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STATE OF CONNECTICUT
INSURANCE DEPARTMENT

BULLETIN HC 40

JANUARY 13, 1988

TO: COMPANIES LICENSED IN THE STATE OF CONNECTICUT TO WRITE ACCIDENT AND HEALTH INSURANCE AND ALL HMOs

SUBJECT: REPAYMENT OF ACCIDENT AND HEALTH BENEFITS AND PA 86-338

It has come to our attention that accident and health insurers and HMOs may be requiring insureds to execute documents which require the repayment of benefits received if the insured recovers any compensation from a legally responsible third party.

Public Act No. 86-338, as codified in Sections 52-225a and 52-225b, of the Connecticut General Statutes, as amended by Public Act No. 87-227 requires the reduction of judicially awarded damages to the extent an insured has received sums from certain collateral sources, which includes accident and health and HMO benefits.

Section 52-225c as amended by Public Act No. 87-227 prohibits an insurer from exercising a contractual right to recover benefits paid to an injured party either through subrogation against the legally responsible third party or reimbursement from the insured.

Therefore, unless otherwise provided by law, no insurer should, at any time, require its insured to agree to reimburse benefits from any sums collected from a legally responsible third party.

Any such requirement imposed by an insurer may be grounds for administrative action.

Peter W. Gillies
INSURANCE COMMISSIONER