

Connecticut Insurance Department (CID)

At a Glance

Commissioner: Andrew N. Mais

Deputy Commissioner: Jared T. Kosky

Office of the Insurance Commissioner Established: 1865

Insurance Department Established: 1871

Statutory Authority: CGS Title 38a

Central Office: 153 Market Street Hartford, CT 06103

Mailing Address: P.O. Box 816, Hartford, CT 06142-0816

Number of employees – 150

Recurring Operating Expenses – \$31,268,871 – Fiscal Year 2022-2023

Website: <https://portal.ct.gov/cid>

Organizational Structure:

- Actuarial Division;
- Administration Division
 - Office of the Commissioner,
 - Business Services, Legislative,
 - Communications,
 - and Computer Services)
- Captive Insurance Division;
- Consumer Affairs Division;
- Financial Regulation Division;
- Legal Division, Life and Health Division;
- Market Conduct/Fraud Investigation and Licensing Division;
- and Property and Casualty Division.

Mission

The core mission of the Connecticut Insurance Department (“CID”) is consumer protection. The Department carries out its mission by enforcing state insurance laws to ensure that policyholders and claimants are treated fairly, as well as closely monitoring the financial condition of insurance carriers to make certain that they are solvent, that they manage risk appropriately, and are able to pay policy claims as they arise. CID also regulates agents, brokers, and other industry participants to confirm they are operating in a fair and consistent manner that fosters market competition.

Statutory Responsibilities

Under Title 38a of the Connecticut General Statutes, CID is responsible for protecting those who purchase insurance products and services in Connecticut and those who make insurance claims. It fulfills its responsibilities, among other things, by:

- Assisting insurance consumers through its investigation of complaints and by providing consumer outreach and education
- Monitoring the financial solvency and stability of insurance companies

- Reviewing coverages and policy language to make certain that carriers meet all state laws and regulations before they can market an insurance product in Connecticut
- Reviewing rate proposals from insurance companies to ensure they are actuarially justified and are not excessive, inadequate, or unfairly discriminatory
- Overseeing company and producer business practices, generally through reviews known as market conduct examinations, to ensure compliance, and requiring remediation and imposing fines on violators, when appropriate, and licensing companies and individuals, such as agents, brokers, adjusters, bail bondsmen

Public Service

Insurance products and services involve complex legal relationships, and these can be difficult for consumers to understand and navigate. CID's most visible public service lies in its intervention, advocacy, and consumer education efforts. The Department's intervention efforts have returned over \$. 6.7 million to Connecticut's insurance consumers in FY22-23. Advocacy and education require effective communication and to reach today's insurance consumer more successfully, CID supplements traditional communication methods -- such as in-person appearances, print and broadcast with social media.

- **Consumer Affairs** – Resolving consumer complaints entails individual assistance and advocacy, most often by the Department's Consumer Affairs Division. During FY22-22, Consumer Affairs responded to 6,377 formal complaints and inquiries, handled over 12,845 phone calls, and provided consumer education through distribution of over informational pamphlets and booklets via e-mail and our website which has seen increased traffic due to new focus on social media channels to reach consumers with timely insurance information. Complaint patterns also serve as a regulatory tool which the Department uses to spot troubling trends in the industry, either with a particular company, agent, or a line of business.
- **Market Conduct** – A trend in complaints often triggers further investigation by CID's Market Conduct division, many times resulting in remediation, orders, penalties and/or fines. In addition, periodically market conduct examinations address perceived market problems or violations, and examiners regularly review insurance company market activity to ensure compliance with state law.

Where violations are found, resolution is achieved through administrative or disciplinary action.

During FY22-23 the Unit conducted 52 market conduct examinations and collected \$ \$1,260,500 in fines.

The Department's Fraud & Investigations Unit investigates complaints alleging fraud and misconduct against insurers and on the part of licensed agents and business entities. During FY22-23 the unit levied 9 fines totaling \$30,500 placed 7 licenses on probation, revoked 10 licensees. In addition, the unit assessed \$428,908.27 in penalties on surplus lines brokers.

A less visible, yet critically important, objective of the Department's service to the public is to maintain a well-functioning, competitive and fair insurance marketplace. In this regard, the Department licenses approximately 294,081 industry professionals (brokers, agents, adjusters, and bail bondsmen) and maintains current educational standards for the individuals it licenses.

Additionally, to ensure companies honor their commitments to policyholders, the Department is continuously engaged in the viability of carriers' financial stability, governance, and operations. With the support of our actuaries and financial analysts, teams of CID field examiners often devote months on-site at a company auditing its financial data and reviewing its risk management and corporate governance to ensure that it will be able to meet its contractual obligations to policyholders. The Department has improved the efficiency of this oversight function in recent years through technology and software upgrades and transition to a paperless process as well as organizational redesign.

The Department reviews each insurance product to be marketed to Connecticut's citizens and businesses to ensure the coverage includes all the consumer protections mandated by State law. To hasten the public's access to new and improved coverage offerings, the Department's Life and Health and its Property and Casualty Divisions have greatly streamlined their review practices.

Finally, the Department is also responsible for several public reports, mandated by statute. In recent years the Department has stressed the importance of creating these reports in a more accessible and easy-to-understand format, to enhance usefulness to both consumers in their buying decisions and to better inform legislators to support public policy decisions.

Improvements/Achievements for Fiscal Year 2022-2023

The Department's recent achievements in terms of leadership and improved regulatory efficiencies during FY22-23 include:

- **Regulatory Leadership:** The Department is the lead regulator for five "supervisory colleges," which are collaborations among state and at times international insurance regulators convened annually to assess the overall financial health and risk profile of large Connecticut-based global insurers. We also participated in five additional supervisory colleges for global Groups that have domestic companies in Connecticut. Because of the continued global pandemic effects, a focal point for all colleges continued to be heightened risks due to COVID-19.

The Department earned the National Association of Insurance Commissioners' (NAIC) full five-year accreditation during September 2019. Having achieved the maximum five-year accreditation award from the NAIC in 2019, the next full Accreditation on-site review is scheduled for September 2024. In addition, we have been passing all our interim accreditation annual reviews with no exceptions noted.

In response to the COVID-19 outbreak, the Department transitioned its staff to work from home and keep regulatory functions operating. Since COVID began there have not been any gaps in either analysis or examination audit that lessened the quality or the efficiency of that work.

Due to the number of Connecticut domestic carriers that have broad international reach, the Department is in active collaboration with both international regulators and other state insurance departments to ensure that the development of global regulatory standards – particularly new capital standards – do not disadvantage consumers, our state’s domestic industry and the U.S. insurers.

Commissioner Mais is a member of the NAIC’s International Insurance Relations (G) Committee and is currently NAIC President-Elect and serves on the Executive Committee. He is also a member of the International Association of Insurance Supervisors Executive Committee.

The Department is working to promote and foster innovation, often called InsurTech, while ensuring consumer protection. The Department is actively engaged with the Hartford InsurTech Hub and is fortunate to take advantage of its proximity. The Department is a frequent participant in meetings, workshops and regularly answers questions from the innovators on regulatory issues. CID is an active collaborator with established carriers on how they are planning and implementing innovation. The Department has established a team of regulatory professionals to encourage and foster innovation and has a dedicated e-mail insuranceinnovation@ct.gov to further encourage the innovation dialogue for all stakeholders.

2023 Legislative Changes: The Insurance Department put forth important legislative initiatives that address discrimination, infertility coverage and sexual orientation, captive insurance as well as making technical changes to the insurance statutes.

SB1039 – An Act Concerning the Insurance Department’s Recommendations Regarding Financial Regulation, Life Insurance and Insurance Licensing Requirements and Technical Corrections to the Life and Health Insurance Statutes

Public Act 23-127: Prohibits certain health insurance policies from discriminating between people on the basis of gender identity or expression, sexual orientation, or age with respect to health insurance coverage for medically necessary infertility diagnosis and treatment;

- Revises the allowed parameters for a policy to cover infertility-related expenses to conform to the federal Affordable Care Act;
- Prohibits insurers from discriminating on the basis of sexual orientation when providing coverage for infertility treatment.
- *Eff. October 1, 2023 (applicable to policies issued, amended, renewed or continued on or after January 1, 2024)*

This bill also makes several unrelated changes to the insurance statutes. Specifically, it does the following:

- authorizes electronic payment of fees due to the CID;
- requires certified reinsurers and reciprocal jurisdiction reinsurers to pay the CID a fee of \$2,000 for each regulatory certificate issued and renewed;
- allows a non-resident person or entity with a principal place of business in Connecticut to obtain specified types of resident state licenses provided such person or entity is not licensed as such in another state;

- allows a non-resident persons or entities to get nonresident state licenses in Connecticut and designate it as their home state if their resident state does not offer the same or equivalent license (§ 2);
- makes explicit that certain provisions of CGS § 38a-769 apply to any licensee or license applicant, including an insurance producer licensee or applicant;
- makes technical corrections to the applicability of the health insurance statutes requiring dependent coverage, specifically by removing applicability to accident-only policies, which do not cover a dependent’s illness-related expenses.
- *Eff. October 1, 2023.*

The Insurance Department also put forth a bill Senate Bill No. 1038 regarding captive insurance companies. Public Act No. 23-15 will make CT more attractive to insureds contemplating the formation of a captive insurer. It encourages innovation and supports the growth of captives to provide more options for businesses to manage their risks by allowing captives to accept and transfer risks through parametric contracts, sponsored captive protected cells to establish separate accounts and dormant captives to waive the minimum premium tax and write business again when market conditions and insurance needs change. **SB1038 – An Act Concerning Captive Insurance Companies**
Eff. October 1, 2023.

- **Regulatory Efficiency**

- **Speed-to-Market:** The introduction of new coverage offerings into the marketplace enhances consumer choice and market competition. By implementing administrative efficiencies in both the Life & Health (L&H) and the Property & Casualty (P&C) Divisions the Department reduced the average review turnaround time for new products to less than 30 days, which is a regulatory best practice standard. This year the P&C Division completed a pilot using Artificial Intelligence and Machine Learning (AI/ML) for reviewing claims-made form filings. The KIRA tool was very effective in identifying non-compliant statutory language over 97% of the time. Based on these positive results the P&C Division will be rolling AI/ML to other P&C lines of business. This tool will ensure consistency in reviews amongst examiners as well as help train new examiners in this line of business. The tool will also enable examiners to improve turnaround on filings and enable them to focus on other issues that may need to be reviewed in a filing. We will be first focusing on Automobile minimum requirements, then automobile guidelines. After this, we will be focused on homeowner forms and underwriting guidelines. This tool can ultimately have applications in other areas of the Department. L&H processed approximately 1,574 form and rate filings during the past fiscal year, with the average filing turnaround time of 12 days with 90 percent of filings closed in fewer than 40 days. The P&C Division processed approximately 5,136 rate, rule, form, and underwriting filings during the past fiscal year, with a filing turnaround on average of 93.2% filing closure rate in under 40 days. Rate filing complexity continues to

be a driver of the slower turnaround as we are seeing models being used with much greater frequency for personal and commercial lines.

The P&C Division saw a decrease in workers' compensation insurance rates for the 9th straight year. The continued effort to hold down homeowner's rate increases saved policyholders \$13.7 million in 2022 and \$90.8 million since 2012. The Division continues to see rate increases for the Private passenger automobile filings as inflationary pressures have impacted claims costs to the industry and they need to take rates to reflect these costs. We are still examining these rate filings closely and as a result, we were able to save consumers \$38.4 million dollars from additional rate increases for automobiles in 2022. L&H also issued or renewed licenses for 60 utilization review companies, and it continues to implement procedures to review health carriers' formularies and provider networks.

- **Licensing:** Interactions with licensees are key to the Department's market conduct regulatory function. An improved user-friendly website, online renewals, an enhanced phone system, and our online pay portal help streamline payments and collection of license fees and taxes. CID collected more than \$ 85 million in licensing fees in FY22-23.

- **Financial Regulation:** The Financial Regulation Division continues its risk focused audit approach in both analysis and examination in order to fully evaluate material risks within our domestic insurance industry. In addition, we can utilize the data collected by the NAIC to compare individual companies to their peers. As consistent with prior years, The Examination unit led several coordinated multi-state field exams with other states, resulting in significant cost savings to the domestic insurance industry. Risk-focused exams includes an increased emphasis on review of insurers risk management relating to climate change as well as compliance with NAIC guidelines and the CID's Bulletin on Climate. The Division continues to build its staffing as a result of multiple retirements. Continuing to bolster and train new examiners also leads to significant cost savings to domestic insurers as this avoids contracting that the industry would have to pay for.

- **Actuarial Services:** The Property/Casualty and Life & Health actuaries of the Actuarial Division provides financial, rate/rule & analytical-related actuarial services in support of the Commissioner and several divisions of the Insurance Department, with a mandate of solvency regulation and market regulation.

- The Actuarial Division brought modeling technology to the department, increasing the use of more in-house expertise to manage outside consultants used for financial exams, enhancing collaborations with appointed actuaries in annual actuarial opinions, reviews and companies financial requests, producing updates for the required reports in the Department, and actively participating with the NAIC and other states in PBR, RBC, ORSA, Climate

changes, Cyber risks, Predictive Modeling and advanced analytics (Big Data, ML, AI, etc.) and some technical regulation initiatives. The division ensures that outside consultants are following the review standards developed by the NAIC for the risk focus exams (RFE). This approach has continued to cut costs for financial examinations and continue to showcase the Connecticut Insurance Department as a best-in-class regulator. In 2023, this division provided actuarial services to 3 2022 P&C financial exams and 4 Life/Health exams and signed off on actuarial opinions for 36 Life/Health and 76 P&C companies. We are also responsible for the P&C rate and rule filings and health ACA and LTC rate filings. We chaired the NAIC CAT Risk to introduce the Wildfire RBC charge in 2022 and in 2023 exploring the Severe Convective Storm RBC charge. We also supported the Commissioner for 2022-Climate-Progress-Report pursuant to June Special Session, Public Act No. 21-2, Section 312 (Conn. Gen. Stat. § 38a-23).

- **Captive Insurance:** The ability to form and take advantage of captive insurance is an important risk management option for the State's commercial and industrial organizations. The Department's Captive Insurance Division evaluates, licenses, regulates, and examines captive insurers and risk retention groups in the alternative risk market, a segment that continues to grow. Connecticut has licensed 45 captive insurers and is on track license a minimum of 10 captives by the end of this year. The industry now accounts for \$752 Million in premiums and is providing businesses of all sizes and disciplines with a tool to manage their costs.

The Captive Division also reviews registrations of 104 Risk Retention Groups and 591 Risk Purchasing Groups and monitors its operations in the state. Risk Retention Groups wrote \$176 Million in premiums in Connecticut in 2022. A working group has been formed to facilitate discussions of captive development in Connecticut. The department continues to support the initiative-of "Reimagine Business Insurance," which focuses on educating accountants and large accounting firms on how they can help their client businesses be more efficient with managing risk using private insurance companies. The Captive Insurance Division and the Department's legislative changes to facilitate captive growth in Connecticut. The new captive legislation was passed in May 2023 and effective October 1, 2023.

Connecticut ranks #1 in the world in Captive growth in 2021 by Captives Review. Captive Review named Connecticut the Captive Domicile of the Year 2022 for written premiums under \$5 billion. Connecticut was honored as the 2022 Domicile of the Year by Captive International. Many more captive formations are under discussion.

- **Regulatory Access and Transparency**

- **Consumer Complaints:** The Consumer Affairs Division continues to work with the state's Open Data Portal to list Department complaint data in real time. The data does not identify complainants but lists the nature of complaint, company against which the complaint was filed, resolution and any monetary recovery.
- **On-line Enhancements:** Updates made to the CID website to make information more user friendly and accessible to consumers. Outreach via social media has increased to advise consumers of the assistance available to them.
- Moreover, our free online Lost Life Insurance policy locator, returned more than \$25 million to Connecticut beneficiaries last fiscal year and has returned over \$44million dollars since its inception in late 2016.
- **Health Insurance Consumer Report Card:** The Consumer Report Card on Health Insurance Carriers in Connecticut recently was expanded to collect additional data concerning how carriers are doing in providing follow-up treatment regarding mental health and substance abuse care.,
- **Health Insurance Rates:** Following an informational public hearing in August 2022, a public comment period of at least 30 days and the CID's thorough actuarial reviews, the Department finalized health insurance rates in September 2022 for the 2023 benefit year. All 13 filings made by 9 health insurers for plans that cover about 206,000 people were disapproved and reduced.

Information Required by State Statute

The following information is provided in accordance with Conn. Gen. Stat. § 38a-13: the HealthyCT, Inc. liquidation proceedings, commenced as of December 31, 2016, continued throughout the fiscal year under the general supervision of the Superior Court. As of the end of the fiscal year, all policy holder claims and expenses of the Connecticut Life and Health Insurance Guaranty Association have been paid. On July 25, 2022, the Special Deputy Liquidator of HealthyCT filed his report with the Insurance Commissioner on the affairs of HealthyCT in accordance with Conn. Gen. Stat. § 38a-13. Additional information is available on the [CID website](#).

In March, the Department prepared and submitted a report to the Governor and General Assembly regarding the Insurance Commissioner's responsibility concerning managed care organizations. This report included a summary of quality assurance plans, potential modifications to the consumer report card, market conduct activity, a summary of complaints filed with the Department, a summary of violations, and a summary of issues discussed regarding managed care at public forums. In June 2023, the L&H Division reported to the Governor and General Assembly that no managed care organizations failed to file any data as required by Public Act 97-99.

In 2022, the Department prepared and submitted two new reports to the Governor and the General Assembly regarding the Insurance Commissioner's efforts to address climate change, and the availability of insurance to the emerging cannabis industry.

As reported by the Financial Regulation Division, as of July 1, 2021, there were 1,293 insurance companies licensed in Connecticut. Of that total, 111 were domiciled in the state of Connecticut. The Financial Regulation Division reviewed the applications of 14 insurers applying for licensure during the fiscal year. Of the 14 applications reviewed, 7 were licensed and 7 were rejected and/or withdrawn. In addition, 5 companies ceased to be licensed through dissolution, merger, liquidation, or voluntary surrender of their certificates of authority. As of June 30, 2022, there were 1,295 insurance companies licensed and authorized to transact business in Connecticut. Of that total, 111 were domiciled in the state of Connecticut. In addition, 8 full-scope and 1 limited-scope examinations, comprising 18 domestics, were conducted during the fiscal year. The Department is also responsible for several public reports, mandated by statute that are available online.

The following indicates the calendar year 2021 direct premiums written in Connecticut:

- **Life and Annuities** \$23,688,356,436
- **Property and Casualty Lines** \$9,109,519,833
- **Health** \$10,891,446,240
- **Title** \$233,308,735
- **Pools and Associations** \$143,386,899
- **Total Premiums Written** \$44,066,018,143