

The Connecticut Insurance Fund

Background

Established in 1991, the Insurance Fund is one of the state's 13 appropriated funds ([CGS § 38a-52a](#)). Originally, the fund was established to provide the Insurance Department with dedicated resources and increased staff necessary to achieve National Association of Insurance Commissioner accreditation. Today, the Insurance Fund is used to finance the department's operations and several other state programs, as described below.

Assessments and Fees

The Insurance Fund is capitalized by three different assessments on insurers: the General Assessment, about \$56.6 million or 54% of the Insurance Fund's \$104.4 million FY 24 budgeted expenditures; the Health and Welfare Fee (about \$34.2 million in FY 24); and the Public Health Fee (about \$12.8 million in FY 24). While all domestic insurers and health care centers (i.e., HMOs) pay the General Assessment ([CGS § 38a-47](#)), generally only domestic health insurers and HMOs pay the Health and Welfare ([CGS § 19a-7j](#)) and Public Health ([CGS § 19a-7p](#)) fees.

Separately, insurers must also pay the department to defray the cost of certain regulatory activities, such as mandated health benefit reviews ([CGS § 38a-21](#)) and examinations of non-domestic insurers ([CGS § 38a-51](#)).

These assessments and fees are distinct from taxes on insurance premiums that are paid to the Department of Revenue Services and deposited into the General Fund (see Chapter 207 of the General Statutes).

Assessments on Insureds

While most assessments or fees on the insurance industry are imposed directly on insurers, there is at least one fee which is imposed directly on the insureds.

By law, a \$12 annual surcharge is imposed on insureds with certain homeowners insurance policies. This surcharge, collected by insurers, is ultimately remitted to the Healthy Homes Fund, which was established to support homeowners with crumbling concrete foundations and certain other structural concerns. The surcharge sunsets on January 1, 2030 ([CGS § 38a-331](#)).

FY 24 Insurance Fund Budgeted Expenditures by Assessment and Fee

Paid for by the General Assessment

Department of Administrative Services

Personal Services
Fringe Benefits
IT Services
Total: \$2.0 million

Department of Mental Health and Addiction

Managed Service System (Young Adult Services Program)
Total: \$451,000

Office of the Health Care Advocate

Personal Services
Other Expenses
Equipment
Fringe Benefits
Indirect Overhead
Total: \$4.0 million

Department of Aging and Disability Services

Fall Prevention
Total: \$383,000

Insurance Department

Personal Services
Other Expenses
Equipment
Fringe Benefits
Indirect Overhead
Total: \$35.2 million

Office of Health Strategy

Personal Services
Other Expenses
Equipment
Fringe Benefits
Total: \$13.7 million

Department of Housing

Homeowner Advocate
Total: \$178,000

Office of the Behavioral Health Advocate*

Personal Services
Other Expenses
Fringe Benefits
Indirect Overhead
Total: \$857,000

Office of Policy and Management

Personal Services
Other Expenses
Fringe Benefits
Total: \$643,000

**The Office of the Behavioral Advocate is a budgeted expenditure from the Insurance Fund, but current statutory language does not include it in any assessment. Presumably, it will come from the General Assessment in the future.*

Paid for by the Public Health Fee

Department of Public Health

Needle and Syringe Exchange Program
Children's Health Initiatives
AIDS Services
Breast and Cervical Cancer Detection and Treatment
X-Ray Screening and Tuberculosis Care
Venereal Disease Control
Total: \$12.8 million

Paid for by the Health and Welfare Fee

Department of Public Health

Immunization Services
Total: \$34.2 million (increasing to \$64.2 million in FY 25)

Source: Office of Fiscal Analysis. General Assessment excludes \$73,000 (FY 24) and \$353,000 (FY 25) in nonfunctional change to accruals

Additional Insurer Assessments

In addition to the assessments and fees listed above, the law allows several entities to assess insurers to cover operating costs. For example, the FY 24 budget of Access Health CT, the state's health insurance exchange, includes a \$30.8 million assessment on health insurers ([CGS § 38a-1083](#)). The Health Reinsurance Association assessed health insurers a total of \$275,000 for FY 24 ([CGS § 38a-556](#)). The Connecticut Insurance Guarantee Association and the Connecticut Life and Health Insurance Guarantee Association, which pay certain insurance claims when an insurer becomes insolvent, assesses insurers on an as-needed basis.

**Learn
More**

Healthy Homes Fund,
OLR Report [2020-R-0247](#)

Connecticut Insurance Guaranty Funds,
OLR Report [2020-R-0240](#)

