



General Assembly

January Session, 2011

**Amendment**

LCO No. 5992

**\*HB0630705992HDO\***

Offered by:

REP. MEGNA, 97<sup>th</sup> Dist.

SEN. CRISCO, 17<sup>th</sup> Dist.

To: House Bill No. 6307

File No. 86

Cal. No. 68

**"AN ACT REGULATING THIRD-PARTY ADMINISTRATORS."**

1 Strike lines 369 and 370 in their entirety and insert in lieu thereof  
2 "shall issue a benefits identification card to each insured that includes  
3 disclosure of"

4 In line 371, strike "advising them of"

5 In line 395, after "(a)" insert the following:

6 "(1) A third-party administrator applying for licensure shall execute  
7 a surety bond in an amount determined by the commissioner to be  
8 sufficient to protect insurers and other persons utilizing the services of  
9 the third-party administrator, but not less than the penal sum of five  
10 hundred thousand dollars. A third-party administrator licensed under  
11 this section shall maintain such surety bond as a condition for renewal  
12 of such license.

13 (2) The commissioner may waive the requirement to execute such

14 surety bond if the applicant submits audited annual financial  
15 statements or reports for the two most recent fiscal years that prove the  
16 applicant has a positive net worth. An audited annual financial  
17 statement or report prepared on a consolidated basis shall include a  
18 columnar consolidating or combining worksheet that shall be filed  
19 with the report and include the following: (A) Amounts shown on the  
20 consolidated audited financial report shall be shown on the worksheet,  
21 (B) amounts for each entity shall be stated separately, and (C)  
22 explanations of consolidating and eliminating entries shall be  
23 included. A third-party administrator who has submitted such  
24 statements or reports in lieu of executing a surety bond and who is  
25 renewing such administrator's license shall submit the most recent  
26 audited annual financial statement or report.

27 (b)"

28 In line 415, strike "audited annual financial" and insert in lieu  
29 thereof "evidence of the surety bond required under subsection (a) of  
30 this section;"

31 Strike lines 416 to 431, inclusive, in their entirety

32 In line 432, strike "the applicant;"

33 In line 439, strike "(b)" and insert "(c)" in lieu thereof

34 In line 443, strike "(c)" and insert "(d)" in lieu thereof

35 In line 447, strike "(d)" and insert "(e)" in lieu thereof

36 In line 456, strike "(e)" and insert "(f)" in lieu thereof

37 In line 463, strike "(f)" and insert "(g)" in lieu thereof

38 In line 467, strike "(g) A" and insert in lieu thereof "(h) In addition to  
39 the surety bond required under subsection (a) of this section, a"

40 In line 469, before "maintain" insert "execute and"

41 Strike lines 494 to 504, inclusive, in their entirety and insert the  
42 following in lieu thereof:

43 "be in the form and contain such information as the commissioner  
44 prescribes, including evidence that the surety bond required under  
45 subdivision (1) of subsection (a) of this section and, if applicable,  
46 subdivision (h) of section 11 of this act, remain in force. The  
47 information contained in such report shall be verified by at least two  
48 officers of the third-party administrator."

49 In line 515, strike "has a positive net worth as"

50 In line 516, strike "evidenced by audited financial statements and"

51 In line 518, strike "or financial statements"

52 In line 521, strike "has a positive net worth as evidenced by"

53 In line 522, strike "audited financial statements and complies" and  
54 insert "is compliant" in lieu thereof

55 In line 523, strike "or financial statements"