



Senate

General Assembly

File No. 26

January Session, 2011

Senate Bill No. 314

Senate, March 7, 2011

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 bill ought to pass.

***AN ACT CONCERNING MENTAL OR NERVOUS CONDITIONS
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 (12) of section 38a-816 of the general statutes
2 is repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2011*):

4 (12) Refusing to insure, refusing to continue to insure or limiting the
5 amount, extent or kind of coverage available to an individual or
6 charging an individual a different rate for the same coverage because
7 of physical disability, mental or nervous condition as set forth in
8 section 38a-488a or mental retardation, except where the refusal,
9 limitation or rate differential is based on sound actuarial principles or
10 is related to actual or reasonably anticipated experience.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2011</i>	38a-816(12)
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INS *Joint Favorable*

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.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
Insurance Department	GF - Revenue Gain	Potential Minimal	Potential Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

This bill may result in a minimal revenue gain for the General Fund from fines collected by the Department of Insurance. It adds to the list of unfair or deceptive insurance practices certain actions against individuals diagnosed with a mental or nervous condition.

These fines are up to \$5,000 per violation (up to \$25,000 if knowingly committed).

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**SB 314*****AN ACT CONCERNING MENTAL OR NERVOUS CONDITIONS UNDER THE CONNECTICUT UNFAIR INSURANCE PRACTICES ACT.*****SUMMARY:**

This bill adds to the list of unfair or deceptive insurance acts or practices, the (1) refusal to insure or continue to insure; (2) limitation of the amount, extent, or kind of coverage available to; or (3) charging of a different rate for the same coverage to, an individual diagnosed with a mental or nervous condition. The law already prohibits such acts or practices for individuals with a physical disability or mental retardation.

The law, unchanged by the bill, allows such a refusal, limitation, or rate differential if it is (1) based on sound actuarial principles or (2) related to actual or reasonably anticipated experience.

The bill defines “mental or nervous conditions” as mental disorders, as it is used in the American Psychiatric Association’s most recent *Diagnostic and Statistical Manual of Mental Disorders* (DSM-IV-TR fourth edition, text revision). It specifically excludes (1) mental retardation; (2) learning, motor skills, communication, and caffeine-related disorders; (3) relational problems; and (4) additional conditions not otherwise defined as mental disorders in the DSM-IV-TR (CGS § 38a-488a).

EFFECTIVE DATE: October 1, 2011

BACKGROUND***Connecticut Unfair Insurance Practice Act (CUIPA)***

The law prohibits engaging in unfair or deceptive insurance acts or practices. CUIPA authorizes the insurance commissioner to issue

regulations, conduct investigations and hearings, issue cease and desist orders, ask the attorney general to seek injunctive relief in superior court, impose fines, revoke or suspend licenses, and order restitution.

Fines may be up to (1) \$5,000 per violation to a \$50,000 maximum or (2) \$25,000 per violation to a \$250,000 maximum in any six-month period if knowingly committed. The law also imposes a fine of up to \$50,000, in addition to or instead of a license suspension or revocation, for violating a cease and desist order.

Related Bills

sSB 877, reported favorably by the Insurance and Real Estate Committee, requires certain group health insurance policies to comply with the 2008 federal Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 17 Nay 0 (02/22/2011)