



General Assembly

February Session, 2012

Raised Bill No. 20

LCO No. 123

00123_____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 Section 38a-47 of the general statutes is repealed and the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, 2013*):

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

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

27 Sec. 2. Section 38a-48 of the general statutes is repealed and the
28 following is substituted in lieu thereof (*Effective July 1, 2013*):

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

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

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

48 year, and (D) the amount appropriated to the Department of Social
49 Services for the fall prevention program established in section 17b-33
50 from the Insurance Fund for the fiscal year; [.]

51 (2) [a] A statement of the total taxes imposed on all [domestic]
52 insurance companies and [domestic] insurance entities under chapter
53 207 on business done in this state during the preceding calendar year;
54 [.] and

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

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

80 insurance companies and [domestic] entities on business done in this
81 state during the preceding calendar year, provided if there are no
82 domestic entities organized under sections 38a-199 to 38a-209,
83 inclusive, and 38a-214 to 38a-225, inclusive, at the time of assessment,
84 one hundred per cent of the amount to be paid under section 38a-47
85 shall be allocated among such [domestic] insurance companies and
86 [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 business done in this state during the preceding calendar year, except
95 that for purposes of any assessment made to fund payments to the
96 Department of Public Health to purchase vaccines pursuant to section
97 19a-7j, as amended by this act, such company or entity shall be
98 responsible for its share of the costs, notwithstanding whether its
99 assessment exceeds twenty-five per cent of the actual expenditures of
100 the Insurance Department and the Office of the Healthcare Advocate.
101 The provisions of this subdivision shall not be applicable to any
102 corporation [which] that has converted to a domestic mutual insurance
103 company pursuant to section 38a-155 upon the effective date of any
104 public act [which] that amends said section to modify or remove any
105 restriction on the business such a company may engage in, for
106 purposes of any assessment due from such company on and after such
107 effective date.

108 (d) For purposes of calculating the amount of payment under
109 section 38a-47, as amended by this act, as well as the amount of the
110 assessments under this section, the "total taxes imposed on all
111 [domestic] insurance companies and other [domestic] entities under
112 chapter 207" shall be based upon the amounts shown as payable to the

113 state for the calendar year on the returns filed with the Commissioner
114 of Revenue Services pursuant to chapter 207; with respect to
115 calculating the amount of payment and assessment for local domestic
116 insurance companies, the amount used shall be the taxes and charges
117 imposed before any tax credits allowed as provided in section 12-202.

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

132 [(f)] (e) On or before September first, annually, for each current
133 fiscal year, [ending after July 1, 1990,] the Insurance Commissioner and
134 the Healthcare Advocate, after receiving any objections to the
135 proposed assessments and making such adjustments as in their
136 opinion may be indicated, shall assess each such [domestic] insurance
137 company or other [domestic] entity an amount equal to its proposed
138 assessment as so adjusted. Each [domestic] insurance company or
139 other [domestic] entity shall pay to the Insurance Commissioner (1) on
140 or before [June 30, 1990, and on or before] June thirtieth, annually,
141 [thereafter,] an estimated payment against its assessment for the
142 following year equal to twenty-five per cent of its assessment for the
143 then current fiscal year, [ending such June thirtieth,] (2) on or before
144 September thirtieth, annually, twenty-five per cent of its assessment
145 adjusted to reflect any credit or amount due from the preceding fiscal

146 year as determined by the commissioner under subsection [(g)] (f) of
147 this section, and (3) on or before the following December thirty-first
148 and March thirty-first, annually, [each domestic insurance company or
149 other domestic entity shall pay to the Insurance Commissioner] the
150 remaining fifty per cent of its proposed assessment to the department
151 in two equal installments.

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

174 [(h)] (g) If any assessment is not paid when due, a penalty of
175 twenty-five dollars shall be added thereto, and interest at the rate of six
176 per cent per annum shall be paid thereafter on such assessment and
177 penalty.

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

183 Sec. 3. Section 38a-52 of the general statutes is repealed and the
184 following is substituted in lieu thereof (*Effective July 1, 2013*):

185 Any [domestic] insurance company or other [domestic] entity
186 aggrieved because of any assessment levied under [section 38a-48, or
187 any fraternal benefit society or foreign or alien insurance company or
188 other entity aggrieved because of any assessment levied under the
189 provisions of sections 38a-49] sections 38a-48 to 38a-51, inclusive, as
190 amended by this act, may, [within one month from] not later than
191 thirty days after the time provided for the payment of such
192 assessment, appeal therefrom to the superior court for the judicial
193 district of New Britain, which appeal shall be accompanied by a
194 citation to the commissioner to appear before said court. Such citation
195 shall be signed by the same authority, and such appeal shall be
196 returnable at the same time and served and returned in the same
197 manner, as is required in case of a summons in a civil action. The
198 authority issuing the citation shall take from the appellant a bond or
199 recognizance to the state, with surety to prosecute the appeal to effect
200 and to comply with the orders and decrees of the court in the premises.
201 Such appeals shall be preferred cases, to be heard, unless cause
202 appears to the contrary, at the first session, by the court or by a
203 committee appointed by the court. Said court may grant such relief as
204 may be equitable, and, if such assessment has been paid prior to the
205 granting of such relief, may order the Treasurer to pay the amount of
206 such relief, with interest at the rate of six per cent per annum, to the
207 aggrieved company or entity. If the appeal has been taken without
208 probable cause, the court may tax double or triple costs, as the case
209 demands; and, upon all such appeals which may be denied, costs may
210 be taxed against the appellant at the discretion of the court, but no

211 costs shall be taxed against the state.

212 Sec. 4. Section 38a-49 of the general statutes is repealed and the
213 following is substituted in lieu thereof (*Effective July 1, 2013*):

214 All fraternal benefit societies and all foreign and alien insurance
215 companies and other foreign and alien entities examined by the
216 Insurance Commissioner shall annually reimburse the state for the
217 costs of such examinations. [The total cost of all examinations
218 conducted during the fiscal year, including supervision and other
219 overhead, shall be one hundred and thirty-five per cent of the total
220 salaries paid to the examining personnel of the Insurance Department
221 engaged in such examinations less any salary reimbursements.] The
222 commissioner shall apportion [such] the total cost of all such
223 examinations [for] conducted during the fiscal year among such
224 [insurance] societies, companies and other entities examined during
225 such fiscal year on the basis of time involved in the several
226 examinations and shall assess such [fraternal benefit] societies, [foreign
227 and alien insurance] companies and other [foreign and alien] entities
228 for their respective apportionments of the total cost. Such assessments
229 shall be in addition to any taxes and fees otherwise payable to the
230 state, except that no fraternal benefit society, foreign or alien insurance
231 company or other foreign or alien entity subject to examination under
232 this section shall pay as costs associated with the examination the
233 salaries or fringe benefits of examining personnel of the Insurance
234 Department engaged in such examination if such society, company or
235 entity is otherwise liable to assessment levied under section 38a-47, as
236 amended by this act. Such society, company or entity shall pay the
237 traveling and maintenance expenses of examining personnel of the
238 Insurance Department when such society, company or entity is
239 examined outside the state.

240 Sec. 5. Section 38a-50 of the general statutes is repealed and the
241 following is substituted in lieu thereof (*Effective July 1, 2013*):

242 All fraternal benefit societies and all foreign and alien life insurance

243 companies and other foreign and alien life insurers whose policy or
244 contract reserves are valued by the Insurance Commissioner shall
245 annually reimburse the state for the costs of such valuations. [The total
246 cost of all valuations during the fiscal year, including supervision and
247 other overhead, shall be one hundred and thirty-five per cent of the
248 total salaries paid to the valuation personnel of the Insurance
249 Department engaged in valuing such policy and contract reserves less
250 any salary reimbursements.] The commissioner shall apportion [such]
251 total cost of all such valuations [for] during the fiscal year among such
252 societies, life insurance companies and other life insurers whose policy
253 or contract reserves are valued during such fiscal year on the basis of
254 time involved in the several valuations and shall assess such [fraternal
255 benefit] societies, [foreign and alien] life insurance companies and
256 other [foreign and alien entities] insurers for their respective
257 apportionments of the total cost. Such assessments shall be in addition
258 to any other taxes and fees otherwise payable to the state, except that
259 no fraternal benefit society, foreign or alien life insurance company or
260 other foreign or alien life insurer whose policy or contract reserves are
261 valued under this section shall pay as costs associated with the
262 valuation the salaries or fringe benefits of valuation personnel of the
263 Insurance Department engaged in such valuation if such society, life
264 insurance company or life insurer is otherwise liable to assessment
265 levied under section 38a-47, as amended by this act. Such society,
266 company or insurer shall pay the traveling and maintenance expenses
267 of examining personnel of the Insurance Department when such
268 society, company or insurer is examined outside the state.

269 Sec. 6. Section 38a-51 of the general statutes is repealed and the
270 following is substituted in lieu thereof (*Effective July 1, 2013*):

271 On or before August first, annually, the commissioner shall render
272 to each fraternal benefit society, insurance company or other entity
273 liable to assessment under section 38a-49 or 38a-50, as amended by this
274 act, a statement of the total cost of examinations or valuations, as the
275 case may be, for the preceding fiscal year ending June thirtieth,

276 together with proposed assessments against each of the several such
277 companies and other entities. On September first annually, the
278 commissioner, after receiving any objections to the proposed
279 assessments and making such changes as in [his] the commissioner's
280 opinion may be indicated, shall assess each such [insurance] society,
281 company or other entity for the costs of examinations and valuations.
282 Each such [insurance] society, company or other entity shall pay to the
283 commissioner the amount assessed against it [within] not later than
284 twenty days [from] after the date of invoice, with interest at the rate of
285 six per cent per annum if the assessment is unpaid at the end of such
286 twenty-day period. The commissioner shall deposit such receipts with
287 the State Treasurer. [On and after June 6, 1991, the] The moneys so
288 deposited with the State Treasurer shall be credited to the Insurance
289 Fund established under section 38a-52a and shall be accounted for as
290 expenses recovered from insurance companies.

291 Sec. 7. Section 19a-7j of the 2012 supplement to the general statutes
292 is repealed and the following is substituted in lieu thereof (*Effective July*
293 *1, 2013*):

294 (a) Not later than September [1, 2003, and] first, annually,
295 [thereafter,] the Secretary of the Office of Policy and Management, in
296 consultation with the Commissioner of Public Health, shall (1)
297 determine the amount appropriated for the following purposes: (A) To
298 purchase, store and distribute vaccines for routine immunizations
299 included in the schedule for active immunization required by section
300 19a-7f; (B) to purchase, store and distribute (i) vaccines to prevent
301 hepatitis A and B in persons of all ages, as recommended by the
302 schedule for immunizations published by the National Advisory
303 Committee for Immunization Practices, (ii) antibiotics necessary for the
304 treatment of tuberculosis and biologics and antibiotics necessary for
305 the detection and treatment of tuberculosis infections, and (iii)
306 antibiotics to support treatment of patients in communicable disease
307 control clinics, as defined in section 19a-216a; and (C) to provide
308 services needed to collect up-to-date information on childhood

309 immunizations for all children enrolled in Medicaid who reach two
310 years of age during the year preceding the current fiscal year, to
311 incorporate such information into the childhood immunization
312 registry, as defined in section 19a-7h, and (2) inform the Insurance
313 Commissioner of such amount.

314 (b) Each domestic insurer or domestic health care center doing life
315 insurance or health insurance business in this state shall annually pay
316 to the Insurance Commissioner, for deposit in the General Fund, a
317 health and welfare fee assessed by the Insurance Commissioner
318 pursuant to this section. Not later than October [1, 2003, and] first,
319 annually, [thereafter,] the Insurance Commissioner shall determine the
320 fee to be assessed against each such domestic insurer or domestic
321 health care center for the next fiscal year. Such fee shall be a percentage
322 of the total amount appropriated, as identified in subsection (a) of this
323 section, and shall be calculated on the basis of life insurance premiums
324 and health insurance premiums and subscriber charges in the same
325 manner as calculations under section 38a-48, as amended by this act.
326 Not later than November [1, 2003, and] first, annually, [thereafter,] the
327 Insurance Commissioner shall submit a statement to each such insurer
328 and health care center that includes the proposed fee for the insurer or
329 health care center calculated in accordance with this section. As used
330 in this section, "health insurance" means health insurance, as defined
331 in subdivisions (1) to (13), inclusive, of section 38a-469.

332 (c) Any domestic insurer or domestic health care center aggrieved
333 by an assessment levied under this section may appeal therefrom in
334 the same manner as provided for appeals under section 38a-52, as
335 amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2013</i>	38a-47
Sec. 2	<i>July 1, 2013</i>	38a-48
Sec. 3	<i>July 1, 2013</i>	38a-52

Sec. 4	<i>July 1, 2013</i>	38a-49
Sec. 5	<i>July 1, 2013</i>	38a-50
Sec. 6	<i>July 1, 2013</i>	38a-51
Sec. 7	<i>July 1, 2013</i>	19a-7j

Statement of Purpose:

To expand the base of insurers assessed for the expenditures of the Insurance Department and the Office of the Healthcare Advocate.

[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.]