



# House of Representatives

General Assembly

**File No. 181**

January Session, 2015

Substitute House Bill No. 6734

*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 substitute bill ought to pass.

## **AN ACT CONCERNING SURETY BAIL BOND AGENTS.**

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

1 Section 1. Subsection (b) of section 38a-660c of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2015*):

4 (b) If a surety bail bond agent enters into a premium financing  
5 arrangement, such agent shall require (1) the principal on the bail bond  
6 or any indemnitor to make a minimum down payment of thirty-five  
7 per cent of the premium due, at the premium rate approved by the  
8 commissioner pursuant to chapter 701, and (2) the principal and any  
9 indemnitor to execute a promissory note for the balance of the  
10 premium due. Such promissory note shall provide that such balance  
11 shall be paid not later than [~~fifteen~~] thirty-six months after the date of  
12 the execution of the bail bond. If such balance has not been paid in full  
13 to the surety bail bond agent by the due date or a payment due under  
14 such arrangement is more than sixty days in arrears, such agent shall  
15 file, for a balance or payment due of one thousand dollars or more, and

16 may file, for a balance or payment due of less than one thousand  
17 dollars, a civil action seeking appropriate relief with the court not later  
18 than seventy-five days after such due date. The surety bail bond agent  
19 shall make a diligent effort to obtain judgment after filing such  
20 [complaint] action on such promissory note unless good cause is  
21 shown for failure to obtain judgment, including, but not limited to, the  
22 filing for bankruptcy by the principal or the indemnitor or failure to  
23 serve process despite good faith efforts.

24 Sec. 2. Subsection (k) of section 38a-660 of the general statutes is  
25 repealed and the following is substituted in lieu thereof (*Effective*  
26 *October 1, 2015*):

27 (k) (1) (A) To further the enforcement of this section and sections  
28 38a-660b to 38a-660m, inclusive, and to determine the eligibility of any  
29 licensee, the commissioner may, as often as the commissioner deems  
30 necessary, examine the books and records of any such licensee. Each  
31 person licensed as a surety bail bond agent in this state shall, on or  
32 before January thirty-first, annually, pay to the commissioner a fee of  
33 four hundred fifty dollars to cover the cost of examinations under this  
34 subsection.

35 (B) If such person fails to pay such fee on or before January thirty-  
36 first, annually, the license of such person shall automatically expire on  
37 the February first immediately following. The commissioner shall  
38 timely notify, annually, each person licensed as a surety bail bond  
39 agent in this state about such automatic expiration provision.

40 (2) The fees received by the commissioner pursuant to subdivision  
41 (1) of this subsection shall be dedicated to conducting the examinations  
42 under said subdivision (1) and shall be deposited in the account  
43 established under subdivision (3) of this subsection.

44 (3) There is established an account to be known as the "surety bail  
45 bond agent examination account", which shall be a separate,  
46 nonlapsing account within the Insurance Fund established under  
47 section 38a-52a. The account shall contain any moneys required by law

48 to be deposited in the account and any such moneys remaining in the  
49 account at the [close of the fiscal] end of each calendar year shall be  
50 transferred to the General Fund.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	38a-660c(b)
Sec. 2	<i>October 1, 2015</i>	38a-660(k)

**Statement of Legislative Commissioners:**

In Sec. 2(k)(1), Subpara. (C) was deleted as repetitive of Sec. 38a-660m.

**INS**      *Joint Favorable Subst.*

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**

Currently, the balance of the surety bail bond agent examination account is transferred from the Insurance Fund to the General Fund at the end of each fiscal year. The bill changes the date of this transfer to the end of the calendar year. As this does not change the amount transferred between the accounts, there is no net fiscal impact. The amount last transferred between the funds was approximately \$1,400.

The bill makes several other changes to the bail bond statutes that have no state or municipal impact.

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

**OLR Bill Analysis**

**sHB 6734**

***AN ACT CONCERNING SURETY BAIL BOND AGENTS.***

**SUMMARY:**

This bill makes several changes to the statutes relating to surety bail bond agents. A surety bail bond agent sells bail bonds in criminal cases, through a contract with an insurer, and is licensed and regulated by the insurance commissioner.

Under the bill, a surety bail bond agent's license expires on February 1 if the agent fails to pay the required \$450 examination fee annually by January 31. This fee is deposited into the surety bail bond agent examination account, which the commissioner uses to cover the costs of examining agents' books and records.

The bill changes the timeframe in which the commissioner may use the funds in the surety bail bond agent examination account. It does this by changing when money remaining in the account is transferred to the General Fund from the end of each fiscal year to the end of each calendar year.

The bill also extends, from 15 months to 36 months, the time period in which a person who finances a bail bond must pay off a promissory note in full. By law, a surety bail bond agent can enter into a premium financing arrangement with a principal on a bail bond or an indemnitor, who must (1) make a minimum down payment of 35% of the premium and (2) execute a promissory note for the balance due.

Lastly, the bill allows, rather than requires, an agent to sue a person for an unpaid promissory note if the balance due is less than \$1,000. But if the balance due is \$1,000 or more, the bill requires the agent to sue, as under current law. Thus, if the balance due is not paid in full by

its due date or a payment is more than 60 days late, the agent must (1) sue within 75 days of when payment was due and (2) make diligent effort to obtain a judgment, unless good cause is shown for not doing so (e.g., the principal or indemnitor files for bankruptcy).

EFFECTIVE DATE: October 1, 2015

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 16 Nay 0 (03/05/2015)