

Dept. of Insurance Responses to Follow-up Questions:

1. **If you have familiarity with OHA's expenditures, can you clarify what DOI and OHA spent on rent/premises costs in 2019 (before the move, including OHA's costs at 450 Capitol Ave) and what each will spend in 2021 (with both agencies at Market Street)?**

(See attachment)

2. **What is the history of how bail bondsmen came under the Insurance Department?**

In Connecticut, bail services provided by the commercial bail industry to the state and to defendants in criminal cases are provided by two distinct groups of bondsmen. The first group is comprised by a dwindling number of individuals commonly referred to as "professional" bondsmen, who use their own property and assets as collateral and security for bail bonds – and are completely personally liable for their bonds in the event that the defendant fails to appear in court. The professional bondsmen are licensed and regulated by the Division of State Police within the Department of Public Safety. Currently, no new licenses to act as a professional bondsman are being issued. The second group includes the great majority of bondsmen, referred to as surety bail bond agents, who act as independent agents for and offer bonds backed by insurance companies doing surety business in the state, and are paid commissions by the insurers for the bonds placed. Contrary to the professional bondsmen, surety agents have limited personal liability for forfeited bonds, which in case of default are paid to the State by the insurer underwriting the bond.

Individuals seeking to act as surety bail bond agents on behalf of an insurer must meet licensing, financial and qualification requirements established by statute (See, Conn. Gen. Stat. §§ 38a-660 to 38a-660m, inclusive). Although the nature of the activities undertaken by surety bail agents, who operate within the criminal law system, are largely inconsistent with the nature of the functions statutorily assigned to the Insurance Department and with the type of expertise held by Department personnel, most likely because of their status as agent of an insurer, the responsibility for licensing and regulating surety bail bond agents is assigned by law to the Insurance Department. Such regulation, in addition to licensing and licensing qualifications, consists of requirements around record keeping, accounting for funds and the charging of approved premium rates.

A review of bail services in Connecticut undertaken by the Legislative Program Review and Investigation Committee in 2003 reached the conclusion that the split in responsibility for the licensing and regulating of the commercial bail bond industry in Connecticut between the Insurance Department and the Department of State Police has resulted in “conflicting, inconsistent and ineffective enforcement, confusion over jurisdiction, and has allowed unprofessional and illegal business practices by bail bondsmen and bail enforcement agents”. (See, *Legislative Program Review and Investigation Committee, Bail Services in Connecticut*; December 2003, pages 1, 30 and 54)

Because of the Insurance Department’s nature and jurisdiction, the oversight over the licensing and conduct of licensees, including surety bail bond agents, is by necessity limited to regulatory functions that address mostly issues relating to administrative matters, such as qualifications of applicants for a license, accuracy of their books and records, financial business matters, compliance with statutory requirements for retention and renewal of licenses and specific listed conduct obligations enumerated in pertinent licensing statutes. The most significant issues relating to surety bail bond agents that the Department is made aware of from time to time, however, relate to conduct outside of the Department’s authority, general role, and expertise. The most egregious allegations sometimes received by the Department relate to conduct that goes well beyond the level of administrative issues. The Insurance Department, has no criminal jurisdiction or law enforcement authority, does not employ criminal investigators, and does not have resources to monitor first-hand the conduct of surety bail bond agents in the courts, while interacting with their clients and the public in general, or while engaging in the pursuit of or apprehending defendants who have absconded. Pursuant to statute, the Insurance Department’s sole enforcement authority is to suspend or revoke an agent’s license or impose a civil penalty not to exceed \$5,000.

In the past, the Department has engaged in discussions with the Department of Public Safety to introduce legislation aimed at centralizing the licensing and regulation of the commercial bail bond industry within the Division of State Police, but such efforts have not led to any changes towards the consolidation under the jurisdiction of a single state agency of the statutory schemes relating to professional bondsmen and surety bail bond agents as of yet.