



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

6527

Testimony of the Connecticut Insurance Department

Before the The Insurance and Real Estate Committee

Tuesday, February 24th, 2009

Raised Bill 6527: AAC Minor Changes to the Insurance and Related Statutes

The Connecticut Insurance Department would like to offer the following comments regarding Raised Bill 6527—An Act Concerning Minor Changes to the Insurance and Related Statutes.

We are concerned about the adverse effect of section 6 on consumers and the ability of the Insurance Department to assist consumers who have purchased medical discount plans that have been unlawfully advertised by marketers. The proposed language would specifically remove the authority of the Insurance Commissioner, at section 38a-479r (v)(2), to order a medical discount plan to return membership fees paid by residents in situations where a marketer has used unlawful advertising material. The Department would still be able to order medical discount plans to remove marketers who have used unlawful advertising material, but the plans would be financially insulated, at the expense of consumers, from misconduct by their marketers.

The Department believes there may be potential unintended consequences in sections 9 and 10. The mandated benefits in question are for group coverage related to use of general anesthesia for certain one-day dental services (s. 38a-517a) and coverage for certain appliances and supplies related to an ostomy (s. 38a-518j). Since the changes would be effective on passage, and one of the changes would be to update the effective dates from January 1, 2000 to January 1, 2010, we believe that could be interpreted to effectively eliminate the mandate for policies delivered, issued for delivery, renewed, amended or continued in this state from the effective date of the bill until January 1, 2010. By contrast, section 7 makes a purely technical change in the mandated benefit for individual insurance related to ostomy appliances and supplies, but the language does not contain the new effective dates found in sections 9 and 10. We take no position on these mandated benefits, but only want the committee to be aware of the effect of sections 9 and 10 as currently worded.

Finally, the Department supports section 3, which eliminates section (h) of section 38a-465a of the General Statutes related to licensing of life settlement providers and brokers. By doing that, it resolves an inconsistency in the licensing dates.

The Department would be happy to work with the Committee on the provisions in this legislation.