
OLR Bill Analysis

sHB 6437

AN ACT CONCERNING INSURANCE MARKET CONDUCT AND LICENSING.

SUMMARY

This bill makes changes to various insurance statutes. Primarily, the bill does the following:

1. allows the insurance commissioner to send legal service of process notices and license and registration suspension and revocation notices by email,
2. allows all audits of third-party administrators (TPAs) to be conducted remotely,
3. requires insurers to report to the insurance commissioner any appointed agent's termination for cause within 30 days after the termination, and
4. eliminates a requirement that insurers file an annual report with the insurance commissioner about automobile insurance fraud investigations during the prior year.

EFFECTIVE DATE: October 1, 2025

§ 1 — SERVICE OF PROCESS NOTICES

By law, the commissioner acts as agent for service of legal process on insurance companies and related entities. Under current law, upon receipt, the commissioner must send a copy of the legal notice to the person to be served by either registered or certified mail. The bill allows the commissioner to send the legal notice by email.

The bill also allows him to send the legal notice to either the person to be served or that person's designee, rather than just the specific person as under current law. Under the bill, the commissioner must

send email notices to the person's or designee's last known email address on file with him.

§§ 2, 3 & 7 — LICENSE SUSPENSION OR REVOCATION NOTICES

By law, the insurance commissioner, after notice and hearing, may suspend or revoke a licensee's license for cause. The bill allows the insurance commissioner to send license or registration suspension or revocation notices by personal delivery. By law, "personal delivery" is delivery directly to the intended recipient (or his or her designated representative), including delivery by email to an email address the recipient identified as an acceptable means of communication. Current law requires notice by mail.

The bill specifies that for a firm, association, or corporation, the email address of a natural person designated as the entity's primary contact is an acceptable means of communication, and a notice to that contact's email constitutes notice of suspension or revocation. It also specifies that for a natural person, that person's email address is an acceptable means of communication, and a notice sent to that person's email constitutes suspension or revocation.

Under the bill, notices sent are deemed received by the primary contact or natural person on the earlier of the actual receipt date or seven days after the date the notice is postmarked or emailed.

As under existing law, anyone aggrieved by a suspension or revocation may appeal as under the Uniform Administrative Procedure Act but must use the New Britain judicial district.

The bill also makes technical and conforming changes (§§ 3 & 7).

§ 4 — AUDITS OF THIRD-PARTY ADMINISTRATORS

By law, if a TPA administers benefits for more than 100 certificate holders (e.g., insureds) on behalf of an insurer or another entity, the insurer or other entity must audit the TPA's operations at least semiannually. The bill allows all the audits to be conducted remotely. Current law requires at least one to be conducted on site.

§ 5 — REPORTING AGENTS' TERMINATIONS

The bill requires insurers to report to the insurance commissioner any appointed agent's termination for cause within 30 days after the termination date. Current law requires insurers to report the facts related to an agent's termination, including the cause, upon the commissioner's request, but does not specify a reporting deadline.

§ 6 — AUTO INSURANCE FRAUD INVESTIGATION REPORTS

The bill eliminates a requirement that insurers file a report annually by March 31 with the insurance commissioner about their automobile insurance fraud investigations during the prior year. (In practice, the Insurance Department can access that information from the National Insurance Crime Bureau.)

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 10 Nay 3 (02/20/2025)