



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

### **Bulletin PC-34**

Updated and Reissued December 20, 2000  
(Formerly Bulletins IC-6 and NF-117)

#### **Subject: Notice To Commissioner Of Intent To Discontinue Line Of Business**

The purpose of Conn. Gen. Stat. §38a-44 is to permit the insurance commissioner time to evaluate the impact of one or more companies discontinuing, or substantially reducing, writings in a line or subline of insurance in Connecticut.

Based on this evaluation the commissioner may, if necessary, take steps to alleviate any possible market problems. These steps may include actions such as establishing a market assistance program or a residual market mechanism for that line or subline of insurance.

One characteristic of a competitive market is the ease of entry and exit from that market. Nevertheless, when an insurer, in good faith, enters a market and subsequently elects to leave it, it bears the responsibility of doing so in an orderly fashion so as not to cause a market disruption.

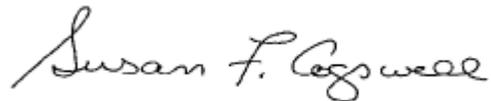
In keeping with the intent of the legislation and the company's responsibility to its policyholders, it is this department's opinion that any insurer discontinuing or substantially reducing its writings in a line or subline of insurance is expected to comply with Conn. Gen. Stat. §38a-709 and renew all affected contracts of insurance written by their agents for a period of 18 months from the date such action takes effect.

### **SUGGESTED GENERAL GUIDELINES FOR INSURERS**

1. If any insurer is uncertain as to whether or not its action is subject to Conn. Gen. Stat. §38a-44, it is best to assume it does and so notify the insurance commissioner.
2. There may be situations whereby the reduction or discontinuance of a line or subline, which by their nature and/or the market situation, may not actually disrupt the market or, it may create a potential solvency problem for the company, e.g. loss of reinsurance. Upon request, the insurance commissioner will review such cases to determine the applicability of Conn. Gen. Stat. §38a-709.
3. Any insurer licensed to do business in this state, or authorized to do business on a nonadmitted basis, which intends to discontinue offering or substantially reduce its

writings in a line or subline of insurance in this state shall send, by registered or certified mail, or deliver to the insurance commissioner written notice of its intent to take such action a least sixty days prior to the effective date of such action.

4. The term "line of insurance" as used in this statute means those lines of business shown on page 15 of the NAIC Fire and Casualty Annual Statement filed with the insurance commissioner.
5. The term "subline of insurance" as used in this statute means major classes of a line of business. Such categories identify a particular type of risk or operation. For example: liquor liability, products, and daycare are sublines of "Other Liability"; garages, school buses, taxis or sublines of "Automobile."
6. The term "discontinue offering" means that an insurer has been writing a line or subline of insurance and elects to nonrenew or cancel all its policies, or not accept new applications for that line or subline of insurance.
7. The term "substantially reduce" is interpreted as follows. If an insurer has been writing a line or subline of insurance and it nonrenews or cancels some of its risks in that line or subline of insurance then it is reducing its writings. For example, when an insurer nonrenews or cancels some of its auto body repairer accounts, then there has been a reduction in writings for the subline of garage insurance. Whether there has been a substantial reduction in writings is dependent upon factors such as the number of risks written by the insurer, impact on the market, etc.



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Susan F. Cogswell  
Insurance Commissioner