



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

**BULLETIN S-18**  
**December 18, 2019**

**TO: ALL INSURERS, HEALTH CARE CENTERS AND FRATERNAL  
BENEFIT SOCIETIES LICENSED IN THE STATE OF CONNECTICUT**

**SUBJECT: RATE REDUCTION, LOSS CONTROL & LOSS MITIGATION VALUE-  
ADDED PRODUCTS AND SERVICES OFFERED OR PROVIDED  
BY INSURERS HEALTH CARE CENTERS AND FRATERNAL  
BENEFIT SOCIETIES**

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The purpose of this bulletin is to provide guidance and clarification on the offer or provision by insurers, health care centers and fraternal benefit societies of rate reduction, loss control, and/or loss mitigation value-added products and services at no additional charge or at a discounted price to insureds or potential insureds under C.G.S. § 38a-825 and § 38a-623 applicable to fraternal benefit societies.

C.G.S. § 38a-825 provides, in pertinent part:

No insurance company doing business in this state, or attorney, producer or any other person shall pay or allow, or offer to pay or allow, as inducement to insurance, any rebate of premium payable on the policy, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement not specified in the policy of insurance. . . .

C.G.S. § 38a-623 provides, in pertinent part:

. . . No [fraternal benefit] society, by itself, or any other party, and no agent or solicitor, personally, or by any other party, shall offer, promise, allow, give, set off or pay, directly or indirectly, any valuable consideration or inducement to or for insurance, on any risk authorized to be taken by such society, which is not specified in the certificate. . . .

These statutes generally prohibit the offering or providing anything of value as an inducement to purchase insurance, unless the thing of value is clearly identified and included in the insurance policy.

In light of the technological advances and potential opportunities to provide innovative products and services to consumers, the Insurance Department has concluded that insurers, health care centers and fraternal benefit societies may provide or offer to

provide these value-added services and programs for loss mitigation, and rate or claim reduction to insureds at no additional charge or at a discounted price without violating C.G.S. § 38a-825 or § 38a-623 if the value-added service or program:

- (1) has a legitimate nexus to the value of the insurance coverage provided by the insurance contract;
- (2) is filed for approval within previously approved or new product contracts with loss mitigation/value-added services and programs listed inside brackets to indicate the variable nature of each offering within the contract. In addition, an annual filing, amending previously approved filings should be made for any updates or revisions to the variable offerings within the contracts, if necessary; and
- (3) is offered or provided in a fair and nondiscriminatory manner to like insureds.

Examples of such products and services include leak prevention systems, telematics devices, home sensors, fire prevention services, biometric wearables, and other connected devices.

The question of whether Conn. Gen. Stat. § 38a-825 or § 38a-623 is violated when products and services not specified in the policy are offered at no cost or at a discounted cost, will depend on whether the item of value is offered as an inducement to insurance, which will always be fact-specific. Services that fall within the scope of customer service, risk assessment, loss control or otherwise educates or informs the insured about their risks customarily provided in connection with the insurance sold without an additional charge, has not been viewed by the Department as a rebate or inducement in violation of Conn. Gen. Stat. § 38a-825 or § 38a-623 even when such services are not expressly included in the policy or contract of insurance. Therefore, insurers, health care centers and fraternal benefit societies may continue to offer and provide such services without specifying them in the insurance policy.

Questions related to this Bulletin should be directed to the Insurance Department Life and Health Division at [cid.lh@ct.gov](mailto:cid.lh@ct.gov) or the Property & Casualty Division at [cid.pc@ct.gov](mailto:cid.pc@ct.gov).



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