

REGULATION

OF

NAME OF AGENCY
INSURANCE DEPARTMENT

SECTION 1

Description of Organization

Section 1. Sections 38a-8-1 to 38a-8-4, inclusive, of the Regulations of Connecticut State Agencies are amended to read as follows:

Sec. 38a-8-1. Duties and authority of insurance department

[It is the] The mission of the Insurance Department is to [protect the consumer by administering and enforcing the insurance laws in the most responsive and cost effective manner to ensure the financial reliability and responsibility of all regulated entities] serve consumers in a professional and timely manner by providing assistance and information to the public and to policy makers, by regulating the insurance industry in a fair, flexible and efficient manner that promotes a competitive and financially sound insurance market for consumers, and by enforcing the insurance laws to ensure that consumers are treated fairly and are protected from unfair practices. The Insurance Department shall act on the Insurance Commissioner's behalf and at his or her direction [in order] to [carry out] fulfill the Commissioner's responsibilities under Title 38a of the Connecticut General Statutes. As such, the insurance department's duties and authority are primarily set out in [title] Title 38a of the Connecticut General Statutes. It is the primary function of the [insurance department] Insurance Department to see that all laws regarding insurance are complied with and that the public interest is protected by the enforcement of the insurance laws and all implementing regulations. [In addition, the Insurance Department has regulatory authority over hospital and medical service corporations, and health care centers, chapter 698a of the Connecticut General Statutes; savings bank life insurance, chapter 642 of the Connecticut General Statutes; prepaid legal services, chapter 698b of the Connecticut General Statutes; risk retention groups, chapter 698c of the Connecticut General Statutes; burial contracts, chapter 700b of the Connecticut General Statutes; consumer dental plans, chapter 700c of the Connecticut General Statutes; and fraternal benefit societies, chapter 700d of the Connecticut General Statutes.]

Sec. 38a-8-2. Basic organization

The Insurance Department consists of the office of the Commissioner and seven divisions which are as follows:

- (1) Administration Division — responsible for all functions relating to accounting, budget and fiscal services, payroll and personnel procedures, and computer support for the Insurance Department], Insurance Fraud Unit, and Federal International Issues Oversight].
- (2) Legal Division — in consultation with the Office of the Attorney General, provides legal advice and related services to the Commissioner and each division of the Insurance Department. The division also provides oversight of [the Insurance Receiverships and Insurance Guaranty Associations] insurance company receiverships and insurance guaranty associations.
- (3) [Division of] Financial Regulation Division — consists of three units: the Financial Analysis Unit; the Financial Examinations Unit; and the Financial Actuarial Unit.
 - (A) The Financial Analysis Unit determines the eligibility of insurance companies applying for a certificate of authority to do an insurance business in Connecticut, and monitors the financial condition of admitted domestic[,] and foreign [and alien] insurance companies, health care centers, [and] fraternal benefit societies and eligible surplus lines insurers through the analysis of financial statements, and other information required by statute. [, and through]
 - (B) The Financial Examinations Unit conducts on-site financial examinations of domestic entities to ensure that such entities remain solvent and capable of meeting their contractual obligations to policyholders and claimants. (C) The Financial Actuarial Unit participates in the financial analysis and the financial examinations of domestic insurance entities to ensure the ongoing solvency of such entities.
- (4) Life and Health Division — reviews all group and individual life and health insurance policies and rates of licensed insurance companies, fraternal benefit societies, hospital or medical corporations, and health care centers as required by statute. Approves all such policies prior to being offered in Connecticut. Approves rates for health care center

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subscriber agreements, individual accident and health policies, [medicare] Medicare supplement policies and individual long-term care policies. Rates for group long-term care policies shall be filed and are subject to disapproval by the Commissioner. Approves deviations from the prima facie rates for credit life and health. Licenses utilization review companies. Publishes annual comparison of managed care organizations. [Administers external grievance process and oversees expedited review process for managed care plans.]

(5) Division of Rate Review - Property and Casualty [Division] — examines property and casualty rates, rules, policy forms and underwriting guidelines to ensure that insurance products sold in Connecticut by licensed companies comply with statutory requirements. Reviews rates of residual market providers including the [Worker's] Workers' Compensation Assigned Risk Plan, the Connecticut Automobile Insurance Assigned Risk Plan, and the Fair Access to Insurance Requirements Plan. Licenses and examines rating, advisory and joint underwriting organizations and self-insured pools and plans.

(6) Licensing [and Market Conduct] Division — [(a) The licensing section] ensures that only competent and trustworthy persons are licensed to perform insurance services in Connecticut through the determination of eligibility of persons seeking licensure to act as an insurance producer, surplus lines broker, public adjuster, casualty adjuster, motor vehicle physical damage [appraisers] appraiser, fraternal [agents] agent, certified insurance [consultants] consultant, bail bonds [agents] agent, [and] viatical settlement [producers] provider, viatical settlement investment agent, [and brokers] viatical settlement broker, and reinsurance intermediary. Administers a program of continuing education for insurance producers in order to make certain that all Connecticut producers continue to remain informed of insurance industry issues and trends as well as Connecticut statutory and regulatory changes. [(b) The market conduct section examines the affairs and conduct of insurance companies, health care centers, fraternal benefit societies and medical utilization review companies authorized to do business in Connecticut for the purpose of analyzing the treatment of Connecticut policyholders and claimants. Investigates and prosecutes alleged infractions of licensing laws pertaining to individuals or organizations, and allegations of fraud.]

(7) Consumer Affairs Division — consists of three units: the Consumer Services Unit; the Market Conduct Unit; and the Insurance Fraud Unit. (A) The Consumer Services Unit receives and reviews complaints from residents of Connecticut concerning their insurance problems, including claims disputes, [and] serves as a mediator in such disputes in order to determine whether statutory and contractual obligations have been fulfilled, and administers external grievance process and oversees expedited review process for managed care plans. Provides an independent arbitration procedure for: (i) the settlement of disputes between claimants and insurance companies concerning automobile physical damage and automobile property damage liability claims in which liability and coverage are not in dispute; and (ii) the resolution of disputes arising arising out of extended warranty contracts. (B) The Market Conduct Unit examines the affairs and conduct of insurance companies, health care centers, fraternal benefit societies and medical utilization review companies authorized to do business in Connecticut, for the purpose of analyzing the treatment of Connecticut policyholders and claimants. Investigates and prosecutes alleged infractions of licensing laws pertaining to individuals or organizations, and allegations of fraud. (C) The Insurance Fraud Unit staff receives, gathers and reports data on patterns of insurance fraud in Connecticut, and develops and provides outreach programs implemented to aid the public in recognizing, avoiding and reporting suspected insurance fraud.

Sec. 38a-8-3. Duties and method of operations

(a) **Commissioner.** The Insurance Commissioner is the department head in accordance with section 4-5 of the Connecticut General Statutes and administers the provisions of Title 38a in accordance with section 4-8 of the Connecticut General Statutes [has overall responsibility for the operation of the Insurance Department and provides supervision and direction to the activities of the department. The Commissioner is appointed by the governor. The Commissioner may appoint one or more deputies to assist him in the operation of the department. Pursuant to Section 4-8 of the Connecticut General Statutes, the Commissioner shall designate one deputy who shall, in the absence or disqualification of the Commissioner or on his or her death, exercise the powers and duties of the Commissioner until the

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Commissioner resumes his or her duties or the vacancy is filled]. In carrying out his or her [responsibilities] official duties, the Commissioner may delegate his or her authority to [certain of his or her functions to] a [Deputy Commissioner] deputy commissioner, chief of staff, a division of the department, an individual division director, a hearing officer or an examiner when appropriate. Such person shall serve as his or her designee at the pleasure of the Commissioner.

(b) **Administration [division:] Division.** The Administration Division:

- (1) maintains accounting records of department;
- (2) prepares and maintains payroll records for department;
- (3) prepares budget for department;
- (4) is responsible for mail, supplies, and other related support activities;
- (5) processes receipts from fees collected from insurers and producers;
- (6) processes taxes collected from surplus [line] lines brokers and unauthorized

insurers;

[(7) Insurance Fraud Unit staff works, gathers and reports data on patterns of insurance fraud in Connecticut and develops and provides outreach programs implemented to aid the public in recognizing, avoiding and reporting suspected insurance fraud;

- (8) Provides oversight and advice on federal and international insurance regulation

issues.]

(7) maintains staff recruitment, classification and compensation;

(8) administers collective bargaining contracts;

(9) administers personnel policy and procedures, investigates complaints of

misconduct;

(10) administers grievances;

(11) processes time and attendance for department;

(12) provides information technology support; and

(13) performs other related duties as assigned by the Commissioner.

(c) **[Division of financial regulation:] Financial Regulation Division.** The Financial Regulation Division:

(1) examines, reviews and analyzes the affairs and records of all insurance companies, fraternal benefit societies, health care centers, nonprofit hospital and medical service corporations, interlocal risk management agencies, employers' mutual associations, and life insurance departments of savings banks for solvency and compliance with applicable statutes, and issues appropriate licenses to conduct business in this state;

(2) reviews all applications submitted by domestic[, nonresident] and foreign insurance companies and fraternal benefit societies and health care centers that desire to become licensed in this state;

(3) verifies, annually, the life insurance reserves held by all Connecticut chartered life insurance companies;

[(4) reviews the proxies of Connecticut chartered stock insurance companies and maintains files on equity holdings of officers and directors in such companies;]

[(5)] (4) receives and reviews registration statements as well as receives, reviews and approves or disapproves material transactions of insurance companies that are part of a holding company system;

[(6)] (5) receives and reviews applications from insurance companies involved in mergers and tender offers;

[(7)] (6) maintains records of insurance companies licensed in Connecticut and furnishes information regarding status of companies;

(8) licenses preferred provider networks and viatical settlement companies; and

(9) performs other related duties as assigned by the Commissioner.

(d) **Life and [health division:] Health Division.** The Life and Health Division:

(1) accepts for filing, and approves or disapproves, all life and accident and health policy forms that licensed insurance companies, fraternal benefit societies, hospital or medical service corporations, and health care centers intend to sell in this state, and all contracts and disclosure statements that viatical settlement companies intend to use in the state, and approves or disapproves health care center, individual accident and health, credit life and

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health, individual long-term care, and [medicare] Medicare supplement premium rates. Accepts for filing and has authority to disapprove group long-term care premium rates;

(2) accepts for filing reporting requirements, publishes report card, oversees contracting of vendors for expedited review process and [administers] external grievance process for managed care organizations;

(3) licenses utilization review companies; and

(4) performs other related duties as assigned by the Commissioner.

(e) **Division of Rate Review - Property and [casualty division:] Casualty.** The Division of Rate Review - Property and Casualty:

(1) reviews and accepts or disapproves all policy forms, endorsements, rules, rates, and rating plans used by property and casualty insurance companies involving all lines of property and casualty insurance;

(2) licenses rating and advisory organizations, and, in addition, periodically examines the affairs of such organizations;

(3) approves statistical plans of insurers or rating organizations for the recording and reporting of loss and expense experience;

(4) investigates complaints involving rates and rating plans as well as complaints about individual policies;

(5) supervises the Connecticut Fair Plan, [Worker's] Workers' Compensation Assigned Risk Plan, the Connecticut Automobile Insurance Assigned Risk Plan and approves rates, rules, forms, and rating plans to be used therein;

(6) approves the forms, rules, rates, and administration of the Connecticut Fair Plan to determine that fire insurance is available to all Connecticut residents at a reasonable cost; and

(7) performs other related duties as assigned by the Commissioner.

(f) **Licensing [and market conduct division:] Division.**

[(1)] The [licensing section] Licensing Division:

[(A)] (1) issues the following licenses:

[(i)] (A) insurance producers, under [section 38a-769] chapter 701a and chapter 702, part II, of the Connecticut General Statutes;

[(ii)] (B) public adjusters, under [section 38a-769] chapter 701b and chapter 702, part IV, of the Connecticut General Statutes;

[(iii)] (C) [temporary producers, under section 38a-783] reinsurance intermediaries, under chapter 701e of the Connecticut General Statutes;

[(iv)] (D) casualty claim adjusters, under [section 38a-792] chapter 702, part VI, of the Connecticut General Statutes;

[(v)] (E) surplus lines brokers, under [section 38a-794] chapter 701d and chapter 702, part VII, of the Connecticut General Statutes;

[(vi)] (F) fraternal agents, under [section 38a-800] chapter 701f and chapter 702, part IX, of the Connecticut General Statutes;

[(vii)] (G) motor vehicle physical damage appraisers, under [section 38a-790] chapter 702, part VI, of the Connecticut General Statutes;

[(viii)] (H) certified insurance consultants under [section 38a-731] chapter 701c and chapter 702, part III, of the Connecticut General Statutes; [and]

[(ix)] (I) insurance premium finance companies, under the provisions of [section 38a-162] chapter 698, part VII, of the Connecticut General Statutes; and

(J) viatical settlement brokers and investment agents under chapter 700b of the Connecticut General Statutes;

[(B)] (2) issues to applicants and insurers instructions regarding eligibility requirements necessary for the type of license applied for, in accordance with the statutes cited; and

[(C)] (3) determines the qualification of applicants with due regard to the public interest and coordinates and administers qualifying examinations as required by the cited statutes;

(2) The market conduct section investigates complaints against all licensees; prepares cases for presentation at department hearings; enforces compliance with licensing laws and regulations].

(g) **Consumer [affairs division:] Affairs Division.** (1) The [consumer affairs division] Consumer Services Unit receives, reviews and responds to complaints and inquiries

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from state residents concerning insurance related problems. The staff examines each complaint to determine whether statutory requirements and contractual obligations within the commissioner's jurisdiction have been fulfilled. The [consumer affairs division] Consumer Services Unit coordinates the resources available within the department to fully address consumer complaints. (2) The Market Conduct Unit investigates complaints against all licensees; prepares cases for presentation at department hearings; enforces compliance with licensing laws and regulations and other laws with the provisions of Title 38a of the Connecticut General Statutes. (3) The Insurance Fraud Unit receives information, analyzes and reports data relating to insurance fraud in Connecticut; provides education to the public on how to recognize, avoid and report insurance fraud and licenses medical discount plans and pharmacy benefit managers.

(h) Legal Division[:]. The Legal Division provides legal advice and related services to the Commissioner and the seven divisions of the Insurance Department on a broad spectrum of issues that arise in regulating the insurance industry and in providing services to the consumer. In doing so, the legal staff of this office drafts, monitors and analyzes legislation; drafts and promulgates regulations; and participates in department hearings involving rates, license enforcement, and acquisitions of domestic insurance companies. The legal division also [provides oversight of the] manages insurance company receiverships on behalf of the Commissioner upon his or her appointment by the Superior Court as receiver [receivership] and provides oversight of the insurance guaranty [association activity of the department] associations and in doing so, keeps the staff of the consumer affairs division, and other department staff, informed on developments so they may properly service the inquiries and complaints of consumers.

Sec. 38a-8-4. Location of principal office

The Insurance Department is located at 153 Market Street (960 Main Building), [11th] 7th Floor, Hartford, Connecticut 06103. The Insurance Department's mailing address is P.O. Box 816, Hartford, Connecticut 06142-0816. Normal business hours are from 8:00 a.m. to 5:00 p.m. daily except Saturdays, Sundays, and holidays.

Statement of Purpose: To revise the description of the Insurance Department's duties, authority, organization, method of operations and location.

CERTIFICATION

R-39 REV. 1/77

Page 6 of 6 pages

Be it known that the foregoing:

Regulations Emergency Regulations

Are:

Adopted Amended as hereinabove stated Repealed

of the aforesaid agency pursuant to:

Sections 4-167 of the General Statutes.

Section _____ of the General Statutes, as amended by Public Act No. _____ of the 2005 Public Acts.

Public Act No. _____ of the Public Acts.

After publication in the Connecticut Law Journal on November 6, 2007 of the notice of the proposal to:

Adopt Amend Repeal such regulations

(If applicable): And the holding of an advertised public hearing on _____ day of _____ 20 _____

WHEREFORE, the foregoing regulations are hereby:

Adopted Amended as hereinabove stated Repealed

Effective:

When filed with the Secretary of the State.

(OR)

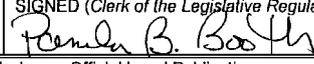
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|---|---|--|---|
| Witness Whereof: | DATE July 28, 2008 | SIGNED (Head of Board, Agency or Commission)  | OFFICIAL TITLE, DULY AUTHORIZED INSURANCE COMMISSIONER |
| Approved by the Attorney General as to legal sufficiency in accordance with Sec. 4-169, as amended, C. G. S. : | SIGNED  | DATE 7/31/08 | OFFICIAL TITLE, DULY AUTHORIZED ASSOC. ATTY GENERAL |

Approved

Disapproved

Disapproved in part, (Indicate Section Numbers disapproved only)

Rejected without prejudice.

| | | |
|---|---------------------------------|--|
| By the Legislative Regulation Review Committee in accordance With Sec. 4-170, as amended, of the General Statutes. | DATE 8/26/08 | SIGNED (Clerk of the Legislative Regulation Review Committee)  |
| Two certified copies received and filed, and one such copy forwarded to the Commission on Official Legal Publications in accordance with Section 4-172, as amended, of the General Statutes. | | |
| DATE | SIGNED (Secretary of the State) | BY |

INSTRUCTION

1. One copy of all regulations for adoption, amendment or repeal, except emergency regulations, must be presented to the Attorney General for his determination of legal sufficiency. Section 4-169 of the General Statutes.
2. Seventeen copies of all regulations for adoption, amendment or repeal, except emergency regulations, must be presented to the standing Legislative Regulation Review Committee for its approval. Section 4-170 of the General Statutes.
3. Each regulation must be in the form intended for publication and must include the appropriate regulation section number and section heading. Section 4-172 of the General Statutes.
4. Indicate by "(NEW)" in heading if new regulation. Amended regulations must contain new language in capitol letters and deleted language in brackets. Section 4-170 of the General Statutes.



Office of Secretary of the State
 State of Connecticut
 P.O. Box 150470, Hartford, CT 06115-0470

Susan Bysiewicz
 Secretary of the State

Lesley D. Mara
 Deputy Secretary of the State

September 11, 2008

Hon. Thomas R. Sullivan, Commissioner
 Department of Insurance
 153 Market Street
 Hartford, CT 06103

2008 SEP 24 A 10:41
 STATE DEPARTMENT
 OF CONNECTICUT

Re: Agency Regulation Concerning:
Description of Organization

Regulation Review Committee Docket Number: 2008-015a
 Secretary of the State File Number: 5859

Dear Commissioner Sullivan:

This is to acknowledge receipt of two certified copies of the above referenced regulation issued by the Department of Insurance. One of the two copies has been forwarded to the Commission on Official Legal Publications as required by law.

Said regulation was received and filed in this office on September 9, 2008. The effective date of this regulation is September 9, 2008.

We request that you please forward the original or a copy of this acknowledgement letter to your agency's legal services department, and/or to the agency department responsible for adopting the regulation, for its files.

Sincerely,

Barbara Sladek
 RLS Assistant Coordinator
 860-509-6147

CC: Commission on Official Legal Publications (Letter and Copy of Regulation)

File

| | | | | | |
|--|----------------|--------------------|-------------------------------|----------------|--------------------|
| Commercial Recording Division | (860) 509-6001 | fax (860) 509-6069 | State Capitol Office | (860) 509-6200 | fax (860) 509-6209 |
| Legislation and Election Administration Division | (860) 509-6100 | fax (860) 509-6127 | Deputy Secretary of the State | (860) 509-6212 | fax (860) 509-6131 |
| General Information | (860) 509-6000 | | Management & Support Services | (860) 509-6190 | fax (860) 509-6175 |

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