



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

**Bulletin PC 34-23**  
**September 19, 2023**

**Subject: Notice to Commissioner of Intent to Discontinue or Substantially Reduce a Line or Subline of Business**

This Bulletin rescinds and replaces Bulletin PC-34 regarding notification to the Commissioner under Connecticut General Statute §38a-44 if an insurer is discontinuing or substantially reducing its writings in a line or subline of property and casualty insurance. The purpose of Connecticut General Statute §38a-44 is to permit the Commissioner time to evaluate the impact on the market of proposals by one or more companies to discontinue or substantially reduce writings in a line or subline of insurance in Connecticut.

Please be advised that in addition to a conventional discontinuation or substantial reduction in a line or subline of insurance, the notice requirement applies to the use of agency-facing applications and other technology, processes (e.g., referrals to underwriters) or communications to producers, which effectively results in the discontinuation or substantial reduction in a line or subline of business. The Department directs insurers to ensure that any agency-facing applications, other technology, processes or producer communications do not have the effect of discontinuing or reducing their writings in a line or subline of insurance without satisfying the statutory notice requirement.

Relatedly, if an insurer routinely fails to address underwriting errors in its agency-facing applications or uses edits in such applications at the agency level to require the underwriting referrals for business that meets the company's filed underwriting guidelines, the Department may conduct an examination and take action if determined to be an unfair trade practice or otherwise a violation of the Connecticut Insurance Law.

Please be further advised that in the event that an insurer plans to terminate producer appointments in connection with the discontinuation or substantial reduction in a line or subline of business, such insurer is expected to comply with Connecticut General Statute §38a-709 and renew all affected contracts of insurance written by the affected producers for a period of 18 months from the date such action takes effect.

### **GENERAL GUIDELINES FOR INSURERS**

1. If any insurer is uncertain as to whether or not its action is subject to Connecticut General Statute §38a-44, it is best to assume it does and discuss the particular facts with the Property/Casualty Division. This includes the use of agent facing applications or other technology and processes that may have the effect of discontinuing or substantially reducing an insurer's writings in a line or subline of insurance.
2. The Department recognizes that there may be situations whereby the substantial reduction or discontinuance of a line or subline, which by its nature and/or the market situation may not disrupt the market or may be necessary to prevent a potential solvency problem for the company

(e.g., loss of reinsurance). The notice requirement established by Connecticut General Statute §38a-44 still must be satisfied.

3. Any insurer licensed to do business in this state, or authorized to do business on a nonadmitted basis, which intends to discontinue offering or substantially reduce its writings in a line or subline of insurance in this state shall send, by registered or certified mail, or deliver to the Commissioner written notice of its intent to take such action at least sixty days prior to the effective date of such action. The Department also requests that such notice be provided to the Property/Casualty Division via email at: [cid.pc@ct.gov](mailto:cid.pc@ct.gov)
4. The term “line of insurance” as used in Connecticut General Statute §38a-44 means all major lines of business (e.g., other liability, automobile, etc.) as identified in the NAIC Property/Casualty Annual Statement as filed with the Insurance Commissioner.
5. The term “subline of insurance” as used in Connecticut General Statute §38a-44 means classes within a major line of business. Such classes identify a particular type of risk or operation (e.g., liquor liability, products and daycare are sublines of “Other Liability”; garages, school buses and taxis are sublines of “Automobile”).
6. The term “discontinue offering” means that an insurer has been writing a line or subline of insurance and elects to nonrenew or cancel all its policies, and/or not accept new applications for that line or subline of insurance.
7. The term “substantially reduce” is interpreted as follows. If an insurer has been writing a line or subline of insurance, and it nonrenews or cancels some of its risks in that line or subline of insurance, then it is reducing its writings. For example, when an insurer nonrenews or cancels some of its auto body repairer accounts, then there has been a reduction in writings for the subline of garage insurance. Whether there has been a substantial reduction in writings is dependent upon factors such as the number of risks written by the insurer, impact on the market, etc. Please consult with the Department if there is a question as to whether proposed action by an insurer will result in a substantial reduction.
8. In connection with an insurer’s decision to discontinue or substantially reduce its writings in a line or subline of insurance, the insurer must consider whether such action may constitute unfair discrimination as defined in Connecticut Agency Regulations §38a-824-3, which includes refusing to issue homeowners policies solely because of the fact that the risk is located in a particular urban area or neighborhood, city or town.



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Andrew N. Mais  
Insurance Commissioner