



General Assembly

Amendment

February Session, 2024

LCO No. 5453



Offered by:

REP. WOOD K., 29th Dist.

REP. PAVALOCK-D'AMATO, 77th Dist.

To: Subst. House Bill No. 5503

File No. 644

Cal. No. 253

"AN ACT CONCERNING INSURANCE MARKET CONDUCT AND INSURANCE LICENSING, THE INSURANCE DEPARTMENT'S TECHNICAL CORRECTIONS AND OTHER REVISIONS TO THE INSURANCE STATUTES AND CAPTIVE INSURANCE."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

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4 the general statutes is repealed and the following is substituted in lieu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

6 (a) The commissioner shall see that all laws respecting insurance
7 companies and health care centers are faithfully executed and shall
8 administer and enforce the provisions of this title. The commissioner
9 shall have all powers specifically granted, and all further powers that
10 are reasonable and necessary to enable the commissioner to protect the
11 public interest in accordance with the duties imposed by this title,
12 including, but not limited to, the power to order restitution of any sums

13 obtained in violation of any provision of this title, or any regulation or
14 order adopted or issued pursuant to this title by the commissioner, plus
15 interest at the rate set forth in section 37-3a. The commissioner shall pay
16 to the Treasurer all the fees that the commissioner receives. The
17 commissioner may administer oaths in the discharge of the
18 commissioner's duties.

19 Sec. 2. Section 38a-702k of the general statutes is repealed and the
20 following is substituted in lieu thereof (*Effective October 1, 2024*):

21 (a) The commissioner may place on probation, suspend, revoke or
22 refuse to issue or renew an insurance producer's license or may levy a
23 civil penalty in accordance with the provisions of this title, or may take
24 any combination of such actions, for any one or more of the following
25 causes: (1) Providing incorrect, misleading, incomplete or materially
26 untrue information in the license application; (2) violating any insurance
27 laws, or violating any regulation, subpoena or order of the
28 commissioner or of another state's commissioner; (3) obtaining or
29 attempting to obtain a license through misrepresentation or fraud; (4)
30 improperly withholding, misappropriating or converting any moneys
31 or properties received in the course of doing an insurance business; (5)
32 intentionally misrepresenting the terms of an actual or proposed
33 insurance contract or application for insurance; (6) having been
34 convicted of a felony; (7) having admitted or been found to have
35 committed any insurance unfair trade practice or fraud; (8) using
36 fraudulent, coercive or dishonest practices, or demonstrating
37 incompetence, untrustworthiness or financial irresponsibility in the
38 conduct of business in this state or elsewhere; (9) having an insurance
39 producer license, or its equivalent, denied, suspended or revoked in any
40 other state, province, district or territory; (10) forging another's name to
41 an application for insurance or to any document related to an insurance
42 transaction; (11) improperly using notes or any other reference material
43 to complete an examination for an insurance license; (12) knowingly
44 accepting insurance business from an individual who is not licensed;
45 (13) failing to comply with an administrative or court order imposing a
46 child support obligation; or (14) failing to pay state income tax or

47 comply with any administrative or court order directing payment of
48 state income tax.

49 (b) If the action by the commissioner is to nonrenew a license or to
50 deny an application for a license, the commissioner shall notify the
51 applicant or licensee and advise, in writing, the applicant or licensee of
52 the reason for the denial or nonrenewal of the applicant's or licensee's
53 license. The applicant or licensee may make written demand upon the
54 commissioner, not later than thirty days after the notice, for a hearing
55 before the commissioner to determine the reasonableness of the
56 commissioner's action. The hearing shall be held not later than twenty
57 days after receipt of such request and shall be held pursuant to section
58 38a-19.

59 (c) The license of a business entity may be suspended, revoked or
60 refused if the commissioner finds, after hearing, that an individual
61 licensee's violation was known or should have been known by one or
62 more of the partners, officers or managers acting on behalf of the
63 partnership or corporation and the violation was neither reported to the
64 commissioner nor corrective action taken.

65 (d) In addition to or in lieu of any applicable denial, suspension or
66 revocation of a license, a person may, after hearing, be subject to a civil
67 fine pursuant to section 38a-774.

68 (e) The commissioner shall retain the authority to enforce the
69 provisions of, and impose any penalty or remedy authorized by, this
70 title against any person who is under investigation for or charged with
71 a violation of this title even if the person's license or registration has
72 been surrendered, revoked or has lapsed by operation of law.

73 (f) Unless otherwise provided in the provisions of this title, the
74 Attorney General may, at the request of the commissioner, apply to the
75 Superior Court for an order: (1) Temporarily or permanently restraining
76 and enjoining any person from violating any provision of this title, (2)
77 enforcing any order, penalty or remedy imposed by the commissioner,
78 or (3) providing restitution against any person for any sums shown by

79 the commissioner to have been obtained by such person in violation of
80 any such provision of this title.

81 Sec. 3. Section 38a-16 of the general statutes is repealed and the
82 following is substituted in lieu thereof (*Effective October 1, 2024*):

83 (a) (1) The Insurance Commissioner or the commissioner's authorized
84 representative may, as often as the commissioner deems necessary,
85 conduct investigations and hearings in aid of any investigation on any
86 matter under the provisions of this title. Pursuant to any such
87 investigation or hearing, the commissioner or the commissioner's
88 authorized representative may issue data calls, subpoenas, administer
89 oaths, compel testimony, order the production of books, records, papers
90 and documents, and examine books and records. Any person in receipt
91 of an order from the commissioner or the commissioner's authorized
92 representative for the production of books, records, papers or
93 documents shall comply with the order not later than thirty calendar
94 days after the date of such order. If any person refuses to allow the
95 examination of books and records, to appear, to testify or to produce
96 any book, record, paper or document when so ordered, a judge of the
97 Superior Court, upon application of the commissioner or the
98 commissioner's authorized representative, may make such order as may
99 be appropriate to aid in the enforcement of this section.

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

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

106 Sec. 4. Subsection (a) of section 38a-790 of the general statutes is
107 repealed and the following is substituted in lieu thereof (*Effective October*
108 *1, 2024*):

109 (a) No person shall act as an appraiser for motor vehicle physical

110 damage claims on behalf of any insurance company or firm or
111 corporation engaged in the adjustment or appraisal of motor vehicle
112 claims unless such person has first secured a license from the Insurance
113 Commissioner, and has paid the license fee specified in section 38a-11,
114 for each two-year period or fraction thereof. The license shall be applied
115 for as provided in section 38a-769. The commissioner may waive the
116 requirement for examination in the case of any applicant for a motor
117 vehicle physical damage appraiser's license who is a nonresident of this
118 state and who holds an equivalent license from any other state. Any
119 [such license issued by the commissioner shall be in force until the
120 thirtieth day of June in each odd-numbered year] initial license issued
121 by the commissioner to an appraiser for motor vehicle physical damage
122 claims shall expire two years after the date of the licensee's birthday that
123 preceded the date the license was issued unless sooner revoked or
124 suspended. The license may, in the discretion of the commissioner, be
125 renewed biennially upon payment of the fee specified in section 38a-11.
126 The commissioner may adopt reasonable regulations concerning
127 standards for qualification, suspension or revocation of such licenses
128 and the methods by which licensees shall conduct their business.

129 Sec. 5. Subsection (a) of section 38a-792 of the general statutes is
130 repealed and the following is substituted in lieu thereof (*Effective October*
131 *1, 2024*):

132 (a) (1) No person may act as an adjuster of casualty claims for any
133 insurance company or firm or corporation engaged in the adjustment of
134 casualty claims unless such person has first secured a license from the
135 commissioner, and has paid the license fee specified in section 38a-11,
136 for each two-year period or fraction thereof. Application for such license
137 shall be made as provided in section 38a-769. Any [such license issued
138 by the commissioner shall be in force until June thirtieth in each odd-
139 numbered year] initial license issued to an adjuster of casualty claims
140 shall expire two years after the date of the licensee's birthday that
141 preceded the date the license was issued unless sooner revoked or
142 suspended. The [person] licensee may, at the discretion of the
143 commissioner, renew the license biennially thereafter upon payment of

144 the fee specified in section 38a-11.

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

152 Sec. 6. Section 38a-48 of the general statutes is repealed and the
153 following is substituted in lieu thereof (*Effective October 1, 2024*):

154 (a) On or before June thirtieth, annually, the Commissioner of
155 Revenue Services shall render to the Insurance Commissioner a
156 statement certifying the amount of taxes or charges imposed on each
157 domestic insurance company or other domestic entity under chapter 207
158 on business done in this state during the preceding calendar year. The
159 statement for local domestic insurance companies shall set forth the
160 amount of taxes and charges before any tax credits allowed as provided
161 in subsection (a) of section 12-202.

162 (b) On or before July thirty-first, annually, the Insurance
163 Commissioner [and the Office of the Healthcare Advocate] shall render
164 to each domestic insurance company or other domestic entity liable for
165 payment under section 38a-47: (1) A statement that includes (A) the
166 amount appropriated to the Insurance Department, the Office of the
167 Healthcare Advocate and the Office of Health Strategy from the
168 Insurance Fund established under section 38a-52a for the fiscal year
169 beginning July first of the same year, (B) the cost of fringe benefits for
170 department and office personnel for such year, as estimated by the
171 Comptroller, (C) the estimated expenditures on behalf of the
172 department and the offices from the Capital Equipment Purchase Fund
173 pursuant to section 4a-9 for such year, not including such estimated
174 expenditures made on behalf of the Health Systems Planning Unit of the
175 Office of Health Strategy, and (D) the amount appropriated to the

176 Department of Aging and Disability Services for the fall prevention
177 program established in section 17a-859 from the Insurance Fund for the
178 fiscal year; (2) a statement of the total taxes imposed on all domestic
179 insurance companies and domestic insurance entities under chapter 207
180 on business done in this state during the preceding calendar year; and
181 (3) the proposed assessment against that company or entity, calculated
182 in accordance with the provisions of subsection (c) of this section,
183 provided for the purposes of this calculation the amount appropriated
184 to the Insurance Department, the Office of the Healthcare Advocate and
185 the Office of Health Strategy from the Insurance Fund plus the cost of
186 fringe benefits for department and office personnel and the estimated
187 expenditures on behalf of the department and [the office] such offices
188 from the Capital Equipment Purchase Fund pursuant to section 4a-9,
189 not including such expenditures made on behalf of the Health Systems
190 Planning Unit of the Office of Health Strategy shall be deemed to be the
191 actual expenditures of the department and [the office] such offices, and
192 the amount appropriated to the Department of Aging and Disability
193 Services from the Insurance Fund for the fiscal year for the fall
194 prevention program established in section 17a-859 shall be deemed to
195 be the actual expenditures for the program.

196 (c) (1) The proposed assessments for each domestic insurance
197 company or other domestic entity shall be calculated by (A) allocating
198 twenty per cent of the amount to be paid under section 38a-47 among
199 the domestic entities organized under sections 38a-199 to 38a-209,
200 inclusive, and 38a-214 to 38a-225, inclusive, in proportion to their
201 respective shares of the total taxes and charges imposed under chapter
202 207 on such entities on business done in this state during the preceding
203 calendar year, and (B) allocating eighty per cent of the amount to be paid
204 under section 38a-47 among all domestic insurance companies and
205 domestic entities other than those organized under sections 38a-199 to
206 38a-209, inclusive, and 38a-214 to 38a-225, inclusive, in proportion to
207 their respective shares of the total taxes and charges imposed under
208 chapter 207 on such domestic insurance companies and domestic
209 entities on business done in this state during the preceding calendar

210 year, provided if there are no domestic entities organized under sections
211 38a-199 to 38a-209, inclusive, and 38a-214 to 38a-225, inclusive, at the
212 time of assessment, one hundred per cent of the amount to be paid
213 under section 38a-47 shall be allocated among such domestic insurance
214 companies and domestic entities.

215 (2) When the amount any such company or entity is assessed
216 pursuant to this section exceeds twenty-five per cent of the actual
217 expenditures of the Insurance Department, the Office of the Healthcare
218 Advocate and the Office of Health Strategy from the Insurance Fund,
219 such excess amount shall not be paid by such company or entity but
220 rather shall be assessed against and paid by all other such companies
221 and entities in proportion to their respective shares of the total taxes and
222 charges imposed under chapter 207 on business done in this state during
223 the preceding calendar year, except that for purposes of any assessment
224 made to fund payments to the Department of Public Health to purchase
225 vaccines, such company or entity shall be responsible for its share of the
226 costs, notwithstanding whether its assessment exceeds twenty-five per
227 cent of the actual expenditures of the Insurance Department, the Office
228 of the Healthcare Advocate and the Office of Health Strategy from the
229 Insurance Fund. The provisions of this subdivision shall not be
230 applicable to any corporation [which] that has converted to a domestic
231 mutual insurance company pursuant to section 38a-155 upon the
232 effective date of any public act [which] that amends said section to
233 modify or remove any restriction on the business such a company may
234 engage in, for purposes of any assessment due from such company on
235 and after such effective date.

236 (d) For purposes of calculating the amount of payment under section
237 38a-47, as well as the amount of the assessments under this section, the
238 "total taxes imposed on all domestic insurance companies and other
239 domestic entities under chapter 207" shall be based upon the amounts
240 shown as payable to the state for the calendar year on the returns filed
241 with the Commissioner of Revenue Services pursuant to chapter 207;
242 with respect to calculating the amount of payment and assessment for
243 local domestic insurance companies, the amount used shall be the taxes

244 and charges imposed before any tax credits allowed as provided in
245 subsection (a) of section 12-202.

246 [(e) On or before September thirtieth, annually, for each fiscal year
247 ending prior to July 1, 1990, the Insurance Commissioner and the
248 Healthcare Advocate, after receiving any objections to the proposed
249 assessments and making such adjustments as in their opinion may be
250 indicated, shall assess each such domestic insurance company or other
251 domestic entity an amount equal to its proposed assessment as so
252 adjusted. Each domestic insurance company or other domestic entity
253 shall pay to the Insurance Commissioner on or before October thirty-
254 first an amount equal to fifty per cent of its assessment adjusted to reflect
255 any credit or amount due from the preceding fiscal year as determined
256 by the commissioner under subsection (g) of this section. Each domestic
257 insurance company or other domestic entity shall pay to the Insurance
258 Commissioner on or before the following April thirtieth, the remaining
259 fifty per cent of its assessment.]

260 [(f)] (e) On or before September first, annually, for each fiscal year,
261 [ending after July 1, 1990,] the Insurance Commissioner, [and the
262 Healthcare Advocate,] after receiving any objections to the proposed
263 assessments and making such adjustments as in [their] the
264 commissioner's opinion may be indicated, shall assess each such
265 domestic insurance company or other domestic entity an amount equal
266 to its proposed assessment as so adjusted. Each domestic insurance
267 company or other domestic entity shall pay to the Insurance
268 Commissioner (1) [on or before June 30, 1990, and] on or before June
269 thirtieth, annually, [thereafter,] an estimated payment against its
270 assessment for the following year equal to twenty-five per cent of its
271 assessment for the fiscal year ending such June thirtieth, (2) on or before
272 September thirtieth, annually, twenty-five per cent of its assessment
273 adjusted to reflect any credit or amount due from the preceding fiscal
274 year as determined by the commissioner under subsection [(g)] (f) of this
275 section, and (3) on or before the following December thirty-first and
276 March thirty-first, annually, each domestic insurance company or other
277 domestic entity shall pay to the Insurance Commissioner the remaining

278 fifty per cent of its proposed assessment to the department in two equal
279 installments.

280 [(g)] (f) If the actual expenditures for the fall prevention program
281 established in section 17a-859 are less than the amount allocated, the
282 Commissioner of Aging and Disability Services shall notify the
283 Insurance Commissioner, [and the Healthcare Advocate.] Immediately
284 following the close of the fiscal year, the Insurance Commissioner [and
285 the Healthcare Advocate] shall recalculate the proposed assessment for
286 each domestic insurance company or other domestic entity in
287 accordance with subsection (c) of this section using the actual
288 expenditures made during the fiscal year by the Insurance Department,
289 the Office of the Healthcare Advocate and the Office of Health Strategy
290 from the Insurance Fund, the actual expenditures made on behalf of the
291 department and the offices from the Capital Equipment Purchase Fund
292 pursuant to section 4a-9, not including such expenditures made on
293 behalf of the Health Systems Planning Unit of the Office of Health
294 Strategy, and the actual expenditures for the fall prevention program.
295 On or before July thirty-first, annually, the Insurance Commissioner
296 [and the Healthcare Advocate] shall render to each such domestic
297 insurance company and other domestic entity a statement showing the
298 difference between their respective recalculated assessments and the
299 amount they have previously paid. On or before August thirty-first, the
300 Insurance Commissioner, [and the Healthcare Advocate,] after
301 receiving any objections to such statements, shall make such
302 adjustments which in their opinion may be indicated, and shall render
303 an adjusted assessment, if any, to the affected companies. Any such
304 domestic insurance company or other domestic entity may pay to the
305 Insurance Commissioner the entire assessment required under this
306 subsection in one payment when the first installment of such assessment
307 is due.

308 [(h)] (g) If any assessment is not paid when due, a penalty of twenty-
309 five dollars shall be added thereto, and interest at the rate of six per cent
310 per annum shall be paid thereafter on such assessment and penalty.

311 [(i)] (h) The Insurance Commissioner shall deposit all payments
312 made under this section with the State Treasurer. On and after June 6,
313 1991, the moneys so deposited shall be credited to the Insurance Fund
314 established under section 38a-52a and shall be accounted for as expenses
315 recovered from insurance companies.

316 Sec. 7. Subsection (a) of section 38a-53 of the general statutes is
317 repealed and the following is substituted in lieu thereof (*Effective October*
318 *1, 2024*):

319 (a) (1) Each domestic insurance company or domestic health care
320 center shall, annually, on or before the first day of March, submit to the
321 commissioner, [and] by electronically [to] filing with the National
322 Association of Insurance Commissioners, a true and complete report,
323 signed and sworn to by its president or a vice president, and secretary
324 or an assistant secretary, of its financial condition on the thirty-first day
325 of December next preceding, prepared in accordance with the National
326 Association of Insurance Commissioners annual statement instructions
327 handbook and following those accounting procedures and practices
328 prescribed by the National Association of Insurance Commissioners
329 accounting practices and procedures manual, subject to any deviations
330 in form and detail as may be prescribed by the commissioner. An
331 electronically filed report in accordance with section 38a-53a that is
332 timely submitted to the National Association of Insurance
333 Commissioners shall [not exempt a domestic insurance company or
334 domestic health care center from timely filing a true and complete paper
335 copy with the commissioner] be deemed to have been submitted to the
336 commissioner in accordance with the provisions of this section.

337 (2) Each accredited reinsurer, as defined in subdivision (1) of
338 subsection (c) of section 38a-85, and assuming insurance company, as
339 provided in section 38a-85, shall file an annual report in accordance with
340 the provisions of section 38a-85.

341 Sec. 8. Subsection (a) of section 38a-54 of the general statutes is
342 repealed and the following is substituted in lieu thereof (*Effective October*

343 1, 2024):

344 (a) Each domestic insurance company, domestic health care center or
345 domestic fraternal benefit society doing business in this state shall have
346 an annual audit conducted by an independent certified public
347 accountant and shall annually file an audited financial report with the
348 commissioner, and electronically to the National Association of
349 Insurance Commissioners on or before the first day of June for the year
350 ending the preceding December thirty-first. An electronically filed true
351 and complete report timely submitted to the National Association of
352 Insurance Commissioners [does not exempt a domestic insurance
353 company or a domestic health care center from timely filing a true and
354 complete paper copy to the commissioner] shall be deemed to have been
355 submitted to the commissioner in accordance with the provisions of this
356 section.

357 Sec. 9. Section 38a-297 of the general statutes is repealed and the
358 following is substituted in lieu thereof (*Effective October 1, 2024*):

359 (a) For the purposes of sections 38a-295 to 38a-300, inclusive, a policy
360 shall be deemed readable if: (1) The text achieves a minimum score of
361 forty-five on the Flesch reading ease test as computed in section 38a-298
362 or an equivalent score on any other test comparable in result and
363 approved by the commissioner, (2) it is printed, except for specification
364 pages, schedules and tables, in not less than ten-point type, one-point
365 leaded, of a height and style specified by the commissioner in
366 regulations adopted in accordance with the provisions of chapter 54, (3)
367 it uses layout and spacing which separate the paragraphs from each
368 other and from the border of the paper, (4) it has section titles captioned
369 in boldface type or which otherwise stand out significantly from the
370 text, (5) it avoids the use of unnecessarily long, complicated or obscure
371 words, sentences, paragraphs or constructions, (6) the style,
372 arrangement and overall appearance of the policy give no undue
373 prominence to any portion of the text of the policy or to any
374 endorsements or riders and (7) it contains a table of contents or an index
375 of the principal sections of the policy, if the policy has more than three

376 thousand words or if the policy has more than three pages. To be
377 deemed readable, each policy of individual health insurance shall
378 include a separate outline of coverage showing the major coverage,
379 benefit, exclusion and renewal provisions of the policy in readily
380 understandable terms, provided the policy shall take precedence over
381 the outline of coverage.

382 (b) The commissioner may authorize a lower score than the Flesch
383 reading ease score required in subsection (a) whenever [he] the
384 commissioner finds that a lower score (1) will provide a more accurate
385 reflection of the readability of a policy form; (2) is warranted by the
386 nature of a particular policy form or type or class of policy forms; or (3)
387 is the result of language which is used to conform to the requirements
388 of any state or federal law, regulation or governmental agency.

389 (c) Filings subject to this section shall be accompanied by a
390 certification signed by an officer of the insurer stating that it meets the
391 requirements of subsection (a) of this section. Such certification shall
392 state that the policy meets the minimum reading ease score on the test
393 used or that the score is lower than the minimum required but should
394 be approved in accordance with subsection (b) of this section. The
395 commissioner may require the submission of further information to
396 verify any certification.

397 (d) Filings subject to this section may be filed with the commissioner
398 in any language. Any non-English-language policy shall be deemed to
399 be in compliance with subsection (a) of this section if the insurer certifies
400 that such policy [is translated from an English-language policy that]
401 complies with [said] subsection (a) of this section or is translated from a
402 policy that complies with subsection (a) of this section.

403 (e) The commissioner may engage the services of any translation
404 service, as needed, to review any non-English-language policy filed
405 with the commissioner pursuant to this section, the cost of which shall
406 be borne by the insurer that submits such filing.

407 (f) (1) For any insurer that files a non-English-language policy with

408 the commissioner, the commissioner may require that such insurer
409 either (A) provide an English translated copy of such policy and a
410 certification as to the accuracy of such translated copy of such policy, or
411 (B) pay all costs associated with the translation of such policy in
412 accordance with the provisions of subsection (e) of this section.

413 (2) Any insurer shall accept all risk associated with any translation of
414 such insurer's non-English-language policy in accordance with
415 subdivision (1) of this subsection and subsection (e) of this section.

416 (g) The commissioner may adopt regulations, in accordance with the
417 provisions of chapter 54, to implement the provisions of this section.

418 Sec. 10. Section 38a-479ppp of the general statutes is repealed and the
419 following is substituted in lieu thereof (*Effective January 1, 2025*):

420 (a) Not later than [March 1, 2021] February 1, 2025, and annually
421 thereafter, each pharmacy benefits manager shall file a report with the
422 commissioner for the immediately preceding calendar year. The report
423 shall contain the following information for health carriers that
424 delivered, issued for delivery, renewed, amended or continued health
425 care plans that included a pharmacy benefit managed by the pharmacy
426 benefits manager during such calendar year:

427 (1) The aggregate dollar amount of all rebates concerning drug
428 formularies used by such health carriers that such manager collected
429 from pharmaceutical manufacturers that manufactured outpatient
430 prescription drugs that (A) were covered by such health carriers during
431 such calendar year, and (B) are attributable to patient utilization of such
432 drugs during such calendar year; and

433 (2) The aggregate dollar amount of all rebates, excluding any portion
434 of the rebates received by such health carriers, concerning drug
435 formularies that such manager collected from pharmaceutical
436 manufacturers that manufactured outpatient prescription drugs that (A)
437 were covered by such health carriers during such calendar year, and (B)
438 are attributable to patient utilization of such drugs by covered persons

439 under such health care plans during such calendar year.

440 (b) The commissioner shall establish a standardized form for
441 reporting information pursuant to subsection (a) of this section after
442 consultation with pharmacy benefits managers. The form shall be
443 designed to minimize the administrative burden and cost of reporting
444 on the department and pharmacy benefits managers.

445 (c) All information submitted to the commissioner pursuant to
446 subsection (a) of this section shall be exempt from disclosure under the
447 Freedom of Information Act, as defined in section 1-200, except to the
448 extent such information is included on an aggregated basis in the report
449 required by subsection (d) of this section. The commissioner shall not
450 disclose information submitted pursuant to subdivision (1) of
451 subsection (a) of this section, or information submitted pursuant to
452 subdivision (2) of said subsection in a manner that (1) is likely to
453 compromise the financial, competitive or proprietary nature of such
454 information, or (2) would enable a third party to identify a health care
455 plan, health carrier, pharmacy benefits manager, pharmaceutical
456 manufacturer, or the value of a rebate provided for a particular
457 outpatient prescription drug or therapeutic class of outpatient
458 prescription drugs.

459 (d) Not later than [March 1, 2022] March 1, 2025, and annually
460 thereafter, the commissioner shall submit a report, in accordance with
461 section 11-4a, to the joint standing committee of the General Assembly
462 having cognizance of matters relating to insurance. The report shall
463 contain (1) an aggregation of the information submitted to the
464 commissioner pursuant to subsection (a) of this section for the
465 immediately preceding calendar year, and (2) such other information as
466 the commissioner, in the commissioner's discretion, deems relevant for
467 the purposes of this section. Not later than [February 1, 2022, and
468 annually thereafter] ten days prior to the submission of the annual
469 report pursuant to the provisions of this subsection, the commissioner
470 shall provide each pharmacy benefits manager and any third party
471 affected by submission of [a] such report required by this subsection

472 with a written notice describing the content of the report.

473 (e) The commissioner may impose a penalty of not more than seven
474 thousand five hundred dollars on a pharmacy benefits manager for each
475 violation of this section.

476 (f) The commissioner may adopt regulations, in accordance with the
477 provisions of chapter 54, to implement the provisions of this section.

478 Sec. 11. Subdivision (4) of section 38a-564 of the general statutes is
479 repealed and the following is substituted in lieu thereof (*Effective October*
480 *1, 2024*):

481 (4) (A) "Small employer" means (i) prior to January 1, 2016, an
482 employer that employed an average of at least one but not more than
483 fifty employees on business days during the preceding calendar year
484 and employs at least one employee on the first day of the group health
485 insurance plan year, [and] (ii) on and after January 1, 2016, and prior to
486 January 1, 2025, an employer that employed an average of at least one
487 but not more than one hundred employees on business days during the
488 preceding calendar year and employs at least one employee on the first
489 day of the group health insurance plan year, except the commissioner
490 may postpone said January 1, 2016, date to be consistent with any such
491 postponement made by the Secretary of the United States Department
492 of Health and Human Services under the Patient Protection and
493 Affordable Care Act, P.L. 111-148, as amended from time to time, and
494 (iii) on and after January 1, 2025, an employer that employed an average
495 of at least one but not more than fifty employees on business days
496 during the preceding calendar year and employs at least one employee
497 on the first day of the group health insurance plan year. "Small
498 employer" does not include a sole proprietorship that employs only the
499 sole proprietor or the spouse of such sole proprietor.

500 (B) (i) For purposes of subparagraph (A) of this subdivision, the
501 number of employees shall be determined by adding (I) the number of
502 full-time employees for each month who work a normal work week of
503 thirty hours or more, and (II) the number of full-time equivalent

504 employees, calculated for each month by dividing by one hundred
505 twenty the aggregate number of hours worked for such month by
506 employees who work a normal work week of less than thirty hours, and
507 averaging such total for the calendar year.

508 (ii) If an employer was not in existence throughout the preceding
509 calendar year, the number of employees shall be based on the average
510 number of employees that such employer reasonably expects to employ
511 in the current calendar year.

512 (C) All persons treated as a single employer under Section 414 of the
513 Internal Revenue Code of 1986, or any subsequent corresponding
514 internal revenue code of the United States, as amended from time to
515 time, shall be considered a single employer for purposes of this
516 subdivision.

517 Sec. 12. Subdivision (1) of section 38a-614 of the general statutes is
518 repealed and the following is substituted in lieu thereof (*Effective October*
519 *1, 2024*):

520 (1) Each domestic society transacting business in this state shall,
521 annually, on or before the first day of March, unless the commissioner
522 has extended such time for cause shown, file with the commissioner,
523 and electronically to the National Association of Insurance
524 Commissioners, a true and complete statement of its financial condition,
525 transactions and affairs for the preceding calendar year and pay the fee
526 specified in section 38a-11 for filing such annual statement. The
527 statement shall be in general form and context as approved by the
528 National Association of Insurance Commissioners for fraternal benefit
529 societies and as supplemented by additional information required by
530 the commissioner. An electronically filed true and complete report filed
531 in accordance with section 38a-53a that is timely submitted to the
532 National Association of Insurance Commissioners shall [not exempt a
533 domestic society from timely filing a true and complete paper copy with
534 the commissioner] be deemed to have been submitted to the
535 commissioner in accordance with the provisions of this section.

536 Sec. 13. Subsection (b) of section 38a-591l of the general statutes is
537 repealed and the following is substituted in lieu thereof (*Effective October*
538 *1, 2024*):

539 (b) (1) Any independent review organization seeking to conduct
540 external reviews and expedited external reviews under section 38a-591g
541 shall submit the application form for approval or reapproval, as
542 applicable, to the commissioner and shall include all documentation
543 and information necessary for the commissioner to determine if the
544 independent review organization satisfies the minimum qualifications
545 established under this section.

546 (2) An approval or reapproval shall be effective for [two] three years,
547 unless the commissioner determines before the expiration of such
548 approval or reapproval that the independent review organization no
549 longer satisfies the minimum qualifications established under this
550 section.

551 (3) Whenever the commissioner determines that an independent
552 review organization has lost its accreditation or no longer satisfies the
553 minimum requirements established under this section, the
554 commissioner shall terminate the approval of the independent review
555 organization and remove the independent review organization from the
556 list of approved independent review organizations specified in
557 subdivision (2) of subsection (a) of this section.

558 Sec. 14. Section 38a-91aa of the general statutes is repealed and the
559 following is substituted in lieu thereof (*Effective October 1, 2024*):

560 As used in this section, sections 38a-91bb to 38a-91uu, inclusive, [and]
561 sections 38a-91ww_z [and] 38a-91xx and section 15 of this act:

562 (1) "Affiliated company" means any company in the same corporate
563 system as a parent, an industrial insured or a member organization by
564 virtue of common ownership, control, operation or management.

565 (2) "Agency captive insurance company" means a captive insurance

566 company that:

567 (A) Is owned or directly or indirectly controlled by one or more
568 insurance agents or insurance producers licensed in accordance with
569 sections 38a-702a to 38a-702r, inclusive;

570 (B) Only insures against risks covered by insurance policies sold,
571 solicited or negotiated through the insurance agents or insurance
572 producers that own or control such captive insurance company; and

573 (C) Does not insure against risks covered by any health insurance
574 policy or plan.

575 (3) "Alien captive insurance company" means any insurance
576 company formed to write insurance business for its parent and affiliated
577 companies and licensed pursuant to the laws of an alien jurisdiction that
578 imposes statutory or regulatory standards on companies transacting the
579 business of insurance in such jurisdiction that the commissioner deems
580 to be acceptable.

581 (4) "Association" means any legal association of individuals,
582 corporations, limited liability companies, partnerships, associations or
583 other entities, where the association itself or some or all of the member
584 organizations:

585 (A) Directly or indirectly own, control or hold with power to vote all
586 of the outstanding voting securities or other voting interests of an
587 association captive insurance company incorporated as a stock insurer;

588 (B) Have complete voting control over an association captive
589 insurance company incorporated as a mutual corporation or formed as
590 a limited liability company; or

591 (C) Constitute all of the subscribers of an association captive
592 insurance company formed as a reciprocal insurer.

593 (5) "Association captive insurance company" means any company
594 that insures risks of the member organizations of an association, and

595 includes a company that also insures risks of such member
596 organizations' affiliated companies or of the association.

597 (6) "Branch business" means any insurance business transacted in this
598 state by a branch captive insurance company.

599 (7) "Branch captive insurance company" means any alien captive
600 insurance company or foreign captive insurance company licensed by
601 the commissioner to transact the business of insurance in this state
602 through a business unit with a principal place of business in this state.

603 (8) "Branch operations" means any business operations in this state of
604 a branch captive insurance company.

605 (9) "Captive insurance company" means any (A) pure captive
606 insurance company, agency captive insurance company, association
607 captive insurance company, industrial insured captive insurance
608 company, risk retention group, sponsored captive insurance company
609 or special purpose financial captive insurance company that is
610 domiciled in this state and formed or licensed under the provisions of
611 this section and sections 38a-91bb to 38a-91tt, inclusive, or (B) branch
612 captive insurance company.

613 (10) "Ceding insurer" means an insurance company, approved by the
614 commissioner and licensed or otherwise authorized to transact the
615 business of insurance or reinsurance in its state or country of domicile,
616 that cedes risk to a special purpose financial captive insurance company
617 pursuant to a reinsurance contract.

618 (11) "Commissioner" means the Insurance Commissioner.

619 (12) "Controlled unaffiliated business" means any person:

620 (A) Who, (i) in the case of a pure captive insurance company, is not
621 in the corporate system of a parent and the parent's affiliated companies,
622 (ii) in the case of an industrial insured captive insurance company, is not
623 in the corporate system of an industrial insured and the industrial
624 insured's affiliated companies, or (iii) in the case of a sponsored captive

625 insurance company, is not in the corporate system of a participant and
626 the participant's affiliated companies;

627 (B) Who, (i) in the case of a pure captive insurance company, has an
628 existing contractual relationship with a parent or one of the parent's
629 affiliated companies, (ii) in the case of an industrial insured captive
630 insurance company, has an existing contractual relationship with an
631 industrial insured or one of the industrial insured's affiliated companies,
632 or (iii) in the case of a sponsored captive insurance company, has an
633 existing contractual relationship with a participant or one of the
634 participant's affiliated companies; and

635 (C) Whose risks are managed by a pure captive insurance company,
636 an industrial insured captive insurance company or a sponsored captive
637 insurance company, as applicable, in accordance with section 38a-91qq.

638 (13) "Excess workers' compensation insurance" means, in the case of
639 an employer that has insured or self-insured its workers' compensation
640 risks in accordance with applicable state or federal law, insurance in
641 excess of a specified per-incident or aggregate limit established by the
642 commissioner.

643 (14) "Foreign captive insurance company" means any insurance
644 company formed to write insurance business for its parent and affiliated
645 companies and licensed pursuant to the laws of a foreign jurisdiction
646 that imposes statutory or regulatory standards on companies
647 transacting the business of insurance in such jurisdiction that the
648 commissioner deems to be acceptable.

649 (15) "Incorporated protected cell" means a protected cell that is
650 established as a corporation or a limited liability company, separate
651 from the sponsored captive insurance company with which it has
652 entered into a participant contract.

653 (16) "Industrial insured" means an insured:

654 (A) Who procures the insurance of any risk or risks by use of the

655 services of a full-time employee acting as an insurance manager or
656 buyer;

657 (B) Whose aggregate annual premiums for insurance on all risks total
658 at least twenty-five thousand dollars; and

659 (C) Who has at least twenty-five full-time employees.

660 (17) "Industrial insured captive insurance company" means any
661 company that insures risks of the industrial insureds that comprise an
662 industrial insured group, and includes a company that also insures risks
663 of such industrial insureds' affiliated companies.

664 (18) "Industrial insured group" means any group of industrial
665 insureds that collectively:

666 (A) Directly or indirectly own, control or hold with power to vote all
667 of the outstanding voting securities or other voting interests of an
668 industrial insured captive insurance company incorporated as a stock
669 insurer;

670 (B) Have complete voting control over an industrial insured captive
671 insurance company incorporated as a mutual corporation or formed as
672 a limited liability company; or

673 (C) Constitute all of the subscribers of an industrial insured captive
674 insurance company formed as a reciprocal insurer.

675 (19) "Insurance securitization" or "securitization" means a transaction
676 or a group of related transactions, which may include capital market
677 offerings, that are effected through related risk transfer instruments and
678 facilitating administrative agreements, in which all or part of the result
679 of such transaction is used to fund a special purpose financial captive
680 insurance company's obligations under a reinsurance contract with a
681 ceding insurer and by which:

682 (A) A special purpose financial captive insurance company directly
683 or indirectly obtains proceeds through the issuance of securities by such

684 company or any other person; or

685 (B) A person provides, for the benefit of a special purpose financial
686 captive insurance company, one or more letters of credit or other assets
687 that the commissioner has authorized such company to treat as
688 admitted assets for purposes of its annual report. "Insurance
689 securitization" or "securitization" does not include the issuance of a
690 letter of credit for the benefit of the commissioner to satisfy all or part of
691 a special purpose financial captive insurance company's capital and
692 surplus requirements under section 38a-91dd.

693 (20) "Member organization" means any individual, corporation,
694 limited liability company, partnership, association or other entity that
695 belongs to an association.

696 (21) "Mutual corporation" means a corporation organized without
697 stockholders and includes a nonprofit corporation with members.

698 (22) "Parent" means any individual, corporation, limited liability
699 company, partnership or other entity that directly or indirectly owns,
700 controls or holds with power to vote more than fifty per cent of the
701 outstanding voting:

702 (A) Securities of a pure captive insurance company organized as a
703 stock insurer; or

704 (B) Membership interests of a pure captive insurance company
705 organized as a nonprofit corporation or as a limited liability company.

706 (23) "Participant" means any association, corporation, limited liability
707 company, partnership, trust or other entity, and any affiliated company
708 or controlled unaffiliated business thereof, that is insured by a
709 sponsored captive insurance company pursuant to a participant
710 contract.

711 (24) "Participant contract" means a contract entered into by a
712 sponsored captive insurance company and a participant by which the
713 sponsored captive insurance company insures the risks of the

714 participant and limits the losses of each such participant to its pro rata
715 share of the assets of one or more protected cells identified in such
716 participant contract.

717 (25) "Protected cell" means a separate account established by a
718 sponsored captive insurance company, in which assets are maintained
719 for one or more participants in accordance with the terms of one or more
720 participant contracts to fund the liability of the sponsored captive
721 insurance company assumed on behalf of such participants as set forth
722 in such participant contracts.

723 (26) "Pure captive insurance company" means any company that
724 insures risks of its parent and affiliated companies or controlled
725 unaffiliated business.

726 (27) "Reinsurance contract" means a contract entered into by a special
727 purpose financial captive insurance company and a ceding insurer by
728 which the special purpose financial captive insurance company agrees
729 to provide reinsurance to the ceding insurer for risks associated with the
730 ceding insurer's insurance or reinsurance business.

731 (28) "Risk retention group" means a captive insurance company
732 organized under the laws of this state pursuant to the federal Liability
733 Risk Retention Act of 1986, 15 USC 3901 et seq., as amended from time
734 to time, as a stock insurer or mutual corporation, a reciprocal or other
735 limited liability entity.

736 (29) "Security" has the same meaning as provided in section 36b-3 and
737 includes any form of debt obligation, equity, surplus certificate, surplus
738 note, funding agreement, derivative or other financial instrument that
739 the commissioner designates as a security for purposes of this section
740 and sections 38a-91bb to 38a-91tt, inclusive.

741 (30) "Special purpose financial captive insurance company" means a
742 company that is licensed by the commissioner in accordance with
743 section 38a-91bb.

744 (31) "Special purpose financial captive insurance company security"
745 means a security issued by (A) a special purpose financial captive
746 insurance company, or (B) a third party, the proceeds of which are
747 obtained directly or indirectly by a special purpose financial captive
748 insurance company.

749 (32) "Sponsor" means any association, corporation, limited liability
750 company, partnership, trust or other entity that is approved by the
751 commissioner to organize and operate a sponsored captive insurance
752 company and to provide all or part of the required unimpaired paid-in
753 capital and surplus.

754 (33) "Sponsored captive insurance company" means a captive
755 insurance company:

756 (A) In which the minimum required unimpaired paid-in capital and
757 surplus are provided by one or more sponsors;

758 (B) That insures risks of its participants only through separate
759 participant contracts; and

760 (C) That funds its liability to each participant through one or more
761 protected cells and segregates the assets of each protected cell from the
762 assets of other protected cells and from the assets of the sponsored
763 captive insurance company's general account.

764 (34) "Surplus note" means an unsecured subordinated debt obligation
765 possessing characteristics consistent with the National Association of
766 Insurance Commissioners Statement of Statutory Accounting Principles
767 No. 41, as amended from time to time, and as modified or supplemented
768 by the commissioner.

769 Sec. 15. (NEW) (*Effective October 1, 2024*) (a) (1) Any sponsored captive
770 insurance company, including a sponsored captive insurance company
771 licensed as a special purpose financial captive insurance company, may,
772 upon application of such sponsored captive insurance company and
773 with the commissioner's prior written approval, convert one or more

- 774 protected cells or incorporated protected cells into a:
- 775 (A) Single protected cell or incorporated protected cell;
- 776 (B) New sponsored captive insurance company;
- 777 (C) New sponsored captive insurance company licensed as a special
778 purpose financial captive insurance company;
- 779 (D) New special purpose financial captive insurance company;
- 780 (E) New pure captive insurance company;
- 781 (F) New risk retention group;
- 782 (G) New agency captive insurance company;
- 783 (H) New industrial insured captive insurance company; or
- 784 (I) New association captive insurance company.
- 785 (2) Any such conversion of a protected cell or incorporated protected
786 cell, in accordance with subdivision (1) of this subsection, shall be
787 subject to the provisions of sections 38a-91aa to 38a-91xx, inclusive, of
788 the general statutes, as amended by this act, as applicable, and such
789 sponsored captive insurance company's plan of operation approved by
790 the commissioner, without affecting such converted protected cell's or
791 incorporated protected cell's assets, rights, benefits, obligations and
792 liabilities.
- 793 (b) Any conversion of a protected cell or incorporated protected cell
794 shall be deemed to be a continuation of such protected cell's or
795 incorporated protected cell's existence together with all of such
796 protected cell's or incorporated protected cell's assets, rights, benefits,
797 obligations and liabilities, as (1) a new protected cell or incorporated
798 protected cell, (2) a sponsored captive insurance company, (3) a
799 sponsored captive insurance company licensed as a special purpose
800 financial captive insurance company, (4) a pure captive insurance
801 company, (5) a risk retention group, (6) an industrial insured captive

802 insurance company, or (7) an association captive insurance company, as
803 applicable. Any such conversion of a protected cell or incorporated
804 protected cell shall be deemed to occur without any transfer or
805 assignment of such cell's assets, rights, benefits, obligations or liabilities,
806 and without the creation of any reversionary interest in, or impairment
807 of, any such assets, rights, benefits, obligations or liabilities.

808 (c) Any conversion of a protected cell or incorporated protected cell
809 shall not be construed to limit any rights or protections applicable to
810 such converted protected cell or incorporated protected cell or
811 applicable to such sponsored captive insurance company or sponsored
812 captive insurance company licensed as a special purpose financial
813 captive insurance company, as applicable, that existed immediately
814 prior to the date of such conversion.

815 (d) Any protected cell or incorporated protected cell that converts
816 into an incorporated protected cell, a new captive insurance company
817 or risk retention group, in accordance with the provisions of this section,
818 shall perform such conversion in accordance with chapter 601 or 613 of
819 the general statutes, as applicable, or in accordance with any such
820 provisions of the general statutes applicable to the formation of any
821 other type of legal entity permissible under the laws of this state, as
822 applicable.

823 Sec. 16. Section 19a-754c of the general statutes is amended by adding
824 subsection (f) as follows (*Effective October 1, 2024*):

825 (NEW) (f) Notwithstanding any provision of this section, the Covered
826 Connecticut program shall only include in-network health care
827 providers and in-network services, unless the health carrier's network is
828 deemed by the Insurance Commissioner to be inadequate. Benefits
829 described in subsection (b) of this section and cost-sharing available to
830 all eligible individuals pursuant to subdivision (1) of subsection (b) of
831 this section shall only apply if such eligible individuals use in-network
832 health care providers or in-network facilities.

833 Sec. 17. Section 38a-556 of the general statutes is repealed and the

834 following is substituted in lieu thereof (*Effective from passage*):

835 (a) There is hereby created a nonprofit legal entity to be known as the
836 Health Reinsurance Association. All insurers, health care centers and
837 self-insurers doing business in the state, as a condition to their authority
838 to transact the applicable kinds of health insurance defined in section
839 38a-551, shall be members of the association. The association shall
840 perform its functions under a plan of operation established and
841 approved under subsection (b) of this section, and shall exercise its
842 powers through a board of directors established under this section.

843 (b) (1) The board of directors of the association shall be made up of
844 nine individuals selected by participating members, subject to approval
845 by the commissioner, two of whom shall be appointed by the
846 commissioner on or before July 1, 1993, to represent health care centers.
847 To select the initial board of directors, and to initially organize the
848 association, the commissioner shall give notice to all members of the
849 time and place of the organizational meeting. In determining voting
850 rights at the organizational meeting each member shall be entitled to
851 vote in person or proxy. The vote shall be a weighted vote based upon
852 the net health insurance premium derived from this state in the previous
853 calendar year. If the board of directors is not selected within sixty days
854 after notice of the organizational meeting, the commissioner may
855 appoint the initial board. In approving or selecting members of the
856 board, the commissioner may consider, among other things, whether all
857 members are fairly represented. Members of the board may be
858 reimbursed from the moneys of the association for expenses incurred by
859 them as members, but shall not otherwise be compensated by the
860 association for their services.

861 (2) The board shall submit to the commissioner a plan of operation
862 for the association necessary or suitable to assure the fair, reasonable
863 and equitable administration of the association. The plan of operation
864 shall become effective upon approval in writing by the commissioner.
865 Such plan shall continue in force until modified by the commissioner or
866 superseded by a plan submitted by the board and approved by the

867 commissioner. The plan of operation shall: (A) Establish procedures for
868 the handling and accounting of assets and moneys of the association; (B)
869 establish regular times and places for meetings of the board of directors;
870 (C) establish procedures for records to be kept of all financial
871 transactions, and for the annual fiscal reporting to the commissioner; (D)
872 establish procedures whereby selections for the board of directors shall
873 be made and submitted to the commissioner; (E) establish procedures to
874 amend, subject to the approval of the commissioner, the plan of
875 operations; (F) establish procedures for the selection of an administrator
876 and set forth the powers and duties of the administrator; (G) contain
877 additional provisions necessary or proper for the execution of the
878 powers and duties of the association; and (H) contain additional
879 provisions necessary for the association to establish health insurance
880 plans that qualify as acceptable coverage in accordance with the Pension
881 Benefit Guaranty Corporation and other state or federal programs that
882 may be established.

883 (c) The association shall have the general powers and authority
884 granted under the laws of this state to carriers to transact the kinds of
885 insurance defined under section 38a-551, and in addition thereto, the
886 specific authority to: (1) Enter into contracts necessary or proper to carry
887 out the provisions and purposes of this section and sections 38a-551 and
888 [38a-556a] 38a-557 to 38a-559, inclusive; (2) sue or be sued, including
889 taking any legal actions necessary or proper for recovery of any
890 assessments for, on behalf of, or against participating members; (3) take
891 such legal action as necessary to avoid the payment of improper claims
892 against the association or the coverage provided by or through the
893 association; (4) establish, with respect to health insurance provided by
894 or on behalf of the association, appropriate rates, scales of rates, rate
895 classifications and rating adjustments, such rates not to be unreasonable
896 in relation to the coverage provided and the operational expenses of the
897 association; (5) administer any type of reinsurance program, for or on
898 behalf of participating members; (6) pool risks among participating
899 members; (7) issue policies of insurance required or permitted by this
900 section and sections 38a-551 and [38a-556a] 38a-557 to 38a-559,

901 inclusive, in its own name or on behalf of participating members; (8)
902 administer separate pools, separate accounts or other plans as deemed
903 appropriate for separate members or groups of members; (9) operate
904 and administer any combination of plans, pools, reinsurance
905 arrangements or other mechanisms as deemed appropriate to best
906 accomplish the fair and equitable operation of the association; (10) set
907 limits on the amounts of reinsurance that may be ceded to the
908 association by its members; (11) appoint from among participating
909 members appropriate legal, actuarial and other committees as necessary
910 to provide technical assistance in the operation of the association, policy
911 and other contract design, and any other function within the authority
912 of the association; (12) apply for and accept grants, gifts and bequests of
913 funds from other states, federal and interstate agencies and independent
914 authorities, private firms, individuals and foundations for the purpose
915 of carrying out its responsibilities. Any such funds received shall be
916 deposited in the General Fund and shall be credited to a separate
917 nonlapsing account within the General Fund for the Health Reinsurance
918 Association and may be used by the Health Reinsurance Association in
919 the performance of its duties; and (13) perform such other duties and
920 responsibilities as may be required by state or federal law or permitted
921 by state or federal law and approved by the commissioner.

922 (d) Rates for coverage issued by or through the association shall not
923 be excessive, inadequate or unfairly discriminatory. All rates shall be
924 promulgated by the association through an actuarial committee
925 consisting of five persons who are members of the American Academy
926 of Actuaries, shall be filed with the commissioner and may be
927 disapproved within sixty days after the filing thereof if excessive,
928 inadequate or unfairly discriminatory.

929 (e) (1) Following the close of each fiscal year, the administrator shall
930 determine the net premiums, reinsurance premiums less administrative
931 expense allowance, the expense of administration pertaining to the
932 reinsurance operations of the association and the incurred losses for the
933 year. Any net loss shall be assessed to all participating members in
934 proportion to their respective shares of the total health insurance

935 premiums earned in this state during the calendar year, or with paid
936 losses in the year, coinciding with or ending during the fiscal year of the
937 association or on any other equitable basis as may be provided in the
938 plan of operations. For self-insured members of the association, health
939 insurance premiums earned shall be established by dividing the amount
940 of paid health losses for the applicable period by eighty-five per cent.
941 Net gains, if any, shall be held at interest to offset future losses or
942 allocated to reduce future premiums.

943 (2) Any net loss to the association represented by the excess of its
944 actual expenses of administering policies issued by the association over
945 the applicable expense allowance shall be separately assessed to those
946 participating members who do not elect to administer their plans. All
947 assessments shall be on an equitable formula established by the board.

948 (3) The association shall conduct periodic audits to assure the general
949 accuracy of the financial data submitted to the association and the
950 association shall have an annual audit of its operations by an
951 independent certified public accountant. The annual audit shall be filed
952 with the commissioner for his review and the association shall be subject
953 to the provisions of section 38a-14.

954 (f) All policy forms issued by or through the association shall conform
955 in substance to prototype forms developed by the association, shall in
956 all other respects conform to the requirements of this section and
957 sections 38a-551 and [38a-556a] 38a-557 to 38a-559, inclusive, and shall
958 be approved by the commissioner. The commissioner may disapprove
959 any such form if it contains a provision or provisions that are unfair or
960 deceptive or that encourage misrepresentation of the policy.

961 (g) Unless otherwise permitted by the plan of operation, the
962 association shall not issue, reissue or continue in force health care plan
963 coverage with respect to any person who is already covered under an
964 individual or group health care plan, or who is sixty-five years of age or
965 older and eligible for Medicare or who is not a resident of this state.

966 (h) Benefits payable under a health care plan insured by or reinsured

967 through the association shall be paid net of all other health insurance
 968 benefits paid or payable through any other source, and net of all health
 969 insurance coverages provided by or pursuant to any other state or
 970 federal law including Title XVIII of the Social Security Act, Medicare,
 971 but excluding Medicaid.

972 (i) There shall be no liability on the part of and no cause of action of
 973 any nature shall arise against any carrier or its agents or its employees,
 974 the Health Reinsurance Association or its agents or its employees or the
 975 residual market mechanism established under the provisions of section
 976 38a-557 or its agents or its employees, or the commissioner or the
 977 commissioner's representatives for any action taken by them in the
 978 performance of their duties under this section and sections 38a-551 and
 979 [38a-556a] 38a-557 to 38a-559, inclusive. This provision shall not apply
 980 to the obligations of a carrier, a self-insurer, the Health Reinsurance
 981 Association or the residual market mechanism for payment of benefits
 982 provided under a health care plan.

983 Sec. 18. Section 38a-556a of the general statutes is repealed. (*Effective*
 984 *from passage*)"

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2024	38a-8(a)
Sec. 2	October 1, 2024	38a-702k
Sec. 3	October 1, 2024	38a-16
Sec. 4	October 1, 2024	38a-790(a)
Sec. 5	October 1, 2024	38a-792(a)
Sec. 6	October 1, 2024	38a-48
Sec. 7	October 1, 2024	38a-53(a)
Sec. 8	October 1, 2024	38a-54(a)
Sec. 9	October 1, 2024	38a-297
Sec. 10	January 1, 2025	38a-479ppp
Sec. 11	October 1, 2024	38a-564(4)
Sec. 12	October 1, 2024	38a-614(1)
Sec. 13	October 1, 2024	38a-5911(b)
Sec. 14	October 1, 2024	38a-91aa

Sec. 15	<i>October 1, 2024</i>	New section
Sec. 16	<i>October 1, 2024</i>	19a-754c(f)
Sec. 17	<i>from passage</i>	38a-556
Sec. 18	<i>from passage</i>	Repealer section