



## 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 2022 legislative session. OLR's other Acts Affecting reports, including Acts Affecting Housing and Real Estate and Acts Affecting Health Professionals, 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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## **Business of Insurance**

### ***Insurance Company Property Loss Records***

A new law modifies various provisions about accessing and producing insurance company records relating to the company's investigation of certain property losses. Prior law generally allowed an "authorized agency," specifically, the Insurance Department commissioner and certain state and local fire marshals, to request the release of, and be given, information from an insurance company's investigation into losses caused by fires of "suspicious" or incendiary origin.

The act amends the loss circumstances by (1) adding explosions and (2) replacing the term "suspicious" with "undetermined." It also expands the definition of "authorized agency" to include federal, state, and local law enforcement officers, allowing them to request the insurance company's information. Under the act, to be considered an authorized agency these officers must be authorized or charged with investigating fires or explosions where the fire or explosion actually took place ([PA 22-75](#), § 1, effective October 1, 2022).

### ***Insurance Holding Company Regulation***

Recent legislation generally conforms state law to the National Association of Insurance Commissioners' amendments to the model Insurance Holding Company System Regulatory Act. Among other things, it requires certain group capital calculations and liquidity stress tests in order to give regulators insight on insurance holding company systems' financial health. The act also makes changes to ensure a domestic insurance company in receivership that is associated with an insurance company holding system continues to receive essential services from an affiliate that it has contracted with ([PA 22-118](#), §§ 212-215, effective July 1, 2022).

### ***Value-Added Products and Services***

Under a new law, certain insurance providers (e.g., insurers, fraternal benefit societies, insurance producers) may provide, under certain conditions, value-added products or services to a customer (e.g., an insured, certificate holder, or applicant) at no cost or a reduced cost even though the product or service is not specified in the insurance policy. The products or services must (1) relate to the customer's insurance coverage; (2) be designed to provide loss control, reduce claim costs, or enhance health or financial wellness, among other things; and (3) be provided in a fair and nondiscriminatory way. Additionally, the new law prohibits the insurance providers from (1) offering or providing insurance as an inducement to purchase another insurance policy or (2) using the words "free" or "no cost," or words with similar meaning, in any advertisement ([PA 22-106](#), effective October 1, 2022).

# Captive Insurers

## *All Captives*

This year's budget act makes several changes to the statutes governing all types of captive insurers, which are insurance companies generally formed to insure or reinsure the risks of their parent or affiliated companies. Among other things, it:

1. generally reduces the minimum capital and surplus requirements for captives;
2. requires the insurance commissioner to inspect and examine captive insurers at least every five years, instead of three, and provides an option for him to waive the requirement under certain circumstances;
3. allows captive insurers to assume all types of reinsurance, instead of assuming reinsurance only on the risks the company is authorized to write; and
4. expands the commissioner's authority to adopt regulations governing captive insurers ([PA 22-118](#), §§ 437, 440 & 443-447, effective July 1, 2022).

## *Dormant Captives*

By law, pure, sponsored, and industrial captive insurers that have stopped conducting business and have no more liabilities can apply to the insurance commissioner for a certificate of dormancy. New legislation (1) extends, from two to five years, the length of time before a certificate of dormancy must be renewed and (2) lowers the minimum capital and surplus that a dormant captive must maintain from \$25,000 to \$15,000. It also allows a captive that was never capitalized to become dormant without adding more capital ([PA 22-118](#), § 448, effective July 1, 2022).

## *Foreign Branch Captives*

A new law allows foreign captive insurers (i.e., those licensed in another state) to open a Connecticut branch under the same requirements that existing law allows for alien captives (i.e., those licensed in another country). Among other things, this includes subjecting them to the applicable premium tax, examination, minimum capital and surplus, incorporation, and reporting requirements ([PA 22-118](#), §§ 437 & 439-443, effective July 1, 2022).

## *Tax Amnesty Program*

This session the legislature created a tax amnesty program for insureds that independently procured insurance and failed to pay a 4% tax on the gross premiums. To qualify, an insured must, by June 30, 2023, open a branch captive insurer in, or transfer an alien or foreign captive to, Connecticut. Additionally, it must pay all independently procured insurance premium taxes and

interest due for the tax periods between July 1, 2019, and July 1, 2022. The program waives (1) these taxes, interest, and penalties for tax periods before July 1, 2019, and (2) penalties for tax periods between July 1, 2019, and July 1, 2022 ([PA 22-118](#), § 438, effective July 1, 2022).

## **Health Insurance Coverage Requirements**

### ***Breast and Ovarian Cancer***

The legislature expanded fully insured commercial health insurance coverage requirements for mammograms, ultrasounds, magnetic resonance imaging, breast biopsies, certain prophylactic mastectomies, and breast reconstruction surgery, subject to certain conditions. Among other things, the act requires these policies to also cover BRCA1 and BRCA2 genetic testing and routine ovarian cancer screenings for certain people. The act generally requires these services be provided at no out-of-pocket cost ([PA 22-90](#), effective January 1, 2023).

### ***Children's Access to Urgent Crisis Centers***

The General Assembly generally decreased health insurance barriers to accessing services at Department of Children and Families (DCF) licensed urgent crisis centers (i.e., a center dedicated to treating children's urgent mental or behavioral health needs). Specifically, by prohibiting health carriers from (1) requiring prior authorization for urgent crisis center services or (2) imposing a cost-sharing level for out-of-network services provided at these urgent crisis centers that is greater than the in-network level. The legislature also generally prohibited balance billing for covered services at out-of-network urgent crisis centers, established maximum billable amounts, and required health carriers to provide people with access to these centers to the extent they are available ([PA 22-47](#), §§ 49-54, effective January 1, 2023).

### ***Intensive Services to Treat Mental or Nervous Conditions in Children and Adolescents***

A new law requires certain fully insured health insurance plans to cover intensive services for treating a child's mental or nervous condition that are evidence-based, in addition to ones that are home-based as existing law requires. The act also expands this coverage requirement to include services designed for adolescents, rather than those only for children ([PA 22-47](#), §§ 43 & 44, effective January 1, 2023).

### ***Mental Health Wellness Exams***

Starting January 1, 2023, new legislation requires certain fully insured health insurance plans to cover two mental health wellness examinations per year. The exams must be (1) conducted by a licensed mental health professional or primary care provider and (2) generally provided with no cost-sharing or prior authorization requirements ([PA 22-47](#), §§ 41 & 42, effective January 1, 2023).

### ***Prohibiting Prior Authorization for Certain Emergency Acute Inpatient Psychiatric Services***

A new law generally prohibits health carriers from requiring prior authorization for acute inpatient psychiatric services if they are provided (1) after a hospital emergency department admission; (2) under a referral from the insured's treating physician, psychologist, or advanced practice registered nurse if the insured poses an imminent danger to himself or others; or (3) at a DCF-licensed urgent crisis center.

The same law also requires certain health care providers delivering acute inpatient psychiatric services, or referring someone for these services, to provide an insured with a written notice warning them of the potential costs. The notice must state that the insured may (1) incur out-of-pocket costs if the services are not covered by his or her health insurance and (2) choose to wait for an in-network bed for the services or risk incurring out-of-network costs ([PA 22-47](#), §§ 55 & 56, effective January 1, 2023).

### ***Services Provided Under a Collaborative Care Model***

New legislation requires certain fully insured health insurance policies to cover services that are provided under a Collaborative Care Model (i.e., the integrated delivery of behavioral health and primary care services by a primary care team). This coverage must include specified Current Procedural Terminology and Healthcare Common Procedure Coding System codes that relate to, among other things, collaborative care management ([PA 22-47](#), §§ 47 & 48, effective January 1, 2023).

### ***State Employee Dental Plan Dependents***

This year's budget implementer in practice makes changes to fully insured dental plans the comptroller procures for state employees and certain nonstate public employees (e.g., municipal employees or employees of local boards of educations or public libraries). Under prior law, this coverage for employees' eligible children, stepchildren, and other dependent children had to be extended through the policy year after they turned age 26. Under the act, the coverage must instead continue until the end of the calendar year after the earlier of when the dependent (1)

obtains coverage through their own employment or (2) turns age 26 ([PA 22-118](#), §§ 170 & 171, effective July 1, 2022).

### ***Telehealth***

The legislature extended PA 21-9's temporarily expanded insurance coverage requirements and prohibitions for telehealth services by one year to June 30, 2024. The new law specifies that it does not apply if an insured's policy uses a provider network and he or she has audio-only telephone interactions with a telehealth provider that is out-of-network. It also specifies that the coverage requirements apply to high deductible health plans to the extent permitted by federal law ([PA 22-81](#), §§ 35-37, effective upon passage).

Beginning July 1, 2024, the new law requires insurance policies to cover services provided through telehealth to the same extent that they cover them when provided in person by a Connecticut-licensed provider, rather than by any provider as under prior law ([PA 22-81](#), §§ 39-40, effective July 1, 2024).

## **Health Insurers and the Health Insurance Industry**

### ***Adverse Determination Notices***

A new law requires certain information to be prominently displayed on adverse determination (e.g., benefit denial) notices. Generally, existing law requires health carriers to notify insureds of their right to appeal or contact the Office of the Healthcare Advocate. The new law requires this information to be (1) in language the healthcare advocate approves and (2) displayed on the notice's first page or cover sheet using a call-out box and large or bold text ([PA 22-47](#), §§ 71-73, effective January 1, 2023).

### ***Copay Accumulator Program Prohibition***

New legislation generally applies the state's copay accumulator program prohibition to high deductible health plans (HDHPs) to the maximum extent permitted by federal law. However, if the HDHP is used to establish a health savings account, medical savings account (MSA), or Archer MSA, then the law applies the prohibition to the maximum extent that is permitted by federal law and does not disqualify the insured from receiving the associated federal tax benefits ([PA 22-146](#), §§ 22-24, effective upon passage and generally applicable to contracts entered into on or after January 1, 2022).



## ***Health Enhancement Programs***

A new law requires health carriers to develop at least two health enhancement programs (HEPs) by January 1, 2024. Each HEP must be available to each insured and provide incentives for insureds to complete certain preventive examinations and screenings. The act also requires certain individual and group health insurance policies to cover the HEPs ([PA 22-118](#), § 224, effective January 1, 2023).

## ***Health Quality and Cost Benchmarks***

This session, the legislature passed a law requiring the Office of Health Strategy (OHS) to set annual (1) health care cost growth benchmarks, (2) health care quality benchmarks, and (3) primary care spending targets. Generally, the law empowers OHS' executive director to identify payers and provider entities who do not meet these benchmarks or targets and require them to participate in public hearings explaining why. She must also publish related reports on the health care quality and costs in the state ([PA 22-118](#), §§ 217-223, effective upon passage).

## ***Office of Health Strategy Payment Parity Study***

A new law requires OHS, in consultation with the insurance and the Department of Social Services (DSS) commissioners, to study whether payment parity exists between behavioral and mental health service providers and other medical service providers within and by comparison to those in the private market and the HUSKY Health program. The OHS executive director must submit a report with interim study results by January 1, 2023, and a final report by January 1, 2024, to the Appropriations, Human Services, Insurance and Real Estate, and Public Health committees ([PA 22-47](#), § 58, effective upon passage).

## ***Office of Health Strategy Reimbursement Rate Study***

New legislation requires OHS to study the rates at which health carriers and third party administrators in the state reimburse health care providers for physical, mental, and behavioral health benefits. OHS must submit an interim report by January 1, 2023, and a final report by January 1, 2024, to the Insurance and Real Estate and Public Health committees ([PA 22-47](#), § 57, effective upon passage).

## ***Utilization Review Company Licensure***

Under a new law, utilization review companies must renew their licenses every two years, rather than annually as under prior law. The new law correspondingly increases the license fee from \$3,000 to \$6,000. Additionally, it requires these companies to file with the insurance

commissioner any (1) material change to approved policies, procedures, and sample letters and (2) change to behavioral health clinical criteria ([PA 22-84](#), effective January 1, 2023).

## **Life and Long-Term Care Insurance**

### ***Life Insurance Nonforfeiture Law***

A new law lowers, from 1% to 0.15%, the floor of the guaranteed minimum interest rate that is used to calculate nonforfeiture benefit amounts for annuity contracts, including any available cash surrender or death benefits ([PA 22-91](#), effective October 1, 2022, and applicable to policies delivered, issued, renewed, amended, or continued on or after that date).

### ***Long-Term Care Partnership Policies Premium Rate Study***

New legislation requires the Insurance Department and Office of Policy and Management to submit a report to the Insurance and Real Estate Committee by January 1, 2023. The report must (1) evaluate using a captive insurer to reduce premium rate increases for long-term care insurance policyholders who purchased their policies through the Connecticut Partnership for Long-Term Care and (2) include other recommendations for reducing premium rate increases for the partnership policies ([PA 22-107](#), § 1, effective upon passage).

## **Miscellaneous**

### ***Covered Connecticut Program***

The General Assembly transferred the administration of the Covered Connecticut program from OHS to DSS and expanded coverage to include disabled adult children and certain other dependents. Among other things, the new act also replaces a biannual reporting requirement with an annual one beginning in 2024. By law, the Covered Connecticut program provides eligible people health insurance at no out-of-pocket cost to them ([PA 22-118](#), §§ 251- 252, effective upon passage).

### ***Food Spoilage Coverage***

A new law requires insurers that deliver, issue, renew, amend, or continue a commercial risk insurance policy or rider in Connecticut covering canned or perishable (i.e., fresh, frozen, or refrigerated) food spoilage to provide coverage to the same extent for these foods when donated by a supermarket or food relief organization (FRO). It also prohibits a FRO or supermarket from claiming an otherwise allowable tax deduction or credit for donations in an amount equal to any insurance reimbursement it receives for the food ([PA 22-28](#), § 1, effective October 1, 2022).

## ***Peer-to-Peer Car Sharing Insurance Requirements***

This year, the legislature made changes to the state's peer-to-peer (P2P) car sharing requirements. Among other things, the new law specifies that a P2P car sharing company's assumption of liability applies to bodily injury, property damage, and uninsured and underinsured motorist or personal injury protection losses by damaged third parties. It also specifies that the law does not invalidate, limit, or restrict an insurer's ability to cancel or not renew policies ([PA 22-107](#), §§ 2-5, effective January 1, 2023).

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