OLR Bill Analysis
sSB 906

AN ACT CONCERNING THE INSURANCE DEPARTMENT’S RECOMMENDED CHANGES TO THE INSURANCE STATUTES AND INSURANCE PLANS PROCURED BY THE COMPTROLLER.

SUMMARY

This bill makes various changes to the insurance statutes, as described in the section-by-section analysis below. Among other things, it (1) allows the insurance commissioner to engage the services of insurance professionals to review certain form and rate filings, (2) opts Connecticut into the Interstate Insurance Product Regulation Compact for disability income products, and (3) allows certain insurance documents to be sent electronically with an insured’s consent.

The bill also changes the date dependent coverage terminates under benefit plans procured by the comptroller for the benefit of surviving spouses and dependent children of certain first responders who die in the line of duty. Under the bill, a dependent child’s coverage under such a plan terminates the earlier of the end of the calendar year, rather than the end of the policy year, in which the child turns age 26 or obtains insurance through his or her own employment.

Lastly, the bill makes other minor, technical, and conforming changes.

EFFECTIVE DATE: Various, as shown below.

§ 1 — HIRING CONSULTANTS TO REVIEW RATE AND FORM FILINGS

The bill authorizes the insurance commissioner to engage the services of consultants (i.e., third-party actuaries, professionals, and other specialists) he deems necessary to review rate, form, and similar filings submitted to the Insurance Department pursuant to state law. It
requires the entity submitting the filing (e.g., insurer or HMO) to pay for the consultant’s services.

By law, the commissioner has authority to hire consultants to review insurer license applications and other transactions as necessary and perform examinations and financial analyses of insurers (CGS §§ 38a-8(d), 38a-14(c), & 38a-14a(b)).

EFFECTIVE DATE: July 1, 2019

§ 2 — INTERSTATE INSURANCE PRODUCT REGULATION COMPACT

The bill opts Connecticut into the Interstate Insurance Product Regulation Compact for disability income products. Connecticut is already a member of the compact for life insurance and annuity products (PA 16-119).

Under the compact, member states develop national product standards and establish a centralized filing process for insurers offering the products. The Interstate Insurance Product Regulation Commission, which the compact created, collects filing fees from insurers and remits to the member states their portion of them. Additionally, a member state retains its authority to perform market conduct examinations of insurers and respond to consumer complaints, including those relating to commission-approved products.

EFFECTIVE DATE: Upon passage

§ 3 — MUTUAL INSURER REORGANIZATION VOTE

The bill requires a domestic mutual insurer that wishes to reorganize as a domestic stock insurer owned, directly or indirectly, by a mutual holding company to have an affirmative vote on the reorganization plan by two-thirds of its voting members, instead of two-thirds of all members, as under current law.

EFFECTIVE DATE: Upon passage
§§ 4-6, 13 & 15 — ELECTRONIC NOTIFICATIONS FOR PROPERTY AND CASUALTY PRODUCTS

PA 18-158 allows certain insurance notices, with the insured’s consent, to be sent electronically, effective October 1, 2019. The bill moves up the effective date to July 1, 2019.

Thus, beginning July 1, 2019, the bill allows the following insurance documentation to be sent electronically if the insured consents:

1. property and casualty insurers’ nonrenewal, third-party designation, or cancellation notices;

2. professional liability insurers’ rate increase request notices to physicians, surgeons, hospitals, advanced practice registered nurses, or physician assistants; and

3. an insured’s contract cancellation with a public adjuster.

The bill also allows an insurer to send commercial risk insurance cancellation notices electronically, evidenced by a delivery receipt, if the named insured consents.

EFFECTIVE DATE: July 1, 2019, and upon passage for the changes to PA 18-158.

§ 7 — UPDATES TO LICENSEE INFORMATION

Under the law, certain licensees must notify the insurance commissioner in writing within 30 days of when certain business information changes (e.g., address, name, employer) from what was shown in their license application. The bill adds to the information that licensees must update to include a change in (1) email address and (2) licensed insurance producer responsible for ensuring compliance with state laws and regulations. It also removes a requirement that the licensee notify the commissioner of any changes to the members of a firm, partnership, or association or corporate officers.

The bill applies to the following types of licensees: insurance producers, public adjusters, casualty claim adjusters, motor vehicle physical damage appraisers, surplus lines brokers, and certified
insurance consultants.

EFFECTIVE DATE: October 1, 2019

§§ 8 & 14 — HMO INSOLVENCY DEPOSIT REQUIREMENTS REPEALED

The bill repeals requirements that a health care center (i.e., HMO) (1) have a plan for handling insolvency, (2) deposit $500,000 with the commissioner or other trustee for the benefit of enrollees when the HMO is in receivership, and (3) deposit 120% of its outstanding liability for uncovered expenditures for enrollees in an account separate from all others.

PA 18-13 amended the Connecticut Life and Health Insurance Guaranty Association Act to include coverage under the association for HMOs in the event of insolvency.

EFFECTIVE DATE: Upon passage

§ 9 — COVERAGE OF DEPENDENT CHILDREN UNDER PLAN PROCURED BY THE COMPTROLLER

The bill changes the date dependent coverage terminates under certain benefit plans procured by the comptroller.

By law, the comptroller must arrange and procure one or more group hospitalization, medical, and surgical plans for the surviving spouses and dependent children of state or local police officers, full-time paid municipal firefighters, or constables who performed criminal law enforcement duties who died from injuries received in the course of their employment. The surviving spouse and children are not eligible if they are eligible for another group health insurance plan.

Under the bill, a dependent child’s coverage under such a plan terminates the earlier of the end of the calendar year, rather than the end of the policy year, in which the child turns age 26 or obtains insurance through his or her own employment.

EFFECTIVE DATE: Upon passage
§§ 10-12 — EXEMPTING ACCIDENT-ONLY INSURANCE POLICIES FROM CERTAIN HEALTH INSURANCE REQUIREMENTS

The bill exempts accident-only insurance policies from requirements that they provide the following health insurance benefits:

1. direct access to obstetrician-gynecologists by female enrollees,

2. coverage for preventive pediatric care at specified age intervals, and

3. coverage for blood lead screening and risk assessments.

Accident-only policies are not major medical policies. Rather, they cover expenses a person may incur related to an accidental injury.

EFFECTIVE DATE: January 1, 2020

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 16 Nay 3  (03/14/2019)