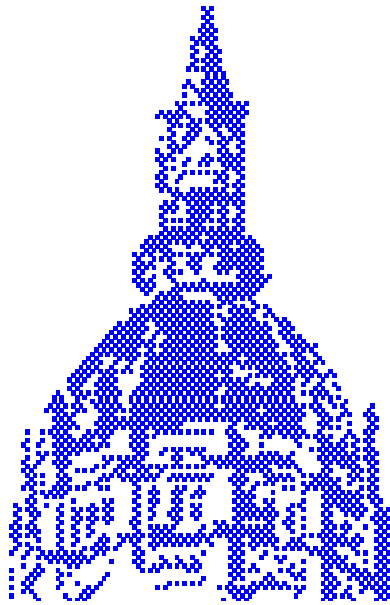


Office of Legislative Research
Connecticut General Assembly



INSURANCE



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NOTICE TO READERS

This report provides highlights of new laws (public acts) affecting insurance enacted during the 2013 regular legislative session. In each summary, we indicate the public act (PA) number.

Not all provisions of the acts are included here. Complete summaries of all 2013 public acts are available on OLR's webpage:

<http://www.cga.state.ct.us/olr/publicactsummaries.asp>.

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, the House Clerk's Office, or the General Assembly's website: <http://www.cga.state.ct.us/default.asp>.

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CONNECTICUT HEALTH INSURANCE EXCHANGE (HIX)

All-payer Claims Database

[PA 13-247](#) (§§ 138, 140-144, 147-148, & 388) transfers responsibility for the “all-payer claims database” from the Office of Health Reform and Innovation, which the act eliminates, to the HIX.

EFFECTIVE DATE: Upon passage

Board of Directors

[PA 13-247](#) (§ 137) (1) reduces the number of voting members on the HIX board of directors from 12 to 11 by removing the Special Advisor to the Governor on Healthcare Reform and (2) specifies that six, rather than seven, members constitutes a quorum. It also adds the mental health and addiction services commissioner to the board as a nonvoting member.

EFFECTIVE DATE: Upon passage

Health Plan Data

[PA 13-74](#) requires the Connecticut Health Insurance Exchange board of directors to submit quarterly reports with specified information on health care services provided through the exchange to the Human Services, Insurance and Real

Estate, and Public Health committees. The first report is due March 31, 2014. The information required to be reported focuses on health coverage for people with household incomes from 133% to 200% of the federal poverty level. The act also requires the board to submit other information it believes the legislative committees would need to evaluate the costs and benefits of a basic health plan.

EFFECTIVE DATE: October 1, 2013

Miscellaneous Revisions

[PA 13-247](#) (§§ 139 & 140) allows the HIX to (1) impose interest and penalties on health carriers that pay exchange assessments or user fees late and (2) award grants to trained and certified people and institutions that will assist individuals, families, and small employers and their employees with enrolling in coverage through the exchange. It also requires the HIX to assign a rating to each qualified health plan offered through the exchange and determine each plan’s level of coverage in accordance with federal regulations on or before the open enrollment period for plan year 2017.

EFFECTIVE DATE: Upon passage

LIFE AND HEALTH INSURANCE

Adverse Determinations and Mental Health Insurance Coverage

PA 13-3 (§§ 70-79) makes various changes to the process for grieving adverse determinations (e.g., claims denials) by health insurers. Among other things, it reduces the time health insurers have to (1) make initial determinations on requests for treatments for certain mental or substance use disorders and (2) review claim denials and other adverse determinations of such requests.

The act also requires the insurance commissioner, by September 15, 2013, to seek input from various stakeholders on methods the department might use to check for compliance with state and federal mental health parity laws by health insurance companies and other entities under its jurisdiction. The stakeholders must at least include the Healthcare Advocate, health insurance companies, health care professionals, and behavioral health advocacy groups.

EFFECTIVE DATE: Most provisions effective October 1, 2013

Autism Spectrum Disorders

PA 13-84 requires health insurance policies to at least maintain current levels of

benefits for insured persons who were diagnosed with autism spectrum disorder before the fifth edition of the Diagnostic and Statistical Manual of Mental Disorders is released.

EFFECTIVE DATE: Upon passage

Charter Oak Health Plan Eliminated

PA 13-234 (§§ 86-87, 90-93, & 118-119) eliminates the Charter Oak Health Plan as of January 1, 2014. The plan is for residents who have been uninsured for at least six months, including those with pre-existing medical conditions.

EFFECTIVE DATE: January 1, 2014

Copayments for Physical Therapy

PA 13-307 prohibits certain health insurance policies from imposing a copayment of more than \$30 per visit for in-network physical therapy services performed by a state-licensed physical therapist.

EFFECTIVE DATE: January 1, 2015

Individual Health Insurance Policies

PA 13-149 requires insurers to obtain approval for all individual health insurance rates from the insurance commissioner before their use in Connecticut. It eliminates the two exceptions

in prior law to the commissioner's authority to approve rates. By law, rates cannot be excessive, inadequate, or unfairly discriminatory.

The act also requires rate filings for individual health insurance policies to include an actuarial memorandum that contains pricing assumptions and claims experience, premium rates, and loss ratios from the policy inception.

EFFECTIVE DATE: Upon passage

Long-term Care Benefits

[PA 13-280](#) allows insurers licensed for both life and health insurance in Connecticut to offer annuity contracts or certificates, or riders or endorsements to them, that provide long-term care (LTC) insurance benefits, thus allowing withdrawals from the annuity for LTC expenses. Such contracts and certificates must waive the surrender charges or accelerate a portion of the annuity contract.

EFFECTIVE DATE: October 1, 2013

Synchronizing Prescription Refills

[PA 13-131](#) prohibits health insurance policies that cover prescription drugs from denying coverage for refilling any drug prescribed to treat a chronic illness if the refill is made in accordance with a plan to

synchronize the refilling of multiple prescriptions.

EFFECTIVE DATE: January 1, 2014

PROPERTY AND CASUALTY INSURANCE

Auto Insurance Identification Cards

[PA 13-271](#) (§§ 7 & 39-40) requires auto insurers to include on annual and temporary insurance identification cards the company code number assigned to the insurer by the National Association of Insurance Commissioners. It bars the motor vehicle commissioner from issuing a motor vehicle registration for a passenger vehicle or vehicle with commercial registration unless the registration application includes a current insurance identification card containing this code number.

EFFECTIVE DATE: October 1, 2013

Automotive Glass Work

[PA 13-67](#) provides more assurances about an insured's right to choose where to have automotive glass work done. It requires initial communications between an insurer's representative or a third-party claims administrator and the insured about automotive glass works or products to inform the insured about his or her right to choose where to have the work

done. It also extends a ban on “steering” by automobile physical damage appraisers to glass work performed by a glass shop.

EFFECTIVE DATE: January 1, 2014

Flex-rating Personal Risk Insurance

PA 13-167 extends the sunset date for the “flex rating” law for personal risk insurance (e.g., home, auto, marine, or umbrella) from July 1, 2013 to July 1, 2015. It also adds a 15% territorial cap. Thus, an insurer can “file and use” rates if the rates do not exceed a maximum 6% statewide average change and no individual rate territory increases by more than 15%.

EFFECTIVE DATE: Upon passage

Mediation Program

PA 13-148 allows the Insurance Department to establish a program to mediate disputes between insureds and insurance companies to settle certain claims that involve losses from catastrophic events for which the governor has declared a state of emergency.

An insured requesting mediation does not lose any other right he or she may have to redress the dispute after completing the mediation, including any remedies specified in the insurance policy or any right provided by law. However, if the insured and the insurer settle

the case and the insured does not rescind his or her agreement, this provision does not apply.

EFFECTIVE DATE: October 1, 2013

Property and Casualty Insurance Policies

PA 13-138 prohibits an insurer from declining, cancelling, or failing to renew a homeowners insurance policy solely due to a loss incurred as a result of a catastrophic event, as declared by a nationally recognized catastrophic loss index provider. The act prohibits an insurer from declining or failing to renew a homeowners insurance policy, adding a surcharge on a claim, or increasing the policy premium if this action is based on any claim filed on the covered property while anyone, other than the current applicant or insured, owned the property, unless the risk from which the claim originated has not been mitigated.

The act prohibits an insurer from (1) cancelling or failing to renew a homeowners policy or (2) increasing its premium, if this action is based solely on inquiries made on the policy or a claim filed under it that resulted in a payment by the insurer of less than \$500 or in no payment. The prohibition does not apply if the insured filed more than one claim resulting from a non-catastrophic event in the three immediately preceding policy

years that resulted in a loss coverage payment by the insurer.

Also under the act, when a loss covered under a policy for real property requires replacing a damaged item that will not match the quality, color, or size of adjacent items, the insurer must replace these items with materials of like kind and quality to provide a reasonably uniform appearance. This requirement applies to both interior and exterior covered losses. These provisions (1) do not impose liability on an insurer as a warrantor of any of the work or (2) authorize or preclude enforcement of policy provisions relating to settlement disputes.

EFFECTIVE DATE: October 1, 2013

MISCELLANEOUS

Enterprise Risk Reports

[**PA 13-147**](#) delays, from June 1, 2013 to June 1, 2014, the date by which insurers must file their first enterprise risk reports with the insurance commissioner.

EFFECTIVE DATE: Upon passage

Insurance Premiums Tax

[**PA 13-232**](#), among other things, (1) requires captive insurance companies to pay premium taxes on assumed reinsurance premiums by March 1 annually, rather than in March and (2) permits insurance companies and HMOs to transfer

to their affiliates an insurance premium tax credit that, under existing law, may not be transferred or assigned.

EFFECTIVE DATE: July 1, 2013 for the captive insurance premium tax provision and July 1, 2015 for the transferability of insurance premium tax credits

[**PA 13-184**](#) (§ 72) extends the temporary cap on the maximum insurance premium tax liability that an insurer may offset through tax credits. In doing so, it reimposes the insurance premium tax credit classification that applied in 2011.

EFFECTIVE DATE: Upon passage, and applicable to calendar years starting on or after January 1, 2013

Professional Liability Insurance

[**PA 13-249**](#) requires anyone who individually or jointly establishes, conducts, operates, or maintains a nursing home, home health care agency, or homemaker-home health aide agency to maintain professional liability insurance or other indemnity against liability for professional malpractice. The insurance must cover malpractice claims for injury or death of at least \$1 million for one person, per occurrence, with an aggregate (i.e., the total for all claims within the coverage period) of at least \$3 million.

EFFECTIVE DATE: January 1, 2014

School Bus Driver Health Insurance Pool

[PA 13-247](#) (§ 320) creates a task force to study the creation of a statewide health insurance pool for school bus drivers employed by a local or regional school district or a private company that provides busing services for a district.

EFFECTIVE DATE: Upon passage

Surplus Lines Insurance Brokers

[PA 13-171](#) makes changes in the statutes pertaining to surplus lines insurance brokers (i.e., brokers who sell insurance lines that are unavailable from licensed insurers). By law, the insurance commissioner must maintain, publish, and make available to surplus lines brokers a list of such insurance lines. The act requires licensed surplus lines brokers and their clients that procure or renew insurance that is not on the commissioner's list to file with the commissioner a signed statement showing they made diligent efforts to obtain the insurance from a licensed insurer. Prior law required an affidavit when procuring such insurance.

The act requires the broker to submit the signed statement to the commissioner electronically on the fifteenth day of February, May, August, and November annually.

EFFECTIVE DATE: Upon passage

Technical and Minor Changes

[PA 13-134](#) corrects statutory references in laws dealing with (1) the insurance commissioner's approval of mergers or changes in control of insurance companies and (2) continuation of health insurance coverage under group plans. It also makes technical changes in the insurance laws.

EFFECTIVE DATE: October 1, 2013

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