Bill No.: SB-906
Title: AN ACT CONCERNING THE INSURANCE DEPARTMENT’S RECOMMENDED CHANGES TO THE INSURANCE STATUTES.
Vote Date: 3/14/2019
Vote Action: Joint Favorable Substitute
PH Date: 2/27/2019

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SPONSORS OF BILL:
Insurance and Real Estate Committee

REASONS FOR BILL:
The bill allows necessary changes to the operations department and changes to the Insurance Statutes.

RESPONSE FROM ADMINISTRATION/AGENCY:
Ted Doolittle, Office of the Healthcare Advocate, Supports the Bill. The Department’s need for additional expert assistance in the actuarial and other realms during the annual premium rate review process continues to expand. Such assistance and expertise will strengthen the Insurance Department’s ability to conduct deeper and more meaningful consumer-centric review of health insurance rate filings, including the type of all-in consumer healthcare cost affordability.

State of Connecticut, Insurance Department. Recommends changes to the various statutes:

Section 1: Flexibility in Rate and Form Review by Outside Consultants: This section would amend CGS 38a-8 to the allow the Department, particularly the Life & Health and Property & Casualty Divisions, to engage outside experts when necessary in order to review the appropriateness of insurance product rates, forms or similar filings with the Department and to recover the costs of such engagements from the carrier(s) making the filing.

Section 2: Opt-In to the Interstate Insurance Product Registration Compact for Disability Income Products: This section would amend CGS 38a-37 to opt Connecticut into the Interstate Insurance Product Regulation Compact (IIPRC) for disability income products. Connecticut entered into the Compact in 2016 for
life and annuity products but opted out of disability income and long term care products. Adoption of this bill will allow the Department to achieve additional administrative and regulatory efficiencies.

Section 3: Mutual Insurance Company Reorganization: This section would amend CGS 38a-156a to clarify that a domestic mutual insurer can reorganize to a mutual insurance holding company by a two thirds vote of its voting members, rather than a two thirds vote of all members. CGS 38a-156a to 38a-156m outline the process for mutual insurance company to reorganize to a mutual insurance holding company: one of the provisions in the process is an affirmative vote of the members. The Department does not want the state to be disadvantaged should a domestic mutual insurer want to utilize the provisions.

Section 4-6, 9 & 11: Electronic Notifications for Property & Casualty Products: Sections 12-17 of PA 18-158 permit electronic delivery of nonrenewals, renewals and cancellations of property and casualty products if such a method is agreed upon between an insured and their carrier, effective October 1, 2019.

Section 7: Updates to Licensee Information: This section amends CGS 38a-771 to update the items requiring license notification of the Commissioner of changes in information. Licensees are already required to send addresses when they make updates and the Department already does this via email. This will increase efficiencies at the Department and reduce reporting burdens for the licensees.

Sections 8 & 10: Repeal of Unnecessary Statutes: These sections repeal subsections (d) and (f) of CGS 38a-193 and CGS 38a-193a. Passage of PA 18-13 amended the Connecticut Life and Health Insurance Guaranty Association Act to include guaranty association coverage for health care centers (a/k/a “HMO’s) in the event of insolvency.

NATURE AND SOURCES OF SUPPORT:

Eric George, Insurance Association of Connecticut, asks to forgo approval of Section 1 (g) of the legislation at this time. The issue is that the DOI's decision to use or not use third party vendors would be completely dependent on whether the DOI believes they are necessary or desirable in a given instance. In an alternate instance, the DOI may decide that the use of such third party vendors are utilized, only the insurer who's filing is being scrutinized and is charged the cost of such services.

American Casualty Insurance Association (APCIA). The APCIA suggested changes to improve the language. In section one of the bill relative to the provision authorizing the Commissioner to engage the services of third party actuaries, professionals and specialists to assist the Commissioner in reviewing any rate, form or similar filing, the APCIA would like to ensure that third parties are not able to unreasonably delay the consideration of a filing or accrue unreasonably large charges which must be paid by the insurer submitting the filing.

The APCIA would also suggest a change in section five relating to cancellation of commercial risk insurance policies. The APCIA has major concerns with the requirement that the electronic delivery be evidenced by a delivery receipt. The APCIA would urge that the “evidenced by a delivery receipt” language be removed.

NATURE AND SOURCES OF OPPOSITION:

None Expressed

Reported by:  Dawn Silveira Date: 3/26/19