

Legislative History for Connecticut Act

|             |           |            |
|-------------|-----------|------------|
| HB 454      | (PA 129)  | 1957       |
| Senate      | 1273-1274 | 2p.        |
| House       | 782-783   | 4p.        |
|             | 1090-91   |            |
| ✓ Insurance | 26-28     | 3p.        |
|             |           | <u>9p.</u> |

Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate and House of Representatives Proceedings

Connecticut State Library

Compiled 2014

S-23

CONNECTICUT  
GEN. ASSEMBLY  
SENATE

PROCEEDINGS  
1957

VOL. 7  
PART 3  
1214-1913

APRIL 16, 1957

42

THE CLERK:

Cal. 493. File 225. House Bill 105. An Act incorporating safeguard life insurance co. Favorable report of the committee on insurance.

THE CHAIR:

The Senator from the 17th.

SENATOR HUMMEL@

I move for 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 HUMMEL:

This House Bill 105 grants a charter for the Safeguard Life Insurance Co. The incorporators of this company are connected with the Safeguard Insurance Co. which is operating in Connecticut under a charter dating back to about 1867. Before doing business, this company, the Safeguard Life Ins.Co. will have a capital stock of at least 300 thousand and a net cash surplus of at least 150 thousand. I hope the bill passes.

THE CHAIR:

Will you remark further? If not, question is on the acceptance of the committee's favorable report and passage of the bill. Those in favor say AYE, opposed NO. The report is accepted and the bill passed.

THE CLERK:

Cal. 494. File 243. Substitute for House Bill 454.

APRIL 16, 1957

42

An act concerning adoption of regulations pertaining to misleading advertisements of accident and health and hospitalization insurance. Favorable report of the committee on Insurance.

THE CHAIR:

The Senator from the 17th.

SENATOR HUMMEL

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 HUMMEL:

In the last session, there was passed a uniform bill regulating unfair practices in the insurance business. This bill, House Bill 454, clarifies the right of the Insurance Commissioner to issue regulations and to put into effect the provisions of the statute with respect to misleading advertising. This, of course, has been endorsed by the insurance department and I hope it passes.

THE CHAIR:

Will you remark further? 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 report is accepted and the bill passed.

THE CLERK:

Cal. 495 file 244 House Bill 457. An act concerning affidavit as to attempt to procure insurance from authorized

H-31

CONNECTICUT  
GEN. ASSEMBLY

HOUSE

PROCEEDINGS  
1957

VOL. 7  
PART 2  
580-1197

Tuesday, March 26, 1957

782

DBK  
A-11

House Bill No. 2164. An act concerning control and coordination of the Department of Mental Health activities through organizational integration.

(Referred to Committee on Public Welfare and Humane Institutions.)

FEDERAL AND INTERGOVERNMENTAL RELATIONS

House Bill No. 1736. An act concerning uniform reciprocal enforcement of support.

(Referred to Committee on Judiciary and Governmental Functions.)

THE CLERK:

Favorable Reports of Joint Standing Committees:

EDUCATION

House Bill No. 879. An act concerning the Board of Education, in the Town of Avon.

(Tabled for the Calendar and Printing.)

INSURANCE

House Bill No. 458. An act concerning insurance on personal property sold under installment contract or pledged as security.

(Tabled for the Calendar and Printing.)

House Bill No. 457. An act concerning affidavit as to attempt or procure insurance from authorized insurer.

(Tabled for the Calendar and Printing.)

Substitute for House Bill No. 454. An act concerning adoption of regulations pertaining to misleading advertisements

of Accident and Health and Hospitalization Insurance.

(Tabled for the Calendar and Printing.)

Substitute for House Bill No. 979. An act amending the charter of Insurance City Life Company concerning its insuring powers.

(Tabled for the Calendar and Printing.)

House Bill No. 105. An act incorporating Safeguard Life Insurance Companies.

(Tabled for the Calendar and Printing.)

House Bill No. 1429. An act concerning the Reinsurance Reserve of Life Insurance Companies.

(Tabled for the Calendar and Printing.)

FINANCE

House Bill No. 918. An act concerning the borrowing power of the City of Middletown.

(Tabled for the Calendar and Printing.)

Substitute for House Bill No. 911. An act concerning the assessment and payment of taxes in the Town of New Canaan.

(Tabled for the Calendar and Printing.)

INCORPORATIONS

House Bill No. 976. An act concerning assessments by the Cornfield Point Association.

(Tabled for the Calendar and Printing.)

House Bill No. 978. An act amending the charter of the Black Point Beach Club Association concerning its borrowing power. (Tabled for the Calendar and Printing.)

DEK  
A-12

Tuesday, April 9, 1957

THE SPEAKER:

Question is on the acceptance and passage. Will you remark.

MR. BARNETT:

This bill plugs a loophole in the present insurance law which in Section 6125, and sub-section G in Section 6204, sub-section G, permits if the person insured makes written application, the insurance company to charge a rate in excess of the rate filed with the Commissioner. Under the amendment any such insurance will be subject to the statutes applicable to insurance issued by an unauthorized insurer. This is an insurance department bill. I hope it passes.

THE SPEAKER: (CHANGE)

Question now is on acceptance and passage. Will you remark further. If not, those in favor say 'aye'; opposed 'no'. The 'ayes' have it. The bill is passed.

THE CLERK:

Calendar No. 352. File 243. Substitute for House Bill No. 454. An act concerning adoption of regulations pertaining to misleading advertisements of accident and health hospitalization insurance. Favorable report of the Committee on Insurance.

MR. BITZER: (BLOOMFIELD)

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

In the last session we passed a uniform bill regulating unfair practices in the insurance business. This bill clarifies the right of the Insurance Commissioner to issue regulations to

DBK  
A-17

put into effect the provisions of the statutes with respect to misleading advertising. I hope the bill passes.

THE SPEAKER:

Question now is on the acceptance of the Committee's favorable report and the passage of the bill. Will you remark further. If not, those in favor say 'aye'; opposed 'no'. The 'ayes' have it. The bill is passed.

THE CLERK:

Calendar No. 354. File 225. House Bill No. 105. An act incorporating Safeguard Life Insurance Company.

Favorable report of the Committee on Insurance.

MR. MARTIN: (ORANGE)

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

This bill grants a charter for the Safeguard Life Insurance Company. The incorporators are connected with the Safeguard Insurance Co., which is operating in Connecticut under a charter which was originally granted in 1867. Before doing business the Safeguard Life Ins. Co., will have a capital stock of at least \$300,000 and a net cash surplus of at least \$150,000. I hope the bill passes.

THE SPEAKER:

Question is on acceptance and passage. Will you remark further. If not, those in favor say 'aye'; opposed 'no'.

The 'ayes' have it. The bill is passed. The bill is passed. ing its place on the Calendar.

JOINT  
STANDING  
COMMITTEE  
HEARINGS

INSURANCE

CONN.  
GENERAL  
ASSEMBLY  
1957

CONNECTICUT  
STATE LIBRARY

THURSDAY

FEBRUARY 14, 1957

H. B. No. 982 (Cont.)

in this Country, there is no substantial conflict. If our policyholders have any objection they will have a chance to give them at a meeting which will be called for that purpose.

Chr. Hummel: Are there any questions by the members of the Committee?

Rep. Bitzer: You think this name change would help you to expand your business?

Mr. Alsop: The easiest way that is sound is the way doing it, and I believe it would eliminate the problem we have. It has required a great deal of soul searching to do this, we didn't want to abandon 126 years lightly, but found that on the average a policyholder isn't too clear on the name of the company he is insured with. Agents in Connecticut might have some objection but since the concentration of business is not in Connecticut and we are justified to expand, it seems wish to expand outside the borders of the State. If sound we feel that this will do it and any objections can be made the Annual Meeting.

Chr. Hummel: Does anyone else desire to speak in favor?

H. Anderson, Attorney, Hartford Fire Insurance Company. The name "Hartford" means a great deal to us and we have followed this carefully and believe that we have no objection. I hope the Bill will pass for the reasons Mr. Alsop has so clearly pointed out.

Chr. Hummel: Are there any other desiring to speak. Mr. Keffer or Mr. Wagner?

Mr. Keffer: The Insurance Department has no objections.

H. B. No. 454 (Mr. Bitzer) AN ACT CONCERNING ADOPTION OF REGULATIONS PERTAINING TO MISLEADING ADVERTISEMENTS OF ACCIDENT AND HEALTH AND HOSPITALIZATION INSURANCE.

Mr. Wagner, Insurance Department: In the 1955 Session of the General Assembly Sections 2816d and 2817d were passed. There are several other sections in that law, which is a Fair Practices Law, following a model bill adopted by the National Association of Insurance Commissioners to stave off federal interference. You will notice that 2817 d makes brief reference as to "The following are defined as unfair methods of competition and unfair and deceptive acts or practices in the business of insurance. 1. Misrepresenting and false advertising of policy contracts... 2. False information and advertising generally.....". This is the only reference as to what constitutes misleading advertising. We adopted model set of rules and regulations defining what constitutes misleading advertising. Connecticut Department wants to enforce this law and I would like to refer to the Committee letter written to the Attorney General requesting advice if in his opinion Public Act No. 365 would give the Insurance Commissioner authority to adopt such

THURSDAY

FEBRUARY 14, 1957 27H. B. No. 454 (Cont.)

regulations and enforce same under this Act. The Attorney General replied that he did not have the authority under this Act as written, and that it might be a matter for the Legislature. Under these regulations we set forth in detail what constitutes a misleading advertisement so that the fair company will know what it is and that it might be a warning to others. Complaints on accident and health and hospitalization insurance to the Department are in excess of all others combined. We see advertisements in national publications "No physical examination required", that is so misleading that elderly people are led to think that physical condition makes no difference. We hope your Committee will grant our request.

J. B. Halleck, Travelers Insurance Company, and also representing the Association of American Trade Organization in the Life Insurance Field, which represents companies writing 98% of the life insurance written and much of the accident and health. I also believe it safe to say that the Health Insurance Association of America would also endorse this Bill, which Association is composed of 254 companies writing insurance in the U.S. and Canada. Mr. Wagner has shown that the unfair trade practices act in question, which this Committee recommended Legislature pass, required strengthening of existing strong rules in Connecticut in this field, rules that will give us interpreted regulations which are obviously needed. The Act was passed in 38 states of the U.S. and 28 of these have adopted interpreted regulations. The National Insurance Commissioners Association have endorsed the Unfair Trade Practices Act and these regulations adopted by the Insurance Commissioners in December 1955. We feel it deserves favorable consideration.

Mr. Anderson, Conn. General: We believe that the Commissioner should have the authority given in this Bill. It will keep regulation of insurance here rather than in Washington. The Federal Trade Commission have acted in this field and are involved in law suits now. We have questioned jurisdiction of their authority and this would make the states' authority clear.

Chr. Hummel: Does anyone else wish to speak in favor? Are there any questions from members of the Committee?

Rep. Davies, Canaan: Is there any statement as to what is advertising?

Mr. Wagner: In the beginning of the regulations it sets up "What is advertising".

Rep. Oelschegel: What effect, if any, will this have on national advertising practices?

Mr. Wagner: Of course, this mail order business is a matter that the Insurance Commissioners of the U. S. have been trying to

THURSDAY

FEBRUARY 14, 1957

H. B. No. 454 (Cont.)

cope with for several years. We have no control over that.

Chr. Hummel: Are there any other questions? Hearing none we will declare Hearing on H. B. No. 454 terminated. This Hearing is therefor closed. Members of the Committee will please remain for Executive Session to follow. Hearing closed at 11:30 AM.