



Agency Legislative Proposal – 2023 Session

Document Name:

Document Name	CID #1 - An Act Concerning Insurance Licensing
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Naming Format: AGENCY ACRONYM PROPOSAL NUMBER - TOPIC

Please insert a copy of the fully drafted bill at the end of this document (required for review)

Legislative Liaison	Jim Carson
Division Requesting This Proposal	Licensing
Drafter	Tony Caporale

Title of Proposal	An Act Concerning Insurance Licensing
Statutory Reference, if any	C.G.S. sec. 38a-769
Brief Summary and Statement of Purpose	Change the provisions of C.G.S. sec. 38a-769 to add an additional category of applicants for a license, i.e. those individuals residing in states that do not offer the type of license sought in Connecticut and would want to designate CT as their Designated Home State.

SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate

<p>Sec. 38a-769 is amended (1) to add a provision clarifying that an out of state resident may obtain a CT resident license only if the applicant’s resident state offers the type of license applied for in our state, but the licensee maintains its principal place of business in CT; and (2) add a new subsection (b) to provide that if the resident state of the applicant does not offer the type of license applied for the applicant can designate CT as the applicant’s home state.</p>



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BACKGROUND

Origin of Proposal

New Proposal

Resubmission

If this is a resubmission, please share the prior bill number, the reason the bill did not move forward, and any changes made or conversations had since it was last proposed:

Please consider the following, if applicable:

Have there been changes in federal/state laws or regulations that make this legislation necessary?	The change is necessary due to uniformity and reciprocity provisions requiring licensees residing in states that do not offer certain types of licenses to apply in other states and designate such states as their home state.
Has this proposal or a similar proposal been implemented in other states? If yes, to what result?	Yes
Have certain constituencies called for this proposal?	Dictated by CT moving to the SBS system

INTERAGENCY IMPACT

List each affected agency. Copy the table as needed.

Check here if this proposal does NOT impact other agencies



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Document Name:

1. Agency Name	
Agency Contact (name, title)	
Date Contacted	
Status	<input type="checkbox"/> Approved <input type="checkbox"/> Talks Ongoing
Open Issues, if any	

FISCAL IMPACT

Include the section number(s) responsible for the fiscal impact and the anticipated impact

Check here if this proposal does NOT have a fiscal impact

State	
Municipal (Include any municipal mandate that can be found within legislation)	
Federal	
Additional notes	

MONITORING & EVALUATION PLAN

If applicable, please describe the anticipated measurable outcomes and the data that will be used to track those outcomes. Include the section number(s) responsible for those outcomes

Check here if this proposal does NOT lead to any measurable outcomes



ANYTHING ELSE WE SHOULD KNOW?

INSERT FULLY DRAFTED BILL HERE

Sec. 38a-769. (Formerly Sec. 38-72). Application for license. Regulations.

Exceptions. (a) Any person, partnership, association or corporation that is resident in this state **[or has its principal place of business in this state]**, or a nonresident of this state who is not licensed in any other state offering the type of license sought and maintains its principal place of business in this state, desiring to act within this state as a public adjuster, casualty adjuster, motor vehicle physical damage appraiser, certified insurance consultant, surplus lines broker or desiring to engage in any insurance-related occupation for which a license is deemed necessary by the commissioner, other than an occupation as an insurance producer, shall make a written application to the commissioner for a resident license. Any other person, partnership, association or corporation desiring to so act or to engage in any insurance-related occupation for which a license is deemed necessary by the commissioner, other than an occupation as an



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insurance producer, shall make a written application to the commissioner for a nonresident license. No application for a nonresident license shall be granted unless the applicant holds an equivalent license from any other state. Any application for a resident or nonresident license shall be made for each name or designation under which such business shall be conducted, in such form as the commissioner prescribes, stating the line or lines of insurance for which the applicant desires such license and any other business which the applicant desires also to transact. All initial applications shall be accompanied by a nonrefundable filing fee specified in section 38a-11. The commissioner shall cause to be made such inquiry and examination as to the qualifications of each such applicant as the commissioner deems necessary.

(b) Any person, partnership, association or corporation residing in a state that does not offer the type of license sought in this state may make a written application to the commissioner for a nonresident license and designate this state as such person's, association's or corporation's home state.

~~[(b)]~~ (c) Each application for a license shall be signed by: The applicant, if the application is for an individual; a licensed officer, if the application is for a corporation; a licensed partner, if the application is for a partnership; and a licensed principal, if the application is for any other applicant.

~~[(c)]~~ (d) Each applicant for a license shall furnish satisfactory evidence to the commissioner that the applicant is a person of good moral character and that the



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applicant is financially responsible. In order to determine the trustworthiness and competency of an applicant the commissioner shall subject the applicant to personal written examination as to the applicant's competency to act as a licensee for each line of insurance for which the applicant desires to be licensed. The commissioner may, at the commissioner's discretion, designate an independent testing service to prepare and administer such examination, provided any examination fees charged by such service shall be paid by the applicant. The commissioner shall collect the appropriate examination fee as specified in section 38a-11, which shall entitle the applicant to take the examination for the license desired, except that when a testing service is used, the testing service shall pay such fee to the commissioner for each examination taken by an applicant. In either case, each such examination shall be as the commissioner prescribes and shall be of sufficient scope to test the applicant's knowledge of insurance, the duties and responsibilities of a licensee and the laws of this state applicable to insurance. The commissioner may require a waiting period not exceeding six months, before reexamining any applicant who has failed to pass any such examination.

[(d)] (e) Upon finding that an applicant meets the licensing requirements of this title and is in all respects properly qualified and trustworthy and that the granting of such license is not against the public interest, the commissioner may issue to such applicant the license applied for, in such form as the commissioner may adopt, to act within this state to the extent therein specified.



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[(e)] (f) The commissioner may adopt regulations, in accordance with chapter 54, concerning the approval of schools offering courses in insurance, the content of such courses and the advertising to the public of the services of these schools.

[(f)] (g) To further the enforcement of this section and to determine the eligibility of any licensee, the commissioner may, as often as the commissioner deems necessary, examine the books and records of any such licensee.

[(g)] (h) A license may, in the discretion of the commissioner, be renewed or continued upon payment of the appropriate fee as specified in section 38a-11, without the resubmittal of the detailed information required in the original application.



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Document Name:

Document Name	CID #2- An Act Making Technical Corrections to the Life and Health Insurance Statutes
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Naming Format: AGENCY ACRONYM PROPOSAL NUMBER - TOPIC

Please insert a copy of the fully drafted bill at the end of this document (required for review)

Legislative Liaison	Jim Carson
Division Requesting This Proposal	Life and Health/Consumer Affairs
Drafter	Jon Trister, 203-715-2902

Title of Proposal	AA Making Technical Corrections to the Life and Health Insurance Statutes
Statutory Reference, if any	38a-489, 38a-490, 38a-497, 38a-508, 38a-512b, 38a-515, 38a-516, 38a-549, 38a-509, 38a-536
Brief Summary and Statement of Purpose	To make various technical corrections to the health insurance statutes by correcting the dependent coverage statutes to remove accident only which was added erroneously and updating the language in the infertility statutes to conform with federal law.

SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate

<p>Sec 1: removes accident only type of insurance from the coverage of mentally or physically handicapped children individual dependent coverage statute since accident only policies do not offer dependent coverage and it was included erroneously.</p> <p>Sec 2: removes accident only type of insurance from the coverage of newly born children individual dependent coverage statute since accident only policies do not offer dependent coverage and it was included erroneously.</p>



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Sec 3: removes accident only type of insurance from the coverage of stepchildren individual dependent coverage statute since accident only policies do not offer dependent coverage and it was included erroneously.

Sec 4: removes accident only type of insurance from the adopted children individual dependent coverage statute since accident only policies do not offer dependent coverage and it was included erroneously.

Sec 5: removes accident only type of insurance from the stepchildren group dependent coverage statutes since accident only policies do not offer dependent coverage and it was included erroneously.

Sec 6: removes accident only type of insurance from the coverage of mentally or physically handicapped children group dependent coverage statute since accident only policies do not offer dependent coverage and it was included erroneously.

Sec 7: removes accident only type of insurance from the coverage of newly born children group dependent coverage statute since accident only policies do not offer dependent coverage and it was included erroneously.

Sec 8: removes accident only type of insurance from the adopted children group dependent coverage statute since accident only policies do not offer dependent coverage and it was included erroneously.

Sec 9 and 10: conform parts of Connecticut’s infertility statutes that are presently preempted to federal law

BACKGROUND

Origin of Proposal **New Proposal** **Resubmission**

If this is a resubmission, please share the prior bill number, the reason the bill did not move forward, and any changes made or conversations had since it was last proposed:

New proposal

Please consider the following, if applicable:

Have there been changes in federal/state laws or regulations that make this legislation necessary?	Yes – section 9 and 10. After the ACA was passed, CID issued a bulletin to bring this statute in line with federal law, but the underlying statute was never changed. This will codify our current bulletin and place these important protections into state statute.
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Has this proposal or a similar proposal been implemented in other states? If yes, to what result?	N/A
Have certain constituencies called for this proposal?	no

INTERAGENCY IMPACT

List each affected agency. Copy the table as needed.

[X] Check here if this proposal does NOT impact other agencies

1. Agency Name	
Agency Contact (name, title)	
Date Contacted	
Status	<input type="checkbox"/> Approved <input type="checkbox"/> Talks Ongoing
Open Issues, if any	

FISCAL IMPACT

Include the section number(s) responsible for the fiscal impact and the anticipated impact

[X] Check here if this proposal does NOT have a fiscal impact

State	
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Municipal (Include any municipal mandate that can be found within legislation)	
Federal	
Additional notes	

MONITORING & EVALUATION PLAN

If applicable, please describe the anticipated measurable outcomes and the data that will be used to track those outcomes. Include the section number(s) responsible for those outcomes

[X] Check here if this proposal does NOT lead to any measurable outcomes

ANYTHING ELSE WE SHOULD KNOW?

This proposal cleans up some technical issues in the health insurance statutes and helps the laws of the state of Connecticut comply with federal law.

INSERT FULLY DRAFTED BILL HERE

Section 1.

Sec. 38a-489. (Formerly Sec. 38-174e). Continuation of coverage of mentally or physically handicapped children. (a) Each individual health insurance policy providing coverage of the



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type specified in subdivisions (1), (2), (4), [(6)], (10), (11) and (12) of section 38a-469, delivered, issued for delivery, renewed, amended or continued in this state that provides that coverage of a dependent child shall terminate upon attainment of the limiting age for dependent children specified in the policy shall also provide in substance that attainment of the limiting age shall not operate to terminate the coverage of the child if at such date the child is and continues thereafter to be both (1) incapable of self-sustaining employment by reason of mental or physical handicap, as certified by the child's physician or advanced practice registered nurse on a form provided by the insurer, hospital service corporation, medical service corporation or health care center, and (2) chiefly dependent upon the policyholder or subscriber for support and maintenance.

(b) Proof of the incapacity and dependency shall be furnished to the insurer, hospital service corporation, medical service corporation or health care center by the policyholder or subscriber within thirty-one days of the child's attainment of the limiting age. The insurer, corporation or health care center may at any time require proof of the child's continuing incapacity and dependency. After a period of two years has elapsed following the child's attainment of the limiting age the insurer, corporation or health care center may require periodic proof of the child's continuing incapacity and dependency but in no case more frequently than once every year.

Sec. 2

Sec. 38a-490. (Formerly Sec. 38-174g). Coverage for newly born children. Notification to insurer. (a) Each individual health insurance policy delivered, issued for delivery, renewed, amended or continued in this state providing coverage of the type specified in subdivisions (1), (2), (4), [(6)], (10), (11) and (12) of section 38a-469 for a family member of the insured or subscriber shall, as to such family member's coverage, also provide that the health insurance benefits applicable for children shall be payable with respect to a newly born child of the insured or subscriber from the moment of birth.

(b) Coverage for such newly born child shall consist of coverage for injury and sickness including necessary care and treatment of medically diagnosed congenital defects and birth abnormalities within the limits of the policy.

(c) If payment of a specific premium or subscription fee is required to provide coverage for a child, the policy or contract may require that notification of birth of such newly born child and payment of the required premium or fees shall be furnished to the insurer, hospital service corporation, medical service corporation or health care center not later than sixty-one days after the date of birth in order to continue coverage beyond such sixty-one-day period, provided failure to furnish such notice or pay such premium or fees shall not prejudice any claim originating within such sixty-one-day period.



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Sec. 3.

Sec. 38a-497. (Formerly Sec. 38-174r). Termination of coverage of children in individual policies. Coverage for stepchildren. Each individual health insurance policy providing coverage of the type specified in subdivisions (1), (2), (4), [(6),] (10), (11) and (12) of section 38a-469 delivered, issued for delivery, amended, renewed or continued in this state shall provide that coverage of a child shall terminate no earlier than the policy anniversary date on or after whichever of the following occurs first, the date on which the child: Becomes covered under a group health plan through the dependent's own employment; or attains the age of twenty-six. Each such policy shall cover a stepchild on the same basis as a biological child.

Sec. 4.

Sec. 38a-508. Coverage for adopted children. (a) Each individual health insurance policy providing coverage of the type specified in subdivisions (1), (2), (4), [(6),] (10), (11) and (12) of section 38a-469 delivered, issued for delivery, amended, renewed or continued in this state shall provide coverage for a child legally placed for adoption with the insured or subscriber who is an adoptive parent or a prospective adoptive parent, even though the adoption has not been finalized, provided the child lives in the household of such insured or subscriber and the child is dependent upon such person for support and maintenance.

(b) Coverage for such child legally placed for adoption shall consist of coverage for injury and sickness including necessary care and treatment of medically diagnosed congenital defects and birth abnormalities within the limits of the policy.

(c) If payment of a specific premium or subscription fee is required to provide coverage for a child legally placed for adoption with the insured or subscriber who is an adoptive parent or a prospective adoptive parent, the policy or contract may require that notification of acceptance of such child and payment of the required premium or fees be furnished to the insurer, hospital service corporation, medical service corporation or health care center within thirty-one days after the acceptance of such child in order to continue coverage beyond such thirty-one-day period, provided failure to furnish such notice or pay such premium or fees shall not prejudice any claim originating within such thirty-one-day period.

(d) Such policy (1) shall cover such child legally placed for adoption on the same basis as other dependents, and (2) may not contain any provision concerning preexisting conditions, insurability, eligibility or health underwriting approval for a child legally placed for adoption, except that an insurer, hospital service corporation, medical service corporation or health care center may require health underwriting for a child legally placed for adoption if a required premium or subscription fee and completed application materials are not provided to the insurer, hospital service corporation, medical service corporation or health care center before the expiration of the thirty-one-day period following the date the child was legally placed for adoption.

Sec. 5

Sec. 38a-512b. Termination of coverage of children in group policies. Coverage for stepchildren. Each group health insurance policy providing coverage of the type specified in subdivisions (1), (2), (4), [(6),] (10), (11) and (12) of section 38a-469 delivered, issued for delivery, amended, renewed



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or continued in this state shall provide that coverage of a child shall terminate no earlier than the policy anniversary date on or after whichever of the following occurs first, the date on which the child: Becomes covered under a group health plan through the dependent's own employment; or attains the age of twenty-six. Each such policy shall cover a stepchild on the same basis as a biological child.

Sec. 6:

Sec. 38a-515. Continuation of coverage of mentally or physically handicapped children. (a)

Each group health insurance policy providing coverage of the type specified in subdivisions (1), (2), (4), [(6),] (11) and (12) of section 38a-469 delivered, issued for delivery, renewed, amended or continued in this state that provides that coverage of a dependent child of an employee or other member of the covered group shall terminate upon attainment of the limiting age for dependent children specified in the policy shall also provide in substance that attainment of the limiting age shall not operate to terminate the coverage of the child if at such date the child is and continues thereafter to be both (1) incapable of self-sustaining employment by reason of mental or physical handicap, as certified by the child's physician or advanced practice registered nurse on a form provided by the insurer, hospital service corporation, medical service corporation or health care center, and (2) chiefly dependent upon such employee or member for support and maintenance.

(b) Proof of the incapacity and dependency shall be furnished to the insurer, hospital service corporation, medical service corporation or health care center by the employee or member within thirty-one days of the child's attainment of the limiting age. The insurer, corporation or center may at any time require proof of the child's continuing incapacity and dependency. After a period of two years has elapsed following the child's attainment of the limiting age the insurer, corporation or center may require periodic proof of the child's continuing incapacity and dependency but in no case more frequently than once every year.

Sec. 7:

Sec. 38a-516. Coverage for newly born children. Notification to insurer. (a) Each group health insurance policy delivered, issued for delivery, renewed, amended or continued in this state providing coverage of the type specified in subdivisions (1), (2), (4), [(6),] (11) and (12) of section 38a-469 for a family member of the insured or subscriber shall, as to such family member's coverage, also provide that the health insurance benefits applicable for children shall be payable with respect to a newly born child of the insured or subscriber from the moment of birth.

(b) Coverage for such newly born child shall consist of coverage for injury and sickness including necessary care and treatment of medically diagnosed congenital defects and birth abnormalities within the limits of the policy.



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(c) If payment of a specific premium fee is required to provide coverage for a child, the policy may require that notification of birth of such newly born child and payment of the required premium or fees shall be furnished to the insurer, hospital service corporation, medical service corporation or health care center not later than sixty-one days after the date of birth in order to continue coverage beyond such sixty-one-day period, provided failure to furnish such notice or pay such premium shall not prejudice any claim originating within such sixty-one-day period.

Sec.8:

Sec. 38a-549. Coverage for adopted children. (a) Each group health insurance policy providing coverage of the type specified in subdivisions (1), (2), (4), [(6),] (10), (11) and (12) of section 38a-469 delivered, issued for delivery, amended, renewed or continued in this state shall provide coverage for a child legally placed for adoption with an employee or other member of the covered group who is an adoptive parent or a prospective adoptive parent, even though the adoption has not been finalized, provided the child lives in the household of such employee or member and the child is dependent upon such employee or member for support and maintenance.

(b) Coverage for such child legally placed for adoption shall consist of coverage for injury and sickness including necessary care and treatment of medically diagnosed congenital defects and birth abnormalities within the limits of the policy.

(c) If payment of a specific premium or subscription fee is required to provide coverage for a child legally placed for adoption with the insured or subscriber who is an adoptive parent or a prospective adoptive parent, the policy may require that notification of acceptance of such child and payment of the required premium or fees be furnished to the insurer, hospital service corporation, medical service corporation or health care center within thirty-one days after the acceptance of such child in order to continue coverage beyond such thirty-one-day period, provided failure to furnish such notice or pay such premium or fees shall not prejudice any claim originating within such thirty-one-day period.

(d) Such policy (1) shall cover such child legally placed for adoption on the same basis as other dependents, and (2) may not contain any provision concerning preexisting conditions, insurability, eligibility or health underwriting approval for a child legally placed for adoption, except that an insurer, hospital service corporation, medical service corporation or health care center may require health underwriting for a child legally placed for adoption if a required premium or subscription fee and completed application materials are not provided to the insurer, hospital service corporation, medical service corporation or health care center before the expiration of the thirty-one-day period following the date the child was legally placed for adoption.

Sec 9:

Sec. 38a-509. Mandatory coverage for infertility diagnosis and treatment. Limitations. (a) Subject to the limitations set forth in subsection (b) of this section and except as provided in subsection (c) of this section, each individual health insurance policy providing coverage of the type specified in subdivisions (1), (2), (4), (11) and (12) of section 38a-469 delivered, issued for delivery, amended, renewed or continued in this state on or after January 1, 2018, shall provide coverage for the medically necessary expenses of the diagnosis and treatment of infertility, including, but not limited to, ovulation



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induction, intrauterine insemination, in-vitro fertilization, uterine embryo lavage, embryo transfer, gamete intra-fallopian transfer, zygote intra-fallopian transfer and low tubal ovum transfer. For purposes of this section, “infertility” means the condition of an individual who is unable to conceive or produce conception or sustain a successful pregnancy during a one-year period or such treatment is medically necessary.

(b) Such policy may:

[(1) Limit such coverage to an individual until the date of such individual's fortieth birthday;

(2)] (1) Limit such coverage for ovulation induction to a lifetime maximum benefit of four cycles;

[(3)] (2) Limit such coverage for intrauterine insemination to a lifetime maximum benefit of three cycles;

[(4)] (3) Limit lifetime benefits to a maximum of two cycles, with not more than two embryo implantations per cycle, for in-vitro fertilization, gamete intra-fallopian transfer, zygote intra-fallopian transfer or low tubal ovum transfer, provided each such fertilization or transfer shall be credited toward such maximum as one cycle;

[(5)] (4) Limit coverage for in-vitro fertilization, gamete intra-fallopian transfer, zygote intra-fallopian transfer and low tubal ovum transfer to those individuals who have been unable to conceive or produce conception or sustain a successful pregnancy through less expensive and medically viable infertility treatment or procedures covered under such policy. Nothing in this subdivision shall be construed to deny the coverage required by this section to any individual who foregoes a particular infertility treatment or procedure if the individual's physician determines that such treatment or procedure is likely to be unsuccessful; and

[(6)] (5) Require that covered infertility treatment or procedures be performed at facilities that conform to the standards and guidelines developed by the American Society of Reproductive Medicine or the Society of Reproductive Endocrinology and Infertility;

[(7) Limit coverage to individuals who have maintained coverage under such policy for at least twelve months; and

(8) Require disclosure by the individual seeking such coverage to such individual's existing health insurance carrier of any previous infertility treatment or procedures for which such individual received coverage under a different health insurance policy. Such disclosure shall be made on a form and in the manner prescribed by the Insurance Commissioner.]

(c) (1) Any insurance company, hospital service corporation, medical service corporation or health care center may issue to a religious employer an individual health insurance policy that excludes coverage for methods of diagnosis and treatment of infertility that are contrary to the religious employer's bona fide religious tenets.

(2) Upon the written request of an individual who states in writing that methods of diagnosis and treatment of infertility are contrary to such individual's religious or moral beliefs, any insurance company, hospital service corporation, medical service corporation or health care center may issue to or on behalf of the individual a policy or rider thereto that excludes coverage for such methods.

(d) Any health insurance policy issued pursuant to subsection (c) of this section shall provide written notice to each insured or prospective insured that methods of diagnosis and treatment of infertility are excluded from coverage pursuant to said subsection. Such notice shall appear, in not less than ten-point type, in the policy, application and sales brochure for such policy.

(e) As used in this section, “religious employer” means an employer that is a “qualified church-controlled organization”, as defined in 26 USC 3121 or a church-affiliated organization.

Sec 8:



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Sec. 38a-536. Mandatory coverage for infertility diagnosis and treatment. Limitations. (a)

Subject to the limitations set forth in subsection (b) of this section and except as provided in subsection (c) of this section, each group health insurance policy providing coverage of the type specified in subdivisions (1), (2), (4), (11) and (12) of section 38a-469 delivered, issued for delivery, amended, renewed or continued in this state on or after January 1, 2018, shall provide coverage for the medically necessary expenses of the diagnosis and treatment of infertility, including, but not limited to, ovulation induction, intrauterine insemination, in-vitro fertilization, uterine embryo lavage, embryo transfer, gamete intra-fallopian transfer, zygote intra-fallopian transfer and low tubal ovum transfer. For purposes of this section, “infertility” means the condition of an individual who is unable to conceive or produce conception or sustain a successful pregnancy during a one-year period or such treatment is medically necessary.

(b) Such policy may:

[(1)] Limit such coverage to an individual until the date of such individual's fortieth birthday;

[(2)] (1) Limit such coverage for ovulation induction to a lifetime maximum benefit of four cycles;

[(3)] (2) Limit such coverage for intrauterine insemination to a lifetime maximum benefit of three cycles;

[(4)] (3) Limit lifetime benefits to a maximum of two cycles, with not more than two embryo implantations per cycle, for in-vitro fertilization, gamete intra-fallopian transfer, zygote intra-fallopian transfer or low tubal ovum transfer, provided each such fertilization or transfer shall be credited toward such maximum as one cycle;

[(5)] (4) Limit coverage for in-vitro fertilization, gamete intra-fallopian transfer, zygote intra-fallopian transfer and low tubal ovum transfer to those individuals who have been unable to conceive or produce conception or sustain a successful pregnancy through less expensive and medically viable infertility treatment or procedures covered under such policy. Nothing in this subdivision shall be construed to deny the coverage required by this section to any individual who foregoes a particular infertility treatment or procedure if the individual's physician determines that such treatment or procedure is likely to be unsuccessful; and

[(6)] (5) Require that covered infertility treatment or procedures be performed at facilities that conform to the standards and guidelines developed by the American Society of Reproductive Medicine or the Society of Reproductive Endocrinology and Infertility;

[(7)] Limit coverage to individuals who have maintained coverage under such policy for at least twelve months; and

(8) Require disclosure by the individual seeking such coverage to such individual's existing health insurance carrier of any previous infertility treatment or procedures for which such individual received coverage under a different health insurance policy. Such disclosure shall be made on a form and in the manner prescribed by the Insurance Commissioner.]

(c) (1) Any insurance company, hospital service corporation, medical service corporation or health care center may issue to a religious employer a group health insurance policy that excludes coverage for methods of diagnosis and treatment of infertility that are contrary to the religious employer's bona fide religious tenets.

(2) Upon the written request of an individual who states in writing that methods of diagnosis and treatment of infertility are contrary to such individual's religious or moral beliefs, any insurance company, hospital service corporation, medical service corporation or health care center may issue to or on behalf of the individual a policy or rider thereto that excludes coverage for such methods.

(d) Any health insurance policy issued pursuant to subsection (c) of this section shall provide written notice to each insured or prospective insured that methods of diagnosis and treatment of



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infertility are excluded from coverage pursuant to said subsection. Such notice shall appear, in not less than ten-point type, in the policy, application and sales brochure for such policy.

(e) As used in this section, “religious employer” means an employer that is a “qualified church-controlled organization”, as defined in 26 USC 3121 or a church-affiliated organization.



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Document Name:

Document Name	CID 3 - AAC Captive Insurance Companies.
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Naming Format: AGENCY ACRONYM PROPOSAL NUMBER - TOPIC

Please insert a copy of the fully drafted bill at the end of this document (required for review)

Legislative Liaison	Jim Carson
Division Requesting This Proposal	Captives
Drafter	Fenhua Liu Jen Dowty

Title of Proposal	AAC Captive Insurance Companies.
Statutory Reference, if any	C.G.S. §§ 38a-91bb, 38a-91rr, 38a-91uu
Brief Summary and Statement of Purpose	<ol style="list-style-type: none"> 1. Sec. 38a-91uu (a) Add clarification that dormant captive shall not be subject to minimum premium tax in CT; 2. Add language for statutory clarity to the separate accounts in each cell of a sponsored captive; 3. Add new language to clarify that Captives can accept or transfer risk by means of a parametric contract. <p>All these changes are reasonable with the goal of meeting the needs of businesses, making Connecticut captive laws more consistent with other top domiciles. Item 1 adds language to allow captives in dormant status to be exempt from paying premium tax while in dormant status. While they are in this status, they are not operating. Item 2 clarifies that a protected cell of a sponsored captive insurance company may establish one or more separate accounts and may allocate to them amounts to provide for the insurance of risks of one or more participants, or controlled unaffiliated business of such participant or participants. Item 3 clarifies that captives can transfer risk by means of a parametric contract.</p>



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SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate

<p>38a-91bb</p> <p>38a-91rr</p> <p>38a-91uu</p>

BACKGROUND

Origin of Proposal **New Proposal** **Resubmission**

<p>If this is a resubmission, please share the prior bill number, the reason the bill did not move forward, and any changes made or conversations had since it was last proposed:</p>
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Please consider the following, if applicable:

Have there been changes in federal/state laws or regulations that make this legislation necessary?	No.
Has this proposal or a similar proposal been implemented in other states? If	Yes, Vermont has implemented these changes between 2020 and 2022.



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yes, to what result?	
Have certain constituencies called for this proposal?	Yes- Captive Industry has asked for the parametric solutions piece to clarify current practice.

INTERAGENCY IMPACT

List each affected agency. Copy the table as needed.

[] Check here if this proposal does NOT impact other agencies

1. Agency Name	DRS
Agency Contact (name, title)	Ernie Adamo
Date Contacted	9/27/2022
Status	[] Approved [] Talks Ongoing DRS has no concerns
Open Issues, if any	

FISCAL IMPACT

Include the section number(s) responsible for the fiscal impact and the anticipated impact

[] Check here if this proposal does NOT have a fiscal impact

State	Suspension of the minimum premium taxes for inactive captives - \$7,500 annually. Presently we have 2 captives in dormant status, which would decrease tax revenue by \$15,000 annually. However, this change can attract more captives to choose to be domiciled in Connecticut which brings more taxes and fees revenue to the state.
Municipal (Include any municipal mandate that can be found within legislation)	none



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Federal	none
Additional notes	<p>Dormant captive ceases writing business and should not be subject to premium taxes. Other domiciles such as Vermont have clarified this in their captive laws. Unlike other domiciles, Connecticut existing law doesn't clarify that dormant captives should not be subject to state premium taxes; therefore, they are still subject to the minimum annual premium tax of \$7500 because of the lack of the clarification.</p> <p>This clarification will allow companies: 1. Who have gone through the rigorous process to create and set up a captive; 2. who are not using it presently; and 3. who have placed their captive into dormancy to be able to not pay premium taxes while the captive is in that dormant status. Once that captive is used again though, or awakened from dormancy, the company would no longer be eligible for this premium tax exemption and will pay the minimum premium tax and any additional premium taxes varying by premiums written</p> <p>So far, Connecticut has two captives that are in dormant status. The impact is anticipated to be minimal (\$15,000 annually)</p> <p>This clarification will show that Connecticut as a captive domicile is reasonable and fair. Therefore, this change can attract more captives to be domiciled in Connecticut which will generate more taxes and fees revenue for the state, so this bill may have a net positive for the state, despite losing \$15,000 of tax revenue.</p>

MONITORING & EVALUATION PLAN

If applicable, please describe the anticipated measurable outcomes and the data that will be used to track those outcomes. Include the section number(s) responsible for those outcomes

[] Check here if this proposal does NOT lead to any measurable outcomes



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The impact of the proposed changes to captive insurance company statutes can be measured by the number of new captive formations and the amount of premium tax and fees collected annually. Currently the CID Captive Division tracks company licenses by type and license date and DRS keeps data on taxes from such entities, no new data or methods would be required for such a measurement.

ANYTHING ELSE WE SHOULD KNOW?

Sec. 38a-91bb (a) Any captive insurance company, when permitted by its articles of association, charter or other organizational document, may apply to the commissioner for a license to do the business of insurance against any kind of loss, damage or liability properly a subject of insurance, if such insurance is not prohibited by law or disapproved by the commissioner as being contrary to public policy, including life insurance, annuities, health insurance, as defined in section 38a-469, and commercial risk insurance, as defined in section 38a-663, and may accept or transfer risk by means of a parametric contract, provided:

- (1) No pure captive insurance company may insure any risks other than those of its parent and affiliated companies or controlled unaffiliated business;
- (2) No association captive insurance company may insure any risks other than those of its association, the member organizations of its association, and the member organizations' affiliated companies;
- (3) No industrial insured captive insurance company may insure any risks other than those of (A) the industrial insureds that comprise the industrial insured group, (B) the industrial insureds' affiliated companies, or (C) the industrial insureds' controlled unaffiliated businesses;
- (4) No risk retention group may insure any risks other than those of its members and owners;
- (5) No captive insurance company may provide personal risk insurance, as defined in section 38a-663, for private passenger motor vehicle or homeowners insurance coverage or any component thereof;
- (6) No captive insurance company may accept or cede reinsurance except as provided in section 38a-91kk;
- (7) Any captive insurance company may provide excess workers' compensation insurance to its parent and affiliated companies, unless prohibited by the laws of the state having jurisdiction over the transaction or by federal law. Any captive insurance company may reinsure a workers'



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compensation qualified self-insured plan of its parent and affiliated companies, unless prohibited by federal law;

(8) Any captive insurance company that provides life insurance, annuities or health insurance shall comply with all applicable state and federal laws[.];

(9) Any captive insurance company that transfers risk by means of a parametric contract shall comply with all applicable State and federal laws and regulations. As used in this subdivision, “parametric contract” means a contract to make a payment upon the occurrence of one or more specified triggering events without proof of loss or obligation to indemnify.

(b) No captive insurance company shall do any insurance business in this state unless:

(1) The captive insurance company first obtains from the commissioner a license authorizing the captive insurance company to do insurance business in this state;

(2) The captive insurance company's board of directors or committee of managers or, in the case of a reciprocal insurer, its subscribers' advisory committee holds at least one meeting each year in this state;

(3) The captive insurance company maintains its principal place of business in this state; and

(4) The captive insurance company appoints a registered agent to accept service of process and to otherwise act on its behalf in this state. Whenever such registered agent cannot with reasonable diligence be found at the registered office of the captive insurance company, the commissioner shall be an agent of the captive insurance company upon whom any process, notice or demand may be served.

(c) (1) To be considered for a license, a captive insurance company shall:

(A) File with the commissioner a certified copy of its organizational documents, a statement under oath of its president and secretary showing its financial condition, and any other statements or documents required by the commissioner; and

(B) Submit to the commissioner for approval a description of the coverages, deductibles, coverage limits and rates and such additional information as the commissioner may require. In the event of any subsequent material change in any item in such description, the captive insurance company shall submit to the commissioner for approval an appropriate revision and shall not offer any additional kinds of insurance until a revision of such description is approved by the commissioner. The captive insurance company shall inform the commissioner of any material change in rates not later than thirty days after the adoption of such change.

(2) Each applicant captive insurance company shall also file with the commissioner evidence of the following:

(A) The amount and liquidity of the company's assets relative to the risks to be assumed;

(B) The adequacy of the expertise, experience and character of the persons who will manage the company;

(C) The overall soundness of the company's plan of operation;

(D) The adequacy of the loss prevention programs of the company's insureds; and

(E) Such other factors deemed relevant by the commissioner in ascertaining whether the proposed captive insurance company will be able to meet its policy obligations.

(3) Each applicant sponsored captive insurance company shall also file with the commissioner:



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- (A) Materials demonstrating how the applicant will account for the loss and expense experience of each protected cell at a level of detail deemed sufficient by the commissioner, and how such applicant will report such experience to the commissioner;
 - (B) A statement acknowledging that all financial records of the sponsored captive insurance company, including records pertaining to any protected cells, shall be made available for examination or inspection or by the commissioner or the commissioner's designee;
 - (C) All contracts or sample contracts between the sponsored captive insurance company and any participants; and
 - (D) Evidence that expenses shall be allocated to each protected cell in a fair and equitable manner.
- (4) Each applicant special purpose financial captive insurance company shall also:
- (A) Include with its plan of operation:
 - (i) A complete description of all significant transactions, including reinsurance, reinsurance security arrangements, securitizations, related transactions or arrangements, and to the extent not included in the transactions listed in this clause, a complete description of all parties other than the special purpose financial captive insurance company and the ceding insurer that will be involved in the issuance of special purpose financial captive insurance company securities and a description of any pledge, hypothecation or grant of a security interest in any of the special purpose financial captive insurance company's assets and in any stock or limited liability company interest in the special purpose financial captive insurance company;
 - (ii) The source and form of the special purpose financial captive insurance company's capital and surplus;
 - (iii) The proposed investment policy of the special purpose financial captive insurance company;
 - (iv) A description of the underwriting, reporting and claims payment methods by which losses covered by the reinsurance contract will be reported, accounted for and settled;
 - (v) Pro forma balance sheets and income statements illustrating one or more adverse case scenarios, as determined under criteria required by the commissioner, for the performance of the special purpose financial captive insurance company under all reinsurance contracts; and
 - (vi) The proposed rate and method for discounting reserves, if the special purpose financial captive insurance company is requesting authority to discount its reserves;
 - (B) Submit an affidavit of its president, a vice president, its treasurer or its chief financial officer that includes the following statements, that to the best of such person's knowledge and belief after reasonable inquiry:
 - (i) The proposed organization and operation of the special purpose financial captive insurance company comply with all applicable provisions of this chapter;
 - (ii) The special purpose financial captive insurance company's investment policy reflects and takes into account the liquidity of assets and the reasonable preservation, administration and management of such assets with respect to the risks associated with the reinsurance contract and the insurance securitization transaction. With respect to a special purpose financial captive insurance company, "management" means the board of directors, managing board or other individual or individuals vested with overall responsibility for the management of the affairs of such company, including, but not limited to, officers or other agents elected or appointed to act on behalf of such company; and



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(iii) The reinsurance contract and any arrangement for securing the special purpose financial captive insurance company's obligations under such reinsurance contract, including, but not limited to, any agreements or other documentation to implement such arrangement, comply with the provisions of this chapter; and

(C) Include with its application:

(i) Copies of all agreements and documentation described in subparagraph (A) of this subdivision unless otherwise approved by the commissioner, and any other statements or documents required by the commissioner to evaluate the special purpose financial captive insurance company's application for licensure; and

(ii) An opinion of qualified legal counsel, in a form acceptable to the commissioner, that the offer and sale of any special purpose financial captive insurance company securities complies with all applicable registration requirements or applicable exemptions from or exceptions to such requirements of the federal securities laws and that the offer and sale of securities by the special purpose financial captive insurance company itself comply with all registration requirements or applicable exemptions from or exceptions to such requirements of the securities laws of this state. Such opinion shall not be required as part of the application if the special purpose financial captive insurance company includes a specific statement in its plan of operation that such opinions will be provided to the commissioner in advance of the offer or sale of any special purpose financial captive insurance company securities.

(5) A sponsored captive insurance company may apply to be licensed as a special purpose financial captive insurance company. Such company shall be subject to the provisions of sections 38a-91aa to 38a-91tt, inclusive, applicable to a sponsored captive insurance company and to a special purpose financial captive insurance company. In the event of conflict between such provisions applicable to a sponsored captive insurance company and to a special purpose financial captive insurance company, the provisions applicable to a special purpose financial captive insurance company shall control.

(6) Information submitted pursuant to this subsection shall be and shall remain confidential and shall not be made public by the commissioner or an employee or agent of the commissioner without the written consent of the company, except that:

(A) Such information may be discoverable by a party in a civil action or contested case to which the captive insurance company that submitted such information is a party upon a showing by the party seeking to discover such information that:

(i) The information sought is relevant to and necessary for the furtherance of such action or case;

(ii) The information sought is unavailable from other nonconfidential sources; and

(iii) A subpoena issued by a judicial or administrative officer of competent jurisdiction has been submitted to the commissioner, provided such submission requirement shall not apply to a risk retention group; and

(B) The commissioner may, in the commissioner's discretion, disclose such information to a public official having jurisdiction over the regulation of insurance in another state, provided:

(i) Such public official agrees, in writing, to maintain the confidentiality of such information; and

(ii) The laws of the state in which such public official serves require such information to be and remain confidential.



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(d) (1) Each captive insurance company shall pay to the commissioner a nonrefundable fee of eight hundred dollars for examining, investigating and processing its application for a license. The commissioner may retain legal, financial and examination services from outside the department for the licensing and financial oversight of a captive insurance company, the reasonable cost of which may be charged against such company. The provisions of subdivisions (2) to (5), inclusive, of subsection (k) of section 38a-14 shall apply to this subdivision.

(2) Each captive insurance company shall pay a license fee for the first year of licensure and a renewal fee for each year thereafter as set forth in section 38a-11.

(e) (1) If the commissioner finds that the documents and statements that a captive insurance company, other than a special purpose financial captive insurance company, has filed comply with the provisions of sections 38a-91aa to 38a-91tt, inclusive, the commissioner may grant a license authorizing the company to do insurance business in this state until April first thereafter. The captive insurance company may apply to renew such license on such forms as the commissioner prescribes.

(2) (A) The commissioner may grant a license authorizing a special purpose financial captive insurance company to do reinsurance business in this state until April first thereafter upon the commissioner's finding that (i) the proposed plan of operation provides for a reasonable and expected successful operation, (ii) the terms of the reinsurance contract and related transactions comply with sections 38a-91aa to 38a-91tt, inclusive, (iii) the proposed plan of operation is not hazardous to any ceding insurer, and (iv) the insurance regulator of the state of domicile of each ceding insurer has notified the commissioner in writing or has otherwise provided assurance satisfactory to the commissioner that such regulator has approved or has not disapproved the transaction, provided the commissioner shall not be precluded from issuing a license to a special purpose financial captive insurance company if such regulator has not responded with respect to all or any part of the transaction.

(B) In conjunction with granting such license, the commissioner may issue an order to the special purpose financial captive insurance company of any additional provisions, terms or conditions regarding the organization, licensing or operation of such company that are not inconsistent with the provisions of this chapter and are deemed appropriate by the commissioner.

(3) The commissioner shall not grant a license to a branch captive insurance company unless the alien captive insurance company or foreign captive insurance company grants the commissioner authority to examine the alien captive insurance company or foreign captive insurance company in the jurisdiction in which the alien captive insurance company or foreign captive insurance company is formed, operates or maintains books and records.

Sec. 38a-91rr (a) Each sponsored captive insurance company may establish and maintain one or more protected cells, subject to the following conditions:

(1) The stockholders of a sponsored captive insurance company shall be limited to its participants and sponsors, except that a sponsored captive insurance company may issue nonvoting securities to other persons on terms approved by the commissioner;

(2) Each sponsored captive insurance company shall account separately on the books and records of such company for each protected cell to reflect the financial condition and results of



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operations of such protected cell, net income or loss, dividends or other distributions to participants and such other factors as may be provided in the participant contract or required by the commissioner;

(3) No liabilities arising out of any other insurance business the sponsored captive insurance company may conduct shall be chargeable against the assets of a protected cell;

(4) No sponsored captive insurance company shall make any sale, exchange or other transfer of assets, dividend or distribution between or among any of its protected cells without the consent of such protected cells;

(5) No protected cell shall make any sale, exchange or other transfer of assets, dividend or distribution to a sponsor or participant without the commissioner's approval. The commissioner shall not approve such sale, exchange or other transfer if it would result in insolvency or impairment with respect to a protected cell;

(6) (A) Except as otherwise specified, each sponsored captive insurance company shall attribute assets and liabilities to the protected cells and the general account in accordance with the plan of operation approved by the commissioner, and shall not attribute any other assets or liabilities between its general account and any protected cell or between any protected cells. For purposes of this subdivision, "general account" means all assets and liabilities of a sponsored captive insurance company that are not attributable to a protected cell.

(B) Each sponsored captive insurance company shall attribute all insurance obligations, assets and liabilities relating to a reinsurance contract entered into with respect to a protected cell to such protected cell. The performance under such reinsurance contract and any tax benefits, losses, refunds or credits allocated pursuant to a tax allocation agreement to which the sponsored captive insurance company is a party, including any payments made by or due to be made to the sponsored captive insurance company pursuant to the terms of such agreement, shall reflect such obligations, assets and liabilities relating to such reinsurance contract;

(7) Each sponsored captive insurance company shall file annually with the commissioner such financial reports as the commissioner shall require, including, but not limited to, accounting statements detailing the financial experience of each protected cell;

(8) Each sponsored captive insurance company shall notify the commissioner in writing not later than ten business days after any protected cell becomes insolvent or otherwise unable to meet its claim or expense obligations;

(9) No participant contract shall take effect without the commissioner's prior written approval. The addition of each new protected cell or the withdrawal of any participant or termination of any existing protected cell shall constitute a change in the sponsored captive insurance company's plan of operation and shall require the commissioner's prior written approval;

(10) If required by the commissioner, the business written by a sponsored captive insurance company with respect to each protected cell shall be (A) fronted by an insurance company licensed under the laws of any state, (B) reinsured by a reinsurer authorized or approved by this state, or (C) secured by a trust fund in the United States for the benefit of policyholders and claimants or funded by an irrevocable letter of credit or other arrangement that is acceptable to the commissioner. The commissioner may require the sponsored captive insurance company to increase the funding of any security arrangement established under this subdivision. If the form of security is a letter of credit, the letter of credit shall be issued or confirmed by a bank



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approved by the commissioner. A trust maintained pursuant to this subdivision shall be established in a form and upon such terms approved by the commissioner[.];

(11) With the Commissioner's prior written approval, a protected cell of a sponsored captive insurance company may establish one or more separate accounts and may allocate to them amounts to provide for the insurance of risks of one or more participants, or controlled unaffiliated business of such participant or participants, subject to the following:

(A) The income, gains, and losses, realized or unrealized, from assets allocated to a separate account shall be credited to or charged against the account, without regard to other income, gains, or losses of the protected cell.

(B) Amounts allocated to a separate account in the exercise of the power granted by this subsection are owned by the protected cell, and the protected cell may not be nor hold itself out to be a trustee with respect to such amounts.

(C) Unless otherwise approved by the Commissioner, assets allocated to a protected cell shall be valued in accordance with the rules otherwise applicable to the protected cell's assets.

(D) If and to the extent so provided under the applicable contracts, that portion of the assets of any such protected cell equal to the reserves and other contract liabilities with respect to such account shall not be chargeable with liabilities arising out of any other business the protected cell may conduct.

(E) No sale, exchange, or other transfer of assets may be made by such protected cell between any of its separate accounts or between any other investment account and one or more of its separate accounts unless, in the case of a transfer into a separate account, such transfer is made solely to establish the account or to support the operation of the contracts with respect to the separate account to which the transfer is made and unless such transfer, whether into or from a separate account, is made by a transfer of cash or by a transfer of securities having a readily determinable market value, provided that such transfer of securities is approved by the Commissioner. The Commissioner may approve other transfers among such accounts if, in his or her opinion, such transfers would be equitable.

(F) To the extent such protected cell deems it necessary to comply with any applicable federal or State laws, such protected cell, with respect to any separate account, including any separate account that is a management investment company or a unit investment trust, may provide for persons having an interest therein appropriate voting and other rights and special procedures for the conduct of the business of such account, including special rights and procedures relating to investment policy, investment advisory services, selection of independent public accountants, and the selection of a committee, the members of which need not be otherwise affiliated with such protected cell, to manage the business of such account.



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(b) Each sponsored captive insurance company may combine the assets of two or more protected cells for purposes of investment and such combination shall not be construed as defeating the segregation of such assets for accounting or other purposes. Each sponsored captive insurance company shall comply with all applicable investment requirements under this chapter, except that the commissioner shall waive compliance with such requirements for sponsored captive insurance companies to the extent that credit for reinsurance ceded to reinsurers is allowed pursuant to section 38a-91kk. The commissioner may approve the use of alternative reliable methods of valuation and rating for purposes of this subsection.

(c) Each sponsored captive insurance company, including a sponsored captive insurance company licensed as a special purpose financial captive insurance company, may establish and maintain one or more protected cells as a separate corporation formed under chapter 6011 or a limited liability company formed under chapter 613.2 This section shall not be construed to limit any rights or protections applicable to protected cells not established as corporations or limited liability companies.

(d) (1) Each sponsored captive insurance company may establish and maintain a protected cell as an incorporated protected cell.

(2) The articles of incorporation or articles of organization of an incorporated protected cell shall refer to the sponsored captive insurance company for which it is a protected cell and shall state that the protected cell is incorporated or organized for the limited purposes authorized by the sponsored captive insurance company's license. Such company shall attach to and file with the articles of incorporation or articles of organization a copy of the commissioner's prior written approval, as required by subdivision (9) of subsection (a) of this section, to add the incorporated protected cell.

(e) Notwithstanding the provisions of chapter 704c:3

(1) If the commissioner determines in the event of an insolvency of a sponsored captive insurance company that one or more protected cells remain solvent, the commissioner may separate such cells from such company and may, on application of a sponsor, allow for the conversion of such cells into one or more new or existing sponsored captive insurance companies with a sponsor or sponsors, or one or more other captive insurance companies, pursuant to such plan or plans of operation as the commissioner deems acceptable;

(2) Upon the issuance by a court of any order of conservation, rehabilitation or liquidation of a sponsored captive insurance company, the receiver shall manage the assets and liabilities of such company in accordance with the provisions of this section;

(3) The assets of a protected cell shall not be used to pay any expenses or claims other than those attributable to such protected cell;

(4) A sponsored captive insurance company's capital and surplus shall be available at all times to pay any expenses of or claims against such company;

(5) In connection with the conservation, rehabilitation or liquidation of a sponsored captive insurance company, the assets and liabilities of each protected cell shall at all times be kept separate from, and shall not be commingled with, the assets and liabilities of any other protected cell or the sponsored captive insurance company;



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(6) Unless the sponsor consents and the commissioner has granted prior written approval, the assets of a sponsored captive insurance company's general account shall not be used to pay any expense or claim attributable solely to one or more protected cells of the sponsored captive insurance company. If the assets of a sponsored captive insurance company's general account are used to pay expenses or claims attributable solely to one or more of the company's protected cells, the sponsor shall not be required to contribute additional capital and surplus to the company's general account. Notwithstanding any provision of this subdivision, the sponsor shall satisfy the minimum capital and surplus requirements applicable to such sponsor in order to maintain its license; and

(7) A sponsored captive insurance company's capital and surplus shall at all times be available to pay any expense of, or claim against, the sponsored captive insurance company.

(f) Consistent with the provisions of this section, a creditor of a sponsored captive insurance company shall have recourse against any asset attributable to a protected cell if it is a creditor of the protected cell. A creditor of a protected cell shall not have any recourse against any asset attributable to another protected cell or in the sponsored captive insurance company's general account.

(g) When a sponsored captive insurance company has an obligation to a creditor arising from a transaction, or otherwise imposed, with respect to a particular protected cell, the obligation shall:

(1) Extend only to the assets attributable to the protected cell, and the creditor shall be entitled to recourse only against the assets attributable to such protected cell; and

(2) Not extend to any asset of another protected cell or in the sponsored captive insurance company's general account, and the creditor shall not be entitled to recourse against any asset attributable to another protected cell or in the company's general account.

(h) When an obligation of a sponsored captive insurance company relates solely to such company's general account, a creditor shall, with respect to such obligation, be entitled to recourse only against the assets in such account.

(i) The establishment of one or more protected cells alone, without more, shall not, by itself, constitute (1) a fraudulent conveyance, (2) evidence of intent by a sponsored captive insurance company to defraud creditors, or (3) the conduct of business by a sponsored captive insurance company for any other fraudulent purpose.

Sec. 38a-91uu (a) For the purposes of this section, unless the context otherwise requires:

(1) "Dormant captive insurance company" means a pure captive insurance company, a sponsored captive insurance company or an industrial insured captive insurance company, each as defined in section 38a-91aa, that has:

(A) Ceased transacting insurance business; and

(B) No liabilities associated with any insurance business that occurred, or insurance policy that was issued, prior to, on or after the filing of its application for a certificate of dormancy under subsection (b) of this section; and

(2) "Insurance business" means the business of insurance, as defined in section 38a-905.

(b) A dormant captive insurance company that is domiciled in this state may apply to the Insurance Commissioner for a certificate of dormancy. The certificate of dormancy shall be



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subject to renewal once every five years, and shall be forfeited if the dormant captive insurance company commences transacting insurance business or fails to timely renew such certificate.

(c) A dormant captive insurance company that has been issued a certificate of dormancy shall:

(1) Possess and maintain unimpaired, paid-in capital and surplus of not less than fifteen thousand dollars, provided such dormant captive insurance company shall not be required to add capital upon entering dormancy if such dormant captive insurance company was never capitalized;

(2) Not later than March fifteenth, annually, submit to the commissioner a report on the financial condition of such company, verified by oath of two executive officers of such company, in such form as the commissioner prescribes; and

(3) Pay the license renewal fee specified in section 38a-11 for a captive insurance company.

(d) A dormant captive insurance company shall not be subject to or liable for the payment of any tax under section 38a-91nn.



Agency Legislative Proposal – 2023 Session
Document Name: CID Proposal 4 – Financial Regulation

Document Name	CID #4 - An Act Concerning Financial Regulation
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Naming Format: AGENCY ACRONYM PROPOSAL NUMBER - TOPIC

Please insert a copy of the fully drafted bill at the end of this document (required for review)

Legislative Liaison	Jim Carson
Division Requesting This Proposal	Financial Regulation
Drafter	Jennifer Dowty

Title of Proposal	Financial Regulation Fee Update
Statutory Reference, if any	38a-11
Brief Summary and Statement of Purpose	Addition of two fees into the existing fee structure and inclusion of the ability for the Commissioner to require fees be paid electronically.

SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate

<p>38a-11 is amended (1) to amend (a) in order to update the fees to be paid to the Commissioner for certified reinsurer and reciprocal jurisdiction applications and (2) add a new subsection (f) which gives the Commissioner the power to require fees to be paid electronically.</p>
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BACKGROUND

Origin of Proposal **New Proposal** **Resubmission**

If this is a resubmission, please share the prior bill number, the reason the bill did not move forward, and any changes made or conversations had since it was last proposed:

Please consider the following, if applicable:

Have there been changes in federal/state laws or regulations that make this legislation necessary?	Yes – we have recently added regulations that include reciprocal jurisdictions and want to codify the fees associated with such a process.
Has this proposal or a similar proposal been implemented in other states? If yes, to what result?	No
Have certain constituencies called for this proposal?	No

INTERAGENCY IMPACT

List each affected agency. Copy the table as needed.

Check here if this proposal does NOT impact other agencies



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1. Agency Name	
Agency Contact (name, title)	
Date Contacted	
Status	<input type="checkbox"/> Approved <input type="checkbox"/> Talks Ongoing
Open Issues, if any	

FISCAL IMPACT

Include the section number(s) responsible for the fiscal impact and the anticipated impact

Check here if this proposal does NOT have a fiscal impact

State	Sec. 38a-11(a) (35) and (36) codifies fees owed to the Department for reviewing applications it already receives.
Municipal (Include any municipal mandate that can be found within legislation)	
Federal	
Additional notes	

MONITORING & EVALUATION PLAN

If applicable, please describe the anticipated measurable outcomes and the data that will be used to track those outcomes. Include the section number(s) responsible for those outcomes

Check here if this proposal does NOT lead to any measurable outcomes



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ANYTHING ELSE WE SHOULD KNOW?

Sec. 38a-11. (Formerly Sec. 38-50). Fees to be paid commissioner. (a) The commissioner shall demand and receive the following fees: (1) For the annual fee for each license issued to a domestic insurance company, two hundred dollars; (2) for receiving and filing annual reports of domestic insurance companies, fifty dollars; (3) for filing all documents prerequisite to the issuance of a license to an insurance company, two hundred twenty dollars, except that the fee for such filings by any health care center, as defined in section 38a-175, shall be one thousand three hundred fifty dollars; (4) for filing any additional paper required by law, thirty dollars; (5) for each certificate of valuation, organization, reciprocity or compliance, forty dollars; (6) for each certified copy of a license to a company, forty dollars; (7) for each certified copy of a report or certificate of condition of a company to be filed in any other state, forty dollars; (8) for amending a certificate of authority, two hundred dollars; (9) for each license issued to a rating organization, two hundred dollars. In addition, insurance companies shall pay any fees imposed under section 12-211; (10) a filing fee of fifty dollars for each initial application for a license made pursuant to section 38a-769; (11) with respect to insurance agents' appointments: (A) A filing fee of fifty dollars for each request for any agent appointment, except that no filing fee shall be payable for a request for agent appointment by an insurance company domiciled in a state or foreign country which does not require any filing fee for a request for agent appointment for a Connecticut insurance company; (B) a fee of one hundred dollars for each appointment issued to an agent of a domestic insurance company or for each appointment continued; and (C) a fee of eighty dollars for each appointment issued to an agent of any other insurance company or for each appointment continued, except that (i) no fee shall be payable for an appointment issued to an agent of an insurance company domiciled in a state or foreign country which does not require any fee for an appointment issued to an agent of a Connecticut insurance company, and (ii) the fee shall be twenty dollars for each appointment issued or continued to an agent of an insurance company domiciled in a state or foreign country with a premium tax rate below Connecticut's premium tax rate; (12) with respect to insurance producers: (A) An examination fee of fifteen dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of fifteen dollars to the commissioner for each examination taken by an applicant; (B) a fee of eighty dollars for each license issued;



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(C) a fee of eighty dollars per year, or any portion thereof, for each license renewed; and (D) a fee of eighty dollars for any license renewed under the transitional process established in section 38a-784; (13) with respect to public adjusters: (A) An examination fee of fifteen dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of fifteen dollars to the commissioner for each examination taken by an applicant; and (B) a fee of two hundred fifty dollars for each license issued or renewed; (14) with respect to casualty claims adjusters: (A) An examination fee of twenty dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of twenty dollars to the commissioner for each examination taken by an applicant; (B) a fee of eighty dollars for each license issued or renewed; and (C) the expense of any examination administered outside the state shall be the responsibility of the entity making the request and such entity shall pay to the commissioner two hundred dollars for such examination and the actual traveling expenses of the examination administrator to administer such examination; (15) with respect to motor vehicle physical damage appraisers: (A) An examination fee of eighty dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of eighty dollars to the commissioner for each examination taken by an applicant; (B) a fee of eighty dollars for each license issued or renewed; and (C) the expense of any examination administered outside the state shall be the responsibility of the entity making the request and such entity shall pay to the commissioner two hundred dollars for such examination and the actual traveling expenses of the examination administrator to administer such examination; (16) with respect to certified insurance consultants: (A) An examination fee of twenty-six dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of twenty-six dollars to the commissioner for each examination taken by an applicant; (B) a fee of two hundred fifty dollars for each license issued; and (C) a fee of two hundred fifty dollars for each license renewed; (17) with respect to surplus lines brokers: (A) An examination fee of twenty dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of twenty dollars to the commissioner for each examination taken by an applicant; and (B) a fee of six hundred twenty-five dollars for each license issued or renewed; (18) with respect to fraternal agents, a fee of eighty dollars for each license issued or renewed; (19) a fee of twenty-six dollars for each license certificate requested, whether or not a license has been issued; (20) with respect to domestic and foreign benefit societies shall pay: (A) For service of process, fifty dollars for each person or insurer to be served; (B) for filing a certified copy of its charter or articles of association, fifteen dollars; (C) for filing an annual statement or report, twenty dollars; and (D) for filing any additional paper required by law, fifteen dollars; (21) with respect to foreign benefit societies: (A) For each certificate of organization or compliance, fifteen dollars; (B) for each certified copy of permit, fifteen dollars; and (C) for each copy of a report or certificate of condition of a society to be filed in any other state, fifteen dollars; (22) with respect to reinsurance intermediaries, a fee of six hundred twenty-five dollars for each license issued or renewed; (23) with respect to life settlement providers: (A) A filing fee of twenty-six dollars for each initial application for a license made pursuant to section 38a-465a; and (B) a fee of forty dollars for each license issued or renewed; (24) with respect to life settlement brokers: (A) A filing fee of twenty-six dollars for each initial application for a license made pursuant to section 38a-465a; and (B) a fee of forty dollars for



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each license issued or renewed; (25) with respect to preferred provider networks, a fee of two thousand seven hundred fifty dollars for each license issued or renewed; (26) with respect to rental companies, as defined in section 38a-799, a fee of eighty dollars for each permit issued or renewed; (27) with respect to medical discount plan organizations licensed under section 38a-479rr, a fee of six hundred twenty-five dollars for each license issued or renewed; (28) with respect to pharmacy benefits managers, an application fee of one hundred dollars for each registration issued or renewed; (29) with respect to captive insurance companies, as defined in section 38a-91aa, a fee of three hundred seventy-five dollars for each license issued or renewed; (30) with respect to each duplicate license issued a fee of fifty dollars for each license issued; (31) with respect to surety bail bond agents, as defined in section 38a-660, (A) a filing fee of one hundred fifty dollars for each initial application for a license, and (B) a fee of one hundred dollars for each license issued or renewed; (32) with respect to third-party administrators, as defined in section 38a-720, (A) a fee of five hundred dollars for each license issued, and (B) a fee of four hundred fifty dollars for each license renewed; (33) with respect to portable electronics insurance licenses under section 38a-397, (A) a filing fee of one hundred dollars for each initial application for a license, (B) a fee of five hundred dollars for each license issued, and (C) a fee of four hundred fifty dollars for each license renewed; and (34) with respect to limited lines travel insurance producer licenses under section 38a-398, (A) a filing fee of one hundred dollars for each initial application for a license, (B) a fee of six hundred fifty dollars for each license issued, ~~and~~ (C) a fee of six hundred fifty dollars for each license renewed; (35) with respect to certified reinsurers, as defined in section 38a-88-4a of the Regulations of Connecticut State Agencies, a fee of \$2,000 for each certificate issued and renewed; and (36) with respect to reciprocal jurisdiction reinsurers, as defined in section 38a-88-4b of the Regulations of Connecticut State Agencies, a fee of \$2,000 for each certificate issued and renewed.

(b) If any state imposes fees upon domestic fraternal benefit societies greater than are fixed by this section or sections 38a-595 to 38a-626, inclusive, 38a-631 to 38a-640, inclusive, or 38a-800, the commissioner shall collect from each fraternal benefit society incorporated by or organized under the laws of such other state and admitted to transact business in this state, the same fees as are imposed upon similar domestic societies and organizations by such other state. The expense of any examination or inquiry made outside the state shall be borne by the society so examined.

(c) Each unauthorized insurer declared to be an eligible surplus lines insurer shall pay to the Insurance Commissioner, on or before May first of each year, an annual fee of one hundred twenty-six dollars in order to remain on the list of eligible surplus lines insurers.

(d) For service of process on the commissioner, the commissioner shall demand and receive a fee of fifty dollars for each person or insurer to be served. The commissioner shall also collect, for each hospital or ambulance lien filed, fifty dollars, and for each small claims notice filed, fifteen dollars, each of which shall be paid by the plaintiff at the time of service, the same to be recovered by him as part of the taxable costs if he prevails in the suit.



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(e) Each insurance company depositing any security with the Treasurer pursuant to section 38a-83 shall pay to the commissioner three hundred fifteen dollars, annually. In case of an examination or appraisal made outside the office of the Treasurer, and in such case the company in whose behalf such examination or appraisal has been made shall pay to the commissioner two hundred dollars for such examination and the actual traveling expenses of the officer making such examination or appraisal.

(f) (1) Notwithstanding any provision of the general statutes, the Insurance Commissioner may require that any person required by any provision of this title to pay a fee to the commissioner make such fee to the commissioner by electronic means.

(2) Any person required to pay a fee to the commissioner by electronic means pursuant to subsection (a) of this section may submit a request to the commissioner seeking an exception to the requirement.

(3) The commissioner shall grant a request submitted pursuant to paragraph (2) of this subsection if the commissioner determines that compliance with the requirement imposed pursuant to subsection (a) of this section is impractical, would cause the person seeking the exception to suffer undue hardship or that good cause exists to grant the requested exception.