

STATE OF CONNECTICUT  
**REGULATION**

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

OF

NAME OF AGENCY

INSURANCE DEPARTMENT

Concerning

SUBJECT MATTER OF REGULATION

**SERVICE FEES THAT MAY BE CHARGED BY PRODUCERS  
AND BROKERS.**

SECTION 1

Section 1. Sections 38a-707-1 to 38a-707-9, inclusive, of the Regulations of Connecticut State Agencies are amended to read as follows:

**Service Fees to Be Charged by Insurance [Agents  
and Insurance] PRODUCERS AND SURPLUS LINES Brokers**

**Sec. 38a-707-1. Service fees**

Properly licensed insurance agents and brokers organizing business in this state may charge service fees to their clients in accordance with the schedules shown in sections 38a-707-2 to 38a-707-8, inclusive. In addition to the scheduled fees [an agent or] A PRODUCER OR SURPLUS LINES broker may charge as reimbursement any moneys expended by him for ANY (1) inspection [reports] REPORT FEES, (2) motor vehicle department reports, (3) policy reports, (4) CREDIT CARD SERVICE FEES, (5) REGULATORY FEES FROM OTHER JURISDICTIONS, SUCH AS LICENSING FEES, NECESSARY FOR THE PLACEMENT OF CONNECTICUT RISKS WITH OUT-OF-STATE EXPOSURE, (6) COSTS FOR OVERNIGHT MAIL, OR (7) telegrams or telephone calls necessary for the placement of the risk under consideration.

**Sec. 38a-707-2. Automobile**

In accordance with subdivision (4) OF SUBSECTION (a) of section 38a-329 of the General Statutes, Automobile Assigned Risk (initial policy only) \$35.00; Automobile, other than automobile Assigned Risk, all forms, nonstandard [\$15.00] \$35.00.

**Sec. 38a-707-3. Owners, landlords and tenants—Manufacturers and contractors**

Non-standard Owners, Landlords and Tenants [forms with premiums on an annualized basis not in excess of seven hundred and fifty dollars, \$15.00, and on forms with premiums on an annualized basis in excess of seven hundred and fifty dollars, \$25.00; Non-standard Manufacturers and Contractors forms with premiums on an annualized basis not in excess of seven hundred and fifty dollars, \$15.00, and on forms with an annualized basis in excess of seven hundred and fifty dollars, \$25.00] AND NON-STANDARD MANUFACTURERS AND CONTRACTOR FORMS MAY BE ASSESSED A FEE OF UP TO FIVE PERCENT OF PREMIUM, NOT TO EXCEED \$150.00.

**Sec. 38a-707-4. [Workmen's] WORKERS' compensation assigned risk**

[Workmen's] WORKERS' Compensation Assigned Risk policyholders may be charged one per cent of the premium subject to a ten-dollar minimum fee and a maximum fee of [one] TWO hundred AND FIFTY dollars.

**Sec. 38a-707-5. Fire and allied lines**

There will be no fee permitted for "Fair Plan" submissions. Non-standard fire and allied lines policyholders may be charged a fee of one per cent of the premium.

**Sec. 38a-707-6. Substandard errors and omissions**

Substandard Errors and Omissions policyholders may be charged ten dollars or five per cent of the premiums up to a maximum of [one] TWO hundred AND FIFTY dollars.

STATE OF CONNECTICUT  
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 OF

NAME OF AGENCY \_\_\_\_\_

INSURANCE DEPARTMENT

SECTION 1**Sec. 38a-707-7. [Excess line] SURPLUS LINES submissions**

[Charges may be made of five per cent of the premium not to exceed fifty dollars per policy.]  
 (a) A DULY LICENSED PRODUCER AND SURPLUS LINES BROKER INVOLVED IN THE SAME TRANSACTION MAY EACH CHARGE A FLAT FEE PER POLICY FOR BUSINESS PLACED IN THE SURPLUS LINES MARKET, PROVIDED THAT THE SUM OF THE FEE CHARGED BY SUCH PRODUCER AND THE FEE CHARGED BY SUCH SURPLUS LINES BROKER SHALL NOT EXCEED \$250.00 IN THE AGGREGATE. IN THE ALTERNATIVE, SUCH PRODUCER AND SURPLUS LINES BROKER MAY CHARGE A FEE OF UP TO FIVE PERCENT OF THE APPLICABLE PREMIUM, NOT TO EXCEED \$500.00 IN THE AGGREGATE.

(b) THE FEES REFERENCED IN THIS SECTION MAY BE CHARGED FOR NEW AND RENEWAL BUSINESS.

**Sec. 38a-707-8. Miscellaneous and renewals**

(a) Any other service charges not scheduled in sections 38a-707-2 to 38a-707-7, inclusive, shall be submitted individually for approval. [Service charges] EXCEPT AS PROVIDED IN THIS SECTION AND IN SECTION 38a-707-7 OF THE REGULATIONS OF CONNECTICUT STATE AGENCIES, SERVICE FEES shall not be permitted for renewals handled in the usual and customary manner, EXCEPT THAT SUCH FEES MAY BE CHARGED ON RENEWAL BUSINESS WHERE A RE-UNDERWRITING OF THE RISK IS NECESSARY.

(b) WHERE, PURSUANT TO SECTION 38a-707-1 TO 38a-707-9, INCLUSIVE, OF THE REGULATIONS OF CONNECTICUT STATE AGENCIES, THE SAME INSURANCE POLICY MAY BE ASSESSED A SERVICE FEE BY BOTH AN INSURANCE PRODUCER AND A SURPLUS LINES BROKER, THE TOTAL OF SUCH FEES SHALL NOT EXCEED FIVE PERCENT OF THE APPLICABLE PREMIUM OR \$500.00, WHICHEVER IS LESS.

**Sec. 38a-707-9. Service fee [agreement] DISCLOSURE**

No insurance [agent or insurance] PRODUCER OR SURPLUS LINES broker shall charge any service fee as specified in sections 38a-707-2 to 38a-707-8, inclusive, without first obtaining a written memorandum, signed by the party to be charged, and specifying [or] AND clearly defining THE PREMIUM APPLICABLE TO THE POLICY AND the amount or extent of [such service fee] ANY SERVICE FEES ASSESSED PURSUANT TO SECTION 38a-707-1 TO 38a-707-9, INCLUSIVE, OF THE REGULATIONS OF CONNECTICUT STATE AGENCIES. Such memorandum shall be kept by the [agent or] PRODUCER OR SURPLUS LINES broker in such manner as to be easily subject to audit or inspection by the insurance commissioner or [his] THE COMMISSIONER'S agents.

**Statement of purpose**

To update and clarify service fees that can be charged by insurance producers and surplus lines brokers to their clients for the placement of insurance business.

**CERTIFICATION**  
R-39 REV. 1/77

Be it known that the foregoing:

Regulations       Emergency Regulations

Are:

Adopted       Amended as hereinabove stated       Repealed

By the aforesaid agency pursuant to:

Section 38a-707 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 \_\_\_\_\_ 19\_\_\_\_, 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 \_\_\_\_\_ 19\_\_\_\_

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 \_\_\_\_\_ 19\_\_\_\_.

|                     |                         |  |   |
|---------------------|-------------------------|--|---|
| In Witness Whereof: | DATE<br><u>11/22/02</u> | SIGNED (Head of Board, Agency or Commission)<br><u>Susan F. Cogswell</u> | OFFICIAL TITLE, DULY AUTHORIZED<br>Insurance Commissioner |
|---------------------|-------------------------|--|---|

|   |                              |                        |   |
|---|------------------------------|------------------------|---|
| Approved by the Attorney General as to legal sufficiency in accordance with Sec. 4-169, as amended, C.G.S.: | SIGNED<br><u>W. B. N. C.</u> | DATE<br><u>10/6/03</u> | OFFICIAL TITLE, DULY AUTHORIZED<br>Assoc. Atty. General |
|---|------------------------------|------------------------|---|

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<br><u>12/16/03</u> | SIGNED (Clerk of the Legislative Regulation Review Committee)<br><u>Jamela B. Booth</u> |
|--|-------------------------|---|

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 | SIGNED (Secretary of the State.) | BY |
|------|----------------------------------|----|

**INSTRUCTIONS**

- 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 capital letters and deleted language in brackets. Section 4-170 of the General Statutes.