

Act Number	Session	Bill Number	Total Number of Committee Pages	Total Number of House Pages	Total Number of Senate Pages
PA 71-334		8276	3	1	1
<u>Committee Pages:</u>				<u>House Pages:</u>	<u>Senate Pages:</u>
<ul style="list-style-type: none"> • <i>Insurance and Real Estate</i> 297-298 • <i>Insurance and Real Estate</i> 335 				<ul style="list-style-type: none"> • 2479 	<ul style="list-style-type: none"> • 2180

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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
1971**

**VOL. 14
PART 5
1968-2502**

Tuesday, May 11, 1971

77.

MR. BARD: (145th)

Mr. Speaker, I'd like to associate myself with the comments of Rep. Cohen; In view of the fact that the JEWISH Community Council of Norwalk had something to say on this sometime ago and primarily I'd like to disagree with Rep. King. If it hasn't been the policy of the Connecticut State Legislature to make remarks about this, I believe it has, then we ought to start because where there is deprivation throughout the world, I think everybody should speak on it. If we haven't done it in the past, we ought to start.

THE SPEAKER:

Further remarks on the resolution. If not, all those in favor will say AYE. Opposed. the resolution is PASSED.

MR. COHEN: (41st)

Can I ask for the suspension of the rules for immediate transmittal to the Senate.

THE SPEAKER:

Any objection. If not, the resolution is transmitted.

THE CLERK:

Cal. 766. House Bill 8276. AN ACT CONCERNING ASSESSMENTS AGAINST CARRIERS AND SELF-INSURERS FOR ADMINISTRATIVE COSTS ELIMINATING A PENALTY FOR INSURANCE CARRIERS WHO DO NOT WRITE WORKMEN'S COMPENSATION INSURANCE. File 761.

THE SPEAKER:

Rep. Simons from the 139th.

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stitute H.B. 5192. An Act Concerning Loan Repayment Schedules of Credit Unions.

SENATOR BUCKLEY:

Mr. President, I move acceptance and passage.

THE CHAIR:

Will you remark.

SENATOR BUCKLEY:

Allows credit unions to have loan repayments on the basis, on quarterly installments in addition to monthly and semi-monthly, weekly and other provisions of the statutes.

THE CHAIR:

Questions on passage. Will you remark further. If not, all those in favor, signify by saying Aye. The Ayes have it. The bill is passed.

THE CLERK:

Calendar No. 725, File No. 761. Favorable report Joint Senate Committee on Insurance and Real Estate. H.B. 8276. An Act Concerning the Assessment against Carriers and Self-Insurers for Administrative Cost Eliminating a Penalty for Insurance Carriers who do not Write Workmen's Compensation Insurance.

SENATOR IVES:

Mr. President, may the record show that on Calendar 725 and 729 that I will not vote under the rules.

THE CHAIR:

**JOINT
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Atty. Sullivan continued: I have a statement on this bill. More or less the same objection as to HB-7556. Again it would perpetuate the mistaken notion that the dollar loss which results from an accident is the best indicator of an insurance driving record and this of course is not the case.

And I would also like to call the committee's attention to the very obvious defect in the bill in line 22 in which it refers to "claims paid". It would seem that this would produce in a major accident where the claims incurred could be 100,000 say but the claims paid during the year before renewal could be less than 350 and therefore would not justify a rate increase. And I don't think this is the intention of the bill but in any case we do object to the bill for the reasons stated in my statement and in HB-7556, I'll turn in this statement.

Rep. Vicino: Before I call on testimony for HB-8380 as the sponsor of that bill I have withdrawn HB-8380 AN ACT CONCERNING AN AMENDMENT TO THE INSURANCE LAW IN RELATION TO LICENSING OF INSURANCE AGENTS AND BROKERS.

We would like to move to HB-8276 AN ACT AMENDING SECTION 31-345 BY ELIMINATING A PENALTY FOR INSURANCE CARRIERS WHO DO NOT WRITE WORKMEN'S COMPENSATION INSURANCE.

Joseph Cooney, attorney for the American Insurance Association: Now you recall that this is a serious bill and I think it should receive your attention.. You recall that two years ago the State saved a good deal of money by passing along the expense of the workmen's compensation administration to the insurance company and then assessing them in proportion to their losses under workmen's compensation. And that was passed and it's all right. No one has any objection to that, but in the bill, there is a provision which apparently inflicts a 1,000 dollar penalty on an insurance company that didn't write any workmen's compensation insurance. At least that's the way the State Treasurer has construed it. Now you see if a company wrote a small amount of business in Connecticut and was assessed its pro rata share of the expense they have been assessed as low as \$5, \$10, \$25 among the small companies, do you see? But under this provision if you didn't write any workmen's compensation insurance at all you're asked to pay a \$1,000. So it won't affect the State's position, it won't effect the administration of the Act. It's an injustice and one company, Miller's National has pulled out of the State of Connecticut because it wasn't writing workmen's comp and they sent them a bill for \$1,000.

Several companies are interested in this and I told them I thought that, the smaller companies, I told them I thought the Legislature would correct this if they understood its purpose and I respectfully

Joseph Cooney continued: request you to do so.

Rep. Vicino: Thank you, any questions from the committee?
Anyone else in favor?

Thomas Sullivan, Insurance Association of Connecticut: Just briefly Mr. Chairman we would like to lend our endorsement to Mr. Cooney's remarks and present a statement in favor of the bill.

Rep. Vicino: Thank you. Anyone else in favor? In opposition? We will close on HB-8276 and move to HB-8192. Anyone in favor? Who would like to speak in favor of this bill?
AN ACT CONCERNING INSURANCE FOR BUILDERS UNDERTAKING THE DEVELOPMENT OF LOW AND MODERATE INCOME HOUSING. Opposition?

Gerard Wholey, Connecticut Insurance Department: This imposes upon the Insurance Commissioner elimination of the requirement for certain lines of insurance bonding etc. at the recommendation of the Commissioner of Community Affairs. If you-we take no position on the bill but we would just as soon have the Insurance Commissioner eliminated and leave it with the Community Affairs to take the whole ball game. Not ours.

Rep. Vicino: Any questions from the committee? Anyone else in opposition? We will close and move to HB-7942 AN ACT CONCERNING CANCELLATION OF INSURANCE POLICIES Anyone in favor of this bill? In opposition? We will close on HB-7942 and to

HB-7779 AN ACT CONCERNING LIFE INSURANCE AND ANNUITY COMPANIES
Anyone who would like to speak in favor of this bill?

John Gerardo, representing the Connecticut Association of Independent Life Underwriter: I want to speak in favor of this bill. Actually it is one of the few bills that are going to bring money to the State without too much trouble. How this situation arose, in 1967 for some unknown reason which will have to remain the 4th, 5th, 6th, 7th sorrowful mystery I imagine in the insurance industry, somehow a tax exempt status was given to certain life insurance and annuity companies under Section 12-201 and among them was a company which I heard this morning spoken in favor of as this TIK Cref. TIA Cref was founded in 1911 and it was a very small company. As of today I have here and am quoting from Best's Insurance Reports, they have admitted assets \$2,024,064,671. Last year or in 1968 I believe they had their gain from operation before dividends to the policyholders of around \$70 million dollars and their gain from operations after dividends to the policyholder was \$20million.

A total operating income they received in 1969 was \$330,511,469. Why they were taken out of the taxing status I don't know.

75cap **INSURANCE AND REAL ESTATE** **WEDNESDAY APRIL 7, 1971**
An Act Amending Section 31-345 by eliminating a Penalty for Insurance Carriers Who Do
Not Write Workmen's Compensation Insurance

My name is Thomas M. Sullivan, Attorney, Connecticut General Insurance Corporation. On behalf of the Insurance Association of Connecticut, I would like to speak in favor of House Bill 8276, An Act Amending Section 31-345 By Eliminating A Penalty For Insurance Carriers Who Do Not Write Workmen's Compensation Insurance.

The rationale of this bill is expressed succinctly in the Statement of Purpose which notes the inequities which have resulted from the interpretation of Section 31-345 which has been adopted by the State Treasurer, with the advice and consent of the Attorney General. Under this interpretation, any insurer licensed to write workmen's compensation coverage is subject to an assessment of \$1,000 per year, notwithstanding the fact that the insurer may not actually be engaged in writing workmen's compensation insurance. The purpose of Section 31-345 was to provide a method for spreading the costs of the administration of the workmen's compensation system among the insurers and self-insured employers who use the system. In fact, no insurer or employer may write insurance or provide benefits unless it pays its share of the cost of administration and files a receipt evidencing payment with the Insurance Commissioner. The aforementioned interpretation is grossly unfair to those companies who are licensed to write such insurance but do not do so and who must pay the \$1,000 minimum fee, especially considering the fact, as noted in the Statement of Purpose, that a number of insurers who do write business pay substantially less than \$1,000 as their pro rata contribution to the administrative costs of the system.

Please note that a similar bill, SB709, is now in the Labor and Industrial Relations Committee and was the subject of the hearing not long ago. We believe that the approach of HB8276 is preferable to that of SB709 and we urge you to give this bill your favorable consideration.

Thank you for the opportunity to appear before you.