



General Assembly

January Session, 2019

***Raised Bill No. 900***

LCO No. 4504



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:  
(INS)

***AN ACT CONCERNING INSURANCE AGENTS AND THE INSURANCE AGENT APPOINTMENT FEE.***

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

1 Section 1. Section 38a-702m of the general statutes is repealed and  
2 the following is substituted in lieu thereof (*Effective January 1, 2020*):

3 (a) (1) An insurance producer shall not act as an agent of an insurer,  
4 including, but not limited to, an insurer that is part of a group of  
5 affiliated insurers within a holding company system, unless the  
6 insurance producer [becomes an] is:

7 (A) An employee of the insurer or a business entity that is  
8 contractually appointed by such insurer to serve as an agent of such  
9 insurer; or

10 (B) Otherwise contractually appointed as an agent of the insurer.

11 (2) An insurance producer who is not acting as an agent of an  
12 insurer is not required to become appointed.

13 [(b) To appoint a producer as its agent, the appointing insurer shall  
14 file, in a form approved by the commissioner, a notice of appointment  
15 not later than fifteen days after the date the agency contract is executed  
16 or the first insurance application is submitted. An insurer may elect to  
17 appoint a producer to all or some of the affiliated companies within  
18 the insurer's holding company system or group by filing a single  
19 appointment request, provided the commissioner (1) has implemented  
20 an electronic system capable of processing such filings; and (2) has  
21 previously notified insurers doing business in this state that such  
22 filings are acceptable. An insurer that appoints a producer to more  
23 than one affiliated company within the insurer's holding company or  
24 system shall pay the fee specified by section 38a-11 for each affiliated  
25 company to which the producer is appointed.

26 (c) Upon receipt of the notice of appointment, the commissioner  
27 shall verify within a reasonable time not to exceed thirty days that the  
28 insurance producer is eligible for appointment. If the insurance  
29 producer is determined to be ineligible for appointment, the  
30 commissioner shall notify the insurer not later than five days after the  
31 commissioner's determination.]

32 [(d) An] (b) Each insurer, and each group of affiliated insurers  
33 within a holding company system on behalf of the insurers comprising  
34 such system, shall pay an annual agent appointment fee. [,] Such fee  
35 shall be in an amount that is equal to the product of (1) the amount set  
36 forth in section 38a-11, [for each] and (2) the number of insurance  
37 [producer] producers appointed, or employed by business entities  
38 appointed, by [the] such insurer or insurers as agents of such insurer  
39 or insurers for the calendar year immediately preceding.

40 [(e) An] (c) Each insurer or group of affiliated insurers within a  
41 holding company system shall [remit] submit, in a manner prescribed  
42 by the commissioner [, a renewal appointment fee in the amount set  
43 forth in] and at the time that such insurer or group of insurers pays an  
44 annual agent appointment fee pursuant to section 38a-11, a list of all  
45 business entities appointed as agents of such insurer or insurers for the

46 calendar year immediately preceding.

47 Sec. 2. Subdivision (1) of section 38a-702a of the general statutes is  
48 repealed and the following is substituted in lieu thereof (*Effective*  
49 *January 1, 2020*):

50 (1) "Agent" or "insurance agent" means an insurance producer or a  
51 business entity appointed by an insurer to act on the insurer's behalf  
52 pursuant to section 38a-702m, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2020</i>	38a-702m
Sec. 2	<i>January 1, 2020</i>	38a-702a(1)

**Statement of Purpose:**

To: (1) Modify (A) the eligibility criteria for persons to serve as insurance agents in this state, and (B) the manner in which (i) insurance agents are appointed, and (ii) the insurance agent appointment fee is calculated; and (2) require each insurer and group of affiliated insurers within a holding company system to annually provide the Insurance Commissioner with a list of all business entities appointed by such insurer or insurers as insurance agents in this state.

*[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.]*