

Legislative History for Connecticut Act

SB1006 PA 529 scanned 1907		
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Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate and House of Representatives Proceedings

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VOL. 12

PART 10

4448-4936

Joseph P. Cooney, Atty., Hartford Fire Insurance Company: This is a minor change in the charter of the Hartford Fire Insurance Co., in order that your committee may understand it I have followed the form use for the public act underlining facts, which makes it much easier to see the changes that are made. As you can see, the first changes is that "the" is eliminated from the title is was The Hartford Fire Insurance Company and now its corporate name will be Hartford Fire Insurance Company and then its investment powers were broadened and brought more up to date, for instance, there was a provision that bank stock in any bank in the United States could be purchased, this is probably to broad, as some banks might not be acceptable and the new words inserted were "any or all of the shares of securities or any interest in or any obligation of any insurance corporation or any other corporation or government unit", which is practically a standard provision in all of the charters that exist in Connecticut insurance companies. Mr. Shane, who is Executive Vice-President of the Hartford Group is here, and he will be glad to answer any questions you may have. By the way the Insurance Commissioner has gone over this and finds it acceptable.

Chm. Thank you Mr. Cooney. Is there anyone else who would like to be heard on this bill. If not, we will close the hearing on S.B. 525 open the hearing on S.B. 1039.

S.B. 1039: AN ACT CONCERNING INCORPORATING THE CONSTITUTION STATE EQUITY LIFE INSURANCE COMPANY.

Frank James Marina, Travelers: We seek through this bill to secure a charter for a new Travelers subsidiary, which if granted, would deal in the business of the sale of individual invariable annuities.. Now, I have to mention that this ties in with the second bill before this committee S.B. 1006, which has not yet been schedule for a hearing. This is the bill which will allow the companies in this state to sell the individual variable annuities. Consequently, I think that any executive session dealing with this charter bill, perhaps, should be deferred until you have heard S.B. 1006 and the reasons why we feel that this authority should be given to the Connecticut companies. In the meantime, I will mention only briefly that there are possibly 50% of the States that are presently allowed the sale of this product and as I say, when the bill itself is heard, we will expand as to why we feel this should be made available to the Connecticut people and the authority given to the domestic life companies here in Connecticut. However, should this be granted, we feel that the means for providing should be in a company such as the one we are asking here. Any company which writes the individual variable annuity must register with the S.E.C. and its products must also be registered with the S.E.C. A separate corporate entity would in fact give larger flexibility, of course, and be a means through which you could train specific people to do this kind of

business. I have here a substitute, Mr. Chairman, which makes two brief changes in the bill before you. That is simply this, to allow this bill to be effective as of passage and also it puts in Section 2, the words "or both", to make it specifically clear that the contract, the individual variable annuities" contract, can be issued to provide benefits which are fixed or variable or both. A combination of either the fixed or the variable. If you would like I will submit that to you right now and I have copies if the committee would like to look at them.

Chm. Is there anyone else who would like to be heard on S.B. 1039? Seeing none, we will conclude the hearing on S.B. 1039, open the hearing on S.B. 1040.

S.B. 1040: AN ACT INCORPORATING CONNECTICUT HEALTH INSURANCE COMPANY.

Atty. Thomas Husband, Connecticut Health Insurance Company: I have here an information sheet outlining the background of the purposes of the company and the incorporators. Briefly, I would like to state that this bill has also been gone over very carefully with the Insurance Commissioner and he has found no objection to it. I further understand that there is a bill before you or will come before you, sponsored by the Commissioner, to increase the capital requirement for such a company to \$600,000 and we are prepared to offer an amendment very shortly to that effect. The incorporators of this company, two of them at least, are John Shay and Frank Mahoney of Hartford, these gentlemen have, combined, 33 years experience in the accident and health insurance field and they propose to incorporate this company to offer high quality types of accident and health insurance to the public, particularly, in the lines of income protection. Their combined experience in the field, they feel will be of value in offering new lines of policies and in offering greater protection to the public. Mr. Shay is in attendance here, and if there are any questions he will be more than happy to answer them.

Chm. The only questions is, did you say that you had a substitute bill.

Husband: We will have a substitute bill, we just learned about the proposed amendment to the requirements today.

Chm. Fine, so at your convenience, when you get the substitute will you turn it into the committee. Anyone else wish to be heard on S.B. 1040. Seeing none, we will conclude the hearing on S.B. 1040, at this time we will pass S.B. 1041 and we will know hear S.B. 1359.

S.B. 1359: AN ACT INCORPORATING CONNECTICUT PREPAID PRESCRIPTIONS, INC.

Francis Cole: I appear today as the Executive Secretary of the Connecticut Pharmaceutical Association. We in pharmacy see the need for prepaid

I N S U R A N C ETHURSDAYMARCH 30, 1967

Rep. Salamone, Presiding

Members Present: Senators Frank Piccolo, Joseph Buckley, Alden Ives
Representatives Salamone, Oliver, Newman, Stovinitzky,
Simons, Breeman, La Rosa, Stevens, Bigos, Vicino, Allen,
Donnelly, King.

Chm. Salamone: We will now call the insurance hearing to order. Are there any legislators in the house that would like to speak first.

Rep. Cohen: I have introduced House Bill 4878 by request. It was requested by one of my constituents in Bloomfield, Mr. Sorant, who has been a very fine member of our Town Plan and Zoning Committee for very many years and as a long time its chairman. He will appear at the time that you call this bill and explain his problem and what he would like done for it. Thank you very much.

Chm. Salamone: Anyone else. Seeing no other legislators we will start with Senate Bill 1006.

S.B. 1006

James B. Hallett: Travelers Insurance Company; This bill authorizes the sale in Connecticut of individual invariable annuities. I am submitting a substitute bill, this differs from the original bill which is before you in only two primary ways, it gives voting rights to policyholders in respect to investment of assets. This is because the investment risk apart from the life insurance aspect, which many of you know so well is on the bayou. Secondly, it make the act effective on passage instead of next October 1st. Out of state competition, I can tell you, is speeding up very rapidly. This is not a new subject for General Assembly nor a new subject to many of you on this committee. You know that 21 states and the District of Columbia now authorize individual invariable annuity. These states in the east, south, southwest, midwest and the farwest. Several legislators have already acted this year in other states and the bills are pending in two other legislatures in the 1967 session. You also know on the very closely related subject of separate accounts, which is S.B. 1007 on which a substitute will be put in, well over 30 states have acted and Connecticut was the leader in this area which pioneered in 1959, that will be discussed more fully than this in the next bill. This product which we are asking you to approve for sale in Connecticut has been called a hedge against inflation. It will not and it should not replace life insurance and annuities which have fixed benefits and which are the foundation of the state planning, but we think Connecticut residents should have the same options for retirement needs available to them as do citizens of the 21 jurisdictions that have approved the sale of this product. You should know

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June 1, 1967

Cal. No. 1030 File No. 1142 Substitute for Senate Bill No. 1006 An Act concerning Annuities or Other Contracts which Provide Benefits Payable in Fixed or Variable Amounts or Both.

SENATOR PICCOLO:

I move acceptance of the committee's favorable report and passage of the bill. My previous ^{see page 1887} remarks will be pertinent to this one.

THE CHAIR:

If there are no further remarks, as many as are in favor of passage of this bill signify by saying, "aye". Contrary minded. The bill is passed.

Cal. No. 1053 File No. 1165 Substitute for Senate Bill No. 1007 An Act Concerning Segregation of Moneys Held Under Pension, Retirement and Profit-Sharing Plans.

SENATOR PICCOLO:

I urge acceptance of the Committee's favorable report and passage of the bill. My previous remarks will be pertinent to this bill.

THE CHAIR:

Any further remarks, All those in favor of passage of this bill, signify by saying, "aye". Contrary minded. The ayes have it and the bill is passed.

Cal. No. 951 File No. 619 Modified House Bill No. 2172 An Act concerning Credit for Vietnam Service on State Employment Examinations. As amended. Favorable report of the Joint Committee on Military And Veterans' Affairs.

SENATOR BARRY:

Mr. President, the amendment is made in the House Schedule "a" will the clerk please read it.

In Section 1, delete all after the word "as" in lines 19 and 20 insert in lieu thereof the following: "shall hereafter be determined for the termination of

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Mr. Speaker, through you, as best I can. It was not the intention to invalidate the district lines.

MR. NICHOLAS A. LENGE, 13TH DISTRICT:

Mr. Speaker, through you, sir, a question to the gentleman. Does it not appear, from the reading of the words used, that there would be a conflict where a voting district in any community does not coincide with either the senate district lines or the assembly district lines, that there would be a conflict.

MR. WILLIAM V. BEGG, 86TH DISTRICT:

Mr. Speaker, through you, it might appear that way. However, the district lines have been set up in the Constitution and it is not the intent of this bill to alter those lines.

MR. NICHOLAS A. LENGE, 13TH DISTRICT:

Mr. Speaker, I have some serious concern about the effect of this bill because I think that there are communities in the state which do have voting districts where, for one reason or another, they do not coincide with assembly district lines and there may be a serious problem here.

MR. WILLIAM V. BEGG, 86TH DISTRICT:

Mr. Speaker, ...

MR. WILLIAM R. RATCHFORD, 167TH DISTRICT:

Mr. Speaker, we'll pass that bill temporarily if there is no objection until the Chairman of the Elections Committee is in the Hall. He is not in here presently.

MR. SPEAKER:

If there is no objection, it will be passed temporarily.

THE CLERK:

Calendar 1342 Substitute for Senate Bill No. 1006. AN ACT CONCERNING

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ANNUITIES OR OTHER CONTRACTS WHICH PROVIDE BENEFITS PAYABLE IN FIXED OR VARIABLE AMOUNTS OR BOTH.

MR. STANLEY A. BIGOS, 45TH DISTRICT:

Mr. Speaker, I move acceptance and passage of the bill in concurrence with the Senate.

MR. SPEAKER:

Question is on acceptance and passage of the bill in concurrence with the Senate. Will you remark?

MR. STANLEY A. BIGOS, 45TH DISTRICT:

Mr. Speaker, this bill authorizes the sale in Connecticut of individual variable annuities as policies. At this moment, there are about 21 other states, plus the District of Columbia, that make this form of policy available and in order for the Connecticut companies to be competitive with the other states, it becomes necessary to pass such a bill. Two good reasons why this bill should pass - one is that Connecticut residents should have the same flexibilities in planning their retirement needs as is available to any other state's residents. Secondly, Connecticut life insurance companies and their agents should be able to maintain a position of leadership throughout the nation in devising and providing new products. It's a good bill and should pass.

MR. SPEAKER:

Will you remark further?

MR. BERNARD BREEMAN, 149TH DISTRICT:

Mr. Speaker, the Connecticut companies are to be congratulated for their foresight in developing this contract. They have developed a very marketable product which is also very palatable to the general public. By combining the insurance aspect with the investment portfolio, we now have a product which

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to hedge against deflation and inflation. The public is not only protected by the Insurance Department but comes under the control of the FCC. The product is long overdue and I urge its passage.

MR. SPEAKER:

Will you remark further? If not, the question is on acceptance and passage of the bill in concurrence with the Senate. All those in favor will say aye. All those opposed? The bill is passed.

THE CLERK:

Calendar 1343 Substitute for Senate Bill No. 1007. AN ACT CONCERNING SEGREGATION OF MONEYS HELD UNDER PENSION, RETIREMENT AND PROFIT-SHARING PLANS.

MR. STANLEY A. BIGOS, 45TH DISTRICT:

Mr. Speaker, I move acceptance of the Joint Committee's favorable report and passage of the bill in concurrence with the Senate.

MR. SPEAKER:

Question is on acceptance and passage of the bill in concurrence with the Senate. Will you remark?

MR. STANLEY A. BIGOS, 45TH DISTRICT:

Mr. Speaker, 1959 General Assembly passed the Pioneer Law permitting domestic life insurance companies to segregate accounts in the pension, retirement and profit-sharing area. Then, in 1965, the General Assembly amended the 1959 law by allowing the concept of a variable pay-out for groups of 25 lives or more, pursuant to the ruling of the Security and Exchange Commission. However, only employers'moneys could be used in relation to this group variable concept. The bill before us is simply a further amendment to the previous law and will allow, with employee consent, the use of employee moneys in connection with this group variable annuity concept. Many states have so expanded the separate accounts to this extent. I move its passage.