

Act Number	Session	Bill Number	Total Number of Committee Pages	Total Number of House Pages	Total Number of Senate Pages
PA 71-509		6364	2	2	2
<u>Committee Pages:</u> <ul style="list-style-type: none"> <i>Insurance & Real Estate 341-343</i> 				<u>House Pages:</u> <ul style="list-style-type: none"> 3932-3934 	<u>Senate Pages:</u> <ul style="list-style-type: none"> 2708-2709(<i>consent</i>)

H-116

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
1971**

**VOL. 14
PART 9
3878-4343**

Thursday, May 27, 1971

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MR. SPEAKER:

Gentleman from the 75th. My file indicates that this should be passed retaining.

REPRESENTATIVE GILLIES:

That is correct.

MR. SPEAKER:

Is there objection. Hearing none, so ordered.

CLERK:

Calendar 1113, Substitute for House Bill 6364 - An Act Concerning Variable Contracts.

MR. SPEAKER:

Gentleman from the 4th.

REPRESENTATIVE LA ROSA:

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

MR. SPEAKER:

Will you remark.

REPRESENTATIVE LA ROSA:

The Clerk has an amendment.

MR. SPEAKER:

The Clerk will call House Amendment Schedule A.

CLERK:

House Amendment Schedule A, offered by Mr. Palmieri.

In line 36, after the word "company", insert the language", including for the purposes of this section all domestic benefit societies which operate on a legal reserve basis,"

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ad

In line 153, after the word "chapter 680", insert the language, "and with respect to fraternal benefit societies, chapter 684,"

MR. SPEAKER:

Representative LaRosa.

REPRESENTATIVE LA ROSA:

House Amendment Schedule A would make it clear that fraternal benefit organizations such as Knights of Columbus and other organizations who have authority to issue life insurance contracts would also have the authority to issue variable contracts under Connecticut law if they so desire. Fraternal organizations were not expressly included in the bill as it was reported out of committee. The bill, as amended, would first of all up date and modernize the Connecticut statutes under which the life insurance companies issue variable annuities. This bill would give the companies authority under our state law to issue variable life insurance policies. This will benefit the consumer buying public who will be able to buy life insurance incorporating both the traditional guarantees and benefits which vary with inflation. It would also help Connecticut companies keep pace with their out of state competitors, many of whom are located in states which already have such a law. I move adoption of this bill as amended by House Amendment Schedule A.

MR. SPEAKER:

Question is on adoption of House Amendment Schedule A.

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Fu-ther remarks on Schedule A. If not, all those in favor indicate by saying Aye. Opposed. A is adopted and ruled technical. Will you remark further on the bill as amended.

REPRESENTATIVE LA ROSA:

I move acceptance of the, passage of the bill as amended by House Amendment Schedule A.

MR. SPEAKER:

Questions on acceptance and passage as amended by House Amendment Schedule A.

MR. SPEAKER:

Question is on acceptance and passage as amended by House Amendment Schedule A. Will you remark further. If not, all those in favor indicate by saying Aye. Opposed. The bill is passed.

CLERK:

Page 9, Calendar 1122, Substitute for Senate Bill 1129.

MR. SPEAKER:

Representative Simons.

REPRESENTATIVE SIMONS:

I move for the acceptance of the joint committee's favorable report and passage of the bill in concurrence with the Senate. I believe the Clerk has Senate Amendment Schedule A which must be adopted.

CLERK:

Senate Amendment Schedule A which is in your files 1203.

Delete the period and add a comma and add the following:

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SENATE

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PART 6
2436-2873**

June 2, 1971

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afternoon, a large group from the Thomas Hooker School in Meriden. Will the Senate give them the usual warm welcome.

SENATOR CALDWELL:

Going to today's Calendar, Mr. President, on page 2, Cal. No. 694, may we recommit, may we take up Cal. 734; page 3, may we place Cal. 793 at the Foot of the Calendar; page 4, may we take up Cal. 832; page 5, may we place Cal. 881 at the Foot; page 6, may we take up Cal. 935; page 7, may we take up Cal. 951; page 8, may we place at the Foot 964; page 9, may we take up Cal. 986 and may we recommit Cal. 987; page 10, may we take up Cal. 999; page 11; may we take up Cal. 1026; page 12, may we take up Cal. 1032; 1035; page 26, may we take up Cal. 511 and 585; page 27, may we take up Cal. 586 and on page 29, on the Foot of the Calendar, may we place back in the regular place Cal. 39; page 38, may we take up Cal. 822; if any of these items are single starred, I move for suspension of the rules for immediate consideration

THE CHAIR:

It shall be as the Majority Leader has moved in each case, there being no objection.

SENATOR CALDWELL:

Mr. President, I now have another motion, concerning several bills on which we have mutual agreement. May we adopt the following bills accepting the recommendations of the joint committees involved in each particular case. On page 6, Cal. 935; File 1067, Substitute for House Bill 8566; page 9, Cal. 986, File 1177, Substitute House Bill 6149; page 10, Cal. 999, File 1394, Substitute Senate Bill 251; page 12, Cal. 1032, File 1237, Substitute House Bill 6364; page 26, Cal. 585, File 1316, Substitute Senate Bill 263; page 27 Cal. 586, File 1274, Substitute Senate Bill 798. I believe that's the last one.

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THE CHAIR:

Is there any objection to the passage of these bills? Hearing none, said bills are declared passed.

THE CLERK:

CAL. NO. 734. File 1055. Favorable report of the joint committee on General Law. Senate Bill 1155. An Act Concerning The incorporation of Political Committees.

SENATOR IVES:

Mr. President, I move for acceptance of the joint committee's favorable report and passage of the bill. The Clerk has an amendment.

THE CLERK:

SENATE AMENDMENT A, offered by Senator Ives;

In line 21, delete the words, incorporated political committee or, and before the word Town insert the word Incorporated.

In line 22, after the word committee delete the, and add the following: Established Under Section 9-392 of the general statutes.

Delete the remainder of line 22 and all of lines 23,24,25 and 26.

In line 36 delete the words political committee or and the comma after the word committee and add the following: Established under section 9-392 of the general statutes.

Delete the remainder of line 36 and all of lines 37,38,39 and 40

SENATOR IVES:

Mr. President, I move the adoption of the amendment. The bill as it came out of committee, in effect allowed incorporation of town committees and other political committees in existence for five years. The amendment limits the incorporation strictly to Town Committees.

**JOINT
STANDING
COMMITTEE
HEARINGS**

**INSURANCE
AND
REAL ESTATE**

1-379

**1971
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Monday

INSURANCE AND REAL ESTATE

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APRIL 12, 1971

Members present: Senators: Rome, Dinielli
Representatives: Palmieri, Colucci, LaRosa
Rock, Simons, Nickols, Genovesi, Johnson, Wenz,
Pearson, Miller, Scully, Newman, Mastrianni,
Dzialo, Crockett

Sen. Joseph Dinielli, presiding
Rep. James Palmieri, presiding

Rep. Palmieri: Good afternoon. We will now open up the public hearings on Insurance and Real Estate. And we are going to take these bills in the order they are listed. We will first hear testimony on HB-6364 AN ACT CONCERNING VARIABLE CONTRACTS. We will hear the proponents first.

Willard Yeats, Aetna Life and Casualty and the Insurance Association of Connecticut: As the caption of this bill indicates it is an act concerning variable contracts. At the present time under Connecticut law domestic companies are permitted to establish a separate investment accounts from which they issue variable annuity contracts. We have had this authority since 1967. You may recall that an annuity contract pays the contract holder amounts which vary as the investment performance of the underlying separate account varies. It is an attempt to be responsive to the problems of inflation against what used to be fixed dollar benefits.

The present law does not permit variable benefits in one of our major product lines which is life insurance. Life insurance is subject to the ravages of inflation just as much as annuity benefits. Industry committees have studied these problems for some time and we feel that we are at a point where we can safely offer to the public life insurance benefits which vary with the investment performance of a separate account. In order to do this we need authority under the Connecticut Statutes. In order to do it in the public interest and to protect the public there must be authority on the part of the Insurance Commissioner to approve forms of variable life insurance and to regulate companies issuing variable life insurance.

That's what the bill before you, HB-6364 would do. It would permit the companies to issue this product. It would enable the Insurance Commissioner to approve policy forms and to regulate the product. There are many different benefit designs under variable life insurance. I won't go into all of them. I'll just mention briefly that a typical policy would involve a fixed premium. It would involve variable non-forfeiture benefits; And a variable death benefit. It would have significant

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Mr. Yeats continued: guarantees though that we have come to associate with life insurance and that would be the fact that the death benefit while it could vary upward, it could never go below the value at which the policy was taken out. So you would have a combination of investment performance in a separate account, which is mostly common stocks, you would have that combined with traditional life insurance guarantees.

It's important that Connecticut follow the lead of other states, follow an NAIC model bill upon which the bill before you today was patterned. We respectfully request you to act favorably on HB-6364.

Rep. Palmieri: Question of the speaker? Thank you Mr. Yeats.

Sen. Dinielli: Mr. Yeats does this type of policy, is it available to all your salesman? Can they sell it or is it going to be restricted in its?

Mr. Yeats: This would be a traditional-along the lines of traditional life insurance marketing practices. All of our life agents would be selling this. I would leave this statement with the committee. And I would leave a Substitute Bill also, which changes one section, a technical point when the bill is introduced. We discussed the change with the Insurance Dept.

Robert Googins, Counsel for the Connecticut Mutual Life Insurance Company, and the Insurance Association of Connecticut: I am in support of HB-6364 which as Mr. Yeats just pointed out would authorize the issuance by Connecticut domestic companies of variable life insurance.

Connecticut was a leader starting back in 1959 with one of the first segregated accounts statutes in the country. It is essential that Connecticut keep abreast of the developments across the nation in variable life which is being discussed today by various actuarial societies, management associations, in fact just several weeks ago, the Wharton School of Finance in Pennsylvania had a two day seminar on this subject alone. The bill that you have before you essentially follows the model bill which was approved in December of 69 by the National Association of Insurance Commissioners.

A survey released by the insurance section of the ABA in August 10th of 1970 indicated that already 22 states authorized the issuance of variable life insurance. In New York a leading insurance state, variable life insurance was authorized on January 1 of 1971 effective on that date.

Mr. Googins continued: It is essential that the Connecticut authorities authorize the sale of variable life insurance so our domestic industry in Connecticut can keep abreast of major developments in the field.

There is no question in my mind but at the end of the legislative sessions across the country, 90% or more of all the legislators will have authorized variable life insurance. And over the next two years of, virtually 100% will have done so. And because it is significant to the industry in Connecticut and its impact across the nation it is very essential that we be able to keep abreast in developments in variable life insurance as is now being offered and authorized in our sister states. If you have any questions, I'll be glad to try to answer them.

Rep. Palmieri: Thank you sir. Other proponents of this bill? Are there any opponents to the bill. If not we will close the hearing on HB-6364 and open HB-9015. AN ACT CONCERNING CLARIFICATION OF THE INSURANCE STATUTES SO THAT MOBILE HOMEOWNERS QUALIFY FOR HOMEOWNER'S INSURANCE POLICIES. Proponents please.

Humbert Orio, West Haven, Connecticut: I am an independent insurance agent. I don't have too much to say about the bill except that I am for it. It would seem to me that people who live in "mobile" homes are really attached to the property and do not intend to move them. And in many of the instances the people are elderly and intend to spend the rest of their lives there so it is not a question of moving someone from here to another location very very often. Under the circumstance I feel these people are entitled to the same protection of the insurance laws of being able to get homeowner's policy.

With regard to any technical parts in writing the bill, there probably should be a minimal amount written so that it would justify the issuance by a company. Thank you.

Rep. Palmieri: Are there any other proponents of the bill? Any opponents to the bill?

Hale Anderson Jr., Associate General Counsel, Hartford Insurance Group, speaking for the Hartford and for the Insurance Association of Connecticut: We feel that this bill is mis-conceived Mr. Chairman. Homeowners insurance is available for mobile homes that are affixed to the real estate. And it is proper that it should be so rather than requiring that those homes should be covered under automobile policies.