



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Bulletin PC-47

December 20, 2000

Reissue/Update of Bulletins
NF-81, HC-30 and RD-7

To: ALL COMPANIES LICENSED IN THE STATE OF CONNECTICUT
TO WRITE PROPERTY AND CASUALTY INSURANCE

Subject: CONNECTICUT INSURANCE INFORMATION AND PRIVACY
PROTECTION ACT

Conn. Gen. Stat. §38a-975 to 38a-998 is known as The Connecticut Insurance Information and Privacy Protection Act (the Act). The Act establishes standards for the collection, use and disclosure of personal information gathered by the insurance industry in connection with an insurance transaction. The Act itself must be carefully reviewed by all parties affected to determine their responsibilities under the Act. The purpose of this bulletin is to highlight and comment on certain sections of the Act.

PARTIES AFFECTED

All insurance institutions, including corporations, associations, partnerships, reciprocal exchanges, interinsurers, Lloyds insurer, fraternal benefit societies, health care centers and medical and hospital service organizations engaged in insurance transactions, insurance support organizations, agents and brokers and their staffs are affected by this Act.

Insurance institutions should disseminate information concerning the Act to their agents and other personnel affected by the Act.

Companies should carefully review their underwriting guidelines or practices to be certain they will comply with the Act. Company practices which are to be relied upon by the agent should be furnished to them in writing.

TRANSACTIONS

The Act applies to collecting, receiving and maintaining insurance information affecting any insurance transaction for personal, family or household needs including the servicing of policies, applications, contracts or certificates or determining eligibility for coverage, benefit or payment.

For property or casualty insurance, any person who engages in the transaction or about whom information is collected, received or maintained is afforded rights. Rights may be extended beyond the named insured to members of the insured household or additional insureds who are nonresidents. For life, health or disability, rights are afforded only when the person is a resident of the state. If the last known address is in the state, then the person is a resident.

ADVERSE UNDERWRITING DECISION

The actions listed below are referred to as "adverse underwriting decisions." Whenever an agent, broker, or insurer makes an adverse underwriting decision for insurance coverage which is individually underwritten, s/he shall be responsible for taking subsequent action required by the Act. The individual (applicant, insured, etc.) must be given specific reasons for the adverse underwriting decision in writing or notified that, upon written request, s/he is entitled to receive specific reasons in writing. A statement such as "Underwriting reasons" is not a specific reason. Oral explanations are permitted if the decision was the result of an oral request or inquiry. Also, the individual must be provided with the summary of rights as established in the law. Adverse underwriting decisions are:

1. Declination of insurance coverage in whole or in part.
2. Termination of insurance coverage in whole or in part.
3. Failure to apply for coverage with a represented company specifically requested by the applicant.
4. Placement of property and casualty business in a residual market mechanism, with an unauthorized insurer (i.e. excess lines, surplus lines), or in a company which specializes in substandard risks. A program utilizing rates which are for other than preferred or standard should be considered substandard.
5. Charging a higher rate on the basis of information differing from that provided by the applicant for property and casualty business.
6. Offering to insure at higher than standard rates for life, health or disability.

The following are some special situations which should be considered adverse underwriting decisions:

1. Changing an insured from a preferred to a standard program or from a standard to a nonstandard program.
2. Placement of an applicant in the Connecticut Automobile Insurance.
3. Assigned Risk Plan (CAIARP) including applicants eligible for Careful Driver rates.
4. With respect to CAIARP policies, an increase in rates after the policy is effective due to additional information developed concerning the risk.

Although the following transactions are not adverse underwriting decisions, the insurance institution, agent or broker is required to provide the specific reason for the action:

1. Termination of a policy form on a class or statewide basis.
2. Declination of coverage solely because it is not available on a class or statewide basis.
3. Rescission of a policy.

FORMS

The Privacy Law necessitates the development of several forms and notices. The Insurance Department will not prospectively review or approve any of the required forms and notices. Standards for the forms are set forth in the Act and cover the following areas, with the applicable section of the Act indicated in parentheses:

1. Insurance information practices (§38a-979)
2. Identification of information sought for marketing or research purposes (§38a-980)
3. Disclosure authorization (§38a-981)
4. Notification of investigative consumer report (§38a-982)
5. Access to recorded personal information (§38a-983)
6. Correction, amendment or deletion of recorded personal information (§38a-984)
7. Adverse underwriting decision (discussed in the preceding section) (§38a-985)
8. Acquisition of information concerning a previous adverse underwriting decision (§38a-986)
9. Limitations on disclosure of information (§38a-988)

It is permissible to combine forms or include required information or notifications on existing forms such as applications or claim forms.

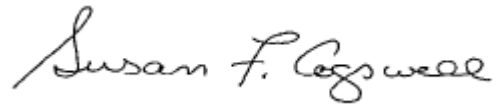
A standard Adverse Underwriting Decision notice for use with risks placed through the Connecticut Automobile Insurance Assigned Risk Plan (CAIARP), the Connecticut Insurance Placement Facility or excess lines market is available from the Automobile Insurance Plans Service Office.

DATE OF RECEIPT

When action is required by an affected party within a certain time period from the date of receipt, date of the mailing of notice, etc., the envelope containing the request should be retained to establish the date received or the item should be date stamped upon receipt. Otherwise, the date used should be the date of the request for information.

FEES

For personal information that is not part of the reason for an adverse underwriting decision, §38a-983 allows a reasonable fee to be charged to cover costs incurred in providing copies of recorded personal information to individuals. A per page fee based on the cost of producing the requested information is a reasonable fee.



Susan F. Cogswell
Insurance Commissioner