



General Assembly

Raised Bill No. 7269

January Session, 2019

LCO No. 4782



Referred to Committee on INSURANCE AND REAL
ESTATE

Introduced by:
(INS)

**AN ACT CONCERNING THE LEGISLATIVE COMMISSIONERS'
RECOMMENDATIONS FOR TECHNICAL AND OTHER CHANGES TO
THE INSURANCE AND RELATED STATUTES.**

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

1 Section 1. Subdivision (2) of subsection (a) of section 8-446 of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2019*):

4 (2) Funding a program, and any related administrative expense, to
5 reduce health and safety hazards in residential dwellings in
6 Connecticut, including, but not limited to, lead, radon and other
7 contaminants or conditions, through removal, remediation, abatement
8 and other appropriate methods. For purposes of this subdivision,
9 "administrative expense" means any administrative or other cost or
10 expense incurred by the Department of Housing in carrying out the
11 provisions of this section, including, but not limited to, the hiring of
12 necessary employees and entering into necessary contracts.

13 Sec. 2. Subdivision (2) of subsection (a) of section 38a-183 of the

14 general statutes, as amended by section 7 of public act 18-41, is
15 repealed and the following is substituted in lieu thereof (*Effective*
16 *January 1, 2020*):

17 (2) Premium rates and special enrollment periods offered to
18 individuals shall be consistent with the requirements set forth in
19 section 38a-481.

20 Sec. 3. Section 38a-343a of the general statutes is repealed and the
21 following is substituted in lieu thereof (*Effective October 1, 2019*):

22 (a) (1) The Commissioner of Motor Vehicles may require each
23 insurer that issues policies in this state to notify said commissioner
24 monthly, on a date specified by said commissioner, of [the cancellation
25 or issuance and addition] all additions, cancellations and issuances by
26 the insurer of [all] such policies that occurred during the preceding
27 month. Such notice shall include the name of the named insured in
28 [the] each policy, the policy number of each policy, the vehicle
29 identification number of each automobile covered by [the] each policy
30 and the effective date of [the] each policy's [cancellation or issuance or]
31 addition, cancellation or issuance. Said commissioner shall specify an
32 acceptable method of notification. The method of notification specified
33 may include computer tapes or electronic transmission.

34 (2) Said commissioner may require each insurer that issues policies
35 in this state to provide monthly, on a date specified by said
36 commissioner, the policy information required for purposes of the
37 Online Insurance Verification System, as provided in section 14-112a.

38 (3) The failure of an insurer to comply with the requirements of this
39 section shall not affect the cancellation or issuance of any policy.

40 (b) The Commissioner of Motor Vehicles shall receive or accept all
41 notices of policy addition, cancellation [or] and issuance [or addition]
42 or all policy information from insurers, as required pursuant to
43 subsection (a) of this section. Said commissioner shall review and
44 analyze the [cancellation or issuance and addition] addition,

45 cancellation and issuance data or policy information submitted,
46 together with such other information as said commissioner may obtain
47 from the insurers, from the records of the Department of Motor
48 Vehicles, or from any other public or private agency or firm in
49 possession of relevant information, for the purpose of determining
50 whether any registered owner identified in any such notice has failed
51 to continuously maintain insurance coverage in violation of sections
52 14-12c and 38a-371. In conducting such an inquiry to determine
53 insured status, said commissioner may contact registered vehicle
54 owners by mail and require that such mail inquiries be answered in
55 not less than thirty days, in a satisfactory manner containing such
56 information and verification of insurance coverage as said
57 commissioner deems necessary and acceptable.

58 Sec. 4. Subsection (b) of section 38a-401 of the general statutes is
59 repealed and the following is substituted in lieu thereof (*Effective*
60 *October 1, 2019*):

61 (b) Except as otherwise expressly provided in sections 38a-400 to
62 38a-425, inclusive, and except where the context otherwise requires, all
63 provisions of this title [38a] applicable to insurance and insurance
64 companies generally shall apply to title insurance and title insurance
65 companies.

66 Sec. 5. Subdivision (2) of subsection (f) of section 38a-860 of the
67 general statutes is repealed and the following is substituted in lieu
68 thereof (*Effective October 1, 2019*):

69 (2) Sections 38a-858 to 38a-875, inclusive, shall not provide coverage
70 for: (A) Any portion of a policy or contract not guaranteed by the
71 insurer, or under which the risk is borne by the policy or contract
72 holder; (B) any policy or contract of reinsurance, unless assumption
73 certificates have been issued; (C) except as set forth in subdivision (3)
74 of this subsection, any portion of a policy or contract to the extent that
75 the rate of interest on which it is based or the interest rate, crediting
76 rate or similar factor determined by use of an index or other external

77 reference stated in the policy or contract employed in calculating
78 returns or changes in value (i) averaged over the period of four years
79 prior to the date on which the member insurer becomes an impaired or
80 insolvent insurer under sections 38a-858 to 38a-875, inclusive, exceeds
81 the rate of interest determined by subtracting two percentage points
82 from Moody's corporate bond yield average averaged for that same
83 four-year period or for such lesser period if the policy or contract was
84 issued less than four years before the member insurer becomes an
85 impaired or insolvent insurer under sections 38a-858 to 38a-875,
86 inclusive, whichever is earlier, and (ii) on and after the date on which
87 the member insurer becomes an impaired or insolvent insurer under
88 sections 38a-858 to 38a-875, inclusive, whichever is earlier, exceeds the
89 rate of interest determined by subtracting three percentage points from
90 Moody's corporate bond yield average as most recently available; (D) a
91 portion of a policy or contract issued to any plan or program of an
92 employer, association or similar entity to provide life, health or
93 annuity benefits to its employees or members to the extent that such
94 plan or program is self-funded or uninsured, including, but not limited
95 to, benefits payable by an employer, association or similar entity under
96 (i) a multiple employer welfare arrangement as defined in Section 514
97 of the federal Employee Retirement Income Security Act of 1974, as
98 amended from time to time, (ii) a minimum premium group insurance
99 plan, or (iii) an administrative services only contract; (E) any stop-loss
100 or excess loss insurance policy or contract providing for the
101 indemnification of or payment to a policy owner, a contract owner, a
102 plan or another person obligated to pay life, health or annuity benefits;
103 (F) any portion of a policy or contract to the extent that it provides
104 dividends, experience rating credits, voting rights or provides that any
105 fees or allowances be paid to any person, including, but not limited to,
106 the policy or contract holder, in connection with the service to or
107 administration of such policy or contract; (G) any policy or contract
108 issued in this state by a member insurer at a time when it was not
109 licensed or did not have a certificate of authority to issue such policy
110 or contract in this state; (H) any unallocated annuity contract issued to
111 an employee benefit plan protected under the federal Pension Benefit

112 Guaranty Corporation, regardless of whether the federal Pension
113 Benefit Guaranty Corporation has yet become liable to make any
114 payments with respect to the benefit plan; (I) any portion of an
115 unallocated annuity contract that is not issued to, or in connection with
116 a specific employee, union or association of natural persons benefit
117 plan or a government lottery; (J) a portion of a policy or contract to the
118 extent that the assessments required by section 38a-866 with respect to
119 the policy or contract are preempted by federal or state law; (K) a
120 contractual agreement that establishes the insurer's obligation by
121 reference to a portfolio of assets that is not owned or possessed by the
122 insurance company; (L) an obligation that does not arise under the
123 express written terms of the policy or contract issued by the member
124 insurer to the enrollee, certificate holder, contract owner or policy
125 owner, including, but not limited to, (i) a claim based on marketing
126 materials, (ii) a claim based on side letters, riders or other documents
127 that were issued by the member insurer without meeting applicable
128 policy or contract form filing or approval requirements, (iii) a
129 misrepresentation of or regarding policy or contract benefits, (iv) an
130 extra-contractual claim, or (v) a claim for penalties or consequential or
131 incidental damages; (M) a contractual agreement that establishes the
132 member insurer's obligations to provide a book value accounting
133 guaranty for defined contribution benefit plan participants by
134 reference to a portfolio of assets that is owned by the benefit plan or its
135 trustee, which in each case is not an affiliate of the member insurer; (N)
136 a portion of a policy or contract to the extent it provides for interest or
137 other changes in value to be determined by the use of an index or other
138 external reference stated in the policy or contract, but that have not
139 been credited to the policy or contract, or as to which the policy or
140 contract owner's rights are subject to forfeiture, as of the date the
141 member insurer becomes an impaired or insolvent insurer under
142 sections 38a-858 to 38a-875, inclusive, whichever is earlier. If a policy's
143 or contract's interest or changes in value are credited less frequently
144 than annually, then for purposes of determining the values that have
145 been credited and are not subject to forfeiture under this
146 subparagraph, the interest or change in value determined by using the

147 procedures defined in the policy or contract shall be credited as if the
148 contractual date of crediting interest or changing values was the date
149 of impairment or insolvency, whichever is earlier, and shall not be
150 subject to forfeiture; (O) structured settlement annuity benefits to
151 which a payee or beneficiary has transferred the payee's or
152 beneficiary's rights in a structured settlement factoring transaction as
153 defined in 26 USC 5891(c)(3)(A), regardless of whether the transaction
154 occurred before or after said section became effective; and (P) any
155 policy or contract providing hospital, medical, prescription drugs or
156 other health care benefits pursuant to Part C, 42 USC 1395w21 et seq.,
157 Part D, 42 USC 1395w101 et seq., or 42 USC Chapter 7, Subchapter XIX,
158 as said parts and subchapter may be amended from time to time, or
159 any regulations issued thereunder.

160 Sec. 6. Subsection (g) of section 38a-860 of the general statutes is
161 repealed and the following is substituted in lieu thereof (*Effective*
162 *October 1, 2019*):

163 (g) The benefits for which the association may become liable shall in
164 no event exceed the lesser of: (1) The contractual obligations for which
165 the insurer is liable or would have been liable if it were not an
166 impaired insurer, or (2) (A) with respect to any one life, regardless of
167 the number of policies or contracts: (i) Five hundred thousand dollars
168 in life insurance death benefits, but no more than five hundred
169 thousand dollars in net cash surrender and net cash withdrawal values
170 for life insurance; (ii) five hundred thousand dollars in health
171 insurance benefits, including, but not limited to, any net cash
172 surrender and net cash withdrawal values; (iii) five hundred thousand
173 dollars in the present value of annuity benefits, including, but not
174 limited to, net cash surrender and net cash withdrawal values; (B) with
175 respect to each individual participating in a governmental retirement
176 plan established under Section 401, 403(b) or 457 of the United States
177 Internal Revenue Code of 1986, or any subsequent internal revenue
178 code of the United States, as amended from time to time, covered by
179 an unallocated annuity contract or the beneficiaries of each such

180 individual if deceased, in the aggregate, five hundred thousand dollars
181 in present value annuity benefits, including, but not limited to, net
182 cash surrender and net cash withdrawal values; (C) with respect to
183 each payee of a structured settlement annuity, or beneficiary or
184 beneficiaries of the payee if deceased, five hundred thousand dollars in
185 present value annuity benefits, in the aggregate, including, but not
186 limited to, net cash surrender and net cash withdrawal values, if any,
187 provided in no event shall the association be liable to expend (i) more
188 than the five hundred thousand dollars in the aggregate with respect
189 to any one individual under subparagraphs (A), (B) and (C) of this
190 subdivision, and (ii) with respect to one owner of multiple nongroup
191 policies of life insurance, whether the policy or contract owner is an
192 individual, firm, corporation or other person, and whether the persons
193 insured are officers, managers, employees or other persons, more than
194 five million dollars in benefits, regardless of the number of policies and
195 contracts held by the owner; and (D) with respect to either (i) one
196 contract owner provided coverage under subdivision (2) of subsection
197 (b) of this section, or (ii) one plan sponsor whose plans own directly or
198 in trust one or more unallocated annuity contracts not included in
199 subparagraph (B) of subdivision (2) of this subsection, five million
200 dollars in benefits regardless of the number of contracts with respect to
201 the contract owner or plan sponsor, except that in the case where one
202 or more unallocated annuity contracts are covered contracts under
203 sections 38a-858 to 38a-875, inclusive, and are owned by a trust or
204 other entity for the benefit of two or more plan sponsors, coverage
205 shall be afforded by the association if the largest interest in the trust or
206 entity owning the contract or contracts is held by a plan sponsor whose
207 principal place of business is in this state and in no event shall the
208 association be obligated to cover more than five million dollars in
209 benefits with respect to all such unallocated contracts. [; and (E) the]
210 The limits set forth in this subsection are limits on the benefits for
211 which the association is obligated before taking into account either the
212 association's subrogation and assignment rights or the extent to which
213 those benefits could be provided out of the assets of the impaired or
214 insolvent insurer that are attributable to covered policies. The costs of

215 the association's obligations under sections 38a-858 to 38a-875,
216 inclusive, may be met by the use of assets attributable to covered
217 policies or reimbursed to the association pursuant to the association's
218 subrogation and assignment rights.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2019</i>	8-446(a)(2)
Sec. 2	<i>January 1, 2020</i>	38a-183(a)(2)
Sec. 3	<i>October 1, 2019</i>	38a-343a
Sec. 4	<i>October 1, 2019</i>	38a-401(b)
Sec. 5	<i>October 1, 2019</i>	38a-860(f)(2)
Sec. 6	<i>October 1, 2019</i>	38a-860(g)

INS *Joint Favorable*