

STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Bulletin S-10

AUTOMATIC INCREASE OR ADDITION TO COVERAGE

November 7, 1983

It has come to the attention of this Department that agents and, in some instances insurers, are automatically adding or increasing coverages which are considered optional, without prior knowledge and consent of the policyholder. This procedure is often referred to as a "roll-on."

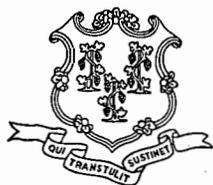
Any addition or increase to a policy without prior knowledge and consent of the policyholder is not permitted by this Department and disciplinary action will be taken against all licensees who continue this practice.

"Roll-ons" should not be confused with the type of homeowners endorsement known as "inflation guard" which offers an increase in coverage as the value of the insured property rises and is agreed upon by the agent and prospective policyholder when the coverage is purchased.

Any additions or increases in coverages which are mandated by statute are not considered "roll-ons."

Although we encourage agents and insurers to apprise policyholders of any additional optional coverages, and of the value of increases, it is imperative that additions or increases not be automatically added to a policy and the premium increased.

Peter W. Gillies
INSURANCE COMMISSIONER



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Bulletin S-1a

COORDINATION OF BENEFITS

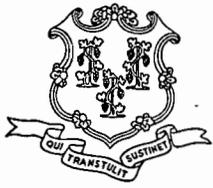
December 16, 1965

The so-called "Coordination of Benefits" Provision of Group Accident and Sickness policies has been under study by this Department for some time. Aimed at combating the evils of over-insurance, this Provision provides for a reduction of benefits not only where there is other effective Group insurance, but also other similar *individual* insurance coverage which the insured person may have purchased with his own funds.

It is the decision of this Department that in those cases where the Provision refers only to other Group insurance, that approval of the forms will be granted now.

We are not approving any Group form containing a "Coordination of Benefits" Provision which includes, directly or by inference, any individual insurance which involves financial outlay on the part of the insured person. This includes student accident groups since this insurance is almost invariably paid for by the parent or student.

William R. Cotter
INSURANCE COMMISSIONER



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Bulletin S-1

FINANCING OF LIFE INSURANCE PREMIUMS

November 1, 1965

This Department has been concerned about the arrangements certain life insurance companies have adopted for the financing of premiums for policies issued to doctors, dentists, veterinarians, college students, etc., which insure them during their period of internship, residency, or the beginning years of private practice. In some cases this program applies while the insured is still a student in school.

The entire concept of this program involves the establishment of an immediate estate based upon whole life policies which would be commensurate with the insured's anticipated future economic status when engaged in the practice of this profession.

The financing arrangements as reviewed by this Department usually involve banks or finance companies not connected or related to the issuing insurance company. The notes signed by the insured and generally endorsed by the agent or general agent have the effect of deferring the greatest portion of the annual premiums some five, six, or seven years in the future when it is presumed the insured will be in a position to meet these obligations. There are some slight variations by the companies on these plans, but for the most part, they follow the same general pattern.

Our concern has been whether these financing arrangements were in violation of Sec. 38-59 of the Connecticut General Statutes which reads as follows:

Sec. 38-59. Premium rebate or other special favor. No insurance company doing business in this state, or attorney, agent, sub-agent, broker 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. No person shall receive or accept from any company, or attorney, agent, sub-agent, broker or any other person, as inducement to insurance, any such rebate of premium payable on the policy, or any special favor or advantage in the dividends or other benefit to accrue thereon, or any valuable consideration or inducement not specified in the policy of insurance. No person shall be excused from testifying or from producing any books, papers, contracts, agreements or documents, at the trial of any other person charged with the violation of any provision of this section or of section 38-149, on the ground that such testimony or evidence may tend to incriminate him, but no person shall be prosecuted for any act concerning which he shall be compelled to so testify or produce documentary or other evidence, except for perjury committed in so testifying.

We have come to the conclusion that these financing plans contain "inducements not specified in the policy of insurance," and all life insurance companies licensed to do business in Connecticut are advised not to sell life insurance policies in the State based upon the financing of premiums in banks, loan companies, or other sources unless the premium finance plan or other details thereof are specified in or made part of the policy or contract of insurance.

It is also advised that companies desiring to incorporate into their policies any special premium financing arrangement should be prepared to demonstrate that the proposal does not constitute a prohibited, unfair discrimination as outlined in Sec. 38-149 of the Connecticut General Statutes, which reads as follows:

Sec. 38-149. Discrimination in favor of individuals prohibited. No life insurance company doing business in this state shall make or permit any distinction or discrimination in favor of individuals between insureds of the same class and expectation of life in the amount or payment of premiums or rates charged for policies of life or endowment insurance, or in the dividends or other benefits payable thereon, or in any other of the terms and conditions of the contracts it makes; nor shall any such company or agent, sub-agent, broker or other person make any contract of insurance or agreement as to such contract other than is plainly expressed in the policy issued thereon.

William R. Cotter
INSURANCE COMMISSIONER