

Senate, March 30, 1998. The Committee on Insurance and Real Estate reported through SEN. BOZEK, 6th DIST., Chairman of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING THE HYPOTHECATION OF ASSETS.

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

1 Section 38a-55 of the general statutes is  
2 repealed and the following is substituted in lieu  
3 thereof:

4 No licensed insurer, health care center or  
5 fraternal benefit society may pledge, hypothecate  
6 or otherwise encumber its assets to secure the  
7 debt, guaranty or obligations of SUCH INSURER,  
8 HEALTH CARE CENTER OR FRATERNAL BENEFITS SOCIETY,  
9 OR OF any other person without the prior written  
10 consent of the Insurance Commissioner. This  
11 prohibition [does] SHALL not apply to obligations  
12 of the insurer under surety bonds or insurance  
13 contracts issued in the regular course of  
14 business.

15 INS COMMITTEE VOTE: YEA 18 NAY 0 JF

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

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**FISCAL IMPACT STATEMENT - BILL NUMBER SB 404**

STATE IMPACT	Potential Increase Anticipated	Minimal Budgetary Resources,	Workload Within Resources,
	see explanation below		

MUNICIPAL IMPACT           None

STATE AGENCY(S)           Department of Insurance

EXPLANATION OF ESTIMATES:

STATE IMPACT: The bill extends the prohibition against insurers, HMO's and fraternal benefit societies pledging or otherwise encumbering their assets to secure the debts, obligations or guaranty of others without the insurance commissioner's consent.

The bill has no fiscal impact on the workload of the Department of Insurance.

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**OLR BILL ANALYSIS**

SB 404

**AN ACT CONCERNING THE HYPOTHECATION OF ASSETS**

**SUMMARY:** This bill extends the prohibition against insurers, HMOs, and fraternal benefit societies pledging or otherwise encumbering their assets to secure another's debt, obligation, or guaranty without the insurance commissioner's consent to their own debts, obligations, and guaranties.

EFFECTIVE DATE: October 1, 1998

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Report  
Yea 18 Nay 0