dist.
REP. OLSON, 46th Dist.; SEN. STILLMAN, 20th Dist.

H.B. 6065