



# Senate

General Assembly

**File No. 372**

January Session, 2021

Senate Bill No. 1047

*Senate, April 8, 2021*

The Committee on Insurance and Real Estate reported through SEN. LESSER of the 9th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

## ***AN ACT CONCERNING INSURANCE AND CLIMATE CHANGE.***

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

1 Section 1. Section 38a-1 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2021*):

3 Terms used in this title and sections 2 and 3 of this act, unless it  
4 appears from the context to the contrary, shall have a scope and  
5 meaning as set forth in this section.

6 (1) "Affiliate" or "affiliated" means a person that directly, or indirectly  
7 through one or more intermediaries, controls, is controlled by or is  
8 under common control with another person.

9 (2) "Alien insurer" means any insurer that has been chartered by or  
10 organized or constituted within or under the laws of any jurisdiction or  
11 country without the United States.

12 (3) "Annuities" means all agreements to make periodical payments  
13 where the making or continuance of all or some of the series of the

14 payments, or the amount of the payment, is dependent upon the  
15 continuance of human life or is for a specified term of years. This  
16 definition does not apply to payments made under a policy of life  
17 insurance.

18 (4) "Commissioner" means the Insurance Commissioner.

19 (5) "Control", "controlled by" or "under common control with" means  
20 the possession, direct or indirect, of the power to direct or cause the  
21 direction of the management and policies of a person, whether through  
22 the ownership of voting securities, by contract other than a commercial  
23 contract for goods or nonmanagement services, or otherwise, unless the  
24 power is the result of an official position with the person.

25 (6) "Domestic insurer" means any insurer that has been chartered by,  
26 incorporated, organized or constituted within or under the laws of this  
27 state.

28 (7) "Domestic surplus lines insurer" means any domestic insurer that  
29 has been authorized by the commissioner to write surplus lines  
30 insurance.

31 (8) "Foreign country" means any jurisdiction not in any state, district  
32 or territory of the United States.

33 (9) "Foreign insurer" means any insurer that has been chartered by or  
34 organized or constituted within or under the laws of another state or a  
35 territory of the United States.

36 (10) "Insolvency" or "insolvent" means, for any insurer, that it is  
37 unable to pay its obligations when they are due, or when its admitted  
38 assets do not exceed its liabilities plus the greater of: (A) Capital and  
39 surplus required by law for its organization and continued operation;  
40 or (B) the total par or stated value of its authorized and issued capital  
41 stock. For purposes of this subdivision "liabilities" shall include but not  
42 be limited to reserves required by statute or by regulations adopted by  
43 the commissioner in accordance with the provisions of chapter 54 or  
44 specific requirements imposed by the commissioner upon a subject

45 company at the time of admission or subsequent thereto.

46 (11) "Insurance" means any agreement to pay a sum of money,  
47 provide services or any other thing of value on the happening of a  
48 particular event or contingency or to provide indemnity for loss in  
49 respect to a specified subject by specified perils in return for a  
50 consideration. In any contract of insurance, an insured shall have an  
51 interest which is subject to a risk of loss through destruction or  
52 impairment of that interest, which risk is assumed by the insurer and  
53 such assumption shall be part of a general scheme to distribute losses  
54 among a large group of persons bearing similar risks in return for a  
55 ratable contribution or other consideration.

56 (12) "Insurer" or "insurance company" includes any person or  
57 combination of persons doing any kind or form of insurance business  
58 other than a fraternal benefit society, and shall include a receiver of any  
59 insurer when the context reasonably permits.

60 (13) "Insured" means a person to whom or for whose benefit an  
61 insurer makes a promise in an insurance policy. The term includes  
62 policyholders, subscribers, members and beneficiaries. This definition  
63 applies only to the provisions of this title and does not define the  
64 meaning of this word as used in insurance policies or certificates.

65 (14) "Life insurance" means insurance on human lives and insurances  
66 pertaining to or connected with human life. The business of life  
67 insurance includes granting endowment benefits, granting additional  
68 benefits in the event of death by accident or accidental means, granting  
69 additional benefits in the event of the total and permanent disability of  
70 the insured, and providing optional methods of settlement of proceeds.  
71 Life insurance includes burial contracts to the extent provided by  
72 section 38a-464.

73 (15) "Mutual insurer" means any insurer without capital stock, the  
74 managing directors or officers of which are elected by its members.

75 (16) "Person" means an individual, a corporation, a partnership, a

76 limited liability company, an association, a joint stock company, a  
77 business trust, an unincorporated organization or other legal entity.

78 (17) "Policy" means any document, including attached endorsements  
79 and riders, purporting to be an enforceable contract, which  
80 memorializes in writing some or all of the terms of an insurance  
81 contract.

82 (18) "State" means any state, district, or territory of the United States.

83 (19) "Subsidiary" of a specified person means an affiliate controlled  
84 by the person directly, or indirectly through one or more intermediaries.

85 (20) "Unauthorized insurer" or "nonadmitted insurer" means an  
86 insurer that has not been granted a certificate of authority by the  
87 commissioner to transact the business of insurance in this state or an  
88 insurer transacting business not authorized by a valid certificate.

89 (21) "United States" means the United States of America, its territories  
90 and possessions, the Commonwealth of Puerto Rico and the District of  
91 Columbia.

92 Sec. 2. (NEW) (*Effective October 1, 2021*) (a) (1) Not later than January  
93 1, 2022, the commissioner shall develop and implement criteria for each  
94 insurer doing business in this state to submit, at least annually, to the  
95 commissioner a report disclosing:

96 (A) Such insurer's investments in fossil fuels;

97 (B) The degree to which such insurer's investments are exposed to  
98 climate risks; and

99 (C) Information concerning such insurer's gross premium  
100 underwriting for insureds involved in the fossil fuel industry and  
101 related industries.

102 (2) The criteria developed by the commissioner pursuant to  
103 subdivision (1) of this subsection shall enable the commissioner to post  
104 the information reported to the commissioner pursuant to subsection (b)

105 of this section on the Insurance Department's Internet web site.

106 (b) Not later than March 1, 2022, and annually thereafter, each insurer  
107 doing business in this state shall submit a report to the commissioner  
108 disclosing the information set forth in subdivision (1) of subsection (a)  
109 of this section for the preceding calendar year.

110 (c) Not later than April 1, 2022, and annually thereafter, the  
111 commissioner shall post the information reported to the commissioner  
112 pursuant to subsection (b) of this section on the Insurance Department's  
113 Internet web site.

114 (d) The commissioner may adopt regulations, in accordance with  
115 chapter 54 of the general statutes, to carry out the purposes of this  
116 section.

117 Sec. 3. (NEW) (*Effective October 1, 2021*) Not later than April 1, 2022,  
118 and annually thereafter, the commissioner shall submit a report, in  
119 accordance with section 11-4a of the general statutes, to the joint  
120 standing committee of the General Assembly having cognizance of  
121 matters relating to insurance. The report shall disclose, for the preceding  
122 calendar year, the Insurance Department's:

123 (1) Efforts, if any, to:

124 (A) Integrate climate-related risks into the department's regulation  
125 and supervision of insurers, including, but not limited to:

126 (i) Risk-based capital requirements;

127 (ii) Regular supervisory examinations; and

128 (iii) Own risk and solvency assessments; and

129 (B) Align insurer investment and underwriting activities with the  
130 goal expressed by the parties to the United Nations Framework  
131 Convention on Climate Change in the Paris Agreement to limit the  
132 increase in the global average temperature to one and one-half degrees  
133 Celsius above preindustrial levels; and

134 (2) Regulatory and supervisory actions, if any, to bolster the resilience  
135 of insurers to the physical impacts of climate change.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2021</i>	38a-1
Sec. 2	<i>October 1, 2021</i>	New section
Sec. 3	<i>October 1, 2021</i>	New section

**INS**      *Joint Favorable*

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

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**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Insurance Dept.	IF - Potential Cost	Up to 40,000	None

Note: IF=Insurance Fund

**Municipal Impact:** None

**Explanation**

The bill results in a potential one-time cost of up to \$40,000 to the Insurance Fund for consultant services. Under the bill, the Insurance Department (DOI) must develop certain reporting criteria for insurers to report to the agency annually beginning March 1, 2022 and post the results on its website. DOI must also report on the agency's own efforts related to climate change. To the extent that DOI needs outside expertise to establish these reports, the agency is anticipated to incur a cost of up to \$40,000 in FY 22.

**The Out Years**

There is no anticipated fiscal impact beyond FY 22.

Sources: Connecticut Insurance Department

**OLR Bill Analysis****SB 1047*****AN ACT CONCERNING INSURANCE AND CLIMATE CHANGE.*****SUMMARY**

This bill requires the insurance commissioner, by January 1, 2022, to develop and implement criteria for insurers doing business in Connecticut to submit an annual report disclosing the following:

1. the insurer's investments in fossil fuels,
2. the investments' exposure to climate risks, and
3. information on the insurer's gross premium underwriting for insureds involved in the fossil fuel industry and related industries.

It requires insurers doing business in Connecticut, beginning by March 1, 2022, to annually report to the commissioner the above information for the preceding calendar year. The commissioner (1) must post the reports on the department's website by April 1 annually and (2) may adopt implementing regulations.

The bill also requires the commissioner to submit a report to the Insurance and Real Estate Committee annually beginning by April 1, 2022. The report must disclose the department's efforts, if any, in the preceding calendar year to do the following:

1. integrate climate-related risks into the department's regulation and supervision of insurers,
2. align insurer investment and underwriting activities with the goal of the Paris Agreement on Climate Change to limit the increase in the global average temperature to 1½ degrees Celsius



above preindustrial levels, and

3. bolster insurers' resilience to climate change's physical impacts.

EFFECTIVE DATE: October 1, 2021

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 16 Nay 2 (03/22/2021)