



State of Connecticut

Insurance Department

THOMAS R. SULLIVAN
COMMISSIONER

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Insurance Department Puts Surety Bail Bond Agents On Notice

Insurance Commissioner Thomas R. Sullivan is taking steps to crack down on improper and illegal business practices within the surety bail bond industry. Recent enforcement actions against surety bail bond agents have resulted in 2 license revocations, 2 license suspensions, 1 year-long probation, and fines totaling \$7,500.00.

Commissioner Sullivan has issued a bulletin outlining the Department's expectations of agents and what constitutes improper business practices.

"There is no reason why this industry can't operate within the letter of the law," Commissioner Sullivan said, "and this bulletin outlines those rules and spells out the administrative action we will take."

Surety bail bond agents are regulated by the insurance department because they are appointed agents of an insurance company. The Department licenses 516 surety bail bond agents, 136 bail bond agencies, and 19 surety companies in the state, and has seen an increase in complaints regarding improper business practices. Complaints are primarily related to bond premiums being offered for less than the state mandated rate, and engaging in unprofessional and disruptive behavior.

Bond premiums, the amount the consumer pays to have someone released from jail, are filed with and approved by the State of Connecticut. In some instances, surety bail bond agents are discounting that price in order to gain business, allowing the defendant to get out of jail for a reduced price.

"Early release of defendants through undercutting of bail bonds compromises the safety of our citizens," said Commissioner Sullivan, "and I will continue to seek stricter punishments for improper and illegal business practices among surety bail bond agents."

In 2009, the Insurance Department worked with legislators on a proposal to strengthen the statutes that govern the surety bail bond agents, and offer greater authority to effectively regulate this industry. Despite valiant efforts made by Legislators and the Department, the initiative never made it to a vote. Commissioner Sullivan and staff plan to continue the conversation in the 2010 legislative session.

The [Surety Bail Bond Agents – Improper Business Practices bulletin](#), issued June 29, 2009, outlined the Department's interpretation of the laws pertaining to six surety bail bond issues; appointments, premiums, unprofessional behavior, collateral, address changes, and proper business records.

APPOINTMENTS

Surety bail bond agents are required to be appointed by an insurer, and notice of this appointment must be filed with the Connecticut Insurance Department. Administrative action for not complying with this law

could impact the licensed agent, licensed agency, or insurance company. Failure to comply will result in a maximum penalty of up to \$15,000.

PREMIUMS

Insurers must file premium rates with the department, and use only filed rates when issuing bail bonds. Charging and/or receiving a premium lower than that filed with the Department is against the law and can result in penalties which may include fines, probation, and license revocation.

While premium financing arrangements, such as payments plans or extending credit; are not against the law, the Insurance Department reminds surety bail bond agents that adequate records must be maintained and provided to the commissioner upon request. Adequate records consist of a bona fide promissory note incorporating all the terms of the agreement, documents evidencing the transaction, and proof of payments in full. Failure to collect full premium will constitute an illegal rebate and will subject the surety bail bond agent to penalty.

UNPROFESSIONAL ACTION

The Department has received complaints of surety bail bond agents engaging in unprofessional and disruptive behavior and failing to observe acceptable standards of professional conduct. As a result, surety bail bond agents are reminded that engaging in unprofessional behavior will result in administrative action.

COLLATERAL

The Department reminds surety bail bond agents that collateral security is to be held to secure the bond obligation, and may not be used for personal benefit. When the bond is terminated, the agent must return the collateral in excess of the bond, within a reasonable time and in the same condition.

NOTIFICATION OF ADDRESS CHANGES

It is the licensees' obligation to notify the Insurance Commissioner, in writing, within thirty (30) days after a change in business or resident address.

FAILURE TO KEEP PROPER BUSINESS RECORDS

Surety bail bond licensees are advised that they are required to maintain proper records relating to their business, including all records related to the receipt and disposition of collateral security and premium finance transactions, for at least three years after a bond has been terminated. Records must be made available to the Insurance commissioner upon request. Failure to maintain and make available proper records will be considered cause for administration action, and subject to penalty.

ABOUT THE CONNECTICUT INSURANCE DEPARTMENT

The mission of the [Connecticut Insurance Department](http://www.ct.gov/cid) is to serve consumers in a professional and timely manner by providing assistance and information to the public and to policy makers, by regulating the insurance industry in a fair and efficient manner which promotes a competitive and financially sound insurance market for consumers, and by enforcing the insurance laws to ensure that consumers are treated fairly and are protected from unfair practices. For more information, visit the Connecticut Insurance Department at www.ct.gov/cid.

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