



# House of Representatives

General Assembly

**File No. 20**

February Session, 2014

Substitute House Bill No. 5254

*House of Representatives, March 18, 2014*

The Committee on Insurance and Real Estate reported through REP. MEGNA of the 97th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING THE LEGISLATIVE COMMISSIONERS' RECOMMENDATIONS FOR TECHNICAL AND MINOR CHANGES TO THE INSURANCE STATUTES.***

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

1 Section 1. Section 38a-90a of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2014*):

3 As used in sections 38a-90 to 38a-90h, inclusive:

4 [(a)] (1) "Actuary" means a person who is a member in good  
5 standing of the American Academy of Actuaries.

6 [(b)] (2) (A) "Managing general agent" means any person, firm,  
7 association or corporation who manages all or part of the insurance  
8 business of an insurer, including the management of a separate  
9 division, department or underwriting office and acts as an agent for  
10 such insurer whether known as a managing general agent, manager or  
11 other similar term, who, with or without the authority, either  
12 separately or together with affiliates, produces, directly or indirectly,

13 and underwrites an amount of gross direct written premium which is  
14 equal to or more than five per cent of the policyholder surplus as  
15 reported in the last annual statement of the insurer in any one quarter  
16 or year together with one or more of the following activities related to  
17 the business produced: [(1)] (i) Adjusts or pays claims in excess of an  
18 amount determined by the commissioner; [, or (2)] or (ii) negotiates  
19 reinsurance on behalf of the insurer.

20 (B) Notwithstanding [the above] subparagraph (A) of this  
21 subdivision, the following persons shall not be considered as  
22 managing general agents for the purposes of sections 38a-90 to 38a-  
23 90h, inclusive: [(A)] (i) Any employee of the insurer; [(B)] (ii) a United  
24 States manager of the United States branch of an alien insurer, as  
25 defined in section 38a-1; [(C)] (iii) an underwriting manager [which]  
26 who, pursuant to contract, manages all or part of the insurance  
27 operations of the insurer, is under common control with the insurer,  
28 subject to the Holding Company Regulatory Act, and whose  
29 compensation is not based on the volume of premiums written; and  
30 [(D)] (iv) the attorney-in-fact authorized by and acting for the  
31 subscribers of a reciprocal insurer or interinsurance exchange under  
32 powers of attorney.

33 [(c)] (3) "Underwrite" means the authority to accept or reject risk on  
34 behalf of the insurer.

35 Sec. 2. Subsection (f) of section 38a-90d of the general statutes is  
36 repealed and the following is substituted in lieu thereof (*Effective*  
37 *October 1, 2014*):

38 (f) An insurer shall review its books and records each quarter to  
39 determine if any agent has become, by operation of [subsection (b)]  
40 subdivision (2) of section 38a-90a, as amended by this act, a managing  
41 general agent. If the insurer determines that an agent has become a  
42 managing general agent, the insurer shall promptly notify the agent of  
43 such determination and the insurer and agent [must] shall fully  
44 comply with the provisions of sections 38a-90 to 38a-90h, inclusive,  
45 [within] not later than thirty days after such determination.

46 Sec. 3. Section 38a-216 of the general statutes is repealed and the  
47 following is substituted in lieu thereof (*Effective October 1, 2014*):

48 A medical association desiring to form a medical service  
49 corporation may incorporate under the general laws of the state  
50 governing corporations, but subject to the following provisions: [(a)]  
51 (1) The certificate of incorporation of each such corporation shall have  
52 endorsed thereon, or attached thereto, the consent of the Insurance  
53 Commissioner, if [he] the commissioner finds the same to be in  
54 accordance with sections 38a-214 to 38a-225, inclusive, as amended by  
55 this act, and in the public interest, provided security guaranteeing the  
56 performance of the obligations of such corporation shall be furnished  
57 in form and amount, not less than five thousand dollars, as the  
58 commissioner determines; and [(b)] (2) such certificate shall include a  
59 statement of the territory in which the corporation will operate, the  
60 services to be rendered by the corporation and the rates currently to be  
61 charged therefor and shall be accompanied by two copies of the  
62 contract [which] that the corporation proposes to make with the  
63 subscribers. Such corporation shall include in its bylaws provision for  
64 the election of at least three of its policyholders to its board of directors  
65 by its members, and failure to include such a provision in such bylaws  
66 or to abide by such provision shall be grounds for disapproval by the  
67 Insurance Commissioner of any contract it may enter into during the  
68 period of such noncompliance.

69 Sec. 4. Section 38a-601 of the general statutes is repealed and the  
70 following is substituted in lieu thereof (*Effective October 1, 2014*):

71 No foreign or alien society shall transact business in this state  
72 without a license issued by the commissioner. Any such society may  
73 be licensed to transact business in this state upon filing with the  
74 commissioner: [(a)] (1) A certified copy of its charter or articles of  
75 incorporation; [(b)] (2) a copy of its constitution and laws, certified by  
76 its secretary or corresponding officer; [(c)] (3) a power of attorney  
77 appointing the commissioner as its agent for service of process as  
78 prescribed in section 38a-25; [(d)] (4) a statement of its business under

79 oath of its president and secretary or corresponding officers in a form  
80 prescribed by the commissioner, verified by an examination made by  
81 the supervising insurance official of its home state or other state,  
82 territory, province or country, satisfactory to the Insurance  
83 Commissioner of this state; [(e)] (5) a certificate from the proper official  
84 of its home state, territory, province or country that the society is  
85 legally incorporated and licensed to transact business therein; [(f)] (6)  
86 copies of its certificate forms; and [(g)] (7) such other information as he  
87 deems necessary; and upon a showing that its assets are invested in  
88 accordance with the provisions of sections 38a-595 to 38a-626,  
89 inclusive, 38a-631 to 38a-640, inclusive, and 38a-800. Any foreign or  
90 alien society desiring admission to this state shall have the  
91 qualifications required of domestic societies organized under said  
92 sections.

93 Sec. 5. Section 38a-603 of the general statutes is repealed and the  
94 following is substituted in lieu thereof (*Effective October 1, 2014*):

95 When the commissioner upon investigation finds that a foreign or  
96 alien society transacting or applying to transact business in this state:  
97 [(a)] (1) Has exceeded its powers; [(b)] (2) has failed to comply with  
98 any of the provisions of sections 38a-595 to 38a-626, inclusive, 38a-631  
99 to 38a-640, inclusive, and 38a-800; [(c)] (3) is not fulfilling its contracts  
100 in good faith; or [(d)] (4) is conducting its business fraudulently or in a  
101 manner hazardous to its members or creditors or the public, he shall  
102 notify the society of his findings, state in writing the reasons for his  
103 dissatisfaction and require the society to show cause on a date named  
104 why its license should not be suspended, revoked or refused. If on  
105 such date the society does not present good and sufficient reason why  
106 its authority to do business in this state should not be suspended,  
107 revoked or refused, he may suspend or refuse the license of the society  
108 to do business in this state until satisfactory evidence is furnished to  
109 him that such suspension or refusal should be withdrawn or he may  
110 revoke the authority of the society to do business in this state. Nothing  
111 contained in this section shall be taken or construed as preventing any  
112 such society from continuing in good faith all contracts made in this

113 state during the time such society was legally authorized to transact  
114 business herein.

115 Sec. 6. Section 38a-976 of the general statutes is repealed and the  
116 following is substituted in lieu thereof (*Effective October 1, 2014*):

117 As used in sections 38a-975 to 38a-998, inclusive:

118 [(a)] (1) "Adverse underwriting decisions" means:

119 [(1)] (A) Any of the following actions with respect to insurance  
120 transactions involving insurance coverage [which] that is individually  
121 underwritten: [(A)] (i) A declination or termination of insurance  
122 coverage; [, (B)] (ii) failure of an agent to apply for insurance coverage  
123 with a specific insurance institution which the agent represents and  
124 which is requested by an applicant; [, (C)] (iii) in the case of a property  
125 or casualty insurance coverage, [(i)] (I) placement by an insurance  
126 institution or agent of a risk with a residual market mechanism, an  
127 unauthorized insurer or an insurance institution which specializes in  
128 substandard risks, [(ii)] (II) the charging of a higher rate on the basis of  
129 information which differs from that which the applicant or  
130 policyholder furnished, or [(iii)] (III) changing a risk from a preferred  
131 rate program to a standard rate program or from a standard rate  
132 program to a nonstandard rate program within the same company or  
133 between two companies in the same group; and [(D)] (iv) in the case of  
134 a life, health or disability insurance coverage, an offer to insure at  
135 higher than standard rates.

136 [(2)] (B) Notwithstanding the provisions of [subdivision (1) of this  
137 subsection] subparagraph (A) of this subdivision, the following actions  
138 shall not be considered adverse underwriting decisions: [(A)] (i) The  
139 termination of an individual policy form on a class or state-wide basis;  
140 [, (B)] (ii) a declination of insurance coverage solely because such  
141 coverage is not available on a class or state-wide basis; [, or (C)] or (iii)  
142 the rescission of a policy.

143 [(b)] (2) "Affiliate" or "affiliated" has the same meaning [assigned to

144 it] as provided in section 38a-1.

145 [(c)] (3) "Agent" [shall have] has the same meaning as "insurance  
146 producer", as defined in section 38a-702a.

147 [(d)] (4) "Applicant" means any person who seeks to contract for  
148 insurance coverage other than a person seeking group insurance that is  
149 not individually underwritten.

150 [(e)] (5) "Commissioner" means the Insurance Commissioner.

151 [(f)] (6) "Consumer report" means any written, oral or other  
152 communication of information bearing on an individual's credit  
153 worthiness, credit standing, credit capacity, character, general  
154 reputation, personal characteristics or mode of living which is used or  
155 expected to be used in connection with an insurance transaction.

156 [(g)] (7) "Consumer reporting agency" means any person who: [(1)]  
157 (A) Regularly engages, in whole or in part, in the practice of  
158 assembling or preparing consumer reports for a fee; [, (2)] (B) obtains  
159 information primarily from sources other than insurance institutions; [,  
160 and (3)] and (C) furnishes consumer reports to other persons.

161 [(h)] (8) "Control", including the terms "controlled by" or "under  
162 common control with", has the same meaning [assigned to it] as  
163 provided in section 38a-1.

164 [(i)] (9) "Declination of insurance coverage" means a denial, in whole  
165 or in part, by an insurance institution or agent, of requested insurance  
166 coverage.

167 [(j)] (10) "Individual" means any person who: [(1)] (A) In the case of  
168 property or casualty insurance, is a past, present or proposed named  
169 insured or certificate holder; [(2)] (B) in the case of life, health or  
170 disability insurance, is a past, present or proposed principal insured or  
171 certificate holder; [(3)] (C) is a past, present or proposed policyowner;  
172 [(4)] (D) is a past or present applicant or claimant; or [(5)] (E) derived,  
173 derives or is proposed to derive insurance coverage under an

174 insurance policy or certificate subject to sections 38a-975 to 38a-998,  
175 inclusive.

176 [(k)] (11) "Institutional source" means any person or governmental  
177 entity that provides information about an individual to an agent,  
178 insurance institution or insurance-support organization, other than:  
179 [(1)] (A) An agent; [, (2)] (B) the individual who is the subject of the  
180 information; [, or (3)] or (C) an individual acting in a personal capacity  
181 rather than a business or professional capacity.

182 [(l)] (12) "Insurance institution" means any corporation, limited  
183 liability company, association, partnership, reciprocal exchange,  
184 interinsurer, Lloyd's insurer, fraternal benefit society or other person  
185 engaged in the business of insurance, including health care centers, as  
186 defined in section 38a-175, medical service corporations, as defined in  
187 section 38a-214, as amended by this act, managed care organizations,  
188 as defined in section 38a-478 and hospital service corporations, as  
189 defined in section 38a-199, as amended by this act. It shall not include  
190 agents or insurance-support organizations.

191 [(m) (1)] (13) (A) "Insurance-support organization" means any  
192 person who regularly engages, in whole or in part, in the practice of  
193 assembling or collecting information concerning individuals for the  
194 primary purpose of providing the information to an insurance  
195 institution or agent for insurance transactions, including: [(A)] (i) The  
196 furnishing of consumer reports or investigative consumer reports to an  
197 insurance institution or agent for use in connection with an insurance  
198 transaction; [, (B)] (ii) the collection of personal information from  
199 insurance institutions, agents or other insurance-support organizations  
200 for the purpose of detecting or preventing fraud, material  
201 misrepresentation or material nondisclosure in connection with  
202 insurance underwriting or insurance claim activity; or [, or (C)] (iii)  
203 collecting medical record information from, disclosing medical record  
204 information to, or collecting medical record information on behalf of  
205 an insurance institution or agent in the ordinary course of business,  
206 including, but not limited to, utilization review companies, benefit

207 management entities, including, but not limited to, pharmaceutical  
208 benefit and disease management entities and information or computer  
209 management entities.

210 [(2)] (B) Notwithstanding [subdivision (1) of this subsection]  
211 subparagraph (A) of this subdivision, the following persons shall not  
212 be considered "insurance-support organizations" for purposes of  
213 sections 38a-975 to 38a-998, inclusive: Agents, government institutions,  
214 insurance institutions, medical care institutions, medical professionals,  
215 pharmacies, universities and schools.

216 [(n)] (14) "Insurance transaction" means any transaction involving  
217 insurance primarily for personal, family or household needs rather  
218 than business or professional needs [which] that involves: [(1)] (A) The  
219 determination of an individual's eligibility for an insurance coverage,  
220 benefit or payment; [, or (2)] or (B) the servicing of an insurance  
221 application, policy, contract or certificate.

222 [(o)] (15) "Investigative consumer report" means a consumer report  
223 or portion thereof in which information about an individual's  
224 character, general reputation, personal characteristics or mode of living  
225 is obtained through personal interviews with the person's neighbors,  
226 friends, associates, acquaintances or others who may have such  
227 knowledge.

228 [(p)] (16) "Medical-care institution" means any facility or institution  
229 that is licensed to provide health care services to individuals, including  
230 but not limited to health care centers, home-health agencies, hospitals,  
231 medical clinics, public health agencies, rehabilitation agencies and  
232 skilled nursing facilities.

233 [(q)] (17) "Medical professional" means any person licensed or  
234 certified to provide health care services to individuals, including, but  
235 not limited to, a chiropractor, clinical dietitian, clinical psychologist,  
236 dentist, nurse, occupational therapist, optometrist, pharmacist,  
237 physical therapist, physician, podiatrist, psychiatric social worker or  
238 speech therapist.

239 [(r)] (18) "Medical-record information" means personal information  
240 [which: (1)] that: (A) Relates to the physical, mental or behavioral  
241 health condition, medical history or medical treatment of an individual  
242 or a member of the individual's family; [ , and (2)] and (B) is obtained  
243 from a medical professional or medical-care institution, from a  
244 pharmacy or pharmacist, from the individual, or from the individual's  
245 spouse, parent or legal guardian or from the provision of or payment  
246 for health care to or on behalf of an individual or a member of the  
247 individual's family. [The term] "Medical-record information" does not  
248 include such information from which personal identifiers that either  
249 directly reveal the identity of the patient, or provide a means of  
250 identifying the patient, have been removed or have been encrypted or  
251 encoded such that the identity of the individual is not revealed  
252 without the use of an encryption key or code.

253 [(s)] (19) "Person" has the same meaning [assigned to it] as provided  
254 in section 38a-1.

255 [(t)] (20) "Personal information" means any individually identifiable  
256 information gathered in connection with an insurance transaction from  
257 which judgments can be made about an individual's character, habits,  
258 avocations, finances, occupation, general reputation, credit, health or  
259 any other personal characteristics. "Personal information" includes an  
260 individual's name and address and "medical-record information" but  
261 does not include "privileged information".

262 [(u)] (21) "Policyholder" means any person who: [(1)] (A) In the case  
263 of individual property or casualty insurance, is a present named  
264 insured; [(2)] (B) in the case of individual life, health or disability  
265 insurance, is a present policyowner; or [(3)] (C) in the case of group  
266 insurance [which] that is individually underwritten, is a present group  
267 certificate holder.

268 [(v)] (22) "Pretext interview" means an interview where a person, in  
269 an attempt to obtain information about an individual, performs one or  
270 more of the following acts: [(1)] (A) Pretends to be someone he is not; [,  
271 (2)] (B) pretends to represent a person he is not in fact representing; [,

272 (3)] (C) misrepresents the true purpose of the interview; [, or (4)] or (D)  
273 refuses to identify himself upon request.

274 [(w)] (23) "Privileged information" means any individually  
275 identifiable information that: [(1)] (A) Relates to a claim for insurance  
276 benefits or a civil or criminal proceeding involving an individual; [,  
277 and (2)] and (B) is collected in connection with or in reasonable  
278 anticipation of a claim for insurance benefits or a civil or criminal  
279 proceeding involving an individual. [; provided information]  
280 Information otherwise meeting the requirements of this [subsection]  
281 subdivision shall nevertheless be considered "personal information"  
282 under sections 38a-975 to 38a-998, inclusive, if it is disclosed in  
283 violation of section 38a-988.

284 [(x)] (24) "Residual market mechanism" means an association,  
285 organization or other entity defined or described in sections 38a-328,  
286 38a-329 and 38a-670.

287 [(y)] (25) "Termination of insurance coverage" or "termination of an  
288 insurance policy" means either a cancellation or nonrenewal of an  
289 insurance policy, in whole or in part, for any reason other than the  
290 failure to pay a premium as required by the policy.

291 [(z)] (26) "Unauthorized insurer" has the same meaning [assigned to  
292 it] as provided in section 38a-1.

293 Sec. 7. Subsection (a) of section 38a-794 of the general statutes is  
294 repealed and the following is substituted in lieu thereof (*Effective*  
295 *October 1, 2014*):

296 (a) Any applicant for a surplus lines broker's license shall be a  
297 person, firm, association or corporation who or which is domiciled and  
298 maintains an office in this state or a nonresident who or which desires  
299 to act within this state, and is licensed as an insurance producer. A  
300 surplus lines broker's license shall authorize the licensee to procure,  
301 from insurers not authorized to transact business in this state, subject  
302 to the restrictions herein provided, policies of insurance against loss

303 from any contingency as provided by the insurance laws of this state,  
304 except any insurance coverage which can be placed through a residual  
305 market mechanism, as defined in [subsection (x) of] section 38a-976, as  
306 amended by this act.

307 Sec. 8. Subsection (e) of section 38a-985 of the general statutes is  
308 repealed and the following is substituted in lieu thereof (*Effective*  
309 *October 1, 2014*):

310 (e) The insurance institution or agent responsible for the occurrence  
311 of any action specified in [subdivision (2) of subsection (a)]  
312 subparagraph (B) of subdivision (1) of section 38a-976, as amended by  
313 this act, [which] that is not an adverse underwriting decision shall  
314 provide the applicant or policyholder with the specific reason for its  
315 occurrence.

316 Sec. 9. Subsection (a) of section 38a-988a of the general statutes is  
317 repealed and the following is substituted in lieu thereof (*Effective*  
318 *October 1, 2014*):

319 (a) No person, including, but not limited to, insurance institutions,  
320 agents, insurance support organizations, health care professionals,  
321 medical care centers, pharmacies, pharmaceutical companies, schools  
322 and universities, and no person's agent, contractor or employee, shall  
323 sell or offer for sale individually identifiable medical record  
324 information, as defined in [subsection (r) of] section 38a-976, as  
325 amended by this act. No person shall disclose, for purposes of  
326 marketing, individually identifiable medical record information  
327 without the prior written consent of the individual to whom the  
328 individually identifiable medical record information pertains or, in the  
329 case of a minor, of the minor's parent or guardian. Nothing in this  
330 section shall be construed to prohibit (1) a person from disclosing  
331 individually identifiable medical record information as permitted  
332 under section 38a-988, any other applicable state or federal law or in  
333 connection with a collectively bargained agreement, or (2) a health care  
334 provider from transferring individual identifiable medical record  
335 information for the purposes of clinical research, utilization review,

336 quality review, performance improvement, billing for services or other  
337 functions performed by health care providers or their agents in  
338 support of direct patient care, provided (A) in the case of clinical  
339 research, no individually identifiable medical record information may  
340 be disclosed by the clinical researcher, unless the disclosure would  
341 otherwise be permitted, and (B) the entity to whom the information is  
342 transferred agrees not to disclose the information unless the disclosure  
343 would otherwise be permitted if made by the transferer. Nothing in  
344 this section shall be construed to prohibit a person from transferring  
345 individually identifiable medical record information to another person  
346 as part of a consummated sale of that person to another person or  
347 consummated merger by that person with another person or to a  
348 successor in interest. For the purposes of this section, "insurance  
349 transaction" as used in section 38a-988 shall apply to any insurance  
350 including insurance for personal, family, household, business or  
351 professional needs, and "insurance institution" as used in said section  
352 38a-988 includes self-insured employers for workers' compensation  
353 purposes and third-party administrators.

354 Sec. 10. Subsection (a) of section 38a-999 of the general statutes is  
355 repealed and the following is substituted in lieu thereof (*Effective*  
356 *October 1, 2014*):

357 (a) An insurance institution, agent or insurance support  
358 organization that regularly collects, uses or discloses medical record  
359 information, as defined in [subsection (r) of] section 38a-976, as  
360 amended by this act, shall develop and implement written policies,  
361 standards and procedures for the management, transfer and security of  
362 medical record information, including policies, standards and  
363 procedures to guard against the unauthorized collection, use or  
364 disclosure of medical record information by the insurance institution,  
365 agent or insurance support organization or any employee or agent  
366 thereof. Such policies, standards and procedures shall include:

367 (1) Limitation on access to medical record information by only those  
368 persons who need to use the medical record information in order to

369 perform their jobs;

370 (2) Appropriate training for all employees identified in subdivision  
371 (4) of this subsection;

372 (3) Disciplinary measures for violations of the medical record  
373 information policies, standards and procedures;

374 (4) Identification of the job titles of persons that are authorized to  
375 use or disclose medical record information;

376 (5) Procedures for authorizing and restricting the collection, use or  
377 disclosure of medical record information;

378 (6) Methods for handling, disclosing, storing and disposing of  
379 medical record information;

380 (7) Periodic monitoring of the employees' compliance with the  
381 policies, standards and procedures in a manner sufficient for the  
382 insurance institution, agent or insurance support organization to  
383 determine compliance with this section and to enforce its policies,  
384 standards and procedures; and

385 (8) Additional protection against unauthorized disclosure of  
386 sensitive health information, which shall include information  
387 regarding: Sexually transmitted diseases; mental health; substance  
388 abuse; the human immunodeficiency virus and acquired immune  
389 deficiency syndrome; and genetic testing, including the fact that an  
390 individual has undergone a genetic test.

391 Sec. 11. Subsection (a) of section 38a-41 of the general statutes is  
392 repealed and the following is substituted in lieu thereof (*Effective*  
393 *October 1, 2014*):

394 (a) No insurance company or health care center shall do any  
395 insurance business or health care center business within this state until  
396 and except while it is permitted to do so under the terms of a license  
397 issued by the commissioner. Any such company desiring to obtain

398 such a license shall make application to the commissioner, setting forth  
399 the line or lines of business [which] that it is seeking authorization to  
400 write. It shall file with the commissioner a certified copy of its charter  
401 or articles of association and evidence satisfactory to the commissioner  
402 that it has complied with the laws of the jurisdiction under which it is  
403 organized, a statement of its financial condition in such form as is  
404 required by the commissioner, together with such evidence of its  
405 correctness as the commissioner requires and evidence of good  
406 management in such form as is required by the commissioner.  
407 Applicant companies licensed in and operated from administrative  
408 offices in one state but domiciled in another state, as permitted by the  
409 applicable state law, shall provide justification of such arrangement,  
410 satisfactory to the commissioner, which shall demonstrate that  
411 regulatory influence of the domiciliary supervisory official has not  
412 been diminished as a result of such arrangement. An applicant shall  
413 demonstrate an orderly pattern of growth in its marketing territories in  
414 the geographic region, with the exception of a newly formed health  
415 care center, and an expertise in marketing and servicing the lines of  
416 insurance or the health care center business it desires to write. It shall  
417 submit evidence of its ability to provide [continuant] continuous and  
418 timely claims settlement. If the information furnished is satisfactory to  
419 the commissioner and if all other requirements of law have been  
420 complied with, he may issue to such company a license permitting it to  
421 do business in this state. Each such license shall expire on the first day  
422 of May succeeding the date of its issuance, but may be renewed  
423 without any formalities except as required by the commissioner.  
424 Failure of a licensed company to exercise its authority to write a  
425 particular line or lines of business in this state for two consecutive  
426 calendar years may constitute sufficient cause for revocation of the  
427 company's authority to write those lines of business.

428 Sec. 12. Subsections (g) to (j), inclusive, of section 38a-90c of the  
429 general statutes are repealed and the following is substituted in lieu  
430 thereof (*Effective October 1, 2014*):

431 (g) (1) If the contract permits the managing general agent to settle

432 claims on behalf of the insurer: [(1)] (A) All claims [must] shall be  
433 reported to the company in a timely manner; [(2)] (B) a copy of the  
434 claim file shall be sent to the insurer at its request or as soon as it  
435 becomes known that the claim: [(A)] (i) Has the potential to exceed an  
436 amount determined by the commissioner or exceeds the limit set by  
437 the company, whichever is less; [(B)] (ii) involves a coverage dispute;  
438 [(C)] (iii) may exceed the managing general agent claims settlement  
439 authority; [(D)] (iv) is open for more than six months; or [(E)] (v) is  
440 closed by payment of an amount set by the company.

441 [(3)] (2) All claim files will be the joint property of the insurer and  
442 managing general agent, [ . However,] except that upon an order of  
443 liquidation of the insurer such files shall become the sole property of  
444 the insurer or its estate and the managing general agent shall have  
445 reasonable access and the right to copy the files on a timely basis.

446 [(4)] (3) Any settlement authority granted to the managing general  
447 agent may be terminated for cause upon the insurer's written notice to  
448 the managing general agent or upon the termination of the contract.  
449 The insurer may suspend the settlement authority during the  
450 pendency of any dispute regarding the cause for termination.

451 (h) Where electronic claims files are in existence, the contract [must]  
452 shall address the timely transmission of data.

453 (i) If the contract provides for a sharing of interim profits by the  
454 managing general agent, and the managing general agent has the  
455 authority to determine the amount of the interim profits by  
456 establishing loss reserves or controlling claim payments, or in any  
457 other manner, interim profits will not be paid to the managing general  
458 agent until one year after they are earned for property insurance and  
459 five years after they are earned on casualty insurance and not until the  
460 profits have been verified pursuant to section 38a-90d, as amended by  
461 this act.

462 (j) The managing general agent shall not: (1) Bind reinsurance or  
463 retrocessions on behalf of the insurer, except that the managing

464 general agent may bind facultative reinsurance contracts pursuant to  
465 obligatory facultative agreements if the contract with the insurer  
466 contains reinsurance underwriting guidelines including, for both  
467 reinsurance assumed and ceded, a list of reinsurers with which such  
468 automatic agreements are in effect, the coverages and amounts or  
469 percentages that may be reinsured and commission schedules; (2)  
470 commit the insurer to participate in insurance or reinsurance  
471 syndicates; (3) appoint any producer or agent without [assuring]  
472 ensuring that the producer or agent is lawfully licensed to transact the  
473 type of insurance for which [he] such producer or agent is appointed;  
474 (4) without prior approval of the insurer, pay or commit the insurer to  
475 pay a claim over a specified amount, net of reinsurance, which shall  
476 not exceed one per cent of the insurer's policyholder's surplus as of  
477 December thirty-first of the last completed calendar year; (5) collect  
478 any payment from a reinsurer or commit the insurer to any claim  
479 settlement with a reinsurer, without prior approval of the insurer. If  
480 prior approval is given, a report [must] shall be promptly forwarded to  
481 the insurer; (6) jointly employ an individual who is employed with the  
482 insurer; (7) appoint a submanaging general agent; or (8) permit its  
483 subproducer or subagent to serve on the insurer's board of directors.

484 Sec. 13. Subsection (b) of section 38a-91kk of the general statutes is  
485 repealed and the following is substituted in lieu thereof (*Effective*  
486 *October 1, 2014*):

487 (b) A captive insurance company may only take credit for the  
488 reinsurance of risks or portions of risks ceded to reinsurers that  
489 [complies] comply with the provisions of section 38a-85 or 38a-86.

490 Sec. 14. Subdivision (3) of subsection (a) of section 38a-130 of the  
491 2014 supplement to the general statutes is repealed and the following  
492 is substituted in lieu thereof (*Effective October 1, 2014*):

493 (3) Any controlling person of a domestic insurance company  
494 seeking to divest in any manner such person's controlling interest in  
495 such insurance company shall file with the commissioner and send to  
496 such insurance company a confidential notice of the proposed

497 divestiture at least thirty [days] days prior to such divestiture, except  
498 that if a statement set forth in subparagraph (A) of subdivision (2) of  
499 this subsection has been filed with the commissioner with respect to  
500 such transaction, such controlling person shall not be required to file or  
501 send such confidential notice. The notice shall remain confidential  
502 until the conclusion of the divestiture unless the commissioner  
503 determines that such confidential treatment will interfere with the  
504 enforcement of this section. The commissioner shall adopt regulations,  
505 in accordance with the provisions of chapter 54, to establish the  
506 circumstances under which a controlling person shall be required to  
507 obtain the commissioner's prior approval of such divestiture.

508 Sec. 15. Subdivision (3) of subsection (a) of section 38a-193 of the  
509 general statutes is repealed and the following is substituted in lieu  
510 thereof (*Effective October 1, 2014*):

511 (3) (A) In determining net worth, no debt shall be considered fully  
512 subordinated unless the subordination clause is in a form acceptable to  
513 the commissioner. Any interest obligation relating to the repayment of  
514 any subordinated debt [must] shall be similarly subordinated. (B) The  
515 interest expenses relating to the repayment of any fully subordinated  
516 debt shall not be considered uncovered expenditures. (C) Any debt  
517 incurred by a note meeting the requirements of this section, and  
518 otherwise acceptable to the commissioner, shall not be considered a  
519 liability and shall be recorded as equity.

520 Sec. 16. Subsection (b) of section 38a-199 of the general statutes is  
521 repealed and the following is substituted in lieu thereof (*Effective*  
522 *October 1, 2014*):

523 (b) A hospital service corporation providing health care benefits to  
524 plan subscribers under the provisions of subsection (a) of this section  
525 may, upon obtaining the approval of the Insurance Commissioner as  
526 provided in section [38a-482] 38a-208: (1) Adjust the rates to be paid by  
527 any group or groups of its subscribers based upon past and  
528 prospective loss experience and may classify subscribers and groups of  
529 subscribers and determine rates with reference to standards for

530 variations or risks or expenses which it may establish; (2) contract for  
531 the coordination of benefits with other hospital service corporations,  
532 medical service corporations or insurance companies to avoid  
533 duplication of benefits to be provided to its group subscribers; (3)  
534 make loans, grants or provide anything of value to a health care center  
535 covering all or part of the cost of health services provided to members;  
536 (4) contract with a health care center to provide insurance or similar  
537 protection to cover the cost of care provided through health care  
538 centers and to provide coverage in the event of the insolvency of the  
539 health care center; and (5) establish, maintain, own and operate health  
540 care centers as a line of business, provided that (A) aggregate  
541 investments hereafter made by such corporation shall not exceed ten  
542 per cent of such corporation's contingency reserve as of the date of the  
543 investment; (B) such investments shall not be repaid or recovered from  
544 rates charged by such corporation for its non-health-care-center lines  
545 of business; [ ] and (C) the commissioner shall find, based upon  
546 evidence furnished by such corporation, that the financial condition of  
547 such corporation and the rates of its non-health-care-center subscribers  
548 are not unduly jeopardized by such investment. Subdivisions (1) and  
549 (2) shall be subject to such regulations as may be adopted by the  
550 Insurance Commissioner to establish guidelines of eligibility for  
551 experience rating and adoption of coordination of benefits clauses in  
552 health care contracts.

553 Sec. 17. Subsection (b) of section 38a-214 of the general statutes is  
554 repealed and the following is substituted in lieu thereof (*Effective*  
555 *October 1, 2014*):

556 (b) A medical service corporation providing health care benefits to  
557 plan subscribers under the provisions of subsection (a) of this section  
558 may, upon obtaining the approval of the Insurance Commissioner as  
559 provided in section [38a-488] 38a-218: (1) Adjust the rates to be paid by  
560 any group or groups of its subscribers based upon past and  
561 prospective loss experience and may classify subscribers and groups of  
562 subscribers and determine rates with reference to standards for  
563 variations of risks or expenses which it may establish; (2) contract for

564 the coordination of benefits with other hospital service corporations,  
565 medical service corporations or insurance companies to avoid  
566 duplication of benefits to be provided to its group subscribers; (3)  
567 make loans, grants or provide anything of value to a health care center  
568 covering all or part of the cost of health services provided to members;  
569 (4) contract with a health care center to provide insurance or similar  
570 protection to cover the cost of care provided through health care  
571 centers and to provide coverage in the event of the insolvency of the  
572 health care center; and (5) establish, maintain, own and operate health  
573 care centers as a line of business, provided that (A) aggregate  
574 investments hereafter made by such corporation shall not exceed ten  
575 per cent of such corporation's contingency reserve as of the date of the  
576 investment; (B) such investments shall not be repaid or recovered from  
577 rates charged by such corporation for its non-health-care-center lines  
578 of business; [ ] and (C) the commissioner shall find, based upon  
579 evidence furnished by such corporation, that the financial condition of  
580 such corporation and the rates of its non-health-care-center subscribers  
581 are not unduly jeopardized by such investment. Subdivisions (1) and  
582 (2) of this subsection shall be subject to such regulations as may be  
583 adopted by the Insurance Commissioner to establish guidelines of  
584 eligibility for experience rating and adoption of coordination of  
585 benefits clauses in health care benefit contracts.

586 Sec. 18. Subsection (b) of section 38a-490a of the 2014 supplement to  
587 the general statutes is repealed and the following is substituted in lieu  
588 thereof (*Effective October 1, 2014*):

589 (b) No such policy shall impose a coinsurance, copayment,  
590 deductible or other out-of-pocket expense for such services, except that  
591 a high deductible health plan, as that term is used in subsection (f) of  
592 section 38a-493, shall not be subject to the deductible limits set forth in  
593 this section.

594 Sec. 19. Subsection (b) of section 38a-516a of the 2014 supplement to  
595 the general statutes is repealed and the following is substituted in lieu  
596 thereof (*Effective October 1, 2014*):

597 (b) No such policy shall impose a coinsurance, copayment,  
598 deductible or other out-of-pocket expense for such services, except that  
599 a high deductible health plan, as that term is used in subsection (f) of  
600 section [38a-493] 38a-520, shall not be subject to the deductible limits  
601 set forth in this section.

602 Sec. 20. Subsection (c) of section 38a-300 of the general statutes is  
603 repealed and the following is substituted in lieu thereof (*Effective*  
604 *October 1, 2014*):

605 (c) The provisions of sections 38a-295 to 38a-300, inclusive, shall not  
606 apply to: (1) Any policy [which] that is a security subject to federal  
607 jurisdiction; (2) any group policy covering a group of fifty or more  
608 lives at date of issue, other than a group credit life insurance policy or  
609 a group credit health insurance policy, except this shall not exempt any  
610 certificate issued pursuant to a group policy delivered or issued for  
611 delivery in this state; (3) any group annuity contract [which] that  
612 serves as a funding vehicle for pension, profit sharing or deferred  
613 compensation plans; (4) any form used in connection with a policy  
614 delivered or issued for delivery on a policy form [which] that has been  
615 authorized for issuance by the commissioner prior to October 1, 1979,  
616 as to such policy form, except this shall not exempt any group policy  
617 or certificate issued thereunder unless the holders of such certificates  
618 are entitled to receive a summary plan description pursuant to the  
619 terms of the Federal Employee Retirement Income Security Act of  
620 1974; or (5) the renewal of an annuity or an individual life or health  
621 insurance policy delivered or issued for delivery prior to the date any  
622 such form must be approved by the commissioner as readable.

623 Sec. 21. Subsection (a) of section 38a-416 of the 2014 supplement to  
624 the general statutes is repealed and the following is substituted in lieu  
625 thereof (*Effective October 1, 2014*):

626 (a) No title insurer or title insurance agent may accept any order for,  
627 issue a title insurance policy to, or provide services to, an applicant if  
628 [it] such insurer or agent knows or has reason to believe that the  
629 applicant was referred to [it] such insurer or agent by any producer of

630 title insurance business or by any associate of such producer, where  
631 the producer, the associate or both, have a financial interest in the title  
632 insurer or title agent to which business is referred unless the producer  
633 has disclosed to the buyer, seller, lender, the financial interest of the  
634 producer of title insurance business or associate referring the title  
635 insurance business. The disclosure [must] shall be made in writing on  
636 forms prescribed by the commissioner. The title insurer shall maintain  
637 the disclosure forms for a period of three years.

638 Sec. 22. Section 38a-423 of the general statutes is repealed and the  
639 following is substituted in lieu thereof (*Effective October 1, 2014*):

640 (a) A title insurer or title agent that issues a mortgagee's policy of  
641 title insurance on a loan made simultaneous with the purchase of all or  
642 part of the residential property securing the loan, where no owner's  
643 policy has been ordered, shall inform the borrower in writing that the  
644 mortgagee's policy does not protect the borrower, and that the  
645 borrower may obtain an owner's title insurance policy for his  
646 protection. [This] Such notice [must] shall be provided before  
647 disbursement of the loan proceeds and before issuance of a  
648 mortgagee's policy [. The notice must] and shall be on a form  
649 prescribed by the commissioner.

650 (b) If the borrower elects not to purchase an owner's title insurance  
651 policy, the title insurer or title agent shall obtain from [him] the  
652 borrower a statement in writing that the notice has been received and  
653 that the borrower waives the right to purchase an owner's title  
654 insurance policy. If the [buyer] borrower refuses to provide the  
655 statement and waiver, the title insurer or title agent shall so note in the  
656 file. The statement and waiver [must] shall be on a form prescribed by  
657 the commissioner and [must] shall be retained by the title insurer or  
658 title agent for at least five years after receipt.

659 Sec. 23. Subsection (f) of section 38a-439 of the general statutes is  
660 repealed and the following is substituted in lieu thereof (*Effective*  
661 *October 1, 2014*):

662 (f) In the case of any plan of life insurance [which] that provides for  
663 future premium determination, the amounts of which are to be  
664 determined by the insurance company based on then estimates of  
665 future experience, or in the case of any plan of life insurance [which]  
666 that is of such nature that minimum values cannot be determined by  
667 the methods described in subsections (a) to (e), inclusive, [then] of this  
668 section: (1) The commissioner must be satisfied that the benefits  
669 provided under the plan are substantially as favorable to policyholders  
670 and insureds as are the minimum benefits otherwise required by  
671 subsections (a) to (e), inclusive, of this section; (2) the commissioner  
672 must be satisfied that the benefits and the pattern of premiums of that  
673 plan are not such as to mislead prospective policyholders or insureds;  
674 and (3) the cash surrender values and paid-up nonforfeiture benefits  
675 provided by such plan [must] shall not be less than the minimum  
676 values and benefits required for the plan computed by a method  
677 consistent with the principles of this section, as determined by  
678 regulations adopted by the commissioner in accordance with the  
679 provisions of chapter 54.

680 Sec. 24. Subdivision (1) of subsection (m) of section 38a-465g of the  
681 general statutes is repealed and the following is substituted in lieu  
682 thereof (*Effective October 1, 2014*):

683 (1) The policy was issued upon the owner's exercise of conversion  
684 rights arising out of a group or individual policy, provided the total of  
685 the time covered under the conversion policy plus the time covered  
686 under the prior policy is not less than twenty-four months. The time  
687 covered under a group policy [must] shall be calculated without  
688 regard to a change in insurance carriers, provided the coverage has  
689 been continuous and under the same group sponsorship; or

690 Sec. 25. Subsection (p) of section 38a-479rr of the general statutes is  
691 repealed and the following is substituted in lieu thereof (*Effective*  
692 *October 1, 2014*):

693 (p) The commissioner shall, in any order suspending the authority  
694 of a medical discount plan organization to enroll new members,

695 specify the period during which the suspension is to be in effect and  
696 the conditions, if any, [which must] that shall be met by the medical  
697 discount plan organization prior to reinstatement of its license to enroll  
698 new members. The commissioner may rescind or modify the order of  
699 suspension prior to the expiration of the suspension period.

700 Sec. 26. Subdivision (8) of subsection (a) of section 38a-483 of the  
701 general statutes is repealed and the following is substituted in lieu  
702 thereof (*Effective October 1, 2014*):

703 (8) A provision as follows: "TIME OF PAYMENT OF CLAIMS:  
704 Indemnities payable under this policy for any loss other than loss for  
705 which this policy provides any periodic payment will be paid  
706 immediately upon receipt of due written proof of such loss. Subject to  
707 due written proof of loss, all accrued indemnities for loss for which  
708 this policy provides periodic payment shall be paid ... (insert period  
709 for payment [which must] that shall not be less frequently than  
710 monthly) and any balance remaining unpaid upon the termination of  
711 liability will be paid immediately upon receipt of due written proof."

712 Sec. 27. Subsection (a) of section 38a-484 of the general statutes is  
713 repealed and the following is substituted in lieu thereof (*Effective*  
714 *October 1, 2014*):

715 (a) No policy provision which is not subject to section 38a-483, as  
716 amended by this act, shall make a policy, or any portion thereof, less  
717 favorable in any respect to the insured or the beneficiary than the  
718 provisions thereof [which] that are subject to sections 38a-481 to 38a-  
719 488, inclusive, as amended by this act.

720 Sec. 28. Subsection (c) of section 38a-513 of the general statutes is  
721 repealed and the following is substituted in lieu thereof (*Effective*  
722 *October 1, 2014*):

723 (c) Nothing in this chapter shall preclude the issuance of a group  
724 health insurance policy [which] that includes an optional life insurance  
725 rider, provided the optional life insurance rider [must] shall be filed

726 with and approved by the Insurance Commissioner pursuant to  
727 section 38a-430. Any company offering such policies for sale in this  
728 state shall be licensed to sell life insurance in this state pursuant to the  
729 provisions of section 38a-41, as amended by this act.

730 Sec. 29. Section 38a-528 of the 2014 supplement to the general  
731 statutes is repealed and the following is substituted in lieu thereof  
732 (*Effective October 1, 2014*):

733 (a) (1) As used in this section, "long-term care policy" means any  
734 group health insurance policy or certificate delivered or issued for  
735 delivery to any resident of this state on or after July 1, 1986, [which]  
736 that is designed to provide, within the terms and conditions of the  
737 policy or certificate, benefits on an expense-incurred, indemnity or  
738 prepaid basis for necessary care or treatment of an injury, illness or  
739 loss of functional capacity provided by a certified or licensed health  
740 care provider in a setting other than an acute care hospital, for at least  
741 one year after a reasonable elimination period. A long-term care policy  
742 shall provide benefits for confinement in a nursing home or  
743 confinement in the insured's own home or both. Any additional  
744 benefits provided shall be related to long-term treatment of an injury,  
745 illness or loss of functional capacity. "Long-term care policy" shall not  
746 include any such policy or certificate which is offered primarily to  
747 provide basic Medicare supplement coverage, basic medical-surgical  
748 expense coverage, hospital confinement indemnity coverage, major  
749 medical expense coverage, disability income protection coverage,  
750 accident only coverage, specified accident coverage or limited benefit  
751 health coverage.

752 (2) (A) No insurance company, fraternal benefit society, hospital  
753 service corporation, medical service corporation or health care center  
754 delivering, issuing for delivery, renewing, continuing or amending any  
755 long-term care policy in this state may refuse to accept or make  
756 reimbursement pursuant to a claim for benefits submitted by or  
757 prepared with the assistance of a managed residential community, as  
758 defined in section 19a-693, in accordance with subdivision (7) of

759 subsection (a) of section 19a-694 solely because such claim for benefits  
760 was submitted by or prepared with the assistance of a managed  
761 residential community.

762 (B) Each insurance company, fraternal benefit society, hospital  
763 service corporation, medical service corporation or health care center  
764 delivering, issuing for delivery, renewing, continuing or amending any  
765 long-term care policy in this state shall, upon receipt of a written  
766 authorization executed by the insured, (i) disclose information to a  
767 managed residential community for the purpose of determining such  
768 insured's eligibility for an insurance benefit or payment, and (ii)  
769 provide a copy of the initial acceptance or declination of a claim for  
770 benefits to the managed residential community at the same time such  
771 acceptance or declination is made to the insured.

772 (b) No insurance company, fraternal benefit society, hospital service  
773 corporation, medical service corporation or health care center may  
774 deliver or issue for delivery any long-term care policy or certificate  
775 which has a loss ratio of less than sixty-five per cent for any group  
776 long-term care policy. An issuer shall not use or change premium rates  
777 for a long-term care policy or certificate unless the rates have been filed  
778 with the Insurance Commissioner. Deviations in rates to reflect  
779 policyholder experience shall be permitted, provided each policy form  
780 shall meet the loss ratio requirement of this section. Any rate filings or  
781 rate revisions shall demonstrate that anticipated claims in relation to  
782 premiums when combined with actual experience to date can be  
783 expected to comply with the loss ratio requirement of this section. On  
784 an annual basis, an insurer shall submit to the Insurance  
785 Commissioner an actuarial certification of the insurer's continuing  
786 compliance with the loss ratio requirement of this section. Any rate or  
787 rate revision may be disapproved if the commissioner determines that  
788 the loss ratio requirement will not be met over the lifetime of the policy  
789 form using reasonable assumptions.

790 (c) No such company, society, corporation or center may deliver or  
791 issue for delivery any long-term care policy without providing, at the

792 time of solicitation or application for purchase or sale of such coverage,  
793 full and fair disclosure of the benefits and limitations of the policy. The  
794 provisions of this subsection shall not be applicable to: (1) Any long-  
795 term care policy [which] that is delivered or issued for delivery to one  
796 or more employers or labor organizations, or to a trust or to the  
797 trustees of a fund established by one or more employers or labor  
798 organizations, or a combination thereof, for employees or former  
799 employees or a combination thereof or for members or former  
800 members or a combination thereof, or the labor organizations; and (2)  
801 noncontributory plans.

802 (d) The Insurance Commissioner shall adopt regulations, in  
803 accordance with chapter 54, [which] that address (1) the insured's right  
804 to information prior to his replacing an accident and sickness policy  
805 with a long-term care policy, (2) the insured's right to return a long-  
806 term care policy to the insurer, within a specified period of time after  
807 delivery, for cancellation, and (3) the insured's right to accept by [his]  
808 the insured's signature, and prior to it becoming effective, any rider or  
809 endorsement added to a long-term care policy after the issuance date  
810 of such policy, provided (A) any regulations adopted pursuant to  
811 subdivisions (1) and (2) of this subsection shall not be applicable to (i)  
812 any long-term care policy [which] that is delivered or issued for  
813 delivery to one or more employers or labor organizations, or to a trust  
814 or to the trustees of a fund established by one or more employers or  
815 labor organizations, or a combination thereof or for members or former  
816 members or a combination thereof, of the labor organizations, or (ii)  
817 noncontributory plans, and (B) any regulations adopted pursuant to  
818 subdivision (3) of this subsection shall not be applicable to any group  
819 long-term care policy. The Insurance Commissioner shall adopt such  
820 additional regulations as [he] the commissioner deems necessary in  
821 accordance with said chapter 54 to carry out the purpose of this  
822 section.

823 (e) The Insurance Commissioner may, upon written request by any  
824 such company, society, corporation or center, issue an order to modify  
825 or suspend a specific provision of this section or any regulation

826 adopted pursuant thereto with respect to a specific long-term care  
827 policy upon a written finding that: (1) The modification or suspension  
828 would be in the best interest of the insureds; (2) the purposes to be  
829 achieved could not be effectively or efficiently achieved without such  
830 modification or suspension; and (3) (A) the modification or suspension  
831 is necessary to the development of an innovative and reasonable  
832 approach for insuring long-term care, (B) the policy is to be issued to  
833 residents of a life care or continuing care retirement community or  
834 other residential community for the elderly and the modification or  
835 suspension is reasonably related to the special needs or nature of such  
836 community, or (C) the modification or suspension is necessary to  
837 permit long-term care policies to be sold as part of, or in conjunction  
838 with, another insurance product. [ ~~whenever~~] Whenever the  
839 commissioner decides not to issue such an order, [ ~~he~~] the  
840 commissioner shall provide written notice of such decision to the  
841 requesting party in a timely manner.

842 (f) Upon written request by any such company, society, corporation  
843 or center, the Insurance Commissioner may issue an order to extend  
844 the preexisting condition exclusion period, as established by  
845 regulations adopted pursuant to this section, for purposes of specific  
846 age group categories in a specific long-term care policy form whenever  
847 he makes a written finding that such an extension is in the best interest  
848 to the public. Whenever the commissioner decides not to issue such an  
849 order, [ ~~he~~] the commissioner shall provide written notice of such  
850 decision to the requesting party in a timely manner.

851 (g) The provisions of section 38a-19 shall be applicable to any such  
852 requesting party aggrieved by any order or decision of the  
853 commissioner made pursuant to subsections (e) and (f) of this section.

854 Sec. 30. Subsection (q) of section 38a-551 of the general statutes is  
855 repealed and the following is substituted in lieu thereof (*Effective*  
856 *October 1, 2014*):

857 (q) "Deductible" means the amount of covered expenses [ ~~which~~] that  
858 must be accumulated during each calendar year before benefits

859 become payable as additional covered expenses incurred.

860 Sec. 31. Subdivision (2) of section 38a-567 of the general statutes is  
861 repealed and the following is substituted in lieu thereof (*Effective*  
862 *October 1, 2014*):

863 (2) Except in the case of a late enrollee who has failed to provide  
864 evidence of insurability satisfactory to the insurer, the plan or  
865 arrangement may not exclude any eligible employee or dependent  
866 who would otherwise be covered under such plan or arrangement on  
867 the basis of an actual or expected health condition of such person. No  
868 plan or arrangement may exclude an eligible employee or eligible  
869 dependent who, on the day prior to the initial effective date of the plan  
870 or arrangement, was covered under the small employer's prior health  
871 insurance plan or arrangement pursuant to workers' compensation,  
872 continuation of benefits pursuant to section 38a-554 or other applicable  
873 laws. The employee or dependent [must] shall request coverage under  
874 the new plan or arrangement on a timely basis and such coverage shall  
875 terminate in accordance with the provisions of the applicable law.

876 Sec. 32. Subsection (a) of section 38a-688a of the 2014 supplement to  
877 the general statutes is repealed and the following is substituted in lieu  
878 thereof (*Effective October 1, 2014*):

879 (a) Notwithstanding the requirements of sections 38a-389 and 38a-  
880 688 with respect to personal risk insurance with the exception of  
881 residual market rates, and on and after July 1, 2006, and until July 1,  
882 2015, an insurer may file a rate with the Insurance Commissioner  
883 pursuant to this section and such rate shall take effect the date it is  
884 filed provided the rate provides for an overall state-wide rate increase  
885 or decrease of not more than six per cent in the aggregate and not more  
886 than a fifteen per cent increase in any individual territory for all  
887 coverages that are subject to the filing. Such [per cent] percentage  
888 limits shall not apply on an individual insured basis. Not more than  
889 one filing may be made by an insurer pursuant to this section within  
890 any twelve-month period unless the filing, when combined with one  
891 or more filings made by the insurer within the preceding twelve

892 months, does not result in an overall state-wide increase or decrease of  
893 more than six per cent in the aggregate and not more than a fifteen per  
894 cent increase in any individual territory for all coverages that are  
895 subject to the filing.

896 Sec. 33. Subdivision (5) of section 38a-760g of the general statutes is  
897 repealed and the following is substituted in lieu thereof (*Effective*  
898 *October 1, 2014*):

899 (5) Collect any payment from a retrocessionaire or commit the  
900 reinsurer to any claim settlement with a retrocessionaire, without prior  
901 approval of the reinsurer. If prior approval is given, a report [must]  
902 shall be promptly forwarded to the reinsurer;

903 Sec. 34. Subsection (d) of section 38a-909 of the general statutes is  
904 repealed and the following is substituted in lieu thereof (*Effective*  
905 *October 1, 2014*):

906 (d) If any legal action against an employee for which indemnity may  
907 be available under this section is settled prior to final adjudication on  
908 the merits, the insurer [must] shall pay the settlement amount on  
909 behalf of the employee or indemnify the employee for the settlement  
910 amount unless the commissioner determines:

911 (1) That the claim did not arise out of or by reason of the employee's  
912 duties or employment; or

913 (2) That the claim was caused by the intentional or wilful and  
914 wanton misconduct of the employee.

915 Sec. 35. Subsection (c) of section 38a-954 of the general statutes is  
916 repealed and the following is substituted in lieu thereof (*Effective*  
917 *October 1, 2014*):

918 (c) Claimants residing in this state may file claims with the  
919 liquidator or ancillary receiver, if any, in this state or with the  
920 domiciliary liquidator, if the domiciliary law permits. The claims  
921 [must] shall be filed on or before the last date fixed for the filing of

922 claims in the domiciliary liquidation proceedings.

923 Sec. 36. Subsection (a) of section 38a-957 of the general statutes is  
924 repealed and the following is substituted in lieu thereof (*Effective*  
925 *October 1, 2014*):

926 (a) In a liquidation proceeding begun in this state against an insurer  
927 domiciled in this state, claimants residing in foreign countries or in  
928 states not reciprocal states [must] shall file claims in this state, and  
929 claimants residing in reciprocal states may file claims either with the  
930 ancillary receivers, if any, in their respective states, provided a claim  
931 filing procedure is established in the ancillary proceeding, or with the  
932 domiciliary liquidator. Claims [must] shall be filed on or before the last  
933 dates fixed for the filing of claims in the domiciliary liquidation  
934 proceeding.

935 Sec. 37. Subsection (a) of section 38a-958 of the general statutes is  
936 repealed and the following is substituted in lieu thereof (*Effective*  
937 *October 1, 2014*):

938 (a) Promptly after the appointment of the commissioner as ancillary  
939 receiver for an insurer not domiciled in this state, the commissioner  
940 shall determine whether there are claimants residing in this state who  
941 are not protected by guaranty funds and if so, whether the protection  
942 of such claimants requires the establishing of a claim filing procedure  
943 in the ancillary proceeding. If a claim filing procedure is established,  
944 claimants against the insurer who reside within this state may file  
945 claims either with the ancillary receiver, if any, in this state, or with the  
946 domiciliary liquidator. Claims [must] shall be filed on or before the last  
947 dates fixed for the filing of claims in the domiciliary liquidation  
948 proceeding.

949 Sec. 38. Subdivision (7) of section 38a-1080 of the 2014 supplement  
950 to the general statutes is repealed and the following is substituted in  
951 lieu thereof (*Effective October 1, 2014*):

952 (7) "Health carrier" means an insurance company, fraternal benefit

953 society, hospital service corporation, medical service corporation,  
954 health care center or other entity subject to the insurance laws and  
955 regulations of the state or the jurisdiction of the commissioner that  
956 contracts or offers to contract to provide, deliver, pay for or reimburse  
957 any of the costs of health care services;

958 Sec. 39. Subparagraphs (A)(viii) and (A)(ix) of subdivision (1) of  
959 subsection (b) of section 38a-1081 of the 2014 supplement to the  
960 general statutes are repealed and the following is substituted in lieu  
961 thereof (*Effective October 1, 2014*):

962 (viii) The Commissioner of Social Services, the Special Advisor to  
963 the Governor on Healthcare Reform, the Secretary of the Office of  
964 Policy and Management and the Healthcare Advocate, or their  
965 designees, who shall serve as ex-officio, voting board members; and

966 (ix) The Insurance Commissioner and the Commissioner of Public  
967 Health, or their designees, who shall serve as ex-officio, nonvoting  
968 board members.

969 Sec. 40. Subdivision (5) of subsection (k) of section 38a-14 of the 2014  
970 supplement to the general statutes is repealed and the following is  
971 substituted in lieu thereof (*Effective October 1, 2014*):

972 (5) A person identified in subdivision (2) of this subsection shall be  
973 entitled to an award of attorney's fees and costs if such person is the  
974 prevailing party in a civil [cause of] action for libel, slander or any  
975 other relevant tort arising out of activities in carrying out the  
976 provisions of this section and the party bringing the action was not  
977 substantially justified in doing so. For purposes of this section, a  
978 proceeding is "substantially justified" if it had a reasonable basis in law  
979 or fact at the time that it was initiated.

980 Sec. 41. Subdivision (5) of subsection (i) of section 38a-91hh of the  
981 general statutes is repealed and the following is substituted in lieu  
982 thereof (*Effective October 1, 2014*):

983 (5) A person identified in subdivision (2) of this subsection shall be

984 entitled to an award of attorney's fees and costs if he is the prevailing  
985 party in a civil [cause of] action for libel, slander or any other relevant  
986 tort arising out of activities in carrying out the provisions of this  
987 section and the party bringing the action was not substantially justified  
988 in doing so. For purposes of this section, a proceeding is "substantially  
989 justified" if it had a reasonable basis in law or fact at the time that it  
990 was initiated.

991 Sec. 42. Subdivision (3) of subsection (i) of section 38a-465e of the  
992 2014 supplement to the general statutes is repealed and the following  
993 is substituted in lieu thereof (*Effective October 1, 2014*):

994 (3) A person identified in subdivision (1) or (2) of this subsection  
995 shall be entitled to an award of attorney's fees and costs if such person  
996 is the prevailing party in a civil [cause of] action for libel, slander or  
997 any other relevant tort arising out of activities in carrying out the  
998 provisions of this section and the party bringing the action was not  
999 substantially justified in doing so. For the purpose of this section, a  
1000 proceeding is "substantially justified" if it had a reasonable basis in law  
1001 or fact at the time that it was initiated.

1002 Sec. 43. Subdivision (3) of subsection (f) of section 38a-465j of the  
1003 general statutes is repealed and the following is substituted in lieu  
1004 thereof (*Effective October 1, 2014*):

1005 (3) A person identified in subdivision (1) of this subsection shall be  
1006 entitled to an award of attorney's fees and costs if such person is the  
1007 prevailing party in a civil [cause of] action for libel, slander or any  
1008 other relevant tort arising out of activities in carrying out the  
1009 provisions of this part and the party bringing the action was not  
1010 substantially justified in doing so. For the purpose of this section, a  
1011 proceeding is "substantially justified" if it had a reasonable basis in law  
1012 or fact at the time that it was initiated.

1013 Sec. 44. Subsection (e) of section 38a-465e of the 2014 supplement to  
1014 the general statutes is repealed and the following is substituted in lieu  
1015 thereof (*Effective October 1, 2014*):

1016 (e) (1) Upon determining that an examination should be conducted,  
1017 the commissioner shall issue an examination warrant appointing one  
1018 or more examiners to perform such examination and instructing them  
1019 as to its scope. In conducting the examination, the examiner shall use  
1020 methods common to the examination of any life settlement licensee  
1021 and shall use guidelines and procedures set forth in an examiners'  
1022 handbook adopted by a national organization.

1023 (2) Each licensee or person from whom information is sought, its  
1024 officers, directors and agents shall provide to the examiners timely,  
1025 convenient and free access at all reasonable hours at its offices to all  
1026 books, records, accounts, [papers] workpapers, documents, assets and  
1027 computer or other recordings relating to the property, assets, business  
1028 and affairs of the licensee being examined. The officers, directors,  
1029 employees and agents of the licensee or person shall facilitate the  
1030 examination and aid in the examination so far as it is in their power to  
1031 do so. The refusal by a licensee or its officers, directors, employees or  
1032 agents to submit to an examination or to comply with any reasonable  
1033 written request of the commissioner shall be grounds for suspension,  
1034 refusal or nonrenewal of any license or authority held by the licensee  
1035 to engage in the life settlement business or other business subject to the  
1036 commissioner's jurisdiction. Any proceedings for suspension,  
1037 revocation or refusal of any license or authority shall be conducted  
1038 pursuant to sections 38a-17 to 38a-19, inclusive.

1039 (3) The commissioner shall have the power to issue subpoenas,  
1040 administer oaths and examine under oath any person as to any matter  
1041 pertinent to the examination. Upon the failure or refusal of a person to  
1042 obey a subpoena, the commissioner may petition a court of competent  
1043 jurisdiction, and upon proper showing, the court may enter an order  
1044 compelling the witness to appear and testify or produce documentary  
1045 evidence.

1046 (4) When making an examination under this part, the commissioner  
1047 may retain attorneys, appraisers, independent actuaries, independent  
1048 certified public accountants or other professionals and specialists as

1049 examiners, the reasonable cost of which shall be borne by the licensee  
1050 that is the subject of the examination.

1051 (5) Nothing contained in this section shall be construed to limit the  
1052 commissioner's authority to terminate or suspend an examination in  
1053 order to pursue other legal or regulatory action pursuant to the  
1054 insurance laws of this state. Findings of fact and conclusions made  
1055 pursuant to any examination shall be prima facie evidence in any legal  
1056 or regulatory action.

1057 (6) All final or preliminary examination reports, examiner or  
1058 licensee [work papers] workpapers or other documents, or any other  
1059 information discovered or developed during the course of an  
1060 examination shall be kept confidential, pursuant to section 38a-69a.

1061 Sec. 45. Subsection (g) of section 38a-465e of the 2014 supplement to  
1062 the general statutes is repealed and the following is substituted in lieu  
1063 thereof (*Effective October 1, 2014*):

1064 (g) Except as otherwise provided in this section, all examination  
1065 reports, [working papers] workpapers, recorded information,  
1066 documents and copies thereof produced by, obtained by or disclosed  
1067 to the commissioner or any other person in the course of an  
1068 examination made under this section, or in the course of analysis or  
1069 investigation by the commissioner of the financial condition or market  
1070 conduct of a licensee, shall be confidential by law and privileged and  
1071 shall not be subject to section 1-210, subject to subpoena, or subject to  
1072 discovery or be admissible in evidence in any civil action. The  
1073 commissioner is authorized to use the documents, materials or other  
1074 information in the furtherance of any regulatory or legal action  
1075 brought as part of the commissioner's official duties. The licensee  
1076 being examined shall have access to all documents used to make the  
1077 report.

1078 Sec. 46. Section 38a-201 of the general statutes is repealed and the  
1079 following is substituted in lieu thereof (*Effective October 1, 2014*):

1080 No contract between any such corporation and subscribers shall  
1081 entitle more than one person to services, except that such contract may  
1082 be issued for service to a subscriber and [wife, to a subscriber and  
1083 husband] spouse, to a subscriber and family, to a subscriber and  
1084 dependent or dependents related by blood, marriage or adoption or to  
1085 a subscriber and ward. Such contract with a subscriber shall be in  
1086 writing and a copy thereof furnished to each subscriber. Each such  
1087 contract shall contain the following provisions: (1) A statement of the  
1088 amount payable to the corporation by the subscriber and the manner  
1089 in which such amount is payable; (2) a statement of the nature of the  
1090 services to be furnished and the period during which they will be  
1091 furnished, and, if there are any services to be excepted, a detailed  
1092 statement of such exceptions; (3) a statement of terms and conditions  
1093 upon which the contract may be cancelled or otherwise terminated at  
1094 the option of either party; (4) a statement that the contract includes the  
1095 endorsement thereon and attached papers, if any, and contains the  
1096 entire contract; (5) a statement that no statement by the subscriber in  
1097 [his] the subscriber's application for a contract shall void the contract  
1098 or be used in any legal proceeding thereunder, unless such application  
1099 or an exact copy thereof is included in or attached to such contract; (6)  
1100 a statement of the period of grace [which] that will be allowed the  
1101 subscriber for making any payment due under the contract, which  
1102 period shall not be less than ten days; and (7) a statement that no  
1103 action at law based upon or arising out of the physician-patient  
1104 relationship shall be maintained against a nonprofit hospital service  
1105 corporation.

1106 Sec. 47. Section 38a-217 of the general statutes is repealed and the  
1107 following is substituted in lieu thereof (*Effective October 1, 2014*):

1108 No single contract between any such corporation and its subscribers  
1109 shall entitle more than one person to indemnity, except that a single  
1110 contract may be issued to subscriber and [wife, to subscriber and  
1111 husband] spouse, to subscriber and family by marriage or adoption or  
1112 to subscriber and ward. Such contract shall be in writing and a copy  
1113 thereof shall be furnished to each subscriber and shall contain the

1114 following provisions: [(a)] (1) A statement of the amount payable to the  
1115 corporation by the subscriber and the manner in which such amount is  
1116 payable; [(b)] (2) a statement of the amount of indemnity to be  
1117 furnished and the period during which it will be furnished, and, if  
1118 there are to be exceptions, a detailed statement of such exceptions; [(c)]  
1119 (3) a statement of terms and conditions upon which the contract may  
1120 be cancelled or otherwise terminated at the option of either party; [(d)]  
1121 (4) a statement that the contract includes the endorsements thereon  
1122 and attached papers, if any, and contains the entire contract; [(e)] (5) a  
1123 statement that no statements by the subscriber in [his] the subscriber's  
1124 application for a contract shall void the contract or be used in any legal  
1125 proceeding thereunder, unless such application or an exact copy  
1126 thereof is included in or attached to such contract; [(f)] (6) a statement  
1127 of the period of grace [which] that will be allowed the subscriber for  
1128 making any payment due under the contract, which period shall not be  
1129 less than ten days; [(g)] and (7) a statement that no action at law based  
1130 upon or arising out of the physician-patient relationship shall be  
1131 maintained against a nonprofit medical service corporation.

1132 Sec. 48. Section 38a-284 of the general statutes is repealed and the  
1133 following is substituted in lieu thereof (*Effective October 1, 2014*):

1134 Any minor of the age of fifteen years or more may, notwithstanding  
1135 such minority, contract for life, health and accident insurance on [his]  
1136 such minor's person for [his] such minor's benefit or for the benefit of  
1137 [his] such minor's father, mother, [husband, wife] spouse, child,  
1138 brother or sister and may exercise all such contractual rights with  
1139 respect to any such contract of insurance as might be exercised by a  
1140 person of full legal age and may at any time surrender [his] such  
1141 minor's interest in any such insurance or give a valid discharge for any  
1142 benefit accruing or money payable thereunder.

1143 Sec. 49. Subdivision (1) of section 38a-341 of the general statutes is  
1144 repealed and the following is substituted in lieu thereof (*Effective*  
1145 *October 1, 2014*):

1146 (1) "Policy" means an automobile liability insurance policy

1147 providing among other coverage bodily injury liability, delivered or  
1148 issued for delivery in this state, insuring a single individual or  
1149 [husband and wife] spouses resident of the same household, as named  
1150 insured, and under which the insured vehicles therein designated are  
1151 of the following types only: (A) A motor vehicle of the private  
1152 passenger or station wagon type that is not used as a public or livery  
1153 conveyance for passengers, nor rented to others, or (B) any other four-  
1154 wheel motor vehicle with a load capacity of fifteen hundred pounds or  
1155 less which is not used in the occupation, profession or business of the  
1156 insured, provided said sections shall not apply (i) to any policy  
1157 insuring more than four automobiles, or (ii) to any policy covering  
1158 garage, automobile sales agency, repair shop, service station or public  
1159 parking place operation hazards, or (iii) to any policy of insurance  
1160 issued principally to cover personal or premises liability of an insured  
1161 even though the insurance may also provide some incidental coverage  
1162 for liability arising out of the ownership, maintenance or use of a  
1163 motor vehicle on the premises of the insured or on the ways  
1164 immediately adjoining the premises;

1165 Sec. 50. Section 38a-482 of the general statutes is repealed and the  
1166 following is substituted in lieu thereof (*Effective October 1, 2014*):

1167 No individual health insurance policy shall be delivered or issued  
1168 for delivery to any person in this state unless: (1) The entire money and  
1169 other considerations therefor are expressed therein; (2) the time at  
1170 which the insurance takes effect and terminates is expressed therein;  
1171 (3) such policy purports to insure only one person, except that a policy  
1172 may insure, originally or by subsequent amendment, upon the  
1173 application of an adult member of a family, who shall be deemed the  
1174 policyholder, any two or more eligible members of such family,  
1175 including [husband, wife] spouse, dependent children or any children  
1176 as specified in section 38a-497, and any other person dependent upon  
1177 the policyholder; (4) the style, arrangement and overall appearance of  
1178 the policy give no undue prominence to any portion of the text, and  
1179 every printed portion of the text of the policy and of any endorsements  
1180 or attached papers is plainly printed in light-faced type of a style in

1181 general use, the size of which shall be uniform and not less than ten-  
1182 point with a lowercase unspaced alphabet length not less than one  
1183 hundred and twenty-point, the word "text" as herein used including all  
1184 printed matter except the name and address of the insurer, name or  
1185 title of the policy, the brief description, if any, and captions and  
1186 subcaptions; (5) the exceptions and reductions of indemnity are set  
1187 forth in the policy and, except as provided in section 38a-483, as  
1188 amended by this act, are printed, at the insurer's option, either  
1189 included with the benefit provision to which they apply, or under an  
1190 appropriate caption such as "EXCEPTIONS" or "EXCEPTIONS AND  
1191 REDUCTIONS", provided, if an exception or reduction specifically  
1192 applies only to a particular benefit of the policy, a statement of such  
1193 exception or reduction shall be included with the benefit provision to  
1194 which it applies; (6) each such form, including riders and  
1195 endorsements, shall be identified by a form number in the lower left-  
1196 hand corner of the first page thereof; and (7) such policy contains no  
1197 provision purporting to make any portion of the charter, rules,  
1198 constitution or bylaws of the insurer a part of the policy unless such  
1199 portion is set forth in full in the policy, except in the case of the  
1200 incorporation of, or reference to, a statement of rates or classification of  
1201 risks, or short-rate table filed with the commissioner.

1202 Sec. 51. Section 38a-540 of the general statutes is repealed and the  
1203 following is substituted in lieu thereof (*Effective October 1, 2014*):

1204 In any case in which [a husband and wife] spouses are employed by  
1205 the same employer and, by reason of their employment, are both  
1206 eligible for coverage under the terms of any health insurance policy  
1207 issued under a group plan and by an insurance company, hospital [or]  
1208 service corporation, medical service corporation, health care center or  
1209 fraternal benefit society, such [husband and wife] spouses shall not be  
1210 required as a condition of their employment or as a condition of  
1211 coverage under such plan, to pay any premium [which] that does not  
1212 result in greater coverage than would be provided if only one of them  
1213 were eligible to participate in such group plan.

1214 Sec. 52. Section 38a-541 of the general statutes is repealed and the  
1215 following is substituted in lieu thereof (*Effective October 1, 2014*):

1216 Every health insurance policy issued under a group insurance plan  
1217 and by an insurance company, hospital [or] service corporation,  
1218 medical service corporation, health care center or fraternal benefit  
1219 society, delivered, issued for delivery or renewed in this state shall  
1220 allow the spouse of any employee participating in such or any other  
1221 group insurance plan offered by the same employer to be covered as  
1222 an employee in addition to being covered as a dependent of such  
1223 participating employee, except that benefits provided under such  
1224 combined coverage of the employee as an employee and as a  
1225 dependent shall not be in excess of one hundred per cent of the charge  
1226 for the covered expense or service. The provisions of this section shall  
1227 apply only where [a husband and wife] spouses are employed by the  
1228 same employer and by reason of their employment are both  
1229 participating in a group insurance plan. Nothing in this section shall  
1230 alter or impair existing group health insurance policies or contracts  
1231 [which] that have been established pursuant to an agreement [which]  
1232 that resulted from collective bargaining, and the provisions required  
1233 by this section shall become effective upon the next regular renewal  
1234 and completion of such collective bargaining agreement.

1235 Sec. 53. Subsection (e) of section 38a-72 of the general statutes is  
1236 repealed and the following is substituted in lieu thereof (*Effective*  
1237 *October 1, 2014*):

1238 (e) An insurer licensed in this state and issuing or reinsuring in this  
1239 state policies of financial guaranty insurance, as defined in subdivision  
1240 (1) of section 38a-92a shall [, notwithstanding the provisions of  
1241 subsection (a) of this section, be deemed to meet the combined capital  
1242 and surplus requirements for transacting financial guaranty insurance  
1243 business during the period between October 1, 1993, and July 1, 1995, if  
1244 it has combined capital and surplus of forty-five million dollars, which  
1245 includes paid-in capital of at least two million five hundred thousand  
1246 dollars. On or after July 1, 1995, every licensed financial guaranty

1247 insurance corporation must] fully comply with the requirements of  
1248 subsection (a) of this section.

1249 Sec. 54. Section 38a-479bbb of the general statutes is repealed and  
1250 the following is substituted in lieu thereof (*Effective October 1, 2014*):

1251 (a) Except as provided in subsection (d) of this section, no person  
1252 shall act as a pharmacy benefits manager in this state without first  
1253 obtaining a certificate of registration from the commissioner.

1254 (b) Any person seeking a certificate of registration shall apply to the  
1255 commissioner, in writing, on a form provided by the commissioner.  
1256 The application form shall state (1) the name, address, official position  
1257 and professional qualifications of each individual responsible for the  
1258 conduct of the affairs of the pharmacy benefits manager, including all  
1259 members of the board of directors, board of trustees, executive  
1260 committee, other governing board or committee, the principal officers  
1261 in the case of a corporation, the partners or members in the case of a  
1262 partnership or association and any other person who exercises control  
1263 or influence over the affairs of the pharmacy benefits manager, and (2)  
1264 the name and address of the applicant's agent for service of process in  
1265 this state.

1266 (c) Each application for a certificate of registration shall be  
1267 accompanied by (1) a nonrefundable fee of fifty dollars, and (2)  
1268 evidence of a surety bond in an amount equivalent to ten per cent of  
1269 one month of claims in this state over a twelve-month average, except  
1270 that such bond shall not be less than twenty-five thousand dollars or  
1271 more than one million dollars.

1272 (d) Any pharmacy benefits manager operating as a line of business  
1273 or affiliate of a health insurer, health care center, hospital service  
1274 corporation, medical service corporation or fraternal benefit society  
1275 licensed in this state or any affiliate of such health insurer, health care  
1276 center, hospital service corporation, medical service corporation or  
1277 fraternal benefit society shall not be required to obtain a certificate of  
1278 registration. Such health insurer, health care center, hospital service

1279 corporation, medical service corporation or fraternal benefit society  
1280 shall notify the commissioner annually, in writing, on a form provided  
1281 by the commissioner, that it is affiliated with or operating a business as  
1282 a pharmacy benefits manager.

1283 [(e) Any person acting as a pharmacy benefits manager on January  
1284 1, 2008, and required to obtain a certificate of registration under  
1285 subsection (a) of this section, shall obtain a certificate of registration  
1286 from the commissioner not later than April 1, 2008, in order to  
1287 continue to do business in this state.]

1288 Sec. 55. Subsection (d) of section 38a-481 of the 2014 supplement to  
1289 the general statutes is repealed and the following is substituted in lieu  
1290 thereof (*Effective October 1, 2014*):

1291 (d) For the purposes of this section, [:(1) "Loss ratio"] "loss ratio"  
1292 means the ratio of incurred claims to earned premiums by the number  
1293 of years of policy duration for all combined durations. [; and]

1294 [(2) "Experience period" means the calendar year for which a loss  
1295 ratio guarantee is calculated.]

1296 Sec. 56. Subsection (a) of section 38a-712 of the general statutes is  
1297 repealed and the following is substituted in lieu thereof (*Effective*  
1298 *October 1, 2014*):

1299 (a) Each insurance company authorized or permitted to do business  
1300 in this state and each residual market mechanism established pursuant  
1301 to section 38a-329 shall report to the Insurance Commissioner (1) any  
1302 failure on the part of an insurance producer or [excess line] surplus  
1303 lines broker to remit premiums for policies or endorsements issued to  
1304 insureds directly or through the producer within thirty days following  
1305 the due date of the account of the producer with the company, its state  
1306 agent or managing general agent, or (2) whenever a check issued by  
1307 such producer to the company or residual market mechanism is  
1308 returned for insufficient funds or otherwise dishonored and remains  
1309 outstanding fifteen days following receipt of such return.

1310 Sec. 57. Subsection (a) of section 38a-488a of the 2014 supplement to  
1311 the general statutes is repealed and the following is substituted in lieu  
1312 thereof (*Effective October 1, 2014*):

1313 (a) Each individual health insurance policy providing coverage of  
1314 the type specified in subdivisions (1), (2), (4), (11) and (12) of section  
1315 38a-469 delivered, issued for delivery, renewed, amended or continued  
1316 in this state shall provide benefits for the diagnosis and treatment of  
1317 mental or nervous conditions. For the purposes of this section, "mental  
1318 or nervous conditions" means mental disorders, as defined in the most  
1319 recent edition of the American Psychiatric Association's "Diagnostic  
1320 and Statistical Manual of Mental Disorders". "Mental or nervous  
1321 conditions" does not include (1) intellectual [disability] disabilities, (2)  
1322 specific learning disorders, (3) motor [skills] disorders, (4)  
1323 communication disorders, (5) caffeine-related disorders, (6) relational  
1324 problems, and (7) [additional] other conditions that may be a focus of  
1325 clinical attention, that are not otherwise defined as mental disorders in  
1326 the most recent edition of the American Psychiatric Association's  
1327 "Diagnostic and Statistical Manual of Mental Disorders", except that  
1328 coverage for an insured under such policy who has been diagnosed  
1329 with autism spectrum disorder prior to the release of the fifth edition  
1330 of the American Psychiatric Association's "Diagnostic and Statistical  
1331 Manual of Mental Disorders" shall be provided in accordance with  
1332 subsection (b) of section 38a-488b.

1333 Sec. 58. Subsection (a) of section 38a-514 of the 2014 supplement to  
1334 the general statutes is repealed and the following is substituted in lieu  
1335 thereof (*Effective October 1, 2014*):

1336 (a) Except as provided in subsection (j) of this section, each group  
1337 health insurance policy, providing coverage of the type specified in  
1338 subdivisions (1), (2), (4), (11) and (12) of section 38a-469, delivered,  
1339 issued for delivery, renewed, amended or continued in this state shall  
1340 provide benefits for the diagnosis and treatment of mental or nervous  
1341 conditions. For the purposes of this section, "mental or nervous  
1342 conditions" means mental disorders, as defined in the most recent

1343 edition of the American Psychiatric Association's "Diagnostic and  
1344 Statistical Manual of Mental Disorders". "Mental or nervous  
1345 conditions" does not include (1) intellectual [disability] disabilities, (2)  
1346 specific learning disorders, (3) motor [skills] disorders, (4)  
1347 communication disorders, (5) caffeine-related disorders, (6) relational  
1348 problems, and (7) [additional] other conditions that may be a focus of  
1349 clinical attention, that are not otherwise defined as mental disorders in  
1350 the most recent edition of the American Psychiatric Association's  
1351 "Diagnostic and Statistical Manual of Mental Disorders", except that  
1352 coverage for an insured under such policy who has been diagnosed  
1353 with autism spectrum disorder prior to the release of the fifth edition  
1354 of the American Psychiatric Association's "Diagnostic and Statistical  
1355 Manual of Mental Disorders" shall be provided in accordance with  
1356 subsection (i) of section 38a-514b.

1357 Sec. 59. Section 38a-702q of the general statutes is repealed and the  
1358 following is substituted in lieu thereof (*Effective October 1, 2014*):

1359 Except as provided in section 38a-702g and section 38a-702n,  
1360 sections 38a-702a to 38a-702r, inclusive, shall not apply to [excess and  
1361 surplus lines agents and] surplus lines brokers licensed pursuant to  
1362 [sections 38a-740 to 38a-745, inclusive, and section] section 38a-769 or  
1363 38a-794, as amended by this act.

1364 Sec. 60. Subsections (a) and (b) of section 38a-743 of the general  
1365 statutes are repealed and the following is substituted in lieu thereof  
1366 (*Effective October 1, 2014*):

1367 (a) Every person, firm, association or corporation licensed pursuant  
1368 to the provisions of [sections 38a-741 to 38a-744, inclusive, and] section  
1369 38a-794, as amended by this act, shall pay to the commissioner on May  
1370 first of each year a sum equal to four per cent of the gross premiums  
1371 charged the insureds by the insurers during the period from January  
1372 first to March thirty-first of that year, and on August first of each year  
1373 a sum equal to four per cent of the gross premiums charged the  
1374 insured by the insurers during the period from April first to June  
1375 thirtieth of that year, on November first of each year a sum equal to

1376 four per cent of the gross premiums charged the insureds by the  
1377 insurers during the period from July first to September thirtieth of that  
1378 year and on February first of each year a sum equal to four per cent of  
1379 the gross premiums charged the insureds by the insurers during the  
1380 period from October first to December thirty-first of the preceding  
1381 year, for insurance procured by such licensee pursuant to such license,  
1382 less the amount of such premiums returned to such insureds, except  
1383 that the premium tax shall not apply to any policy issued to the state of  
1384 Connecticut or any agency of the state or to any policy issued to any  
1385 town, or agency of such town or special taxing district when such  
1386 town, agency or department thereof or special taxing district appears  
1387 in the policy as the named insured and as such is responsible for the  
1388 payment of premiums shown on such policy. Each licensee shall also  
1389 file on May first, August first, November first, and February first a  
1390 return, in the form described by the commissioner, showing such  
1391 information as the commissioner deems necessary. The provisions of  
1392 this subsection shall not apply to nonadmitted insurance, as defined in  
1393 subsection (b) of this section, that is procured, continued or renewed  
1394 on or after July 1, 2011.

1395 (b) For purposes of this subsection and subsections (c) to (g),  
1396 inclusive, of this section:

1397 (1) "Home state" means home state, as defined in Section 527 of the  
1398 Nonadmitted and Reinsurance Reform Act of 2010;

1399 (2) "Licensee" means a person, firm, association or corporation that  
1400 is licensed pursuant to the provisions of [sections 38a-741 to 38a-744,  
1401 inclusive, and] section 38a-769 or 38a-794, as amended by this act, and  
1402 that is a surplus lines broker, as defined in Section 527 of the  
1403 Nonadmitted and Reinsurance Reform Act of 2010;

1404 (3) "Nonadmitted and Reinsurance Reform Act of 2010" means  
1405 Sections 511 to 542, inclusive, of the Dodd-Frank Wall Street Reform  
1406 and Consumer Protection Act, P.L. 111-203, as amended from time to  
1407 time;

1408 (4) "Nonadmitted insurance" means nonadmitted insurance, as  
1409 defined in Section 527 of the Nonadmitted and Reinsurance Reform  
1410 Act of 2010; and

1411 (5) "Nonadmitted insurer" means a nonadmitted insurer, as defined  
1412 in Section 527 of the Nonadmitted and Reinsurance Reform Act of  
1413 2010.

1414 Sec. 61. Section 38a-770 of the general statutes is repealed and the  
1415 following is substituted in lieu thereof (*Effective October 1, 2014*):

1416 Whenever the Insurance Commissioner receives an application for  
1417 an initial license or license renewal, pursuant to the requirements of  
1418 sections 38a-702j, 38a-703 to 38a-718, inclusive, 38a-731 to 38a-735,  
1419 inclusive, [38a-741 to 38a-744, inclusive,] 38a-769, 38a-771 to 38a-776,  
1420 inclusive, as amended by this act, 38a-786, 38a-790, 38a-792 and 38a-  
1421 794, as amended by this act, [which] that is not accompanied by the  
1422 required fees, the commissioner shall return such application together  
1423 with all accompanying fees, unless the commissioner, at the  
1424 commissioner's discretion, chooses to invoice any such fees not  
1425 submitted with the initial or renewal applications. Whenever the  
1426 Insurance Commissioner receives an application accompanied by the  
1427 required fees accepted by the commissioner, all examination and filing  
1428 fees are deemed earned.

1429 Sec. 62. Section 38a-771 of the general statutes is repealed and the  
1430 following is substituted in lieu thereof (*Effective October 1, 2014*):

1431 (a) Any person, firm, partnership, association or corporation  
1432 holding a license issued pursuant to sections 38a-702j, 38a-703 to 38a-  
1433 716, inclusive, 38a-731 to 38a-735, inclusive, [38a-741 to 38a-745,  
1434 inclusive,] 38a-769 to 38a-776, inclusive, 38a-786, 38a-790, 38a-792 and  
1435 38a-794, as amended by this act, or holding a license in the name of a  
1436 trade name shall notify the Insurance Commissioner, in writing, not  
1437 later than thirty days after any: (1) Change in business or residence  
1438 address; (2) change in employer; (3) change in name; or (4) change in  
1439 licensed members of a firm, partnership, association or officers of a

1440 corporation as stated in the application for license.

1441 (b) Any person, firm, partnership, association or corporation, or any  
1442 person, firm, partnership, association or corporation acting as a trade  
1443 name, holding a license issued pursuant to sections 38a-702j, 38a-703 to  
1444 38a-718, inclusive, 38a-731 to 38a-735, inclusive, [38a-741 to 38a-745,  
1445 inclusive,] 38a-769 to 38a-777, inclusive, as amended by this act, 38a-  
1446 786, 38a-790, 38a-792 and 38a-794, as amended by this act, shall notify  
1447 the Insurance Commissioner, in writing, not later than thirty days after  
1448 any bankruptcy proceeding or the conviction of a felony, or any  
1449 administrative action taken against such licensee in another state not  
1450 later than thirty days after the entering of the administrative order in  
1451 that state. Such notification shall be accompanied by all supporting  
1452 documentation.

1453 (c) If, upon investigation, the commissioner determines that a  
1454 producer has violated the provisions of subsection (b) of this section,  
1455 the commissioner may, following a hearing as specified in section 38a-  
1456 774, impose a fine upon and suspend or revoke the license of the  
1457 producer.

1458 Sec. 63. Section 38a-772 of the general statutes is repealed and the  
1459 following is substituted in lieu thereof (*Effective October 1, 2014*):

1460 Any person wilfully misrepresenting any fact required to be  
1461 disclosed in any application or in any other form, paper or document  
1462 required to be filed with the commissioner in connection with an  
1463 application for any license issued by the commissioner pursuant to  
1464 sections 38a-702j, 38a-703 to 38a-718, inclusive, 38a-731 to 38a-735,  
1465 inclusive, [38a-741 to 38a-745, inclusive,] 38a-769 to 38a-776, inclusive,  
1466 38a-786, 38a-790, 38a-792 and 38a-794, as amended by this act, shall be  
1467 fined not more than four thousand dollars or imprisoned not more  
1468 than six months, or both.

1469 Sec. 64. Section 38a-777 of the 2014 supplement to the general  
1470 statutes is repealed and the following is substituted in lieu thereof  
1471 (*Effective October 1, 2014*):

1472 Any surplus lines broker licensee under [sections 38a-741 to 38a-744,  
1473 inclusive, or section] section 38a-769 or 38a-794, as amended by this  
1474 act, who negotiates, continues or renews any contract for insurance [in]  
1475 from any unauthorized [company] insurer, and who fails to make and  
1476 file the statements required under section 38a-741, or who wilfully  
1477 makes a false statement, or who negotiates, continues or renews any  
1478 such contract of insurance after the revocation or during the  
1479 suspension of the licensee's license, shall forfeit the license if not  
1480 previously revoked and shall be fined not more than four thousand  
1481 dollars or imprisoned not more than six months, or both.

1482 Sec. 65. Section 38a-15 of the general statutes is repealed and the  
1483 following is substituted in lieu thereof (*Effective October 1, 2014*):

1484 (a) The commissioner shall, as often as the commissioner deems it  
1485 expedient, undertake a market conduct examination of the affairs of  
1486 any insurance company, health care center, third-party administrator,  
1487 as defined in section 38a-720, or fraternal benefit society doing  
1488 business in this state.

1489 (b) To carry out the examinations under this section, the  
1490 commissioner may appoint, as market conduct examiners, one or more  
1491 competent persons, [not officers] who shall not be officers of, or  
1492 connected with or interested in, any insurance company, health care  
1493 center, third-party administrator or fraternal benefit society, other than  
1494 as a policyholder. In conducting the examination, the commissioner,  
1495 the commissioner's actuary or any examiner authorized by the  
1496 commissioner may examine, under oath, the officers and agents of  
1497 such [an] insurance company, health care center, third-party  
1498 administrator or fraternal benefit society and all persons deemed to  
1499 have material information regarding the company's, center's,  
1500 administrator's or society's property or business. Each such company,  
1501 center, administrator or society, its officers and agents, shall produce  
1502 the books and papers, in its or their possession, relating to its business  
1503 or affairs, and any other person may be required to produce any book  
1504 or paper [, in his] in such person's custody, deemed to be relevant to

1505 the examination, for the inspection of the commissioner, [his] the  
1506 commissioner's actuary or examiners, when required. The officers and  
1507 agents of the company, center, [or association] administrator or society  
1508 shall facilitate the examination and aid the examiners in making the  
1509 same so far as it is in their power to do so.

1510 (c) Each market conduct examiner shall make a full and true report  
1511 of each market conduct examination made by such examiner, which  
1512 shall comprise only facts appearing upon the books, papers, records or  
1513 documents of the examined company, center, administrator or society  
1514 or ascertained from the sworn testimony of its officers or agents or of  
1515 other persons examined under oath concerning its affairs. The  
1516 examiner's report shall be presumptive evidence of the facts therein  
1517 stated in any action or proceeding in the name of the state against the  
1518 company, center, administrator or society, its officers or agents. The  
1519 commissioner shall grant a hearing to the company, center,  
1520 administrator or society examined [,] before filing any such report [,]  
1521 and may withhold any such report from public inspection for such  
1522 time as the commissioner deems proper. The commissioner may, if  
1523 [he] the commissioner deems it in the public interest, publish any such  
1524 report, or the result of any such examination contained therein, in one  
1525 or more newspapers of the state.

1526 (d) All the expense of any examination made under the authority of  
1527 this section, other than examinations of domestic insurance companies  
1528 and domestic health care centers, shall be paid by the company, center,  
1529 administrator or society examined, and domestic insurance companies  
1530 and other domestic entities examined outside the state shall pay the  
1531 traveling and maintenance expenses of examiners.

1532 Sec. 66. Subdivision (1) of subsection (b) of section 38a-513f of the  
1533 general statutes is repealed and the following is substituted in lieu  
1534 thereof (*Effective October 1, 2014*):

1535 (1) Not later than October first, annually, provide to an employer  
1536 sponsoring such policy, free of charge, the following information for  
1537 the most recent thirty-six-month period or for the entire period of

1538 coverage, whichever is shorter, ending not more than sixty days prior  
 1539 to the date of the [request] provision of such information, in a format  
 1540 as set forth in subdivision (3) of this subsection:

1541 (A) Complete and accurate medical, dental and pharmaceutical  
 1542 utilization data, as applicable;

1543 (B) Claims paid by year, aggregated by practice type and by service  
 1544 category, each reported separately for in-network and out-of-network  
 1545 providers, and the total number of claims paid;

1546 (C) Premiums paid by such employer by month; and

1547 (D) The number of insureds by coverage tier, including, but not  
 1548 limited to, single, two-person and family including dependents, by  
 1549 month;

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2014	38a-90a
Sec. 2	October 1, 2014	38a-90d(f)
Sec. 3	October 1, 2014	38a-216
Sec. 4	October 1, 2014	38a-601
Sec. 5	October 1, 2014	38a-603
Sec. 6	October 1, 2014	38a-976
Sec. 7	October 1, 2014	38a-794(a)
Sec. 8	October 1, 2014	38a-985(e)
Sec. 9	October 1, 2014	38a-988a(a)
Sec. 10	October 1, 2014	38a-999(a)
Sec. 11	October 1, 2014	38a-41(a)
Sec. 12	October 1, 2014	38a-90c(g) to (j)
Sec. 13	October 1, 2014	38a-91kk(b)
Sec. 14	October 1, 2014	38a-130(a)(3)
Sec. 15	October 1, 2014	38a-193(a)(3)
Sec. 16	October 1, 2014	38a-199(b)
Sec. 17	October 1, 2014	38a-214(b)
Sec. 18	October 1, 2014	38a-490a(b)
Sec. 19	October 1, 2014	38a-516a(b)
Sec. 20	October 1, 2014	38a-300(c)

Sec. 21	October 1, 2014	38a-416(a)
Sec. 22	October 1, 2014	38a-423
Sec. 23	October 1, 2014	38a-439(f)
Sec. 24	October 1, 2014	38a-465g(m)(1)
Sec. 25	October 1, 2014	38a-479rr(p)
Sec. 26	October 1, 2014	38a-483(a)(8)
Sec. 27	October 1, 2014	38a-484(a)
Sec. 28	October 1, 2014	38a-513(c)
Sec. 29	October 1, 2014	38a-528
Sec. 30	October 1, 2014	38a-551(q)
Sec. 31	October 1, 2014	38a-567(2)
Sec. 32	October 1, 2014	38a-688a(a)
Sec. 33	October 1, 2014	38a-760g(5)
Sec. 34	October 1, 2014	38a-909(d)
Sec. 35	October 1, 2014	38a-954(c)
Sec. 36	October 1, 2014	38a-957(a)
Sec. 37	October 1, 2014	38a-958(a)
Sec. 38	October 1, 2014	38a-1080(7)
Sec. 39	October 1, 2014	38a-1081(b)(1)(A)(viii) and (A)(ix)
Sec. 40	October 1, 2014	38a-14(k)(5)
Sec. 41	October 1, 2014	38a-91hh(i)(5)
Sec. 42	October 1, 2014	38a-465e(i)(3)
Sec. 43	October 1, 2014	38a-465j(f)(3)
Sec. 44	October 1, 2014	38a-465e(e)
Sec. 45	October 1, 2014	38a-465e(g)
Sec. 46	October 1, 2014	38a-201
Sec. 47	October 1, 2014	38a-217
Sec. 48	October 1, 2014	38a-284
Sec. 49	October 1, 2014	38a-341(1)
Sec. 50	October 1, 2014	38a-482
Sec. 51	October 1, 2014	38a-540
Sec. 52	October 1, 2014	38a-541
Sec. 53	October 1, 2014	38a-72(e)
Sec. 54	October 1, 2014	38a-479bbb
Sec. 55	October 1, 2014	38a-481(d)
Sec. 56	October 1, 2014	38a-712(a)
Sec. 57	October 1, 2014	38a-488a(a)
Sec. 58	October 1, 2014	38a-514(a)
Sec. 59	October 1, 2014	38a-702q
Sec. 60	October 1, 2014	38a-743(a) and (b)

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Sec. 61	<i>October 1, 2014</i>	38a-770
Sec. 62	<i>October 1, 2014</i>	38a-771
Sec. 63	<i>October 1, 2014</i>	38a-772
Sec. 64	<i>October 1, 2014</i>	38a-777
Sec. 65	<i>October 1, 2014</i>	38a-15
Sec. 66	<i>October 1, 2014</i>	38a-513f(b)(1)

**Statement of Legislative Commissioners:**

In section 64, "surplus lines broker" was inserted before "licensee" for accuracy, and technical changes were made throughout the bill for accuracy and consistency with the drafting conventions of the general statutes.

**INS**      *Joint Favorable Subst. -LCO*

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.

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill makes a variety of technical and conforming changes to the insurance statutes. There is no fiscal impact.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None

**OLR Bill Analysis****sHB 5254*****AN ACT CONCERNING THE LEGISLATIVE COMMISSIONERS' RECOMMENDATIONS FOR TECHNICAL AND MINOR CHANGES TO THE INSURANCE STATUTES.*****SUMMARY:**

This bill makes conforming changes to reflect provisions of a 2011 act (PA 11-58) that extended the law governing Insurance Department market conduct examinations to third party administrators (TPAs - organizations that process insurance claims).

Under current law, the entity that is the subject of a market conduct examination generally must pay its costs. This provision does not apply to Connecticut insurance companies, which are subject to the assessment that pays the department's expenses. The bill (§ 65) similarly exempts Connecticut health care centers (HMOs), which are also subject to this assessment, from paying the costs for such an examination.

Lastly, the bill makes numerous technical changes.

EFFECTIVE DATE: October 1, 2014

**THIRD PARTY ADMINISTRATORS**

By law, the insurance commissioner can examine the market conduct of TPAs as well as administrators. The bill:

1. allows the commissioner, his actuary, or other authorized examiner to examine the TPA's officers, agents, and other relevant persons under oath;
2. requires the TPA to produce books and papers it possesses relating to its business;

- 3. requires the TPA to facilitate the examination and aid the examiners; and
- 4. requires the TPA to pay for the cost of the examination.

The bill requires the examiner to issue a report based only on the TPA's books, papers, and documents and sworn testimony. It makes the report presumptive evidence in any action or proceeding by the state against the TPA. It requires the commissioner to grant the TPA a hearing before filing the report.

The bill bars TPA officers or persons connected with or interested in them from serving as examiners.

All of these provisions already apply to insurers under current law.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 19    Nay 0    (03/04/2014)