
OLR Bill Analysis

HB 6621

AN ACT CONCERNING THE RENEWAL OF SURPLUS LINES INSURANCE POLICIES.

SUMMARY

This bill exempts policy renewals from the requirement that surplus lines brokers and insureds sign a statement that diligent efforts were made to obtain insurance from a licensed insurer. It retains current law's requirement that brokers and insureds do this when first procuring this insurance.

By law, the insurance commissioner must maintain, publish, and make available to surplus lines brokers a list of insurance lines that are generally unavailable from licensed insurers (see BACKGROUND).

The bill exempts licensed surplus lines brokers and insureds that renew insurance that is not on the commissioner's list from the requirement that they sign statements showing:

1. they are unable to procure, from licensed insurers after diligent effort, the full amount of insurance the insured needed to protect his or her interest (under current practice, the insured must receive three declinations from licensed insurers to show coverage is unavailable);
2. the amount of insurance procured from unlicensed insurers was only the excess over the amount they were able to procure from licensed insurers; and
3. the type of policy, and if it is for real property, the property's location.

The bill expressly provides that the exemption also applies to

renewals with unauthorized insurers (i.e., unlicensed insurers).

By law, brokers must electronically file these statements with the commissioner quarterly.

EFFECTIVE DATE: October 1, 2023

BACKGROUND

Surplus Insurance Lines

In practice, surplus insurance is provided by surplus lines brokers (i.e., “nonauthorized insurers”) who cover high risk needs that are unavailable in the traditional, licensed (i.e., authorized) market. This includes insurance that is too risky or rare to be generally available, such as insuring an amusement park. Generally, surplus lines insurance is not protected by state insurance guarantee funds or subject to review by the Connecticut Insurance Department.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 11 Nay 1 (03/14/2023)