



House of Representatives

General Assembly

File No. 362

January Session, 2025

House Bill No. 7038

House of Representatives, March 31, 2025

The Committee on Insurance and Real Estate reported through REP. WOOD of the 29th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

***AN ACT REQUIRING A STUDY OF THE FEASIBILITY OF
ESTABLISHING A CAPTIVE INSURANCE COMPANY OR USING
PARAMETRIC INSURANCE TO PROVIDE FINANCIAL ASSISTANCE
TO FARMERS IMPACTED BY THE EFFECTS OF SEVERE WEATHER.***

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

1 Section 1. (*Effective from passage*) (a) The Insurance Commissioner, in
2 consultation with the Commissioner of Agriculture, shall conduct a
3 feasibility study for establishing a captive insurance company or
4 providing insurance coverage through parametric contracts to provide
5 financial assistance to farmers in this state who are impacted by the
6 effects of severe weather. For the purposes of this section, "parametric
7 contract" has the same meaning as provided in section 38a-91bb of the
8 general statutes.

9 (b) Not later than February 1, 2026, the Insurance Commissioner shall
10 report, in accordance with the provisions of section 11-4a of the general
11 statutes, to the joint standing committees of the General Assembly
12 having cognizance of matters relating to the environment and insurance

13 on any recommendations concerning the establishment of a captive
14 insurance company or providing insurance coverage through
15 parametric contracts to provide financial assistance to farmers in this
16 state who are impacted by the effects of severe weather.

This act shall take effect as follows and shall amend the following sections:		
---	--	--

Section 1	<i>from passage</i>	New section
-----------	---------------------	-------------

INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Insurance Dept.	IF - Cost	55,000 - 65,000	None

Note: IF=Insurance Fund

Municipal Impact: None

Explanation

The bill requires the Insurance Department to conduct a feasibility study for establishing a captive insurance company or using parametric insurance to provide financial assistance to farmers impacted by severe weather. This results in a one-time cost of \$55,000 to \$65,000 to the Insurance Fund in FY 26 associated with hiring a contractor to complete the study by February 1.

The Out Years

The cost is one-time in nature and does not result in a fiscal impact in the out years.

OLR Bill Analysis

HB 7038

AN ACT REQUIRING A STUDY OF THE FEASIBILITY OF ESTABLISHING A CAPTIVE INSURANCE COMPANY OR USING PARAMETRIC INSURANCE TO PROVIDE FINANCIAL ASSISTANCE TO FARMERS IMPACTED BY THE EFFECTS OF SEVERE WEATHER.

SUMMARY

The Office of Legislative Research does not analyze Special Acts.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 13 Nay 0 (03/13/2025)