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CONNECTICUT
GEN. ASSEMBLY

HOUSE

PROCEEDINGS
1955

VOL. 6
PART 2
556-1074

April 29, 1955

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THE SPEAKER:

Question is on acceptance of the committee's favorable report and passage of the bill.

MR. BRUNO (EASTON):

This bill merely consolidates the jury panel so that they could be interchanged between the various courts, Common Pleas and Superior Court. It is a good bill and I hope it passes.

MR. PRUYN (COLEBROOK):

I would just like to say that this bill carries out a recommendation of the Legislative Council.

THE SPEAKER:

Would you remark further? If not, question is on acceptance and passage. Those in favor say "aye"; opposed? The "ayes" have it. The bill is passed.

THE CLERK:

Page 2, Calendar No. 573, file No. 428.

House Bill No. 978. Favorable report of the Committee on Insurance. "An Act concerning Unfair Methods of Competition and Unfair and Deceptive Acts and Practices in the Business of Insurance."

MR. BITZER (BLOOMFIELD):

I move acceptance of the committee's favorable report and passage of the bill.

THE SPEAKER:

Question is on acceptance of the committee's favorable report and passage of the bill.

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MR. BITZER (BLOOMFIELD):

Mr. Speaker House Bill 978 gives the insurance commissioner the right to examine the affairs of every insurance company or person connected or engaged in the insurance business in Connecticut in order to determine whether they are engaging in any unfair methods of competition. The bill contains a definition of unfair methods of competition and unfair and deceptive acts or practices as misrepresentations and false advertising of policy contracts, false information and advertising or misleading statements as to the dividends or share of surplus previously paid on similar policies and false information and advertising generally. Making, publishing disseminating advertising which would be classed as defamation; boycotting, coercion and intimidation, false financial statements. The bill provides the commissioner will hold a hearing when he has reason to believe unfair practices exist. If the commissioner finds there is an unfair practice he can order the person to cease such methods.

The Federal Trade Commission has issued complaints against seventeen accident and health insurance companies because of advertising practices. It seems that an act should be put on our books which spells out in greater detail the powers of the insurance commissioner or insurance department of Connecticut in this respect. This will bar the Federal Trade Commission from entering into the field of supervising which properly belongs to the insurance commissioner. A similar bill has been passed in almost all eastern states and it is necessary for us to take the initiative to clarify the situation. It is a much needed bill. I hope it

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passes.

THE SPEAKER:

Will you remark further?

MR. LEWIS (DANBURY):

Mr. Speaker, this bill here is one bill that is going to give better relations between the agent and policyholder. I hope the bill passes.

THE SPEAKER:

Any further remarks? If not, question is on acceptance and passage. Those in favor say "aye"; opposed? The "ayes" have it. The bill is passed.

MR. BRUNO (EASTON):

Page 4. Calendar 609 file No. 465.

House Bill No. 90. Favorable report of the Committee on Judiciary. "An Act concerning the Appearance of Minors in Courts." I move for acceptance of the committee's favorable report and passage of the bill.

THE SPEAKER:

Question is on acceptance of the committee's favorable report and passage of the bill.

MR. BRUNO (EASTON):

This bill requires that when a minor is charged with the commission of a crime he be accompanied in Court by one of his parents if he has one. If not, by his guardian. It is a good bill and I hope it passes.

THE CLERK:

That bill is in the file it has file No. 465.

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SENATE

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to qualified local officers. This adds to those categories aid to the permanently and totally disabled, which was voted by the 1953 session.

SENATOR LAING: I would merely remark that this was a bill I objected to. I withdraw my objection, but I do want to say that as far as I am personally concerned, so far as that part of the bill referring to legally liable relatives, I am reserving my rights for a later date on the fair care bill. I am for that bill now.

THE CHAIR: Any further remarks? If not, those in favor say AYE, opposed N_O. The "aye's" have it and the report is accepted and the bill passed.

THE CLERK: Cal. 1370. House Bill No. 978. An Act concerning unfair methods of competition and unfair and deceptive acts and practices in the business of insurance.

SENATOR BONAQUISTO OF THE THIRD DISTRICT: Mr. President, I move acceptance of the committee's favorable report and passage of the bill.

THE CHAIR: Question is on acceptance of the committee's favorable report and passage of the bill. Will you remark?

SENATOR BONAQUISTO: Mr. President, and members of the Circle, this is a uniform bill which is being adopted throughout the 47 states of the Union. The reason it is not being adopted in the 48 states is that in the State of Kansas, because of their lack of having certain regulations in their Insurance Department, the Federal Government has established and is now supervision their regulations the Insurance Department of the State of

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Kansas. The other 47 states are in the process of adopting this same identical bill and it would ^{mean} ~~make~~ that insurance departments of each respective state would make the regulations which they may cover the insurance industry in the way it should be done. I hope the bill passes.

THE CHAIR: Any further remarks? If not, question is on acceptance of the committee's favorable report and passage of the bill. Those in favor say AYE, opposed NO. The "aye's" have it and the report is accepted and the bill passed.

THE CLERK: Cal. 1371. Sub. for House Bill 1942. An Act concerning fishing and hunting licenses for servicemen File 1033.

SNEATOR WARD OF THE FIRST DISTRICT: I move acceptance of the committee's favorable report and passage of the bill.

THE CHAIR: Question is on acceptance of the committee's favorable report and passage of the bill. Will you remark?

SENATOR WARD: Mr. President and members of the Circle, there has been much discussion on this bill. It want to say it is a humane report of the committee and it is also a bill that came out of the Fish and Game Department as far as licenses for servicemen. It applies to the people who are in that area, who are here four to six years; they are permanent residents and it is felt we will do best by them and the rest of the sportsmen if we charged them resident licenses. It is a good bill and I hope it passes.

JOINT
STANDING
COMMITTEE
HEARINGS

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H. B. No. 261 (Cont.)

companies have been noticeable during this Session, and the attention of the Insurance Department and the Commissioner may have, for that reason, been focused on that whole question and caused us to go into it more thoroughly. The subject perhaps received less scrutiny previously because it was less prominent.

Mr. Hincks: This is not a vital matter to us, it may never come up, and was brought up as protection of policyholders increases without the restriction.

Chr. Bonaquisto: Does anybody else wish to be heard on this bill? I declare the Hearing on H. B. No. 261 closed.

H. B. No. 978 (Rep. Bitzer) AN ACT CONCERNING UNFAIR METHODS OF COMPETITION AND UNFAIR AND DECEPTIVE ACTS AND PRACTICES IN THE BUSINESS OF INSURANCE.

Chr. Bonaquisto: Does anyone wish to be heard in favor of this bill?

W. Ellery Allyn: I am appearing at the request of the Commissioner of Insurance for the reason that over the past nine or ten years I have been in close contact with this situation. I have had many conferences with the Federal Trade Commission in Washington, and have consulted and conferred with many other states, and I have been working on the sub-committee of the National Association of Insurance Commissioners, who are vitally interested in this matter referred to as 'fair trade'. That is, of course, a misnomer, this bill has nothing whatever to do with prices of a product, it is simply to control misleading and dishonest practices in this State. The reason this bill is in is because of the Federal Trade Commission's indication that they will move in on certain matters if they are not regulated by the State. When Congress in 1945 passed the McCarran Act it clearly stated in there that so-called anti-trust acts would not be operated in the states to the extent such business was controlled by state regulation. We felt that in that connection Section 6031, which has been in the Statutes for many years, was sufficiently broad, broader and stronger than this bill. There is nothing in this Statute which would repeal Section 6031, which would remain on the books. The Federal Trade Commission disputes the fact that this gives the Insurance Department all the powers that are included in this act. It seems to me essential that an act be put on our books that spells out in greater detail, and defines in greater detail, what acts would be illegal under this bill. Section 6031 is very

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H. B. No. 978 (Cont.)

broad in its application, and some attorneys have raised the questions that it might be inoperable. Many competent attorneys have agreed with me that it is not. To barr the Federal Trade Commission from entering into this area of State supervision they claim that this bill is essential. These regulations are in effect in twenty-five other states, and more will adopt them this year, so that they will not have the right to move in on that field. In my opinion, it would be very unfortunate if they were to move in, and this bill does not convey any powers that are not already on the Statutes. The purpose of this bill is to give the Commissioner definite powers to control certain practices that might arise in the insurance industry, mostly in connection with the sale of accident and health insurance. It spells out and gives the Commissioner definite powers in misrepresentations and false advertising of policy contracts, false information, defamation, false financial statements, etc. I can only say that nearly all the eastern states have it, it is an extremely desirable regulation, and I think Commissioner Spellacy agrees that anything that retains the rights to this State, that prevents the Federal Government from putting their feet in the affairs of the State, is desirable legislation.

Berkeley Cox, Attorney, Hartford: This bill is an adaption of one prepared by the National Committee, representing all branches of the insurance industry, which is a model bill and fitted in with our Connecticut regulations. The model bill was prepared by the Association and approved by the Association. We ask approval of this bill giving the Commissioner greater regulatory powers. We agree with Mr. Allyn that the present law gives all that is necessary, and that this bill gives it in more detail than the present law does. We prefer to have our regulation done here in Connecticut rather than in Washington.

Chr. Bonaquisto: Does anyone else wish to be heard on this bill?

B. M. Anderson, V.P. & Counsel, Conn. General Life Insurance Co: We are very much in favor of this bill. The simple question is whether we should give our powers to Washington or keep them in Connecticut, where they belong. The Federal Trade Commission have a great deal of jurisdiction, and the Connecticut Statutes are apparently not adequate in this instance. We believe to avoid any argument this should be passed at an early date.

Mr. Allyn: I believe that this bill should become effective upon passage, as in Section 8, "This act shall take effect from it passage".

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H. B. No. 978 (Cont.)

J. B. Hallett, Attorney, Hartford: I would like to add briefly two endorsements of this bill; the Travelers Insurance Company and the Life Insurance Association of America, the latter Association having a membership of more than 85 companies, who write a very large proportion of the business in the United States.

Berkeley Cox, Attorney, Aetna Insurance Co: I would like to endorse what Mr. Anderson said, and would like to add that this is part of the program of at least seven trade associations representing the business, and passage was started long before the Federal Trade Commission started its recent activities. It assists the Commissioner in raising and enforcing regulations, and has the endorsements of Mr. Allyn and Commissioner Spellacy. We feel that the bill deserves respectful consideration.

Mr. Allyn: This bill gives the Commissioner the power to control the activities of 'gyp' outfits.

Rep. Wilcox, Wethersfield: Wouldn't it be rather expensive to actively do this police work for the Department, and isn't the penalty invoked rather light?

Mr. Allyn: I don't think it would be expensive, most irregularities would be found in advertising. Insofar as penalty is concerned, the unfavorable publicity a company would receive, if action were brought against them, would be far more damaging than any penalty could be.

Commissioner Spellacy: I would like to thank Mr. Allyn for coming. I considered this bill so important I wanted to take advantage of his experience of years. I endorse Mr. Anderson's statement, that it is a question of State regulation or Federal regulation. The forty-eight states and territories have existed in peace under state regulations for a great many years. We are opposed to Federal Commissions stepping in, we don't know what it would portend or lead to, and we would like to protect the insurance companies in Connecticut. I urge the passage of this bill, we believe it is the most important bill before the General Assembly in this session.

Rep. Lewis, Danbury: I feel that this bill should also spell out "television" as well as "or over any radio station".

Mr. Allyn: This is a uniform bill and I think "television" should be included.

Mr. Lewis: There is nothing to stop Connecticut networks from picking up

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H. B. No. 978 (Cont.)

advertising of out-of-state 'gyp' companies.

Chr. Bonaquisto: Does anybody else wish to speak on this bill?

Mr. Hincks, Middlesex Mutual Assurance Co: We wish to register in favor of this bill.

Chr. Bonaquisto: If there are no further comments on this bill I declare the hearing on H. B. No. 978 closed.

H. B. No. 1519 (Rep. Metcalf) AN ACT CONCERNING RATES OF WIND DAMAGE INSURANCE.

Chr. Bonaquisto: Does anyone wish to speak in favor of this bill? Anybody in opposition?

Berkeley Cox, Attorney, Aetna Insurance Co: I wish to register the opposition of the Aetna Insurance Company. This bill would require the Insurance Commissioner to establish rates for wind damage insurance and this is a departure from procedure. The Commissioner approves of, but does not establish rates. We also doubt the feasibility of dividing a State as small as Connecticut into zones. The whole matter is being studied by the Casualty Rate Bureau to determine whether it is feasible, and we do not think that any law should be passed requiring this.

Walter Morgan, Insurance Department: I would like to reiterate what Mr. Cox has said. Zones do not appear feasible and a study is being made by the industry at the present time and will have their approval or disapproval. The job of establishing rates is outside of the Department, and the Department is definitely in opposition to this bill.

Paul W. Franklin, Norwich: Massachusetts is larger than Connecticut, and Worcester, I believe, further inland, and it happened there. We would be opposed to the idea of this bill.

Chr. Bonaquisto: Does anybody else wish to be heard on this bill? I declare the Hearing on H. B. No. 1519 closed.

As there are no further bills scheduled to come before the Committee today, I declare the Hearing closed.