



General Assembly

January Session, 2023

Raised Bill No. 1014

LCO No. 4014



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:
(INS)

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 Section 38a-1 of the general statutes is repealed and the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, 2023*):

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, 2023*) (a) (1) Not later than February
93 1, 2024, the commissioner shall develop and implement criteria for each
94 insurer doing business in this state to submit, not less than annually, to
95 the 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 April 1, 2024, 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 May 1, 2024, 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 the
115 provisions of chapter 54 of the general statutes, to implement the
116 provisions of this section.

117 Sec. 3. (NEW) (*Effective October 1, 2023*) Not later than May 1, 2024,
118 and annually thereafter, the commissioner shall submit a report, in
119 accordance with the provisions of section 11-4a of the general statutes,
120 to the joint standing committee of the General Assembly having
121 cognizance of matters relating to insurance. The report shall disclose, for
122 the preceding calendar year, the Insurance Department's:

123 (1) Efforts, if any, to:

124 (A) Integrate climate-related risks into the Insurance Department's
125 regulation 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 not more than one and
133 one-half degrees 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, 2023</i> | 38a-1 |
| Sec. 2 | <i>October 1, 2023</i> | New section |
| Sec. 3 | <i>October 1, 2023</i> | New section |

Statement of Purpose:

To require: (1) The Insurance Commissioner to (A) develop and implement criteria for each insurer doing business in this state to annually submit a report to the commissioner concerning climate risk, and (B) annually submit a report to the joint standing committee of the General Assembly having cognizance of matters relating to insurance; and (2) each insurer doing business in this state to annually submit a report to the commissioner concerning climate risk.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]