Connecticut Insurance Department (CID)

At a Glance

Commissioner: Andrew N. Mais
Deputy Commissioner: Jared T. Kosky
Office of the Insurance Commissioner Established: 1865
Insurance Department Established: 1871
Statutory Authority: CGS Title 38a
Central Office: 153 Market Street Hartford, CT 06103
Mailing Address: P.O. Box 816, Hartford, CT 06142-0816
Number of employees – 149
Recurring Operating Expenses – $35,175,324 – Fiscal Year 2023-2024
Website: https://portal.ct.gov/cid
Organizational Structure:

- Actuarial Division;
- Administration Division
    - Office of the Commissioner,
    - Business Services,
    - Legislative,
    - Communications,
    - and Computer Services:
- Captive Insurance Division;
- Consumer Affairs Division;
- Financial Regulation Division;
- Legal Division:
- Life and Health Division;
- Market Conduct/Fraud Investigation and Licensing Division;
- and Property and Casualty Division.

Mission

The core mission of the Connecticut Insurance Department ("CID" or "Department") is consumer protection. The Department carries out its mission by enforcing state insurance laws to ensure that policyholders and claimants are treated fairly, as well as closely monitoring the financial condition of insurance carriers to make certain that they are solvent, that they manage risk appropriately, and are able to pay policy claims as they arise. CID also regulates agents, brokers, and other industry participants to confirm they are operating in a fair and consistent manner that fosters market competition.

Statutory Responsibilities

Under Title 38a of the Connecticut General Statutes, CID is responsible for protecting those who purchase insurance products and services in Connecticut and those who make insurance claims. It fulfills its responsibilities, among other things, by:

- Assisting insurance consumers through its investigation of complaints and by providing consumer outreach and education
- Monitoring the financial solvency and stability of insurance companies
- Reviewing coverages and policy language to make certain that carriers meet all state laws and regulations before they can market an insurance product in Connecticut
- Reviewing rate proposals from insurance companies to ensure they are actuarially justified and are not excessive, inadequate, or unfairly discriminatory
- Overseeing company and producer business practices, generally through reviews known as market conduct examinations, to ensure compliance, and requiring remediation and imposing fines on violators, when appropriate, and licensing companies and individuals, such as agents, brokers, adjusters, and bail bondsmen.

Public Service

Insurance products and services involve complex legal relationships, and these can be difficult for consumers to understand and navigate. CID's most visible public service lies in its intervention, advocacy, and consumer education efforts. The Department's intervention efforts have returned over $6.7 million to Connecticut's insurance consumers in FY23-24. Advocacy and education require effective communication. To reach today's insurance consumer more effectively, CID supplements traditional communication methods such as in-person appearances, printed materials, and video broadcast with social media.

- **Consumer Affairs –** Resolving consumer complaints entails individual assistance and advocacy, most often by the Department's Consumer Affairs Division. During FY23-24, Consumer Affairs responded to 6,377 formal complaints and inquiries, handled over 12,845 phone calls, and provided consumer education through distribution of informational pamphlets and booklets via e-mail and our website which has seen increased traffic due to new focus on social media channels to reach consumers with timely insurance information. Complaint patterns also serve as a regulatory tool which the Department uses to spot troubling trends in the industry, either with a particular company, agent, or a line of business.

- **Market Conduct –** A trend in complaints often triggers further investigation by CID's Market Conduct Division, which can often result in remediation, orders, penalties and/or fines. In addition, periodically market conduct examinations address perceived market problems or violations, and examiners regularly review insurance company market activity to ensure compliance with state law.

  Where violations are found, resolution is achieved through administrative or disciplinary action.

  During FY23-24, the Market Conduct Unit conducted 57 market conduct examinations and collected $1,649,250 in fines.

The Department's Fraud & Investigations Unit investigates complaints alleging fraud and misconduct against insurers and on the part of licensed agents and business entities. During FY23-24, 42 fines were levied totaling $107,000, 19 licenses were placed on probation, and 13 licenses were revoked. In addition, $958,418 in penalties on surplus lines brokers were assessed.

A less visible, yet critically important, objective of the Department's service to the public is to maintain a well-functioning, competitive and fair insurance marketplace. In this regard, the Department licenses approximately 322,851 industry professionals (brokers, agents, adjusters, and bail bondsmen) and maintains current educational standards for the individuals it licenses.

Additionally, to ensure that insurance companies can honor their commitments to policyholders, the Department continuously monitors the financial solvency of its regulated entities, and analyzes their corporate governance and risk management frameworks, and business operations in view of micro- and macroeconomic factors. With the support of the Department's actuaries and financial analysts, teams of CID field examiners often devote months on-site at a company auditing its financial data and reviewing its risk management and corporate governance to ensure that it will be able to meet its contractual obligations to policyholders. The Department has improved the efficiency of this oversight function in recent years through technology and software upgrades, organizational redesign, and the transition to a paperless process.

The Department reviews each insurance product to be marketed to Connecticut's citizens and businesses to ensure the insurance product complies with all applicable insurance laws, regulations, and rules and includes all the consumer protections mandated by State law. To hasten the public's access to new and improved coverage offerings, the Department's Life and Health (L&H) and Property and Casualty (P&C) Divisions have greatly streamlined their rate and form review practices through the utilization of innovative technology.

Finally, the Department is also responsible for several public reports mandated by state statute. In recent years the Department has stressed the importance of creating these reports in a more accessible and easy-to-understand format, to enhance the utility of these reports for consumers in making informed decisions and legislators in establishing appropriate public policy relating to insurance.

Improvements/Achievements for Fiscal Year 2023-2024

The Department is the lead regulator for five "supervisory colleges," which are collaborations among state and at times international insurance regulators convened annually to assess the overall financial health and risk profile of large Connecticut-based global insurers. The Department also participated in five additional supervisory colleges for global insurance groups that have domestic companies in Connecticut. In FY23-24 and beyond, heightened risks due to COVID-19 remained a focal point for all supervisory colleges, given the lingering impacts of the global pandemic.

The Department earned the National Association of Insurance Commissioners' (NAIC) full five-year accreditation during September 2019. Having achieved the maximum five-year accreditation award from the NAIC in 2019, the next full Accreditation on-site review is scheduled for October 2024. The Department has passed all of the interim accreditation annual reviews with no exceptions noted.

In response to the COVID-19 outbreak, the Department transitioned its staff to work from home and keep regulatory functions operating. Significantly, since COVID began there have not been any gaps in either analysis or examination audit that lessened the quality, effectiveness, or the efficiency of that work.

Due to the number of Connecticut domestic carriers that have broad international reach, the Department continues to actively collaborate with both international regulators and other state insurance departments to ensure that the development of global regulatory standards – particularly new capital standards – do not disadvantage consumers, the state's domestic industry, or the U.S. insurance marketplace, generally

Commissioner Mais currently serves as the NAIC President for 2024. Additionally, Mais serves as Chair of the NAIC's Executive (EX) Committee and as a member of the NAIC's International Insurance Relations (G) Committee. In addition to his NAIC leadership commitments, Commissioner Mais also serves as Vice Chair of the Executive (ExCo) Committee of the International Association of Insurance Supervisors (IAIS).

The Department is working to promote and foster innovation, often called InsurTech, while ensuring consumer protection. At the national level, Connecticut actively participates on the various Task Forces and Working Groups of the NAIC's Innovation, Cybersecurity, and Technology (H) Committee, including but not limited to the Big Data and Artificial Intelligence (H) Working Group and the Technology, Innovation, and InsurTech (H) Working Group. At the state level, the Department is also actively engaged with the Hartford InsurTech Hub and is a frequent participant in meetings, workshops and is a trusted resource on regulatory issues. Moreover, CID is an active collaborator with insurers on how they are planning and implementing innovation.

2024 Legislative Changes: The Insurance Department's legislative initiatives addressed market conduct, insurance licensing, technical corrections, and Captive Insurance.

A. Market Conduct & Licensing

Insurance Commissioner's Increased Enforcement Authority: Allows the insurance commissioner to impose restitution, with interest, when someone violates the state's insurance laws, regulations, or commissioner orders; allows the commissioner to ask the attorney general to apply for a court order (i) enjoining a person from violating the insurance laws, (ii) enforcing any order, penalty or remedy imposed by the commissioner, or (iii) imposing restitution by a person for any sums obtained by such person in violation of the insurance laws.

30 Days for Production of Investigation Documents: Requires anyone ordered to provide the Insurance Department with documents related to an investigation to comply within 30 days of such order.

Improved Efficiency for Licensing Process: Revises the expiration date for initial licenses issued to motor vehicle damage appraisers and casualty claims adjusters from June 30 in an odd-numbered year to two years after the licensee's birthday that came before the license was issued.

B. Business Office

Clarification of Insurance Fund Assessment Process: Removes the Office of the Healthcare Advocate from the Insurance Department's annual administrative process of assessing carriers for the general insurance fund assessment.

C. Financial Regulation

Electronic Financial Statements: Removes requirements that insurers file paper copies of annual financial statements and audited financial reports with the insurance commissioner, allowing electronic filings to the NAIC to suffice.

D. Policy Form Filings

Removing Barriers to Coverage with Non-English Insurance Policies: Reinforces that policy forms can be filed with the Department in any language; requires insurers who file policies in a non-English language to certify that they comply with readable language requirements and bear the risks associated with any translations; allows the insurance commissioner to hire translation services at the insurer's cost.

E. Health Insurance

Revised Pharmacy Benefit Manager Report Due Dates: Moves the annual due date for PBMs to report rebate information to the insurance commissioner to February 1; requires the commissioner to give the PBMs the annual report to the Insurance and Real Estate Committee 10 days before it is due to the committee.

Revised Small Employer Definition: Beginning January 1, 2025, updates the definition of "small employer" in the health insurance statutes to mean having no more than 50 employees.

Extended Independent Review Organization Approval Period: Extends the approval or reapproval period for independent review organizations from two to three years.

Connecticut Clearinghouse Repealed: Repeals a requirement that the Health Reinsurance Association develop the Connecticut Clearinghouse on health insurance policies available in the state. This section repeals the obsolete Connecticut Clearinghouse website and other technical changes to reflect that repeal.

Covered Connecticut Program: Requires the Covered Connecticut program to include only in-network providers and services, unless the Commissioner determines the health carrier's network is inadequate. The Covered Connecticut program was established in 2021 to offer

Medicaid wraparound services through Access Heath CT to eligible residents. Traditional Medicaid provides coverage at no cost to the enrollee if they use in-network providers and services. The Covered Connecticut program, codified in CGS 19a-754c, did not align with traditional Medicaid because it allows enrollees to use out-of-network services and providers without applying the out-of-network cost share to those services. This section was added at the request of House leadership.

F. Captive Insurers

Captive Insurer Conversion of Protected Cells: Subject to approval by the Commissioner, allows for the conversion of a sponsored captive insurer's protected cell(s) to a new protected cell, incorporated protected cell, or certain other captive insurance companies without any impact on the protected cell's assets, rights, benefits, obligations, and liabilities.
Eff. May 8, 2024

Regulatory Efficiency:

- **Speed-to-Market:** The introduction of new coverage offerings into the marketplace enhances consumer choice and market competition. By implementing administrative efficiencies in both the Life & Health (L&H) and the Property & Casualty (P&C) Divisions the Department reduced the average review turnaround time for new products to less than 40 days, which is a regulatory best practice standard. The P&C Division continues to build on its' learning with AI and Machine Learning for reviewing claims-made form filings. The KIRA tool was very effective in identifying a non-compliant statutory language over 97% of the time. This year the P&C Division also coordinated a successful market conduct examination on previously filed claims made from form filings in conjunction with the Market Conduct Unit. Based on these positive results the P&C Division has begun to train the system on automobile form filings, focusing on minimum requirements at first then automobile guidelines.

  L&H processed 1,402 form filings during FY24, with the average filing turnaround time of 14 days and 90% of filings closed in fewer than 40 days. The P&C Division processed 4,112 rate, rule, form, and underwriting filings duringFY24, with an average of 88.9% of filings reviewed and closed in less than 40 days. L&H also issued or renewed licenses for 60 utilization review companies, and it continues to implement procedures to review health carriers' formularies and provider networks.

  The P&C Division saw a decrease in workers' compensation insurance rates for the 10th straight year. The continued effort to hold down homeowner's rate increases saved policyholders $24.76 million in 2023 and $115.64 million since 2012. The P&C Division continues to see rate increases for the private passenger automobile filings because of inflationary pressures which have impacted claims costs to the industry, and necessitated insurers to take rates to reflect additional costs. The Division scrutinizes these rate filings closely and as a result, was able to save consumers $157 million in 2023 and $243.1 million since 2021.

- **Licensing:** Interactions with licensees are key to the Department's market conduct regulatory function. An improved user-friendly website, online renewals, an enhanced phone system, and our online pay portal help streamline payments and collection of license fees and taxes. CID collected more than $115 million in licensing fees in FY23-24.

- **Financial Regulation:** The Financial Regulation Division continues its risk focused regulatory approach in both analysis and examination to fully evaluate material financial risks within our domestic insurance industry. In addition, the Division utilizes data collected by the NAIC to compare individual companies to their peers. Consistent with prior years, the Financial? Examination Unit led several coordinated multi-state field exams resulting in significant cost savings to the domestic insurance industry.

  Risk-focused exams include an increased emphasis on the review of insurers risk management relating to climate change as well as compliance with NAIC guidelines and the CID's Bulletin FS-44 Guidance for Connecticut Domestic Insurers on Managing the Financial Risks for Climate Change. The Division continues to build its staffing because of multiple retirements. Continuing to bolster and train new examiners also leads to significant cost savings to domestic insurers as this avoids contracting that the industry would have to pay for.

- **Actuarial Services:** The Property & Casualty and Life & Health actuaries provide financial, rate/rule and analytical actuarial services in support of several divisions of the Insurance Department.

  In 2024, the Actuarial Division provided actuarial services to six P&C financial exams and three Life/Health exams and signed off on actuarial opinions for 36 Life/Health and 76 P&C companies. The Division is also responsible for the P&C rate and rule filings and health ACA and LTC rate filings. Connecticut continues to serve as Chair of the NAIC CAT Risk Subgroup, which introduced the Wildfire RBC charge in 2022 and the Severe Convective Storm RBC charge in 2024.

  In 2024, the Actuarial Division, utilizing its data science capabilities, have completed a three significant digital transformation projects: (1) the development of a L&H Medical Adequacy Survey; (2) Quarterly, Semi-Annual, and Annual Consumer Affairs Complaint Handling Reports; and (3) an automated database for P&C rate changes.

- **Captive Insurance:** The ability to form and take advantage of captive insurance is an important risk management option for the State's commercial and industrial organizations. The Department's Captive Insurance Division evaluates, licenses, regulates, and examines captive insurers and risk retention groups in the alternative risk market, a segment that continues to grow. Connecticut has licensed 53 captive insurers and is on track to license 10 or more captives by the end of this calendar year. The industry now accounts for $801 million in annual premiums and is providing businesses of all sizes and disciplines with a tool to manage their costs.

The Captive Division also reviews registrations of 114 Risk Retention Groups and 524 Risk Purchasing Groups and monitors its operations in the state. Risk Retention Groups wrote $179 million in premiums in Connecticut in 2023. A working group has been formed to facilitate discussions of captive development in Connecticut. The department continues to support the initiative of "Reimagine Business Insurance," which focuses on educating accountants and large accounting firms on how they can help their client businesses be more efficient with managing risk using private insurance companies. The Captive Insurance Division and the Department's legislative division changes to facilitate captive growth in Connecticut.

Connecticut was ranked #1 in the world in Captive growth in 2020, 2021 and 2022 by Captive Review as available World Domicile Updates. Captive Review named Connecticut the Captive Domicile of the Year in 2022 and 2023 for written premiums under $5 billion. Connecticut was honored as the 2022 Domicile of the Year and a Top three Domicile by Captive International.

- **Regulatory Access and Transparency**
  - **Consumer Complaints:** The Consumer Affairs Division continues to work with the state's Open Data Portal to list Department complaint data in real time. The data does not identify complainants but lists the nature of complaint, company against which the complaint was filed, resolution and any monetary recovery.

  - **On-line Enhancements:** Updates made to the CID website to make information more user friendly and accessible to consumers. Outreach via social media has increased to advise consumers of the assistance available to them.

  - Moreover, the NAIC's free online Lost Life Insurance policy locator, returned more than $25 million to Connecticut beneficiaries last fiscal year and has returned over $44 million dollars since its inception in 2016.

  - **Health Insurance Consumer Report Card:** The Consumer Report Card on Health Insurance Carriers in Connecticut now collects additional data concerning how well carriers are providing follow-up treatment for mental health and substance abuse services.

  - **Health Insurance Rates:** Following an informational public hearing in August 2023, a public comment period of at least 30 days and the CID's thorough actuarial reviews, the Department finalized health insurance rates in September 2023 for the 2024 benefit year. All 8 filings made by 7 health insurers for plans that cover about 200,000 people were disapproved and reduced.

Information Required by State Statute – The following information is provided in accordance with Conn. Gen. Stat. § 38a-13:

- HealthyCT, Inc. liquidation proceedings, commenced as of December 31, 2016, continued throughout the fiscal year under the general supervision of the Superior Court. As of the end of the fiscal year, all policy holder claims and expenses of the Connecticut

Life and Health Insurance Guaranty Association have been paid. On July 25, 2022, the Special Deputy Liquidator of HealthyCT filed a report with the Insurance Commissioner on the affairs of HealthyCT in accordance with Conn. Gen. Stat. § 38a-13. Additional information is available on the CID website.

- PHL Variable Insurance company entered into rehabilitation on May 20, 2024. Additional information is available on the CID website.

In March, the Department prepared and submitted a report to the Governor and General Assembly regarding the Insurance Commissioner's responsibility concerning managed care organizations. This report included a summary of quality assurance plans, potential modifications to the consumer report card, market conduct activity, a summary of complaints filed with the Department, a summary of violations, and a summary of issues discussed regarding managed care at public forums. In June 2024, the L&H Division reported to the Governor and General Assembly that no managed care organizations failed to file any data as required by Public Act 97-99.

Since 2022, the Department prepared and submitted two new reports to the Governor and the General Assembly regarding the Insurance Commissioner's efforts to address climate change, and the availability of insurance to the emerging cannabis industry.

As of June 30, 2023, there were 1,545 insurance companies licensed and authorized to transact business in Connecticut. Of that total, 111 were domiciled in the state of Connecticut. In addition, nine full-scope and one interim-scope examinations comprising 11 domestics were conducted during the fiscal year. The Department is also responsible for several public reports mandated by statute that are available online. CID Reports (ct.gov)

The following indicates direct premiums written in Connecticut for the calendar year 2023:

- **Life and Annuities** $22,320,564,800
- **Property and Casualty** $10,469,251,269
- **Health** $7,913,247,503
- **Title** $136,068,031
- **Pools and Associations** $152,354,927
- **Total Premiums Written** In Connecticut in 2023 $30,704,854,029