

Legislative History for Connecticut Act

HB 5389	PA 38	1981
House 1231-1234		(4)
Senate 929-930, 962-963		(4)
Insurance + Real Estate 161, 253-254, 257-258		(5)
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CONNECTICUT  
GEN. ASSEMBLY  
HOUSE

PROCEEDINGS  
1981

VOL. 24  
PART 4  
1075-1417

House of Representatives

Wednesday, March 25, 1981 100  
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File No. 83. I move that those bills be placed on the Consent Calendar.

DEPUTY SPEAKER FRANKEL:

Is there objection to placing the two stated items on the Consent Calendar? Is there objection? Hearing none, it is so ordered.

CLERK:

Calendar No. 64, Substitute for House Bill No. 5389, AN ACT REQUIRING THE INSURANCE COMMISSION TO IMPOSE A SPECIFIED PENALTY WHEN AN UNFAIR PRACTICE IS COMMITTED. Favorable report of the Committee on Insurance and Real Estate.

REP. QUINN: (132nd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Quinn.

REP. QUINN: (132nd)

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

DEPUTY SPEAKER FRANKEL:

The question is on acceptance of the Joint Committee's favorable report and passage of this bill. Will you remark, sir?

REP. QUINN: (132nd)

Yes, sir. Thank you, sir. Mr. Speaker, this bill has come out of committee, maybe not as strong as I would like to

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have seen it, but I am very pleased that it is out of committee and on the floor today. It makes one simple change in the current statutes which is line 86 of the file copy, which changes the discretion of the Commissioner from a may to a shall upon any person who violates assistance in this order. Now, Mr. Speaker may question how important is this bill. Well, maybe today it's not that important, Mr. Speaker, because we have a Commissioner who would take action and use the may as a shall. But it would protect future people when they come before this Commissioner -- a Commissioner in future days who may at his discretion or her discretion not file cease and desist order penalties. All this does is mandate that a Commissioner shall proceed once the hearing is held and there is bound to be a mispractice. Mr. Speaker, I urge that this group here today pass this bill, and I believe that we are protecting our future from problems that may occur in state government by the change in this statute. Thank you, Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this bill? Rep. Rybak.

REP. RYBAK: (66th)

Mr. Speaker, for a possible conflict of interest.

DEPUTY SPEAKER FRANKEL:

The Journal will so note, sir.

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DEPUTY SPEAKER FRANKEL:

Will you remark further on this bill? Rep. Joyce.

REP. JOYCE: (25th)

Mr. Speaker, I would like to absent myself from the Chambers because of a possible conflict of interest.

DEPUTY SPEAKER FRANKEL:

The Journal will so note, sir.

REP. PIER: (15th)

Mr. Speaker, may I join the parade?

DEPUTY SPEAKER FRANKEL:

Rep. Pier, you may. Will you remark further on this bill? If not, would the staff and guests please come to the well of the House? Would the members please take their seats. The machine will be opened.

The House of Representatives is now voting by roll. Would the members please return to the Chamber. There is a roll call vote in progress in the Hall of the House. Would the members please return to the Chamber immediately?

Have all the members voted? Would the members please check the board to determine if their vote is properly cast. If so, the machine will be locked and the Clerk will take a tally.

Would the Clerk please announce the tally?

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CLERK:

House Bill No. 5389.

CLERK:	Total number voting	140
CLERK:	Necessary for Passage	71
CLERK:	Those voting Yea	104
CLERK:	Those voting Nay	36
CLERK:	Those absent and not voting	11

DEPUTY SPEAKER FRANKEL:

The bill passes.

CLERK:

CLERK: Calendar No. 65. Substitute for House Bill No. 6316, AN  
ACT CONCERNING RIDING BICYCLES ON BRIDGES. Favorable report  
of the Committee on Transportation.

REP. PIER: (15th)

REP. PIER: Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

REP. PIER: Rep. Pier.

REP. PIER: (15th)

REP. PIER: Mr. Speaker, I move acceptance of the Joint Committee's  
favorable report and adoption of the bill.

DEPUTY SPEAKER FRANKEL:

DEPUTY SPEAKER FRANKEL: The question is on acceptance of the Joint Committee's  
favorable report and passage of this bill. Will you remark, sir?

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CONNECTICUT  
GEN. ASSEMBLY  
SENATE

PROCEEDINGS  
1981

VOL. 24  
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605-964

March 31, 1981

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SENATOR LEONHARDT:

Yes, Mr. President. Thank you very much. This legislation authorizes the DPUC to institute a differential rate structure to encourage bringing cable TV to rural low density areas where the cost of providing such a service is greater. This is one of the important cable TV bills of the session in that it will help bring cable TV to widespread portions of Connecticut particularly in eastern and northwestern Connecticut which are presently unfranchised. The five year limit on differential rates, I think, will protect persons from having a permanent increase in their rate structure as opposed to other persons within a franchise and, of course, the DPUC will continue to regulate the process by setting rates. This bill does not require regulations, has no cost to the state, it has the support of the, of Commissioner Downey and the DPUC. If there's no objection, Mr. President, I move that it be placed on today's consent calendar.

THE CHAIR:

Hearing no objection, so ordered.

THE CLERK:

Moving to page 7 of today's calendar, calendar No. 117, File 78, Substitute for House Bill No. 5389, AN ACT REQUIRING THE INSURANCE COMMISSIONER TO IMPOSE A SPECIFIED PENALTY WHEN AN UNFAIR PRACTICE IS COMMITTED with a Favorable Report of the Committee on Insurance and Real Estate.

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THE CHAIR:

Senator Knous.

SENATOR KNOUS:

Mr. President, Mr. President, recommend acceptance of the committee's favorable report and passage of the bill.

THE CHAIR:

Will you remark?

SENATOR KNOUS:

Thank you. Very briefly, Mr. President, the intent of the legislation is to discourage insurance from committing further unfair practices by requiring the insurance commissioner to order a penalty specified in section 38-62 after he determines that an insurer has violated a cease and desist order. The insurance department supports the bill. It puts a little bit more teeth in the commissioner's ability to deal with violations, and if there is no objection, Mr. President, I would move the item to the consent calendar.

THE CHAIR:

Hearing no objections, so ordered.

THE CLERK:

Calendar No. 118, File 84, 127, House Bill No. 6443. AN ACT CONCERNING CORRECTION OF ADOPTION RECORDS. (As amended by House Amendment Schedules "A" and "B"), with a Favorable Report of the Committee on Judiciary.

THE CHAIR:

Senator Owens.

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THE CHAIR:

The Clerk will now proceed to call the consent calendar for today.

THE CLERK:

Prior to calling the consent calendar, Senate Agenda pages 4 and 5 were distributed. They're on the Senator's desks. All the Senators have copies.

THE CHAIR:

Senator Schneller.

SENATOR SCHNELLER:

Mr. President, I would move that all items on pages 4 and 5 of the Senate Agenda dated March 31, 1981 be acted upon as indicated and that the Agenda be incorporated by reference into the Senate Journal and Senate Transcript.

THE CHAIR:

Is there any objection? So ordered. The Clerk will now proceed with the consent calendar for March the 31st.

THE CLERK:

Consent calendar, moving to page 1, calendar No. 46.  
Page 3, calendar 82 and 85. Page 4, calendar 98, 99, 100, 101.  
Page 5, calendar 103, 105 and 108. Page 6, calendar 110, 113.  
Page 7, calendar 117, 118, 119, 120. Page 8, calendar 121.  
Clerk may be in error. Did 121 go on a roll call? All right, then we will omit 121 on the consent calendar. That concludes today's consent calendar. SB 54, SB 1189, HB 5203, SB 1245, SB 810, SB 834, SB 1248, SB 851, SB 1361, SB 819, SB 689, HB 7184, HB 5389, HB 6443, HB 6472, HB 6316.

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THE CHAIR:

Is there any objection or question on today's consent calendar? Hearing none, the machine is open.

SENATOR SCHNELLER:

Mr. President.

THE CHAIR:

Machine'll be closed and locked. Total voting is 34, necessary for passage is 18, Those voting yeas, 34, nays 0. The consent calendar is adopted. Senator Schneller.

SENATOR SCHNELLER:

Mr. President, in view of the fact that we have taken most items on today's calendar, it appears as though we will not have enough business to deal with on Thursday, April 2nd so there will be no session. The next regular session will be a week from today, Wednesday, April 8th. Sorry.

THE CHAIR:

You mean next Wednesday, a week from tomorrow.

SENATOR SCHNELLER:

Next Wednesday, April 8th and in all probability we will have a session on Thursday, April 9th, so two days next week, Wednesday and Thursday, April 8th and 9th with sessions beginning at one o'clock, Democratic caucuses will convene at noon. If there is no further business to come before the House, I see Senator Casey does have some business.

THE CHAIR:

Senator Casey.

JOINT  
STANDING  
COMMITTEE  
HEARINGS

INSURANCE &  
REAL ESTATE  
PART 1  
1-287

1981  
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**Connecticut International Women's Year Committee**

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TESTIMONY IN SUPPORT OF BILL # 286 and reference to Bill # 5389

My name is Elizabeth Spalding and I speak for the Connecticut International Women's Decade Committee.

We wish to associate ourselves with the statement of Commissioner Susco of the PCSW, in support of this bill.

Further, we would note that HB 5389 (proposed) would require the commissioner of insurance to order penalties for "insurers that commit unfair or deceptive acts or practises". The CIWD committee hopes that the latter bill could give enforcement authority for Bill # 286.

It would seem to us that the two bills are mutually supportive, or could be made so, with minor amendments.

*Elizabeth C. Spalding*

ELIZABETH C. SPALDING, CHAIR  
CIWYC

2.4.81

*Chairman*

*Senator Knous.*

*Telex*

MR. BROWN: (continued)

we feel would be the appropriate vehicle for amendment should committee decide to go forward with this concept.

S.B. 444, which would require that the amount of no-fault benefits available to an individual be reduced by the amount he or she received from the government in veterans benefits, essentially what the attempt here is to assure that a premium adjustment be made to reflect that change. The attempt made here is to assure that no-fault benefits be primary and that the benefits from the Federal government be secondary. Our comment on this bill would be that this trend in the Federal area is to go just the opposite. Two years ago the General Assembly did this type of thing with Medicare benefits. They said Medicare is primary, therefore the no-fault benefits are secondary. That law has now been superceded by Federal legislation that was passed in this past Congress which specifically makes Medicare secondary to no-fault benefits and I think that passage of this type of legislation which tries to get the Federal governments benefits primary over no-fault benefits, may cause problems if the Federal government continues in the trend that they have with Medicare area.

S.B. 817 is -- has been submitted by the Department of Insurance and concerns a number of technical changes in the statutes. We would have one comment on this bill and it regards to towards the end of the bill, or proposed bill, with regard to the standards that would be imposed upon applicants for life insurers and insurance companies. While it's showing that the company will provide timely claim settlement and demonstrate an expertness in the marketing lines of insurance that they seek to write, these are reasonable standards. The requirement that the applicant must demonstrate an orderly pattern of growth in its marketing territories, may serve as a barrier to new companies which is a result I'm sure that the Department does not intend.

H.B. 5389. This is a bill which would require a penalty be imposed whenever a violation of the Unfair Practices Act has been found. Currently, as you know, the Commissioner is authorized to impose a fine in such cases and we really feel this is an appropriate mechanism. The

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MR. BROWN: (continued)

Commissioner has been delegated the authority by the General Assembly to enforce the law. He is enforcing the law, and he's not hesitant to impose a penalty when he feels it is appropriate. So we believe he is the best judge of when and how to impose the available sanctions.

H.B. 5675, another bill which deals with this department and would extend their jurisdiction to cover health maintenance organizations and organizations of that sort. We believe this is a logical proposal.

H.B. 6425, this is a bill which would prohibit an insurer from placing in the Assigned Risk Pool an insured who was involved in an accident when he wasn't at fault. The way -- conceptually we feel this bill has little meaning because insurers don't place people in the pool. And they make the decision whether to insure, or to continue to insure on the basis of all relevant information and not on the basis of an isolated accident for which the insured was not responsible.

S.B. 746 deals with the issue to stacking on uninsured motorist coverage. This is one of the most complex aspects of the uninsured motorist insurance. The various ways an insured can be covered under several policies, he may be covered under his own policy as well as under the policy covering a car in which he's traveling as a passenger. Or he may be a member of a family owning several vehicles, each of which is covered by an uninsured motorist endorsement. The term "stacking" is used to describe the concept of allowing an insured to recover for damages received from an uninsured motorist up to the limit of each policy which he covers by piling one policy on top of another. Our position on this issue is based on the original purpose of uninsured motorist insurance which is to place the insured in the exact same position he would have been in had the party at fault in the accident complied with the law and carried the minimum statutory requirement. When "stacking" of policies is allowed, the insured will recover more if he collides with someone without insurance than if the party at fault had complied with the law. We do not believe this is the way the system should operate and if "stacking" occurs on a regular basis, it would have a significant adverse effect on the cost of insurance. With

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MR. BROWN: Yes, if for instance, if the public perceives that they have a higher coverage for uninsured motorists than they actually do, then the bill would clear that up -- if that is a problem. If they've purchased a policy with the knowledge that they are carrying the minimum limits that are required by law, that is, 20/40, then the bill would not help to clear up the problem because the problem wouldn't exist. I guess the point is that if legislation like this is to go forward, there is a potential administrative problem in coming up with it but it is solveable and we have some language that will do it.

REP. ANASTASIA: Thank you.

REP. PARKER: Isn't that usually explained by the agent.

MR. BROWN: I would think generally it is and hopefully the agent would also make available to the insured the knowledge that he certainly can purchase higher limits of uninsured motorist coverage if he wishes to.

REP. PARKER: Is this a big problem.

MR. BROWN: Is that a big problem.

REP. PARKER: No, I mean is it a big problem that the people don't understand what they have. Don't you think most people do.

MR. BROWN: To my knowledge no. I really don't have any facts on which to base an opinion one way or another.

REP. QUINN: Mr. Chairman. Rep. Quinn. You spoke against Bill 5389 which was sponsored by one of my favorite legislators and I just had a question of that if you might know some data. How many unfair practices are committed per year that the Commissioner has to deal with. Would you know that figure.

MR. BROWN: I really don't; however, I've been informed by the department by Jerry Houle who heads the division of insurance that enforces the Unfair Practices Act that since the law has been in place, there have been several instances in which the fine of \$10,000 -- not \$1,000 but \$10,000 has been imposed upon the insurance companies. The problem that we see -- it's our opposition is not so much on the merits of the bill as it is how it would work in fact. The -- if you say that he

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MR. BROWN: (continued)

has to impose a fine, then the logic would be that you would have to go beyond that and say what that fine would be. The law right now authorizes for example, to impose a fine in the first instance of up to \$1,000 and in some cases up to as much as \$50,000 but it's up to his judgement depending upon the facts of the case to impose a fine and our fear is that if you mandate that a particular fine be imposed, that you're really taking away the discretion that because of the number of claims that have to deal with in a year, because of the number of claims that an insurance company settles every year and because of the number of claims that the department would be dealing with that we feel it would be better left to his judgement to impose such a fine.

REP. QUINN: I guess I would like to know those figures. If we can get them, ask the Commissioner directly for them but my thought in this bill would be that maybe there might be some better quality control if there were an awful lot of these complaints in a year and if not, it probably wouldn't be that great of an impact anyway.

MR. BROWN: My inclination, representative, my inclination is that it certainly compared to the number of claims that are settled during the year, the number of complaints based on the Unfair Practices Act, is miniscule. Now in absolute numbers whether they be 25 or 250, one might consider that to be significant but as certainly as a percentage of the total number of claims that are handled by insurance companies every year in this state, I would have to -- I'm guessing but I'm sure the facts would bear me out that it's a miniscule percentage.

REP. QUINN: And I guess the other question I would have has probably been answered either, I would have to check with the Commissioner but which company might have the greater percentage of that also as far as committing the greater amount of.

MR. BROWN: I'm sure that Mr. Houle has -- I did verify the fact that none of these fines have been imposed on Connecticut insurance companies but with regard to which companies they have been, I really couldn't tell you.

REP. QUINN: Thank you.