General Assembly

Raised Bill No. 6437

January Session, 2025

LCO No. **2550**

Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:
(INS)

AN ACT CONCERNING INSURANCE MARKET CONDUCT AND LICENSING.

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

Section 1. Section 38a-26 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(a) Service of process on the commissioner as provided in section 38a-25 shall be made by delivering two copies thereof to the commissioner, or to the office of the commissioner, or to an official or office of an official designated by the commissioner to receive service. The person serving process shall pay to the office of the commissioner the fee set for that service by section 38a-11, for each person or insurer to be served.

(b) The commissioner shall immediately send by registered, **[**or**]** certified or electronic mail one copy of the process to the person to be served as follows: (1) To **[**that**]** such person's, or such person's designee's, last-known principal place of business, residence, electronic mail address or post-office address, or (2) if a foreign insurance company, to the secretary of the company or designee of the company, or (3) if an alien insurance company, to the resident manager, if any, in

this country, or (4) if a fraternal benefit society, to the secretary or corresponding officer of the society. Process sent by electronic mail in accordance with the provisions of this subsection shall be sent to such person's or person's designee's last-known electronic mail address as filed with and maintained by the commissioner in accordance with the provisions of this title.

(c) The commissioner shall retain the second copy of the process for **[**his**]** the commissioner's files. The commissioner shall keep a record of all process served, showing the day and hour of service.

(d) Proof of service shall be evidenced by a certificate signed by the commissioner or by the official designated to receive service of process, showing the service made on **[**him**]** the commissioner and mailing by **[**him**]** the commissioner, attached to the second copy of the process.

(e) No plaintiff or complainant shall be entitled to a judgment or determination by default in any action or proceeding in which the process is served under this section until the expiration of forty-five days from the date of service of process commencing the action or proceeding.

Sec. 2. Section 38a-774 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(a) The commissioner, after reasonable notice to and hearing of any licensee, may suspend or revoke the licensee's license for cause shown. In addition to or in lieu of suspension or revocation, the commissioner may impose a fine not to exceed five thousand dollars. Hearings may be held by the commissioner or by any person designated by the commissioner. Whenever a person other than the commissioner acts as the hearing officer, such person shall submit to the commissioner a memorandum of the findings and recommendations upon which the commissioner may base a decision.

(b) Notwithstanding the provisions of subsection (c) of section 4-182,

as amended by this act, the commissioner may provide notice of suspension or revocation of a license pursuant to this section or section 4-182, as amended by this act, to any person licensed by or registered with the commissioner by personal delivery, as defined in section 4-166. For any firm, association or corporation licensed by or registered with the commissioner, the electronic mail address of any natural person designated as a primary contact by such firm, association or corporation shall constitute an acceptable means of communication for personal delivery, and a notice sent by electronic mail to such primary contact at such electronic mail address shall constitute notice of suspension or revocation of such license. For any natural person licensed by or registered with the commissioner, the electronic mail address for such licensed or registered person shall constitute an acceptable means of communication for personal delivery, and a notice sent by electronic mail to such natural person's electronic mail address shall constitute notice of suspension or revocation of such license. Any notice provided in accordance with the provisions of this section shall be deemed received by such primary contact or natural person on the earlier of the date of actual receipt by such primary contact or natural person to whom such notice was sent or seven days after the date such notice is postmarked or sent by electronic mail.

[(b)**]** (c) If an insurance license held by a firm, association or corporation is revoked, the insurance licenses of any principal of such firm or association or any officer or director of such corporation shall be revoked, unless the commissioner determines that such principal, officer or director was not personally at fault in the matter on account of which such license held by the firm, association or corporation was revoked.

[(c)**]** (d) Any person aggrieved by the action of the commissioner in revoking, suspending or refusing to grant or reissue a license or in imposing a fine may appeal therefrom in accordance with the provisions of section 4-183, except venue for such appeal shall be in the judicial district of New Britain. Appeals under this section shall be privileged in

respect to the order of trial assignment.

Sec. 3. Section 4-182 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(a) When the grant, denial or renewal of a license is required to be preceded by notice and opportunity for hearing, the provisions of this chapter concerning contested cases apply.

(b) When a licensee has made timely and sufficient application for the renewal of a license or a new license with reference to any activity of a continuing nature, the existing license shall not expire until the application has been finally determined by the agency, and, in case the application is denied or the terms of the new license limited, until the last day for seeking review of the agency order or a later date fixed by order of the reviewing court.

(c) **[**No**]** Except as provided in section 38a-774, as amended by this act, no revocation, suspension, annulment or withdrawal of any license is lawful unless, prior to the institution of agency proceedings, the agency gave notice by mail to the licensee of facts or conduct which warrant the intended action and the specific provisions of the general statutes or of regulations adopted by the agency that authorize such intended action, and the licensee was given an opportunity to show compliance with all lawful requirements for the retention of the license. If the agency finds that public health, safety or welfare imperatively requires emergency action, and incorporates a finding to that effect in its order, summary suspension of a license may be ordered pending proceedings for revocation or other action. These proceedings shall be promptly instituted and determined.

(d) (1) When an agency is authorized under the general statutes to issue a license, but is not specifically authorized to revoke or suspend such license, the agency may: (A) Revoke or suspend such license in accordance with the provisions of subsection (c) of this section; or (B) (i) adopt regulations, in accordance with the provisions of chapter 54, that

provide a procedure for the revocation or suspension of such license consistent with the requirements of said subsection (c), and (ii) revoke or suspend such license in accordance with such regulations.

(2) Nothing in this subsection shall be construed to affect (A) the validity of any regulation adopted in accordance with this chapter and effective on or before October 1, 1999, or (B) any contested case in which a notice under section 4-177 is issued on or before October 1, 1999.

Sec. 4. Section 38a-720e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(a) Each insurer or other person utilizing the services of a third-party administrator shall be responsible for determining the benefits, premium rates, underwriting criteria and claims payment procedures for the lines, classes or types of insurance such third-party administrator is authorized to administer, and for securing reinsurance, if any. The insurer or other person utilizing the services of a third-party administrator shall provide to such third-party administrator, in writing, procedures pertaining to such third-party administrator's administration of benefits, premium rates, underwriting criteria and claims payment. Each insurer or other person utilizing the services of a third-party administrator shall be responsible for the competent administration of such insurer's or other person's benefit and service programs.

(b) If a third-party administrator administers benefits for more than one hundred certificate holders on behalf of an insurer or other person utilizing the services of a third-party administrator, such insurer or other person shall, at least semiannually, conduct a review of the operations of the third-party administrator. **[**At least one such review shall be an on-site audit of the operations of the third-party administrator.**]**

Sec. 5. Section 38a-708 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

Upon the request of the Insurance Commissioner, any insurance company shall furnish to the Insurance Department the facts relative to the termination of an agent's appointment and the causes thereof. If any insurance company terminates an agent's appointment for cause, such termination shall be reported by such insurance company to said department not later than thirty calendar days after the date of such termination. No agent shall have a cause of action against any insurance company as a result of such company's having furnished to said department pursuant to this section any statement, oral or written, unless such statement is false and was known by such company to be false when made.

Sec. 6. Section 38a-356 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(a) Any authorized employee of the Department of Emergency Services and Public Protection, Department of Motor Vehicles or a local police department may in writing request any insurance company to release to such employee information relative to any investigation it has made concerning a motor vehicle's loss or potential loss or any information relating to fraud or potential fraud in any claim under a motor vehicle insurance policy. Any insurance company, on its own initiative, may provide and disclose information relating to fraud or potential fraud to such authorized persons. Such information shall include, but not be limited to: (1) An insurance policy relative to such loss, (2) policy premium records, (3) history of previous claims, and (4) other relevant material relating to such loss or potential loss or to such fraud or potential fraud.

(b) Any insurance company so requested shall furnish such information to any such employee and shall permit the Insurance Commissioner or the commissioner's designee and any person ordered by a court to inspect its records pertaining to the policy and loss. Any insurance company may request any such employee to release information relative to any departmental investigation concerning the

loss. Any information obtained relative to fraud or potential fraud may be disclosed to any central reporting bureau and any law enforcement agency.

[(c) On or before March thirty-first of each year, each insurance company shall provide the Insurance Commissioner annual reports detailing all information received or investigations conducted by such company during the past year concerning insurance fraud in any claim under a motor vehicle insurance policy. Such reports shall be filed in a manner prescribed by the commissioner.**]**

[(d)**]** (c) In the absence of fraud, malice or criminal act, no insurance company, authorized employee or person who furnished information on behalf of such company or department, shall be liable for damages in a civil action or subject to criminal prosecution for any oral or written statement made pursuant to the provisions of this section.

[(e)**]** (d) Information furnished pursuant to this section shall be held in confidence until its release is required pursuant to a criminal or civil proceeding.

Sec. 7. Section 51-344b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

Whenever the term "judicial district of Hartford" is used or referred to in the following sections of the general statutes, the term "judicial district of New Britain" shall be substituted in lieu thereof: Subsection (b) of section 3-70a, sections 3-71a and 4-164, subsection (c) of section 4-183, subdivision (4) of subsection (g) of section 10-153e, subparagraph (C) of subdivision (4) of subsection (e) of section 10a-109n, sections 12-3a, 12-89, 12-103, 12-208, 12-237, 12-242hh, 12-242ii, 12-242kk, 12-268*l*, 12-307, 12-312, 12-330m, 12-405k, 12-422, 12-448, 12-454, 12-463, 12-489, 12-522, 12-554, 12-586g and 12-597, subsection (b) of section 12-638i, sections 12-730, 14-57, 14-66, 14-195, 14-324, 14-331 and 19a-85, subsection (f) of section 19a-332e, sections 20-156, 20-247, 20-307, 20-373, 20-583 and 21a-55, subsection (e) of section 22-7, sections 22-320d and

22-386, subsection (e) of section 22a-6b, section 22a-30, subsection (a) of section 22a-34, subsection (b) of section 22a-34, section 22a-182a, subsection (f) of section 22a-225, sections 22a-227, 22a-344, 22a-374, 22a-408 and 22a-449g, subsection (f) of section 25-32e, section 29-158, subsection (f) of section 29-161z, sections 36b-30 and 36b-76, subsection (f) of section 38a-41, section 38a-52, subsection (c) of section 38a-150, sections 38a-185, 38a-209 and 38a-225, subdivision (3) of section 38a-226b, sections 38a-241, 38a-337 and 38a-657, subsection **[**(c)**]** (d) of section 38a-774, section 38a-776, subsection (c) of section 38a-817 and section 38a-994.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*October 1, 2025*	38a-26
Sec. 2	*October 1, 2025*	38a-774
Sec. 3	*October 1, 2025*	4-182
Sec. 4	*October 1, 2025*	38a-720e
Sec. 5	*October 1, 2025*	38a-708
Sec. 6	*October 1, 2025*	38a-356
Sec. 7	*October 1, 2025*	51-344b

Statement of Purpose:

To: (1) Allow for service of process and notice of suspension or revocation of a license to be provided by electronic mail; (2) remove the requirement that insurers conduct at least one audit of such insurers' third-party administrator on-site; (3) require that any insurer report to the Insurance Commissioner any termination of such insurer's agent not later than thirty days after the date of such termination; and (4) eliminate the requirement that insurers provide an annual report concerning such insurers' investigations of automobile insurance fraud.

[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.]