



General Assembly

January Session, 2013

Raised Bill No. 6516

LCO No. 3161



Referred to Committee on PROGRAM REVIEW AND INVESTIGATIONS

Introduced by:
(PRI)

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE CONCERNING THE ASSESSMENT METHODOLOGY FOR THE EXPENDITURES OF 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 Section 38a-51 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) On or before August first, annually, the commissioner shall
4 render to each insurance company or other entity liable to assessment
5 under section 38a-49 or 38a-50 a statement of the total cost of
6 examinations or valuations, as the case may be, for the preceding fiscal
7 year ending June thirtieth, together with proposed assessments against
8 each of the several such companies and other entities. On September
9 first annually, the commissioner, after receiving any objections to the
10 proposed assessments and making such changes as in his opinion may
11 be indicated, shall assess each such insurance company or other entity
12 for the costs of examinations and valuations. Each such insurance

13 company or other entity shall pay to the commissioner the amount
14 assessed against it within twenty days from date of invoice, with
15 interest at the rate of six per cent per annum if the assessment is
16 unpaid at the end of such twenty-day period. The commissioner shall
17 deposit such receipts with the State Treasurer. [On and after June 6,
18 1991, the] The moneys so deposited with the State Treasurer shall be
19 credited to the Insurance Fund established under section 38a-52a and
20 shall be accounted for as expenses recovered from insurance
21 companies.

22 (b) (1) The commissioner shall render with the proposed assessment
23 set forth in section 38a-48, as amended by this act, a statement that
24 includes (A) the most recent total cost of examinations or valuations
25 assessed against the insurance companies or other entities liable to
26 assessment under section 38a-49 or 38a-50, (B) the amount of such
27 assessment recouped to date, and (C) a clear description of the effect of
28 such recouped amount on the proposed assessment set forth in section
29 38a-48, as amended by this act.

30 (2) The commissioner shall submit such statement annually, in
31 accordance with the provisions of section 11-4a, to the joint standing
32 committee of the General Assembly having cognizance of matters
33 relating to insurance.

34 Sec. 2. Section 38a-48 of the general statutes is repealed and the
35 following is substituted in lieu thereof (*Effective from passage*):

36 (a) On or before June thirtieth, annually, the Commissioner of
37 Revenue Services shall render to the Insurance Commissioner a
38 statement certifying the amount of taxes or charges imposed on each
39 domestic insurance company or other domestic entity under chapter
40 207 on business done in this state during the preceding calendar year.
41 The statement for local domestic insurance companies shall set forth
42 the amount of taxes and charges before any tax credits allowed as
43 provided in section 12-202.

44 (b) On or before July thirty-first, annually, the Insurance
45 Commissioner and the Office of the Healthcare Advocate shall render
46 to each domestic insurance company or other domestic entity liable for
47 payment under section 38a-47, (1) a statement [which] that includes
48 (A) the amount appropriated to the Insurance Department and the
49 Office of the Healthcare Advocate for the fiscal year beginning July
50 first of the same year, (B) the cost of fringe benefits for department and
51 office personnel for such year, as estimated by the Comptroller, (C) the
52 estimated expenditures on behalf of the department and the office
53 from the Capital Equipment Purchase Fund pursuant to section 4a-9
54 for such year, and (D) the amount appropriated to the Department of
55 Social Services for the fall prevention program established in section
56 17b-33 from the Insurance Fund for the fiscal year, (2) a statement of
57 the total taxes imposed on all domestic insurance companies and
58 domestic insurance entities under chapter 207 on business done in this
59 state during the preceding calendar year, (3) a statement that includes
60 (A) the most recent total cost of examinations or valuations assessed
61 against the insurance companies or other entities liable to assessment
62 under section 38a-49 or 38a-50, (B) the amount of such assessment
63 recouped to date, and (C) a clear description of the effect of such
64 recouped amount on the proposed assessment set forth in subdivision
65 (4) of this subsection, and [(3)] (4) the proposed assessment against that
66 company or entity, calculated in accordance with the provisions of
67 subsection (c) of this section, provided that for the purposes of this
68 calculation the amount appropriated to the Insurance Department and
69 the Office of the Healthcare Advocate plus the cost of fringe benefits
70 for department and office personnel and the estimated expenditures
71 on behalf of the department and the office from the Capital Equipment
72 Purchase Fund pursuant to section 4a-9 shall be deemed to be the
73 actual expenditures of the department and the office, and the amount
74 appropriated to the Department of Social Services from the Insurance
75 Fund for the fiscal year for the fall prevention program established in
76 section 17b-33 shall be deemed to be the actual expenditures for the
77 program.

78 (c) (1) The proposed assessments for each domestic insurance
79 company or other domestic entity shall be calculated by (A) allocating
80 twenty per cent of the amount to be paid under section 38a-47 among
81 the domestic entities organized under sections 38a-199 to 38a-209,
82 inclusive, and 38a-214 to 38a-225, inclusive, in proportion to their
83 respective shares of the total taxes and charges imposed under chapter
84 207 on such entities on business done in this state during the preceding
85 calendar year, and (B) allocating eighty per cent of the amount to be
86 paid under section 38a-47 among all domestic insurance companies
87 and domestic entities other than those organized under sections 38a-
88 199 to 38a-209, inclusive, and 38a-214 to 38a-225, inclusive, in
89 proportion to their respective shares of the total taxes and charges
90 imposed under chapter 207 on such domestic insurance companies
91 and domestic entities on business done in this state during the
92 preceding calendar year, provided if there are no domestic entities
93 organized under sections 38a-199 to 38a-209, inclusive, and 38a-214 to
94 38a-225, inclusive, at the time of assessment, one hundred per cent of
95 the amount to be paid under section 38a-47 shall be allocated among
96 such domestic insurance companies and domestic entities.

97 (2) When the amount any such company or entity is assessed
98 pursuant to this section exceeds twenty-five per cent of the actual
99 expenditures of the Insurance Department and the Office of the
100 Healthcare Advocate, such excess amount shall not be paid by such
101 company or entity but rather shall be assessed against and paid by all
102 other such companies and entities in proportion to their respective
103 shares of the total taxes and charges imposed under chapter 207 on
104 business done in this state during the preceding calendar year, except
105 that for purposes of any assessment made to fund payments to the
106 Department of Public Health to purchase vaccines, such company or
107 entity shall be responsible for its share of the costs, notwithstanding
108 whether its assessment exceeds twenty-five per cent of the actual
109 expenditures of the Insurance Department and the Office of the
110 Healthcare Advocate. The provisions of this subdivision shall not be

111 applicable to any corporation [which] that has converted to a domestic
112 mutual insurance company pursuant to section 38a-155 upon the
113 effective date of any public act which amends said section to modify or
114 remove any restriction on the business such a company may engage in,
115 for purposes of any assessment due from such company on and after
116 such effective date.

117 (d) For purposes of calculating the amount of payment under
118 section 38a-47, as well as the amount of the assessments under this
119 section, the "total taxes imposed on all domestic insurance companies
120 and other domestic entities under chapter 207" shall be based upon the
121 amounts shown as payable to the state for the calendar year on the
122 returns filed with the Commissioner of Revenue Services pursuant to
123 chapter 207; with respect to calculating the amount of payment and
124 assessment for local domestic insurance companies, the amount used
125 shall be the taxes and charges imposed before any tax credits allowed
126 as provided in section 12-202.

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

141 [(f)] (e) On or before September first, annually, for each current
142 fiscal year, [ending after July 1, 1990,] the Insurance Commissioner and

143 the Healthcare Advocate, after receiving any objections to the
144 proposed assessments and making such adjustments as in their
145 opinion may be indicated, shall assess each such domestic insurance
146 company or other domestic entity an amount equal to its proposed
147 assessment as so adjusted. Each domestic insurance company or other
148 domestic entity shall pay to the Insurance Commissioner (1) on or
149 before ~~June 30, 1990, and on or before~~ June thirtieth annually,
150 ~~[thereafter,]~~ an estimated payment against its assessment for the
151 following year equal to twenty-five per cent of its assessment for the
152 then current fiscal year, ~~[ending such June thirtieth,]~~ (2) on or before
153 September thirtieth, annually, twenty-five per cent of its assessment
154 adjusted to reflect any credit or amount due from the preceding fiscal
155 year as determined by the commissioner under subsection ~~[(g)]~~ (f) of
156 this section, and (3) on or before the following December thirty-first
157 and March thirty-first, annually, each domestic insurance company or
158 other domestic entity shall pay to the Insurance Commissioner the
159 remaining fifty per cent of its proposed assessment to the department
160 in two equal installments.

161 ~~[(g)]~~ (f) If the actual expenditures for the fall prevention program
162 established in section 17b-33 are less than the amount allocated, the
163 Commissioner of Social Services shall notify the Insurance
164 Commissioner and the Healthcare Advocate. Immediately following
165 the close of the fiscal year, the Insurance Commissioner and the
166 Healthcare Advocate shall recalculate the proposed assessment for
167 each domestic insurance company or other domestic entity in
168 accordance with subsection (c) of this section using the actual
169 expenditures made by the Insurance Department and the Office of the
170 Healthcare Advocate during that fiscal year, the actual expenditures
171 made on behalf of the department and the office from the Capital
172 Equipment Purchase Fund pursuant to section 4a-9 and the actual
173 expenditures for the fall prevention program. On or before July thirty-
174 first, the Insurance Commissioner and the Healthcare Advocate shall
175 render to each such domestic insurance company and other domestic

176 entity a statement showing the difference between their respective
177 recalculated assessments and the amount they have previously paid.
178 On or before August thirty-first, the Insurance Commissioner and the
179 Healthcare Advocate, after receiving any objections to such statements,
180 shall make such adjustments which in their opinion may be indicated,
181 and shall render an adjusted assessment, if any, to the affected
182 companies.

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

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

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	38a-51
Sec. 2	<i>from passage</i>	38a-48

Statement of Purpose:

To require the Insurance Department to render with its proposed assessments to domestic insurance companies or other domestic entities liable for payment under section 38a-47 of the general statutes for the expenditures of the Insurance Department and the Office of the Healthcare Advocate a statement that includes (1) the most recent total cost of examinations or valuations assessed against the insurance companies or other entities liable to assessment under section 38a-49 or 38a-50 of the general statutes, (2) the amount of such assessment recouped to date, and (3) a clear description of the effect of such recouped amount on the proposed assessment amount.

[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.]