



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

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Testimony

Insurance and Real Estate Committee

February 25, 2014

Raised Bill No. 5244 AN ACT CONCERNING ANNUAL REPORTS FILED BY THIRD-PARTY ADMINISTRATORS.

Senator Crisco, Representative Megna, and members of the Insurance and Real Estate Committee, the Insurance Department thanks the Committee for Raising **House Bill No. 5244: An Act Concerning Annual Reports Filed By Third-Party Administrators**. Raised Bill No. 5244, if enacted would incorporate the already statutorily required annual report into the license renewal process for Third-Party Administrators.

Currently, a license renewal must be completed via an online portal by October 1st accompanied by a payment of \$350. Additionally, the annual report is due at the end of the fiscal year (July 1st) accompanied by a payment of \$100.

The process in place at the moment requires additional effort for both the Department and the companies. The proposed legislation will merely reorganize the process so that it is more efficient and cost effective. In short, moving the submission and collection of all pertinent information, including the annual report, to the renewal date will accomplish the following:

- **Eliminate confusion:** The companies occasionally misunderstand the process and believe that filing the annual report is the actual renewal process and therefore do not submit their renewal timely, and vice versa: submitting the renewal application but not the annual report because they believe it is one in the same item. This puts an added burden on the Department in handholding the companies to ensure they file the correct information at the proper time of year.
- **Elimination of "paper checks".** Currently, separate payments must be issued for the annual renewal and the annual report. The proposed legislation would combine the two payments into one, which would come into the Department at the same time through the online portal. This eliminates a redundant process as well as unnecessary handling of paper checks.
- **Paperwork elimination:** This would eliminate paperwork, as the process would become in totally electronic format, since the information would now be included in the renewal as opposed to the annual report in paper.

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In conclusion, this bill if enacted would be in keeping with the Governor's agenda of eliminating redundant processes and moving towards a more efficient and paperless state government. The information collected and the total fees assessed will remain the same. H.B. 5244 will only change how and when the information is collected.

The Department thanks the Insurance Committee Chairs and members for the opportunity to provide this testimony H.B. 5244.

About the Connecticut Insurance Department: The mission of the Connecticut Insurance Department is to protect consumers through regulation of the industry, outreach, education and advocacy. The Department recovers an average of more than \$4 million yearly on behalf of consumers and regulates the industry by ensuring carriers adhere to state insurance laws and regulations and are financially solvent to pay claims. The Department's annual budget is funded through assessments from the insurance industry. Each year, the Department returns an average of \$100 million a year to the state General Fund in license fees, premium taxes, fines and other revenue sources to support various state programs, including childhood immunization.