



General Assembly

January Session, 2015

Raised Bill No. 6870

LCO No. 3690



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:
(INS)

AN ACT CONCERNING THE CONNECTICUT UNFAIR INSURANCE PRACTICES ACT.

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

1 Section 1. Subdivision (6) of section 38a-816 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2015*):

4 (6) Unfair claim settlement practices. Committing or performing
5 with such frequency as to indicate a general business practice any of
6 the following: (A) Misrepresenting pertinent facts or insurance policy
7 provisions relating to coverages at issue; (B) failing to acknowledge
8 and act with reasonable promptness upon communications with
9 respect to claims arising under insurance policies; (C) failing to adopt
10 and implement reasonable standards for the prompt investigation of
11 claims arising under insurance policies; (D) refusing to pay claims
12 without conducting a reasonable investigation based upon all available
13 information; (E) failing to affirm or deny coverage of claims within a
14 reasonable time after proof of loss statements have been completed; (F)
15 not attempting in good faith to effectuate prompt, fair and equitable

16 settlements of claims in which liability has become reasonably clear;
17 (G) (i) compelling insureds to institute litigation to recover amounts
18 due under an insurance policy by offering substantially less than the
19 amounts ultimately recovered in actions brought by such insureds, or
20 (ii) offering a settlement and stating or implying that if the insured
21 declines acceptance of such settlement, the insured must institute
22 litigation to recover amounts due under an insurance policy; (H)
23 attempting to settle a claim for less than the amount to which a
24 reasonable [man] person would have believed he or she was entitled
25 by reference to written or printed advertising material accompanying
26 or made part of an application; (I) attempting to settle claims on the
27 basis of an application which was altered without notice to, or
28 knowledge or consent of the insured; (J) making claims payments to
29 insureds or beneficiaries not accompanied by statements setting forth
30 the coverage under which the payments are being made; (K) making
31 known to insureds or claimants a policy of appealing from arbitration
32 awards in favor of insureds or claimants for the purpose of compelling
33 them to accept settlements or compromises less than the amount
34 awarded in arbitration; (L) delaying the investigation or payment of
35 claims by requiring an insured, claimant, or the physician of either to
36 submit a preliminary claim report and then requiring the subsequent
37 submission of formal proof of loss forms, both of which submissions
38 contain substantially the same information; (M) failing to promptly
39 settle claims, where liability has become reasonably clear, under one
40 portion of the insurance policy coverage in order to influence
41 settlements under other portions of the insurance policy coverage; (N)
42 failing to promptly provide a reasonable explanation of the basis in the
43 insurance policy in relation to the facts or applicable law for denial of a
44 claim or for the offer of a compromise settlement; (O) using as a basis
45 for cash settlement with a first party automobile insurance claimant an
46 amount which is less than the amount which the insurer would pay if
47 repairs were made unless such amount is agreed to by the insured or
48 provided for by the insurance policy.

49 Sec. 2. Section 38a-816 of the general statutes is amended by adding
50 subdivision (23) as follows (*Effective October 1, 2015*):

51 (NEW) (23) With respect to an insurance company, health care
52 center, hospital service corporation, medical service corporation,
53 fraternal benefit society or other entity that delivers, issues for
54 delivery, renews, amends or continues an individual health insurance
55 policy providing coverage of the types specified in section 38a-469,
56 failing to refund any overpaid premium made by a policyholder for
57 coverage under such policy not later than thirty days after such policy
58 is cancelled or such company, center, corporation, society or other
59 entity receives the refund request from the policyholder. Such
60 company, center, corporation, society or other entity shall include, if
61 such refund is issued more than thirty days after such notice or
62 request, interest at the rate of fifteen per cent per annum.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	38a-816(6)
Sec. 2	<i>October 1, 2015</i>	38a-816

Statement of Purpose:

To make it an unfair insurance practice to (1) state or imply that if an insured declines a settlement, the insured must institute litigation to recover amounts due under an insurance policy, and (2) fail to refund an overpayment of premium to an individual health insurance policyholder not later than thirty days after such policy is cancelled or such company, center, corporation, society or other entity receives a refund request from the policyholder.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]