



House of Representatives

File No. 846

General Assembly

January Session, 2013

(Reprint of File No. 289)

Substitute House Bill No. 6379
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 23, 2013

AN ACT CONCERNING SURPLUS LINES INSURANCE BROKERS.

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

1 Section 1. Subdivision (1) of subsection (b) of section 38a-741 of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective from passage*):

4 (b) (1) When any policy of insurance is procured or renewed under
5 the authority of such license providing a line of insurance or its
6 component that does not, on the effective date of coverage, appear on
7 the current published list, both the licensee and the insured shall
8 [execute affidavits] write signed statements setting forth facts showing
9 that such licensee and such insured were unable after diligent effort to
10 procure, from any authorized insurer or insurers, the full amount of
11 insurance required to protect the interest of such insured, and further
12 showing (A) that the amount of insurance procured from an
13 unauthorized insurer or insurers is only the excess over the amount so
14 procurable from authorized insurers, (B) the type of policy, and (C) if
15 such policy is for real property, the location of such property. Such

16 licensee shall file such [affidavits] signed statements in electronic
 17 format with the commissioner [not later than forty-five days after such
 18 policies have been procured] on February fifteenth, May fifteenth,
 19 August fifteenth and November fifteenth of each year.

20 Sec. 2. Section 38a-777 of the general statutes is repealed and the
 21 following is substituted in lieu thereof (*Effective from passage*):

22 Any licensee under sections 38a-741 to 38a-744, inclusive, as
 23 amended by this act, or section 38a-794 who negotiates, continues or
 24 renews any contract for insurance in any unauthorized company, and
 25 who [neglects] fails to make and file the [affidavit and] statements
 26 required [by said sections] under section 38a-741, as amended by this
 27 act, or who wilfully makes a false [affidavit or] statement, or who
 28 negotiates, continues or renews any such contract of insurance after
 29 the revocation or during the suspension of the licensee's license, shall
 30 forfeit the license if not previously revoked and shall be fined not more
 31 than four thousand dollars or imprisoned not more than six months, or
 32 both.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	38a-741(b)(1)
Sec. 2	<i>from passage</i>	38a-777

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: None

Municipal Impact: None

Explanation

This bill changes certain requirements for surplus lines insurance brokers. There is no fiscal impact.

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

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 6379 (as amended by House "A")******AN ACT CONCERNING SURPLUS LINES INSURANCE BROKERS.*****SUMMARY:**

By law, the insurance commissioner must maintain, publish, and make available to surplus lines brokers a list of insurance lines unavailable from licensed insurers. Under current law, licensed surplus lines brokers and their clients that obtain insurance that is not on the 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 a surplus lines broker procures insurance.

This bill requires a signed statement instead of an affidavit, eliminating a notary requirement. It requires the broker to submit the signed statement to the commissioner electronically on the fifteenth day of February, May, August, and November annually.

Currently, the affidavit must show that the amount of insurance obtained from an unauthorized insurer is only the excess over the amount obtained from authorized insurers. The bill requires the signed statement to include that information as well as the type of policy and, if the policy is for real property, the location of the real property.

By law, a broker who fails to file a signed statement or willfully files a false statement is subject to license revocation and a fine of up to \$4,000, imprisonment for up to six months, or both.

*House Amendment "A" eliminates a definition of "diligent effort" that would have required at least six authorized insurers to have

declined to provide coverage in order for the surplus lines broker to place the business. It also moves the date that brokers must submit signed statements to the insurance commissioner to the fifteenth day, instead of the first day, of specified months.

EFFECTIVE DATE: Upon passage

BACKGROUND

Related Bill

sSB 1093 (File 392), passed by the Senate, requires a surplus lines broker to submit an affidavit to the insurance commissioner electronically on the first day of February, May, August, and November in each year.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 11 Nay 7 (03/14/2013)