

Legislative History for Connecticut Act

SB 866	PA 325	1967
House	2944-2945	(2)
Senate	1281-1282	(2)
Insurance	69-72	(4)
<b>LAW/LEGISLATIVE REFERENCE DO NOT REMOVE FROM LIBRARY</b>		
		<i>total 8p</i>

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

Connecticut State Library

Compiled 2014

H-90

CONNECTICUT  
GEN. ASSEMBLY  
HOUSE

PROCEEDINGS  
1967

VOL. 12  
PART 7  
2719-3267

Page 48

Friday, May 26, 1967

later date subdivisions that they hadn't approved previously. So the only resort for the property owners was to come to the state and have the subdivision validated. I hope this bill passes.

THE SPEAKER:

Will you remark further? If not, all those in favor? Opposed? The bill is passed.

THE CLERK:

Calendar 800.

MR. CROMBIE (44th):

May this item be passed temporarily?

THE SPEAKER:

If there is no objection, so ordered.

THE CLERK:

Calendar 801, Substitute for S.B. 866, An Act concerning the Financial Advertisements of Insurance Companies. Favorable report of the Committee on Insurance.

MR. ALLEN (47th):

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

THE SPEAKER:

The question is on acceptance and passage. Will you remark?

MR. ALLEN (47th):

This bill provides that any insurance company publishing a financial statement which includes their assets and liabilities that they also include a summary of operations, a full description of the operations of the company. It's a good bill, and I

Page 49

Friday, May 26, 1967

urge its passage.

THE SPEAKER:

All those in favor? Opposed? The Bill is passed.

THE CLERK:

Calendar 802.

MR. CROMBIE (44th):

May this item be passed temporarily?

THE SPEAKER:

It will be passed temporarily.

THE CLERK:

Calendar 803, Substitute for S.B. 878, An Act concerning the Filing with, and the Approval by, the Insurance Commissioner of Accident and Sickness Insurance Policies. Favorable report of the Committee on Insurance.

MR. CIAMPI (89th):

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

THE SPEAKER:

The question is on acceptance and passage. Will you remark?

MR. CIAMPI (89th):

The existing General Statutes require that only the policy form be filed with the Insurance Department. This bill will give the Insurance Commissioner authority to require that the rate and other data be filed with him when requested. This bill concerns only group accident and sickness policies. Other legislation has taken care of the individual accident and sickness policy problem.

S-65

CONNECTICUT  
GENERAL ASSEMBLY

SENATE

PROCEEDINGS

1967

VOL. 12

PART 3

1015 - 1565

May 22, 1967

44

THE CHAIR:

All those in favor of the acceptance of the committee's favorable report and passage of the bill, indicate by saying Aye. AYE. Opposed?

The bill is passed.

THE CLERK:

Calendar 660, file 777, SB 1053, An Act concerning Out-Of-State Shipper's Permits for Holders of Alcoholic Liquor Manufacturer's Permits. Favorable report of the Joint Committee on Liquor Control.

SENATOR HICKEY:

Mr. President, I move the acceptance of the committee's favorable report and passage of the bill. This bill would give the liquor industry the same privileges that all other industrial manufacturers in the state of Connecticut presently enjoy. It provides that a Connecticut liquor manufacturer may bring to his plant in Connecticut products from other plants owned by the manufacturer in any of the other forty-nine states. I would point out, Mr. President, that the wholesale r permittees in the state are protected in this bill insofar as the manufacturer would then dispense, if he cared to, on the wholesale level his products through the wholesale permittee not owned or controlled by the manufacturer. It's a good bill for the economy of the state, and I urge its passage.

THE CHAIR:

All those in favor of the acceptance of the committee's favorable report and the passage of the bill, indicate by saying Aye. AYE.

Opposed? The bill is passed.

THE CLERK:

Calendar 661, file 778, sbustitute SB 866, An Act concerning the Financial Advertisements of Insurance Companies. Favorable report of the

May 22, 1967

45

Joint Committee on Insurance.

SENATOR MARCUS:

Mr. President, I move the acceptance of the committee's favorable report and passage of the bill. The bill constitutes a technical change in the statutes.

THE CHAIR:

All those in favor of the acceptance of the committee's favorable report and passage of the bill, indicate by saying Aye. AYE. Opposed?

The bill is passed.

THE CLERK:

Calendar 663, file 780, SB 276, An Act concerning the Reporting of Instances of Child Abuse. Favorable report of the Joint Committee on Public Welfare and Humane Institutions.

SENATOR BARBATO:

Mr. President, I move the acceptance of the committee's favorable report and passage of the bill. This extends the list of people who can report child abuse to nursery school teachers, principals and social workers.

I think it's a good bill and should pass.

THE CHAIR:

All those in favor of acceptance of the committee's favorable report and passage of the bill, indicate by saying Aye. AYE. Opposed? The bill is passed.

THE CLERK:

Calendar 664, file 781, SB 625, An Act Naming a Portion of Route 8 The James H. Darcey Memorial Highway. Favorable report of the Joint Committee on Roads and Bridges.

JOINT  
STANDING  
COMMITTEE  
HEARINGS

INSURANCE  
1-281

1967  
INDEX

Rep. Oliver: How long would the time be between the time the non-payment is reported to your Department and the time of the investigatory hearing?

Mr. Wholley: It would be my intention upon receiving a report from a company to immediately assign it to an Examiner in my division, send him right out and start checking this thing out. If we establish a prima facie case, we would schedule the hearings to be held within ten days.

Chrm. Piccolo: Seeing none, that will conclude the hearing on S.B. 865.

S.B. 866 - AN ACT CONCERNING THE FINANCIAL ADVERTISEMENTS OF INSURANCE COMPANIES. (Senator Piccolo, 10th District):

Mr. Kelly: Chairman, members of the committee, Peter Kelly employed by the Insurance Department of the State of Connecticut and representing the Insurance Department, I am speaking in favor of S.B. 866, an act concerning the financial advertisements of insurance companies. Section 38-57 of the General Statutes now requires that when an insurance company makes a public announcement or advertisement on its financial condition it must show both its assets and liabilities as computed on the basis allowed for in its annual statement as filed with the Insurance Department.

Last year, it was brought to our attention that the existing Statute does not prevent a company from releasing its operating results before filing such results with the Insurance Department. In many cases, the operating results of an insurance company are of equal interest to the public, and in a case where the company is operating at a loss, the operating results are of far more significance than a simple statement of assets and liabilities.

This Bill will require that whenever any public announcement is made concerning the assets and liabilities of a company that the summary of the operating results also be disclosed at the same time.

One further point, when we say operating results we are speaking basically of a profit and loss statement, what appears in the annual statement on page four, commonly called the summary of operations.

Rep. Vicino: To clarify this point of operating results, would you mean underwriting profit or investment profit?

Mr. Kelly: It would be the combination of let's say the net gain or loss from operations which would take into considera-

tion your underwriting gain or loss, your investment gain or loss and the final result which would be your net gain or loss.

Chrm: Piccolo: Anyone else who would like to be heard on this Bill?

Mr. Anderson: E.M. Anderson, Connecticut General Life Insurance Company. We recognize the problem which the Department has and we certainly are in favor of any reasonable remedy that can be worked out. A great many states have a statute similar to our Section 38-57 and we have learned to live with those statutes very well. This amendment would serve to outlaw the customary ads of the insurance companies. I have one published this week in the Hartford Times by Phoenix Mutual Life Insurance Company. It shows assets and liabilities. I have another one published yesterday in the Wall Street Journal by the Mutual Benefit Life Insurance Company. It shows assets and liabilities. I have one published Monday by my own company, The Connecticut General Life Insurance Company and its affiliate, Aetna Insurance Company, and it also shows only the assets and liabilities and that is the standard for publication in the business. I have never heard it criticized before and know from talking with the Commissioner and his deputies there is a problem and we certainly would like to see that problem solved. We question whether a statute of this type wouldn't go beyond the reach of what is necessary in order to solve the problem. This is particularly so since it applies not only to the domestic companies, such as ours, but also to out-of-state companies. It applies to any company that publishes an ad. We do show our operating results, we are proud of them and not ashamed of them but it is a question of whether we double the space and make Mr. Zeaman rich or whether we lose the emphasis on the other material. Thank you very much.

Rep. Breeman (149th District): I haven't seen any of these statements but do these statements reflect your investment portfolio?

Mr. Anderson: It reflects that, and we give to the papers another and more detailed statement of our profits and losses, earnings and what not and we don't object to doing that.

If it happens to be a preliminary statement to our stockholders and it shows operating results - the question is whether you can publish an ad which contains only a balance sheet or whether you must show the operating results. We feel the balance sheet is misleading and we do recognize the problem the Department has with

some companies that have been losing money steadily and they still have surplus, or think they have surplus, and they are operating at a loss and it is only a short while till they are caught up with.

Rep. Breeman: Don't you find this sometimes misleading to the public in that you show what your operating loss is but it doesn't show what your profit may have been from your investment portfolio?

Mr. Anderson: Well, that is requested in the balance sheet and it is also reflected in our operating statement. We happen to have losses this year from our portfolio because the stock market went down. We show those - there is a cushion because in the case of a life insurance company we have a mandatory security, evaluation that is, and that goes up or down with the stock market profits and losses and other items.

Rep. Vicino: Sir, am I to understand then that your only objection here would be either to the cost involved or the appearance of this type of an ad?

Mr. Anderson: Well, I would say both, and I would say that those ads represent the standards of the business. I have never heard them criticized before; they may be subject to criticism. At times we have published operating statements but this is a law that applies not only to our domestic companies but to the companies chartered in other states and doing business in Connecticut.

Rep. Vicino: Thank you very much.

Rep. Salamone (Temporary Chairman): Anyone else who would like to be heard on this bill?

Rep. Oliver (104th District): Is the aim of this legislation really to reach all advertising throughout the country by companies licensed in Connecticut. We are trying to effect then the policy of insurance companies throughout the country?

Mr. Anderson: Well, if an insurance company is licensed in Connecticut, but I don't think there is that much distinction between a Connecticut company and a non-resident company. If you a policy holder or a share holder in New York or New Jersey company and an advertisement appears in a Connecticut paper well I think the Connecticut public is entitled to the same --

Rep. Oliver: I am not speaking about the Connecticut papers, I am talking about say the Wall Street Journal and end up with the Los Angeles Times.

Mr. Anderson: After all, now if proposed it would cover all

announcements by all companies no matter where they appeared. To elaborate just a little bit, we have seen cases where a company has had substantial operating losses; they had a constant increase in assets and liabilities, this is what is released, and the company is literally going under, and then in other information they may release they say the loss is not as bad, if they do show it, because a lot of insurance is worth \$20. a thousand, or something along this line so that really our adjusted loss is not an adjusted loss but an adjusted gain.

Rep. Stevens (122nd District): I just want to clarify that last point. Your interpretation of this law is that it would apply to advertising wherever released in the United States as long as the company is licensed in Connecticut.

Mr. Kelly: The way it now reads, yes sir. It could be modified to include only advertisements in Connecticut. This is basically what we are interested in, that is the Connecticut public.

Rep. Salamone: Does anyone want to be heard in opposition to this bill? Seeing none, we will conclude the hearing on S.B. 866 and hear S.B. 867.

S.B. 867 - AN ACT CONCERNING LICENSE FEES PAID BY INSURANCE BROKERS.

Mr. Wholley: S.B. 867 intruduced at the request of the Insurance Department corrects the conflict between Sections 38-91 and Sections 38-50 of the Connecticut General Statutes which spell out fees to be paid by various licensees.

Two years ago the General Assembly passed corrective legislation concerning fees to be paid by insurance agents, etc. Overlooked was this particular correction which has the effect of clearly establishing a uniform flat fee of \$20 for the issuance of an insurance broker's license and that the fees are not to be assessed on a retaliatory basis. It was this assessment of fees for both insurance agents' licenses and insurance brokers' licenses on a retaliatory basis that has caused serious and severe problems with the Insurance Department which was, for the most part, corrected in the last Session of the General Assembly. Passage of this bill would be the final corrective measure.

We respectfully urge favorable consideration be given to this measure.

Rep. Salamone: Anyone else to be heard in favor of this bill? Hearing none, we will conclude the hearing on S.B. 867 and hear S.B. 868.