



General Assembly

February Session, 2024

Raised Bill No. 403

LCO No. 1363



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:
(INS)

***AN ACT CONCERNING INSURANCE MARKET CONDUCT AND
INSURANCE LICENSING.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-8 of the 2024 supplement to the general statutes
2 is repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2024*):

4 (a) The commissioner shall see that all laws respecting insurance
5 companies and health care centers are faithfully executed and shall
6 administer and enforce the provisions of this title. The commissioner
7 shall have all powers specifically granted, and all further powers that
8 are reasonable and necessary to enable the commissioner to protect the
9 public interest in accordance with the duties imposed by this title,
10 including, but not limited to, the power to order restitution of any sums
11 obtained in violation of any provision of this title, or any regulation or
12 order adopted or issued pursuant to this title by the commissioner, plus
13 interest at the rate set forth in section 37-3a. The commissioner shall pay
14 to the Treasurer all the fees that the commissioner receives. The
15 commissioner may administer oaths in the discharge of the

16 commissioner's duties.

17 (b) The commissioner shall recommend to the General Assembly
18 changes that, in the commissioner's opinion, should be made in the laws
19 relating to insurance.

20 (c) In addition to the specific regulations that the commissioner is
21 required to adopt, the commissioner may adopt such further
22 regulations, in accordance with the provisions of chapter 54, as are
23 reasonable and necessary to implement the provisions of this title.

24 (d) The commissioner shall develop a program of periodic review to
25 ensure compliance by the Insurance Department with the minimum
26 standards established by the National Association of Insurance
27 Commissioners for effective financial surveillance and regulation of
28 insurance companies operating in this state. The commissioner shall
29 adopt regulations, in accordance with the provisions of chapter 54,
30 pertaining to the financial surveillance and solvency regulation of
31 insurance companies and health care centers as are reasonable and
32 necessary to obtain or maintain the accreditation of the Insurance
33 Department by the National Association of Insurance Commissioners.
34 The commissioner shall maintain as confidential any confidential
35 documents or information received from the National Association of
36 Insurance Commissioners, or the International Association of Insurance
37 Supervisors, or any documents or information received from state or
38 federal insurance, banking or securities regulators or similar regulators
39 in a foreign country that are confidential in such jurisdictions. The
40 commissioner may share any information, including confidential
41 information, with the National Association of Insurance
42 Commissioners, the International Association of Insurance Supervisors,
43 or state or federal insurance, banking or securities regulators or similar
44 regulators in a foreign country, provided the commissioner determines
45 that such entities agree to maintain the same level of confidentiality in
46 their jurisdictions as is available in this state. At the expense of a
47 domestic, alien or foreign insurer, the commissioner may engage the
48 services of attorneys, actuaries, accountants and other experts not

49 otherwise part of the commissioner's staff as may be necessary to assist
50 the commissioner in the financial analysis of the insurer, the review of
51 the insurer's license applications, and the review of transactions within
52 a holding company system involving an insurer domiciled in this state.
53 No duties of a person employed by the Insurance Department on
54 November 1, 2002, shall be performed by such attorney, actuary,
55 accountant or expert.

56 (e) The commissioner shall establish a program to reduce costs and
57 increase efficiency through the use of electronic methods to transmit
58 documents, including policy form and rate filings, to and from insurers
59 and the Insurance Department. The commissioner may sit as a member
60 of the board of a consortium organized by or in association with the
61 National Association of Insurance Commissioners for the purpose of
62 coordinating a system for electronic rate and form filing among state
63 insurance departments and insurers.

64 (f) The commissioner shall maintain as confidential information
65 obtained, collected or prepared in connection with examinations,
66 inspections or investigations, and complaints from the public received
67 by the Insurance Department, if such records are protected from
68 disclosure under federal law or state statute or, in the opinion of the
69 commissioner, such records would disclose, or would reasonably lead
70 to the disclosure of: (1) Investigative information the disclosure of which
71 would be prejudicial to such investigation, until such time as the
72 investigation is concluded; or (2) personal, financial or medical
73 information concerning a person who has filed a complaint or inquiry
74 with the Insurance Department, without the written consent of the
75 person or persons to whom the information pertains.

76 (g) The commissioner may, in the commissioner's discretion, engage
77 the services of such third-party actuaries, professionals and specialists
78 that the commissioner deems necessary to assist the commissioner in
79 reviewing any rate, form or similar filing submitted to the commissioner
80 pursuant to this title. The cost of such services shall be borne by the
81 person who submitted such rate, form or similar filing to the

82 commissioner.

83 (h) The commissioner shall promote the development and growth of,
84 and employment opportunities within, the insurance industry in the
85 state.

86 (i) (1) Whenever the commissioner finds that any person has engaged
87 in or is about to engage in any act, practice or omission that constitutes,
88 or will constitute, a violation of any section of this title, or any regulation
89 or order adopted or issued by the commissioner implementing the
90 provisions of this title, the Attorney General may, at the request of the
91 commissioner, bring an action in the superior court for the judicial
92 district of Hartford for an order: (A) Enjoining such act, practice or
93 omission. Upon a showing by the commissioner that such person has
94 engaged in or is about to engage in any such act, practice or omission,
95 the court may issue a permanent or temporary injunction, restraining
96 order or other order, as appropriate. The commissioner shall not be
97 required to post a bond in such action; (B) imposing a penalty not to
98 exceed one hundred thousand dollars per violation against any such
99 person found by the commissioner to have violated any such section,
100 regulation or order; or (C) providing restitution against such person for
101 any sums shown by the commissioner to have been obtained by such
102 person in violation of any such section, regulation or order, plus interest
103 at the rate set forth in section 37-3a.

104 (2) Whenever the commissioner prevails in any action brought under
105 this subsection, the court may allow to the state any costs of such action.

106 Sec. 2. Section 38a-16 of the general statutes is repealed and the
107 following is substituted in lieu thereof (*Effective October 1, 2024*):

108 (a) (1) The Insurance Commissioner or the commissioner's authorized
109 representative may, as often as the commissioner deems necessary,
110 conduct investigations and hearings in aid of any investigation on any
111 matter under the provisions of this title. Pursuant to any such
112 investigation or hearing, the commissioner or the commissioner's
113 authorized representative may issue data calls, subpoenas, administer

114 oaths, compel testimony, order the production of books, records, papers
115 and documents, and examine books and records. Any person in receipt
116 of an order from the commissioner or the commissioner's authorized
117 representative for the production of books, records, papers or
118 documents shall comply with the order not later than thirty calendar
119 days after the date of such order. If any person refuses to allow the
120 examination of books and records, to appear, to testify or to produce
121 any book, record, paper or document when so ordered, a judge of the
122 Superior Court, upon application of the commissioner or the
123 commissioner's authorized representative, may make such order as may
124 be appropriate to aid in the enforcement of this section.

125 (2) Data provided in response to a data call under this section shall
126 not be subject to disclosure under section 1-210.

127 (b) The Attorney General, at the request of the commissioner, is
128 authorized to apply in the name of the state of Connecticut to the
129 Superior Court for an order temporarily or permanently restraining and
130 enjoining any person from violating any provision of this title.

131 Sec. 3. Subsection (a) of section 38a-15 of the general statutes is
132 repealed and the following is substituted in lieu thereof (*Effective October*
133 *1, 2024*):

134 (a) The commissioner shall, as often as the commissioner deems it
135 expedient, undertake a market conduct examination of the affairs of any
136 insurance company, health care center, third-party administrator, as
137 defined in section 38a-720, [or] fraternal benefit society doing business
138 in this state, or any third-party providing administrative, substantive or
139 other services, including, but not limited to, collecting or providing data
140 or data models, to an insurance company, health care center or fraternal
141 benefit society doing business in this state. Any such examination may
142 be conducted in accordance with the procedures and definitions set
143 forth in the National Association of Insurance Commissioners' Market
144 Regulation Handbook.

145 Sec. 4. Subsection (a) of section 38a-790 of the general statutes is

146 repealed and the following is substituted in lieu thereof (*Effective October*
147 *1, 2024*):

148 (a) No person shall act as an appraiser for motor vehicle physical
149 damage claims on behalf of any insurance company or firm or
150 corporation engaged in the adjustment or appraisal of motor vehicle
151 claims unless such person has first secured a license from the Insurance
152 Commissioner, and has paid the license fee specified in section 38a-11,
153 for each two-year period or fraction thereof. The license shall be applied
154 for as provided in section 38a-769. The commissioner may waive the
155 requirement for examination in the case of any applicant for a motor
156 vehicle physical damage appraiser's license who is a nonresident of this
157 state and who holds an equivalent license from any other state. Any
158 [such license issued by the commissioner shall be in force until the
159 thirtieth day of June in each odd-numbered year] initial license issued
160 by the commissioner to an appraiser for motor vehicle physical damage
161 claims shall expire two years after the date of the licensee's birthday that
162 preceded the date the license was issued unless sooner revoked or
163 suspended. The license may, in the discretion of the commissioner, be
164 renewed biennially upon payment of the fee specified in section 38a-11.
165 The commissioner may adopt reasonable regulations concerning
166 standards for qualification, suspension or revocation of such licenses
167 and the methods by which licensees shall conduct their business.

168 Sec. 5. Subsection (a) of section 38a-792 of the general statutes is
169 repealed and the following is substituted in lieu thereof (*Effective October*
170 *1, 2024*):

171 (a) (1) No person may act as an adjuster of casualty claims for any
172 insurance company or firm or corporation engaged in the adjustment of
173 casualty claims unless such person has first secured a license from the
174 commissioner, and has paid the license fee specified in section 38a-11,
175 for each two-year period or fraction thereof. Application for such license
176 shall be made as provided in section 38a-769. Any [such license issued
177 by the commissioner shall be in force until June thirtieth in each odd-
178 numbered year] initial license issued to an adjuster of casualty claims

179 shall expire two years after the date of the licensee's birthday that
180 preceded the date the license was issued unless sooner revoked or
181 suspended. The [person] licensee may, at the discretion of the
182 commissioner, renew the license biennially thereafter upon payment of
183 the fee specified in section 38a-11.

184 (2) The commissioner may waive the examination required under
185 section 38a-769, in the case of any applicant for a casualty claims
186 adjuster's license that (A) is a nonresident of this state or has its principal
187 place of business in another state, and holds an equivalent license from
188 any other state, or (B) at any time within two years next preceding the
189 date of application has been licensed in this state under a license of the
190 same type as the license applied for.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2024</i>	38a-8
Sec. 2	<i>October 1, 2024</i>	38a-16
Sec. 3	<i>October 1, 2024</i>	38a-15(a)
Sec. 4	<i>October 1, 2024</i>	38a-790(a)
Sec. 5	<i>October 1, 2024</i>	38a-792(a)

Statement of Purpose:

To: (1) Authorize the commissioner to seek legal action for violations of title 38a of the general statutes, or regulations or orders adopted or issued pursuant to such title; (2) establish new requirements pertaining to compliance with investigations or hearings on any matter under the provisions of title 38a of the general statutes; (3) authorize the Insurance Department to perform market conduct examinations of third parties providing services to the insurance industry in this state; and (4) revise the renewal date for initial licenses issued to appraisers for motor vehicle physical damage claims and adjusters of casualty claims.

[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.]