

**IMPORTANT:** Read Instructions on bottom of Certification Page before completing this Form. Failure to comply with instructions may cause disapproval of proposed Regulations.

# REGULATION

OF

5897

NAME OF AGENCY  
INSURANCE DEPARTMENT

Concerning

SUBJECT MATTER OF REGULATION

## SURPLUS LINES INSURERS REGULATIONS

**Section 1.** Section 38a-740-6 of the Regulations of Connecticut State Agencies is amended to read as follows:

### **Sec. 38a-740-6. Requirements of eligible surplus lines insurers**

In order to remain an eligible surplus lines insurer in Connecticut the unauthorized insurer shall comply with the following requirements.

(a) The insurer shall continue to maintain the same financial stability and condition, qualifications and general suitability necessary to be declared an eligible surplus lines insurer pursuant to Section 38a-740-4 of the Regulations of Connecticut State Agencies.

(b) [The insurer shall file annually, on or before the first day of March, a true report, signed and sworn to by its president or a vice president, and secretary or an assistant secretary, of its financial condition on the thirty-first day of December next preceding, in such form and with such detail as is prescribed by the Commissioner. The Commissioner may grant extensions of time in which to file such reports when an insurer can demonstrate satisfactorily the need for such an extension. In addition to such annual report, the Commissioner, when he deems it necessary, may require any eligible surplus lines insurer to file financial statements on a quarterly basis. Further, whenever the Commissioner has determined that more frequent reports are required because of certain factors or trends affecting companies writing a particular class or classes of business or because of changes in the company's management or financial or operating condition, he may require any eligible surplus lines insurer to file financial statements on other than an annual or quarterly basis. ]

(1) Each foreign insurer shall, annually, on or before the first day of March, submit to the Commissioner, by electronically filing with the National Association of Insurance Commissioners, a true and complete report, signed and sworn to by its president or a vice president, and secretary or an assistant secretary, of its financial condition on the thirty-first day of December next preceding, in such form and with such detail as is prescribed by the Commissioner. An electronically filed report that is timely submitted to the National Association of Insurance Commissioners is deemed to have been submitted to the Commissioner in accordance with this subdivision.

(2) Each alien insurer shall file annually, on or before the fifteenth day of May, a true and complete report, signed and sworn to by its president or a vice president, and secretary or an assistant secretary, of its financial condition on the thirty-first day of December next preceding, in such form and with such detail as is prescribed by the Commissioner.

(3) The Commissioner may grant extensions of time in which to file such reports when an insurer can demonstrate to the satisfaction of the Commissioner the need for such an extension. In addition to such annual report, the Commissioner, when he deems it necessary, may require any eligible surplus lines insurer to file financial statements on a quarterly basis. Further, whenever the Commissioner has determined that more frequent reports are required because of certain factors or trends affecting companies writing a particular class or classes of business or because of changes in the company's management or financial or operating condition, he may require any eligible surplus lines insurer to file financial statements on other than an annual or quarterly basis.

(4) Notwithstanding the provisions of this Subsection to the contrary, when the syndicates of an insurance exchange are required to file annual reports with the exchange on the National Association of Insurance Commissioners Convention Form Annual Statement, an insurance exchange created under the laws of any state shall file such report on the first day of May, however, such report may be filed on a combined basis.

(c) The insurer shall file at least once in every five years an official report of an examination made by governmental authorities of the domiciliary jurisdiction of the insurer. The examination

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report shall be concerned with the condition and affairs of the company. In place of such an official report, the insurer may file such other evidence of verification of financial security as is acceptable to both its domiciliary jurisdiction and to the Commissioner.

(d) The insurer shall file any other information requested by the Commissioner concerning material changes in its financial condition, operations or management.

(e) The insurer shall remit to the Commissioner the fees required by Section 38a-740-11 of the Regulations of Connecticut State Agencies.

(f) If it appears to the Commissioner upon satisfactory evidence, that the surplus to policyholders of an eligible surplus lines insurer as appears on its financial statement is reduced forty percent below the minimum requirement for eligibility, such company shall not issue any new policies or transact any new business until it receives from the Commissioner authority to do so or until authorized by court order in an action brought for that purpose.

(g) If the deficiency is more than twenty and less than forty percent of the required surplus and the directors of the company certify under oath that the deficiency will be restored by the company such company may continue business for thirty days from the date such deficiency is found by the Commissioner. If at the expiration of the thirty days, or any extension thereof granted by the Commissioner in writing, any portion of the deficiency is not restored, the company shall not thereafter issue new policies or transact new business until authorized by the Commissioner or authorized by court order in an action brought for that purpose.

**Statement of Purpose:**

To permit electronic filings from surplus lines insurers as has been permitted by applicable statutory amendments. This will create a consistency in permitting electronic financial filings.

**A. The problems, issues or circumstances that the regulation proposes to address.**

This will reduce the expense of receiving and storing paper files from surplus lines insurers.

**B. A summary of the main provisions of the regulation.**

The proposed amendment permits previously required financial filings to be submitted electronically rather than in paper form.

**C. The legal effects of the regulation, including all ways that the regulation would change existing regulations or other laws.**

The proposed amendment permits previously required financial filings to be submitted electronically rather than in paper form.

**CERTIFICATION**

R-39 REV. 1/77

5897

Be it known that the foregoing:

Page \_\_\_\_\_ of \_\_\_\_\_ pages

Regulations  Emergency Regulations

Are:

Adopted  Amended as hereinabove stated  Repealed

By the aforesaid agency pursuant to:

x Section 38a-740 of the General Statutes.

Section \_\_\_\_\_ of the General Statutes, as amended by Public Act No. \_\_\_\_\_ of the \_\_\_\_\_ Public Acts.

Public Act No. \_\_\_\_\_ of the Public Acts.

After publication in the Connecticut Law Journal on, Oct 28, 2008 and \_\_\_\_\_ 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)

The \_\_\_\_\_ day of \_\_\_\_\_.

In Witness Whereof:	DATE <u>12/1/08</u>	SIGNED ( <u>Head of Board, Agency, or Commission</u> ) <i>[Signature]</i>	OFFICIAL TITLE, DULY AUTHORIZED INSURANCE COMMISSIONER
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Approved by the Attorney General as to legal sufficiency In accordance with Sec. 4-169, as amended, C. G. S. :	SIGNED <i>[Signature]</i>	DATE <u>12/16/08</u>	OFFICIAL TITLE, DULY AUTHORIZED ATTORNEY GENERAL
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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 <u>2/24/09</u>	SIGNED ( <u>Clerk of the Legislative Regulation Review Committee</u> ) <i>[Signature]</i>
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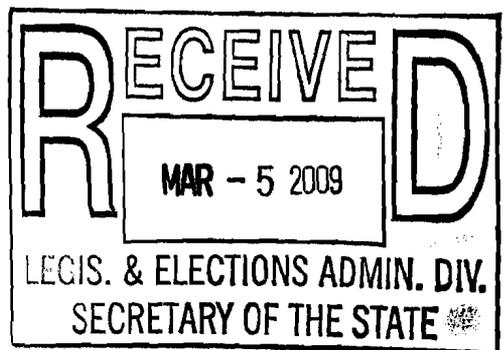
Two certified copies received and filed, and one such copy forwarded to the Commission on Official Legal Publications in accordance with Section 4-172, as amended, of the General Statutes.

DATE <u>3-5-2009</u>	SIGNED ( <u>Secretary of the State</u> ) <i>[Signature]</i>	BY <i>[Signature]</i>
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INSTRUCTION

2009 MAR 5 11:09 AM  
LEGISLATION & ELECTIONS ADMINISTRATION DIVISION  
SECRETARY OF THE STATE

- 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.
- 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.
- 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.
- 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.



<p>Regulations OF <b>Department of Insurance</b></p>
<p>CONCERNING <b>Surplus Lines Insurers Regulations</b></p>
<p>Approved by the Attorney General <b>December 16, 2008</b></p>
<p>Approved by the Legislative Regulation Review Committee of General Assembly  <b>February 24, 2009</b></p>
<p>Received and filed in the Office of the Secretary of the State  March 5, 2009  <b>Effective Date: March 5, 2009</b></p>
<p>Published in the Connecticut Law Journal</p>