Insurance Department

Agency Description

The mission of the Connecticut Insurance Department is to serve consumers in a professional and timely manner by providing assistance and information to the public and to policy makers, by regulating the insurance industry in a fair and efficient manner which promotes a competitive and financially sound insurance market for consumers, and by enforcing the insurance laws to ensure that consumers are treated fairly and are protected from unfair practices.

examination

## ***Statutory Reference***

C.G.S. Chapters 697, 698, 698a-d, 700a, 700d, 701d and 706.

## ***Statement of Need and Program Objectives***

To monitor the financial condition of insurance companies licensed to transact the business of insurance in the State of Connecticut in order to protect policyholders, claimants and the public by ensuring that only solvent, financially well managed insurers are licensed to do business in Connecticut. “Insurer” includes life insurance companies, property/casualty insurance companies, surplus lines carriers, health maintenance organizations, fraternal benefit societies, title insurance companies, mortgage guaranty insurance companies, insurance departments of savings banks, approved reinsurers, and risk retention/purchasing groups.

## ***Program Description***

The principal functions of the Financial Regulation Division are financial analysis, company licensing, and the financial condition examination of all Connecticut domiciled insurers.

The division reviews the applications of insurers incorporated in other states that desire to be admitted to do business in Connecticut. In addition, the division handles formation and licensing of new Connecticut domiciled insurers. The division makes recommendations for the revocation of licenses or authority to do business in this state when its review indicates the financial condition of an insurer is such that it may jeopardize Connecticut policyholders and claimants.

Life and Health

## ***Statutory Reference***

C.G.S.Chapters 700b and 700c.

## ***Statement of Need and Program Objectives***

To protect all life and health insurance policyholders in Connecticut from unfair and deceptive policies. To ensure that premium rates are neither inadequate nor excessive. To oversee the regulation of managed care organizations and utilization review companies.

## ***Program Description***

All life and health insurance policies must be approved by the Life and Health Division prior to being sold in Connecticut to ensure compliance with statutes, regulations and bulletins. Premium rates are reviewed for individual health, HMO, Medicare supplement, long-term care and credit insurance policies. Rate increase requests are disapproved if they are judged to be excessive, inadequate or unfairly discriminatory. The managed care subunit produces a managed care report card and licenses utilization review companies.

The division receives approximately 2,500 filing submissions annually for insurance companies, fraternals and health care centers licensed to sell life and health products.

Licenses were issued to or renewed for 61 utilization review companies in 2012.

Property and Casualty Division

## ***Statutory Reference***

C.G.S.Section 38a-8 and Chapter 700.

## ***Statement of Need and Program Objectives***

To ensure a competitive market as promulgated by the laws established under chapter 700 of the General Statutes, which establishes standards for the regulation of personal and commercial risk insurance.

## ***Program Description***

The Property and Casualty (P&C) Division reviews all rate, rule and form filings made by property and casualty insurers in the state. The P&C division is responsible for regulating over 23 lines of business for over 500 licensed companies. Personal lines insurance consists of private passenger auto, homeowners, mobile home, excess liability and umbrella coverage, watercraft and recreational vehicles. Commercial insurance includes: property and liability insurance for commercial vehicles and businesses, and insurance for manufacturers, contractors, hospitals, municipalities and workers’ compensation. It also includes covering professional liability insurance for lawyers, doctors, dentists, and other professionals, as well as title insurance and surety.

Personal risk rate statutes rely on a competitive marketplace to establish and maintain reasonable rate levels. Rates may not be inadequate or unfairly discriminatory. Personal risk and commercial form filings are reviewed to ensure compliance with statutes and regulations.

The division also oversees operation of the residual markets (assigned risk plans). Rates in the residual markets are subject to prior approval by the P&C division.

Management Services

## ***Statutory Reference***

C.G.S. Section 38a-8.

## ***Statement of Need and Program Objectives***

To plan, organize, direct and support all administrative operations of the Department of Insurance in order to ensure that the department’s mission can be accomplished in an efficient and effective manner.

## ***Program Description***

The *Office of the Commissioner* directs the day to day operations of the Department. The Office is responsible for developing and overseeing all aspects of department policy, and ensuring that the department's mission, which is to protect consumers and regulate the insurance industry, is achieved and maintained.

The *Business Office* is responsible for all functions relating to budget and fiscal management services.

The *Legal Division* provides legal advice and related services to the commissioner and the operational units of the Insurance Department.

The *Personnel Administration Unit* is responsible for recruitment, promotions, separations, time and attendance, workers’ compensation, labor relations, training, performance evaluations, development and implementation of the affirmative action plan.

#### The *Public Affairs Unit* provides support to the Insurance Department in the areas of legislative and media relations.

Consumer SERVICES and Business Regulation Division

***Statutory Reference***

C.G.S. Section 38-a-9 and 38a-10, Section 38a-15, Section 38a-11 and Chapter 702.

## ***Statement of Need and Program Objectives***

To receive and review complaints from residents of this state concerning their insurance problems including claims disputes, serve as mediator to such disputes and determine whether statutory requirements and contractual obligations have been fulfilled.

To conduct outreach programs necessary to properly inform and educate the public on insurance matters.

## ***Program Description***

The *Consumer Affairs Unit* (CAU) reviews complaints in order to answer questions, mediate disputes, and inform and educate the public on insurance matters. The consumer affairs examiners respond to all forms of insurance inquiries, and review, analyze and mediate complaints. During FY 2012, the unit responded to 6,070 formal complaints and inquiries and handled over 25,000 phone calls. In addition, the Consumer Affairs unit provided insurance education by mail with the distribution of close to 181 informational pamphlets and booklets. As a direct result of this unit’s involvement, $3,916,286 was recovered by Connecticut consumers during the fiscal year.

The Consumer Affairs Unit outreach program educates the community on insurance matters, and represents the Insurance Department on a number of committees.  The outreach programs assists consumers in getting the proper information to make timely and informed decisions on what coverage would best meet their needs.

Consumer Affairs Unit also oversees an independent arbitration procedure for settlement of disputes between claimants and insurance companies concerning auto physical damage and automobile property damage liability claims, and to settle disputes arising from extended warranty contracts between extended warranty providers and buyers.

In compliance with Section 38a-478n, the unit manages the external appeal process for policyholders that have exhausted the internal appeal mechanisms provided by a managed care organization or utilization review company and handles the referral to an independent review firm for a binding determination.

The unit received 273 external appeal requests during the fiscal year. Of those, 166 of them went through the full appeal process. Thirty percent of those cases resulted in reversal or revision of the determination.

The *Market Conduct Unit* conducts on-site examinations of insurers’ and licensed producers’ books and records as they relate to coverage written for Connecticut citizens and commercial enterprises. To assure statutory compliance, the scope of an examination includes a review of underwriting techniques, claim resolution, and complaint handling records. Random document samples of policy declinations, cancellations, and non-renewals are retrospectively analyzed for adherence to statutory mandates.

This Market Conduct Unit monitors the conduct of medical utilization review companies to ensure that they operate in compliance with Managed Care Act and other applicable statutes and regulations. The compliance program includes the gathering and analysis of data concerning the authorization of payment for health care services and examinations of the companies’ activities.

The *Fraud and Investigations Unit* provides further protection to consumers by investigating alleged violations of laws and regulations by individuals such as bail bondsmen, insurance producers, casualty adjusters and motor vehicle damage appraisers. The Fraud and Investigations Unit conducts full investigations of individual licensees when violations of laws are alleged or suspected.

The unit also receives complaints alleging fraud committed against insurers, individual licensees (agents) as well as health plans, and, as appropriate, refers such allegations for criminal investigation or for regulatory or civil action. It also handles the licensing and investigation of bail bonds activity, medical discount plans, pharmacy benefit managers, preferred provider networks, third party administrators and life settlement providers for compliance with our statutes while issuing licenses and registrations to conduct these businesses.

In fiscal year 2012 the Fraud and Investigations Unit recovered $82,750 for consumers and levied 40 fines totaling $75,850. Additionally, the Unit revoked 25 licenses and issued one suspension, as well as denying 18 license applications.

The *Licensing Unit*assures quality through licensing twelve categories of individuals and entities, selling or servicing insurance in the following manner: establishes and reviews educational standards and requirements to be used by all parties for pre-license training, develops and administers license examinations for special lines of insurance, monitors examinations provided by an outside examination firm, and determines qualifications of applicants, The unit issues initial licenses and renews existing licenses for the following classes: producer, casualty adjuster, motor vehicle physical damage appraiser, premium finance company, fraternal agent, public adjuster, insurance consultant, surplus lines broker, life settlement broker, reinsurance intermediary, bail bond agent, managing general agent, and rental car company.  This unit also collects the premium tax due from surplus lines brokers.