



House of Representatives

General Assembly

File No. 175

January Session, 2015

House Bill No. 6771

House of Representatives, March 23, 2015

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 bill ought to pass.

AN ACT AUTHORIZING NONADMITTED INSURERS TO OPEN AN OFFICE IN THIS STATE.

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

- 1 Section 1. Section 38a-271 of the general statutes is amended by
2 adding subsection (d) as follows (*Effective October 1, 2015*):
- 3 (NEW) (d) Nothing in sections 38a-271 to 38a-278, inclusive, shall be
4 construed to prohibit a nonadmitted insurer from establishing an office
5 in this state for the lawful transaction of surplus lines insurance.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2015</i>	38a-271
-----------	------------------------	---------

INS *Joint Favorable*

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.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

This bill clarifies that nonadmitted insurers may open an office in the state to transact surplus lines insurance. There is no fiscal impact.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**HB 6771*****AN ACT AUTHORIZING NONADMITTED INSURERS TO OPEN AN OFFICE IN THIS STATE.*****SUMMARY:**

This bill explicitly specifies that the Unauthorized Insurers Act allows a nonadmitted insurer to open an office in Connecticut to transact surplus lines insurance.

EFFECTIVE DATE: October 1, 2015

BACKGROUND***Nonadmitted Insurers***

A nonadmitted insurer (or unauthorized insurer) is an insurer that has not been granted a certificate of authority by the insurance commissioner to transact insurance business in Connecticut (CGS § 38a-1(11)(E)).

Unauthorized Insurers Act

The Unauthorized Insurers Act defines what it means to transact insurance business in the state and sets out penalties for unauthorized insurers who do so. It exempts from its provisions “the lawful transaction of surplus lines insurance,” thus allowing nonadmitted insurers to transact surplus lines insurance (CGS § 38a-271 et seq.).

Surplus Lines Insurance

Surplus lines insurance is property and casualty insurance coverage that is unavailable from Connecticut-licensed insurers (i.e., admitted insurers) and must therefore be purchased from a nonadmitted insurer. Surplus lines insurers register with the Insurance Department, but are not domiciled in the state. They work through licensed surplus lines brokers who must maintain an office here (CGS § 38a-794).

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 15 Nay 1 (03/05/2015)