



# House of Representatives

General Assembly

**File No. 761**

January Session, 2011

Substitute House Bill No. 6365

*House of Representatives, May 5, 2011*

The Committee on Appropriations reported through REP. WALKER of the 93rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING INSURANCE FOR MUNICIPALITIES.**

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

1 Section 1. Section 38a-707b of the general statutes is repealed and  
2 the following is substituted in lieu thereof (*Effective July 1, 2011*):

3 (a) For purposes of this section, "insurance", "insurance producer"  
4 and "insurer" have the same meanings as provided in section 38a-702a,  
5 and "municipality" means any town, city or borough, consolidated  
6 town and city or consolidated town and borough with a population of  
7 fifty thousand or more.

8 (b) Any insurance producer who sells, solicits or negotiates  
9 insurance on behalf of an insurer to a municipality or local or regional  
10 board of education shall: [, upon]

11 (1) Upon request from the municipality or local or regional board of  
12 education, fully disclose, in writing, the amount of any fees or  
13 compensation such insurance producer receives from the insurer for

14 such services pursuant to the written memorandum required under  
15 section 38a-707 or the Investment Advisers Act of 1940, 15 USC 80b-1,  
16 et. seq., as amended from time to time; and

17 (2) List as a separate line item in any insurance policy rate quote  
18 provided by such insurance producer the amount of such producer's  
19 commission for such policy.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2011	38a-707b

**APP**      *Joint Favorable Subst.*

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The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

No fiscal impact will result from requiring any insurance producer who sells, solicits or negotiates insurance on behalf of an insurer to:

(a) A municipality (restricted by the bill to those having a population of 50,000 or more), or

(b) a board of education

to list as a separate line item in any insurance policy rate quote the amount of the producer's commission for the policy.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None

**OLR Bill Analysis****sHB 6365*****AN ACT CONCERNING INSURANCE FOR MUNICIPALITIES.*****SUMMARY:**

This bill requires an insurance producer who sells, solicits, or negotiates insurance on an insurer's behalf with certain municipalities or any board of education to list his or her commission as a separate line item on insurance policy rate quotes.

By law, the producer, at the municipality's or board's request, must disclose in writing any fees or compensation he or she receives from the insurer. Under the bill, producers no longer have to provide their fees or compensation information to a municipality with fewer than 50,000 people.

Current law defines "municipality" as any town, city, borough, consolidated town and city, or consolidated town and borough. The bill limits this definition to those municipalities with 50,000 or more people.

EFFECTIVE DATE: July 1, 2011

**BACKGROUND*****19 Municipalities Affected***

According to the 2010 U.S. Census data, the following 19 municipalities have 50,000 or more people: Bridgeport, Bristol, Danbury, East Hartford, Fairfield, Greenwich, Hamden, Hartford, Manchester, Meriden, Milford, New Britain, New Haven, Norwalk, Stamford, Stratford, Waterbury, West Hartford, and West Haven.

***Legislative History***

The House referred the bill (File 103) to the Appropriations

Committee, which reported a substitute that eliminates the prior bill's requirement that municipalities put each group health insurance policy out to competitive bid when the policy renews or a rate guarantee expires. The substitute (1) requires insurance producers to list their commissions as a separate line item on rate quotes and (2) limits requirements to municipalities with 50,000 or more people.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 13    Nay 7    (03/03/2011)

Appropriations Committee

Joint Favorable Substitute

Yea 40    Nay 11    (04/26/2011)