

Legislative History for Connecticut Act

HB 6645	PA 427	1971
Insurance & Real Estate	107-108	
House	3172	
Senate	2475	
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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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JOINT
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John Ahearn continued:

In short the legislative commission has recommended voluntary action by the industry and the companies are currently undertaking those steps necessary to assure implementation of the commission's findings.

Furthermore the companies will continue to work closely with the legislative commission. For these reasons we do not feel that legislative action is necessary and we therefore urge this committee to report unfavorably on HB-5076 and HB-6745.

Sen. Dinielli: Thank you Mr. Ahearn. Any questions from the committee?

Rep. Genovesi: Mr. Ahearn would the Association be in favor of a bill that would make it mandatory under a major medical plan?

Mr. Ahearn: No sir the Association would not favor a bill that would make any mental illness coverage mandatory at this point.

Sen. Dinielli: Thank you Mr. Ahearn. No further questions? Anyone else? Then we will close the hearings on psychiatric health care and ask if anyone else wishes to be heard on any other bills. Any bills?

James Marigan, Travelers; On behalf of HB-6645. The hour is getting later and the snow is getting deeper. I have a statement which I will submit and I'll be brief in my remarks. This is an act concerning financial statements which you are probably aware under the Insurance Code are required to be on a statutory basis, on which filings are made with the Insurance Department of the State of Connecticut. There is one exception dating back to 1917, relating to the condition of a company which is reported to shareholders annually.

This bill would simply provide another exception which would allow the shareholders to receive published financial statements prepared in accordance with generally accepted accounting principles both on an annual and interim basis.

As you are aware several companies here in the State have been listed recently on the New York Stock Exchange and we therefore have to file this type of statement with the Securities Exchange Commission consequently the

Mr. Marinaro continued: Insurance Department has interpreted the present statute to allow these filings as long as the statutory filings are also with them and available to shareholders.

Consequently this bill is a technical measure in which we hope to clarify the present format as it is now being followed in the State of Connecticut. And I would respectfully request a favorable report on this measure.

I have one more brief one but I don't have the file with me. I'll be back.

Sen. Dinielli: In the interests of speeding this up are all the people here remaining wishing to be heard on different matters? If that is so I'll go in numerical order then. So that we can- HB-6875 An Act Concerning Standard Provisions of Accident and Health Policies.

Gerard Wholey, Connecticut Insurance Department: The bill is a department bill submitted to change the uniform provisions of accident and health policies. We suggest that accident and health policies be issued on an incontestable basis similar to the life insurance policy. We would be requesting that a policy be incontestable except for nonpayment of premium after it had been in force two years from the date of its issue. At the present time the incontestable clause runs to three years and states that it will become incontestable as to the statements contained in the application. This differs. It still allows a grey area concerning pre-existing conditions of which no information has been developed in the application. In too many instances accident and health policies are issued with little or no care paid to the previous health conditions of the applicant. At the time a claim arises the companies will make an exhaustive search of the past medical information and finding pre-existing conditions will reject the claim. Which in some instances even might be unrelated to the claim, the past medical condition.

The adoption of the uncontestable clause similar to the life insurance will require the companies to make proper underwriting evaluations on receiving an application. And will allow them two years for any investigation concerning the insurability of the applicant. We really believe the bill to be in the public interest.

Now in the efforts of time if you will Senator. On HB-6876 an Act Concerning Insurance Advisory Services we respectfully withdraw our bill on that matter.

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This bill is enabling legislation to allow construction of school building projects under a method that is known as the fast track method. Presently no construction can be started on a school building until all final plans are approved by the state Board of Education. This just allows those cities and towns who wish to build schools in a stage method of construction. This is not a new concept, because the potential for saving substantial construction costs are great. The federal government uses this method of construction. It is estimated that in Hartford, alone, this type of legislation will save 6 million 6 hundred thousand dollars a year. I urge acceptance and passage of this bill.

MR. SPEAKER:

Further remarks on the bill. If not, all those in favor indicate by saying Aye. Opposed. The bill is passed.

CLERK:

Calendar 959, Substitute for House Bill 6645 - An Act Concerning Financial Statements of Insurance Companies.

MR. SPEAKER:

Representative Clark.

REPRESENTATIVE CLARK:

I propose acceptance to these favorable reports and substitute bill.

MR. SPEAKER:

Will you remark.

REPRESENTATIVE CLARK:

The bill is quite simple. IT requires that any insurance

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concerning the Use of Fiscal Intermediaries in connection with Medical Assistance.

SENATOR CIARLONE:

Mr. President, I move acceptance of the Joint Committee's favorable report and passage of the bill. This bill is merely some permissive legislation. It allows the Welfare Commissioner to use insurance companies as intermediaries to administer medical assistance programs. If the Welfare Commissioner feels that an insurance company could administer this program more efficiently and cheaper in cost to the state at that point, he could enter into a contract with such insurance companies. It's a good bill and we urge its passage.

THE CHAIR:

Question is on passage. 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:

Calendar 870, File 1046, Favorable report of the Committee on Insurance and Real Estate on Sub. HB 6645, An Act concerning Financial Statements of Insurance Companies.

SENATOR DINIELLI:

Mr. President, I move acceptance of the Joint Committee's favorable report and passage of the bill. The present insurance code, section 38-57 currently requires that all financial statements of an insurance company be on a statutory basis on which filings are made with the Connecticut Insurance Department. This bill would allow insurance companies to send their shareholders published financial statements prepared in accordance with generally