

**Sec. 38a-193-3. Company action level event**

(a) As used in sections 38a-193-1 to 38a-198-13, inclusive, of the Regulations of Connecticut State Agencies, “Company Action Level Event” means any of the following events:

(1) The filing of an RBC report by a health care center that indicates that the health care center’s total adjusted capital is greater than or equal to its Regulatory Action Level RBC but less than its Company Action Level RBC;

(2) If a health care center has total adjusted capital which is greater than or equal to its Company Action Level RBC but less than the product of its Authorized Control Level RBC and 3.0 and triggers the trend test determined in accordance with the trend test calculation included in the Health RBC instructions;

(3) notification by the commissioner to the health care center of an adjusted RBC report that indicates an event in subdivision (1) of this subsection, provided the health care center does not challenge the adjusted RBC report under section 38a-193-7 of the Regulations of Connecticut State Agencies; or

(4) if, pursuant to section 38a-193-7 of the Regulations of Connecticut State Agencies, a health care center challenges an adjusted RBC report that indicates the event in subdivision (1) of this subsection, the notification by the commissioner to the health care center that the commissioner has, after a hearing, rejected the health care center’s challenge.

(b) In the event of a Company Action Level Event, the health care center shall prepare and submit to the commissioner a RBC plan that shall:

(1) Identify the conditions that contribute to the Company Action Level Event;

(2) contain proposals of corrective actions that the health care center intends to take and that would be expected to result in the elimination of the Company Action Level Event;

(3) provide projections of the health care center’s financial results in the current year and at least the two (2) succeeding years, both in the absence of proposed corrective actions and giving effect to the proposed corrective actions, including projections of statutory balance sheets, operating income, net income, capital and surplus, and RBC levels. The projections for both new and renewal business might include separate projections for each major line of business and separately identify each significant income, expense and benefit component;

(4) identify the key assumptions impacting the health care center’s projections and the sensitivity of the projections to the assumptions; and

(5) identify the quality of, and problems associated with, the health care center’s business, including but not limited to its assets, anticipated business growth and associated surplus strain, extraordinary exposure to risk, mix of business and use of reinsurance, if any, in each case.

(c) The RBC plan shall be submitted not later than forty-five (45) days after the Company Action Level Event; or if the health care center challenges an adjusted RBC report pursuant to section 38a-193-7 of the Regulations of Connecticut State Agencies, not later than forty-five (45) days after notification to the health care center that the commissioner has, after a hearing, rejected the health care center’s challenge.

(d) Not later than sixty (60) days after the submission by a health care center of an RBC plan to the commissioner, the commissioner shall notify the health care center whether the

RBC plan shall be implemented or is, in the judgment of the commissioner, unsatisfactory. If the commissioner determines the RBC plan is unsatisfactory, the notification to the health care center shall set forth the reasons for the determination, and may set forth proposed revisions which will render the RBC plan satisfactory, in the judgment of the commissioner. Upon notification from the commissioner, the health care center shall prepare a revised RBC plan, which may incorporate by reference any revisions proposed by the commissioner, and shall submit the revised RBC plan to the commissioner not later than forty-five (45) days after the notification from the commissioner; or if the health care center challenges the notification from the commissioner under section 38a-193-7 of the Regulations of Connecticut State Agencies, not later than forty-five (45) days after a notification to the health care center that the commissioner has, after a hearing, rejected the health care center's challenge.

(e) In the event of a notification by the commissioner to a health care center that the health care center's RBC plan or revised RBC plan is unsatisfactory, the commissioner may, subject to the health care center's right to a hearing under section 38a-193-7 of the Regulations of Connecticut State Agencies, specify in the notification that the notification constitutes a Regulatory Action Level Event.

(f) Every domestic health care center that submits an RBC plan or revised RBC plan to the commissioner shall file a copy of the RBC plan or revised RBC plan with the insurance commissioner of any other state in which the domestic health care center is authorized to do business if:

(1) Such other state has adopted a law or regulation that is substantially similar to section 38a-193-8(a) of the Regulations of Connecticut State Agencies; and

(2) The insurance commissioner of such other state has notified such domestic health care center of its request for the filing in writing, in which case such domestic health care center shall file a copy of the RBC plan or revised RBC plan to the insurance commissioner of such other state no later than the later of:

(A) Fifteen (15) days after the date such domestic health care center receives notice from the insurance commissioner of such other state to file a copy of its RBC plan or revised RBC plan to the insurance commissioner of such other state; or

(B) The date on which the RBC plan or revised RBC plan is submitted under subsection (c) or (d) of this section.

(Adopted effective January 31, 2000; Amended August 30, 2004; Amended November 1, 2010; Amended November 2, 2017)