



**House Bill No. 5520**

**Public Act No. 16-136**

**AN ACT CONCERNING HOMEOWNERS AND MOTOR VEHICLE INSURANCE POLICIES.**

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

Section 1. Section 38a-663 of the 2016 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2016*):

The following words and phrases, as used in sections 38a-663 to 38a-696, inclusive, shall have the following meanings unless the context otherwise requires:

(1) "Rating organization" means an individual, partnership, corporation, unincorporated association, other than an admitted insurer, whether located within or outside this state, who or that has as a primary object or purpose the making of rates, rating plans or rating systems. Two or more admitted insurers that act in concert for the purpose of making rates, rating plans or rating systems, and that do not operate within the specific authorizations contained in sections 38a-667, 38a-669, 38a-670 and 38a-672 shall be deemed to be a rating organization. No single insurer shall be deemed to be a rating organization.

(2) "Advisory organization" means every group, association or other

**House Bill No. 5520**

organization of insurers, whether located within or outside this state, that assists insurers or rating organizations in rate-making by the collection and furnishing of loss or expense statistics, or by the submission of recommendations, provided the term shall not include actuarial, legal or other consultants.

(3) "Member" means an insurer that participates in or is entitled to participate in the management of a rating, advisory or other organization.

(4) "Subscriber" means an insurer that is furnished at its request (A) with rates and rating manuals by a rating organization of which it is not a member, or (B) with advisory services by an advisory organization of which it is not a member.

(5) "Wilful" and "wilfully" in relation to an act or omission that constitutes a violation of sections 38a-663 to 38a-681, inclusive, means with actual knowledge or belief that such act or omission constitutes such violation and with specific intent to commit such violation.

(6) "Market" means the interaction between buyers and sellers consisting of a product market component and a geographic market component, as determined by the commissioner in accordance with the provisions of subsection (b) of section 38a-687.

(7) "Noncompetitive market" means a residual market or a market for which there is a ruling in effect pursuant to section 38a-687, that a reasonable degree of competition does not exist.

(8) "Competitive market" means a market that has not been found to be noncompetitive pursuant to section 38a-687.

(9) "Personal risk insurance" means homeowners, tenants, private passenger nonfleet automobile, mobile manufactured home and other property and casualty insurance for personal, family or household

**House Bill No. 5520**

needs except workers' compensation insurance.

(10) "Homeowners insurance" means property and casualty insurance for owner-occupied buildings with four or fewer dwelling units.

[(10)] (11) "Commercial risk insurance" means insurance within the scope of sections 38a-663 to 38a-696, inclusive, that is not personal risk insurance.

[(11)] (12) "Supplementary rate information" includes any manual or plan of rates, classification, rating schedule, minimum premium, rating rule, and any other similar information needed to determine the applicable rate in effect or to be in effect.

[(12)] (13) "Supporting information" means (A) the experience and judgment of the filer and the experience or data of other insurers or organizations relied upon by the filer, (B) the interpretation of any statistical data relied upon by the filer, and (C) descriptions of methods used in making the rates, and other similar information required to be filed by the commissioner.

[(13)] (14) "Residual market" means an arrangement for the provision of insurance in accordance with the provisions of section 38a-328, 38a-329 or 38a-670.

Sec. 2. Section 38a-323a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2017*):

(a) Each insurer that issues, renews, amends or endorses an automobile or homeowners insurance policy in this state on or after October 1, [2002] 2017, shall include with the policy a conspicuous statement specifying that any individual [aged fifty-five or over] may designate a third party to receive notice of cancellation or nonrenewal of the policy. The statement shall include a designation form and

**House Bill No. 5520**

mailing address the [senior citizen] individual may use to designate a third party. Such statement shall be in a form approved by the Insurance Commissioner.

(b) No designation form shall be effective unless it contains a written acceptance by the third party designee to receive copies of notices of cancellation or nonrenewal from the insurer on behalf of the [senior citizen] individual. The third party designation shall be effective not later than ten business days after the date the insurer receives the designation form and the acceptance of the third party. The third party may terminate the status as a third party designee by providing written notice to both the insurer and the [senior citizen] insured individual. The [senior citizen] individual may terminate the third party designation by providing written notice to the insurer and the third party designee. The insurer may require the [senior citizen] individual and the third party to send the notices to the insurer by certified mail, return receipt requested.

(c) The insurer's transmission to the third party designee of a copy of any notice of cancellation or nonrenewal shall be in addition to the transmission of the original document to the [senior citizen] insured individual. When a third party is so designated, all such notices and copies shall be mailed in an envelope clearly marked on its face with the following: "IMPORTANT INSURANCE POLICY INFORMATION: OPEN IMMEDIATELY". The copy of the notice of cancellation or nonrenewal transmitted to the third party shall be governed by the same law and policy provisions that govern the notice being transmitted to the [senior citizen] insured individual. The designation of a third party shall not constitute acceptance of any liability on the part of the third party or insurer for services provided to the [senior citizen] insured individual.

Approved June 6, 2016