



House of Representatives

File No. 557

General Assembly

February Session, 2012 (Reprint of File No. 186)

Substitute House Bill No. 5386
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
April 20, 2012

AN ACT CONCERNING REVISIONS TO THE INSURANCE STATUTES.

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

1 Section 1. Section 38a-8 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) The commissioner shall see that all laws respecting insurance
4 companies and health care centers are faithfully executed and shall
5 administer and enforce the provisions of this title. The commissioner
6 [has] shall have all powers specifically granted, and all further powers
7 that are reasonable and necessary to enable the commissioner to
8 protect the public interest in accordance with the duties imposed by
9 this title. The commissioner shall pay to the Treasurer all the fees
10 [which he] that the commissioner receives. The commissioner may
11 administer oaths in the discharge of [his] the commissioner's duties.

12 (b) The commissioner shall recommend to the General Assembly
13 changes [which] that, in [his] the commissioner's opinion, should be
14 made in the laws relating to insurance.

15 (c) In addition to the specific regulations [which] that the
16 commissioner is required to adopt, the commissioner may adopt such
17 further regulations, in accordance with the provisions of chapter 54, as
18 are reasonable and necessary to implement the provisions of this title.
19 [Regulations shall be adopted in accordance with the provisions of
20 chapter 54.]

21 (d) The commissioner shall develop a program of periodic review to
22 ensure compliance by the Insurance Department with the minimum
23 standards established by the National Association of Insurance
24 Commissioners for effective financial surveillance and regulation of
25 insurance companies operating in this state. The commissioner shall
26 adopt regulations, in accordance with the provisions of chapter 54,
27 pertaining to the financial surveillance and solvency regulation of
28 insurance companies and health care centers as are reasonable and
29 necessary to obtain or maintain the accreditation of the Insurance
30 Department by the National Association of Insurance Commissioners.
31 The commissioner shall maintain, as confidential, any confidential
32 documents or information received from the National Association of
33 Insurance Commissioners, [or] the Federal Insurance Office, the
34 International Association of Insurance Supervisors or the Bank for
35 International Settlements, or any documents or information received
36 from state or federal insurance, banking or securities regulators or
37 similar regulators in a foreign country, [which] that are confidential in
38 such jurisdictions. The commissioner may share any information,
39 including confidential information, with the National Association of
40 Insurance Commissioners, the Federal Insurance Office, the
41 International Association of Insurance Supervisors, the Bank for
42 International Settlements or state or federal insurance, banking or
43 securities regulators or similar regulators in a foreign country, [so long
44 as] provided the commissioner determines that such entities agree to
45 maintain the same level of confidentiality in their [jurisdiction]
46 jurisdictions as is available in this state. [The] At the expense of a
47 domestic, alien or foreign insurer, the commissioner may engage the
48 services of [, at the expense of a domestic, alien or foreign insurer,]

49 attorneys, actuaries, accountants and other experts not otherwise part
50 of the commissioner's staff as may be necessary to assist the
51 commissioner in the financial analysis of the insurer, the review of the
52 insurer's license applications, and the review of transactions within a
53 holding company system involving an insurer domiciled in this state.
54 No duties of a person employed by the Insurance Department on
55 November 1, 2002, shall be performed by such attorney, actuary,
56 accountant or expert.

57 (e) The Insurance Commissioner shall establish a program to reduce
58 costs and increase efficiency through the use of electronic methods to
59 transmit documents, including policy form and rate filings, to and
60 from insurers and the Insurance Department. The commissioner may
61 sit as a member of the board of a consortium organized by or in
62 association with the National Association of Insurance Commissioners
63 for the purpose of coordinating a system for electronic rate and form
64 filing among state insurance departments and insurers.

65 (f) The commissioner shall maintain [] as confidential []
66 information obtained, collected or prepared in connection with
67 examinations, inspections or investigations, and complaints from the
68 public received by the Insurance Department, if such records are
69 protected from disclosure under federal law or state statute or, in the
70 opinion of the commissioner, such records would disclose, or would
71 reasonably lead to the disclosure of: (1) Investigative information the
72 disclosure of which would be prejudicial to such investigation, until
73 such time as the investigation is concluded; or (2) personal, financial or
74 medical information concerning a person who has filed a complaint or
75 inquiry with the Insurance Department, without the written consent of
76 the person or persons to whom the information pertains.

77 [(g) Not later than January 1, 2006, the Insurance Commissioner
78 shall develop a plan to maintain a viable medical malpractice
79 insurance industry in this state for physicians and surgeons, hospitals,
80 advanced practice registered nurses and physician assistants. Such
81 plan shall be submitted to the Governor upon its completion.]

82 Sec. 2. Subsection (a) of section 38a-11 of the 2012 supplement to the
83 general statutes is repealed and the following is substituted in lieu
84 thereof (*Effective October 1, 2012*):

85 (a) The commissioner shall demand and receive the following fees:
86 (1) For the annual fee for each license issued to a domestic insurance
87 company, two hundred dollars; (2) for receiving and filing annual
88 reports of domestic insurance companies, fifty dollars; (3) for filing all
89 documents prerequisite to the issuance of a license to an insurance
90 company, two hundred twenty dollars, except that the fee for such
91 filings by any health care center, as defined in section 38a-175, shall be
92 one thousand three hundred fifty dollars; (4) for filing any additional
93 paper required by law, thirty dollars; (5) for each certificate of
94 valuation, organization, reciprocity or compliance, forty dollars; (6) for
95 each certified copy of a license to a company, forty dollars; (7) for each
96 certified copy of a report or certificate of condition of a company to be
97 filed in any other state, forty dollars; (8) for amending a certificate of
98 authority, two hundred dollars; (9) for each license issued to a rating
99 organization, two hundred dollars. In addition, insurance companies
100 shall pay any fees imposed under section 12-211; (10) a filing fee of
101 fifty dollars for each initial application for a license made pursuant to
102 section 38a-769; (11) with respect to insurance agents' appointments:
103 (A) A filing fee of fifty dollars for each request for any agent
104 appointment, except that no filing fee shall be payable for a request for
105 agent appointment by an insurance company domiciled in a state or
106 foreign country which does not require any filing fee for a request for
107 agent appointment for a Connecticut insurance company; (B) a fee of
108 one hundred dollars for each appointment issued to an agent of a
109 domestic insurance company or for each appointment continued; and
110 (C) a fee of eighty dollars for each appointment issued to an agent of
111 any other insurance company or for each appointment continued,
112 except that (i) no fee shall be payable for an appointment issued to an
113 agent of an insurance company domiciled in a state or foreign country
114 which does not require any fee for an appointment issued to an agent
115 of a Connecticut insurance company, and (ii) the fee shall be twenty

116 dollars for each appointment issued or continued to an agent of an
117 insurance company domiciled in a state or foreign country with a
118 premium tax rate below Connecticut's premium tax rate; (12) with
119 respect to insurance producers: (A) An examination fee of fifteen
120 dollars for each examination taken, except when a testing service is
121 used, the testing service shall pay a fee of fifteen dollars to the
122 commissioner for each examination taken by an applicant; (B) a fee of
123 eighty dollars for each license issued; (C) a fee of eighty dollars per
124 year, or any portion thereof, for each license renewed; and (D) a fee of
125 eighty dollars for any license renewed under the transitional process
126 established in section 38a-784; (13) with respect to public adjusters: (A)
127 An examination fee of fifteen dollars for each examination taken,
128 except when a testing service is used, the testing service shall pay a fee
129 of fifteen dollars to the commissioner for each examination taken by an
130 applicant; and (B) a fee of two hundred fifty dollars for each license
131 issued or renewed; (14) with respect to casualty adjusters: (A) An
132 examination fee of twenty dollars for each examination taken, except
133 when a testing service is used, the testing service shall pay a fee of
134 twenty dollars to the commissioner for each examination taken by an
135 applicant; (B) a fee of eighty dollars for each license issued or renewed;
136 and (C) the expense of any examination administered outside the state
137 shall be the responsibility of the entity making the request and such
138 entity shall pay to the commissioner two hundred dollars for such
139 examination and the actual traveling expenses of the examination
140 administrator to administer such examination; (15) with respect to
141 motor vehicle physical damage appraisers: (A) An examination fee of
142 eighty dollars for each examination taken, except when a testing
143 service is used, the testing service shall pay a fee of eighty dollars to
144 the commissioner for each examination taken by an applicant; (B) a fee
145 of eighty dollars for each license issued or renewed; and (C) the
146 expense of any examination administered outside the state shall be the
147 responsibility of the entity making the request and such entity shall
148 pay to the commissioner two hundred dollars for such examination
149 and the actual traveling expenses of the examination administrator to
150 administer such examination; (16) with respect to certified insurance

151 consultants: (A) An examination fee of twenty-six dollars for each
152 examination taken, except when a testing service is used, the testing
153 service shall pay a fee of twenty-six dollars to the commissioner for
154 each examination taken by an applicant; (B) a fee of two hundred fifty
155 dollars for each license issued; and (C) a fee of two hundred fifty
156 dollars for each license renewed; (17) with respect to surplus lines
157 brokers: (A) An examination fee of twenty dollars for each
158 examination taken, except when a testing service is used, the testing
159 service shall pay a fee of twenty dollars to the commissioner for each
160 examination taken by an applicant; and (B) a fee of six hundred
161 twenty-five dollars for each license issued or renewed; (18) with
162 respect to fraternal agents, a fee of eighty dollars for each license
163 issued or renewed; (19) a fee of twenty-six dollars for each license
164 certificate requested, whether or not a license has been issued; (20)
165 with respect to domestic and foreign benefit societies: [shall pay:] (A)
166 For service of process, fifty dollars for each person or insurer to be
167 served; (B) for filing a certified copy of its charter or articles of
168 association, fifteen dollars; (C) for filing the annual report, twenty
169 dollars; and (D) for filing any additional paper required by law, fifteen
170 dollars; (21) with respect to foreign benefit societies: (A) For each
171 certificate of organization or compliance, fifteen dollars; (B) for each
172 certified copy of permit, fifteen dollars; and (C) for each copy of a
173 report or certificate of condition of a society to be filed in any other
174 state, fifteen dollars; (22) with respect to reinsurance intermediaries, a
175 fee of six hundred twenty-five dollars for each license issued or
176 renewed; (23) with respect to life settlement providers: (A) A filing fee
177 of twenty-six dollars for each initial application for a license made
178 pursuant to section 38a-465a; and (B) a fee of forty dollars for each
179 license issued or renewed; (24) with respect to life settlement brokers:
180 (A) A filing fee of twenty-six dollars for each initial application for a
181 license made pursuant to section 38a-465a; and (B) a fee of forty dollars
182 for each license issued or renewed; (25) with respect to preferred
183 provider networks, a fee of two thousand seven hundred fifty dollars
184 for each license issued or renewed; (26) with respect to rental
185 companies, as defined in section 38a-799, a fee of eighty dollars for

186 each permit issued or renewed; (27) with respect to medical discount
187 plan organizations licensed under section 38a-479rr, a fee of six
188 hundred twenty-five dollars for each license issued or renewed; (28)
189 with respect to pharmacy benefits managers, an application fee of one
190 hundred dollars for each registration issued or renewed; (29) with
191 respect to captive insurance companies, as defined in section 38a-91aa,
192 a fee of three hundred seventy-five dollars for each license issued or
193 renewed; (30) with respect to each duplicate license issued a fee of fifty
194 dollars for each license issued; (31) with respect to surety bail bond
195 agents, as defined in section 38a-660, as amended by this act: (A) [a] A
196 filing fee of one hundred fifty dollars for each initial application for a
197 license; [.] and (B) a fee of one hundred dollars for each license issued
198 or renewed; [and] (32) with respect to third-party administrators, as
199 defined in section 38a-720; [.] (A) [a] A fee of five hundred dollars for
200 each license issued; [.] (B) a fee of three hundred fifty dollars for each
201 license renewed; [.] and (C) a fee of one hundred dollars for each
202 annual report filed pursuant to section 38a-720; ~~(33) a filing fee of two~~
203 ~~thousand five hundred dollars for each statement of acquisition of~~
204 ~~control of a domestic insurance company filed pursuant to section 38a-~~
205 ~~130, as amended by this act.~~

206 Sec. 3. Subsection (a) of section 38a-130 of the general statutes is
207 repealed and the following is substituted in lieu thereof (*Effective*
208 *October 1, 2012*):

209 (a) No person other than the issuer shall make a tender offer for [.]
210 or a request or invitation for tenders of, enter into any agreement to
211 exchange securities for, seek to acquire [.] or acquire, in the open
212 market or otherwise, any voting security, or solicit any proxy for the
213 purpose of acquiring control, of a domestic insurance company or,
214 subject to the provisions of subsection (c) of this section, any
215 corporation controlling a domestic insurance company if, after the
216 consummation thereof, such person would, directly or indirectly, or by
217 conversion or by exercise of any right to acquire, be in control of such
218 domestic insurance company or corporation controlling a domestic
219 insurance company, and no person shall enter into an agreement to

220 merge with or otherwise acquire control of a domestic insurance
221 company or any corporation controlling a domestic insurance
222 company unless, at the time any form of initial offer, request or
223 invitation is made or the agreement is entered into, or prior to the
224 acquisition of such securities or proxies if no offer or agreement is
225 involved, (1) such person has filed with the commissioner and has sent
226 to such insurance company a statement containing the information
227 required by subsection (b) of this section, (2) such person has paid a
228 filing fee as specified in section 38a-11, as amended by this act, and (3)
229 such offer, request, invitation, agreement or acquisition has been
230 approved by the commissioner in the manner hereinafter prescribed.

231 Sec. 4. Section 38a-14 of the general statutes is repealed and the
232 following is substituted in lieu thereof (*Effective October 1, 2012*):

233 (a) The commissioner shall, as often as [he] the commissioner deems
234 it expedient, examine into the affairs of any insurance company or
235 health care center doing business in this state, any corporation or
236 association collecting data utilized by any such insurance company in
237 the underwriting of insurance policies and any corporation organized
238 under any law of this state or having an office in this state, which
239 corporation is engaged in, or claiming or advertising that it is engaged
240 in, organizing or receiving subscriptions for or disposing of stock of, or
241 in any manner aiding or taking part in the formation or business of, an
242 insurance company or companies, or [which] that is holding the capital
243 stock of one or more insurance corporations for the purpose of
244 controlling the management thereof, as voting trustees or otherwise.

245 (b) In scheduling and determining the nature, scope and frequency
246 of the examinations, the commissioner shall consider such matters as
247 the results of financial statement analyses and ratios, changes in
248 management or ownership, actuarial opinions, reports of independent
249 certified public accountants and such other criteria as set forth in the
250 examiners' handbook adopted by the National Association of
251 Insurance Commissioners and in effect at the time the commissioner
252 exercises discretion under this section.

253 (c) (1) To carry out examinations under this section, the
254 commissioner may appoint [, as examiners,] one or more competent
255 persons as examiners, who shall not be officers of, [or] connected with
256 or interested in any insurance company, other than as [a policyholder]
257 policyholders. The commissioner may engage the services of attorneys,
258 appraisers, independent actuaries, independent certified public
259 accountants or other professionals and specialists as examiners to
260 assist [him] the commissioner in conducting the examinations under
261 this section, [as examiners,] the cost of which shall be borne by the
262 company [which] that is the subject of the examination.

263 (2) In conducting the examination, the commissioner, [his] the
264 commissioner's actuary or any examiner authorized by the
265 commissioner may examine, under oath, the officers and agents of
266 such a company, health care center, corporation or association and all
267 persons deemed to have material information regarding the
268 company's, health care center's, corporation's or association's property
269 or business. Each such company, health care center, corporation or
270 association, and its officers and agents, shall produce the books and
271 papers [,] in its or their possession, relating to its business or affairs,
272 and any other person may be required to produce any book or paper
273 [,] in [his] such person's custody [,] that is deemed to be relevant to
274 such examination, for [the] inspection [of] by the commissioner, [his]
275 the commissioner's actuary or examiners. [, when required.] The
276 officers and agents of the company, health care center, corporation or
277 association shall facilitate the examination and aid the examiners in
278 making the same so far as it is in their power to do so. The refusal of
279 any company, by its officers, directors, employees or agents, to submit
280 to examination or to comply with any reasonable written request of the
281 examiners shall be grounds for suspension of, [or] refusal of or
282 nonrenewal of any license or authority held by the company to engage
283 in an insurance or other business subject to the commissioner's
284 jurisdiction. Any such proceedings for suspension, revocation or
285 refusal of any license or authority shall be conducted pursuant to
286 subsection (c) of section 38a-41.

287 (3) In conducting the examination, the examiner shall observe those
288 guidelines and procedures set forth in the examiners' handbook
289 adopted by the National Association of Insurance Commissioners. The
290 commissioner may also adopt such other guidelines or procedures as
291 the commissioner may deem appropriate.

292 (d) In lieu of an examination under this section of any foreign or
293 alien insurer licensed in this state, the commissioner may accept [until
294 January 1, 1994,] an examination report on [the company] such insurer
295 prepared by the insurance department for the company's state of
296 domicile or port-of-entry state [. Thereafter, such reports may only be
297 accepted] if (1) such state's insurance department was, at the time of
298 the examination, accredited under the National Association of
299 Insurance Commissioners' financial regulation standards and
300 accreditation program, or (2) the examination is performed under the
301 supervision of an accredited insurance department or with the
302 participation of one or more examiners who are employed by such an
303 accredited state insurance department and who, after a review of the
304 examination workpapers and report, state under oath that the
305 examination was performed in a manner consistent with the standards
306 and procedures required by their insurance department.

307 (e) (1) Nothing contained in this section shall be construed to limit
308 the commissioner's authority to terminate or suspend any examination
309 in order to pursue legal or regulatory action pursuant to the insurance
310 laws of this state. Findings of fact and conclusions made pursuant to
311 any examination shall be prima facie evidence in any legal or
312 regulatory action.

313 (2) Nothing contained in this section shall be construed to limit the
314 commissioner's authority in such legal or regulatory action to use and,
315 if appropriate, to make public any final or preliminary examination
316 report, any examiner or company workpapers or other documents, or
317 any other information discovered or developed during the course of
318 any examination.

319 (3) Not later than sixty days following completion of the
320 examination, the examiner in charge shall file, under oath, with the
321 Insurance Department a verified written report of examination. Upon
322 receipt of the verified report, the Insurance Department shall transmit
323 the report to the [company] entity examined, together with a notice
324 [which] that shall afford the [company] entity examined a reasonable
325 opportunity, not to exceed thirty days, to make a written submission
326 or rebuttal with respect to any matters contained in the examination
327 report. Not later than thirty days after the period allowed for the
328 receipt of written submissions or rebuttals, the commissioner shall
329 fully consider and review the report, together with any written
330 submissions or rebuttals and any relevant portions of the examiner's
331 workpapers and enter an order: (A) Adopting the examination report
332 as filed or with modification or corrections. If the examination report
333 reveals that the [company] entity is operating in violation of any law,
334 regulation or prior order of the commissioner, the commissioner may
335 order the company to take any action the commissioner considers
336 necessary and appropriate to cure such violation; (B) rejecting the
337 examination report with directions to the examiners to reopen the
338 examination for purposes of obtaining additional data, documentation
339 or information, and refileing pursuant to [subparagraph (A) of] this
340 subdivision; or (C) calling for an investigatory hearing with not less
341 than twenty days' notice to the company for purposes of obtaining
342 additional documentation, data, information and testimony.

343 (4) (A) The commissioner shall transmit the examination report
344 adopted pursuant to subparagraph (A) of subdivision (3) of this
345 subsection or a summary thereof to the entity examined, together with
346 any recommendations or written statements from the commissioner or
347 the examiner. The secretary of the board of directors or similar
348 governing body of the entity shall provide a copy of the report or
349 summary to each director and shall certify to the commissioner, in
350 writing, that a copy of the report or summary has been provided to
351 each director.

352 (B) Not later than ninety days after receiving the report or summary,

353 the chief executive officer of the entity examined shall present the
354 report or summary to the entity's board of directors or similar
355 governing body at a regular or special meeting.

356 (f) (1) All orders entered pursuant to subdivision (3) of subsection
357 (e) of this section shall be accompanied by findings and conclusions
358 resulting from the commissioner's consideration and review of the
359 examination report, relevant examiner workpapers and any written
360 submissions or rebuttals. The findings and conclusions [, which] that
361 form the basis of any such order of the commissioner [,] shall be
362 subject to review as provided in section 38a-19.

363 (2) Any investigatory hearing conducted under subparagraph (C) of
364 subdivision (3) of subsection (e) of this section by the commissioner or
365 the commissioner's authorized representative, shall be conducted as a
366 nonadversarial confidential investigatory proceeding as necessary for
367 the resolution of any inconsistencies, discrepancies or disputed issues
368 apparent (A) upon the filed examination report, (B) raised by or as a
369 result of the commissioner's review of relevant workpapers, or (C) by
370 the written submission or rebuttal of the company. Not later than
371 twenty days after the [conclusions] conclusion of any such hearing, the
372 commissioner shall enter an order pursuant to subparagraph (A) of
373 subdivision (3) of subsection (e) of this section. The commissioner shall
374 not appoint an examiner as an authorized representative to conduct
375 the hearing. The hearing shall proceed expeditiously with discovery by
376 the company limited to the examiner's workpapers that tend to
377 substantiate any assertions set forth in any written submission or
378 rebuttal. The commissioner or [his] the commissioner's authorized
379 representative may issue subpoenas for the attendance of any
380 witnesses or the production of any documents deemed relevant to the
381 investigation, whether under the control of the department, the
382 company or other persons. The documents produced shall be included
383 in the record and testimony taken by the commissioner or [his] the
384 commissioner's authorized representative shall be under oath and
385 preserved for the record. Nothing contained in this section shall
386 require the department to disclose any information or records that

387 would indicate or show the existence or content of any investigation or
388 activity of a criminal justice agency. The hearing shall proceed with the
389 commissioner or [his] the commissioner's authorized representative
390 posing questions to the persons subpoenaed. Thereafter, the company
391 and the Insurance Department may present testimony relevant to the
392 investigation. Cross-examination shall be conducted only by the
393 commissioner or [his] the commissioner's authorized representative.
394 The company and the Insurance Department shall be permitted to
395 make closing statements and may be represented by counsel of their
396 choice.

397 (g) The commissioner may, if [he] the commissioner deems it in the
398 public interest, publish any such report, or the result of any such
399 examination contained therein, in one or more newspapers of the state.

400 (h) The commissioner shall, at least once in every five years, visit
401 and examine the affairs of each domestic insurance company, health
402 care center, domestic fraternal benefit society, and foreign and alien
403 insurance company doing business in this state. Notwithstanding
404 subdivision (1) of subsection (c) of this section, no domestic insurance
405 company or other domestic entity subject to examination under this
406 section shall pay as costs associated with the examination the salaries,
407 fringe benefits, traveling and maintenance expenses of examining
408 personnel of the Insurance Department engaged in such examination if
409 such domestic company or entity is otherwise liable to assessment
410 levied under section 38a-47, except that a domestic insurance company
411 or other domestic entity shall pay the traveling and maintenance
412 expenses of examining personnel of the Insurance Department when
413 such company or entity is examined outside the state.

414 (i) Nothing contained in this section shall prevent or be construed as
415 prohibiting the commissioner from disclosing the content of an
416 examination report, preliminary examination report or results, or any
417 matter relating thereto, to the Insurance Department of this or any
418 other state or country, or to law enforcement officials of this or any
419 other state or to any agency of the federal government at any time, so

420 long as such agency or office receiving the report or matters relating
421 thereto agrees, in writing, to hold [it] such report and matters relating
422 thereto confidential.

423 (j) All [working papers] workpapers, recorded information,
424 documents and copies thereof produced by, obtained by or disclosed
425 to the commissioner or any other person in the course of an
426 examination made under this section shall be given confidential
427 treatment, shall not be subject to subpoena and shall not be made
428 public by the commissioner or any other person, except to the extent
429 provided in subsection (i) of this section. [Access] The commissioner
430 may grant access to such [information may be granted by the
431 commissioner] workpapers, recorded information, documents and
432 copies thereof to the National Association of Insurance
433 Commissioners, [so long as it] provided such association agrees, in
434 writing, to hold [it] such workpapers, recorded information,
435 documents and copies thereof confidential.

436 (k) (1) The commissioner may from time to time engage, on an
437 individual basis, the services of [, from time to time, on an individual
438 basis,] qualified actuaries, certified public accountants [,] or other
439 similar individuals who are independently practicing their professions,
440 even though said persons may from time to time be similarly
441 employed or retained by persons subject to examination under this
442 section.

443 (2) No cause of action shall arise nor shall any liability be imposed
444 against the commissioner, the commissioner's authorized
445 representatives or any examiner appointed by the commissioner for
446 any statements made or conduct performed in good faith while
447 carrying out the provisions of this section.

448 (3) No cause of action shall arise, nor shall any liability be imposed
449 against any person for the act of communicating or delivering
450 information or data to the commissioner or the commissioner's
451 authorized representative examiner pursuant to an examination made

452 under this section, if such act of communication or delivery was
453 performed in good faith and without fraudulent intent or the intent to
454 deceive.

455 (4) This section [does] shall not abrogate or modify in any way any
456 common law or statutory privilege or immunity heretofore enjoyed by
457 any person identified in subdivision (2) of this subsection.

458 (5) A person identified in subdivision (2) of this subsection shall be
459 entitled to an award of attorney's fees and costs if such person is the
460 prevailing party in a civil cause of action for libel, slander or any other
461 relevant tort arising out of activities in carrying out the provisions of
462 this section and the party bringing the action was not substantially
463 justified in doing so. For purposes of this section, a proceeding is
464 "substantially justified" if it had a reasonable basis in law or fact at the
465 time that it was initiated.

466 Sec. 5. Section 38a-53 of the general statutes is repealed and the
467 following is substituted in lieu thereof (*Effective October 1, 2012*):

468 (a) (1) Each domestic insurance company or health care center shall,
469 annually, on or before the first day of March, submit to the
470 commissioner, and electronically to the National Association of
471 Insurance Commissioners, a true and complete report, signed and
472 sworn to by its president or a vice president, and secretary or an
473 assistant secretary, of its financial condition on the thirty-first day of
474 December next preceding, prepared in accordance with the National
475 Association of Insurance Commissioners annual statement instructions
476 handbook and following those accounting procedures and practices
477 prescribed by the National Association of Insurance Commissioners
478 accounting practices and procedures manual, subject to any deviations
479 in form and detail as may be prescribed by the commissioner. An
480 electronically filed report in accordance with section 38a-53a that is
481 timely submitted to the National Association of Insurance
482 Commissioners [does] shall not exempt a domestic insurance company
483 or health care center from timely filing a true and complete paper copy

484 with the commissioner.

485 (2) Each accredited reinsurer, as defined in subdivision (1) of
486 subsection (c) of section 38a-85, and assuming insurance company, as
487 provided in section 38a-85, shall file an annual report in accordance
488 with the provisions of section 38a-85.

489 (b) Each foreign insurance company doing business in this state
490 shall, annually, on or before the first day of March, submit to the
491 commissioner, by electronically filing with the National Association of
492 Insurance Commissioners, a true and complete report, signed and
493 sworn to by its president or a vice president, and secretary or an
494 assistant secretary, of its financial condition on the thirty-first day of
495 December next preceding, prepared in accordance with the National
496 Association of Insurance Commissioners annual statement instructions
497 handbook and following those accounting procedures and practices
498 prescribed by the National Association of Insurance Commissioners
499 accounting practices and procedures manual, subject to any deviations
500 in form and detail as may be prescribed by the commissioner. An
501 electronically filed report in accordance with section 38a-53a that is
502 timely submitted to the National Association of Commissioners [is]
503 shall be deemed to have been submitted to the commissioner in
504 accordance with this section.

505 (c) In addition to such annual report, the commissioner, when [he]
506 the commissioner deems it necessary, may require any insurance
507 company or health care center doing business in this state to file
508 financial statements on a quarterly basis. An electronically filed true
509 and complete report filed in accordance with section 38a-53a that is
510 timely filed with the National Association of Insurance Commissioners
511 shall be deemed to have been submitted to the commissioner in
512 accordance with the provisions of this section.

513 (d) In addition to such annual report and the quarterly report
514 required under subsection (c) of this section, the commissioner,
515 whenever the commissioner determines that more frequent reports are

516 required because of certain factors or trends affecting companies
517 writing a particular class or classes of business or because of changes
518 in the company's management or financial or operating condition, may
519 require any insurance company or health care center doing business in
520 this state to file financial statements on other than an annual or
521 quarterly basis.

522 (e) Any insurance company or health care center doing business in
523 this state [which] that fails to file any report or statement required
524 under this section shall pay a late filing fee of one hundred seventy-
525 five dollars per day for each day from the due date of such report or
526 statement to the date of filing. The commissioner may waive the late
527 filing fee if (1) the insurance company or health care center cannot file
528 such report or statement because the governor of such company's or
529 health care center's state of domicile has proclaimed a state of
530 emergency in such state and such state of emergency impairs the
531 insurance company's or health care center's ability to file the report or
532 statement, or (2) the insurance regulatory official of the state of
533 domicile of a foreign insurance company or foreign health care center
534 has permitted the insurance company or health care center to file such
535 report or statement late.

536 (f) Each insurance company or health care center doing business in
537 this state shall include in all reports required to be filed with the
538 commissioner under this section a certification by an actuary or reserve
539 specialist of all reserve liabilities prepared in accordance with
540 regulations [which] that shall be adopted by the commissioner in
541 accordance with chapter 54. The regulations shall: (1) Specify the
542 contents and scope of the certification; (2) provide for the availability
543 to the commissioner of the workpapers of the actuary or loss reserve
544 specialist; and (3) provide for granting companies or centers
545 exemptions from compliance with the requirements of this subsection.
546 The commissioner shall maintain, as confidential, all workpapers of
547 the actuary or loss reserve specialist and the actuarial report and
548 actuarial opinion summary provided in support of the certification.
549 Such workpapers, reports and summaries shall not be subject to

550 subpoena or disclosure under the Freedom of Information Act, as
551 defined in section 1-200.

552 Sec. 6. Section 31-331 of the general statutes is repealed and the
553 following is substituted in lieu thereof (*Effective from passage*):

554 Except as herein otherwise provided, such associations shall be
555 subject to the same regulation and control as is or may be imposed by
556 law upon other corporations or associations taking similar risks in this
557 state, and over them the Insurance Commissioner shall have all the
558 jurisdiction given him by sections 38a-14 and 38a-17, as amended by
559 this act, over insurance companies, provided with respect to any such
560 association organized prior to June 6, 1996, with a membership
561 composed exclusively of health care providers and whose premium
562 base is derived entirely from health care organizations, the
563 commissioner may accept a statement of financial condition that shall
564 be audited by an independent certified public accountant using
565 generally accepted accounting principles if such statement also
566 includes a conversion to the accounting standards prescribed by
567 section 38a-70. Such statement of financial condition shall be submitted
568 to the commissioner by such association, annually, on or before the
569 first day of March, signed and sworn to by its president or vice
570 president and secretary or an assistant secretary, of its financial
571 condition on the thirty-first day of December next preceding, prepared
572 in such form and detail as may be prescribed by the commissioner and
573 shall include a certification by an actuary or reserve specialist of all
574 reserve liabilities prepared in accordance with subsection [(e)] (f) of
575 section 38a-53, as amended by this act. In addition to such annual
576 statement of financial condition, any such association shall file,
577 quarterly, unaudited financial statements using generally accepted
578 accounting principles if such statements also include a conversion to
579 the accounting standards prescribed by section 38a-70.

580 Sec. 7. Section 38a-162 of the general statutes is repealed and the
581 following is substituted in lieu thereof (*Effective October 1, 2012*):

582 (a) No person shall engage in the business of financing insurance
583 premiums, secured by any insurance premium finance agreement, in
584 this state without having first obtained from the commissioner a
585 license to act as an insurance premium finance company. Any person
586 who engages in the business of financing insurance premiums, secured
587 by any insurance premium finance agreement, in this state without
588 first obtaining a license as herein provided shall, upon conviction be
589 guilty of a class A misdemeanor.

590 (b) All licenses issued under the provisions of sections 38a-160 to
591 38a-170, inclusive, shall expire on the thirtieth day of June following
592 the date of their issuance. At the time of application for an insurance
593 premium finance company license and for every annual renewal
594 thereof, ~~[there shall be paid]~~ the applicant shall pay to the
595 commissioner the sum of ~~[fifty]~~ three hundred dollars. If a license is
596 not issued, the commissioner shall return the fee. ~~[shall be returned.]~~

597 (c) Any person applying for an insurance premium finance license
598 or for the renewal of any such license, shall file with the commissioner
599 sworn answers to such interrogatories as ~~[he]~~ the commissioner may
600 require and any person who intentionally makes any false answer to
601 any such interrogatory shall be guilty of perjury.

602 (d) The commissioner may at any time require any applicant for a
603 license under sections 38a-160 to 38a-170, inclusive, ~~[fully]~~ to disclose
604 fully the identity of all stockholders, partners, officers and employees
605 of ~~[his]~~ the applicant's firm, partnership or corporation. ~~[, and he]~~ The
606 commissioner may refuse to issue or renew any license under said
607 sections in the name of any firm, partnership or corporation if ~~[he]~~ the
608 commissioner is satisfied that any officer, employee, stockholder or
609 partner thereof, may materially influence the applicant's conduct ~~[so~~
610 ~~that he]~~ such that the applicant does not meet the standards or
611 qualifications required of a licensee under said sections.

612 Sec. 8. Section 38a-163 of the general statutes is repealed and the
613 following is substituted in lieu thereof (*Effective October 1, 2012*):

614 (a) Each applicant for an insurance premium finance company
615 license or for any renewal of such license shall file with the
616 commissioner a written application in such manner and form as the
617 commissioner shall prescribe, [together] with [said] the fee [of fifty
618 dollars which fee shall be returned to the applicant if such license is
619 not granted] specified under section 38a-162, as amended by this act.

620 (b) Upon the filing of an application and payment of the license fee,
621 the commissioner shall make an investigation of the applicant and
622 shall issue an insurance premium finance company license if the
623 applicant is qualified in accordance with the provisions of sections 38a-
624 160 to 38a-170, inclusive. If the commissioner does not find the
625 applicant so qualified, [he] the commissioner shall, [within] not later
626 than thirty days [of] after receipt of the license application and fee,
627 grant the applicant a full hearing, provided such applicant shall have
628 requested such hearing within said period. Any hearing conducted
629 under said sections may be held by the commissioner or any person
630 duly appointed by [him] the commissioner. [, provided any] Any
631 person acting as a hearing officer on behalf of the commissioner shall
632 submit [his] such person's findings and recommendations to the
633 commissioner for [his] the commissioner's decision in the matter.

634 (c) The commissioner may issue or renew any license under this
635 [chapter] part when [he] the commissioner is satisfied that the
636 applicant (1) is competent and trustworthy and intends to act in good
637 faith in the capacity of a licensee under the provisions of sections 38a-
638 160 to 38a-170, inclusive, [;] (2) has a good business reputation and has
639 had such experience, training or education so as to qualify [him] the
640 applicant for a license under the provisions of said sections, and (3) if
641 the applicant is a corporation, that it is either incorporated under the
642 laws of this state or, if a foreign corporation, it is authorized to transact
643 business in this state.

644 Sec. 9. Section 38a-188 of the general statutes is repealed and the
645 following is substituted in lieu thereof (*Effective October 1, 2012*):

646 Each health care center governed by sections 38a-175 to 38a-192,
647 inclusive, shall be exempt from the provisions of the general statutes
648 relating to insurance in the conduct of its operations under said
649 sections and in such other activities as do constitute the business of
650 insurance, unless expressly included therein, and except for the
651 following: Sections 38a-11, as amended by this act, 38a-14a, 38a-17,
652 38a-51, 38a-52, 38a-56, 38a-57, 38a-129 to 38a-140, inclusive, 38a-147
653 and 38a-815 to 38a-819, inclusive, provided a health care center shall
654 not be deemed in violation of sections 38a-815 to 38a-819, inclusive,
655 solely by virtue of such center selectively contracting with certain
656 providers in one or more specialties, and sections 38a-80, 38a-492b,
657 38a-518b, 38a-543, 38a-702j, 38a-703 to 38a-718, inclusive, 38a-731 to
658 38a-735, inclusive, 38a-741 to 38a-745, inclusive, as amended by this
659 act, 38a-769, 38a-770, 38a-772 to [38a-777] 38a-776, inclusive, 38a-786,
660 38a-790, 38a-792 and 38a-794, provided a health care center organized
661 as a nonprofit, nonstock corporation shall be exempt from sections 38a-
662 146, 38a-702j, 38a-703 to 38a-718, inclusive, 38a-731 to 38a-735,
663 inclusive, 38a-741 to 38a-745, inclusive, as amended by this act, 38a-
664 769, 38a-770, 38a-772 to [38a-777] 38a-776, inclusive, 38a-786, 38a-790,
665 38a-792 and 38a-794. If a health care center is operated as a line of
666 business, the foregoing provisions shall, where possible, be applied
667 only to that line of business and not to the organization as a whole. The
668 commissioner may adopt regulations, in accordance with chapter 54,
669 stating the circumstances under which the resources of a person which
670 controls a health care center, or operates a health care center as a line
671 of business will be considered in evaluating the financial condition of a
672 health care center. Such regulations, if adopted, shall require as a
673 condition to the consideration of the resources of such person which
674 controls a health care center, or operates a health care center as a line
675 of business to provide satisfactory assurances to the commissioner that
676 such person will assume the financial obligations of the health care
677 center. During the period prior to the effective date of regulations
678 issued under this section, the commissioner shall, upon request,
679 consider the resources of a person which controls a health care center,
680 or operates a health care center as a line of business, if the

681 commissioner receives satisfactory assurances from such person that it
682 will assume the financial obligations of the health care center and
683 determines that such person meets such other requirements as the
684 commissioner determines are necessary. A health care center
685 organized as a nonprofit, nonstock corporation shall be exempt from
686 the sales and use tax and all property of each such corporation shall be
687 exempt from state, district and municipal taxes. Each corporation
688 governed by sections 38a-175 to 38a-192, inclusive, shall be subject to
689 the provisions of sections 38a-903 to 38a-961, inclusive. Nothing in this
690 section shall be construed to override contractual and delivery system
691 arrangements governing a health care center's provider relationships.

692 Sec. 10. Section 38a-614 of the general statutes is repealed and the
693 following is substituted in lieu thereof (*Effective October 1, 2012*):

694 [Reports] A society shall [be filed] file reports and publish synopses
695 of annual statements [shall be published] in accordance with the
696 provisions of this section.

697 (1) [Every] Each domestic society transacting business in this state
698 shall, annually, on or before the first day of March, unless the
699 commissioner has extended such time for cause shown, [such time has
700 been extended by the commissioner,] file with the commissioner, and
701 electronically to the National Association of Insurance Commissioners,
702 a true and complete statement of its financial condition, transactions
703 and affairs for the preceding calendar year and pay a fee of ten dollars
704 for filing the same. The statement shall be in general form and context
705 as approved by the National Association of Insurance Commissioners
706 for fraternal benefit societies and as supplemented by additional
707 information required by the commissioner. An electronically filed true
708 and complete report filed in accordance with section 38a-53a that is
709 timely submitted to the National Association of Insurance
710 Commissioners [does] shall not exempt a domestic [insurance
711 company or health care center] society from timely filing a true and
712 complete paper copy with the commissioner.

713 (2) [Every] Each foreign society transacting business in this state
714 shall, annually, on or before the first day of March, unless the
715 commissioner has extended such time for cause shown, [such time has
716 been extended by the commissioner,] file with the commissioner, and
717 electronically to the National Association of Insurance Commissioners,
718 a true and complete statement of its financial condition, transactions
719 and affairs for the preceding calendar year and pay a fee of ten dollars
720 for filing the same. The statement shall be in general form and context
721 as approved by the National Association of Insurance Commissioners
722 for fraternal benefit societies and as supplemented by additional
723 information required by the commissioner. An electronically filed true
724 and complete report filed in accordance with section 38a-53a that is
725 timely submitted to the National Association of Insurance
726 Commissioners shall be deemed to have been submitted to the
727 commissioner in accordance with this section.

728 (3) [A] Not later than June first, annually, each society shall print
729 and mail to each benefit member of the society a synopsis of its annual
730 statement [providing] that provides an explanation of the facts thereby
731 disclosed concerning the condition of the society. [thereby disclosed
732 shall be printed and mailed to each benefit member of the society not
733 later than the first day of June of each year, or, in] In lieu thereof, a
734 society may publish such synopsis [may be published] in the society's
735 official publication.

736 (4) (A) As part of the annual statement [herein] required under this
737 section, each society shall, annually, on or before the first day of
738 March, file with the commissioner a valuation of its certificates in force
739 on December thirty-first last preceding, provided the commissioner
740 may, [in his discretion] for cause shown, extend the time for filing such
741 valuation for not more than two calendar months. Such report of
742 valuation shall show, as reserve liabilities, the difference between the
743 present midyear value of the promised benefits provided in the
744 certificates of such society in force and the present midyear value of
745 the future net premiums as the same are in practice actually collected,
746 not including therein any value for the right to make extra assessments

747 and not including any amount by which the present midyear value of
748 future net premiums exceeds the present midyear value of promised
749 benefits on individual certificates.

750 (B) At the option of any society, in lieu of the [above] valuation
751 specified in subparagraph (A) of this subdivision, the valuation may
752 show the net tabular value. Such net tabular value as to certificates
753 issued prior to January 1, 1959, shall be determined in accordance with
754 the provisions of law applicable prior to January 1, 1958, and as to
755 certificates issued on or after January 1, 1959, shall not be less than the
756 reserves determined according to the Commissioners' Reserve
757 Valuation method as hereinafter defined. If the premium charge is less
758 than the tabular net premium according to the basis of valuation used,
759 an additional reserve equal to the present value of the deficiency in
760 such premiums shall be set up and maintained as a liability. The
761 reserve liabilities shall be properly adjusted if the midyear or tabular
762 values are not appropriate.

763 (5) Reserves according to the Commissioners' Reserve Valuation
764 method, for the life insurance and endowment benefits of certificates
765 providing for a uniform amount of insurance and requiring the
766 payment of uniform premiums, shall be the excess, if any, of the
767 present value, at the date of valuation, of such future guaranteed
768 benefits provided for by such certificates over the then present value of
769 any future modified net premiums therefor. The modified net
770 premiums for any such certificate shall be such uniform percentage of
771 the respective contract premiums for such benefits that the present
772 value, at the date of issue of the certificate, of all such modified net
773 premiums shall be equal to the sum of the then present value of such
774 benefits provided for by the certificate and the excess of (A) over (B), as
775 follows: (A) A net level premium equal to the present value, at the date
776 of issue, of such benefits provided for after the first certificate year,
777 divided by the present value, at the date of issue, of an annuity of one
778 per annum payable on the first and each subsequent anniversary of
779 such certificate on which a premium falls due; provided such net level
780 annual premium shall not exceed the net level annual premium on the

781 nineteen year premium whole life plan for insurance of the same
782 amount at an age one year higher than the age at issue of such
783 certificate; and (B) a net one-year term premium for such benefits
784 provided for in the first certificate year. Reserves according to the
785 Commissioners' Reserve Valuation method for (i) life insurance
786 benefits for varying amounts of benefits or requiring the payment of
787 varying premiums, (ii) annuity and pure endowment benefits, (iii)
788 disability and accidental death benefits in all certificates and contracts,
789 and (iv) all other benefits except life insurance and endowment
790 benefits shall be calculated by a method consistent with the principles
791 of this subdivision.

792 (6) The present value of deferred payments due under incurred
793 claims or matured certificates shall be deemed a liability of the society
794 and shall be computed upon mortality and interest standards
795 prescribed in subdivision (7) of this section.

796 (7) Such valuation and underlying data shall be certified by a
797 competent actuary or, at the expense of the society, verified by the
798 actuary of the department of insurance of the state of domicile of the
799 society. The minimum standards of valuation for certificates issued
800 prior to January 1, 1959, shall be those provided by the law applicable
801 immediately prior to January 1, 1958, but not lower than the standards
802 used in the calculating of rates for such certificates. The minimum
803 standard of valuation for certificates issued after January 1, 1959, shall
804 be three and one-half per cent interest and the following tables: (A) For
805 certificates of life insurance, American Men Ultimate Table of
806 Mortality, with Bowerman's or Davis' Extension thereof or, with the
807 consent of the Insurance Commissioner, the Commissioner's 1941
808 Standard Ordinary Mortality Table or the Commissioner's 1941
809 Standard Industrial Table of Mortality, or the Commissioners' 1958
810 Standard Ordinary Mortality Table, except that, with the approval of
811 the commissioner, the valuation of contracts on female risks may be
812 calculated, at the option of the society, according to an age not more
813 than three years younger than the actual age of the insured; (B) for
814 annuity certificates, including life annuities provided or available

815 under optional modes of settlement in such certificates, the 1937
816 Standard Annuity Table; (C) for disability benefits issued in connection
817 with life benefit certificates, Hunter's Disability Table, which, for active
818 lives, shall be combined with a mortality table permitted for
819 calculating the reserves on life insurance certificates, except that the
820 table known as Class III Disability Table (1926), modified to conform to
821 the contractual waiting period, shall be used in computing reserves for
822 disability benefits under a contract which presumes that total disability
823 shall be considered to be permanent after a specified period; (D) for
824 accidental death benefits issued in connection with life benefit
825 certificates, the Inter-Company Double Indemnity Mortality Table
826 combined with a mortality table permitted for calculating the reserves
827 for life insurance certificates; and (E) for noncancellable accident and
828 health benefits, the Class III Disability Table (1926) with conference
829 modifications or, with the consent of the commissioner, tables based
830 upon the society's own experience. The commissioner may, in the
831 commissioner's discretion, accept other standards for valuation if the
832 commissioner finds that the reserves produced thereby will not be less
833 in the aggregate than reserves computed in accordance with the
834 minimum valuation standard herein prescribed. The commissioner
835 may [, in his or her discretion,] vary the standards of mortality
836 applicable to all certificates of insurance on substandard lives or other
837 extra hazardous lives by any society authorized to do business in this
838 state. Whenever the mortality experience under all certificates valued
839 on the same mortality table is in excess of the expected mortality
840 according to such table for a period of three consecutive years, the
841 commissioner may require additional reserves when deemed
842 necessary in [his or her] the commissioner's judgment on account of
843 such certificates. Any society, with the consent of the insurance
844 commissioner of the state of domicile of the society and under such
845 conditions, if any, [which the] that such commissioner may impose,
846 may establish and maintain reserves on its certificates in excess of the
847 reserves required thereunder, but the contractual rights of any insured
848 member shall not be affected thereby.

849 (8) A society [neglecting] doing business in this state that fails to file
850 the annual statement in the form and within the time provided by this
851 section shall [forfeit] pay a late filing fee of one hundred seventy-five
852 dollars per day for each day [during which such neglect continues]
853 from the due date of such statement, and, upon notice by the
854 commissioner to that effect, its authority to do business in this state
855 shall cease while such [default] failure to file continues. The
856 commissioner may waive the late filing fee if (A) the society cannot file
857 such statement because the governor of such society's state of domicile
858 has proclaimed a state of emergency in such state and such state of
859 emergency impairs the society's ability to file the statement, or (B) the
860 insurance regulatory official of the state of domicile of a foreign benefit
861 society has permitted the society to file such statement late.

862 (9) Notwithstanding the provisions of this section, a society may,
863 with the approval of the Insurance Commissioner, use the standards
864 for valuation and nonforfeiture authorized by the provisions of
865 sections 38a-61, 38a-77, 38a-78, 38a-81, 38a-82, 38a-284, 38a-287, 38a-430
866 to 38a-454, inclusive, and 38a-458.

867 Sec. 11. Section 38a-741 of the 2012 supplement to the general
868 statutes is repealed and the following is substituted in lieu thereof
869 (*Effective from passage*):

870 (a) The commissioner shall maintain on a current basis a list of those
871 lines of insurance or their components for which coverages are
872 believed by the commissioner to be generally unavailable from
873 licensed insurers. The commissioner shall republish the list and make
874 it available to all licensees every six months. Any person may request
875 in writing that the commissioner add or remove a line of insurance or
876 its component from the current list at the next publication of the list.
877 The commissioner's determinations of lines of insurance or their
878 components to be added to or removed from the list shall not be
879 subject to chapter 54 provided prior to making determinations, the
880 commissioner shall provide opportunity for comments from interested
881 persons.

882 (b) (1) When any policy of insurance is procured under the authority
883 of such license providing a line of insurance or its component that does
884 not, on the effective date of coverage, appear on the current published
885 list, both the licensee and the insured shall [execute affidavits] write
886 signed statements setting forth facts showing that such licensee and
887 such insured were unable after diligent effort to procure, from any
888 authorized insurer or insurers, the full amount of insurance required to
889 protect the interest of such insured, and further showing that the
890 amount of insurance procured from an unauthorized insurer or
891 insurers is only the excess over the amount so procurable from
892 authorized insurers. Such licensee shall file such [affidavits] signed
893 statements with the commissioner [not later than forty-five days after
894 such policies have been procured] in an electronic format on the
895 fifteenth day of February, May, August and November in each year.

896 (2) The provisions of subdivision (1) of this subsection shall not
897 apply to any policy of insurance procured under the authority of such
898 license for an insured that is an exempt commercial purchaser, as
899 defined in Section 527 of the Dodd-Frank Wall Street Reform and
900 Consumer Protection Act, P.L. 111-203, as amended from time to time,
901 provided (A) the surplus lines broker has disclosed to such exempt
902 commercial purchaser that such insurance may or may not be available
903 from an authorized insurer, that may provide greater protection with
904 more regulatory oversight, and (B) such exempt commercial purchaser
905 has subsequently requested such broker, in writing, to procure such
906 policy from an unauthorized insurer.

907 Sec. 12. Section 38a-777 of the general statutes is repealed and the
908 following is substituted in lieu thereof (*Effective from passage*):

909 Any licensee under sections 38a-741 to 38a-744, inclusive, as
910 amended by this act, or section 38a-794 who negotiates, continues or
911 renews any contract for insurance in any unauthorized company, and
912 who neglects to make and file the [affidavit and] statements required
913 [by said sections] under section 38a-741, as amended by this act, or
914 who wilfully makes a false [affidavit or] statement, or who negotiates,

915 continues or renews any such contract of insurance after the revocation
916 or during the suspension of the licensee's license, shall forfeit the
917 license if not previously revoked and shall be fined not more than four
918 thousand dollars or imprisoned not more than six months, or both.

919 Sec. 13. Subdivision (3) of subsection (k) of section 38a-660 of the
920 2012 supplement to the general statutes is repealed and the following
921 is substituted in lieu thereof (*Effective from passage*):

922 (3) There is established an account to be known as the "surety bail
923 bond agent examination account", which shall be a separate,
924 nonlapsing account within the Insurance Fund established under
925 section 38a-52a. The account shall contain any moneys required by law
926 to be deposited in the account and any such moneys remaining in the
927 account at the [close of the fiscal] end of each calendar year shall be
928 transferred to the General Fund.

929 Sec. 14. Section 38a-477b of the 2012 supplement to the general
930 statutes is repealed. (*Effective from passage*)

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 13 \$	FY 14 \$
Insurance Department	GF - Revenue Gain	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill establishes a \$2,500 filing fee for a change of control of a domestic insurer by merger or acquisition. It also increases the late filing fee for fraternal benefit societies from \$100 per day to \$175 per day, and increases the premium finance company license fee from \$50 to \$300. Although the overall number of applicable fees is not known, the total increase in revenue is expected to be minimal.

House "A" made several technical and clarifying changes that had no fiscal impact.

The Out Years

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

OLR Bill Analysis**sHB 5386 (as amended by House "A")*****AN ACT CONCERNING REVISIONS TO THE INSURANCE STATUTES.****SUMMARY:**

This bill revises various insurance statutes, as detailed in the section-by-section analysis below. Among other things, it:

1. allows the insurance commissioner to share and receive confidential information with and from the Federal Insurance Office and the Bank for International Settlements;
2. establishes a \$2,500 filing fee for each "Form A" (i.e., application seeking to change control of a domestic insurer); and
3. requires an insurer's or HMO's board of directors to receive and review financial examination reports from the commissioner.

The bill also deletes obsolete provisions and makes technical and conforming changes.

*House Amendment "A" removes provisions that (1) allowed a consumer 30 instead of 10 days to return a replacement life insurance policy to the insurer for cancellation and (2) imputed knowledge of financial examination reports to the board of directors. It also changes the reporting date for certain signed statements from surplus lines brokers from the first to the 15th of certain months.

EFFECTIVE DATE: Upon passage, except as otherwise noted below.

§ 1 – CONFIDENTIAL INFORMATION

The bill allows the insurance commissioner to receive and share confidential information from and with the Federal Insurance Office, which was created under the federal Dodd-Frank Act, and the Bank for International Settlements, an international organization that fosters international monetary and financial cooperation and serves as a bank for central banks. By law, the commissioner may already receive and share confidential information from and with the National Association of Insurance Commissioners and the International Association of Insurance Supervisors.

§§ 2 & 3 – “FORM A” FILING FEE

The bill establishes a \$2,500 filing fee for each Form A filed with the Insurance Department. Form A is an application for a change of control of a domestic insurer by merger or acquisition.

EFFECTIVE DATE: October 1, 2012

§ 4 – FINANCIAL EXAMINATION REPORTS

By law, the insurance commissioner may conduct financial examinations of insurers, health care centers (i.e., HMOs), and related companies doing business in Connecticut.

The bill requires the commissioner to provide an examination report to the examined entity, along with any recommendations or written statements from the commissioner or examiner. The entity’s board of directors’ secretary must give a report copy or summary to each director and certify to the commissioner in writing that this has occurred.

The bill also requires the chief executive officer of the examined entity, within 90 days of receiving the report or summary, to present it to the board of directors at a regular or special meeting.

EFFECTIVE DATE: October 1, 2012

§§ 5 & 10 – LATE FILING FEE

By law, if an insurer or HMO files a quarterly or annual financial

statement with the insurance commissioner past its due date, the commissioner fines the entity \$175 for every day the statement is late. Under current law, if a fraternal benefit society files an annual statement late, it is fined \$100 for every day late. The bill increases the late filing fee for a fraternal benefit society to \$175 per day late.

The bill allows the insurance commissioner to waive a late filing fee if (1) the entity cannot file the statement because its home state has proclaimed a state of emergency that prevents the entity from filing it or (2) the entity's home state regulatory official has allowed the entity to file it late.

EFFECTIVE DATE: October 1, 2012

§§ 7 & 8 – PREMIUM FINANCE COMPANY LICENSE FEE

The bill increases the insurance premium finance company license and annual renewal fee from \$50 to \$300. Engaging in such business without a license is a class A misdemeanor punishable by up to one year in prison, up to a \$2,000 fine, or both.

EFFECTIVE DATE: October 1, 2012

§ 9 – HMO FINANCIAL EXAMINATION

The bill explicitly allows the insurance commissioner to order HMOs to produce books, records, or other information necessary for the commissioner to examine the entity's financial condition. The HMO must pay for any such examination.

EFFECTIVE DATE: October 1, 2012

§§ 11 & 12 – SURPLUS LINES BROKERS

By law, the insurance commissioner must maintain, publish, and make available to surplus lines brokers a list of insurance lines that are unavailable from licensed insurers.

Under current law, licensed surplus lines brokers and their clients that procure insurance that is not on the insurance commissioner's list

must file with the commissioner an affidavit showing they made diligent efforts to obtain the insurance from a licensed insurer. The affidavits are due within 45 days after procuring the insurance.

The bill requires a signed statement instead of an affidavit, eliminating a notary requirement. It requires the licensee to submit the signed statements to the commissioner electronically on the 15th day of February, May, August, and November in each year.

§ 13 – SURETY BAIL BOND AGENT EXAMINATION ACCOUNT

PA 11-45 created the surety bail bond agent examination account as a separate, nonlapsing account within the Insurance Fund. Under current law, the funds remaining in the account at the end of the fiscal year are transferred to the General Fund. The bill instead transfers the funds at the end of each calendar year.

§ 14 – REPEALER

The bill repeals a provision that prohibited insurers or HMOs from rescinding (i.e., retroactively cancelling) a health insurance policy unless they receive the insurance commissioner’s permission. The repeal removes a conflict with federal and state law. Under federal health care reform provisions and PA 11-58 (§§ 54-66), a rescission is considered an adverse determination, which is subject to the mandated internal and external appeal process.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/15/2012)