



General Assembly

February Session, 2020

Raised Bill No. 210

LCO No. 1317



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:
(INS)

***AN ACT CONCERNING THE INSURANCE DEPARTMENT'S
RECOMMENDATIONS REGARDING HOMEOWNERS INSURANCE,
CREDIT LIFE INSURANCE, CREDIT ACCIDENT AND HEALTH
INSURANCE AND INSURANCE PRODUCERS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2020*) (a) (1) Except as provided in
2 subsection (b) of this section, no insurer that delivers, issues for delivery,
3 renews, amends or endorses a homeowners insurance policy in this
4 state on or after July 1, 2020, that is subject to the requirements of
5 sections 38a-663 to 38a-696, inclusive, of the general statutes shall cancel
6 such policy unless:

7 (A) If such policy is not a renewal policy and has been in effect for
8 fewer than sixty days, such insurer sends a written cancellation notice
9 to the named insured:

10 (i) Not fewer than ten days before the effective date of such
11 cancellation for nonpayment of premium disclosing:

12 (I) Such cancellation;

13 (II) That the named insured may avoid such cancellation and
14 continue coverage under such policy by paying, before the effective date
15 of such cancellation, such unpaid premium; and

16 (III) That any excess premium, if not tendered by the insurer, shall be
17 refunded to the named insured upon demand by the named insured; or

18 (ii) Not fewer than thirty days before the effective date of such
19 cancellation for any reason other than nonpayment of premium
20 disclosing:

21 (I) Such cancellation;

22 (II) The reason for such cancellation;

23 (III) The effective date of such cancellation; and

24 (IV) That any excess premium, if not tendered by the insurer, shall be
25 refunded to the named insured upon demand by the named insured; or

26 (B) If such policy is not a renewal policy and has been in effect for not
27 fewer than sixty days, or if such policy is an effective renewal policy,
28 such insurer sends a written cancellation notice to the named insured:

29 (i) Not fewer than ten days before the effective date of such
30 cancellation for nonpayment of premium disclosing:

31 (I) Such cancellation;

32 (II) That the named insured may avoid such cancellation and
33 continue coverage under such policy by paying, before the effective date
34 of such cancellation, such unpaid premium; and

35 (III) That any excess premium, if not tendered by the insurer, shall be
36 refunded to the named insured upon demand by the named insured; or

37 (ii) Not fewer than thirty days before the effective date of such
38 cancellation for fraud or misrepresentation of any material fact made by
39 the named insured in obtaining coverage under such policy that, if

40 discovered by such insurer, would have caused such insurer not to issue
41 or renew such policy, as applicable, or any physical change in the
42 covered property that materially increases a hazard insured against
43 under such policy disclosing:

44 (I) The effective date of such cancellation; and

45 (II) That any excess premium, if not tendered by the insurer, shall be
46 refunded to the named insured upon demand by the named insured.

47 (2) No notice of cancellation required under subdivision (1) of this
48 subsection shall be effective unless such notice is sent to the named
49 insured by registered mail, certified mail or mail evidenced by a
50 certificate of mailing, or, if agreed by the insurer and the named insured,
51 by electronic means evidenced by a delivery receipt.

52 (b) No notice of cancellation is required under subsection (a) of this
53 section if the homeowners insurance policy is transferred from the
54 insurer to an affiliate of such insurer for another policy with no
55 interruption of coverage and the same terms, conditions and provisions,
56 including policy limits, as the transferred policy, except that the insurer
57 to which the policy is transferred shall not be prohibited from applying
58 such insurer's rates and rating plans at the time of renewal.

59 (c) The named insured under a homeowners insurance policy
60 described in subsection (a) of this section may cancel such policy at any
61 time by sending to the insurer that delivered, issued for delivery,
62 renewed, amended or endorsed such policy a written notice disclosing
63 the effective date of such cancellation.

64 Sec. 2. Section 38a-646 of the general statutes is repealed and the
65 following is substituted in lieu thereof (*Effective July 1, 2020*):

66 As used in sections 38a-645 to 38a-658, inclusive, except as otherwise
67 provided herein:

68 (1) "Credit life insurance" means insurance on the life of a debtor
69 pursuant to or in connection with a specific loan or other credit

70 transaction;

71 (2) "Credit accident and health insurance" means insurance on a
72 debtor to provide indemnity for payments becoming due on a specific
73 loan or other credit transaction while the debtor is disabled as defined
74 in the policy;

75 (3) "Creditor" means the lender of money or vendor or lessor of
76 goods, services, property, rights or privileges for which payment is
77 arranged through a credit transaction or any successor to the right, title
78 or interest of any such lender, vendor or lessor, and an affiliate, associate
79 or subsidiary of any of them or any director, officer or employee of any
80 of them or any other person in any way associated with any of them;

81 (4) "Debtor" means a borrower of money or a purchaser or lessee of
82 goods, services, property, rights or privileges for which payment is
83 arranged through a credit transaction;

84 (5) "Indebtedness" means the total amount payable by a debtor to a
85 creditor in connection with a loan or other credit transaction; [.] and

86 (6) "Loss ratio" means annual incurred claims divided by earned
87 premiums.

88 Sec. 3. Subsection (b) of section 38a-651 of the general statutes is
89 repealed and the following is substituted in lieu thereof (*Effective July 1,*
90 *2020*):

91 (b) The commissioner shall adopt regulations in accordance with the
92 provisions of chapter 54, establishing a procedure for review of such
93 policies, certificates of insurance, notices of proposed insurance,
94 applications for insurance, endorsements and riders, and shall
95 disapprove any such form at any time if: [the]

96 (1) The schedule of premium rates charged or to be charged is, by
97 reasonable assumptions and as determined according to benchmark
98 loss ratio calculations, excessive in relation to the benefits provided; or
99 [if it contains]

100 (2) Such form:

101 (A) Has a prima facie loss ratio of less than fifty per cent for any single
 102 or joint life policy unless the commissioner approves a premium rate
 103 deviation for such policy; or

104 (B) Contains provisions which (i) are unjust, unfair, inequitable,
 105 misleading, deceptive, [or which] (ii) encourage misrepresentation of
 106 the coverage, or [which] (iii) are contrary to any provision of the
 107 insurance laws or of any rule or regulation promulgated thereunder.

108 Sec. 4. Subsection (e) of section 38a-702e of the general statutes is
 109 repealed and the following is substituted in lieu thereof (*Effective October*
 110 *1, 2020*):

111 (e) Each applicant for an insurance producer license shall, before
 112 being admitted to an examination under subsection (a) of this section,
 113 prove to the satisfaction of the commissioner that such applicant meets
 114 one of the following prerequisites: (1) Successful completion of a course
 115 approved by the commissioner requiring not less than [forty] twenty
 116 hours for each line of insurance for which the applicant is applying to
 117 be licensed; or (2) equivalent experience or training as determined by
 118 the commissioner.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2020</i>	New section
Sec. 2	<i>July 1, 2020</i>	38a-646
Sec. 3	<i>July 1, 2020</i>	38a-651(b)
Sec. 4	<i>October 1, 2020</i>	38a-702e(e)

Statement of Purpose:

To (1) specify the manner in which certain insurers must cancel certain homeowners insurance policies, (2) require the Insurance Commissioner to disapprove certain credit life insurance and credit accident and health insurance forms if the loss ratios contained in such forms do not satisfy certain criteria, and (3) reduce the total number of hours of study that an applicant for an insurance producer license must

successfully complete for each line of insurance for which such applicant is seeking such license.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]