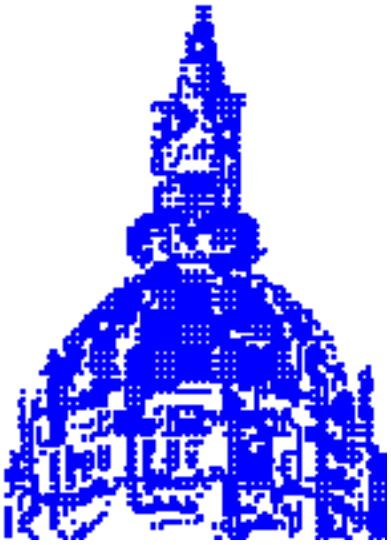
Office of Legislative Research
Connecticut General Assembly

OLR ACTS AFFECTING

ACTS AFFECTING INSURANCE



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NOTICE TO READERS

This report provides brief highlights of new laws affecting insurance enacted during the 2009 regular and special sessions. Each summary indicates the public act (PA) number and effective date.

Not all provisions of the acts are included here. Complete summaries of all 2009 public acts will be available when OLR's Public Act Summary book is published; some are already on OLR's website (www.cga.ct.gov/olr/OLRPASums.asp).

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, House Clerk's Office, or General Assembly's website (www.cga.ct.gov/).

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LIFE INSURANCE

Accelerated Death Benefit

PA 09-216 expands the benefits available under a life insurance policy's accelerated death benefit option by revising what constitutes a "qualifying event." It adds as a qualifying event confinement in the insured person's residence or an acute care hospital for at least six months due to a "medically determinable condition," if the person is expected to remain confined at that location until death. It also allows payment of accelerated benefits due to confinement in either lump sum or periodic payments.
EFFECTIVE DATE: January 1, 2010

Murder and Inheritance

PA 09-201 expands the circumstances under which a person cannot inherit, receive part of the estate, or receive life insurance or annuity benefits from someone for whose death he or she was responsible.

By law, a murderer cannot inherit or receive part of the estate from (1) the victim or (2) another person if the homicide or death terminated an intermediate estate or hastened the time of enjoyment. The act also excludes someone (1) convicted as a principal or accessory of felony murder, arson murder, 1st degree manslaughter with or without a firearm, or a similar crime in another jurisdiction or (2) who would have been found guilty of one of these offenses if he or she had survived, as determined by the Superior Court by a preponderance of the evidence in an action brought by an interested person.
EFFECTIVE DATE: October 1, 2009

HEALTH INSURANCE

Autism Spectrum Disorders

PA 09-115 broadens what a group health insurance policy must cover concerning autism spectrum disorders. It requires a policy to cover the diagnosis and treatment of these disorders, including (1) behavioral therapy for a child age 14 or younger and (2) certain prescription drugs and psychiatric and psychological services. A policy can limit coverage for behavioral therapy to $50,000 a year for a child age eight or younger, $35,000 for a child from age nine to 12, and $25,000 for a 13-or 14-year-old.

The act specifies that it does not limit or affect (1) other benefits covered under the policy or required by state law or (2) a school board's legal obligation to provide services to a student with autism.
EFFECTIVE DATE: January 1, 2010

Birth-To-Three Coverage

PA 09-3, Sept. Sp. Sess., (§§ 44-46) doubles the maximum amount health insurance policies must cover for services provided through the Department of Social Services' Birth-to-Three program, to $6,400 annually and $19,200 over three years per child, instead of $3,200 and $9,600 respectively.
EFFECTIVE DATE: Upon passage (October 6, 2009)

Continuation of Coverage

PA 09-3 (§ 2), allows certain individuals who did not exercise their right to continue being covered under the group health insurance plan their employer offered after they were terminated from their job, to elect to be covered by it and to benefit from a federal subsidy that will reduce the premium. It applies to qualified beneficiaries (former employees and their dependents) of employers with fewer than 20 employees who were covered by Connecticut's mini-COBRA law, which is based on the federal Consolidated Omnibus Budget Reconciliation Act.

Specifically, the act allows a person who (1) did not have continuation of group health insurance coverage under state law in effect on February 17, 2009, but (2) would be an "assistance eligible individual" under federal law if such continuation of coverage had been in effect, to continue such coverage by electing to do so within 60 days after receiving the special election notice the act requires.

An "assistance eligible individual" is any qualified beneficiary if (1) at any time from September 1, 2008 to December 31, 2009, he or she is eligible for and elects COBRA continuation coverage and (2) the qualifying event for COBRA continuation coverage is the involuntary termination of the covered employee's employment that occurred between September 1, 2008 and December 31, 2009.
EFFECTIVE DATE: Upon passage (April 15, 2009)

Epidermolysis Bullosa

PA 09-51 requires individual and group health insurance policies to cover wound care supplies that are medically necessary to treat epidermolysis bullosa (a rare skin disorder) and administered under a physician's direction.
EFFECTIVE DATE: January 1, 2010

Expanded Health Insurance Coverage and Wellness Programs (VETOED)

PA 09-188 (vetoed July 2, 2009) expands coverage under individual and group health insurance policies in several ways. It also requires group

insurers to offer a health behavior wellness program that provides participation incentives.

Bone Marrow Testing. The act requires health insurance policies to cover human leukocyte antigen testing to determine compatibility for bone marrow transplants for people who sign up for the National Marrow Donor Program. A policy may limit coverage to one covered test in a person's lifetime. To be eligible for coverage, the bone marrow testing must be done at a facility certified under the federal Clinical Laboratory Improvement Act and accredited by the American Society for Histocompatibility and Immunogenetics.

Colonoscopies. The act prohibits policies from imposing a coinsurance, copayment, deductible, or other out-of-pocket expense for a second or subsequent colonoscopy a physician orders for an insured person in a policy year. By law, health insurance policies must cover colorectal cancer screening, including (1) an annual fecal occult blood test and (2) colonoscopy, flexible sigmoidoscopy, or radiologic imaging, in accordance with recommendations the American College of Gastroenterology, in consultation with the American Cancer Society, based on age, family history, and frequency.

Hearing Aids. The act requires health insurance policies to cover hearing aids for children under age 19, up from under age 13. By law, a policy may limit coverage to $1,000 in a 24-month period.

Ostomy Appliances and Supplies. The act increases, from $1,000 to $5,000, the annual coverage amount health insurance policies must provide for medically necessary ostomy appliances and supplies, including collection devices, irrigation equipment and supplies, and skin barriers and protectors.

Prosthetic Devices. The act requires health insurance policies to provide coverage for prosthetic devices that is at least equivalent to the coverage Medicare provides for such devices. (Medicare covers 80% of the cost of prostheses, after a person pays his or her annual deductible.) It allows a policy to (1) limit coverage to a prosthetic device that a person's health care provider determines is most appropriate to meet his or her medical needs and (2) require prior authorization for prosthetic devices, but only in the same manner and to the same extent as it requires prior authorization for other policy benefits.

The act requires a policy to cover medically necessary repairs to or replacements of prosthetic devices. It prohibits a policy from imposing a coinsurance, copayment, deductible, or other out-of-pocket expense for a prosthetic device that is more restrictive than that imposed on most other policy benefits.

Wellness Programs. The act requires an insurer or other entity writing group health insurance in Connecticut to offer a "reasonably designed" health behavior wellness, maintenance, or improvement program that gives participants one or more incentives to participate in the program. The allowed incentives are a (1) reward; (2) health spending account contribution; (3) premium reduction; and (4) reduced copayment, coinsurance, or deductible. The act prohibits the value of any reward or incentive from exceeding 20% of "paid premiums" and requires them to comply with federal nondiscrimination requirements.

Wigs, Other Benefits Expanded. The act requires health insurance policies to provide a yearly benefit of at least $350 to cover a wig a licensed physician or advanced practice registered nurse prescribes for a person with hair loss caused by a diagnosed medical condition of alopecia areata (a type of hair loss, often temporary in nature), excluding androgenetic alopecia (i.e., female- or male-pattern baldness). The coverage must be subject to the same terms and conditions applicable to all other policy benefits.

The act also broadens the applicability of several health insurance benefits required by law, including ostomy supplies, treatment of tumors and leukemia, reconstructive surgery, nondental prosthesis, chemotherapy, and wigs for chemotherapy patients. It does this by requiring all policies delivered, issued, renewed, amended, or continued in Connecticut to include the benefits, instead of only policies delivered or issued in the state. EFFECTIVE DATE: January 1, 2010

Expedited External Appeals

PA 09- 49 establishes an expedited external appeal process that supplements the legally required standard external appeal process. The act permits an enrollee or provider to ask the insurance commissioner for an expedited external appeal before exhausting an insurance or utilization review company's internal appeal process if (1) he or she has filed a request for an expedited internal review and (2) the time to complete it could cause, or exacerbate, an emergency or life-threatening situation for the enrollee. EFFECTIVE DATE: October 1, 2009

Health Benefit Review Program

PA 09-179 establishes a health benefit review program within the Insurance Department to evaluate the social and financial impacts of mandated health benefits that (1) exist in statute or are effective on July 1, 2009 and (2) the Insurance and Real Estate Committee may request annually by August 1,

including proposed legislation. The commissioner must report findings to the committee by the next January 1.

The act requires the commissioner to contract with the UConn Center for Public Health and Health Policy to conduct reviews the legislative committee requests. It also authorizes him to assess insurers for the program's costs.
EFFECTIVE DATE: July 1, 2009

Healthcare Partnership (VETOED)

PA 09-147 (vetoed July 8, 2009) requires the comptroller to convert the state employee health insurance plan, except dental coverage, to a self-insured arrangement for benefit periods beginning July 1, 2009 and later. (See State Employee Plan below). It authorizes her to merge, on or after January 1, 2010, any health benefit plans she arranges into the self-insured state plan.

The act requires the comptroller to offer employee and retiree coverage under the self-insured state plan to (1) nonstate public employers (e.g., municipalities) beginning January 1, 2010; (2) municipal-related and nonprofit employers beginning July 1, 2010; and (3) small employers beginning January 1, 2011. She must do this, subject to specified requirements and conditions, after the General Assembly receives written consent from the State Employees' Bargaining Agent Coalition (SEBAC).

The act requires a health care actuary to review certain employer applications for coverage under the state plan and certify in writing to the comptroller if the group will shift a significantly disproportionate share of its employees' medical risks to the state plan. If so, the comptroller must deny the group coverage. She may also deny a group coverage if it will jeopardize the state plan's status as a governmental plan under federal law.
EFFECTIVE DATE: July 1, 2009, with some provisions effective on passage.

Health Care Provider Contracts and Fee Schedules

PA 09-204 requires a contracting health organization (e.g., managed care organization) to provide each health care provider with whom it contracts Internet, electronic, or digital access to the organization's fee schedule for the Current Procedural Terminology and the Health Care Procedure Coding System codes applicable to or requested by the provider for services for which the provider bills or intends to bill the contracting health organization, provided the codes are within the provider's specialty or subspecialty.

The act defines "provider" as a physician, surgeon, chiropractor, podiatrist, psychologist,

optometrist, natureopath or advanced practice registered nurse licensed in Connecticut or a group or organization of such people, who has entered into or renews a participating provider contract with a contracting health organization to render services to the organization's enrollees and enrollees' dependents.

The act limits a contracting health organization's ability to make material changes to a provider's fee schedule and requires advance notice to providers of any such changes. It also prohibits a contracting health organization from canceling, denying, or demanding the return of payment for an authorized covered service due to administrative or eligibility error, more than 18 months after the date of the receipt of a clean claim, except under certain circumstances.
EFFECTIVE DATE: January 1, 2010, except the provisions relating to material changes to fee schedules and cancellation of authorized covered services, which are effective July 1, 2010.

Health Insurance Policy Definition

PA 09-7 (§ 171), Sept. Sp. Sess., expands the definition of "health insurance policy" to include (a) travel health coverage and (b) single service ancillary health coverage, including dental, vision, or prescription drug coverage.
EFFECTIVE DATE: Upon passage (October 5, 2009)

History of Using Anxiety Drugs

PA 09-123 prohibits insurers or other entities in the individual health insurance market from using as an underwriting factor a person's history of taking a prescription drug for anxiety for six months or less. But it allows them to use such history if it arises directly from a medical diagnosis of an underlying condition.
EFFECTIVE DATE: January 1, 2010

Hospital-Acquired Conditions

PA 09-206 (§ 2) prohibits hospitals and outpatient surgical facilities from seeking payment for any increased costs they incur as a direct result of a hospital-acquired condition Medicare identifies as nonpayable according to federal law.
EFFECTIVE DATE: January 1, 2010

Imaging Services

PA 09-206 (§ 3) prohibits specified health care providers from charging patients, insurers, or other responsible third-party payors for performing the "technical components" of CAT scans, PET scans, and MRIs if they, or someone under their direct supervision, did not actually perform the service. The

prohibition applies to physicians, chiropractors, podiatrists, naturopaths, and optometrists.

Under the act, radiological facilities and imaging centers must directly bill the patient or third party payor for their services. They cannot bill the practitioner who requested the service.

EFFECTIVE DATE: October 1, 2009

Medical Loss Ratio Disclosure

PA 09-46 requires the insurance commissioner to include in the annual health insurance consumer report card the medical loss ratio of each insurer and HMO included in the report and prominently display a link to the report card on the Insurance Department's website. The act requires each health insurer or HMO to disclose its medical loss ratio, as reported in the most recent consumer report card, in writing to a person when he or she applies for coverage.

The act defines "medical loss ratio" as the ratio of incurred claims to earned premiums for the prior calendar year for managed care plans issued in Connecticut. It limits "claims" to medical expenses for services and supplies provided to enrollees, excluding expenses for stop loss coverage, reinsurance, enrollee educational programs, and other cost containment programs or features.

EFFECTIVE DATE: October 1, 2009

Post-Claims Underwriting; Preexisting Conditions (VETOED)

PA 09-135 (vetoed June 22, 2009) requires a health insurer or HMO that, during its investigation of a claim, seeks to discover any preexisting conditions an insured did not disclose on his or her insurance application, to limit its investigation to (1) issues having a direct relationship to the condition specified in the claim and (2) the period before the coverage effective date specified in the preexisting conditions provision in the coverage documents.

It makes an (1) insurance producer or agent who completes or helps to complete an insurance application and (2) insured who signs the application or does not object to information submitted on, with, or omitted from it, jointly and severally liable for claims that result from any information the producer or agent knowingly omitted or misrepresented.

By law, in order to rescind, cancel, or limit an insured's coverage, an insurer or HMO must have the insurance commissioner's approval. Prior law required an insurer or HMO also to have conducted a thorough medical underwriting process based on information the insured submitted on, with, or omitted from, an insurance application. The act limits this

underwriting requirement to coverage that has been in effect for at least one year.

The act establishes certain disclosure, records, and rescission requirements for an insurer or HMO that accepts coverage applications for individual health insurance coverage over the telephone.
EFFECTIVE DATE: October 1, 2009

Prescription Drug Purchasing Program

PA 09-206 (§ 1), as amended by **PA 09-253** (§ 28), requires the commissioners of social services and administrative services and the comptroller, in consultation with the commissioner of public health, to develop a plan concerning the bulk purchasing of pharmaceuticals. The plan must implement and maintain a prescription drug purchasing program and procedures to aggregate or negotiate pharmaceutical purchases for HUSKY Part B, State Administered General Assistance, Charter Oak Plan and ConnPACE recipients, Department of Correction inmates, and people eligible for insurance under the state employee and municipal employee health insurance plans. The act requires the Department of Social Services to submit the plan to the Public Health and Human Services committees by December 31, 2009.
EFFECTIVE DATE: July 1, 2009

Prescription Eye Drops

PA 09-136 prohibits individual and group health insurance policies that provide prescription eye drop coverage from denying coverage for prescription renewals when (1) the refill is requested by the insured less than 30 days from either (a) the date the original prescription was given to the insured or (b) the last date the prescription refill was given to the insured, whichever is later, and (2) the prescribing physician indicates on the original prescription that additional quantities are needed and the refill request does not exceed this amount.
EFFECTIVE DATE: January 1, 2010

State Employee Plan

PA 09-7 (§ 18) Sept. Sp. Sess., requires the comptroller to begin the process of converting the state employee health insurance plans, except for dental coverage, to a self-insured arrangement for benefit periods beginning July 1, 2010 and later. It permits the comptroller to contract with third party administrators, which must charge the state their lowest available rate for services.
EFFECTIVE DATE: Upon passage (October 5, 2009)

Stepchildren

PA 09-124 requires individual and group health insurance policies to cover stepchildren on the same basis as biological children.
EFFECTIVE DATE: Upon passage (June 18, 2009)

SustiNet

PA 09-148 (vetoed July 8, 2009 and veto overruled July 20, 2009), as amended by PA 09-03, Sept. Sp. Sess., establishes a eleven-member board to recommend to the legislature, by January 1, 2011, the details of and implementation process for a self-insured health care plan called SustiNet. The recommendations must address (1) the phased-in offering of the SustiNet plan to state employees and retirees, HUSKY A and B beneficiaries, people without employer-sponsored insurance (ESI) or with unaffordable ESI, small and large employers, and others; (2) establishing an entity that can contract with insurers and health care providers, set reimbursement rates, develop medical homes for patients, and encourage the use of health information technology; (3) a model benefits package; and (4) public outreach and ways to identify uninsured citizens.

The board must establish committees to make recommendations to it about health information technology, medical homes, clinical care and safety guidelines, and preventive care and improved health outcomes. The act also establishes an independent information clearinghouse to inform employers, consumers, and the public about SustiNet and private health care plans and creates task forces to address obesity, tobacco usage, and health care workforce issues.
EFFECTIVE DATE: July 1, 2009 for most provisions

Terminated Employees

PA 09-126 allows an employer to stop paying group health insurance premiums for an employee and his or her dependents as of 72 hours after the employee quits or is terminated for any reason other than a layoff. It outlines requirements and conditions for employers and insurers. The act does not apply if a collective bargaining agreement requires an employer to pay an employee's insurance premiums after his or her termination.
EFFECTIVE DATE: October 1, 2009

PROPERTY & CASUALTY INSURANCE

Automobile Insurance

Cancellation Fee. **PA 09-98** prohibits an insurer that renews, amends, or endorses a private passenger automobile insurance policy in Connecticut from charging the insured more than

$100 for canceling the policy before the policy term ends.
EFFECTIVE DATE: October 1, 2009

Convention Center Facilities

PA 09-07 (§ 167), Sept. Sp. Sess., designates the convention center facilities as state-owned property for insurance or self-insurance purposes. It authorizes the State Insurance and Risk Management Board to determine and purchase or arrange for insurance or self-insurance for the facilities in the same way it does for other state-owned property.
EFFECTIVE DATE: July 1, 2010

Disclosure of Policy Limits. **PA 09-240** requires an automobile liability insurer to disclose the limits applicable under a policy it issued within 30 days after receiving a written request for disclosure. The request must be made by, or on behalf of, a person alleging bodily injury or death resulting from a motor vehicle collision involving a person the insurer's private passenger automobile policy covers. The act requires that a letter from an attorney licensed to practice in Connecticut or an affidavit from the person alleging to have suffered injury as a result of the accident accompany a written request for the policy limits and include specified information.

The insurer's disclosure must be in writing and indicate all coverage the insurer provides to the insured, including any applicable umbrella or excess liability insurance.
EFFECTIVE DATE: October 1, 2009

Golf Carts. **PA 09-187** (§ 27) allows any local traffic authority to permit the operation of golf carts, during daylight hours, on any road under it jurisdiction, subject to certain conditions. The golf cart operator must carry a valid Connecticut driver's license. The act authorizes the motor vehicles commissioner to establish insurance requirements for golf carts by regulation.
EFFECTIVE DATE: Upon passage (July 7, 2009)

Motor Vehicle Repairs. **PA 09-237** prohibits an auto insurer, and its agents and adjusters, from (1) requiring an insured to use a specific repair shop to perform auto repairs or (2) stating that repair work will be delayed or not guaranteed if the insured has repairs performed at a motor vehicle repair shop that is one which is not participating in the insurer's vehicle repair program.
EFFECTIVE DATE: October 1, 2009

Underinsured Motorist Conversion Coverage and Subrogation. **PA 09-72** requires an auto insurer issuing a new automobile liability insurance policy to disclose to an insured at the time of sale or

issuance the availability of, premium for, and description of underinsured motorist conversion coverage. The description must be made in a conspicuous manner with the legally required informed consent form regarding uninsured and underinsured motorist coverage.

Under the act, an auto insurer that subrogates a claim must (1) seek to recover any collision deductible the insured paid, unless the insured requests that it not be included in the subrogation demand, and (2) share subrogation recoveries with the insured on a proportionate basis.

EFFECTIVE DATE: January 1, 2010

Extended Warranty Insurers

PA 09-24 requires an insurer issuing an extended warranty reimbursement insurance policy in Connecticut to meet certain requirements when filing a policy form with the insurance commissioner and continuously thereafter. Specifically, the act requires an extended warranty insurer to (1) maintain surplus and paid-in capital of at least $15 million; (2) demonstrate to the commissioner's satisfaction that it maintains a value of net written premiums that is no more than three times the amount of surplus and paid-in capital; and (3) annually file with the commissioner copies of (a) its audited financial statements, (b) the annual statement it files with the National Association of Insurance Commissioners, and (c) any actuarial certification that it must file with its domicile state.

EFFECTIVE DATE: October 1, 2009

Fire Insurance

PA 09-164 (§ 1) makes numerous changes to the standard fire insurance policy that insurers, by law, must write in Connecticut. Specifically, it shortens the time an insurer has to pay a claim from 60 to 30 days and increases the statute of limitations for filing a lawsuit relating to a claim from 12 to 18 months after sustaining a loss. Additionally, the act allows an insured person and the insurer to agree in writing to a partial claim payment in advance of final claim adjudication.

EFFECTIVE DATE: October 1, 2009

Insurance Requirements for Condo Associations

PA 09-225 (§§ 29 & 41) makes several changes regarding insurance requirements for a condo association. For example, it requires an association (1) to carry fidelity insurance and (2) if the community has more than 12 units, give unit owners, at least annually, a list of fixtures and improvements that the association's insurance covers.

EFFECTIVE DATE: July 1, 2010

Insurance Requirements for Time Share Plans

PA 09-156 (§ 19) requires the association or person responsible for operating and maintaining a time share property (i.e., managing entity) to use due diligence to obtain, as a common expense of the time share plan, adequate casualty insurance and liability insurance. In determining whether insurance is adequate, the managing entity must consider the following factors, among others:

1. available insurance coverage and related premiums in the marketplace;
2. amounts of any related deductibles and types of exclusions and coverage limitations, but the bill specifies that a deductible of 5% or less is reasonable;
3. the probable maximum loss relating to the insured time share property during the policy term;
4. amounts of any deferred maintenance or replacement reserves on hand;
5. geography and any special risks associated with the location of the time share property; and
6. the age and type of construction.

The act authorizes the managing entity to apply any existing reserves for deferred maintenance and capital expenditures toward payment of insurance deductibles or the repair or replacement of the time share property after a casualty without regard to the purposes for which the reserves were originally established.

It also requires that a copy of each insurance policy in effect be made available for reasonable inspection by purchasers and their authorized agents. EFFECTIVE DATE: January 1, 2010

Leaseholder's Disclosure of Insurance Requirements

PA 09-134 expands disclosure requirements under the Uniform Consumer Leases Act about insurance a lease agreement may require and applies its insurance disclosure requirements to a lease that is subject to the Uniform Commercial Code.

Specifically, it requires a leaseholder that requires the lessee to maintain insurance to disclose that the lessee can choose the insurer, subject to the leaseholder's right to reject the insurer for reasonable cause, if (1) the insurance required is not included in the lease or (2) there is an additional charge for obtaining the insurance through the leaseholder. It requires the leaseholder also to disclose (1) whether the insurance required is included in the lease for no additional charge and (2) that insurance policies the leaseholder offers may duplicate coverage the lessee has under his

or her personal insurance policies.
EFFECTIVE DATE: October 1, 2009

Medical Malpractice Insurance for Radiologist Assistants

PA 09-232 (§ 68) requires a radiologist assistant to maintain medical malpractice insurance of at least $500,000 for one person, per occurrence, with an aggregate of at least $1.5 million.
EFFECTIVE DATE: October 1, 2009

Surety Bonds for Contractors Removing Underground Oil Tanks

PA 09-122 eliminates the requirement that a contractor who intends to remove or replace residential underground heating oil tanks provide evidence of a $250,000 surety bond to the Department of Consumer Protection when applying for a home improvement contractor registration certificate.

For contractors who wish to register for payment from the Department of Environmental Protection's (DEP) residential underground heating oil storage tank clean-up subaccount, it eliminates a surety bond as a way to prove financial responsibility and raises the minimum amount of liability insurance coverage or liquid company assets that contractors must have from $250,000 to $1 million.

EFFECTIVE DATE: Upon passage (June 9, 2009)

Surety Bonds for Debt Adjusters

PA 09-23 changes the method for calculating the required surety bond that debt adjustors must file with the banking commissioner. It also sets the bond for a debt adjustor applicant who acquires a predecessor's business. The act (1) allows the banking commissioner to change the bond amount based on certain conditions and (2) requires applicants who cannot meet the bond requirements to deposit a certain amount in a bank, instead of obtaining an insurance policy as was the option under prior law.
EFFECTIVE DATE: July 1, 2009

Terrorism Coverage for Condominiums

PA 09-164 (§ 2) requires a condominium association's master insurance policy to include coverage for losses caused by terrorism if the condominium was formed after 1976. It permits other commercial risk insurance policies, including those issued to a condominium formed before 1977, to exclude the coverage, subject to two conditions. Such policies may exclude coverage for losses caused, directly or indirectly, by terrorism (1) if the premiums charged for the policy

reflect projected savings from the exclusion and (2) until the terrorism risk program established under federal law expires.
EFFECTIVE DATE: October 1, 2009

Flex Rating

PA 09-217 extends the sunset date for the "flex rating" law for personal risk insurance (e.g., home, auto, marine, umbrella) from July 1, 2009 to July 1, 2011. The flex rating law permits property and casualty insurers to file new personal risk insurance rates with the insurance commissioner and begin using them immediately without his prior approval if the rates increase or decrease by no more than 6% for all products included in the filing.
EFFECTIVE DATE: Upon passage (July 8, 2009)

WORKERS' COMPENSATION INSURANCE

Appeals of Compensation Review Board Decision

PA 09-178 allows a party to appeal a Compensation Review Board ("board") decision even if it is not considered a final decision under the provisions on appealing (1) administrative decisions under the Uniform Administrative Procedures Act or (2) from the Superior Court. Both of these provisions require appeals from a final decision or judgment unless a law provides otherwise.

By law, a party can appeal a workers' compensation commissioner's decision to the board. A party can then appeal the board's decision on a question of law to the Appellate Court.
EFFECTIVE DATE: Upon passage (June 30, 2009)

Evidence of Workers' Compensation Insurance

PA 09-104 allows applicants for Department of Consumer Protection licenses and permits to prove they comply with workers' compensation insurance coverage requirements by providing the name of the applicant's insurer, policy number, and coverage effective dates, certified as truthful and accurate, as an alternative to presenting a hard copy of the insurance certificate.
EFFECTIVE DATE: Upon passage (June 2, 2009)

Premiums for Volunteer Ambulance Companies

PA 09-88 requires the state-licensed workers' compensation risk rating organization to file with the insurance commissioner a method of computing workers' compensation premiums for volunteer staff of municipal or volunteer ambulance services that does not base the premium primarily on the number of ambulances the service owns.

The act requires the method to be based primarily on ambulance usage as determined by the estimated annual number of service call responses. The new method applies to workers' compensation policies issued or renewed on or after October 1, 2009.
EFFECTIVE DATE: Upon passage (June 2, 2009)

MISCELLANEOUS

Derivative Financial Transactions

PA 09-48 specifically allows a U.S. insurer doing business in Connecticut to enter into derivative financial transactions as long as it is prudent given the company's business and diversification considerations. It specifies that derivative financial transactions include swaps, options, forwards, futures, caps, floors, collars, and similar instruments or combinations of them.

The act requires an insurer entering into these transactions to include in its audited financial report a statement from the independent certified public accountant (CPA) who audited the insurer. The statement must describe the CPA's assessment of the insurer's internal controls relative to the transactions. If the CPA determines the internal controls are deficient, the insurer must include with the statement (1) the CPA's report of the deficiencies and (2) a remedial action plan, if the CPA's statement does not include one.
EFFECTIVE DATE: Upon passage (May 20, 2009)

Identity Theft

PA 09-239 makes numerous changes in laws relating to identity theft, Social Security numbers (SSNs), and the dissemination of personal identifying information. It broadens the definition of "identity theft," increases the penalty for criminal impersonation, creates the crime of unlawful possession of personal access devices, and increases the penalties for identity theft when the victim is age 60 or older.

The act allows a victim of identity theft to sue for damages if the perpetrator was found guilty of trafficking in personal identifying information. Victims can already sue for damages if the perpetrator was found guilty of identity theft. The act extends the statute of limitations from two to three years, and specifies that damages include documented lost wages and any financial loss suffered by the plaintiff as a result of the identity theft. It requires, rather than allows, courts to issue orders to correct public records when a person is convicted of identity theft.

It voids a credential issued by the state or political subdivision of the state (1) obtained by making a material false

statement or (2) physically altered to misrepresent a material fact, requiring the credential to be returned to the issuing authority provided the authority complies with notice provisions.

It requires employers to obtain and retain employment applications in a secure manner and employ reasonable measures when disposing of them. (This does not apply to state agencies or political subdivisions.) A violation is subject to a civil penalty of $500 per violation, not to exceed $500,000 per event. Civil penalties collected must be deposited in the privacy protection guaranty and enforcement account.

The act makes property gained from committing identity theft subject to forfeiture and requires proceeds from its disposition to be deposited in the Department of Consumer Protection's (DCP) privacy protection guaranty and enforcement account, which the act creates, to pay for enforcing certain privacy protection laws.

It establishes a fine, of between $500 and $5,000, to be deposited into the privacy protection account for (1) filing a notice, statement, or document required by the bill that includes false or untrue information or (2) willfully violating the provisions of this bill or identity theft laws. It also establishes an appeals process for anyone aggrieved by a decision or order made by the commissioner under the bill.

EFFECTIVE DATE: October 1, 2009 for most provisions

Insurance Agent Fees

PA 09-8 (§ 30), Sept. Sp. Sess., increases, from $80 to $100, the fee for each agent appointment issued or continued for an agent of a domestic insurance company (e.g., based in Connecticut).

By law, the agent appointment fee for a nondomestic insurance company is $80, except there is no fee if the company's home jurisdiction does not charge for an appointment. The act establishes an additional exception, setting the fee at $20 if the nondomestic company's home jurisdiction's premium tax rate is below Connecticut's.
EFFECTIVE DATE: Upon passage (October 5, 2009) and applicable to appointments made on or after October 1, 2009

Technical Changes

PA 09-74 makes technical changes in various insurance statutes.
EFFECTIVE DATE: Upon passage (May 27, 2009)

JKL:ts