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sHB-6391
AN ACT CONCERNING THE INSURANCE DEPARTMENT'S RECOMMENDATIONS REGARDING THE GENERAL STATUTES.
As Amended by House "A" (LCO 6616)
House Calendar No.: 254

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 described below.

Section 1 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.

Sections 2 and 3 make technical changes to the insurance data security law and repeal 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 For the annual report being repealed, neither the information it is intended to report about nor the report itself has been submitted in recent years.

Section 4 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.

Section 5 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 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.[1] The FY 22 fiscal impact reflects nine months of net savings.

Sections 6 to 9 eliminate reinsurance collateral requirements for "reciprocal" reinsurers in certain jurisdictions to bring Connecticut into compliance with agreements signed at the national level with the European Union and the United Kingdom. These provisions are not anticipated to have a fiscal impact, as DOI has the necessary staff and expertise to implement the changes and update regulations in accordance with the bill.

Sections 10 and 11 make changes related to the regulation of surety bail bond agents, including preventing licensees from delaying payment of the annual licensing fee. These changes have no fiscal impact as they do not change the annual licensing fee collected but rather prevent a delay in such payments (currently licensees are able to delay renewal payment by several months) and the Insurance Commissioner already sends expiration date reminders. Additionally,

[1] According to DOI, they incur a cost of $10 per check for initial fees and $20 per check for refunds.

there is no anticipated fiscal impact from establishing continuing education requirements for surety bail bond agents, as permitted under the bill, because any such program would likely be structured so that licensees incur any costs.

House "A" adds the credit for reinsurance and surety bail bond agent provisions and does not change the fiscal impact of the bill.

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