

# OFFICE OF FISCAL ANALYSIS

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sHB-6391

AN ACT CONCERNING THE INSURANCE DEPARTMENT'S  
RECOMMENDATIONS REGARDING THE GENERAL STATUTES.

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## ***OFA Fiscal Note***

### ***State Impact:***

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Insurance Dept.	GF - Potential Revenue Gain	Minimal	Minimal
Insurance Dept.	IF - Net Savings	2,550	3,400

Note: GF=General Fund; IF=Insurance Fund

***Municipal Impact:*** None

### ***Explanation***

The bill makes a variety of changes to the insurance statutes that result in the fiscal impacts below.

The bill results in a potential minimal revenue gain to the General Fund from additional penalties and fines related to the Public Health Fee. Under the bill, the Insurance Commissioner may assess a civil fine of up to \$15,000 on insurers and HMO's that intentionally misrepresent the number of covered lives under their policies. The bill also establishes a late filing fee of \$100 per day. As the Insurance Department (DOI) does not have issues with the accurate and timely submission by insurers and HMO's for the Public Health Fee, there is minimal, if any, new revenue anticipated from these provisions.

The bill results in a net savings for DOI of approximately \$3,400 per year due to the elimination of the \$25 external review application fee because the agency currently spends more on fee administration than

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it gains in revenue. For example, DOI collected \$5,759 in such fees in 2020 but had to return fees worth \$3,800 because the fee is waived in certain cases. The resulting fee revenue in 2020 of \$1,959 was more than offset by the \$5,340 incurred by DOI in administrative costs for the handling of initial and returned checks.<sup>1</sup> The FY 22 fiscal impact reflects nine months of net savings.

The bill allows domestic insurance companies to pay their entire share of the Insurance Fund General Assessment at the first payment date rather than quarterly, which may bring forward some Insurance Fund revenue but does not change the total revenue amount to be received by the fund.

The bill also makes technical changes to the insurance data security law and repeals a reporting requirement for the Insurance Commissioner, both of which have no fiscal impact. For the annual report being repealed, neither the information it is intended to report about nor the report itself has been submitted in recent years.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to the amount of applications for external review and any penalties related to the Public Health Fee assessed.

*Sources: Connecticut Insurance Department*

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<sup>1</sup> According to DOI, they incur a cost of \$10 per check for initial fees and \$20 per check for refunds.