

House of Representatives, March 19, 1998. The Committee on Insurance and Real Estate reported through REP. AMANN, 118th DIST., Chairman of the Committee on the part of the House, that the bill ought to pass.

AN ACT INCREASING THE LIMIT OF INSURANCE GUARANTY ASSOCIATION COVERAGE FOR HEALTH INSURANCE BENEFITS.

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

1 Section 1. Subsection (c) of section 38a-860  
2 of the general statutes is repealed and the  
3 following is substituted in lieu thereof:

4 (c) The benefits for which the association  
5 may become liable shall in no event exceed the  
6 lesser of: (1) The contractual obligations for  
7 which the insurer is liable or would have been  
8 liable if it were not an impaired insurer, or (2)  
9 (A) with respect to any one life, regardless of  
10 the number of policies or contracts: (i) Three  
11 hundred thousand dollars in life insurance death  
12 benefits, but no more than one hundred thousand  
13 dollars in net cash surrender and net cash  
14 withdrawal values for life insurance; (ii) [three]  
15 FIVE hundred thousand dollars in health insurance  
16 benefits, including any net cash surrender and net  
17 cash withdrawal values; (iii) one hundred thousand  
18 dollars in the present value of annuity benefits,  
19 including net cash surrender and net cash  
20 withdrawal values; (B) with respect to each  
21 individual participating in a governmental

22 retirement plan established under Section 401(k),  
23 403(b) or 457 of the United States Internal  
24 Revenue Code covered by an unallocated annuity  
25 contract or the beneficiaries of each such  
26 individual if deceased, in the aggregate, one  
27 hundred thousand dollars in present value annuity  
28 benefits, including net cash surrender and net  
29 cash withdrawal values; provided, however, that in  
30 no event shall the association be liable to expend  
31 more than the [three] FIVE hundred thousand  
32 dollars in the aggregate with respect to any one  
33 individual under subparagraphs (A) and (B) of this  
34 subsection. (C) With respect to any one contract  
35 holder covered by any unallocated annuity contract  
36 not included in subparagraph (B) of this  
37 subsection, five million dollars in benefits,  
38 irrespective of the number of such contracts held  
39 by that contract holder.  
40 Sec. 2. This act shall take effect from its  
41 passage.

42 INS COMMITTEE VOTE: YEA 16 NAY 0 JF

\* \* \* \* \*

"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 HB 5463**

STATE IMPACT                   None, see explanation below

MUNICIPAL IMPACT           None

STATE AGENCY(S)           Department of Insurance

## EXPLANATION OF ESTIMATES:

There is no fiscal impact for the Department of Insurance as a result of the passage of this bill. The bill increases the limit of insurance guaranty association coverage for individual health insurance benefits from \$300,000 to \$500,000. It has no impact on the workload of the Department of Insurance.

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**OLR BILL ANALYSIS**

HB 5463

**AN ACT INCREASING THE LIMIT OF INSURANCE GUARANTY ASSOCIATION COVERAGE FOR HEALTH INSURANCE BENEFITS**

**SUMMARY:** This bill increases from \$300,000 to \$500,000 the maximum amount of health insurance benefits attributable to any one person for which the Connecticut Life and Health Insurance Guaranty Association may be liable in the event an insurer is financially impaired. The amount includes any net cash surrender or withdrawal values.

EFFECTIVE DATE: Upon Passage

**BACKGROUND****Connecticut Life and Health Insurance Guaranty Association**

This association of insurers pays the valid claims of, or continues coverage for, residents in the event a member insurer fails to perform its contractual obligations due to its financial impairment. Association members are assessed to provide the funds to carry out this purpose.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Report  
Yea 16      Nay 0