



General Assembly

**Amendment**

June 12 Special Session, 2012

LCO No. 5818

**\*SB0050105818SD0\***

Offered by:

SEN. HARP, 10<sup>th</sup> Dist.

REP. WALKER, 93<sup>rd</sup> Dist.

To: Senate Bill No. 501

File No.

Cal. No.

**"AN ACT IMPLEMENTING CERTAIN PROVISIONS CONCERNING  
GOVERNMENT ADMINISTRATION."**

1 Strike section 58 in its entirety and renumber sections and internal  
2 references accordingly

3 Strike section 127 in its entirety and insert the following in lieu  
4 thereof:

5 "Sec. 127. Section 38a-135 of the general statutes is repealed and the  
6 following is substituted in lieu thereof (*Effective October 1, 2012*):

7 (a) Every insurance company [which] that is authorized to do  
8 business in this state and [which] is a member of an insurance holding  
9 company system shall register with the commissioner on a form  
10 prescribed by [him] the commissioner. Any insurance company  
11 [which] that is subject to registration under this section shall register  
12 [within] not later than fifteen days after it becomes subject to  
13 registration, and annually thereafter by June first of each year for the

14 previous calendar year, unless the commissioner, for good cause  
15 shown, extends the time for registration, in which case it shall register  
16 within such extended time.

17 (b) (1) Every insurance company subject to registration shall file a  
18 registration statement [which] that shall contain the following current  
19 information:

20 [(1)] (A) The capital structure, general financial condition,  
21 ownership and management of the insurance company and any person  
22 controlling the insurance company;

23 [(2)] (B) The identity and relationship of every member of the  
24 insurance holding company system;

25 [(3)] (C) The following agreements in force, and transactions  
26 outstanding or [which] that have occurred during the last calendar  
27 year between such insurance company and its affiliates: (i) Loans,  
28 other investments, or purchases, sales or exchanges of securities of the  
29 affiliates by the insurance company or of the insurance company by its  
30 affiliates; (ii) purchases, sales or exchanges of assets; (iii) transactions  
31 not in the ordinary course of business; (iv) guarantees or undertakings  
32 for the benefit of an affiliate [which] that result in an actual contingent  
33 exposure of the insurance company's assets to liability, other than  
34 insurance contracts entered into in the ordinary course of the insurance  
35 company's business; (v) management agreements, service contracts  
36 and cost-sharing arrangements; (vi) reinsurance agreements; (vii)  
37 dividends and other distributions to securityholders; and (viii)  
38 consolidated tax allocation agreements;

39 [(4)] (D) Any pledge of the insurance company's stock, including  
40 stock of any subsidiary or controlling affiliate, for a loan made to any  
41 member of the insurance holding company system; [and]

42 (E) If requested by the commissioner, financial statements of or  
43 within an insurance holding company system, including all affiliates.  
44 Such statements may include, but are not limited to, annual audited

45 financial statements filed with the Securities and Exchange  
46 Commission pursuant to the Securities Act of 1933, as amended from  
47 time to time, or the Securities Exchange Act of 1934, as amended from  
48 time to time. An insurance company required to file financial  
49 statements under this subparagraph may provide the commissioner  
50 with its parent corporation's financial statements that are most recently  
51 filed with said commission;

52 (F) Statements that the insurance company's board of directors  
53 oversees corporate governance and internal controls of such company,  
54 and that such company's officers or senior management have  
55 approved, implemented and continue to maintain such governance  
56 and controls;

57 ~~[(5)]~~ (G) Other matters concerning transactions between registered  
58 insurance companies and any affiliates as may be included from time  
59 to time in any registration forms adopted or approved by the  
60 commissioner; and

61 (H) Any other information required by regulations adopted in  
62 accordance with the provisions of chapter 54.

63 ~~[(c)]~~ (2) All registration statements shall contain a summary  
64 outlining all items in the current registration statement representing  
65 changes from the prior registration statement.

66 ~~[(d)]~~ (c) No information need be disclosed on the registration  
67 statement filed pursuant to subsection (b) of this section if such  
68 information is not material for the purposes of this section. Unless the  
69 commissioner by regulation or order provides otherwise, sales,  
70 purchases, exchanges, loans or extensions of credit, investments, or  
71 guarantees involving one-half of one per cent or less of the insurance  
72 company's admitted assets as of the thirty-first day of December next  
73 preceding shall not be deemed material for purposes of this section.

74 ~~[(e)]~~ (d) Subject to subsection (b) of section 38a-136, each registered  
75 insurance company shall report to the commissioner all dividends and

76 other distributions to securityholders [within] not later than fifteen  
77 business days [following] after the declaration thereof or such other  
78 period as the commissioner shall prescribe by regulation.

79 [(f)] (e) Any person within an insurance holding company system  
80 subject to registration shall be required to provide complete and  
81 accurate information to an insurance company, where such  
82 information is reasonably necessary to enable the insurance company  
83 to comply with the provisions of sections 38a-129 to 38a-140, inclusive.

84 (f) (1) The ultimate controlling person of each insurance company  
85 subject to registration under this section shall file an annual enterprise  
86 risk report in a form and manner prescribed by the commissioner. The  
87 initial report shall not be filed prior to June 1, 2013. The annual  
88 enterprise risk report shall identify, to the best of such person's  
89 knowledge and belief, the material risks within the insurance holding  
90 company system that could pose enterprise risk to the insurance  
91 company. The report shall be filed with the lead state commissioner as  
92 determined by the procedures in NAIC's applicable financial analysis  
93 handbook. Such report shall (A) be confidential by law and privileged,  
94 (B) not be subject to disclosure under section 1-210, (C) not be subject  
95 to subpoena, and (D) not be subject to discovery or admissible in any  
96 civil action. The commissioner shall not make such report public  
97 without the prior written consent of the ultimate controlling person  
98 that filed such report unless the commissioner, after giving the  
99 ultimate controlling person and the insurance company to which such  
100 report pertains and its affiliates within the insurance holding company  
101 system who would be affected thereby notice and opportunity to be  
102 heard, determines that the interests of policyholders, securityholders  
103 or the public will be served by the publication thereof, in which event  
104 the commissioner may publish all or any part thereof in such manner  
105 as the commissioner may deem appropriate. The commissioner may  
106 use such report in the furtherance of any regulatory or legal action  
107 brought as part of the commissioner's official duties.

108 (2) The commissioner may share the enterprise risk report only with

109 the insurance regulatory official of another state with laws or  
110 regulations substantially similar to subsection (a) of section 38a-137  
111 and who has agreed, in writing, to maintain the confidentiality and  
112 privileged status of such report.

113 (g) The commissioner shall terminate the registration of any  
114 insurance company [which] that demonstrates that it no longer is a  
115 member of an insurance holding company system.

116 (h) The commissioner may require or allow two or more affiliated  
117 insurance companies subject to registration hereunder to file a  
118 consolidated registration statement.

119 (i) The commissioner may allow an insurance company [which] that  
120 is authorized to do business in this state and [which] is part of an  
121 insurance holding company system to register on behalf of any  
122 affiliated insurer [which] that is required to register under subsection  
123 (a) of this section and to file all information and materials required to  
124 be filed under this section.

125 (j) Any person may file with the commissioner a disclaimer of  
126 affiliation with any insurance company and any insurance company  
127 may file a disclaimer of affiliation with any other person. The  
128 disclaimer shall fully disclose all material relationships and bases for  
129 affiliation between such person and such insurance company as well as  
130 the basis for disclaiming such affiliation. After a disclaimer has been  
131 filed, the insurance company shall be relieved of any duty to register  
132 or report under this section [which] that may arise out of the insurance  
133 company's relationship with such person unless [and until] the  
134 commissioner disallows such disclaimer. The commissioner shall  
135 disallow such disclaimer only after furnishing all parties in interest  
136 with notice and an opportunity to be heard, and after making specific  
137 findings of fact to support such disallowance.

138 (k) The failure to file a registration statement or any amendment,  
139 [or] addition thereto or summary or an enterprise risk report required  
140 by this section within the time specified for such filing shall be a

141 violation of sections 38a-129 to 38a-140, inclusive.

142 (l) The commissioner may by regulation or order exempt any  
143 insurance company or class of insurance companies from registration  
144 under this section if, in [his] the commissioner's judgment, registration  
145 by such company or class of companies is not necessary to effectuate  
146 the purposes of said sections.

147 (m) A foreign or alien insurer shall not be required to register  
148 pursuant to this section if it is (1) subject to disclosure requirements  
149 and standards adopted by statute or regulation in the jurisdiction of its  
150 domicile [which] that are substantially similar to those contained in  
151 this section and subsections (a), (b), (f) and (g) of section 38a-136 or [if  
152 it is] (2) admitted in the domiciliary jurisdiction of the principal insurer  
153 in its holding company system and in said jurisdiction is subject to  
154 disclosure requirements and standards adopted by statute or  
155 regulation [which] that are substantially similar to those contained in  
156 this section and subsections (a), (b), (f) and (g) of section 38a-136. The  
157 commissioner may require any authorized insurer [which] that is a  
158 member of a holding company system [which is] not subject to  
159 registration under this section to furnish a copy of the registration  
160 statement or other information filed by such insurance company with  
161 the insurance regulatory authority of its domicile or the domicile of the  
162 principal insurer in its holding company system, as the case may be.

163 (n) (1) To assess the business strategy, financial, legal or regulatory  
164 position risk exposure, risk management or governance processes of a  
165 domestic insurance company registered under this section that is part  
166 of an insurance holding company system that has international  
167 operations, and as part of the examination pursuant to section 38a-14a  
168 of such insurance company, the commissioner may initiate, be a  
169 member of or participate in a supervisory college, which shall be a  
170 temporary or permanent forum for communication between and  
171 cooperation among state, federal and international regulatory officials.

172 (2) If the commissioner initiates a supervisory college, the

173 commissioner shall (A) establish the membership of, and participation  
174 by state, federal or international regulatory officials in, such  
175 supervisory college, (B) establish the functions of the supervisory  
176 college and the role of members and participants, and select a  
177 chairperson for such supervisory college, (C) coordinate the activities  
178 of the supervisory college, including meeting planning and processes  
179 for information sharing that comply with the applicable confidentiality  
180 provisions set forth in section 38a-137, and (D) establish a crisis  
181 management plan for such supervisory college.

182 (3) The commissioner may enter into written agreements with state,  
183 federal or international regulatory officials for the governing of the  
184 activities of a supervisory college. Any such agreements shall maintain  
185 the confidentiality requirements under section 38a-137.

186 (4) Each insurance company subject to registration under this  
187 section shall be assessed for and shall pay to the commissioner its  
188 share of the reasonable costs, including reasonable travel expenses, of  
189 the commissioner's participation in a supervisory college. Such  
190 payment shall be in addition to any other taxes, fees and moneys  
191 otherwise payable to the state. The commissioner shall establish the  
192 assessment method for such costs and provide reasonable notice to  
193 each insurance company subject to any such assessment.

194 (5) Nothing in this subsection shall be construed to limit the  
195 authority of the commissioner to regulate an insurance company or its  
196 affiliate under the commissioner's jurisdiction or to delegate any  
197 regulatory authority of the commissioner to a supervisory college."

198 Strike subsection (b) of section 149 in its entirety and substitute the  
199 following in lieu thereof:

200 "(b) The town of Tolland shall use said parcel of land for economic  
201 development purposes. If the town of Tolland does not use said parcel  
202 for said purposes the parcel shall revert to the state of Connecticut."

203 Change the effective date of section 168 to "October 1, 2012, and

204 applicable to assessment years commencing on and after said date"

205 In line 5831, after "increases" insert "or decreases"

206 In line 5921, strike "and" and insert "an" in lieu thereof