



House of Representatives

File No. 794

General Assembly

January Session, 2015

(Reprint of File No. 206)

Substitute House Bill No. 6870
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 8, 2015

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

3 (NEW) (23) With respect to an insurance company, health care
4 center, hospital service corporation, medical service corporation,
5 fraternal benefit society or other entity that delivers, issues for
6 delivery, renews, amends or continues an individual health insurance
7 policy providing coverage of the types specified in section 38a-469,
8 failing to refund any overpaid premium made by a policyholder for
9 coverage under such policy not later than thirty days after such policy
10 is cancelled or such company, center, corporation, society or other
11 entity receives the refund request from the policyholder. Such
12 company, center, corporation, society or other entity shall include, if
13 such refund is issued more than thirty days after such cancellation or
14 request, interest at the rate of fifteen per cent per annum calculated

15 from the thirty-first day after such cancellation or request.

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

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:

Agency Affected	Fund-Effect	FY 16 \$	FY 17 \$
Resources of the General Fund	GF - Revenue Gain	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill adds delays in providing refunds of a health insurance premium overpayment to the Connecticut Unfair Insurance Practices Act. Violations of this act are subject to fines that are deposited in the General Fund. Therefore, any violations under the provisions of the bill may result in additional General Fund revenue. The number of violations and associated fines cannot be known in advance.

House "A" made clarifying changes to the underlying bill that had no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 6870 (as amended by House "A")******AN ACT CONCERNING THE CONNECTICUT UNFAIR INSURANCE PRACTICES ACT.*****SUMMARY:**

This bill makes it an unfair insurance practice for an insurer, HMO, or similar entity to not refund a health insurance premium overpayment to a policyholder within 30 days after the policy is cancelled or the policyholder requests a refund. If the insurer, HMO, or entity issues a refund after 30 days of a cancellation or request, it must include annualized 15% interest on the amount due, calculated from the 31st day after the cancellation or request.

*House Amendment "A" requires any interest due to be calculated from the 31st day after the policy cancellation or refund request.

EFFECTIVE DATE: October 1, 2015

BACKGROUND***Connecticut Unfair Insurance Practices Act (CUIPA)***

The law prohibits engaging in unfair or deceptive insurance acts or practices. CUIPA authorizes the insurance commissioner to issue regulations, conduct investigations and hearings, issue cease and desist orders, ask the attorney general to seek injunctive relief in Superior Court, impose fines, revoke or suspend licenses, and order restitution.

Fines may be up to (1) \$5,000 per violation to a \$50,000 maximum or (2) \$25,000 per violation to a \$250,000 maximum in any six-month period if knowingly committed. The law also imposes a fine of up to \$50,000, in addition to or in lieu of a license suspension or revocation,

for violating a cease and desist order.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/10/2015)