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## OLR Bill Analysis

HB 6590 (as amended by House "A")\*

### ***AN ACT PROHIBITING CERTAIN INSURANCE DISCRIMINATION AND ESTABLISHING A TASK FORCE TO STUDY INSURANCE COSTS BORNE BY BUSINESSES LOCATED IN DISTRESSED MUNICIPALITIES.***

#### **SUMMARY**

This bill prohibits health carriers (e.g., insurers and HMOs) issuing disability income protection policies from refusing to insure a person, varying the terms of coverage, or charging a different rate for coverage because the person has been a victim of domestic violence. Current law prohibits health carriers issuing other types of health insurance policies from taking these actions because a person has been a family violence victim, which is an undefined term. The bill instead prohibits them from taking these actions because a person has been a victim of domestic violence, as defined in state law (see BACKGROUND).

The bill also prohibits:

1. property and casualty insurers from making any distinction or discrimination against a person when issuing, renewing, amending, or terminating a policy or setting premiums or coverage terms because the person has been a domestic violence victim and
2. life insurers from making any distinction or discrimination against a person in premiums, rates, or the amount payable on a policy because of the person's sexual orientation, gender identity, or domestic violence victim status (existing law already prohibits these actions based on a person's race).

Under the bill, any health carrier or insurer that violates the above prohibitions commits a Connecticut Unfair Insurance Practices Act violation (see BACKGROUND).

The bill also establishes a nine-member task force to study the insurance costs borne by businesses in distressed municipalities. It specifies the appointing authorities and member qualifications. The task force must report findings and recommendations to the Insurance and Real Estate Committee by January 1, 2022. It terminates when it submits its report or January 1, 2022, whichever is later.

Lastly, the bill makes technical changes.

\*House Amendment "A" makes changes to the task force by reducing its membership by two; adding qualifications for two members; and making its focus insurance costs, rather than "high" insurance costs, borne by certain businesses.

EFFECTIVE DATE: October 1, 2021, except the task force provisions are effective upon passage.

### **TASK FORCE**

The bill establishes a task force to study the insurance costs borne by businesses in distressed municipalities. Under the bill, the task force must study, at a minimum, insurance underwriting practices affecting, and factors driving the insurance rates paid by, businesses in distressed municipalities.

The task force includes the insurance commissioner or his designee, and eight appointed members. The appointing authorities must make initial appointments by 30 days' after the bill's passage and fill any vacancies. Table 1 identifies the appointees' required qualifications, if any, and appointing authorities. Members appointed by legislative leaders may be legislators.

Table 1: Appointed Members' Qualifications and Appointing Authorities

<b><i>Appointing Authority</i></b>	<b><i>Number</i></b>	<b><i>Qualifications</i></b>
House speaker	One	Must have experience advocating for the interests of groups historically underrepresented in the business

		community
Senate president pro tempore	One	Must be a Connecticut-licensed insurance producer
House majority leader	One	None
Senate majority leader	One	None
House minority leader	One	Must have experience working for an insurer doing business in Connecticut
Senate minority leader	One	None
Governor	Two	One must have experience advocating for the interests of groups historically underrepresented in the business community

Under the bill, the House speaker and Senate president pro tempore select the task force's chairpersons from among the members. The chairpersons must schedule the first meeting and hold it by 60 days' after the bill's passage.

The Insurance and Real Estate Committee's administrative staff serves as the task force's administrative staff.

## **BACKGROUND**

### ***Victim of Domestic Violence***

By law, "victim of domestic violence" means a person who has been abused or subjected to extreme cruelty by any of the following:

1. physical acts that resulted in or were threatened to result in physical injury,
2. sexual abuse,
3. sexual activity involving a child in the home,
4. being forced to participate in nonconsensual sexual acts or

activities,

5. threats of or attempts at physical or sexual abuse,
6. mental abuse, or
7. neglect or deprivation of medical care (CGS § 17b-112a).

**Connecticut Unfair Insurance Practices Act**

The law prohibits engaging in unfair or deceptive acts or practices in the business of insurance. It authorizes the insurance commissioner to conduct investigations and hearings, issue cease and desist orders, impose fines, revoke or suspend licenses, and order restitution for per se violations (i.e., violations specifically listed in statute). The law also allows the commissioner to ask the attorney general to seek injunctive relief in Superior Court if he believes someone is engaging in other unfair or deceptive acts not specifically defined in statute.

Fines may be up to (1) \$5,000 per violation to a \$50,000 maximum or (2) \$25,000 per violation to a \$250,000 maximum in any six-month period if the violation was knowingly committed. The law also imposes a fine of up to \$50,000, in addition to or in lieu of a license suspension or revocation, for violating a cease and desist order.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 18 Nay 0 (03/22/2021)