



General Assembly

**Substitute Bill No. 5206**

February Session, 2018



**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, the Insurance Commissioner may  
3 require that any person required by any provision of title 38a of the  
4 general statutes to make a filing or submission to the commissioner  
5 make such filing or submission to the commissioner by electronic  
6 means.

7 (b) Any person required to make a filing or submission to the  
8 commissioner by electronic means pursuant to subsection (a) of this  
9 section may submit a request to the commissioner seeking an  
10 exception to the requirement.

11 (c) The commissioner shall grant a request submitted pursuant to  
12 subsection (b) of this section if the commissioner determines that  
13 compliance with the requirement imposed pursuant to subsection (a)  
14 of this section is impractical, would cause the person seeking the  
15 exception to suffer undue hardship or that good cause exists to grant  
16 the requested exception.

17 Sec. 2. Subsection (a) of section 38a-58a of the general statutes is  
18 repealed and the following is substituted in lieu thereof (*Effective July*

19 1, 2018):

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

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

48 (2) (A) The provisions of this subdivision shall apply to policies and  
49 contracts issued on or after the operative date of the Valuation Manual,  
50 as set forth in section 38a-78a. [The provisions of this subdivision shall  
51 not apply to a society subject to section 38a-614, unless such society

52 elects to use the standards pursuant to subdivision (9) of subsection (a)  
53 of section 38a-614.]

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

57 (a) This section shall not apply to any reinsurance, group annuity  
58 purchased under a retirement plan or plan of deferred compensation  
59 established or maintained by an employer, including a partnership or  
60 sole proprietorship, or by an employee organization, or by both, other  
61 than a plan providing individual retirement accounts or individual  
62 retirement annuities under Section 408 of the Internal Revenue Code of  
63 1986, or any subsequent corresponding internal revenue code of the  
64 United States, as amended from time to time, premium deposit fund,  
65 variable annuity, investment annuity, immediate annuity, contingent  
66 deferred annuity, any deferred annuity contract after annuity  
67 payments have commenced, or reversionary annuity, nor to any  
68 contract that is delivered outside this state through an agent or other  
69 representative of the company issuing the contract.

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

73 (m) The commissioner may adopt regulations, in accordance with  
74 chapter 54, to (1) implement the provisions of this section, and (2)  
75 notwithstanding subsection (a) of this section, prescribe nonforfeiture  
76 benefits for contingent deferred annuities that are, in the opinion of the  
77 commissioner, (A) equitable to the holders of such annuities, (B)  
78 appropriate given the risks insured, and (C) to the extent possible,  
79 consistent with the general intent of this section.

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

83 (a) The commissioner shall demand and receive the following fees:  
84 (1) For the annual fee for each license issued to a domestic insurance  
85 company, two hundred dollars; (2) for receiving and filing annual  
86 reports of domestic insurance companies, fifty dollars; (3) for filing all  
87 documents prerequisite to the issuance of a license to an insurance  
88 company, two hundred twenty dollars, except that the fee for such  
89 filings by any health care center, as defined in section 38a-175, shall be  
90 one thousand three hundred fifty dollars; (4) for filing any additional  
91 paper required by law, thirty dollars; (5) for each certificate of  
92 valuation, organization, reciprocity or compliance, forty dollars; (6) for  
93 each certified copy of a license to a company, forty dollars; (7) for each  
94 certified copy of a report or certificate of condition of a company to be  
95 filed in any other state, forty dollars; (8) for amending a certificate of  
96 authority, two hundred dollars; (9) for each license issued to a rating  
97 organization, two hundred dollars. In addition, insurance companies  
98 shall pay any fees imposed under section 12-211; (10) a filing fee of  
99 fifty dollars for each initial application for a license made pursuant to  
100 section 38a-769; (11) with respect to insurance agents' appointments:  
101 (A) A filing fee of fifty dollars for each request for any agent  
102 appointment, except that no filing fee shall be payable for a request for  
103 agent appointment by an insurance company domiciled in a state or  
104 foreign country which does not require any filing fee for a request for  
105 agent appointment for a Connecticut insurance company; (B) a fee of  
106 one hundred dollars for each appointment issued to an agent of a  
107 domestic insurance company or for each appointment continued; and  
108 (C) a fee of eighty dollars for each appointment issued to an agent of  
109 any other insurance company or for each appointment continued,  
110 except that (i) no fee shall be payable for an appointment issued to an  
111 agent of an insurance company domiciled in a state or foreign country  
112 which does not require any fee for an appointment issued to an agent  
113 of a Connecticut insurance company, and (ii) the fee shall be twenty  
114 dollars for each appointment issued or continued to an agent of an  
115 insurance company domiciled in a state or foreign country with a  
116 premium tax rate below Connecticut's premium tax rate; (12) with  
117 respect to insurance producers: (A) An examination fee of fifteen

118 dollars for each examination taken, except when a testing service is  
119 used, the testing service shall pay a fee of fifteen dollars to the  
120 commissioner for each examination taken by an applicant; (B) a fee of  
121 eighty dollars for each license issued; (C) a fee of eighty dollars per  
122 year, or any portion thereof, for each license renewed; and (D) a fee of  
123 eighty dollars for any license renewed under the transitional process  
124 established in section 38a-784; (13) with respect to public adjusters: (A)  
125 An examination fee of fifteen dollars for each examination taken,  
126 except when a testing service is used, the testing service shall pay a fee  
127 of fifteen dollars to the commissioner for each examination taken by an  
128 applicant; and (B) a fee of two hundred fifty dollars for each license  
129 issued or renewed; (14) with respect to casualty claims adjusters: (A)  
130 An examination fee of twenty dollars for each examination taken,  
131 except when a testing service is used, the testing service shall pay a fee  
132 of twenty dollars to the commissioner for each examination taken by  
133 an applicant; (B) a fee of eighty dollars for each license issued or  
134 renewed; and (C) the expense of any examination administered  
135 outside the state shall be the responsibility of the entity making the  
136 request and such entity shall pay to the commissioner two hundred  
137 dollars for such examination and the actual traveling expenses of the  
138 examination administrator to administer such examination; (15) with  
139 respect to motor vehicle physical damage appraisers: (A) An  
140 examination fee of eighty dollars for each examination taken, except  
141 when a testing service is used, the testing service shall pay a fee of  
142 eighty dollars to the commissioner for each examination taken by an  
143 applicant; (B) a fee of eighty dollars for each license issued or renewed;  
144 and (C) the expense of any examination administered outside the state  
145 shall be the responsibility of the entity making the request and such  
146 entity shall pay to the commissioner two hundred dollars for such  
147 examination and the actual traveling expenses of the examination  
148 administrator to administer such examination; (16) with respect to  
149 certified insurance consultants: (A) An examination fee of twenty-six  
150 dollars for each examination taken, except when a testing service is  
151 used, the testing service shall pay a fee of twenty-six dollars to the  
152 commissioner for each examination taken by an applicant; (B) a fee of

153 two hundred fifty dollars for each license issued; and (C) a fee of two  
154 hundred fifty dollars for each license renewed; (17) with respect to  
155 surplus lines brokers: (A) An examination fee of twenty dollars for  
156 each examination taken, except when a testing service is used, the  
157 testing service shall pay a fee of twenty dollars to the commissioner for  
158 each examination taken by an applicant; and (B) a fee of six hundred  
159 twenty-five dollars for each license issued or renewed; (18) with  
160 respect to fraternal agents, a fee of eighty dollars for each license  
161 issued or renewed; (19) a fee of twenty-six dollars for each license  
162 certificate requested, whether or not a license has been issued; (20)  
163 with respect to domestic and foreign benefit societies shall pay: (A) For  
164 service of process, fifty dollars for each person or insurer to be served;  
165 (B) for filing a certified copy of its charter or articles of association,  
166 fifteen dollars; (C) for filing [the] an annual statement or report, twenty  
167 dollars; and (D) for filing any additional paper required by law, fifteen  
168 dollars; (21) with respect to foreign benefit societies: (A) For each  
169 certificate of organization or compliance, fifteen dollars; (B) for each  
170 certified copy of permit, fifteen dollars; and (C) for each copy of a  
171 report or certificate of condition of a society to be filed in any other  
172 state, fifteen dollars; (22) with respect to reinsurance intermediaries, a  
173 fee of six hundred twenty-five dollars for each license issued or  
174 renewed; (23) with respect to life settlement providers: (A) A filing fee  
175 of twenty-six dollars for each initial application for a license made  
176 pursuant to section 38a-465a; and (B) a fee of forty dollars for each  
177 license issued or renewed; (24) with respect to life settlement brokers:  
178 (A) A filing fee of twenty-six dollars for each initial application for a  
179 license made pursuant to section 38a-465a; and (B) a fee of forty dollars  
180 for each license issued or renewed; (25) with respect to preferred  
181 provider networks, a fee of two thousand seven hundred fifty dollars  
182 for each license issued or renewed; (26) with respect to rental  
183 companies, as defined in section 38a-799, a fee of eighty dollars for  
184 each permit issued or renewed; (27) with respect to medical discount  
185 plan organizations licensed under section 38a-479rr, a fee of six  
186 hundred twenty-five dollars for each license issued or renewed; (28)  
187 with respect to pharmacy benefits managers, an application fee of one

188 hundred dollars for each registration issued or renewed; (29) with  
189 respect to captive insurance companies, as defined in section 38a-91aa,  
190 a fee of three hundred seventy-five dollars for each license issued or  
191 renewed; (30) with respect to each duplicate license issued a fee of fifty  
192 dollars for each license issued; (31) with respect to surety bail bond  
193 agents, as defined in section 38a-660, (A) a filing fee of one hundred  
194 fifty dollars for each initial application for a license, and (B) a fee of one  
195 hundred dollars for each license issued or renewed; (32) with respect  
196 to third-party administrators, as defined in section 38a-720, (A) a fee of  
197 five hundred dollars for each license issued, and (B) a fee of four  
198 hundred fifty dollars for each license renewed; (33) with respect to  
199 portable electronics insurance licenses under section 38a-397, (A) a  
200 filing fee of one hundred dollars for each initial application for a  
201 license, (B) a fee of five hundred dollars for each license issued, and (C)  
202 a fee of four hundred fifty dollars for each license renewed; and (34)  
203 with respect to limited lines travel insurance producer licenses under  
204 section 38a-398, (A) a filing fee of one hundred dollars for each initial  
205 application for a license, (B) a fee of six hundred fifty dollars for each  
206 license issued, and (C) a fee of six hundred fifty dollars for each license  
207 renewed.

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

211 (1) Each domestic society transacting business in this state shall,  
212 annually, on or before the first day of March, unless the commissioner  
213 has extended such time for cause shown, file with the commissioner,  
214 and electronically to the National Association of Insurance  
215 Commissioners, a true and complete statement of its financial  
216 condition, transactions and affairs for the preceding calendar year and  
217 pay [a] the fee [of ten dollars] specified in section 38a-11, as amended  
218 by this act, for filing [the same] such annual statement. The statement  
219 shall be in general form and context as approved by the National  
220 Association of Insurance Commissioners for fraternal benefit societies

221 and as supplemented by additional information required by the  
222 commissioner. An electronically filed true and complete report filed in  
223 accordance with section 38a-53a that is timely submitted to the  
224 National Association of Insurance Commissioners shall not exempt a  
225 domestic society from timely filing a true and complete paper copy  
226 with the commissioner.

227 (2) Each foreign society transacting business in this state shall,  
228 annually, on or before the first day of March, unless the commissioner  
229 has extended such time for cause shown, file with the commissioner,  
230 and electronically to the National Association of Insurance  
231 Commissioners, a true and complete statement of its financial  
232 condition, transactions and affairs for the preceding calendar year and  
233 pay [a] the fee [of ten dollars] specified in section 38a-11, as amended  
234 by this act, for filing [the same] such annual statement. The statement  
235 shall be in general form and context as approved by the National  
236 Association of Insurance Commissioners for fraternal benefit societies  
237 and as supplemented by additional information required by the  
238 commissioner. An electronically filed true and complete report filed in  
239 accordance with section 38a-53a that is timely submitted to the  
240 National Association of Insurance Commissioners shall be deemed to  
241 have been submitted to the commissioner in accordance with this  
242 subsection.

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

246 (b) Each association that is (1) a tax-exempt organization under  
247 Section 501(c)(23) of the Internal Revenue Code of 1986, or any  
248 subsequent corresponding internal revenue code of the United States,  
249 as amended from time to time, (2) doing business in this state, and (3)  
250 not licensed under sections 38a-595 to 38a-626, inclusive, 38a-631 to  
251 38a-640, inclusive, and 38a-800, shall, annually, on or before the first  
252 day of May, file with the commissioner a true and complete financial  
253 statement audited by an independent certified public accountant or



254 accounting firm of its financial condition, transactions and affairs for  
255 the preceding calendar year and pay [a] the fee [of ten dollars]  
256 specified in section 38a-11, as amended by this act, for filing [the same]  
257 such annual statement.

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

261 (a) Any present or former officer, manager, director, trustee, owner,  
262 employee or agent of any insurer, or any other persons with authority  
263 over or in charge of any segment of the insurer's affairs, shall cooperate  
264 with the commissioner in any proceeding under this chapter or any  
265 investigation preliminary to the proceeding. [The term "person" as  
266 used in this section shall include] As used in this section, "person"  
267 includes any person who exercises control directly or indirectly over  
268 activities of the insurer through any holding company or other affiliate  
269 of the insurer; [. "To cooperate" shall include,] and "to cooperate"  
270 includes, but [shall] is not [be] limited to, the following: (1) To reply  
271 promptly in writing to any inquiry from the commissioner requesting  
272 such a reply; and (2) to make available to the commissioner any books,  
273 accounts, documents, or other records or information or property of or  
274 pertaining to the insurer and in [his] the person's possession, custody  
275 or control.

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

278 (a) [Every] Each person who receives notice in the form prescribed  
279 in section 38a-924 [,] that an insurer [which he] such person represents  
280 as an agent is the subject of a liquidation order [,] shall, within thirty  
281 days of such notice, provide to the liquidator, in addition to the  
282 information [he] the agent may be required to provide pursuant to  
283 section 38a-908, as amended by this act, the information in the agent's  
284 records related to any policy issued by the insurer through the agent,  
285 and if the agent is a general agent, the information in the general

286 agent's records related to any policy issued by the insurer through an  
 287 agent under contract to [him] the general agent, including the name  
 288 and address of such subagent. A policy shall be deemed issued  
 289 through an agent if the agent has a property interest in the expiration  
 290 of the policy, or if the agent has had in [his] the agent's possession a  
 291 copy of the declarations of the policy at any time during the life of the  
 292 policy, except where the ownership of the expiration of the policy has  
 293 been transferred to another. [The written notice shall include the name  
 294 and address of the insurer, the name and address of the agent,  
 295 identification of the policy impaired and the nature of the impairment  
 296 including termination of coverage, as described in section 38a-921.  
 297 Notice by a general agent satisfies the notice requirement for any  
 298 agents under contract to him. Each agent obligated to give notice  
 299 under this section shall file a report of compliance with the liquidator.]

300 (b) Any agent [failing to give notice or file a report of compliance]  
 301 who fails to provide information to the liquidator as required in  
 302 subsection (a) of this section may be subject to a penalty of not more  
 303 than two thousand five hundred dollars and may have [his] such  
 304 agent's license suspended, said penalty to be imposed after a hearing  
 305 held by the commissioner.

306 Sec. 11. Section 38a-910 of the general statutes is repealed. (*Effective*  
 307 *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

**INS**      *Joint Favorable Subst.*