I. Regulatory Limits on Claims Handling

A. Delegation of Regulatory Authority to Insurance Commissioner

The Connecticut Constitution provides that the legislative branch may delegate regulatory authority to the executive branch. CONN. CONST. art. II. The Connecticut Insurance Commissioner has jurisdiction to issue regulations that are reasonable and necessary to the implementation of the Connecticut insurance statutes. CONN. GEN. STAT. § 38a-8(c). The Connecticut Insurance Commissioner has a very broad grant of regulatory authority when engaged in interstitial rulemaking. Orkney v. Hanover Ins. Co., 248 Conn. 195, 203, 727 A.2d 700 (1999). Connecticut has adopted its version of the Uniform Administrative Procedure Act, which governs procedure for the implementation and judicial review of insurance regulations and standards. See CONN. GEN. STAT. § 4-166, et seq.

B. Timing for Responses and Determinations

Formerly, under Connecticut General Statutes § 38a-513a, insurers in Connecticut providing coverage under any group health insurance policy specified in subdivisions (1), (2), (4), (11) and (12) of General Statutes Section 38a-469 were required to complete any coverage determination with respect to such a policy and notify the insured or the insured's health care provider within forty five (45) days after such a request for determination. CONN. GEN. STAT. § 38a-513a. However, CONN. GEN. STAT. § 38a-513 was repealed, effective October 1, 2015. Id. Connecticut General Statutes § 38a-483b was repealed as well, a statute that formerly governed individual health plans and contained a similar forty-five (45) day time limitation for notification to insureds and providers. CONN. GEN. STAT. § 38a-483b.

C. Standards for Determinations and Settlements

Connecticut’s Unfair Insurance Practices Act ("CUIPA") and Unfair Trade Practices Act ("CUTPA") govern an insurer’s liability “based on its conduct in settling or failing to settle the insured’s claim and on its claims settlement policies in general.” See Heyman Assocs. No. 1 v. Ins. Co. of Pa., 231 Conn. 756, 790, 653 A.2d 122 (1995) (internal quotation marks omitted); see also CONN. GEN. STAT. §§ 38a-816, et seq. (CUIPA); CONN. GEN. STAT. §§ 42-110a, et seq. (CUTPA). “The factual inquiry focuses, not on the nature of the loss and the terms of the insurance contract, but on the conduct of the insurer.” Heyman, 231 Conn. at 790.
An “insurer’s duty stems not from the private insurance agreement but from a duty imposed by statute.” Id. However, “the existence of a contract between the parties is a necessary antecedent to any claim of breach of the duty of good faith and fair dealing.” Macomber v. Travelers Prop. & Cas. Corp., 261 Conn. 620, 638, 804 A.2d 180 (2002). Thus, an insurer does not owe a duty to a third-party claimant under the unfair settlement practices provisions of CUIPA. See Hipsky v. Allstate Ins. Co., 304 F. Supp. 2d 284, 291-92 (D. Conn. 2004); see also Carford v. Empire Fire & Marine Ins. Co., 94 Conn. App. 41, 52-53, 891 A.2d 55, 62 (2006) (concluding that the right to assert claims under CUIPA does not extend to third party claimants absent subrogation or a judicial determination of the insured’s liability). However, where it is plausibly alleged that the claimant is a third party beneficiary to the insurance contract, he should be able to assert a CUIPA-through-CUTPA claim against the insurer for unfair settlement practices. Ensign Yachts, Inc. v. Arrigoni, 2010 U.S. Dist. LEXIS 22425, *45 (D. Conn. Mar. 11, 2010).

D. Privacy Protections

The Gramm-Leach-Bliley Financial Modernization Act ("GLBA"), effective November 12, 1999, allowed the formation of financial holding companies, which can own banks, security firms, and insurers, as well as to provide banking services and underwrite and sell insurance and securities. GLBA enhanced competition in the financial services industry by allowing financial services industries to affiliate with one another and to allow those affiliated institutions to share confidential customer data. Title V of GLBA (15 U.S.C. § 6801, et seq.) sets forth requirements for protecting the privacy of the non-public personal information of consumers. Federal and State agencies designated as functional regulators in GLBA are directed to implement the Act’s consumer privacy protections.

GLBA requires licensees to establish privacy policies, develop systems for implementing those policies, protect personal information of consumers and customers and to provide privacy notices to all customers. "Licensee" means all insurers, agents, brokers and all other persons licensed or required to be licensed or authorized under Title 38a of the Connecticut General Statutes.

GLBA’s privacy protections provide a minimum privacy standard. GLBA’s privacy protections do not override state law, which affords greater consumer privacy protection. If a state does not provide adequate privacy protection, however, preemption will occur, but only to the extent of the inconsistency.

Connecticut General Statute § 36a-701b, effective October 1, 2015, applies to computerized breaches of personal information, notice of such, and subsequent identity theft prevention and mitigation services to be provided; as well as delay for criminal investigation, means of notice, and unfair trade practice. CONN. GEN. STAT. § 36a-701b, et seq. Any person who conducts business in Connecticut must provide notice of any breach of security involving a Connecticut resident’s personal information. § 36a-701b(b)(1). Personal information means an individual’s name in combination with their Social Security number; driver’s license or state identification card number; or account, credit, or debit card number, in combination with any required password or passcode. § 36a-701b(a).

Such notice must be made no later than ninety days after the breach is discovered, must also be provided to the Attorney General, must offer the
affected resident appropriate identity theft prevention and mitigation services at no cost for at least twelve months, and include information on how to obtain a credit freeze. § 36a-701b(b). Effective October 1, 2017, the Auditors of Public Accounts must also be notified in every situation under this section where the Attorney General must be notified. See 2017 Connecticut Senate Bill No. 1028.

If a person maintains the computerized data that is breached, but does not own it, such person must immediately notify the owner or licensee upon discovery or reasonable belief of breach. § 36a-701b(c). If a law enforcement agency requests delayed notification after it determines that such notification will impede a criminal investigation, then notification will be delayed for a reasonable period of time. § 36a-701b(d). Failure to comply with the requirements of 36a-701b shall constitute an unfair trade practice for purposes of section 42-110b and shall be enforced by the Attorney General. § 36a-701b(g).

Connecticut General Statute § 42-471, effective October 1, 2009, applies to the safeguarding of personal information. Any person in possession of personal information of another shall safeguard the data, computer files and documents from misuse by third parties, and shall destroy, erase or make unreadable such data, computer files and documents prior to disposal. CONN. GEN. STAT. § 42-471(a).

Any person who collects Social Security numbers in the course of business shall create a privacy protection policy which shall be published or publicly displayed, including posting on an Internet web page. § 42-471(b). Such policy shall: (1) Protect the confidentiality of Social Security numbers, (2) prohibit unlawful disclosure of Social Security numbers, and (3) limit access to Social Security numbers. Id.

Any person or entity that violates the provisions of § 42-471 shall be subject to a civil penalty of five hundred dollars for each violation, provided such civil penalty shall not exceed five hundred thousand dollars for any single event. § 42-471(e). It shall not be a violation of § 42-471 if such violation was unintentional. Id.

Connecticut General Statutes §§ 38a-975 through 38a-999a are known as The Connecticut Insurance Information and Privacy Protection Act ("CIIPPA"). Connecticut Insurance Department Regulations pertaining to CIIPPA are Regs. Conn. State Agencies §§ 38a-8-105 through 38a-8-123. CIIPPA establishes standards for the collection, use and disclosure of personal information gathered by the insurance industry in connection with an insurance transaction. All insurance institutions, including corporations, associations, partnerships, reciprocal exchanges, interinsurers, Lloyds insurers, fraternal benefit societies, health care centers and medical and hospital service organizations engaged in insurance transactions, insurance support organizations, agents and brokers and their staffs are affected by CIIPPA.

CIIPPA applies to collecting, receiving and maintaining insurance information affecting any insurance transaction for personal, family or household needs including the servicing of policies, applications, contracts or certificates or determining eligibility for coverage, benefit or payment.

For property or casualty insurance, any person who engages in the transaction or about whom information is collected, received or maintained is
afforded rights. Rights may be extended beyond the named insured to members of the insured household or additional insureds who are nonresidents. For life, health or disability, rights are afforded only when the person is a resident of the state. If the last known address is in the state, then the person is a resident.

CIIPPA necessitates the development of several forms and notices. Standards for the forms are set forth in CIIPPA and cover the following areas, with the applicable section of CIIPPA indicated in parentheses:

1. Insurance information practices (CONN. GEN. STAT. § 38a-979)
2. Identification of information sought for marketing or research purposes (CONN. GEN. STAT. § 38a-980)
3. Disclosure authorization (CONN. GEN. STAT. §38a-981)
4. Notification of investigative consumer report (CONN. GEN. STAT. § 38a-982)
5. Access to recorded personal information (CONN. GEN. STAT. § 38a-983)
6. Correction, amendment or deletion of recorded personal information (CONN. GEN. STAT. § 38a-984)
8. Acquisition of information concerning a previous adverse underwriting decision (CONN. GEN. STAT. § 38a-986)
9. Limitations on disclosure of information (CONN. GEN. STAT. § 38a-988)

See also Regs. Conn. State Agencies §§ 38a-8-105 to -123; Regs. Conn. State Agencies §§ 38a-8-124 to -126.

In 1999, Connecticut added to CIIPPA a privacy law designed to foreclose the sale of medical records titled “An Act Concerning Managed Care Accountability,” CONN. P.A. 99-284 § 18a, codified at CONN. GEN. STAT. § 38a-988a. This legislation targeted insurers, health care professionals and universities specifically, but applies more broadly to anyone with access to medical data. For purposes of CIIPPA, Medical-Record Information is “individually identifiable personal information” which relates to the physical, mental or behavioral health condition, medical history or medical treatment of an individual or a member of the individual’s family and is obtained from a medical professional or medical-care institution, from a pharmacy or pharmacist, from the individual, or from the individual’s spouse, parent or legal guardian or from the provision of or payment for health care to or on behalf of an individual or a member of the individual’s family. See CONN. GEN. STAT. § 38a-976(18) & (20). Insurance entities must receive a written authorization from the patient before any personal or privileged information collected or received is disclosed in connection with an insurance transaction. However, the law specifically exempts medical providers, insurance regulators, marketers, professional peer review organizations, and law enforcement officials from the authorization requirement. The Federal Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), 42 U.S.C. § 300gg, 29 U.S.C. § 1181 et seq., and 42 U.S.C. 1320d et seq., would also afford additional privacy protections for medical data. 45 C.F.R. §§ 164.501 et seq. Like Gramm-Leach-Bliley, HIPAA’s privacy regulations do not supersede state privacy laws that afford individuals more protection.
For a case dealing with the statutory limitations on disclosure of insurance information under CIIPPA, see Pike v. Anderson, 2002 Conn. Super. LEXIS 3042 (Conn. Super. Ct. Sept. 18, 2002) (Hodgson, J.) (granting plaintiff’s request for a certified copy of any motor vehicle insurance policy issued to lessee by insurer; ordering redacted disclosure of all applications and other related documents submitted by lessee “including a complete copy of the underwriting file for each insurance policy and all documents relating to any cancellation of any policy issued to [lessee];” and barring disclosure of documents in the insurer’s possession that related to the motor vehicle accident at issue).

II. Extracontractual Claims Against Insurers: Elements and Remedies

A. Bad Faith

1. First Party


2. Third Party

An injured claimant must be a party to an insurance contract or be subrogated to the rights of the insured in order to assert a claim for bad faith before the liability of the insured has been established. Carford v. Empire Fire and Marine Ins. Co., 94 Conn. App. 41, 891 A.2d 55 (2006) (“no claim of breach of the duty of good faith and fair dealing will lie for conduct that is outside of a contractual relationship.”).

3. Damages – Common Law Bad Faith

In Connecticut, common law punitive damages may be awarded in a bad faith action upon a showing of a reckless indifference by the defendant to the rights of others or an intentional and wanton violation of those rights. Berry v. Loiseau, 223 Conn. 786, 811, 614 A.2d 414 (1992); Collens v. New Canaan Water Co., 155 Conn. 477, 489, 234 A.2d 825 (1967). A plaintiff need not prove actual intention to do harm by the defendant in order to be awarded punitive damages as long as the plaintiff proves defendant’s reckless indifference to the consequences. Berry, 233 Conn. at 811; Collens, 155 Conn. at 490. Significantly, common law punitive damages in Connecticut are limited to reasonable costs incurred in an action, including attorney's fees.

B. Fraud

In order for a plaintiff to prevail upon a claim of fraud, he or she must establish: (1) that a false representation was made as to a statement of fact; (2) that it was untrue and known to be untrue by the party making it; (3) that it was made to induce the other party to act on it; and (4) that the latter did so act on it to his or her injury. Nazami v. Patrons Mut. Ins. Co., 280 Conn. 619, 628, 910 A.2d 209 (2006); Weisman v. Kaspar, 233 Conn. 531, 539, 661 A.2d 530 (1995); Billington v. Billington, 220 Conn. 212, 217, 595 A.2d 1377 (1991); Miller v. Appelby, 183 Conn. 51, 54-56, 438 A.2d 811 (1981). To succeed in a common law fraud action, the plaintiff must prove damages – the fourth element – by a preponderance of the evidence, but must prove all other elements by a higher standard, defined as “clear and satisfactory evidence.” Weisman v. Kaspar, 233 Conn. at 540; Rego v. Connecticut Ins. Placement Facility, 219 Conn. 339, 343, 593 A.2d 491 (1991); Kilduff v. Adams, Inc., 219 Conn. 314, 330, 593 A.2d 478 (1991).

C. Intentional/Negligent Infliction of Emotional Distress

In order to prove a claim of intentional infliction of emotional distress, a plaintiff must establish: (1) that the actor intended to inflict emotional distress; or that he or she knew or should have known emotional distress was a likely result of his or her conduct; (2) that the conduct was extreme and outrageous; (3) that the defendant's conduct was the cause of the plaintiffs distress; and (4) that the emotional distress sustained by the plaintiff was severe. Appleton v. Board of Educ., 254 Conn. 205, 210, 757 A.2d 1059 (2000); Hall v. Bergman, 296 Conn. 169, 183 n.9, 994 A.2d 666 (2010).


In 2003, however, the Connecticut Supreme Court rejected the application of intentional infliction of emotional distress to the context of an insurer that, failing to conduct a thorough and reasoned investigation, hastily determined a lack of coverage based on arson. Carrol v. Allstate Ins. Co., 262 Conn. 433, 815 A.2d 119 (2003). That same court, however, found that the jury could reasonably have concluded that the defendant negligently inflicted such distress. In reviewing the elements of such a claim, the court found that (1) the defendant’s conduct created an unreasonable risk of causing such distress, (2) the distress to the plaintiff was foreseeable, (3) the emotional distress was severe enough to result in potential illness or bodily harm and (4) the defendant’s conduct was the cause of the plaintiff’s distress. Id. at 447.
It remains an open question in Connecticut whether a plaintiff must allege and prove extreme and outrageous conduct in order to prevail on a claim of negligent infliction of emotional distress. In 2005, the Appellate Court of Connecticut held that “a pivotal difference between claims for emotional distress based on intentional conduct and those based on negligent conduct is that an essential component of an intentional infliction claim is that the defendant's alleged behavior must be extreme and outrageous. A claim based on the negligent infliction of emotional distress requires only that the actor's conduct be unreasonable and create an unreasonable risk of foreseeable emotional harm. Thus, to survive a motion to strike, a complaint alleging negligent infliction of emotional distress need not include allegations of extreme and outrageous behavior.” Olson v. Bristol-Burlington Health Dist., 87 Conn. App. 1, 7, 863 A.2d 748, cert. granted in part, 273 Conn. 914, 870 A.2d 1083 (2005) (defendant's petition granted as to the issue of “[w]hether the Appellate Court applied the correct legal standard to the negligent infliction of emotional distress claim?”). The Court's holding in Olson represents a retreat from its previous position that the “[t]he elements of negligent and intentional infliction of emotional distress differ as to the state of mind of the actor and not to the conduct claimed to be extreme and outrageous.” Muniz v. Kravis, 59 Conn. App. 704, 709, 757 A.2d 1207 (2000).

D. Connecticut’s Unfair Trade Practices Act


To establish a claim for unfair claims handling practices under CUIPA, one must prove that the insurer engaged in a “general business practice.” CONN. GEN. STAT. § 38a-816 (6). The term “general business practice” is not statutorily defined, however, in Lees v. Middlesex Ins. Co., 229 Conn. 842, 643 A.2d 1282 (1994), the Connecticut Supreme Court held that multiple instances of insurer misconduct during the handling of a single claim were insufficient to prove a violation of CUTPA. Lees, 229 Conn. at 847-51. In Lees, the Court upheld the decision of the Connecticut Appellate Court in Quimby v. Kimberly Clark Corp., 28 Conn. App. 660, 613 A.2d 838 (1992), which held that a CUTPA plaintiff alleging unfair claims handling must show a "general business practice" involving more than a single claimant. Lees, 229 Conn. at 849 n.9; Quimby, 28 Conn. App. at 671-72. In Belz v. Peerless Ins. Co., 46 F. Supp. 3d 157, 167(D. Conn. 2014), the district held that there is no "magic number" of instances a plaintiff must allege to survive a motion to dismiss under CUIPA through CUTPA's enforcement provision; rather, “the allegations must be considered in the context and the circumstances of the entire complaint.”

There is no appellate authority which mandates that a plaintiff must plead other specific instances of unfair settlement practices on the part of an insurer in order to sufficiently allege a general business practice as required by CUIPA. A majority of Connecticut Superior Courts have held, however, that such allegations are necessary to survive a motion to strike. See,e.g.,

There has been some movement in Connecticut, however, to depart from this general rule; that an insured may only bring a cause of action against an insurer for CUTPA when that claim is predicated upon an alleged CUIPA violation. Recently, one Connecticut Superior Court held that insurer conduct not subject to CUIPA may still give rise to a CUTPA claim. Lawrence & Memorial Hospital v. Health Net, Inc., 2010 Conn. Super. LEXIS 3049, at *13 (Conn. Super. Ct. Nov. 23, 2010) (Berger, J.) (“[A] CUTPA count may stand if a plaintiff’s allegations are sufficient on some basis other than CUIPA to establish a cause of action under CUTPA.”).

Nonetheless, the Supreme Court of Connecticut recently provided some major pushback to this notion and reinforced the CUTPA/CUIPA rule. State v. Acordia, Inc., 310 Conn. 1, 73 A.3d 711 (2013); see also Artie’s Auto Body, Inc., 317 Conn. at 624. In Acordia, the Court held that “conduct by an insurance broker or insurance company that is related to the business of providing insurance can violate CUTPA only if it violates CUIPA.” Id. at 27. Although the Court acknowledged “[t]he trial court decisions that have concluded that a CUTPA claim based on insurance related conduct can be raised independently of any CUIPA claim,” it ultimately found them to be unconvincing. Id. at 33. Still, the Court explicitly stated that it did not decide that particular issue, noting that “whether a business transaction by a commercial entity must be in the conduct of that entity’s main business to be in the conduct of trade or commerce for purposes of CUTPA . . . has not been addressed by an appellate court in Connecticut,” and instead determining that “the sole question before us is whether conduct by an insurance company that is related to its insurance business can be found to violate CUTPA when it does not violate CUIPA,” answering that question in the negative. Id. at 27, n. 7.

1. Third Party Claimants

The Connecticut Appellate Court recently decided as an issue of first impression that under CUTPA a third party claimant may not, prior to obtaining a judgment against the tortfeasor, assert a CUIPA violation against the insurer alleging unfair claim settlement practices. Carford v. Empire Fire and Marine Ins. Co., 94 Conn. App. 41, 48-53, 891 A.2d 55 (2006). The
Court explained that “[t]o hold otherwise would create confusion, increased and multiple litigation both generally and within specific cases, the potential coercion of settlements when the insured's liability has not been and may never be established, and an inherent conflict of interest. The judicial creation of such a right would not further the policy underlying CUIPA and CUTPA. Rather, it is the province of the legislature to create new rights and remedies contained within the highly regulated industry of insurance.” Id. at 53.

2. Damages – Statutory Bad Faith

Both “real” or traditional punitive damages as well as common law punitive damages (costs of litigation and attorney fees) are available by statute for violations of the Connecticut Unfair Trade Practices Act (“CUTPA”). Conn. Gen. Stat. § 42-110g (a) (“[T]he court may, in its discretion, award punitive damages and may provide such equitable relief as it deems necessary or proper.”). If a plaintiff seeks punitive damages based on allegations of a CUTPA violation, he or she must satisfy the threshold requirements for an award of common law punitive damages, that is, the “evidence must reveal a reckless indifference to the rights of others or an intentional and wanton violation of those rights.” Votto v. Am. Car Rental, Inc., 273 Conn. 478, 486, 871 A.2d 981 (2005); Utzler v. Braca, 115 Conn. App. 261, 280 (2009). The trial court’s discretionary award of punitive damages and attorney fees will not be interfered with on appeal unless abuse of discretion is manifest or injustice has been done. Votto, 273 Conn. at 486.

E. Class Actions


III. Defenses In Actions Against Insurers

A. "Preexisting illness or Disease" Clauses

To recover for insured's death under an accident policy, the beneficiary is required to prove by a preponderance of the evidence that the insured was the victim of an accident and that the accident was the sole proximate cause of death and not merely the dominant cause or concurrent proximate cause. Ellice v. INA Life Ins. Co. of New York, 208 Conn. 218, 227, 544 A.2d 623 (1988). The burden of proving an exception to coverage under a subject policy is on the insurer. Souper Spud, Inc. v. Aetna Cas. & Surety Co., 5 Conn. App. 579, 585 (1985); O’Brien v. John Hancock Mut. Life Ins. Co., 143 Conn. 25, 29, 119 A.2d 329 (1955). The claimant under the policy must prove that the insured was the victim of an accident and that accident was the sole cause or sole proximate cause of the insured's death or bodily injury, independent of all other causes. Where pre-existing bodily disease or infirmity, independent of the accidental injury, concurred, cooperated or
contributed to produce the resulting injury, death or loss, no liability exists under the policy language. Ellice, 208 Conn. at 226-27.

B. Rescission of Insurance Contract for Misrepresentation


In determining whether an answer contained in an application for insurance is false, the court will construe the questions as a layman would understand it; if there is room for two or more reasonable constructions, the question will be interpreted against the insurer. Walsh, 218 Conn. at 691. The trial court may determine a representation is false as a matter of law when it is not objectively reasonable. Id. at 694. The insurer must prove reliance on a material misrepresentation. Id. In the instance of an insurance policy issued without a medical examination, misrepresentations made on a medical questionnaire or insurance application are deemed material. State Bank & Trust Co., 109 Conn. at 70-71. However, in automobile liability insurance cases involving injured third parties, the insurer cannot rescind based upon application misrepresentations of the insured. Munroe v. Great Am. Ins. Co., 234 Conn. 182, 661 A.2d 581 (1995).

IV. State Arbitration & Mediation Procedures

Connecticut courts have “for many years whole heartedly endorsed arbitration as an effective alternative method of settling disputes intended to avoid the formalities, delay, expense, and vexation of ordinary litigation.” Stutz v. Shepard, 279 Conn. 115, 124, 901 A.2d 33 (2006); see also Town of Stratford v. International Ass’n of Firefighters, Local 998, 248 Conn. 108, 115, 728 A.2d 1063 (1999); Metro. Dist. Comm’n v. Local 184, 237 Conn. 114, 118, 676 A.2d 825 (1996); CONN. GEN. STAT. §§ 52-408 to -424.

With regard to appellate review of arbitration decisions, if the arbitration is compulsory, the court must undertake a de novo review of the umpire's interpretation and application of the law and apply the substantial evidence test to his facts. Stephan v. Pennsylvania Gen. Ins. Co., 224 Conn. 758, 763, 621 A.2d 258 (1993). On the other hand, judicial review of a voluntary arbitration is, in general terms, limited to a determination of whether the award conforms to the submission. Am. Universal Ins. Co. v. DelGreco, 205 Conn. 178, 186, 530 A.2d 171 (1987). In either case, only arbitration of issues related to coverage is considered “compulsory” under Connecticut law, while arbitration of issues related to damages, for example, is considered “voluntary” and thus not subject to de novo review upon appeal. CONN. GEN. STAT. § 3a-336(c); Quigley-Dodd v. Gen. Acc. Ins. Co. of Am., 256 Conn. 225, 234, 772 A.2d 577, 583 (2001) (“T]he expressed intent and effect of the aforesaid [statute] is to remove from the court and to transfer to the
V. **Interpleader Actions**

Connecticut statutory law provides for interpleader actions. **CONN. GEN. STAT. § 52-484.** The statute also allows for the recovery of fees and costs, provided that they are claimed in the interpleader action. **Id.** One common cause for bringing such an action is when an insurer needs to determine the rights of beneficiaries to proceeds under a policy. See **Engelman v. Connecticut Gen. Life Ins. Co., 240 Conn. 287, 690 A.2d 882 (1997); Travelers Ins. Co. v. Selinger, 31 Conn. Supp. 528, 324 A.2d 925 (Com. Pl. A.D. 1974).**

Additionally, though “an interpleader claim is most commonly raised in an independent action . . . [i]t can be raised . . . by counterclaim or cross claim” as well. **Yankee Millwork Sash & Door Co. v. Bienkowski, 43 Conn. App. 471, 473, 683 A.2d 743, 744 (1996).** Furthermore, “[a] complaint in an interpleader action should allege only such facts as show that there are adverse claims to the fund or property [in question] and need not, in fact, should not, allege the basis upon which any claimant relies to justify his claim; the latter allegations are to be made in the statement of claim following the interlocutory judgment of interpleader.” **Id. at 473.**

On the federal level, the Second Circuit characterizes an interpleader action as “a procedural device, now incorporated by statute and rule into federal practice whereby one holding money or property may join in a single suit two or more persons who assert mutually exclusive or adverse claims to the money or property.” **Gen. Acc. Grp. v. Gagliardi, 593 F. Supp. 1080, 1086 (D. Conn. 1984) aff'd sub nom. Gen'l Accident Grp. v. Gagliardi, 767 F.2d 907 (2d Cir. 1985).** The classic case where interpleader is permitted is where “[a]n insurer of the liability of an alleged tortfeasor is or may be faced with claims aggregating more than its liability on the policy face.” **Id.; State Farm & Cas. Co. v. Tashire, 386 U.S. 523, 87 S.Ct. 1199, 18 L.Ed.2d 270 (1967).**

Federal statutory interpleader actions are governed by **28 U.S.C. § 1335, while “rule interpleader” actions are governed by Fed.R.Civ.P. 22(a)(1).** **Gagliardi at 1086-87.** Furthermore, there are significant differences between the two. **Id.** Actions under the rule require that the plaintiff/stakeholder be diverse from all defendants/claimants, though the claimants need not be citizens of different states. **Id.** Also, the amount in controversy must exceed $75,000.00, independent of interest and costs. **Id.**

In statutory interpleader, diversity of citizenship between two or more adverse claimants is sufficient; citizenship of the stakeholder is irrelevant and the amount in controversy need only be $500.00. **Id.** Furthermore, in a statutory interpleader action, the stakeholder must deposit with the registry of the court the money or proceeds (the “res” or the “stake”) that is exposed to multiple claims, or give appropriate bond. **Id.; 28 U.S.C. § 1335(a)(2).** This is a jurisdictional requirement and the court generally will give the stakeholder an opportunity to comply before dismissing the action. **Gagliardi at 1087.**

Rule interpleader has no jurisdictional requirement for a deposit in court but the general equitable powers of the court permit, “if not invite,”

Finally, the Second Circuit in *Gagliardi* also held that, “[t]o secure a prompt and inclusive determination in a single action of the rights of all parties claiming an interest in the stake, courts should not hesitate to allow interpleader when some or all of the claims are prospective even though not already asserted.” *Id.* (emphasis added).