



General Assembly

January Session, 2013

Raised Bill No. 1031

LCO No. 3771



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:
(INS)

***AN ACT CONCERNING THE INSURANCE DEPARTMENT'S
AUTHORITY TO PROTECT CONSUMERS.***

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

1 Section 1. Section 38a-436 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective January 1, 2014*):

3 (a) Every individual life insurance policy delivered or issued for
4 delivery to any person in this state shall have printed thereon or
5 attached thereto a notice stating, in substance, that the policy may be
6 returned by the applicant for cancellation by delivering or mailing the
7 policy to the insurer or to the insurance agent through whom it was
8 effected, at any time within ten days after receipt of the policy by the
9 applicant, and that upon the delivery or mailing the policy shall be
10 void ab initio.

11 (b) The insurer shall maintain proof of the date and manner of the
12 delivery or mailing of the policy and notice for a period of seven years
13 after such delivery or mailing. The insurer may maintain such proof in
14 paper, photographic, mechanical, magnetic or electronic media or in

15 any other form or media or by any other process that accurately
16 demonstrates the date of such delivery or mailing, and shall make such
17 proof available to the commissioner upon request.

18 Sec. 2. Section 38a-702k of the general statutes is repealed and the
19 following is substituted in lieu thereof (*Effective January 1, 2014*):

20 (a) The commissioner may place on probation, suspend, revoke or
21 refuse to issue or renew an insurance producer's license or may levy a
22 civil penalty in accordance with the provisions of this title, or may take
23 any combination of such actions, for any one or more of the following
24 causes: (1) Providing incorrect, misleading, incomplete or materially
25 untrue information in the license application; (2) violating any
26 insurance laws, or violating any regulation, subpoena or order of the
27 commissioner or of another state's commissioner; (3) obtaining or
28 attempting to obtain a license through misrepresentation or fraud; (4)
29 improperly withholding, misappropriating or converting any moneys
30 or properties received in the course of doing an insurance business; (5)
31 intentionally misrepresenting the terms of an actual or proposed
32 insurance contract or application for insurance; (6) having been
33 convicted of a felony; (7) having admitted or been found to have
34 committed any insurance unfair trade practice or fraud; (8) using
35 fraudulent, coercive or dishonest practices, or demonstrating
36 incompetence, untrustworthiness or financial irresponsibility in the
37 conduct of business in this state or elsewhere; (9) having an insurance
38 producer license, or its equivalent, denied, suspended or revoked in
39 any other state, province, district or territory; (10) forging another's
40 name to an application for insurance or to any document related to an
41 insurance transaction; (11) improperly using notes or any other
42 reference material to complete an examination for an insurance license;
43 (12) knowingly accepting insurance business from an individual who
44 is not licensed; (13) failing to comply with an administrative or court
45 order imposing a child support obligation; or (14) failing to pay state
46 income tax or comply with any administrative or court order directing
47 payment of state income tax.

48 (b) If the action by the commissioner is to nonrenew a license or to
49 deny an application for a license, the commissioner shall notify the
50 applicant or licensee and advise, in writing, the applicant or licensee of
51 the reason for the denial or nonrenewal of the applicant's or licensee's
52 license. The applicant or licensee may make written demand upon the
53 commissioner, not later than thirty days after the notice, for a hearing
54 before the commissioner to determine the reasonableness of the
55 commissioner's action. The hearing shall be held not later than twenty
56 days after receipt of such request and shall be held pursuant to section
57 38a-19.

58 (c) The license of a business entity may be suspended, revoked or
59 refused if the commissioner finds, after hearing, that an individual
60 licensee's violation was known or should have been known by one or
61 more of the partners, officers or managers acting on behalf of the
62 partnership or corporation and the violation was neither reported to
63 the commissioner nor corrective action taken.

64 (d) In addition to or in lieu of any applicable denial, suspension or
65 revocation of a license, a person may, after hearing, be subject to a civil
66 fine pursuant to section 38a-774.

67 (e) In addition to any other penalty imposed on a licensee under this
68 section, the commissioner may order such licensee to pay restitution if
69 the commissioner finds, after hearing, that such licensee has
70 committed a violation described in subdivision (4), (7) or (8) of
71 subsection (a) of this section.

72 ~~[(e)]~~ (f) The commissioner shall retain the authority to enforce the
73 provisions of, and impose any penalty or remedy authorized by, this
74 title against any person who is under investigation for or charged with
75 a violation of this title even if the person's license or registration has
76 been surrendered or has lapsed by operation of law.

77 Sec. 3. Subdivision (15) of section 38a-816 of the general statutes is
78 repealed and the following is substituted in lieu thereof (*Effective*

79 *January 1, 2014*):

80 (15) (A) Failure by an insurer, or any other entity responsible for
81 providing payment to a claimant or health care provider pursuant to
82 an insurance policy, to pay accident and health claims, including, but
83 not limited to, claims for payment or reimbursement to claimants or
84 health care providers, within the time periods set forth in
85 subparagraph (B) of this subdivision, unless the Insurance
86 Commissioner determines that a legitimate dispute exists as to
87 coverage, liability or damages or that the claimant has fraudulently
88 caused or contributed to the loss. Any insurer, or any other entity
89 responsible for providing payment to a claimant or health care
90 provider pursuant to an insurance policy, [who] that fails to pay such a
91 claim or request within the time periods set forth in subparagraph (B)
92 of this subdivision shall pay the claimant or health care provider the
93 amount of such claim plus interest at the rate of fifteen per cent per
94 annum, in addition to any other penalties [which] that may be
95 imposed pursuant to sections 38a-11, 38a-25, 38a-41 to 38a-53,
96 inclusive, 38a-57 to 38a-60, inclusive, 38a-62 to 38a-64, inclusive, 38a-
97 76, 38a-83, 38a-84, 38a-117 to 38a-124, inclusive, 38a-129 to 38a-140,
98 inclusive, 38a-146 to 38a-155, inclusive, 38a-283, 38a-288 to 38a-290,
99 inclusive, 38a-319, 38a-320, 38a-459, 38a-464, 38a-815 to 38a-819,
100 inclusive, 38a-824 to 38a-826, inclusive, and 38a-828 to 38a-830,
101 inclusive. Whenever the interest due a claimant or health care provider
102 pursuant to this section is less than one dollar, the insurer shall deposit
103 such amount in a separate interest-bearing account in which all such
104 amounts shall be deposited. At the end of each calendar year each such
105 insurer shall donate such amount to The University of Connecticut
106 Health Center.

107 (B) Each insurer or other entity responsible for providing payment
108 to a claimant or health care provider pursuant to an insurance policy
109 subject to this section, shall pay claims not later than:

110 (i) For claims filed in paper format, sixty days after receipt by the

111 insurer of the claimant's proof of loss form or the health care provider's
112 request for payment filed in accordance with the insurer's practices or
113 procedures, except that when there is a deficiency in the information
114 needed for processing a claim submitted by a health care provider, as
115 determined in accordance with section 38a-477, or a deficiency in the
116 information submitted by a claimant in accordance with the insurer's
117 practices and procedures as reasonably applied to the claimant, the
118 insurer shall (I) send written notice to the claimant or health care
119 provider, as the case may be, of all alleged deficiencies in information
120 needed for processing a claim not later than thirty days after the
121 insurer receives a claim for payment or reimbursement under the
122 contract, and (II) pay claims for payment or reimbursement under the
123 contract not later than thirty days after the insurer receives the
124 information requested; and

125 (ii) For claims filed in electronic format, twenty days after receipt by
126 the insurer of the claimant's proof of loss form or the health care
127 provider's request for payment filed in accordance with the insurer's
128 practices or procedures, except that when there is a deficiency in the
129 information needed for processing a claim submitted by a health care
130 provider, as determined in accordance with section 38a-477, or a
131 deficiency in the information submitted by a claimant in accordance
132 with the insurer's practices and procedures as reasonably applied to
133 the claimant, the insurer shall (I) notify the claimant or health care
134 provider, as the case may be, of all alleged deficiencies in information
135 needed for processing a claim not later than ten days after the insurer
136 receives a claim for payment or reimbursement under the contract, and
137 (II) pay claims for payment or reimbursement under the contract not
138 later than ten days after the insurer receives the information requested.

139 (C) As used in this subdivision, "health care provider" means a
140 person licensed to provide health care services under chapter 368d,
141 chapter 368v, chapters 370 to 373, inclusive, 375 to 383c, inclusive, 384a
142 to 384c, inclusive, or chapter 400j.

143 Sec. 4. (NEW) (*Effective January 1, 2014*) No insurer, health care
144 center, fraternal benefit society, hospital service corporation, medical
145 service corporation or other entity delivering, issuing for delivery,
146 renewing, amending or continuing any individual or group health
147 insurance policy or health care plan in this state shall offer, deliver or
148 issue for delivery any such policy or plan that (1) includes any
149 provision that reserves discretion to such insurer, health care center,
150 fraternal benefit society, hospital service corporation, medical service
151 corporation or other entity to interpret the terms of such policy or plan,
152 or (2) provides standards of interpretation or review that are
153 inconsistent with the laws of this state.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2014</i>	38a-436
Sec. 2	<i>January 1, 2014</i>	38a-702k
Sec. 3	<i>January 1, 2014</i>	38a-816(15)
Sec. 4	<i>January 1, 2014</i>	New section

Statement of Purpose:

To implement additional Insurance Department consumer protection provisions.

[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.]