



Acts Affecting Insurance

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Notice to Readers

This report provides summaries of new laws (public acts and special acts) significantly affecting insurance enacted during the 2018 regular session. OLR's other Acts Affecting reports, including Acts Affecting Real Estate, are, or will soon be, available on OLR's website:

<https://www.cga.ct.gov/olr/actsaffecting.asp>.

Each summary indicates the public act (PA) or special act (SA) number. Not all provisions of the acts are included. The report does not include vetoed acts unless the veto was overridden.

Complete summaries of public acts are, or will soon be, available on OLR's website:

<https://www.cga.ct.gov/olr/olrsums.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: <http://www.cga.ct.gov>.

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Contract Disputes between Health Carriers and Hospitals

A new law seeks to lessen the impact of contract disputes between health carriers and hospitals. It requires health carriers and hospitals to continue to follow a contract's terms and conditions for at least 60 days after a nonrenewal or termination unless they (1) mutually agree to end the contract early and (2) make a good faith effort to notify all impacted patients at least 30 days before the contract ends. If the parties renew or enter into a new contract during the 60-day period, the contract's reimbursement terms must be retroactive to the date the original contract ended ([PA 18-115](#), effective July 1, 2018, and applicable to contracts entered into, renewed, amended, or continued on or after that date).

Crumbling Concrete Foundations

Connecticut Foundation Solutions Indemnity Company, LLC (CFSIC) Freedom of Information Act Provision

CFSIC is the captive insurance company created by the legislature to assist homeowners with concrete foundations damaged due to the presence of pyrrhotite. A new law specifies that CFSIC is not considered a state agency for any purpose other than the state ethics provisions applicable to its employees, agents, directors, consultants, and contractors. It also specifies that CFSIC does not perform a governmental function for Freedom of Information Act (FOIA) purposes. (Performing a governmental function is one component considered by the Connecticut Supreme Court to determine if FOIA applies to a nonpublic agency) ([PA 18-179](#), § 3, effective upon passage).

CFSIC Board of Directors and Conflicts of Interest

By law, members of CFSIC's board of directors are subject to certain state ethics provisions, including conflict of interest requirements. A new act allows a board member who owns a residential property with a crumbling foundation, or his or her spouse or dependent child, to apply for and receive assistance from CFSIC as long as the board member abstains from deliberating, voting, or taking any other action on such application ([PA 18-179](#), § 2, effective upon passage)

Insurance Surcharge

Under a new law, 85% of the revenue from the homeowners insurance surcharge the legislature imposed this year (see "Homeowners Insurance Surcharge" below) must be transferred to the Crumbling Concrete Foundations Assistance Fund to assist homeowners with foundations crumbling due to pyrrhotite ([PA 18-160](#), effective January 1, 2019, and applicable to policies delivered, issued, or renewed on or after that date).

Health Insurance

Coverage for Mammograms and Tomosynthesis

A new law expands coverage for mammograms and tomosynthesis under certain health insurance policies by defining “mammogram” as a mammographic examination or breast tomosynthesis, including any procedure with one of 13 specific Healthcare Common Procedure Coding System billing codes or any subsequent corresponding codes ([PA 18-159](#), effective January 1, 2019).

Essential Health Benefits and Preventive Health Services

A new law requires individual and small employer group health insurance policies to cover 10 essential health benefits and prohibits the policies from including annual or lifetime limits on their dollar value. The benefits, which most policies must already cover under the federal Affordable Care Act (ACA), include ambulatory patient services, emergency services, hospitalization, maternity and newborn health care, mental health and substance use disorder services, prescription drugs, rehabilitative and habilitative services, laboratory services, preventive and wellness services, and pediatric services. The new law also requires insurance policies to cover contraceptive drugs, devices, and products approved by the U.S. Food and Drug Administration, including a 12-month supply when prescribed by a licensed physician, physician assistant, or advanced practice registered nurse ([PA 18-10](#), effective January 1, 2019).

Pregnancy as a Qualifying Event

A new act requires certain health insurance plans to provide a special enrollment period to eligible pregnant women who do not have insurance that covers the ACA's minimum essential health benefits or otherwise meets the minimum coverage requirements in state law. A special enrollment period is a time outside of open-enrollment when eligible individuals may apply for health insurance ([PA 18-43](#), effective January 1, 2019).

Prosthetic Devices Coverage

A new law requires certain health insurance policies to cover prosthetic devices, and medically necessary repairs and replacements to them, subject to specified conditions. It defines a “prosthetic device” as an artificial device to replace all or part of an arm or leg, including one with a microprocessor if the patient's health care provider determines it is medically necessary. Coverage must be at least equivalent to the coverage Medicare provides for such devices, but a policy may limit coverage to a device that the patient's health care provider determines is most appropriate to meet his or her medical needs ([PA 18-69](#), effective January 1, 2019).

Provider Network Change Notifications

A new law increases, from 60 to 90 days, the amount of advanced notice a health carrier and participating provider must provide each other before the carrier removes a provider from, or the provider leaves, the network ([PA 18-115](#), effective July 1, 2018).

Insurance Industry

Agency Captive Insurers

A new law authorizes licensed insurance agents and producers to establish an agency captive insurance company to insure against risks covered by the policies they sell, subject to specified conditions. Under the new act, an “agency captive insurance company” is a captive insurer that (1) is owned or controlled by licensed insurance agents or producers; (2) only insures against risks covered by insurance policies sold, solicited, or negotiated through its owners or controllers; and (3) does not insure against any risks covered by a health insurance plan. Generally, a captive insurer is an insurance company formed to insure or reinsure the risks of its owners or parent or affiliated company ([PA 18-151](#), effective July 1, 2018).

Connecticut Life and Health Insurance Guaranty Association

The legislature made several substantive changes to the Connecticut Life and Health Insurance Guaranty Association, which pays the valid claims of policyholders and certain other claimants when a member insurer defaults. Among other things, these require (1) HMOs to participate in the association, which broadens the scope of members who are assessed in cases of impairment or insolvency, and (2) the association to cover HMO members and enrollees if an HMO is impaired or insolvent. It also equalizes the assessments for long-term care insurer insolvencies between (1) accident and health insurers and (2) life and annuity insurers ([PA 18-13](#), effective July 1, 2018, with certain provisions applicable to impairments and insolvencies occurring on or after that date).

Insurance Industry Workforce Task Force

The legislature established a task force to study and develop strategies to improve Connecticut's insurance industry workforce. The study must include (1) an evaluation and analysis of the status of the insurance industry workforce; (2) the insurance industry's employment needs; and (3) ways to develop, expand, and improve the state's insurance industry workforce. The task force must report its findings and recommendations to the Insurance and Real Estate Committee by January 1, 2019 ([SA 18-21](#) and [PA 18-158](#) § 11, effective upon passage).

Miscellaneous Insurance Issues

A new law makes numerous unrelated changes in the insurance statutes. Among other things, it

1. allows the insurance commissioner to require a person to file documents with the department electronically;
2. requires a non-domestic insurer to obtain the commissioner's approval to transfer its domicile to Connecticut; and
3. requires fraternal benefit societies to comply with the National Association of Insurance Commissioners' valuation manual, which sets solvency standards.

It also (1) exempts contingent deferred annuities from the law's nonforfeiture requirements and authorizes the commissioner to prescribe nonforfeiture requirements for them by regulation and (2) expressly requires an insurer's "present or former" officers, managers, directors, trustees, owners, employees, or agents to cooperate with the commissioner during a receivership proceeding ([PA 18-158](#), various effective dates).

Prescription Drug Pricing

Under a new law, pharmacy benefit managers and health carriers must report to the insurance commissioner information on prescription drug rebates and outpatient prescription drug costs and expenses, respectively. The new law also requires, among other things, (1) the Office of Health Strategy (OHS) to annually identify up to 10 outpatient prescription drugs provided at substantial state cost, (2) drug manufacturers to report to OHS information on those drugs, and (3) health carriers to certify that they account for all rebates in plan premiums ([PA 18-41](#), effective January 1, 2020).

Property and Casualty Insurance

Automobile Insurance Policy Additions Notice to the Department of Motor Vehicles (DMV)

Under a new law, the DMV commissioner may require automobile insurers to notify him of any policies they add each preceding month. (Existing law already allows him to do so for policy cancellations.) The notice must include the same information for policy additions as current law requires for cancellations (i.e., the insured's name, policy number, vehicle identification number, and effective date) ([PA 18-164, § 13](#), effective October 1, 2018).

Electronic Proof of Automobile Insurance

A new law allows a person to present an automobile insurance identification card electronically on a cell phone or other electronic device, instead of in paper form, to law enforcement officers and the DMV commissioner. Officers and the commissioner cannot view any other content on the device. The act exempts the state, a municipality, and their agencies or employees from liability for any damage to a device handed over to display an electronic automobile insurance identification card ([PA 18-108](#), effective October 1, 2018).

Homeowners Insurance Surcharge

A new law establishes a \$12 surcharge on the named insured under certain homeowners insurance policies issued over the next 11 years and requires that the revenue from the surcharge be used for specific programs related to crumbling foundations, lead abatement, and subsidence and water infiltration ([PA 18-160](#), effective January 1, 2019, and applicable to policies delivered, issued, or renewed on or after that date). For more information, see the “Crumbling Concrete Foundations” and “Subsidence and Lead Abatement Insurance Surcharge” sections of this report.

Law and Ordinance Coverage

A new law requires fire insurance policies or contracts (e.g., homeowners insurance policies) that do not use the standard fire insurance form to cover, up to a limit specified in the policy, repair or reconstruction costs incurred due to laws or ordinances (e.g., the increased cost of repair required to bring a property into compliance with the building code) ([PA 18-105](#), effective July 1, 2019, and applicable to policies made, issued, or delivered on or after that date).

Underground Storage Tank Liability Insurance Policies

A new law prohibits an insurance company from cancelling or not renewing a general liability insurance policy solely because it applies to an underground storage tank. It applies to any policy that is (1) issued for or applicable to an underground storage tank and (2) issued or eligible for renewal on or after the act's passage ([PA 18-118](#), effective upon passage).

Subsidence and Lead Abatement Insurance Surcharge

Insurance Surcharge

Under a new law, approximately 15% of the revenue from the homeowners insurance surcharge the legislature imposed this year (see “Homeowners Insurance Surcharge” above) must be used (1) to assist certain homeowners in New Haven and Woodbridge with structural damage from subsidence

or water infiltration, and (2) for residential lead abatement programs administered by the Department of Housing ([PA 18-160](#), effective upon passage; and [PA 18-179](#), § 4, effective January 1, 2019).

Miscellaneous

Connecticut Insurance Premium and Connecticut AIDS Drug Assistance Programs

Notwithstanding certain state medical assistance laws, a new law permits the Department of Public Health (DPH), within available resources, to administer the Connecticut Insurance Premium Assistance Program and Connecticut AIDS Drug Assistance Program. It requires all rebates and refunds from the programs to be paid to DPH ([PA 18-168](#), § 72, effective July 1, 2018).

Massage Therapists' Professional Liability Insurance

A new law requires licensed massage therapists who provide direct patient care to maintain professional liability insurance of at least \$500,000 per person per occurrence, and \$1 million aggregate. Starting January 1, 2019, insurers who provide such policies must annually report to DPH the names and addresses of massage therapists who, in the prior year, cancel or refuse to renew their professional liability insurance policies as well as their reasons for doing so. The new law also requires such insurers to provide similar information to the Insurance Department by March 1 annually ([PA 18-168](#), §§ 65 & 66, effective October 1, 2019).

Professional Standard Review Organizations

This session, the legislature repealed a law that required the Office of Health Care Access to adopt regulations allowing state professional standard review organizations established under specified federal law to extend review of certain inpatient services to services received by all patients ([PA 18-168](#), § 85, effective October 1, 2018).

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