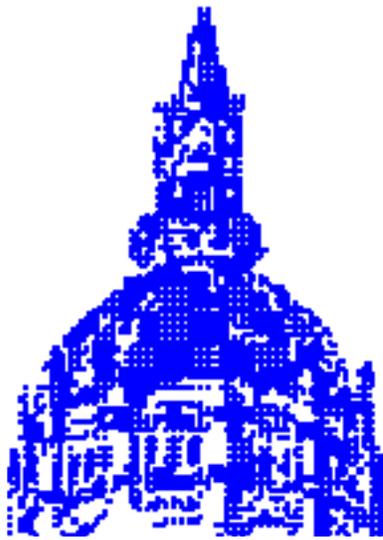


Office of Legislative Research
Connecticut General Assembly



ACTS AFFECTING INSURANCE



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NOTICE TO READERS

This report provides brief highlights of new laws affecting insurance enacted during the 2010 regular session. Each summary indicates the public act (PA) number and effective date.

Not all provisions of the acts are included here. Complete summaries of all 2010 public acts will be available when OLR publishes its Public Act Summary book; some are already on OLR's website (www.cga.ct.gov/olr/OLRPASums.asp).

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, House Clerks Office, or General Assembly's website (www.cga.ct.gov/).

TABLE OF CONTENTS

DISABILITY INSURANCE	4
Long-Term Disability Offsets	4
HEALTH INSURANCE	4
Claims Denial Data Reporting	4
Claims Denial Disclosure	4
COBRA Extension.....	4
Connecticut Clearinghouse	5
Health Care Provider Contracts	5
Joint Purchasing of Health Insurance	5
Joint Purchasing of Prescription Drugs	5
Oral Chemotherapy.....	6
Policy Information Disclosure.....	6
School-Based Health Center.....	6
Small Employer Plans	6
PROPERTY AND CASUALTY INSURANCE	7
Accident Prevention Course	7
Automobile Insurance	7
Credit History	8
Information on Totaled Vehicles	8
Motor Carrier Transportation Contracts	8
Public Adjusters	8
WORKERS' COMPENSATION INSURANCE	9
Employee Misclassification.....	9
Evidence of Workers' Compensation Insurance.....	9
Firefighters and Police Officers	9
Second Injury Fund	10
MISCELLANEOUS	10
Minor and Technical Changes to the Insurance Statutes	10
Service of Process	10

DISABILITY INSURANCE

Long-Term Disability Offsets

PA 10-65 requires each insurer that issues group long-term disability (LTD) policies in Connecticut that contain an offset to disclose specified information to the policyholder, including an example of how the offset works. An offset is a policy provision that reduces the amount of benefits available under the policy if benefits are also available from other sources (e.g., Social Security). The act requires each policyholder to provide the disclosed information to each individual eligible for LTD benefits.

EFFECTIVE DATE: January 1, 2011

HEALTH INSURANCE

Claims Denial Data Reporting

PA 10-19 adds claims denial data for the prior calendar year to the information that managed care organizations must report to the insurance commissioner annually by May 1. The act requires the commissioner to post the claims denial information on the Insurance Department's website and include it in the Consumer Report Card on Health Insurance Carriers in Connecticut, which the department publishes annually by October 15.

EFFECTIVE DATE: July 1, 2010, except the consumer report card provision is effective January 1, 2011.

Claims Denial Disclosure

PA 10-24 requires health insurers who deny coverage of a requested service because it is not medically necessary or a covered benefit to notify the insureds that they may contact the Office of the Healthcare Advocate if they believe the information is incorrect. Insurers must provide the insured with contact information for the healthcare advocate's office.

EFFECTIVE DATE: January 1, 2011

COBRA Extension

PA 10-13 extends the period for which certain people and their dependents may continue group health insurance under the state's "mini-COBRA" law from 18 to 30 months. To qualify for continued coverage, the person must have experienced a specified qualifying event, including a layoff, reduced hours, leave of absence, or termination of employment for other than death or gross misconduct. The act applies to people who are already continuing coverage due

to those qualifying events and people who elect to do so on and after the act's passage.

The act requires each insurer and HMO that has issued a group health insurance policy subject to the continuation requirements, in conjunction with their group policyholders, to provide notice of the extended coverage period to affected people within 60 days of the act's passage.

EFFECTIVE DATE: Upon passage

Connecticut Clearinghouse

PA 10-4 establishes the Connecticut Clearinghouse, from which individuals and small employers may obtain information about health insurance policies and health care available in Connecticut. It requires the Health Reinsurance Association to administer the clearinghouse.

EFFECTIVE DATE: July 1, 2010

Health Care Provider Contracts

The law allows entities that contract with health care providers (i.e., "contracting entities") to give third parties (i.e., "covered entities") access to the providers' services, rates, or fees under certain conditions. **PA 10-59** makes a violation of the law an unfair or deceptive insurance practice. It also (1) requires a contracting entity to

update routinely and at least every 90 days its list of covered entities, which must be available to providers by law; (2) establishes requirements for a covered entity that subsequently gives others access to a provider's services, rates, or fees; and (3) permits a health care provider to file legal actions against contracting and covered entities.

EFFECTIVE DATE: October 1, 2010

Joint Purchasing of Health Insurance

PA 10-174 permits two or more municipalities or local or regional boards of education to enter into a written agreement to act as a single entity to provide medical or health care benefits for their employees.

The agreement is subject to the conditions of any union contract the municipality or board has with its employees. Also, the act requires the legislative body of a municipality to approve the agreement when certain conditions exist between the municipality and board of education.

EFFECTIVE DATE: October 1, 2010

Joint Purchasing of Prescription Drugs

PA 10-131 requires the comptroller to offer nonstate public employers the option to purchase prescription drugs

through the state's bulk purchasing authority for their employers' employees, employees' dependents, or retirees.

It also permits two or more nonstate public employers to join together to purchase prescription drugs.

The act defines "nonstate public employer" as (1) a municipality or other state political subdivision, including a board of education, quasi-public agency, or public library or (2) the Teachers' Retirement Board.

The act authorizes the comptroller to offer a nonstate public employer participating in the prescription drug purchasing program the option of purchasing stop-loss coverage from an insurer at a rate she negotiates.

EFFECTIVE DATE: Upon passage

Oral Chemotherapy

PA 10-63 requires health insurance policies that cover intravenously and orally administered anticancer medications prescribed by a licensed practitioner with prescribing authority to cover the oral medication on at least as favorable a basis as the intravenous medication. It prohibits insurers from reclassifying anticancer medications or increasing a patient's out-of-pocket costs for the medications as a way to comply.

EFFECTIVE DATE: January 1, 2011

Policy Information Disclosure

PA 10-163 requires an insurer to disclose to a municipal employer certain information about its group insurance policy. It defines "employer" as a town; city; borough; or school, taxing, or fire district that has more than 50 employees. The information relates to services used, claims and premiums paid, and the number of people covered under the policy. The act requires an employer to use information it receives only for the purposes of obtaining competitive quotes for group insurance or to promote wellness initiatives for employees.

EFFECTIVE DATE: Upon passage

School-Based Health Center

PA 10-118 requires each Connecticut-licensed health insurer, at the request of a school-based health center, to offer to contract with the center to reimburse covered health services to the insurer's enrollees. The offer must be made on terms and conditions similar to contracts offered to other health care providers.

EFFECTIVE DATE: Upon passage

Small Employer Plans

PA 10-4 makes changes in the laws related to small employer health insurance plans. It redefines "small employer" and

“eligible employee.” By doing so, it broadens the scope of certain laws by including part-time employees working at least 20 hours a week and limits the laws by excluding seasonal employees.

The act requires an insurer or producer marketing small employer group health insurance plans to offer a small employer, upon its request, a premium quote for covering employees working at least 30 or 20 hours a week.

EFFECTIVE DATE: January 1, 2011

PROPERTY AND CASUALTY INSURANCE

Accident Prevention Course

By law, a driver age 60 or older is eligible for an automobile insurance premium discount for successfully completing an accident prevention course approved by the Department of Motor Vehicles (DMV). **PA 10-53** requires the course to be four hours long.

EFFECTIVE DATE: October 1, 2010

Automobile Insurance

PA 10-7 (§§ 1, 5-8) makes numerous changes in laws relating to automobile insurance. Specifically, it:

1. requires an auto insurer to allocate certain expenses on a “flat dollar basis” when determining policy rates;

2. requires auto insurance rating plans that use territorial classifications to assign a weight of 75% to individual loss costs and 25% to state wide average loss costs;
3. requires the insurance commissioner to adopt regulations regarding underwriting and rating auto insurance policies;
4. requires an insurer that cancels an auto insurance policy in accordance with law to give written cancellation notice to any lienholder listed in the insurer’s records as having a legal interest in the motor vehicle;
5. requires a person whose vehicle has been impounded for not having the required registration to present a valid registration and current auto insurance identification card to regain possession of the vehicle;
6. allows an auto insurer to use any publicly available auto industry source approved by the commissioner to determine a totaled vehicle’s retail value; and
7. requires an auto insurer to give a claimant details on how it calculated a totaled vehicle’s loss value, including how to dispute the settlement through the Insurance Department.

EFFECTIVE DATE: January 1, 2011, except for the provisions regarding impounded vehicles and notices to lienholders of auto policy cancellations, which are effective October 1, 2010.

Credit History

PA 10-7 (§§ 2-4) codifies and amends the Insurance Department's guidelines on how insurers can use a person's credit history when underwriting or rating a personal risk insurance policy (e.g., homeowners or automobile).

The act permits an insurer to use a "financial history measurement program" only when underwriting or developing rates for new policies. It prohibits an insurer from using credit history when renewing a policy, unless (1) the policyholder asks or (2) using the program reduces the insured's premium under the insurer's filed rates and rules.

EFFECTIVE DATE: July 1, 2011

Information on Totaled Vehicles

The law imposes requirements on insurance companies that take possession of a motor vehicle with a Connecticut title that has been declared a total loss and which the company offers for sale. The requirements include attaching to the title a copy of the appraiser's damage report. Prior law required insurance companies to send a

copy to DMV. **PA 10-110** (§ 9) allows the commissioner to discontinue this requirement if salvage information that federal law requires the insurance company to report to the National Motor Vehicle Title Information System is regularly available to DMV.

EFFECTIVE DATE: October 1, 2010

Motor Carrier Transportation Contracts

PA 10-110 (§ 25) makes void and unenforceable any provision, clause, covenant, or agreement in a "motor carrier transportation contract" that indemnifies, defends, or holds harmless an indemnitee from or against liability for loss or damage caused by his or her negligence or intentional acts or omissions.

EFFECTIVE DATE: July 1, 2010

Public Adjusters

PA 10-79 redefines a "public adjuster" to specify the range of services one is allowed to perform. The act defines it as a person or company that, on behalf of an insured person and for compensation or anything of value, (1) prepares, documents, and submits a first-party property claim to an insurance company for loss or damage covered under an insurance policy or (2) negotiates, adjusts, or effects a claim settlement.

The act prohibits a public adjuster from soliciting an insured person between 8:00 p.m. and 8:00 a.m.

EFFECTIVE DATE: October 1, 2010

WORKERS' COMPENSATION INSURANCE

Employee Misclassification

By law, any employer who either misrepresents the number of its employees or casts them as independent contractors to defraud or deceive an insurance company in order to pay lower workers' compensation insurance is (1) guilty of a class D felony, (2) subject to a stop work order, and (3) liable to the Labor Department for a \$300 civil penalty. **PA 10-12** applies the same penalty to an employer who defrauds or deceives the state in the same way. The act also increases the civil penalty for this violation by specifying that each day of the violation constitutes a separate offense.

The act specifies that any employer who is fully insured for workers' compensation and fails to pay the required state assessments for the Workers' Compensation Commission and the Second Injury Fund is guilty of a class D felony and subject to a stop work order.

EFFECTIVE DATE: October 1, 2010

Evidence of Workers' Compensation Insurance

PA 10-9 (§ 9) gives applicants for an initial Department of Consumer Protection license or permit the option of providing, as proof that they have workers compensation insurance, the name of the insurer, insurance policy number, effective dates of coverage, and a certification that the information is truthful and accurate.

EFFECTIVE DATE: Upon passage

Firefighters and Police Officers

Under **PA 10-37**, a paid municipal or volunteer firefighter, municipal police officer, constable, or volunteer ambulance service member is eligible for workers compensation benefits for the following diseases if they arise out of and are in the course of employment: hepatitis, meningococcal meningitis, tuberculosis, Kahler's Disease (multiple myeloma), non-Hodgkin's lymphoma, prostate cancer, or testicular cancer. As with all workers' compensation claims, the disease must result in death or temporary or permanent total or partial disability in order for a claimant to be eligible for benefits.

EFFECTIVE DATE: October 1, 2010

Second Injury Fund

PA 10-11 specifies that the penalty for overdue Second Injury Fund assessments from employers or insurers is 15% of the assessment or \$50, whichever is greater. The fund, administered by the state treasurer, provides workers' compensation coverage to workers whose employers failed to provide it.

EFFECTIVE DATE: Upon passage

MISCELLANEOUS

Minor and Technical Changes to the Insurance Statutes

PA 10-5 makes changes in various insurance statutes. It:

1. broadens the applicability of several health insurance benefits;
2. makes the insurance commissioner the agent to receive legal service of process for captive insurance companies domiciled in Connecticut if a registered agent cannot be found with reasonable diligence at the registered office;
3. requires all Connecticut-domiciled captive insurers to file a certificate of general good and articles of incorporation, if applicable, with the secretary of the state; and

4. makes other minor, technical, and conforming changes.

EFFECTIVE DATE: Upon passage, except for the provisions extending the applicability of certain insurance benefit requirements, which are effective January 1, 2011.

Service of Process

PA 10-178 allows an officer of any precinct to serve the attorney general or insurance commissioner with any process permitted by law to be served on them.

EFFECTIVE DATE: October 1, 2010

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