



General Assembly

February Session, 2022

Raised Bill No. 5409

LCO No. 2677



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:
(INS)

***AN ACT CONCERNING FINANCIAL PLANNERS AND THE
CONNECTICUT UNFAIR INSURANCE PRACTICES ACT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-1 of the 2022 supplement to the general statutes
2 is repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2022*):

4 Terms used in this title and section 2 of this act, unless it appears from
5 the context to the contrary, shall have a scope and meaning as set forth
6 in this section.

7 (1) "Affiliate" or "affiliated" means a person that directly, or indirectly
8 through one or more intermediaries, controls, is controlled by or is
9 under common control with another person.

10 (2) "Alien insurer" means any insurer that has been chartered by or
11 organized or constituted within or under the laws of any jurisdiction or
12 country without the United States.

13 (3) "Annuities" means all agreements to make periodical payments

14 where the making or continuance of all or some of the series of the
15 payments, or the amount of the payment, is dependent upon the
16 continuance of human life or is for a specified term of years. This
17 definition does not apply to payments made under a policy of life
18 insurance.

19 (4) "Commissioner" means the Insurance Commissioner.

20 (5) "Control", "controlled by" or "under common control with" means
21 the possession, direct or indirect, of the power to direct or cause the
22 direction of the management and policies of a person, whether through
23 the ownership of voting securities, by contract other than a commercial
24 contract for goods or nonmanagement services, or otherwise, unless the
25 power is the result of an official position with the person.

26 (6) "Domestic insurer" means any insurer that has been chartered by,
27 incorporated, organized or constituted within or under the laws of this
28 state.

29 (7) "Domestic surplus lines insurer" means any domestic insurer that
30 has been authorized by the commissioner to write surplus lines
31 insurance.

32 (8) "Foreign country" means any jurisdiction not in any state, district
33 or territory of the United States.

34 (9) "Foreign insurer" means any insurer that has been chartered by or
35 organized or constituted within or under the laws of another state or a
36 territory of the United States.

37 (10) "Insolvency" or "insolvent" means, for any insurer, that it is
38 unable to pay its obligations when they are due, or when its admitted
39 assets do not exceed its liabilities plus the greater of: (A) Capital and
40 surplus required by law for its organization and continued operation;
41 or (B) the total par or stated value of its authorized and issued capital
42 stock. For purposes of this subdivision "liabilities" shall include but not
43 be limited to reserves required by statute or by regulations adopted by

44 the commissioner in accordance with the provisions of chapter 54 or
45 specific requirements imposed by the commissioner upon a subject
46 company at the time of admission or subsequent thereto.

47 (11) "Insurance" means any agreement to pay a sum of money,
48 provide services or any other thing of value on the happening of a
49 particular event or contingency or to provide indemnity for loss in
50 respect to a specified subject by specified perils in return for a
51 consideration. In any contract of insurance, an insured shall have an
52 interest which is subject to a risk of loss through destruction or
53 impairment of that interest, which risk is assumed by the insurer and
54 such assumption shall be part of a general scheme to distribute losses
55 among a large group of persons bearing similar risks in return for a
56 ratable contribution or other consideration.

57 (12) "Insurer" or "insurance company" includes any person or
58 combination of persons doing any kind or form of insurance business
59 other than a fraternal benefit society, and shall include a receiver of any
60 insurer when the context reasonably permits.

61 (13) "Insured" means a person to whom or for whose benefit an
62 insurer makes a promise in an insurance policy. The term includes
63 policyholders, subscribers, members and beneficiaries. This definition
64 applies only to the provisions of this title and does not define the
65 meaning of this word as used in insurance policies or certificates.

66 (14) "Life insurance" means insurance on human lives and insurances
67 pertaining to or connected with human life. The business of life
68 insurance includes granting endowment benefits, granting additional
69 benefits in the event of death by accident or accidental means, granting
70 additional benefits in the event of the total and permanent disability of
71 the insured, and providing optional methods of settlement of proceeds.
72 Life insurance includes burial contracts to the extent provided by
73 section 38a-464.

74 (15) "Mutual insurer" means any insurer without capital stock, the
75 managing directors or officers of which are elected by its members.

76 (16) "Person" means an individual, a corporation, a partnership, a
77 limited liability company, an association, a joint stock company, a
78 business trust, an unincorporated organization or other legal entity.

79 (17) "Policy" means any document, including attached endorsements
80 and riders, purporting to be an enforceable contract, which
81 memorializes in writing some or all of the terms of an insurance
82 contract.

83 (18) "State" means any state, district, or territory of the United States.

84 (19) "Subsidiary" of a specified person means an affiliate controlled
85 by the person directly, or indirectly through one or more intermediaries.

86 (20) "Unauthorized insurer" or "nonadmitted insurer" means an
87 insurer that has not been granted a certificate of authority by the
88 commissioner to transact the business of insurance in this state or an
89 insurer transacting business not authorized by a valid certificate.

90 (21) "United States" means the United States of America, its territories
91 and possessions, the Commonwealth of Puerto Rico and the District of
92 Columbia.

93 Sec. 2. (NEW) (*Effective October 1, 2022*) (a) For the purposes of this
94 section:

95 (1) "Fiduciary duty" has the same meaning as provided in section 36a-
96 860 of the general statutes; and

97 (2) "Financial planner" has the same meaning as provided in section
98 36a-860 of the general statutes.

99 (b) A financial planner doing business in this state shall disclose to a
100 consumer in this state, upon request, whether or not such financial
101 planner has a fiduciary duty to such consumer for each
102 recommendation that such financial planner makes to such consumer
103 regarding insurance.

104 (c) Any violation of this section shall be deemed an unfair method of
105 competition and unfair and deceptive act or practice in the business of
106 insurance under section 38a-816 of the general statutes, as amended by
107 this act.

108 Sec. 3. Section 38a-816 of the 2022 supplement to the general statutes
109 is amended by adding subdivision (27) as follows (*Effective October 1,*
110 *2022*):

111 (NEW) (27) Any violation of section 2 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2022</i>	38a-1
Sec. 2	<i>October 1, 2022</i>	New section
Sec. 3	<i>October 1, 2022</i>	38a-816

Statement of Purpose:

To: (1) Require each financial planner doing business in this state to disclose to a consumer in this state, upon request, whether or not such financial planner has a fiduciary duty to such consumer for each recommendation that such financial planner makes to such consumer regarding insurance; and (2) provide that any failure to make such disclosure constitutes a violation of the Connecticut Unfair Insurance Practices Act.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]