



General Assembly

January Session, 2011

Raised Bill No. 979

LCO No. 2973

02973 _____ INS

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

**AN ACT CONCERNING THE ASSESSMENT METHODOLOGY USED
BY THE INSURANCE DEPARTMENT AND THE OFFICE OF THE
HEALTHCARE ADVOCATE.**

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

1 Section 1. Section 38a-47 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2011*):

3 All domestic insurance companies and other domestic entities
4 [subject to taxation under chapter 207] shall, in accordance with section
5 38a-48, annually pay to the Insurance Commissioner, for deposit in the
6 Insurance Fund established under section 38a-52a, an amount equal to
7 the actual expenditures made by the Insurance Department during
8 each fiscal year, and the actual expenditures made by the Office of the
9 Healthcare Advocate, including the cost of fringe benefits for
10 department and office personnel as estimated by the Comptroller, plus
11 (1) the expenditures made on behalf of the department and the office
12 from the Capital Equipment Purchase Fund pursuant to section 4a-9
13 for such year, and (2) the amount appropriated to the Department of
14 Social Services for the fall prevention program established in section
15 17b-33 from the Insurance Fund for the fiscal year, but excluding

16 expenditures paid for by fraternal benefit societies, foreign and alien
17 insurance companies and other foreign and alien entities under
18 sections 38a-49 and 38a-50. Payments shall be made by assessment of
19 all such domestic insurance companies and other domestic entities
20 calculated and collected in accordance with the provisions of section
21 38a-48. Any such domestic insurance company or other domestic
22 entity aggrieved because of any assessment levied under this section
23 may appeal therefrom in accordance with the provisions of section
24 38a-52.

25 Sec. 2. Section 38a-48 of the general statutes is repealed and the
26 following is substituted in lieu thereof (*Effective July 1, 2011*):

27 [(a) On or before June thirtieth, annually, the Commissioner of
28 Revenue Services shall render to the Insurance Commissioner a
29 statement certifying the amount of taxes or charges imposed on each
30 domestic insurance company or other domestic entity under chapter
31 207 on business done in this state during the preceding calendar year.
32 The statement for local domestic insurance companies shall set forth
33 the amount of taxes and charges before any tax credits allowed as
34 provided in section 12-202.]

35 [(b)] (a) On or before July thirty-first, annually, the Insurance
36 Commissioner and the Office of the Healthcare Advocate shall render
37 to each domestic insurance company or other domestic entity liable for
38 payment under section 38a-47: [.]

39 (1) [a] A statement [which] that includes (A) the amount
40 appropriated to the Insurance Department and the Office of the
41 Healthcare Advocate for the fiscal year beginning July first of the same
42 year, (B) the cost of fringe benefits for department and office personnel
43 for such year, as estimated by the Comptroller, (C) the estimated
44 expenditures on behalf of the department and the office from the
45 Capital Equipment Purchase Fund pursuant to section 4a-9 for such
46 year, and (D) the amount appropriated to the Department of Social
47 Services for the fall prevention program established in section 17b-33

48 from the Insurance Fund for the fiscal year; [,]

49 (2) [a] A statement of the total [taxes imposed on all domestic
50 insurance companies and domestic insurance entities under chapter
51 207 on business done] direct written insurance premiums and
52 subscriber charges collected by all such companies and entities in this
53 state during the preceding calendar year; [,] and

54 (3) [the] The proposed assessment against that company or entity,
55 calculated in accordance with the provisions of subsection [(c)] (b) of
56 this section, provided that for the purposes of this calculation the
57 amount appropriated to the Insurance Department and the Office of
58 the Healthcare Advocate plus the cost of fringe benefits for department
59 and office personnel and the estimated expenditures on behalf of the
60 department and the office from the Capital Equipment Purchase Fund
61 pursuant to section 4a-9 shall be deemed to be the actual expenditures
62 of the department and the office, and the amount appropriated to the
63 Department of Social Services from the Insurance Fund for the fiscal
64 year for the fall prevention program established in section 17b-33 shall
65 be deemed to be the actual expenditures for the program.

66 [(c)] (b) (1) The proposed assessments for each domestic insurance
67 company or other domestic entity shall be calculated [by (A) allocating
68 twenty per cent of the amount to be paid under section 38a-47 among
69 the domestic entities organized under sections 38a-199 to 38a-209,
70 inclusive, and 38a-214 to 38a-225, inclusive,] in proportion to their
71 respective shares of the total [taxes and charges imposed under
72 chapter 207 on such entities on] direct written insurance premiums and
73 subscriber charges collected by all such companies and entities for
74 business done in this state during the preceding calendar year. [, and
75 (B) allocating eighty per cent of the amount to be paid under section
76 38a-47 among all domestic insurance companies and domestic entities
77 other than those organized under sections 38a-199 to 38a-209,
78 inclusive, and 38a-214 to 38a-225, inclusive, in proportion to their
79 respective shares of the total taxes and charges imposed under chapter

80 207 on such domestic insurance companies and domestic entities on
81 business done in this state during the preceding calendar year,
82 provided if there are no domestic entities organized under sections
83 38a-199 to 38a-209, inclusive, and 38a-214 to 38a-225, inclusive, at the
84 time of assessment, one hundred per cent of the amount to be paid
85 under section 38a-47 shall be allocated among such domestic insurance
86 companies and domestic entities.]

87 (2) When the amount any such company or entity is assessed
88 pursuant to this section exceeds twenty-five per cent of the actual
89 expenditures of the Insurance Department and the Office of the
90 Healthcare Advocate, such excess amount shall not be paid by such
91 company or entity but rather shall be assessed against and paid by all
92 other such companies and entities in proportion to their respective
93 shares of the total [taxes and charges imposed under chapter 207 on]
94 direct written insurance premiums and subscriber charges collected by
95 all such companies and entities for business done in this state during
96 the preceding calendar year, except that for purposes of any
97 assessment made to fund payments to the Department of Public
98 Health to purchase vaccines, such company or entity shall be
99 responsible for its share of the costs, notwithstanding whether its
100 assessment exceeds twenty-five per cent of the actual expenditures of
101 the Insurance Department and the Office of the Healthcare Advocate.
102 The provisions of this subdivision shall not be applicable to any
103 corporation [which] that has converted to a domestic mutual insurance
104 company pursuant to section 38a-155 upon the effective date of any
105 public act [which] that amends said section to modify or remove any
106 restriction on the business such a company may engage in, for
107 purposes of any assessment due from such company on and after such
108 effective date.

109 [(d)] (c) For purposes of calculating the amount of payment under
110 section 38a-47, as well as the amount of the assessments under this
111 section, the ["total taxes imposed on all domestic insurance companies
112 and other domestic entities under chapter 207"] "direct written

113 insurance premiums and subscriber charges collected by all such
114 companies and entities" shall be based upon the amounts [shown as
115 payable to the state for the calendar year on the returns filed with the
116 Commissioner of Revenue Services pursuant to chapter 207; with
117 respect to calculating the amount of payment and assessment for local
118 domestic insurance companies, the amount used shall be the taxes and
119 charges imposed before any tax credits allowed as provided in section
120 12-202] reported to the Insurance Commissioner and the National
121 Association of Insurance Commissioners pursuant to section 38a-53.

122 [(e) On or before September thirtieth, annually, for each fiscal year
123 ending prior to July 1, 1990, the Insurance Commissioner and the
124 Healthcare Advocate, after receiving any objections to the proposed
125 assessments and making such adjustments as in their opinion may be
126 indicated, shall assess each such domestic insurance company or other
127 domestic entity an amount equal to its proposed assessment as so
128 adjusted. Each domestic insurance company or other domestic entity
129 shall pay to the Insurance Commissioner on or before October thirty-
130 first an amount equal to fifty per cent of its assessment adjusted to
131 reflect any credit or amount due from the preceding fiscal year as
132 determined by the commissioner under subsection (g) of this section.
133 Each domestic insurance company or other domestic entity shall pay
134 to the Insurance Commissioner on or before the following April
135 thirtieth, the remaining fifty per cent of its assessment.]

136 [(f)] (d) On or before September first, annually, for [each] the current
137 fiscal year, [ending after July 1, 1990,] the Insurance Commissioner and
138 the Healthcare Advocate, after receiving any objections to the
139 proposed assessments and making such adjustments as in their
140 opinion may be indicated, shall assess each such domestic insurance
141 company or other domestic entity an amount equal to its proposed
142 assessment as so adjusted. Each domestic insurance company or other
143 domestic entity shall pay to the Insurance Commissioner (1) [on or
144 before June 30, 1990, and] on or before June thirtieth, annually,
145 [thereafter,] an estimated payment against its assessment for the

146 following year equal to twenty-five per cent of its assessment for the
147 current fiscal year, [ending such June thirtieth,] (2) on or before
148 September thirtieth, annually, twenty-five per cent of its assessment
149 adjusted to reflect any credit or amount due from the preceding fiscal
150 year as determined by the commissioner under subsection [(g)] (e) of
151 this section, and (3) on or before the following December thirty-first
152 and March thirty-first, annually, each domestic insurance company or
153 other domestic entity shall pay to the Insurance Commissioner the
154 remaining fifty per cent of its proposed assessment to the department
155 in two equal installments.

156 [(g)] (e) If the actual expenditures for the fall prevention program
157 established in section 17b-33 are less than the amount allocated, the
158 Commissioner of Social Services shall notify the Insurance
159 Commissioner and the Healthcare Advocate. Immediately following
160 the close of the fiscal year, the Insurance Commissioner and the
161 Healthcare Advocate shall recalculate the proposed assessment for
162 each domestic insurance company or other domestic entity in
163 accordance with subsection [(c)] (b) of this section using the actual
164 expenditures made by the Insurance Department and the Office of the
165 Healthcare Advocate during that fiscal year, the actual expenditures
166 made on behalf of the department and the office from the Capital
167 Equipment Purchase Fund pursuant to section 4a-9 and the actual
168 expenditures for the fall prevention program. On or before July thirty-
169 first, the Insurance Commissioner and the Healthcare Advocate shall
170 render to each such domestic insurance company and other domestic
171 entity a statement showing the difference between their respective
172 recalculated assessments and the amount they have previously paid.
173 On or before August thirty-first, the Insurance Commissioner and the
174 Healthcare Advocate, after receiving any objections to such statements,
175 shall make such adjustments which in their opinion may be indicated,
176 and shall render an adjusted assessment, if any, to the affected
177 companies.

178 [(h)] (f) If any assessment is not paid when due, a penalty of twenty-

179 five dollars shall be added thereto, and interest at the rate of six per
180 cent per annum shall be paid thereafter on such assessment and
181 penalty.

182 [(i)] (g) The commissioner shall deposit all payments made under
183 this section with the State Treasurer. [On and after June 6, 1991, the]
184 The moneys so deposited shall be credited to the Insurance Fund
185 established under section 38a-52a and shall be accounted for as
186 expenses recovered from insurance companies.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2011</i>	38a-47
Sec. 2	<i>July 1, 2011</i>	38a-48

Statement of Purpose:

To revise the assessment methodology the Insurance Department and the Office of the Healthcare Advocate use to assess domestic insurance companies and other domestic entities for the expenditures on behalf of said department and office.

[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.]