

Insurance and Real Estate Committee

JOINT FAVORABLE REPORT

Bill No.: HB-5388

AN ACT CONCERNING THE INSURANCE DEPARTMENT'S
RECOMMENDATIONS REGARDING VALUE-ADDED PRODUCTS OR

Title: SERVICES AND PROHIBITED INSURANCE PRACTICES.

Vote Date: 3/22/2022

Vote Action: Joint Favorable

PH Date: 3/15/2022

File No.: 336

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

SPONSORS OF BILL:

Insurance and Real Estate Committee

REASONS FOR BILL:

The National Association of Insurance Commissioners (NAIC) has developed and approved amendments to the NAIC Model Unfair Trade Practices Act that will allow for certain value-added products or services at no or reduced cost when such products or services are not referenced in the policy of insurance if they meet certain requirements. This proposal seeks to adopt those amendments.

RESPONSE FROM ADMINISTRATION/AGENCY:

Commissioner Andrew Mais Connecticut Insurance Department - The proposal seeks to amend existing statutes that prohibit insurance companies and certain licensed persons from providing consideration or inducement not specified in the policy of insurance by creating an allowance for certain value-added products or services that have a legitimate nexus to the value of the insurance coverage, are designed to provide loss control, improve health, reduce risk, and other intents, and are provided in a fair and nondiscriminatory manner to insureds.

NATURE AND SOURCES OF SUPPORT:

American Property Casualty Insurance Association (APCIA) - New technological advances and innovation are providing significant opportunities to enhance the insured consumer experience as it relates to standard homeowner, auto and business policies. This bill would amend Connecticut's anti-rebating laws to allow insurers meeting certain specified criteria to offer certain value added products or services to customers at no or reduced cost. Among

other benefits, such products or services could provide loss mitigation or loss control, reduce claim costs or claim settlement costs, provide education, monitor or assess risk, and/or enhance health or financial wellness. Allowing these beneficial products or services to be provided to customers under the circumstances set forth in this bill will allow insurance customers to benefit from these products and services, while ensuring that they are offered in a manner which is fair and beneficial.

Eric George, President of the Insurance Association of Connecticut (IAC) – **Supports** this bill because it would permit insurers to offer consumers various value-added products or services, provided certain criteria are met. Two of these criteria are (i) there is a legitimate nexus to the value of insurance coverage, and (ii) these products or services are designed to provide loss control, improve health, or reduce risk, among other goals. Also, these products or services must be provided in a fair and non-discriminatory manner to consumers.

Scott Hobson, Assistant Vice President of Government Relations for Big I Connecticut - **Supports** this bill because will modernize Connecticut’s anti-rebating law. This bill will benefit consumers and the public at large by allowing for wider adoption of loss mitigation technologies and services. Furthermore, the legislation retains strong consumer protections by prohibiting unfairly discriminatory offers. This legislation provides independent agents with clear guidelines for offering their customers beneficial value-added products and services not specified in the policy language.

NATURE AND SOURCES OF OPPOSITION:

Connecticut State Medical Society - As spending pressures increase on the health insurance carriers, CSMS is concerned that legislation of this nature could be used to entice or steer patients to lower cost, and lower coverage, plans. They caution against giving health insurers the ability to offer a value-added incentive to steer consumers to lower cost, lower coverage, and ultimately lower quality plans.

David Godbout – **Opposes** this bill.

Reported by: Alexander Pachkovsky

Date: 3/24/22