

Legislative History for Connecticut Act

SB287	PA561	(FAX)	1969
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COMMITTEE  
HEARINGS

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THURSDAY

MARCH 20, 1969

Senator Raymond C. Lyddy, presiding

Members present: Senator Lyddy  
Representatives Lyons, Donnelly, Simons,  
Vicino, Salamone, LaRosa, Pierson, Miller,  
Newman, Scully, Genovesi and McGovern

Chairman Lyddy: We will open the hearings of the insurance committee. Any legislators present who wish to be heard on any of the matters before us today, would you please come forward. Seeing none, we will close the legislators portion of the hearing as such and open the public portion. We will go to SB-278. Anyone wishing to speak in favor of SB-278, please come forward.

Gerard T. Wholey, Connecticut Insurance Department: SB-278 originally proposed by the Department has come up at an earlier hearing, we requested at that time that it be tabled. Our request still stands that it be tabled.

Chairman Lyddy: Thank you, Mr. Wholey. Unless there is extreme objection, we will table SB-278 for a future hearing. We will go to SB-287.

SB-287 (Sen. Lyddy) CONCERNING UNAUTHORIZED INSURERS

Gerard T. Wholey: This bill, SB-287 again previously was brought up before the committee. We filed at that time a position paper in regards to this bill. This is the Wisconsin type control on unauthorized insurers. In fact it is almost a word for word copy of the Wisconsin Act, which previously has been tested in the courts. It has never been reviewed by the United States Supreme Court. Both times on appeal they have rejected it because of lack of Federal or sufficient Federal questions.

I think every member of this committee is aware of the solicitation in the State by unauthorized insurance companies. Principally in the life, accident and health fields. We had an inquiry yesterday from one of our Connecticut newspapers as to why the Departments objected to a particular solicitation by one of these unauthorized companies and we have

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a series of reasons for our objections. No policy forms have been filed. No rate schedules have been filed. There is no opportunity to review to make sure these contracts are in accordance with our rules and regulations, other statutory provisions. In looking up the particular company in Best's Insurance Reports we find that its financial condition is such that it couldn't qualify to write any line of insurance in Connecticut.

Yet they are soliciting in this state and our citizens do purchase and in fairly large numbers on occasion from these companies. This act, public act 287 would give the departments to a large degree a parallel control, as we would have over licensed companies. It would give the Insurance Commissioner certain administrative procedures for calling the company in, in response to complaint etc. In the last couple of weeks the Department has received considerable pressures, if you will, to amend what we have before you. To exclude certain types of operations, to modify in certain areas, and I think that people speaking after me will bring forth these suggestions. And they are worthy of consideration, there is no question about it. But we are not at the present time convinced that there should be any particular additional exclusions attached to this bill than it presently reads before you.

We strongly recommend that this committee give favorable consideration to this pending legislation. Thank you very much.

Rep. Salamone: Anyone else to speak in favor of SB-287?

Bernard McMahon, Hartford, Independent Mutual Insurance Agents of Connecticut as Legislative chairman: This measure deserves this committee's favorable report. It is a bill which serves the interest of insurance buying public of this state by exercising power over unauthorized insurers doing business through the mails. Unlicensed companies selling insurance

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to residents of Connecticut by mail from outside the state are now unregulated in Connecticut. Connecticut consumers should be protected from those that are financially unsound or irresponsible through State regulation of these companies. This measure would bring mail solicitation by unauthorized insurers under the purview of the Commissioner of Insurance. Presently, there is no protection for persons who purchase policies from such insurers, but a recent U.S. Supreme Court decision would seem to uphold the right of an insurance department in one state to regulate an unauthorized insurer licensed in another state. The Independent Mutual Insurance Agents of Connecticut urge your support of this measure. Thank you.

Dale Van Winkle, Representing United Aircraft Corporation: Prior to the meeting, I met briefly with Senator Lyddy and asked his permission if I might introduce a gentlemen who is here from Washington, who is counsel to the American Society of Insurance Management. The legislation that you have before you has been introduced in several other states as Mr. Wholey has testified. This gentleman, Mr. Jim Bailey, is familiar with this legislation. He has worked with it for quite some period of time. So with you indulgence if I might, I would like to introduce Mr. Bailey.

Mr. Jim Bailey, American Society of Insurance Management: This is an Illinois corporation with its headquarters in New York City at 8 West 49th Street. My office is in Washington D.C. I am a graduate of Georgetown University Law Center. I would like to tell you a little about the American Society of Insurance Management in brief. It's an organization, the professional organization, which is comprised of members who are risk managers of 1,700 of the largest and most important corporations in the United States. These risk managers buy the insurance in markets which they shopped throughout the world. It is essential that they do so because they have exotic risks, unusually risks, risks which the American

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market neither has the capacity nor the ability to provide insurance for.

Generally speaking the American Society of Insurance Management favors the type of legislation which you have before you today. We favor it because this deals with a subject which for 75 years, 80 years has plagued the National Association of Insurance Commissioners. We feel that it is a step in solving a long standing problem. But in the process of solving this problem what you're going to do the the industrial insureds without having an exemption for them, is to make them potential lawbreakers. This comes about because you will preclude them from having access to unauthorized insurers in the world's markets. British insurance interests and others on the continent, in fact there is a substantial market even in the Orient, which is utilized time to time by many of these industrialized insured members.

When the gentlemen spoke earlier and said it was Wisconsin in style-Let me quote here just a little bit from the material that you have, and I don't want to bore the committee because I don't believe it would serve a great purpose in going into great detail. The second column of the news story starting at the top. "Wisconsin style unauthorized insurance laws (styled after a 1961 Wisconsin statute) seem originally to have been designed to protect the public primarily against unlicensed mail-order insurance companies and other types of insurance organizations not conducting their insurance business in a manner that safely and fairly serves the citizens of the state. Unfortunately, most of the Wisconsin type unauthorized insurance bills (unauthorized insurance) which have been introduced in 1967, 1968 and 1969 have included a definition of transacting or doing an insurance business that has the net effect of severely hindering our access to any unauthorized or unlicensed insurance market, be it a reliable or unreliable one." When I said that we generally favored the approach that this legislation takes, I say that because we feel that it is a benefit to the

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consumer. But the organization of the 1,700 companies with 2,650 employees who devote their full time to the activities of purchase of insurance are not the Betty Furness type of consumer, John Q. Public type of consumer, the man in the street so to speak.

These are dedicated men who are highly intelligent, very well educated, who have sole responsibility for the placement of insurance. They are what we call sophisticated buyers. They are not fooled. They deal very carefully with these insurers. They do not need the protection of your department; like the man in the street would need, for the mail order insurance problem that you are trying to correct. But because you do not have an exemption for us in there which will provide us with access to this market, what you're going to do is make it exceedingly difficult in this period of an expanding economy where business interests are multiplying all over the United States, to cover the risks that your Connecticut insurance managers have to cover to adequately take care of the management responsibility that they have in industry.

Gentlemen, there are men here today who will testify from your industries, will tell you what effect this law would have upon them. We have a chapter here called the Connecticut Valley Chapter of ASIM. And the members will be given to you and some of our speakers will tell you in greater detail how this insurance would affect them and what their particular problems are. We beg you to read the material that we have submitted. It goes into great detail and it shows what has happened in other states. In the last two years we have been very successful in getting this type of legislation or its equivalent. We have been exceedingly successful in several of the states that have considered this type of legislation in the last two years. Sixteen out of seventeen states have given us the benefit of the exemption or

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the equivalent and in the 17th state we have the benefit of that type of treatment which we seek here today through administrative regulation. There are two states so far in the current session of the legislatures that are meeting this year that have passed our exemption. There are other bills pending in other states. Before the legislative curtain rings down we hope to have probably another half a dozen laws on the books that will be of aid in this particular, highly specialized, highly technical area of insurance.

Chairman Lyddy: You're really referring to risks that are either difficult if not impossible to insure in this country or through the domestic companies, or through the companies who do business with mainly in this state obviously in the country. Are you referring to risks such as that?

Mr. Bailey: Yes Sir, we are.

Chairman Lyddy: I think the gentleman before was from United Aircraft, is this one of the areas?

Mr. Bailey: United Aircraft has risks which I am sure they cannot fill. We had testimony in other states. To give you an example of a rather exotic risk. A helium tower was built out on the prairie in the West at a terrific exposure of a couple a hundred million dollars which nobody wanted to touch because if the base of that tower was off 1/4 of an inch it would seriously cause difficulties with the process which was being utilized in the 20 story building. The two companies that own it jointly preheat the ground to 70° temperature so that they don't have that kind of a problem. They have done everything they can from a technical standpoint to protect their investment but who wants to insure anything like that.

Their just are other risks that are much more profitable, less hazardous and certainly if you're in the insurance business you want to make money on your investments. If you have a choice between one that will make money for you and one that has a great

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potential of possibly not making money which one are you going to take? You'll take the sure thing every time. There are other things such as earthquakes insurance. United Airlines testified they had 200 million dollars worth of exposure on a fault line in the Los Angeles area. They were able to fill only part of it and for roughly 44% of that they had to become self insurers which meant they had to lay aside capital which could be used productively in other enterprises, because they could not get the insurance in this country. They haven't gotten it abroad even. There is a shrinking market in the United States in many many fields because of the type of risks that these industrial buyers have to service. They have to buy, There is only one place you can get it and that is abroad with companies that write on a different basis, will take these highly sophisticated, highly specialized, unique if you please risks.

Chairman Lyddy: Any other questions of any members of the committee?

Rep. LaRosa: When you say abroad, Mr. Bailey, do you mean possibly the Lloyds of London?

Mr. Bailey: When I say abroad I actually mean an alien insurance company and that would be correct. Yes sir.

Rep. Donnelly: It would appear to me that this bill as it was written was intended to protect the unsophisticated or unknowledgeable insurance buyer and you're talking about an entirely different insurance buyer. A man who is a professional insurance purchaser.

Mr. Bailey: Yes sir and the reason I am here today is to plead with you gentlemen to incorporate the exemption which would let us do business without becoming potential law violators. This is an area where the insurance commissioner and his department as able as they are can offer us little protection, if any.

Chairman Lyddy: Any other questions?

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Rep. Lyons: Mr. Bailey what you are saying in effect then is that you can't get insurance anywhere else?

Mr. Bailey: For many of these insured that is 100% true.

Rep. Lyons: So that in essence if you don't have this exemption then there is no place these people can go for insurance. Is that correct?

Mr. Bailey: That is essentially correct. We try to exhaust every available source on the local markets. Then if they can't be filled we try to go to some other market that exists in this country and then, as a last resort, the buyers go abroad with their risks.

Rep. Lyons: So as this bill stands now there would be no protection for the people you're speaking about?

Mr. Bailey: No sir.

Rep. LaRosa: Mr. Bailey I think the objective of the bill, from what I can see is to protect the insuring public against insurance companies who probably don't have the assets to carry on the liability. I think that some of these companies that we're looking to legislate under unauthorized insurers, would be companies who don't qualify under our rules and regulations to obtain an insurance license in the State of Connecticut. I'm sure that, and you can correct me if I am wrong, many of these companies that if you or your clients are looking to insure a 200 million dollar proposition, I'm sure that in all probability it would not effect them to the extent that they would comply with the rules and regulations of the State of Connecticut. Because if they can assume that type of a risk I'm sure that their financial position would be such as to cause no problem as far as unauthorized insurers. So all we ask is to be included in our insurance department.

Mr. Bailey: In answer to that I would say this, that -

Rep. Salamone: Excuse me, I don't know what is going on here. I don't know what you are trying to accomplish. You're telling me one thing and the bill, I seem to read the bill another way. I'm getting thoroughly confused.

Mr. Bailey: This is a bill which will protect members of the public from unauthorized, unlicensed insurers. Persons who at the present time can advertise, make false claims.

Rep. Salamone: I understand this part. What does it have to do with 20 story buildings?

Mr. Bailey: It's a risk, this 20 story helium plant, that the American market cannot insure. Now if the American company wanted to take that risk abroad to Lloyds of London or to the German insurance market or some other market and this bill was passed without an exemption in it they would be in violation of your

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law. Because Lloyds of London is not registered.

Rep. Salamone: In other words you're speaking in opposition to this bill?

Mr. Bailey: I'm speaking in favor of our industrial insurance exemption and I am saying that the objectives of this bill are laudatory and they are in the best interest of the public for the man in the street, who is not the trained sophisticated buyer as the insurance buyer for these large corporations.

Rep. Salamone: Now I understand. When we said speaking in favor you tell me in favor of the bill and now all of a sudden I find that you're against the bill.

Mr. Bailey: We're in favor of the long term objectives. Gentlemen this would cure a problem that has plagued the NAIC, the commissioner's national organization for 80 years and there are many laudable objectives here in the bill. But we feel it would be a better bill if you put in the industrial exclusion so that we would be able to operate under it and not be operating in the possible threat of being prosecuted for violation of your insurance code. These companies that you hear about today from Connecticut, these are some of the biggest employers in Connecticut, I don't think you would want to put them in a position of jeopardy for violating the law. All we are talking about is a small exemption which does not affect the general public but has a great potential for causing unwarranted confusion in the sale of insurance to industrial corporations and business concerns in the State of Connecticut.

Chairman Lyddy: I think we get the picture now. I might say that you have two things going for you, your name and also Georgetown Law Center.

Mr. Bailey: I couldn't make it on St. Patrick's Day.

Mr. Van Winkle: Everybody I guess feels that he can explain things a little better than the guy who went before him, but maybe if I can give you a concrete example of what our problem is this bill will come into focus a little better. The bill will prohibit any person in the State of Connecticut from dealing with an unauthorized insurer. That is an insurance company or association not qualified in this State. Now we're not going to talk around the thing. We're talking about Lloyds of London when we talk.

Rep. LaRosa: When you say not qualified, I think you mean not licenses.

Mr. Van Winkle: Right. I think one of the problems arises because nobody has said what is basic to this and that is, it is impossible for Lloyds to qualify in this state. Lloyds is not a corporation.

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Insurance laws for this state are written so that you have to meet certain requirements which can only be met by corporations. Now Lloyds has on deposit in this country tremendous funds. I don't know whether I'm free to reveal it or not. There is a lawyer here today representing Lloyds who is available to answer any questions you have. They have tremendous funds on deposit so we feel secure in dealing with them.

Now let me tell you what our problem is. Rather than 20 story buildings our problem is aircraft engines. We have them flying all over the world. When one of these goes down you know you may have 100 or 150 losses of life. When a 747 comes in this may mean 300 or 400. The exposure to risk in a situation like that is just tremendous. We buy every bit of insurance that we can buy locally. We can't get enough insurance in this country to cover our exposure to risk. You have one of these airplanes go down, 300 people or so what's it going to run. You know better than I do Rep. LaRosa maybe 500 maybe a million. You're talking about a loss that is enough to weaken a corporation even like United Aircraft, to a point where it is a question whether you can survive. Or if so you're going to have to go through a reorganization or something like that. So we have to be able to go to the foreign market and Lloyds is the market we deal with.

We place over 100 million dollars in coverage with them and that's because we can't get it here. Now what we're talking about in this bill is, we think it's a good thing. It's like a lot of legislation that is intended for a good purpose but sometimes there are side effects that aren't recognized. This has the side effect of hitting the professional insurance buyer for our corporation. We have 4 men full time who work on insurance in our insurance department. They negotiate directly with Lloyds of London, place this coverage and get the coverage which we think we need. This law would prohibit us from dealing with Lloyds. What we ask is the so called industrial insured exemption and what this says is if you have a full time insurance buyer or insurance consultant and you have premiums in excess of \$25,000 and you have more than 25 employees you're exempt from this prohibition. You can still deal with unauthorized insurers because you've got the people who are competent to know what you're doing. That's what we're asking and this as Mr. Bailey said has been granted in 16 or 17 of the 18 states that have enacted this law. It has been recognized that this has been a necessary exemption. It's an established thing and that's what we are asking for here.

Rep. LaRosa: I think you have clarified it very very well.

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Mr. Van Winkle: We have 2 or 3 other insurance buyers here who are going to speak briefly just to tell you what problems they have which are similar to ours. Also Mr. J. Greer acting as counsel for Lloyds of London who will be available to answer any questions or sum up anything you have.

Charles Cooper, Connecticut Natural Gas Corporation: My statement will be very brief. We have the same problem with buying excess insurance. We are in favor of the bill. We are in favor of the proposed amendments of Mr. Van Winkle.

Chairman Lyddy: Anyone else who wishes to speak in favor of this bill?

William E. Glynn, Connecticut State Association of Life Underwriters: We are in favor of the bill. I have a short 343 page document having to do with this question Mr. Chairman which I won't read to the committee, or ask permission to read. It does set forth quite clearly some of the problems that have arisen, it does recognize some of the exceptions you've heard mentioned today and I would certainly be happy to make it available to the committee if it would be helpful. It's a reprint from the Market Law Review.

Chairman Lyddy: Suppose you stay available when we have an executive session and if we need some information, we can call upon you.

Mr. Glynn: Thank you Mr. Chairman.

Chairman Lyddy: Anyone else who wishes to speak in favor of this bill? As amended proposed.

Walter H. Euston Jr., Connecticut Valley Chapter of the American Society of Insurance Management: Our chapter membership currently included 17 major industrial and public service corporations domiciled in Connecticut. I have a list attached to this statement. In the interest of attempting to regulate unscrupulous mail-order insurers in the State of Connecticut our chapter would like to go on record with this committee that it favors SB-287 subject to the inclusion in the bill of an industrial insured exemption.

Unfortunately our needs as buyers of insurance, to protect the assets of the companies we represent cannot always be met by the types and amounts of insurance offered by authorized insurers. We must retain our right of free access to markets of insurance that are considered by the state to be unauthorized. Thank you.

Rep. Newman: Would these companies be paying taxes to the State of Connecticut on business they do here.

Mr. Euston: On business they do in the State? Yes.

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Chairman Lyddy: Any other questions? Thank you very much. Anyone else speaking in favor?

Jack Crosson, Chairman of the Legislative Committee of the Connecticut Association of Independent Insurance Agents: In supporting this bill I would really like to ask Mr. Bailey whether his exemption makes any provision for working strictly within the excess lines, the surplus lines law of the State in which the resident buyer is involved. Part of this bill makes provision for the State's collection on the premium tax on this business. If the exemption doesn't speak the taxes I think it would be well within the purview of this committee to find out whether or not taxes on hundreds of millions of dollars of insurance are being purchased without benefit of the excess lines law of the State of Connecticut. Which law makes provision for tax income to go into the State of Connecticut taxes.

Rep. Salamone: I believe that Rep. Newman asked the question of that gentleman there. He said that they did and Gerry Wholey from the Insurance Department shook his head and said no. If Mr. Bailey would like to answer.

Mr. Bailey: Mr. Chairman let me say this if you will, those are questions that I would like to have answered. The one regarding taxes by Mr. Van Winkle. The other question regarding staying within the excess lines, have that question answered by the gentleman representing Lloyds.

Mr. Dale Van Winkle: With respect to the issue of taxes, there is a provision in here for 3% tax. The Governor has proposed in his tax revenue package that there be a 5% sales tax on premiums. If that tax is enacted, I doubt very much if you would include in this an additional 3%. I think that would be in addition to that. If his tax on insurance premiums is not enacted then I think you would have to consider what you want to do here.

This is a pretty obstruse area but there are constitutional law cases to say that you can't tax insurance outside the State. Now aircraft engines that I am talking about are in interstate and foreign commerce all the time. I think the most that could be done and the most that is done in other states as Mr. Wholey will agree is, if you allocate a portion of the premium to Connecticut and you tax that, and we're perfectly willing to pay that tax. We'll pay our fair share any way you gentlemen want to work it out. We have a plant in Florida. We have a plant in California. We buy insurance on those plants in those jurisdictions. I don't think Connecticut is going to try to tax those. I don't think they could if they wanted to.

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In respect to the excess lines issue, I'll leave that to Mr. Greer if I may.

Rep. LaRosa: AT the present time are there any taxes realized to the State of Connecticut on the premium that is being received by Lloyds of London?

Mr. Van Winkle: I don't believe so. I'd like to leave that to Mr. Greer. I think that insurance is placed entirely outside the State of Connecticut. That is negotiated contracts and everything else are entirely outside the State.

Rep. LaRosa: Does the Lloyds of London charge the United Aircraft any taxes on the premiums that they receive?

Mr. Van Winkle: I probably shouldn't say. I don't think so but I would be interested to find out too what they are charging. So you ask him that question will you?

James A. Greer, Attorney with the New York law firm of LeBoef, Lambe, Leiby and MacRae: We are general counsel in the United States for underwriters of Lloyds of London. I am here today at the request of a number of Connecticut buyers and also because over the years at the request of the buyers, some of the underwriters important clients, we have been asked to work with them to help them on this particular problem, which Mr. Bailey has outlined extremely well. It exists in a great many states, the buyers have succeeded in having their exemption adopted in all but one of them and that is the State of Wisconsin. The State of Texas is an exception but they had to go to an administrative regulation for a very simple reason.

The Wisconsin Law does not work in its present form. I have this on good authority from buyers in Wisconsin and buyers outside Wisconsin who are doing business in Wisconsin. The violations are in some respect technical, none the less, they raise serious questions in the minds of people who are law abiding citizens or who like to think they are as to how they can stay within the law.

Gentlemen there are 3 or 4 questions that have come up that I would like particularly to respond to. The first is as to the licensibility of Underwriters of Lloyds. Mr. Van Winkle put it very neatly. They are not a corporation. They are 6,000 individuals like you and myself each writing for himself and not for anybody else. There is no provision as far as I can determine in the Connecticut statutes for licensing Lloyds' operation. This is typical among many states. Even if there were the Connecticut statutes, even if the Connecticut statutes did permit this there are financial requirements which frankly

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because of this rather bizarre method of doing business which has developed essentially for historical reasons over 300 years, there is no capital surplus at Lloyds. There are as Mr. Van Winkle suggested very very large deposits, some 600 million dollars of which is here in the United States. These are held in trust for the policyholders and cannot be touched until the losses are ascertained and paid. I don't think there is any doubt about the security of a Lloyds policy I think there are organizations which could operate under this bill, which are licensed under the State of Connecticut which are not as solvent.

Secondly, as to the surplus line law. Two things, underwriters derive a substantial measure of their revenues, their premium income, from surplus line brokers throughout the country, including Connecticut. This is probably a larger portion of their premium volume than even the direct buyers generate by law. This is not the only answer however, not everybody can go through a surplus line broker. Not every surplus line broker has access to markets which Mr. Van Winkle for example, and people like him, need to go to. Not everybody who would be hit by this law would find it desirable to go through a Connecticut broker. They may well be headquartered here, have headquarters elsewhere, have very large operations here. I can think of some of your copper and brass companies, the Electric Boat Company, which I believe is in that category. They buy their insurance on a world wide basis through their corporate headquarters where ever that might be. This would port to make the coverage that they need and it varies every time, marine, aviation, products liability, directors and officers, almost anything you can think of. Catastrophe, property damage coverage, would have a very substantial cloud cast upon the legality of that transaction. I don't know what would happen. I haven't really been faced with it.

My job and that of my colleagues is to keep underwriters clean with your laws. I would like to have the opportunity to do that. We work reasonably hard and are reasonably successful. As to the premium taxes, this is a matter between you and your constituents. I think it is fair to say and I can't speak as I don't know the details of United Aircraft's situation. But I think it is fair to say that any tax, premium tax that you impose on a policy of insurance, wherever delivered, assuming it is constitutionally sound ultimately falls on the shoulders of the insured. This is underwriters general practice. This is the practice as far as I am aware of any other insurer in the business. I think there was one-

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Rep. LaRosa: My question is this. All the companies that are licensed to sell in the State of Connecticut may pay premium tax to the State of Connecticut. The fact that if you make an exceptions to the Lloyds of London which would not be licensed in the State of Connecticut, but yet would be doing business in the State of Connecticut, all I am asking is, is the State of Connecticut entitled a premium tax by Lloyds of London? Like any other company who is licensed in the State of Connecticut. Second question was, does the Lloyds of London collect from the insurers or say Pratt and Whitney a tax on the premium that they have to pay? Now these are the questions that I have.

Mr. Greer: May I take them in reverse order? The answer to the second one is they do not collect the tax from Pratt and Whitney. Or any of their other insurers. Let me explain how this works. What they do is that the premium tax figure set forth on the policy as required by law, any applicable State Tax is put on by the buyer or broker, whoever is here. If it is due, it is paid. Underwriters do not collect that. They have no agents here. No offices here. They do not solicit anybody. People come to them. I want the record to be perfectly clear that the underwriters are not here seeking a tax exemption, even if I thought that was in their best interest, I couldn't sit here with a straight face and tell you that. I am not a Connecticut lawyer. I don't know what the position the Connecticut Courts will have about the existing law regarding tax collection. This is a very complicated area, the taxation of interstate commerce. Some people are taxable. Some are not. And some are only partly taxable and that is about the most you can say without getting into any specific situations. Does that answer your question?

Rep. LaRose: Partly.

Chairman Lyddy: Any other questions? I have one. I don't know maybe Mr. Greer, maybe Mr. Bailey can answer it. I don't know whether anyone here has consulted with the Insurance Department on this.

Mr. Greer: May I say one thing further. I spoke with Mr. Wholey last week. I was not sure that I was going to be here at that time. I suggested a number of essentially technical amendments for this bill. This is an amendments that does not go to the question of the industry of the insured. These are amendments that I suggest if you're going to adopt this bill, whether you adopt the industrial insured amendment or not, which I fully support, I think these ought be be in there, because of our experience with this class of legislation elsewhere.

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Mr. Greer (continued): I think there is some constitutional problems with the Wisconsin statute which I don't believe the various cases like the minister's wife which is Wisconsin decision have ever reached-to give you one little piece of the flavor of this. The case which Mr. Wholey referred to is the case involving solicitation of insurance by a mail-order insurer, and a very large operation in Wisconsin, some of it paid, some of it unpaid. Many many policyholders, and a lot of active solicitation. I have no doubt that under the requirements of Wisconsin law and under Connecticut's existing laws you could get at that. But it isn't perfectly clear and this legislation I am sure will pick that up.

As to the case of the individual buyer, who comes to the insurer, as the buyer comes to Lloyds through their brokers. I'm not so sure about that. I don't think that a buyer really wants to make a constitutional case every time he places a piece of insurance. I have with Mr. Wholey's leave, a copy of the letter which I submitted to him and for the completeness of the record, I'll be glad to leave it with you, if you so desire. It also has my name and address on it, if you should have any questions I would be glad to try and answer them.

Chairman Lyddy: Just don't make it a lawyers' bill if you will.

Mr. Bailey: Mr. Chairman I did not have any answer to your question regarding taxes. Let me say this to our membership. On nationwide basis we have always advocated that they pay the applicable taxes that are due. I can say this that I know of one company which happens to be the CF and I Steel Corporation in Denver, Colorado, which even before taxes were levied by the State they paid the premium tax into the State, although they were not required to do so and that is a company which I put on a calibre with any of the companies that we deal with, and on a high calibre with the companies in Connecticut. I think this question of taxes is a separate question than what this bill deals with. It

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Mr. Bailey (continued): is an important one. I can assure you that none of the members that I know of, will be willful in violation of any tax feature that apply to the sale of insurance.

Chairman Lyddy: Let me assure you that the tax feature is a very important feature in this State. Anyone else wishing to speak in favor of the bill?

Jon Q. Tilson: Counsel for the United Illuminating Company: On the industrial exemption that has been just discussed, they have large overriding insurance with Lloyds running about 15 million dollars. Their experience has been that it is difficult enough if not impossible to get that kind of coverage in this country and they would be strongly in favor of the exemption, that would permit the business to be carried on as it has been in the past. We are in favor of that exemption.

Now if I can put on the other hat, start on a different tack on this bill. I'm also counsel for the Teachers Insurance and Annuity Company. This is a non profit insurance group that was established many years ago, thanks to an original grant by Andrew Carneige. It has the purpose of furnishing insurance protection by way of pensions and annuity for university and school personnel throughout the United States. It covers colleges. It covers Yale. We have a spokesman here from Yale and Trinity today. It covers all the Connecticut private colleges. It covers practically all the private institutions of higher learning throughout the country. We have the same basic exemption problem that you have been hearing about with the so called industrial exemption.

In the 18 states that have this law, 18 of them, that is all of them have an exemption for non profit institutions, covering the particular very limited type of coverage, that TIAA covers. The Wisconsin Bill, which is the one this is modeled on, has exactly the same exemptions which simply provide, the bill is not applicable to non profit institutions writing this, as I have described it, extremely limited coverage.

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The big difficulty with TIAA qualifying in 50 different states-I might say it is licensed in the State of New York. It is under the jurisdiction of very competent insurance department of that state, but the great beauty of TIAA insurance is its portable characteristic. If you are teaching at Yale and transfer to Vanderbilt or if you are teaching in Stanford and you transferred to the University of Chicago, you take your policy with you. The policy is identical whether it is in Connecticut or whether it is in California, or whether it is in Texas or whether it is in Illinois. This has been made possible by the basic exemption from qualifying 50 different states. Our policies would have to be passed on by 50 different insurance commissioners and we would be subject to the jurisdiction of 50 different insurance departments. We feel very strongly that the national pattern has been set unanimously in favor of an exemption for this kind of insurance and we aren't interfering with anybody. We have had the best of relationships with the commercial insurance companies. We recognize that we are performing a peculiar and very limited function and we feel strongly that this is the kind of exemption that Connecticut should, along with all the other states that have passed this law, put in the bill.

I have with me Mr. Paul Quinn of New York who is national counsel for TIAA and he can explain just a little bit more just what TIAA is and the reasons for the exemptions that have been given in all the states that have considered this matter.

Chairman Lyddy: I assume that you are proposing another exemption?

Mr. Tilson: That's right. And as I say this is the industrial one they talk about, 17 out of 18. The one I am asking for is 18 out of 18. All the states that have passed upon the issue have included this exemption for what seems to me very good reasons.

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Chairman Lyddy: Anyone else now. I assume we are still speaking in favor of the bill and these are merely proposed exemptions.

J. Paul Quinn, Teacher Insurance and Annuity Association

College Retirement Equities Fund: The concept of a mail order unauthorized insurance bill was considered by the whole industry. All these people who speak in favor have been in favor of the principle in the concept. They also have been in favor of the niche or recognition of their own special characteristics. In the bill which the Commissioners' received from an industry advisory committee there were 9 exemptions. I don't recall how many appear in this present measure, but it is significantly less than that. The Commissioners reviewed the bill and I must say they deleted a couple of exemptions, nothing however that they did so without prejudice.

One of them was the one referring to Teachers Insurance College Retirement Equities Fund. I would like to tell you a little bit and if I go too far, I have an explanation which you may read, at your leisure. TIAA covers approximately 2,000 college and universities and other non profit educational and scientific institutions across the United States. It covers approximately 225 or 250 thousand faculty members and college and university employees. Now, Mr. Tilson invited attention to one reason why TIAA, which was started as a mail order or as an insurance company licensed and regulated only in New York, did so deliberately to reduce the costs of its operation and to preserve the tuition free, tax free dollars. It should be borne in mind that with respect to the tax the dollars involved here would be tuition dollars, because private institutions and public institutions survive by virtue of tuitions and other contributions. Either appropriations from the State or the Alumni. But these are not tax dollars. This organization, TIAA, provides this only for these people. So these are directly or indirectly solely tuition non taxed dollars.

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It was to preserve these that TIAA elected its form of operation. Licensed in New York and doing its business over the rest of the country without agents and only with a very limited eligible group. The other feature is with respect to regulation and licensing which would be required under this particular act. As Mr. Tilson said, the TIAA, if it were required to license in all the states, would substantially and significantly lose the great effectiveness of its mobility of its product. Its portability. This is one of the things that the President's Commission on Pensions urged upon all people connected with pensions. TIAA has had this for 50 years. It is a creator, a good and useful product for people in the educational community. We would lose the value of uniformity and portability. It also pioneered in the offering of a variable annuity which permits the educator to adjust his retirement to the economy of the land. This is the kind of business that TIAA and the class of business that TIAA and CREF does.

Chairman Lyddy: I asked Mr. Quinn if he could give us in writing something on a proposed amendment that he would have in mind.

Rep. Donnelly: Yours is a non profit organization you say. Most mutual insurance companies also would fall in exactly the same class would they not?

Mr. Quinn: Most mutual insurance companies would not write a limited class of business. The difference between a mutual insurance company and the non profit insurance company, I wouldn't care to distinguish. It's long been argued for example that a mutual insurance company is the performs the same way the non profit hospital or medical service corporations do for example.

Rep. Donnelly: You are collecting premiums you say from private institutions not just tax supported institutions you referred to.

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Mr. Quinn: We have people covered in both private and public. The 2,000 are both publicly endowed and privately endowed colleges.

Rep. Donnelly: You are collecting premiums from private sources, not just the public sources?

Mr. Quinn: That's correct.

Rep. Donnelly: You are licensed in New York. You are not licensed in Connecticut. We are collecting no premiums tax from you now. But we do collect premium tax from licensed companies who are licensed or mutual companies in Connecticut doing business with private organizations.

Mr. Quinn: You have a product with TIAA that is not available with any other mutual or any other private insurance company.

Rep. Donnelly: You are subsidized by the State with the State not collecting taxes. We are subsidizing the company. I would guess you be able to offer something a little better.

Mr. Quinn: Don't you also subsidize, sir, the educational process. That is what our organization serves only. Education. Higher Education.

Rep. Donnelly: I didn't think we were subsidizing Yale or-

Mr. Quinn: The biggest expense of States, federal government, local government appears to me to be education. Educational expense.

Rep. Donnelly: We are not talking about the education. We are talking about teachers, the professors, individuals.

Mr. Quinn: That may be, but our program is with institutions for the benefit of their faculty and we do not have any program that has its premiums or annuity considerations paid for solely by an individual. There is a contributory arrangement in which the institutions

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join in the contribution for the benefit of their employees. As in any group program -

Rep. Donnelly: The individuals are contributing and the private institutions, they also contribute.

Mr. Quinn: Yes sir.

Chairman Lyddy: Any other questions? Thank you, Mr. Quinn.

Mr. Quinn: I would like to leave with you if I may, this is not an amendment but it will explain something about TIAA.

Chairman Lyddy: Thank you very much. Anyone else who wishes to be exempt from the bill?

Joseph F. Scully, Jr., Hartford, appearing for the trustees of Trinity College and as such appearing for the Faculty Members of Trinity College: Since we are dropping names and this is probably the high point of my career, I went to Wesleyan. In line with what Mr. Quinn said, I would like very briefly to address myself to two matters which concern the faculty and the administration and the trustees of Trinity.

One is, that one of the problems facing colleges and universities today, especially privately endowed colleges, is the recruitment of faculty. Our Connecticut smaller colleges are seriously affected by the recruitment programs of the University of California and other such schools. By holding out as an inducement, a national type of pension and annuity program, the small colleges are able to recruit faculty because the faculty member has mobility and he knows, if he leaves Trinity for another school and as Mr. Quinn stated 2,000 universities are members of this program, then you will continue with the same pension and annuity benefits and will have some certainty and security in his life. This is very important and this is why the trustees of Trinity have requested me to represent their request for this amendment to this committee. I might add I

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signed this slip as being an opponent of the bill. If your secretary would change that, I'm a proponent of the bill as written, if this exemption is put in. I think it is a wonderful bill. I really do.

Now the other point I would like to speak to you about is that as I understand it many people have been coming before the Legislature asking for money. We think that we are presenting to you an opportunity, in excluding the educational insurers from this program without spending one penny of state revenue, to help the private institutions. We all recognize that the private institutions not only in Connecticut but all over the United States are increasingly troubled by financial problems.

From personal experience I am a fund raiser from one of Trinity's adversaries. I would think that this legislature has an opportunity now to assist the private institutions in Connecticut by exempting this type of program from its bill. And it's sort of an indirect type of assistance to the university, because as I understand the bill and I am subject to your correction, if a faculty member at a privately endowed college or university in Connecticut, who is a member of this TIAA program, when he pays his premium under part 12, he reports the amount of premium and to whom it was paid so forth. Then if I understand it and correct me if I am wrong, he's subject to a 2 to 3% or a 3% tax on the amount of premium.

Now I would submit to you that what in effect you're doing is, you are retaxing retirement income. He has already paid on federal income tax on it. He's already paid a sales tax, real estate property tax and now money which he has set aside for the purposes of retirement is once again taxed under the feature of this bill. And I would suggest without the state's budget being increased by one cent that by exempting educational institutions and members of faculties from the provisions of this bill, that you are giving them a helping hand. I think that is all we can ask of you.

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Chairman Lyddy: Any questions of any members of the committee? May I ask one naive question? That this was an inducement to teachers and the gentleman before said that they have about 2,000 colleges. If the University of California-I don't know if they would be one of the 2,000. If they are, how are you going to induce them to come to the small colleges by this particular devise? If there are 2,000 colleges involved also.

Mr. Scully: First of all and I am subject to correction, it is my understanding I am dealing now with the area of privately endowed universities. The great problem with teacher recruitment in losing teachers in the small New England colleges and I direct myself only to those, has been the large public institutions such as the University of California which because of their immense budget are able to say to a promising young professor, come out here, teach one course three hours a week and the rest of your time is for research. In the smaller colleges of course, they are not budgeted that way. The poor fellow has to teach 4 or 5 courses, has very little time for research, but by keeping mobility in the small colleges you keep the small colleges a much better institution. The small private school, by having someone who has undergone the test of Brandeis, come down to Wesleyan and undergo the test at Wesleyan and this type of thing. Especially with what is going on today, this mobility will help solve some of the problems. But it does make it easier for a college teacher to plan his career and his retirement.

Rep. Donnelly: Are we in the State of Connecticut subsidizing your university?

Mr. Scully: I really don't know. I would expect that you are. I would expect that there are state funds available to private universities. There certainly are federal funds.

Rep. Donnelly: I mean paying money to you each year to keep you operating.

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Mr. Scully: I really don't know. I would think that there are subsidies in the form of scholarships and aid. But as a direct financial outlay, I can't answer the question. There are federal subsidies.

Chairman Lyddy: We are a little beyond the question here. But it's alright. I understand that. Any other questions? Next gentleman.

Joseph Lieberman, New Haven, speaking for Yale University: I'm afraid that I got my signals crossed in the same way Mr. Scully did. I signed the sheet as opposed and I find out that I am in favor so long as there is an exemption for institutions such as TIAA. I don't want to take a great deal of your time. I think the reasons Yale University supports these exemptions, are exactly the same ones that have led the gentleman from Trinity to make his statement. It is extremely important to the university and its students and to the faculty and employees be covered under the TIAA program.

Bernard H. Trager, Bridgeport, National Health and Welfare Retirement Association: In principle the organization I represent are in favor of the bill. We are concerned with an amendment to subsection 9 part 2. I think our exemption is unique as you will ascertain in just a few moments. Our main objective is to provide adequate pension plans and related death benefits health and disability programs for personnel of non profit hospitals, health and welfare agencies at low cost to both employer and employee. At the present time 169 health and welfare agencies here in Connecticut and almost 1200 of their employees are covered by this plan. I am sure all of you know that many charities throughout Connecticut, working in such diverse areas as family service, nursing, hospitals, scouting, community centers, old age homes, and health associations receive much or all of their support from local United Funds or Community Chests. Traditionally, government at all levels has given aid to these United Funds or Community Chests and their supported organizations principally by means of tax exemptions and incentives.

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In order to attract and keep the highest quality personnel in private charitable work, a first-rate employee benefit program must be offered at a cost consistent with the fact that the funds are obtained from public subscription. For that purpose, United Community Funds and Councils of America, national organization of the United Funds and Community Chest, established National Health and Welfare Retirement Association in 1945 as a non profit association of employers in the charitable field. The pension plans offered by the Retirement Association satisfy in a unique way some of the basic requirements for employers in the charitable field. Most of the charitable organizations are small but the association provides pension plans for all eligible organizations regardless of size. It is always fostered full and immediate vesting in order to provide portable pensions. That had been referred to by other speakers as mobility. This is essential because of the mobility of the employees in the charitable field.

As a non profit organization it is able to keep the rates for its benefits truly at a low level. Now its operations are limited exclusively to the health charitable and welfare fields. In the interest of economy, simplicity, its operations are conducted by mail. And if the association were required to be subject to the regulation of each state the cost to provide pensions to the charities it serves would necessarily increase. This in turn would increase the amount solicited from the public.

The association is not I assure you a fly by night mail order insurer. And of course that is what this bill is designed to reach. It is that general principle that we approve. The fact is that at the present time the association reserves for its participants are about 280 million dollars. It was organized by the charitable groups themselves to provide for their distinct needs and has been rendering a very important service to these agencies.

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It is completely non profit. The financial operations are under the very effective supervision of the New York Commissioner. Its integrity, its stability are unquestioned. The value of its services to Connecticut charities is acknowledged by all. Under these circumstances it seems to us as entirely reasonable to exempt it from the burden and expense of complying with a statute which is designed primarily to protect Connecticut residents from irresponsible out of state mail order insurance companies.

I have prepared a proposed amendment to sub-section 9 of part 2 of the bill which would add this one exemption and it would eliminate from the provision of the bill "An Association or company organized in another state and operated without profit to any private shareholder or individual, and subject to regulation in the state of organization, the purpose of which is to provide pension, death and disability benefits for the benefit of non profit charitable health and welfare organizations or of their employees through the issuance of contracts directly from the home office of the company."

And for the record Mr. Chairman I would like to submit a copy of the proposed amendment, a copy of the memorandum which I have quoted to you now, and a list of the 169 agencies in Connecticut, broken down by town and city so that you can be aware of the extent and scope of this charitable operation. Now, I will be pleased to answer any questions that anyone has.

Rep. Salamone: Would this satisfy your group if an exemption was put in "that this act shall not apply to any individual, partnership, association or corporation resident or non-resident in the State of Connecticut?"

Mr. Trager: Well, that is such a broad statement. Frankly, that reaches so broadly to me I wonder what does it cover. I'd prefer our own amendment. That is designed for non profit charitable enterprises such as our, which are supervised properly in the state of their operation and which permit a service to philanthropic

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organizations whose money is raised from the public. And if you increase their burden you've got to increase the amount that they raise or cut their services. It is just as simple as that.

Rep. Salamone: They have a 280 million dollar surplus?

Mr. Trager: At the present time, the reserves for the benefits of their participants are 280 million dollars. Throughout the country there are 3700 social welfare agency members and approximately 50,000 individual employees of these organizations. That included in many states like Nevada or Wyoming, very small welfare groups with only 1, 2, or 3 employees. But this is the one agency that can take care of all of them.

Chairman Lyddy: Anyone else wishes to be heard? In favor of this bill? Anyone who wishes to be purely opposed?

James B. Hallett, out of state companies of the Health Insurance Association, Life Insurance Association: We are in favor of the principle but a completely different bill which we will submit to you. This bill does not affect domestic companies at all. We would like other states to pass the type of bill that would effect us and a proper bill. I hope that I may submit another bill to you.

Chairman Lyddy: Fine, I would be very happy to have it.

B.M. Anderson, Connecticut General Life Insurance Company: We are a profit making company I hope. At least we made a profit this year. We are in competition with the Teachers Insurance and Annuity and we are also in competition with the National Health and Welfare Retirement Association. We believe that they have a just cause and that you should grant them an exemption especially if you did impose a tax on them. They do essentially all the annuity business and you wouldn't get a tax because that's just like putting money in a savings bank. Connecticut does not tax annuities except by retaliation. We also think the businesses have a just cause for exemption from this tax as Mr. Bailey and certin others said. We are not sure that

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you should be so intimately concerned with whether tax is imposed or not. If you tax Lloyds and you are talking essentially about Lloyds which is a very good operation. The tax goes directly on Connecticut business and if I read the Governor's budget message, you're going to be tax him plenty anyhow. And you are going to tax us more than plenty under that message. You have a very serious constitutional question involved in taxing Lloyds. You have to face cases, I'm sure the lawyers here know them. Algy vs. Louisiana, Connecticut General vs. Johnson, a few of those other cases. Thank you very much.

Chairman Lyddy: Anyone else wishing to be heard on this bill? If not we will close the hearing on SB-287. We will proceed to SB-519.

## SB-519 (Sen. Lyddy) CONCERNING THE CHARTER OF THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE COMPANY

Lucius F. Robinson, Jr. Hartford Steam Boiler Inspection Company: This bill will not afford us as much discussion or interest or excitement perhaps as the one you have just heard. The bill is simply a revision of the Steamboiler's Charter which was granted in 1866 and has been amended no less than 8 times in the last 100 years and has become a combersome document.

Briefly, we have eliminated a substantial part of what I might refer to as the archaic language in those old years. This is a modernization and a clarification of that charter. We have been able to eliminate a great deal of it, because of the corporation code modernization itself. A great deal of the old language is no longer relevant or necessary in a new charter. I will say very briefly that there are 2 or 3 added points that were not in the old. The first one is the specific power granted the company to acquire stock of another corporation. Mr. Lyman Brainerd, the President of the Company, is here and he will touch briefly on that point. He is also President of the Board of Trustees of Trinity and I trust he won't get back to the TIAA.

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Will you remark further. If not, all those in favor signify by saying aye, opposed nay. The ayes have it the bill is passed.

THE CLERK:

This is Calendar No. 801, File No. 869. Favorable report of the Joint Standing Committee on Insurance on Substitute Senate Bill No. 287. An Act concerning Unauthorized Insurers.

SENATOR Lyddy:

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

THE CHAIR:

Motion is on acceptance of the Committee's favorable report and passage of the bill. Will you remark.

SENATOR LYDDY:

Mr. President, for many years the Insurance Department has been plagued by complaints from citizens who unwillingly purchase insurance contracts from an authorized company after having been solicited for same by mail advertising. View of the fact that these companies were beyond the state of Connecticut and therefore, were beyond the control of the department it was obviously no review or approval of rates. This bill is an adoption of a bill passed in another state which has already been subjected to constitutional approval and it would give the Insurance Department control over unauthorized insurance who solicit coverage through the mails. There are sort of exclusions in the bill to eliminate the industrial buyer who is within the area, who can't always buy it entirely in the state. It also provides a 3 per-

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cent tax to those who work, on those who would solicit insurance from the state. This is a source of revenue that has not heretofore been realized.

There are these exceptions in the bill which may it a good bill as far as the State of Connecticut is concerned. I move its passage.

THE CHAIR:

Will you remark further. Senator Barnes from the 8th District.

SENATOR BARNES:

Mr. President, may I direct a question through you to the Senator from the 22nd.

THE CHAIR:

You may proceed. Has any estimate been made to the amount of additional revenue this might bring in.

SENATOR LYDDY:

This question arose and its almost impossible to determine. Although, it would be substantial. Really, we have tried to get some figures on this as to what it might come to. I will only estimate that it would be substantial at 3 per cent. It would be very definitely a help to the State of Connecticut.

THE CHAIR:

Will you remark further. If not all those in favor signify by saying aye, those opposed. The aye's have it. The bill is passed.

THE CLERK:

Calendar No. 803, File No. 244. Favorable report of the Joint Standing Committee on Banks on Modified House Bill No. 6410. An

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THE CLERK:

The next item marked ready is Calendar No. 801, File No. 869. Favorable report of the Joint Committee on Insurance. Substitute for Senate Bill No. 287 An Act concerning Unauthorized Insurers.

Senator Hickey of the 27th explained the bill and moved for its passage with House Amendment Schedule "A."

On a voice vote the bill passed as amended.

THE CLERK:

The next item marked ready is Calendar No. 842, File No. 882. Favorable report of the Joint Committee on State Development. Substitute for Senate Bill No. 426. An Act concerning State Participation in Title I of the Demonstration Cities and Metropolitan Development Act - "Model Cities Programs." As amended by House Amendment Schedule "A."

Senator Hickey of the 27th explained the bill and moved for its passage.

On a voice vote, the bill passed as amended.

THE CLERK:

The next item marked ready is Calendar No. 843, File No. 880, 1084. Favorable report of the Joint Committee on Transportation. Substitute for Senate Bill No. 592. An Act concerning Permits to Operate Service Cars and Wreckers on Limited Access State Highways. As amended by Senate Amendment Schedule "A" and House Amendment Schedule "A."

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62.

Question is on acceptance of the committee's favorable report and passage of the bill in concurrence with the Senate, will you remark?

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AGNES C. SIMONS, 139th District:

Mr. Speaker, this bill requires a stenographer or a mechanic record of each hearing be made and transcribed and a copy of such transcript shall be furnished upon request to the Welfare Commissioner to an aggrieved person free of charge. Existing law makes copies of the transcript available only upon appeal. I move for passage of this bill.

MR. SPEAKER:

Will you remark further? If not, question is on adoption of the bill, all those in favor say Aye, those opposed, the ayes have it, the bill is adopted.

THE CLERK:

Calendar 965, Substitute for Senate Bill 287, An Act concerning Unauthorized Insurers, file 869.

PAUL A. LA ROSA, 4th District:

Mr. Speaker, I move the acceptance of the joint committee's favorable report and passage of the bill.

MR. SPEAKER:

Question is on acceptance of the committee's favorable report and passage of the bill, will you remark?

PAUL A. LA ROSA, 4th:

The Clerk has an amendment.

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House Amendment Schedule A being offered by Mr. La Rosa of the 4th. In section 1, line 68, after the word "institutions" insert the words "or charitable, health and welfare organizations. In said section, line 69, after the word "institutions" insert the words "or organizations". In said section, line 70, after the word "institutions" insert the words "or organizations".

PAUL A. LA ROSA, 4th District:

Mr. Speaker, this amendment is technical whereas it should have been included in the original bill and it was excluded so therefore all it would do, it would include what was the intent to be included in the bill itself, I move for its passage.

MR. SPEAKER:

Will you remark on the amendment? Question is on the adoption of House Amendment Schedule A, all those in favor say aye, those opposed no, the ayes have it, the amendment is adopted, I'll rule it technical, you may proceed with the bill.

PAUL A. LA ROSA, 4th District:

Mr. Speaker, this bill as amended would put some controls on insurance which would be solicited through the mails and by unauthorized insurers. In addition, there has been specific exemptions which have been allowed so that there would be no hardship on such people who require the services of insurance companies which presently would be considered as unauthorized. For an example, one company would be the Lloyds of London, which provides insurance to many of our companies in the state of

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Connecticut, which cannot obtain insurance from the present carriers which are doing business in the state of Connecticut. In addition, they have agreed to pay the tax on this insurance which would be secured from a company such as the Lloyds of London, which provides insurance for United Aircraft, United Illuminating and many of these companies would have a high risk area. Therefore, Mr. Speaker, I urge the adoption of this bill as amended by House Amendment Schedule A in concurrence with the Senate.

MBS

MR. SPEAKER:

Will you remark further? If not, the question is on the adoption of the bill as amended by House Amendment Schedule A, also in concurrence with the Senate. All those in favor say Aye, those opposed no, the ayes have it, the bill is adopted.

THE CLERK:

Calendar 968, House Bill 6558. An Act Providing for Tax Credits for the Establishment of Child Day Care Centers at Places of Employment. File 1030.

EDWARD L. IWANICKI, 79th District:

Mr. Speaker, I move for the acceptance of the committee's favorable report and passage of the bill.

MR. SPEAKER:

Question is on the adoption of the report and passage of the bill, will you remark?

JOHN F. PAPANDREA, 78th District:

Mr. Speaker, this bill would grant to industry a tax