



General Assembly

February Session, 2018

Raised Bill No. 5206

LCO No. 697



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:
(INS)

AN ACT CONCERNING INSURANCE ISSUES.

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

1 Section 1. (NEW) (*Effective from passage*) (a) Notwithstanding any
2 provision of the general statutes, any person required to file a
3 document with the Insurance Commissioner or the Insurance
4 Department under any provision of the general statutes shall, to the
5 extent specifically authorized by regulations adopted pursuant to
6 subsection (b) of this section, file such document with the
7 commissioner or the department, as applicable:

8 (1) Both in the manner specified by such provision and by electronic
9 means; or

10 (2) Exclusively by electronic means.

11 (b) The commissioner may adopt regulations, in accordance with
12 chapter 54 of the general statutes, to implement the provisions of this
13 section, including, but not limited to, regulations:

14 (1) Authorizing or requiring any person required to file any

15 document with the commissioner or the department under any
16 provision of the general statutes to file such document with the
17 commissioner or the department, as applicable, by electronic means;

18 (2) Specifying the method and form of any electronic filing; and

19 (3) Exempting any person from the requirements of any regulation
20 adopted pursuant to this subsection if such person demonstrates, to
21 the satisfaction of the commissioner, that such requirements impose an
22 undue hardship on such person, compliance with such requirements is
23 impractical or other good cause exists to warrant an exemption from
24 such requirements.

25 Sec. 2. Subsection (a) of section 38a-58a of the general statutes is
26 repealed and the following is substituted in lieu thereof (*Effective July*
27 *1, 2018*):

28 (a) Any insurer [which] that is organized under the laws of any
29 other state and is admitted to do business in this state for the purpose
30 of writing insurance may, upon approval of the commissioner in
31 accordance with all applicable provisions of the general statutes,
32 become a domestic insurer. [by complying] Such insurer shall comply
33 with all of the requirements of law relative to the organization and
34 licensing of a domestic insurer of the same type, [and by designating]
35 designate its principal place of business at a location in this state [. The
36 domestic insurer shall be entitled to like certificates and licenses to
37 transact business in this state and] and provide to the commissioner
38 such documents and information that the commissioner may
39 reasonably require. After such insurer demonstrates, to the satisfaction
40 of the commissioner, that, upon becoming a domestic insurer, such
41 insurer shall be in compliance with all requirements of law and its
42 business shall be consistent with the interests of prospective insureds
43 and the public, the commissioner may, in accordance with section 38a-
44 41, issue a new license to such insurer to reflect the change in such
45 insurer's domiciliary state and such insurer shall be subject to the

46 authority and jurisdiction of this state. The articles of incorporation of
47 the domestic insurer may be amended to provide that the corporation
48 is a continuation of the corporate existence of the original foreign
49 corporation through adoption of this state as its corporate domicile
50 and that the original date of incorporation in its original domiciliary
51 state is the date of incorporation of the domestic insurer.

52 Sec. 3. Subparagraph (A) of subdivision (2) of subsection (a) of
53 section 38a-78 of the 2018 supplement to the general statutes is
54 repealed and the following is substituted in lieu thereof (*Effective*
55 *October 1, 2018*):

56 (2) (A) The provisions of this subdivision shall apply to policies and
57 contracts issued on or after the operative date of the Valuation Manual,
58 as set forth in section 38a-78a. [The provisions of this subdivision shall
59 not apply to a society subject to section 38a-614, unless such society
60 elects to use the standards pursuant to subdivision (9) of subsection (a)
61 of section 38a-614.]

62 Sec. 4. Subsection (a) of section 38a-440 of the 2018 supplement to
63 the general statutes is repealed and the following is substituted in lieu
64 thereof (*Effective October 1, 2018*):

65 (a) This section shall not apply to any reinsurance, group annuity
66 purchased under a retirement plan or plan of deferred compensation
67 established or maintained by an employer, including a partnership or
68 sole proprietorship, or by an employee organization, or by both, other
69 than a plan providing individual retirement accounts or individual
70 retirement annuities under Section 408 of the Internal Revenue Code of
71 1986, or any subsequent corresponding internal revenue code of the
72 United States, as amended from time to time, premium deposit fund,
73 variable annuity, investment annuity, immediate annuity, contingent
74 deferred annuity, any deferred annuity contract after annuity
75 payments have commenced, or reversionary annuity, nor to any
76 contract that is delivered outside this state through an agent or other

77 representative of the company issuing the contract.

78 Sec. 5. Subsection (m) of section 38a-440 of the 2018 supplement to
79 the general statutes is repealed and the following is substituted in lieu
80 thereof (*Effective October 1, 2018*):

81 (m) The commissioner may adopt regulations, in accordance with
82 chapter 54, to (1) implement the provisions of this section, and (2)
83 notwithstanding subsection (a) of this section, prescribe nonforfeiture
84 benefits for contingent deferred annuities that are, in the opinion of the
85 commissioner, (A) equitable to the holders of such annuities, (B)
86 appropriate given the risks insured, and (C) to the extent possible,
87 consistent with the general intent of this section.

88 Sec. 6. Subsection (a) of section 38a-11 of the 2018 supplement to the
89 general statutes is repealed and the following is substituted in lieu
90 thereof (*Effective October 1, 2018*):

91 (a) The commissioner shall demand and receive the following fees:
92 (1) For the annual fee for each license issued to a domestic insurance
93 company, two hundred dollars; (2) for receiving and filing annual
94 reports of domestic insurance companies, fifty dollars; (3) for filing all
95 documents prerequisite to the issuance of a license to an insurance
96 company, two hundred twenty dollars, except that the fee for such
97 filings by any health care center, as defined in section 38a-175, shall be
98 one thousand three hundred fifty dollars; (4) for filing any additional
99 paper required by law, thirty dollars; (5) for each certificate of
100 valuation, organization, reciprocity or compliance, forty dollars; (6) for
101 each certified copy of a license to a company, forty dollars; (7) for each
102 certified copy of a report or certificate of condition of a company to be
103 filed in any other state, forty dollars; (8) for amending a certificate of
104 authority, two hundred dollars; (9) for each license issued to a rating
105 organization, two hundred dollars. In addition, insurance companies
106 shall pay any fees imposed under section 12-211; (10) a filing fee of
107 fifty dollars for each initial application for a license made pursuant to

108 section 38a-769; (11) with respect to insurance agents' appointments:
109 (A) A filing fee of fifty dollars for each request for any agent
110 appointment, except that no filing fee shall be payable for a request for
111 agent appointment by an insurance company domiciled in a state or
112 foreign country which does not require any filing fee for a request for
113 agent appointment for a Connecticut insurance company; (B) a fee of
114 one hundred dollars for each appointment issued to an agent of a
115 domestic insurance company or for each appointment continued; and
116 (C) a fee of eighty dollars for each appointment issued to an agent of
117 any other insurance company or for each appointment continued,
118 except that (i) no fee shall be payable for an appointment issued to an
119 agent of an insurance company domiciled in a state or foreign country
120 which does not require any fee for an appointment issued to an agent
121 of a Connecticut insurance company, and (ii) the fee shall be twenty
122 dollars for each appointment issued or continued to an agent of an
123 insurance company domiciled in a state or foreign country with a
124 premium tax rate below Connecticut's premium tax rate; (12) with
125 respect to insurance producers: (A) An examination fee of fifteen
126 dollars for each examination taken, except when a testing service is
127 used, the testing service shall pay a fee of fifteen dollars to the
128 commissioner for each examination taken by an applicant; (B) a fee of
129 eighty dollars for each license issued; (C) a fee of eighty dollars per
130 year, or any portion thereof, for each license renewed; and (D) a fee of
131 eighty dollars for any license renewed under the transitional process
132 established in section 38a-784; (13) with respect to public adjusters: (A)
133 An examination fee of fifteen dollars for each examination taken,
134 except when a testing service is used, the testing service shall pay a fee
135 of fifteen dollars to the commissioner for each examination taken by an
136 applicant; and (B) a fee of two hundred fifty dollars for each license
137 issued or renewed; (14) with respect to casualty claims adjusters: (A)
138 An examination fee of twenty dollars for each examination taken,
139 except when a testing service is used, the testing service shall pay a fee
140 of twenty dollars to the commissioner for each examination taken by
141 an applicant; (B) a fee of eighty dollars for each license issued or

142 renewed; and (C) the expense of any examination administered
143 outside the state shall be the responsibility of the entity making the
144 request and such entity shall pay to the commissioner two hundred
145 dollars for such examination and the actual traveling expenses of the
146 examination administrator to administer such examination; (15) with
147 respect to motor vehicle physical damage appraisers: (A) An
148 examination fee of eighty dollars for each examination taken, except
149 when a testing service is used, the testing service shall pay a fee of
150 eighty dollars to the commissioner for each examination taken by an
151 applicant; (B) a fee of eighty dollars for each license issued or renewed;
152 and (C) the expense of any examination administered outside the state
153 shall be the responsibility of the entity making the request and such
154 entity shall pay to the commissioner two hundred dollars for such
155 examination and the actual traveling expenses of the examination
156 administrator to administer such examination; (16) with respect to
157 certified insurance consultants: (A) An examination fee of twenty-six
158 dollars for each examination taken, except when a testing service is
159 used, the testing service shall pay a fee of twenty-six dollars to the
160 commissioner for each examination taken by an applicant; (B) a fee of
161 two hundred fifty dollars for each license issued; and (C) a fee of two
162 hundred fifty dollars for each license renewed; (17) with respect to
163 surplus lines brokers: (A) An examination fee of twenty dollars for
164 each examination taken, except when a testing service is used, the
165 testing service shall pay a fee of twenty dollars to the commissioner for
166 each examination taken by an applicant; and (B) a fee of six hundred
167 twenty-five dollars for each license issued or renewed; (18) with
168 respect to fraternal agents, a fee of eighty dollars for each license
169 issued or renewed; (19) a fee of twenty-six dollars for each license
170 certificate requested, whether or not a license has been issued; (20)
171 with respect to domestic and foreign benefit societies shall pay: (A) For
172 service of process, fifty dollars for each person or insurer to be served;
173 (B) for filing a certified copy of its charter or articles of association,
174 fifteen dollars; (C) for filing [the] an annual statement or report, twenty
175 dollars; and (D) for filing any additional paper required by law, fifteen

176 dollars; (21) with respect to foreign benefit societies: (A) For each
177 certificate of organization or compliance, fifteen dollars; (B) for each
178 certified copy of permit, fifteen dollars; and (C) for each copy of a
179 report or certificate of condition of a society to be filed in any other
180 state, fifteen dollars; (22) with respect to reinsurance intermediaries, a
181 fee of six hundred twenty-five dollars for each license issued or
182 renewed; (23) with respect to life settlement providers: (A) A filing fee
183 of twenty-six dollars for each initial application for a license made
184 pursuant to section 38a-465a; and (B) a fee of forty dollars for each
185 license issued or renewed; (24) with respect to life settlement brokers:
186 (A) A filing fee of twenty-six dollars for each initial application for a
187 license made pursuant to section 38a-465a; and (B) a fee of forty dollars
188 for each license issued or renewed; (25) with respect to preferred
189 provider networks, a fee of two thousand seven hundred fifty dollars
190 for each license issued or renewed; (26) with respect to rental
191 companies, as defined in section 38a-799, a fee of eighty dollars for
192 each permit issued or renewed; (27) with respect to medical discount
193 plan organizations licensed under section 38a-479rr, a fee of six
194 hundred twenty-five dollars for each license issued or renewed; (28)
195 with respect to pharmacy benefits managers, an application fee of one
196 hundred dollars for each registration issued or renewed; (29) with
197 respect to captive insurance companies, as defined in section 38a-91aa,
198 a fee of three hundred seventy-five dollars for each license issued or
199 renewed; (30) with respect to each duplicate license issued a fee of fifty
200 dollars for each license issued; (31) with respect to surety bail bond
201 agents, as defined in section 38a-660, (A) a filing fee of one hundred
202 fifty dollars for each initial application for a license, and (B) a fee of one
203 hundred dollars for each license issued or renewed; (32) with respect
204 to third-party administrators, as defined in section 38a-720, (A) a fee of
205 five hundred dollars for each license issued, and (B) a fee of four
206 hundred fifty dollars for each license renewed; (33) with respect to
207 portable electronics insurance licenses under section 38a-397, (A) a
208 filing fee of one hundred dollars for each initial application for a
209 license, (B) a fee of five hundred dollars for each license issued, and (C)

210 a fee of four hundred fifty dollars for each license renewed; and (34)
211 with respect to limited lines travel insurance producer licenses under
212 section 38a-398, (A) a filing fee of one hundred dollars for each initial
213 application for a license, (B) a fee of six hundred fifty dollars for each
214 license issued, and (C) a fee of six hundred fifty dollars for each license
215 renewed.

216 Sec. 7. Subdivisions (1) and (2) of subsection (a) of section 38a-614 of
217 the general statutes are repealed and the following is substituted in
218 lieu thereof (*Effective October 1, 2018*):

219 (1) Each domestic society transacting business in this state shall,
220 annually, on or before the first day of March, unless the commissioner
221 has extended such time for cause shown, file with the commissioner,
222 and electronically to the National Association of Insurance
223 Commissioners, a true and complete statement of its financial
224 condition, transactions and affairs for the preceding calendar year and
225 pay [a] the fee [of ten dollars] specified in section 38a-11, as amended
226 by this act, for filing the same. The statement shall be in general form
227 and context as approved by the National Association of Insurance
228 Commissioners for fraternal benefit societies and as supplemented by
229 additional information required by the commissioner. An
230 electronically filed true and complete report filed in accordance with
231 section 38a-53a that is timely submitted to the National Association of
232 Insurance Commissioners shall not exempt a domestic society from
233 timely filing a true and complete paper copy with the commissioner.

234 (2) Each foreign society transacting business in this state shall,
235 annually, on or before the first day of March, unless the commissioner
236 has extended such time for cause shown, file with the commissioner,
237 and electronically to the National Association of Insurance
238 Commissioners, a true and complete statement of its financial
239 condition, transactions and affairs for the preceding calendar year and
240 pay [a] the fee [of ten dollars] specified in section 38a-11, as amended
241 by this act, for filing the same. The statement shall be in general form

242 and context as approved by the National Association of Insurance
243 Commissioners for fraternal benefit societies and as supplemented by
244 additional information required by the commissioner. An
245 electronically filed true and complete report filed in accordance with
246 section 38a-53a that is timely submitted to the National Association of
247 Insurance Commissioners shall be deemed to have been submitted to
248 the commissioner in accordance with this subsection.

249 Sec. 8. Subsection (b) of section 38a-614 of the general statutes is
250 repealed and the following is substituted in lieu thereof (*Effective*
251 *October 1, 2018*):

252 (b) Each association that is (1) a tax-exempt organization under
253 Section 501(c)(23) of the Internal Revenue Code of 1986, or any
254 subsequent corresponding internal revenue code of the United States,
255 as amended from time to time, (2) doing business in this state, and (3)
256 not licensed under sections 38a-595 to 38a-626, inclusive, 38a-631 to
257 38a-640, inclusive, and 38a-800, shall, annually, on or before the first
258 day of May, file with the commissioner a true and complete financial
259 statement audited by an independent certified public accountant or
260 accounting firm of its financial condition, transactions and affairs for
261 the preceding calendar year and pay [a] the fee [of ten dollars]
262 specified in section 38a-11, as amended by this act, for filing the same.

263 Sec. 9. Subsection (a) of section 38a-908 of the general statutes is
264 repealed and the following is substituted in lieu thereof (*Effective*
265 *October 1, 2018*):

266 (a) Any present or former officer, manager, director, trustee, owner,
267 employee or agent of any insurer, or any other persons with authority
268 over or in charge of any segment of the insurer's affairs, shall cooperate
269 with the commissioner in any proceeding under this chapter or any
270 investigation preliminary to the proceeding. The term "person" as used
271 in this section shall include any person who exercises control directly
272 or indirectly over activities of the insurer through any holding

273 company or other affiliate of the insurer. "To cooperate" shall include,
274 but shall not be limited to, the following: (1) To reply promptly in
275 writing to any inquiry from the commissioner requesting such a reply;
276 and (2) to make available to the commissioner any books, accounts,
277 documents, or other records or information or property of or
278 pertaining to the insurer and in his possession, custody or control.

279 Sec. 10. Section 38a-925 of the general statutes is repealed and the
280 following is substituted in lieu thereof (*Effective October 1, 2018*):

281 (a) Every person who receives notice in the form prescribed in
282 section 38a-924, that an insurer [which he] that such person represents
283 as an agent is the subject of a liquidation order, shall within thirty days
284 of such notice provide to the liquidator, in addition to the information
285 [he] the agent may be required to provide pursuant to section 38a-908,
286 as amended by this act, the information in the agent's records related
287 to any policy issued by the insurer through the agent, and if the agent
288 is a general agent, the information in the general agent's records
289 related to any policy issued by the insurer through an agent under
290 contract to [him] the general agent, including the name and address of
291 such subagent. A policy shall be deemed issued through an agent if the
292 agent has a property interest in the expiration of the policy, or if the
293 agent has had in [his] the agent's possession a copy of the declarations
294 of the policy at any time during the life of the policy, except where the
295 ownership of the expiration of the policy has been transferred to
296 another. [The written notice shall include the name and address of the
297 insurer, the name and address of the agent, identification of the policy
298 impaired and the nature of the impairment including termination of
299 coverage, as described in section 38a-921. Notice by a general agent
300 satisfies the notice requirement for any agents under contract to him.
301 Each agent obligated to give notice under this section shall file a report
302 of compliance with the liquidator.]

303 (b) Any agent failing to [give notice or file a report of compliance]
304 provide information to the liquidator as required in subsection (a) of

305 this section may be subject to a penalty of not more than two thousand
 306 five hundred dollars and may have [his] such agent's license
 307 suspended, said penalty to be imposed after a hearing held by the
 308 commissioner.

309 Sec. 11. Section 38a-910 of the general statutes is repealed. (*Effective*
 310 *October 1, 2018*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>July 1, 2018</i>	38a-58a(a)
Sec. 3	<i>October 1, 2018</i>	38a-78(a)(2)(A)
Sec. 4	<i>October 1, 2018</i>	38a-440(a)
Sec. 5	<i>October 1, 2018</i>	38a-440(m)
Sec. 6	<i>October 1, 2018</i>	38a-11(a)
Sec. 7	<i>October 1, 2018</i>	38a-614(a)(1) and (2)
Sec. 8	<i>October 1, 2018</i>	38a-614(b)
Sec. 9	<i>October 1, 2018</i>	38a-908(a)
Sec. 10	<i>October 1, 2018</i>	38a-925
Sec. 11	<i>October 1, 2018</i>	Repealer section

Statement of Purpose:

To (1) authorize the Insurance Commissioner to adopt regulations concerning electronic filing, (2) modify the approval process for proposed domestic insurers, (3) subject fraternal benefit societies to certain requirements of the National Association of Insurance Commissioners' Valuation Manual, (4) authorize the commissioner to prescribe nonforfeiture benefits for contingent deferred annuities, (5) clarify statutory provisions concerning filing fees charged to fraternal benefit societies, (6) specify that both present and former officers of an insurer must cooperate with investigations conducted by the commissioner, (7) modify the duties of insurance agents, and (8) repeal a provision concerning delinquency proceedings.

[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.]