

Legislative History for Connecticut Act

HB 5586

PA82-353

1982

House - 3752-3811

Senate - 3236-3246, 3377-3378

Insurance - 0

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take a tally.

Would the Clerk please announce the tally?

CLERK:

Senate Bill 270, as amended by Senate Amendment
Schedule "A".

Total number voting	140
Necessary for passage	71
Those voting yea	140
Those voting nay	0
Those absent and not voting	11

DEPUTY SPEAKER FRANKEL:

The bill as amended is passed.

CLERK:

Calendar page 5, Calendar No. 99, Substitute for
House Bill No. 5586, AN ACT CONCERNING DEREGULATION OF
PERSONAL RISK INSURANCE. Favorable Report of the Committee
on Insurance and Real Estate.

REP. BALDUCCI: (27th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Richard Balducci.

REP. BALDUCCI: (27th)

Thank you, Mr. Speaker. I move acceptance of the
Joint Committee's Favorable Report and passage of the bill.

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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. BALDUCCI: (27th)

Yes, Mr. Speaker. The Clerk has an amendment, LCO No. 2897. If he would call and allow me to summarize it, please.

DEPUTY SPEAKER FRANKEL:

The Clerk has an amendment, LCO No. 2897, designated House Amendment Schedule "A". Would the Clerk please call the amendment.

CLERK:

LCO No. 2897, designated House Amendment Schedule "A", offered by Rep. Balducci of the 27th District.

DEPUTY SPEAKER FRANKEL:

The gentleman seeks leave of this Chamber to summarize this amendment in lieu of Clerk's reading. Is there objection? Hearing none, you may proceed, sir.

REP. BALDUCCI: (27th)

Thank you, Mr. Speaker. This amendment does a couple of things. One, it puts the language originally voted on by the committee back into its original form. It

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makes a spelling correction. It corrects an incorrect referral to a section of the statute, and it puts in Section 10, which was inadvertently missed in the drafting of the final file. I move adoption of the amendment, Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

The question is on adoption of House Amendment Schedule "A". Will you remark on its adoption? Will you remark on the adoption of House "A"? If not, all those in favor --

REP. JOYCE: (25th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Raymond Joyce.

REP. JOYCE: (25th)

Mr. Speaker, would the Journal please note that I have been excused because of a possible conflict of interest, sir.

DEPUTY SPEAKER FRANKEL:

The Journal will so note.

REP. RYBAK: (66th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Rybak.

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REP. RYBAK: (66th)

For the same reason, I'd like to abstain from participating in debate of voting on this matter.

DEPUTY SPEAKER FRANKEL:

The Clerk please note Rep. Rybak abstains for a possible conflict of interest.

Will you remark further on the adoption of House "A"?

REP. DOLGE: (52nd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Dolge.

REP. DOLGE: (52nd)

Will the Journal please note that I am abstaining for a conflict of interest, please.

DEPUTY SPEAKER FRANKEL:

The Clerk please note that Rep. Dolge has abstained for a possible conflict of interest.

REP. SMOKO: (91st)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Smoko.

REP. SMOKO: (91st)

Same reason, sir.

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DEPUTY SPEAKER FRANKEL:

The Clerk please note Rep. Smoko has absented himself from the Chamber for a possible conflict of interest.

Will you remark further on the adoption of House "A"? If not, all those in favor please signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER FRANKEL:

Those opposed, nay.

REPRESENTATIVES:

No.

DEPUTY SPEAKER FRANKEL:

The ayes have it. House "A" is adopted and it is ruled technical.

House Amendment Schedule "A".

In line 732, delete the word "thrity" and insert the word "thirty" in lieu thereof

In line 840, delete "380210p" and insert "38-201p" in lieu thereof

In line 1147, delete the words "On one or more of the following reasons"

In line 1147, after "(1)" insert the words "On the" and delete the word "The"

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In line 1149, after "(2)" insert the words "solely on"

In line 1154, after "(3)" insert the word "on"

In line 1158, after "(4)" insert the words "solely on"

In line 1158, delete the word "of" and insert the word "or" in lieu thereof

In line 1164, after "(5)" insert the word "on"

In line 1166, after "(6)" insert the word "on"

In line 1281, after the word "sections" insert "4,"

In line 1281, after "8," insert "10,"

In line 1282, after "14" insert the following: ",19"

DEPUTY SPEAKER FRANKEL:

Will you remark further on this bill as amended by House Amendment Schedule "A"?

REP. BALDUCCI: (27th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Balducci.

REP. BALDUCCI: (27th)

Thank you, Mr. Speaker. Mr. Speaker, this is a bill that was introduced last year into the Insurance Committee. With the very very heavy schedule that the Insurance Committee had, they looked over the bill, thought it had some merit, but the complexities of it, they felt should be studied a

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bit more. The committee then sent this bill to a study committee which was studied over the course of the summer and fall. The committee had hearings on it with members of the Insurance Department. There was members of the insurance industry, and make recommendations back to the committee as a whole.

The committee then again, met with the Insurance Department, met with the insurance industry, held hearings on the bill, and again modified the bill to its final form today.

The bill we have before us is truly a compromise item, certainly not the same piece of legislation that we saw before us in the previous session. It's one that I think many people have come to understand and know much better than they did before.

Competitive rating, as it is sometimes called, in reference to this particular piece of legislation is now found in at least 18 states in this country, in the auto industry, and some 23 states or more in the area of homeowners.

Connecticut itself has had competitive rating for several years in the area of commercial risk insurance and in the area of homeowners insurance.

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This particular bill modifies the method right now that we will handle homeowners insurance in the future and auto insurance. It allows competition in the marketplace to determine the rates. This bill gives the Commissioner of Insurance specific powers to conduct investigations of any type that he feels necessary into any particular insurance company or the industry as a whole.

The commissioner has prior approval under this bill over any possible changes in territories.

The bill also commands that the commissioner implement and establish a system for consumer information and education to help allow the basic consumer the right to shop around for insurance.

It regulates cancellations, and non-renewals and declinations of auto insurance. It's a bill that I feel much more comfortable with than I did before. I think it's a good bill. It's a bill that I think the entire committee worked on. It's a bipartisan bill. It's a bill that should go forth, and I move its passage, Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Will you remark further?

REP. ROWLAND: (73rd)

Mr. Speaker.

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DEPUTY SPEAKER FRANKEL:

Rep. Rowland.

REP. ROWLAND: (73rd)

Will the Journal please note that I am abstaining to vote for a possible conflict of interest.

DEPUTY SPEAKER FRANKEL:

The Clerk will so note, sir.

REP. SCHLESINGER: (114th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Schlesinger.

REP. SCHLESINGER: (114th)

Thank you, Mr. Speaker. When I first received this legislation and it passed across my desk, I was somewhat concerned with the possibility of some of the blue chip insurance companies acting in collusion to set rates when the regulation would be relieved. However, after discussing this with some of the members of the industry, and after looking into it further by analyzing some other states, such as New York and Virginia that have gone with competitive rating, I feel there are enough safeguards in this bill to support it today.

However, I would like, at this time to, perhaps not warn, but state directly to the insurance industry that if

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some of the companies that are in the position to act in collusion do so, I think it would be very dangerous to the insurance agency, and I think it would see legislation coming from this body to go back and correct that type of a situation because under this legislation, it could possibly exist, and I would think that we should all be very cognizant of that fact.

But I think there are enough safeguards here with the commissioner so that we can go forward and hopefully this will mean lower rates to automobile owners that do drive carefully, and that are not as prone to risk as some of the other automobile owners. Thank you, Mr. Speaker.

REP. SORENSEN: (82nd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Robert Sorensen.

REP. SORENSEN: (82nd)

Thank you, Mr. Speaker. Mr. Speaker, I have a question through you, to Rep. Balducci.

DEPUTY SPEAKER FRANKEL:

Please state your question, sir.

REP. SORENSEN: (82nd)

Thank you, Mr. Speaker. Rep. Balducci, Rep. Schlesinger just touched on a point that I'd like to pursue a little

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further and in your interpretation of this bill, what effect would this bill have on insurance rates in the State of Connecticut right now? Would it make them higher, lower, or would they stay the same?

DEPUTY SPEAKER FRANKEL:

Rep. Balducci.

REP. BALDUCCI: (27th)

Thank you. Through you, Mr. Speaker. As the bill reads, and through all the surveys that have been done, I would like to say that the rates would go down, however, I won't. But in the surveys that have been done, the difference between states which have competitive rating, states which have prior approval, there is little or no difference in the rates across the board.

I would also like to reiterate a point that Rep. Schlesinger made about collusion. It's almost impossible for that to happen under the direction of this bill where the commissioner has the right at any time to challenge any, what he feels could be an excessive rate by finding that the market is not competitive. If he finds it not competitive, he can throw it back on a prior approval situation for up to 3 years, which the industry certainly doesn't want to have happen.

So instead of being a deregulation, it's almost say,

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an increase in regulation as far as the insurance industry is concerned.

REP. SORENSEN: (82nd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Sorensen.

REP. SORENSEN: (82nd)

Thank you, Mr. Speaker. Rep. Balducci, I'd just like to pursue it one step further. You said there would be little or not difference. Would that difference be on the higher side of the rates or the lower side of rates?

REP. BALDUCCI: (27th)

Through you, Mr. Speaker. I have surveys that are done, and I'd be glad to let Rep. Sorensen look at them. They have been done in at least 9 different states, okay, which have competitive rating and prior approval type situations. The basic result seems to be that they are comparable as far as what the rates may be.

If State A is a competitive rating state, it has a \$200.00 charge for an auto insurance policy A, the same A policy in state B would probably be somewhere right around that figure. Just as you have today some variations

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here under prior approval states.

REP. SORENSEN: (82nd)

Thank you, Rep. Balducci. Thank you, Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Will you remark further?

REP. LOONEY: (96th)

Thank you, Mr. Speaker. A question through you, Mr. Speaker, to the proponent of the bill.

DEPUTY SPEAKER FRANKEL:

Please state your question, sir.

REP. LOONEY: (96th)

Rep. Balducci, clearly there are advantages to the industry in having regulations lightened up. Can you briefly state what the advantages might be to the consumer under this bill, apart from the issue of rates that were just raised.

DEPUTY SPEAKER FRANKEL:

Rep. Balducci, will you respond?

REP. BALDUCCI: (27th)

Yes, thank you, Mr. Speaker. Through you, probably the single biggest advantage would be that a rate increase, although they will take place just as they would under the prior approval situation, would be a much much less, the percentage of increase should be less because they

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would be able to implement rates, as they feel necessary and as the market will bear.

For instance, some of the insurance companies have just gone in, and have gotten increases of 13 or 14%.

Hopefully, in the numbers that I have seen, the numbers are going to be at a much much more depressed type rate.

It's going to be the kind of thing where it will help keep the peaks and valleys squeezed closer together as far as profit and loss would go.

REP. LOONEY: (96th)

Thank you very much.

REP. VAN NORSTRAND: (141st)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. VanNorstrand.

REP. VAN NORSTRAND: (141st)

Mr. Speaker, I appreciate the comments Rep. Balducci made about the bipartisan approach in committee toward achieving this bill. As you, I think it's probably pretty well known, as I think it was Rep. Jaekle and I were debating hard against one of the major insurance bills last year, I am not necessarily easy to convince in this area because I think it is a product that is a major expense for families, and one largely misunderstood, in terms of what the contents

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of their policies are. But I too have examined a number of studies based on those states that have gone with this, New York, Illinois, California. It is not being sold that the rates are going to be monumentally cheaper. They're not necessarily.

The experience in the other states, is as Rep. Balducci indicated, is that they will probably be on average, slightly less than what you have with prior approval. But one thing that does happen in relation to the last question of Rep. Looney, is that the company does not have to go for so much, because they know there's such a long lead time to get a rate increase approved.

You do, in fact, get much more moderate rate increases. The other thing that I would point out to those of you who are concerned about availability is, this may in fact, have a very salutary effect on the assigned risk pool. That you will find more and more people being able to get market insurance, and that the assigned risk pool, still under the statute will still exist, it has to be maintained, but the experience in the other states is, there are less people in the pool. It becomes more of a market situation for more drivers, at least in the auto casualty area.

So I think this bill on balance, and the only other one, I think that Rep. Schlesinger alluded to it was, I was

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worried could somebody under this bill artificially, for loss leader or no other reason, go out and try to capture segments of the market.

I assure you, from what I read, the Commissioner has ample authority if he spots any business like that, to go in, put those people immediately on prior approval, and he can also do some other things, in that same instance, by the way. So I think on balance you've got something that's going to make some sense. You're not going to see as large an increase for people because the industry has really been stuck with 10 month lead times sometimes on rate approval cases.

And I note the commissioner was not an easy sell either, and he has ultimately come around.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this bill?

REP. VANCE: (123rd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Vance.

REP. VANCE: (123rd)

Just briefly, I can't miss the opportunity to stand up and agree with my Minority Leader and to urge those of you present to support this legislation.

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DEPUTY SPEAKER FRANKEL:

Will you remark further on this bill?

REP. BROUILLET: (2nd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Brouillet.

REP. BROUILLET: (2nd)

Yes, through you, Mr. Speaker, I'd like to ask a question to the proponent, Rep. Balducci.

DEPUTY SPEAKER FRANKEL:

Please frame your question, sir.

REP. BROUILLET: (2nd)

Rep. Balducci, according to what Rep. VanNorstrand said and you said, how can you give me an example that the commissioner will decisively step in when he finds that companies are not living up to their promises, what deregulation will do and what they're doing is not consistent with the competitive rates that are in effect.

DEPUTY SPEAKER FRANKEL:

Rep. Balducci.

REP. BALDUCCI: (27th)

As the bill indicates, and as I'm sure you're well aware, having sat on the Insurance Committee this year,

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Rep. Brouillet, that the bill says, that market place will determine the price of insurance. Just as, for instance, when you go to the grocery store. That's a competitive market, depending on which store you choose you shop the best way you can.

Hopefully that's the kind of thing that will happen. You may shop one, shop the other.

However, there is no regulation over what a store may charge for a particular item. Here there is. Under this bill in Section 6 it talks about the commissioner having very very important powers. He can't say, "Look, these rates look like they're very very high. He can administer specific tests and probably, you know, as to how many insurance companies, for instance there are 85 insurance companies at the time seeking auto insurance within the state of Connecticut. If he wants to look at the numbers to determine that. He wants to look at urban or suburban areas, he can do that.

He will probably look at however, the profit market, the profitability of a company and say, "look, they're making a good deal of money, and he can administer any kind of test he wants to determine those things to find out what kind of dollars they're saying. And then, something that I am

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not totally, not being a lawyer, but I know that he can then, if it's challenged by an insurance company in a court of law. His word becomes fact, and not a question of law, and therefore he can't be second guessed on it.

If he decides that there is not competition in the market, he can then throw the whole thing back into prior approval, and no company wants that to happen, since this would last for a period of some 3 years, that they would then have to come in and get approved for every single rate that they have. So that I feel, answers your question.

DEPUTY SPEAKER FRANKEL:

Rep. Brouillet.

REP. BROUILLET: (2nd)

Mr. Speaker, Rep. Balducci referred to the fact that I was on the Insurance Committee. This is absolutely true. I felt so totally inadequate to be there and to digest the content of a bill like this with 20 pages and its implications. We all know, probably the most intensive lobbying that's go on since I've been here in the short period of time, has been going on on this bill. That gives me a bad gut reaction about the whole thing, but that's not enough to oppose it.

But, it really bothers me to hear the testimony, and to look at the testimony that there were worries and

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concerns. Mr. Speaker, through you, I have another question of the proponent.

DEPUTY SPEAKER FRANKEL:

Please state your question.

REP. BROUILLET: (2nd)

Rep. Balducci, with all the promises of special things that are happening like credit rating and other things that the insurance industry can move on quickly, what would happen to something now, like the mature driver bill that we have, would that never have come up, of why didn't the insurance companies as a normal course of the right thing to do to encourage people, or actually reward them for their safe driving at an older age, which there are statistics all over the place.

REP. BALDUCCI: (27th)

Mr. Speaker, with all due respect to you and Rep. Brouillet, I'd be glad to answer that question. I don't think it's relevant to the bill, though.

DEPUTY SPEAKER FRANKEL:

Rep. Brouillet, you have the floor, sir.

REP. BROUILLET: (2nd)

Yes, I told you I wasn't good at this sort of thing. What I'm trying to say is that there are a lot of promises made here in the testimony of things that will come because

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the insurance companies are able to move immediately when there are changes in the market or things that are happening. Things of inducement or things they'll offer quickly.

Now, what I said was, that what would this do, this passage were insurance companies to have the incentive to offer a mature driving bill instead of 1 or 2 companies doing it. Or what would it do to that proposal?

DEPUTY SPEAKER FRANKEL:

Rep. Balducci.

REP. BALDUCCI: (27th)

Mr. Speaker, through you, you know, I can't speak for the insurance industry. I don't know what their position is going to be specifically on whether they would buy a mature driving bill, an immature driving bill, or anything of that nature. You know, I would imagine, I know we have a bill such as that around the Hall of the House right now, but I don't know what the result will be. I really don't.

I do know there are several other things that are mentioned within the bill, protections, the fact that hopefully, not hopefully, the industry, the commissioner, the Insurance Department will be issuing education and programs mentioning the types of insurance companies possibly,

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because I've seen a couple from other states, the top 10 insurance companies offering particular types of auto and the prices they offer. That type of thing which I think is going to be a big help to the average consumer out in the public.

REP. BROUILLET: (2nd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

You have the floor, sir.

REP. BROUILLET: (2nd)

Another question, please. Rep. Balducci, you just brought up the third question that I had. There was some concern that how does the average person, or the below average, or person like me, below average. How are they able to really, and I'm serious, really analyze what's a good insurance package, when all we want to know, are we protected if we get into an accident, and how much coverage do we have. Sometimes we take the lowest liability. Can the Insurance Commissioner, does he have the resources available, and will this get out to the public so they can make a wise choice, which will make this bill a plus.

REP. BALDUCCI: (27th)

Through you, Mr. Speaker, I really think that's a good question, and that answer is simply this, yes. First

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of all he'll have more resources because he'll have less chasing around as far as going from insurance company to insurance company to insurance company. The market should determine what rates will be.

If and when he finds that the market doesn't determine that, then he can go into a hearing type thing. Yes, he should be able to administer some kind of a program that will educate the people and make it easier for them in simplified form that is now done by other prior approval states.

To say that, as I started to say when I was discussing it with Rep. Sorensen, company A offers a policy and it's an auto policy, okay, and their rate is \$200.00. Company B may offer the exact same policy and it's \$200.00 minus whatever, minus \$20.00, or whatever it is. So you would have that opportunity to say, yes, you take any of these policies, or any of these companies and look at that them. I can get the proper coverage that I'm looking for. It should be in laymen's terms, because the ones that I have seen are, and then you make your choice from there.

You should also have an agent who should be able to help you make those kinds of decisions if he's any kind of an insurance agent, also.

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REP. BROUILLET: (2nd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Brouillet.

REP. BROUILLET: (2nd)

Coming from Hartford, I certainly want to see the insurance industry thrive, although they're moving to Wallingford, Simsbury and Middletown, and all the places along the line, but I feel very wary of this. It's a lost cause. I'm not going to ask any more questions because Rep. Balducci was a friend of mine and he might be down to an acquaintance now, but I'm stopping right there, but I want to tell you this. This is going to go through so overwhelmingly it's unbelievable that we can get action like this. And I know it's like a voice in the wilderness. But I'm going to vote against it, and I'm going to put on my campaign literature that I voted against this bill, and I hope I'm wrong. I hope that those of you who vote for it can say later, Brouillet you were wrong. Look at the fantastic things that came from the insurance industry. Thank you, Mr. Speaker.

REP. LA ROSA: (3rd)

Mr. Speaker.

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DEPUTY SPEAKER FRANKEL:

Rep. Paul LaRosa.

REP. LA ROSA: (3rd)

Mr. Speaker, I would just like to maybe go back a few years and to maybe bring some of the members of this General Assembly up to date on what the problems have been in regards to availability, in regards to discrimination, and maybe some of the good parts that why maybe this bill should pass.

I think some questions have been asked in reference to discounts. We have, at the present time in the State of Connecticut, we have an automobile assigned risk plan, which means that anyone who has violations, they would definitely be a surcharge.

Then we also have a plan that was instituted in this Hall of this House, and I felt that I played a great part in it, was the careful driver plan, which meant that they would take the 5 rates of the leading companies in an area, and this would be called a careful driver program, and it judged based just on your driving record, and it would not discriminate where you lived or what area you lived in or what have you.

So what is happening here, Mr. Speaker, is the fact

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that there are companies who will underwrite a risk with 1 violation, and don't give you any surcharge. There's also within the assigned risk plan, that if you have a speeding ticket, you do not get surcharged, but you're not eligible for the careful driver plan, but you are eligible under the assigned risk plan.

What I'm trying to say, Mr. Speaker, is that I think that where we would say that it could be a bonanza, but on the other hand, I think that the insurance market will seek its own level. By that I mean, competitively there are companies out there who are viewing for auto insurance. There are companies who have had a tremendous amount of loss experience who feel that they should not participate in the personal lines market.

But I would say that within this bill, that there are enough safeguards that the Insurance Department can go back and really do the job that has to be done relative to insurance premiums, relative to automobile policies, personal lines, and what have you.

I, Mr. Speaker, and in all due respect to my good friend, Arthur Brouillet, if I run for reelection, I could put on my brochure what I have done for the people of the city and the state relative to insurance programs. I know that we have done in the past, where we have put in the

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Connecticut Fair Plan. We've put in the Fair Plan relative to liability where people were not able to obtain that kind of liability insurance on commercial property.

We have competitive rating in the commercial lines, and I know that in many cases, when you view for that business, you have to be competitive, and I know that being in a business of this type, that many people, they know the bottom line, what is it going to cost me. And I think that if a company is looking for that business they would seek it on that basis.

Some of the reasons that we are in some of the problems that we've had today is because years ago the insurance industry wrote business at a price it could not afford to sell it, and as a result it brought us to some of the points that we have here today.

I think that we should give the Insurance Department an opportunity to monitor this. I do think it's in the best interest of everyone concerned, and I know that if it isn't and we find that rates have escalated to the point of no return, I'm sure that this General Assembly will do something to relieve that situation in the next session.

REP. RITTER: (6th)

Mr. Speaker.

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DEPUTY SPEAKER FRANKEL:

Rep. Ritter.

REP. RITTER: (6th)

Thank you very much, Mr. Speaker. I'd like to briefly on a few things, but I'd like to say at the beginning I'm standing here in support of this bill, and I hope Rep. Brouillet will still be my friend afterwards, because in my brochure I'm going to put that I'd like to monitor this bill to make sure it's going to work the way I think it's going to work.

I'd just like to say that as one who considers himself a progressive minded person from an urban area, one who spoke today for tougher penalties, and helping to cut the crime rate for juveniles, which may not be considered a liberal position, but our wing of the party has to rethink many of its positions, and one I think is in the whole area of regulation.

I think what this bill does is not deregulate, but it adds, really what I call sensible regulation, and that there are guarantees written into this bill. There is regulation, and really is giving a shot to prove that you can help an industry and the consumer at the same time. I think it's important that we all note that prior approval is needed by the commissioner if he's going to change any territory.

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I also happen to believe with the Minority Leader when he says the availability pool may actually be increased for urban areas.

Finally, I would just like to say that this whole bill, it's important that we, the legislature has passed 100% funding for the insurance commission, because, you know for the Department of Insurance, because what's happening is there are going to be more bodies needed over there.

And many times, as we all know, we're very short sighted and our abilities, and when we add staff to different regulatory agencies, and I think with the increased staff and the 100% funding that really goes along with this bill, that this will help make this a better situation for all involved, and I will continue as I think Rep. Schlesinger stated in the beginning, I think it's our concern now to make this work, and to monitor it and make sure that this is a good bill.

Thank you.

DEPUTY SPEAKER FRANKEL:

Will you remark further?

REP. BARNES: (21st)

Mr. Speaker.

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DEPUTY SPEAKER FRANKEL:

Rep. Barnes.

REP. BARNES: (21st)

Mr. Speaker, through you a question to the proponent of the bill.

DEPUTY SPEAKER FRANKEL:

Please state your question, madam.

REP. BARNES: (21st)

This bill deals with deregulation of the automotive insurance rates, home owners and several others and it has been lobbied aggressively by the insurance industry during this session.

One of my concerns in the last 2 years has been the cost of hospital care and I have found the most aggressive lobbyists and the greatest beneficiaries of the the cost commission in this state to have been the insurance industry.

On the one hadn, they want deregulation for automobiles and homeowner policies, and when you come to health care, they want the most extraordinary regulation in the country.

Would you explain to me this inconsistency? .

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DEPUTY SPEAKER FRANKEL:

Rep. Balducci.

REP. BALDUCCI: (27th)

Through you, Mr. Speaker. The difference between health regulation and auto. I don't think the, yes,

DEPUTY SPEAKER FRANKEL:

You have the floor, Rep. Balducci.

REP. BALDUCCI: (27th)

As far as regulations go, I would venture to say that probably the difference is that in the auto industry your ability to move around and shop around for insurance is a bit more, you're a bit more able to do that than you are in the area of let's say a hospital, where you have a much more difficult time, I think, searching out insurance.

REP. BARNES: (21st)

Mr. Speaker, through you.

DEPUTY SPEAKER FRANKEL:

Rep. Barnes.

REP. BARNES: (21st)

I'm not going to belabor the point with Mr. Balducci. I think it's a very complicated subject and we'll just let it go at that.

DEPUTY SPEAKER FRANKEL:

Will you remark further?

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REP. KARSKY: (1st)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Felix Karsky.

REP. KARSKY: (1st)

Through you, Mr. Speaker, to the proponent of the bill. Many of my remarks, I think will be largely remarks of concern and interspersed in there may be particular questions and please feel free to stop me at any time.

If there's any doubt on the part of individuals in the audience that Hartford is always together, the last 4 or 5 remarks here would indicate that we are not necessarily always together.

The minority leader, earlier expressed some concern about the bill but then felt that the bill had been rectified considerably since that which was offered last year and as a result the commissioner has increased powers and can step in to rectify wrongs.

I have to agree that yes, the commissioner can step in but there's a matter of time concerned, when the commissioner can step in that office is of regular concern to me.

I have concerns here that were expressed by Rep. Schlesinger before and that is what is to prevent 2

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or 3 major insurers because of their overwhelming resources and their overwhelming advertising campaigns to dominate a market. It would seem to me that there would be a possibility of lowering rates in the automotive area and because of their being so diversified, being able to cover those losses in the other insurances that are offered.

Also, I have some concerns about the controlling of the marketplace through massive advertising campaigns and plus the fact that a great number of agents that would be available in the field.

I have also strong concerns about the ability of the public and basically, the consumer to be able to differentiate between the various lines of insurance and coverage that is available. It is difficult enough to read a policy. Imagine trying to go and decide what is the best coverage for the money spent.

We have attempted to educate the consumer in many, many fields, and this in many cases has been totally less than effective. I defy any one of you to walk into the supermarket look at unit pricing and really come away knowing that you got a good deal.

Is it a good deal one item is 50¢ or is it a better deal 2 items for a dollar? You can never figure that one out.

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Territorial rates will still be utilized, I believe under this particular bill, and if territorial rates are still used under this bill, will not the urban areas be taxed with a higher insurance bill than would be let's say suburban areas and rural areas.

We talk about a comparative market. The commissioner under this particular bill, decides what is a competitive market. That is not always an easy thing to do.

It is my contention that before the commissioner can act in areas where he feels a competitive market does not exist, this could result in windfall profits, I believe, to some of these insurance carriers.

As serious concerns, now that the insurance commission is funded completely by the insurance industry, that the work of the insurance office will not be as diligent during this crucial changeover as perhaps it has been in the past.

I question the ability of the insurance department by present staffing, present resources, to do all of the monitoring that will be necessary to carry out this rather ambitious undertaking.

I have concerns of regulation or judgment on the part of the commissioner as to what is an unfair profit, or

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an unreasonable profit by an insuror. For an example, let's assume there is a 1% increase in insurance rates over what is existing in the marketplace today. Would that be looked upon as being unfair, most of us probably would say, not.

What happens when there's a 6% increase over the existing insurance rates. Is that an unreasonable amount? What happens when we reach 10%, 12%, 13%. It's the judgment of the insurance commissioner again, to decide whether that is unreasonable. I have a feeling that the insurance company might find a very comfortable niche in between, in the cracks there, which will be high enough to realize a very good profit, and yet not so much that the commissioner would consider these rates as being excessive.

I'm going to stop here for a moment, if you want to answer those.

REP. BALDUCCI: (27th)

Thank you, Mr. Speaker. I was trying to gather in some of the questions that Rep. Karsky had.

First of all, one of the concerns he had was that 2 or 3 companies might try to increase rates and they very well might. And they could collude, I suppose, if they really wanted to. And you can do that in almost any

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industry. However, under this bill, there's a section that says, that deals with ratings, and it says outside companies, particularly small companies, might want to come in if they have less than 1/2 of 1% of the industry and simply use rates which are more or less advised by let's say, a rating organization.

And, therefore, the competition within the state should go up and if people are aware of what's going on and again, they have to be a bit aware, and I think through the department program that they should be setting up in the near future, that they would be able to shop around and find less expensive rates.

Basically, there are 3 charges which the insurance commissioner may use to define or to change or take control of the situation of a particular market. One under this bill he has to first find no competition. The other is if there is inadequacy and I think that's a question you raised and certainly deserves an answer.

If the rate is inadequate and he can look at it and I think it's under Section 5 where he talks about inadequacy if he feels that, and I'll quote, I'll take it from I think it's on line 240, 242, I believe, if I find it correctly, but, excuse me, on 253 where it says inadequacy standards, under this particular bill, 153, if he feels they are unreasonably

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low, for an insurance provider okay, this has nothing to do with the competition. Now, he can do it now, under present legislation and he can do it under this bill say, hey, you know, a company's going to go out of business or he feels you're trying to choke off other companies from competing, he can stop it right there and say, let's take a look at this and we may end up back in a prior approval type of situation.

He also has the problem of discrimination which he has control over as far as determining for instance, territories and urban areas. He has that control over those types of things.

It specifically states in this particular piece of legislation, that territories cannot be changed at all without his approval. It's a protection for that type of thing from letting insurance companies go ahead and make some kinds of moves in that area.

Yes, you said that the insurance company or the insurance department is going to be funded. That's true, but there are other departments at the present time such as the banking department which is being funded by the industry and doesn't necessarily the commissioner cow-tow to the industry in that and if it does happen, I think the individual should be changed, if he is leaning solely

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toward the industry. His basic job is to protect the consumer and I think in modification of this bill, the commissioner, Commissioner Mike definitely did that.

REP. KARSKY: (1st)

Through you, Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

You have the floor sir.

REP. KARSKY: (1st)

Again, to the proponent. According to this legislation, you could have a highly inflated rate system, but if most of the carriers have similar high rates, you still have a competitive system and therefore a competitive market, is that not true?

DEPUTY SPEAKER FRANKEL:

Rep. Balducci, will you respond.

REP. BALDUCCI: (27th)

I would say, yes, through you, Mr. Speaker, that's true.

DEPUTY SPEAKER FRANKEL:

Rep. Karsky, you have the floor, sir.

REP. KARSKY: (1st)

So I think we get back to the corporation structure here again. If we get again, a group of individuals together and their rates are high, as far as the commissioner is concerned,

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if these companies are carrying high rates, they are in competition with one another, therefore you have a competitive market.

DEPUTY SPEAKER FRANKEL:

Rep. Balducci.

REP. BALDUCCI: (27th)

Through you, Mr. Speaker, I think I started to allude to a point I was just going over the surface of, but I think the point being that first of all, I don't think collusion could happen because of competition, but it may, and if it does and it happens with several of them where there is no competition, or you could place yourself right out of the market. There are people who might want to purchase for instance a Cadillac and the prices go up high. And they should take a look at purchasing a less expensive type of car. However, if they want to continue to purchase that particular vehicle at those particular prices, you know, we can't stop them.

But the part I think that we will refer to now is the commissioner would have the right under this particular piece of legislation of saying, okay, let's make a couple of tests to see if the market is competitive. Let's make a couple. Forget the simple things like 85 companies competing in the market, auto industry. Let's

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look at some of what their profitability is and then after looking at things such as profitability and that would definitely show up if they were making too much in his opinion, he would say okay, let's have a hearing on this and if he has a hearing, and finds that there is, in his opinion, rates that are too high, he can then simply put the entire thing, declare that the rates are excessive and put the entire market or any part of the market in a prior approval situation and under this and I'm not under the present time, if an insurance company appeals, if they appeal, the courts almost have to go along with the commissioner's decision because it isn't a question of law, it's a question of fact, and that's a law term which I am not totally familiar with, but one which I have become more familiar with over the last 6 or 7 months.

REP. KARSKY: (1st)

Mr. Speaker, again to the proponent.

DEPUTY SPEAKER FRANKEL:

Rep. Karsky.

REP. KARSKY: (1st)

According to the standards set in the bill, rates shall not be excessive, inadequate or unfairly discriminatory and by excessive, it is listed here as unreasonably high for insurance provided. What is unreasonably high?

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DEPUTY SPEAKER FRANKEL:

Rep. Balducci.

REP. BALDUCCI: (27th)

Okay, that would again be determined by the test which the insurance commissioner would put forth in his, if he feels that there is a question at all within the marketplace as to whether or not those rates are non-competitive.

He first has to determine that there isn't competition. It's basically this philosophy that the marketplace will determine the cost of insurance and if rates go up, they go up. If he feels that they may be going up too rapidly, or at too high a pace, he would then go to the test system and apply any test that he feels necessary as I just stated and decide, and in deciding things such as profitability and investment, whether or not those things are too great a return, he can then throw the entire market into a prior approval system, which the industry, by the way, would not like to see happen.

REP. KARSKY: (1st)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Karsky.

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REP. KARSKY: (1st)

I have concerns again to the proponent of the bill that according to the language of the bill, a market is presumed to exist, presumed to exist unless the commissioner after hearings, determines that reasonable again, the word reasonable, competition does not exist, and issues a ruling to that effect.

Again I'm a little concerned about the time sequence. Perhaps the proponent of the bill could give me an idea as to the time sequence and to the time the commissioner feels that the rates are unreasonably high or that competition does not exist. How long could these rates be in the marketplace. How long could the public pay these rates before the commissioner actually was in a position to take affirmative action.

DEPUTY SPEAKER FRANKEL:

Rep. Balducci.

REP. BALDUCCI: (27th)

I think the time schedule, through you, Mr. Speaker, I think the time schedule is a little difficult to assess. Right now, for instance, under the prior approval system, you submit rates, the commissioner has 15 days in which to decide. This is one of the problems with why the rates go up at such a fantastic increase, 13, 14, 15%, because as

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Rep. Van Norstrand mentioned before, the lead time is very important and if these rates go up, excuse me, he applies for rates, the commissioner has 15 days, he can delay it another 30 or so. So you're talking about 45 days, but if during that interim, the commissioner decides that hey, I need some more information on a particular aspect, the clock stops and the insurance company must provide that information, and it may take 2 weeks, 6 weeks, 6 months before the clock starts again and that time period runs out. So you're talking about a rate they may be applying for January 1 but may not, and to apply for that period of time, and they may not get until October, and may not get that entire rate on top of it.

As far as rates go, as far as time scheduling goes, under, I think your question is, once the rates are filed, and put into use, the commissioner would then take a look at the rates and try to determine whether or not this market is, if the rates in this market are fair and just. If during that time he feels they are, he can put, he can go to the hearing process. During that hearing process, and if he finds that the rates are too high, he can then lower the rates, or declare them to be lowered if he finds a prior approval situation should exist.

And if that happens and they want to go to appeal,

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there is a situation where the company on that appeal can say, we think they should be this number of dollars, you say this number, we're appealing it, and while those rates are being appealed, they can end up in a bond situation where they would have to put up a bond for security, the insurance company to defend their rate as opposed, the difference between their rate and the commissioner's rate.

And whatever the rate is determined to be after that, that security would then be extended to the insured. So, but I think to basically answer your question, I couldn't give you an exact time schedule. It would also be the same kind of a problem you would have under the prior approval situation, because they could keep coming back under prior approval with new rates, and even if the commissioner disqualifies them.

DEPUTY SPEAKER FRANKEL:

Rep. Karsky, you have the floor, sir.

REP. KARSKY: (1st)

Yes, again, Mr. Speaker. Just a moment or two.

I appreciate the patience of the proponent and the rest of the House.

I guess my concluding remarks would be that I have again, these concerns in four areas and I'm not sure I've

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been totally convinced on them and that would be the size and number of firms that we do find in the marketplace. Also, and I think this is key, and that would be the efforts of the insurers and the commissioner to provide consumer information. I'll get back to that in one moment.

The time sequence that the proponent has talked about, the role of the commissioner in the intervention of this entire process, and then finally, the rate setting.

The industry has chosen to call this program a program of competitive rates. Others know it as a program of deregulation and I believe with that, many of its connotations.

We have all seen what has happened to other areas where deregulation has taken place. And that concerns me.

Finally, according to the testimony of the commissioner, it was his feeling that the key to success in this entire deregulation program is an informed aggressive public that can recognize the values that are offered.

Insurance jargon is frightening to the public. There is an innocence on the part of the public. This is an area where I have my concerns.

And finally, to the proponent of the bill, you did your homework well. I appreciate your patience again. I would like to remind everyone that this is an insurance

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industry bill and not the commissioner's bill. Thank you very much for your patience.

DEPUTY SPEAKER FRANKEL:

Rep. Paul Gionfriddo.

REP. GIONFRIDDO: (33rd)

Mr. Speaker. Thank you, Mr. Speaker. Mr. Speaker, I apologize for perhaps covering what's going to be some of the same grounds that the last speaker covered, but I do have a question. It's relatively late for me to concentrate on all this and I'm going to need help understanding this.

I was reading on line 235 that a rate in a competitive market is not excessive, the bill says, so no rate in the competitive market is excessive. So I looked up what a competitive market was. And line 107 tells me that a competitive market means a market which has not been found to be non-competitive.

I looked up a non-competitive market and found that means a residual market or a market for which there is a ruling in effect pursuant to section 6 of this act.

So I looked up residual market and found that a residual market means an arrangement for the provision of insurance in accordance with the provision of section 38-114f 38-185 1, or 38-201 h. And I was wondering if the proponent

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of the bill can explain to me, in English what a residual market is and how that then I can relate all that back to that original statement that I was looking at.

REP. BALDUCCI: (27th)

Thank you, Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Balducci, will you respond.

REP. BALDUCCI: (27th)

Yes, a residual market is one that is non-voluntary such as the pool that we talk about, the fair plan that is incorporated on property. And in reference to those things, they are non-voluntary types of markets. They are not markets that companies actually go out and seek clients for, that's why sometimes in those pool type things you find a situation where rates may be higher because they are not particularly seeking a particular type of clientele.

However, under this legislation there will probably be more access to those particular lines because of the competitiveness in the market. You'd have less people in those types of pools. And the reference is that the numbers you were referring to are just that, references to I think, title insurance, fair plan, etc.

DEPUTY SPEAKER FRANKEL:

Rep. Gionfriddo.

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REP. GIONFRIDDO: (33rd)

So that, Mr. Speaker, say I have automobile insurance. Then is my understanding correct that my automobile insurance because it would be in a competitive market, probably my insurance would be regarded to be in a competitive market, it would therefore not be excessive. And were I to have an accident which did \$300 worth of damage, then I couldn't be given a surcharge on mine, so that I might then be placed into a pool wherein my rate could be altered, but only if it were determined to be, not to be unreasonably high. Is this how this works, or does it work differently?

DEPUTY SPEAKER FRANKEL:

Rep. Balducci.

REP. BALDUCCI: (27th)

I'm not sure I understand the question. But that language is put in by the commissioner for the protection of individuals so that a person who had a minor scrape or a skirmish or got a minor violation would not be able to be singled out by the industry and say, hey, we don't want your insurance anymore. They must keep it now under this bill if it's less than \$300 damage on a motor vehicle.

DEPUTY SPEAKER FRANKEL:

Rep. Gionfriddo.

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REP. GIONFRIDDO: (33rd)

Mr. Speaker, again, it's tough for me to concentrate on this and it's just generally tough for me to concentrate on this stuff, but doing my best, I seem to read that what the bill said was that I couldn't have a surcharge placed on my policy for meeting these 3 criteria if I were to have an automobile accident.

If I couldn't have a surcharge applied, I guess my question is, could I still be place in the pool?

DEPUTY SPEAKER FRANKEL:

Rep. Balducci.

REP. BALDUCCI: (27th)

No. Through you, Mr. Speaker, the answer to that I think is just no.

DEPUTY SPEAKER FRANKEL:

Rep. Gionfriddo.

REP. GIONFRIDDO: (33rd)

Mr. Speaker, would it be possible for Rep. Balducci to draw my attention to the section that covers that. I haven't been able to find it yet.

DEPUTY SPEAKER FRANKEL:

Rep. Balducci.

REP. BALDUCCI: (27th)

I'm with you, Mr. Speaker, just a minute. I think

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the question that he's asking, he's talking about the 3 parts on the 3 parts to be surcharged, and then under this surcharge situation, those simply, that was simply put in there by the commission as I said before, the commissioner, as a protection for an individual.

I don't think that particular question he's now asking is covered by this legislation, but is covered elsewhere in the statute.

DEPUTY SPEAKER FRANKEL:

Rep. Gionfriddo. You have the floor, sir.

REP. GIONFRIDDO: (33rd)

I guess, Mr. Speaker, I'm having some difficulty with the statute, with the bill. I'm not convinced that the bill isn't a good one. However, I'm honestly having a great deal of difficulty following it.

It seems to me that it's language is reasonably complex. The sort of movement that it brings you to a statute is reasonably complex with its definitions and references to other areas and continually revolving back upon itself. I guess I'm worried about it and I don't know how to have my worries allayed this evening and am concerned that I may be in a position of needing to vote against the bill which might be a very good bill.

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REP. LA ROSA: (3rd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Paul LaRosa.

REP. LA ROSA: (3rd)

Mr. Speaker, I think there are enough provisions within an insurance contract. For an example, when a policy is issued, the company has 6 days in which to investigate that particular policyholder to make sure that everything that has been stated on an application is true and correct, and they have to have notice within that 60 days.

The \$300 where it's a nonchargeable accident is something that the insurance committee made it mandatory that the companies could not charge for an accident where the cost of that accident was less than \$300.

Under no-fault we've also developed a mechanism where the companies subrogate amongst themselves.

To answer some other questions relative to how long it would take for the insurance companies or the insurance commissioner because at the present time, any insurance company can issue a directive to its agencies and say we will only accept 10 policies for this month because we have hit our quota, only because they don't

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want to make the market that much available.

The other problem is that as far as this bill is concerned, I think that competitively with the careful driver plan, with excess substandard companies who will look for substandard business, and incidentally, when anyone is placed into an excess pool policy, they have to sign an affidavit stating that someone has made a considerable effort to place them in the volunteer market. I think that what we're doing is debating the whole insurance industry and the method of obtaining coverage for the people of this state.

I think it's a good bill. I think there are enough safeguards in it. I think that the levels of the industry and the levels of competition will be obtained and at this particular point if they are excessive and there are windfalls for companies, we will always have the careful driver program which those rates are not changed on a day to day basis.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this bill.

REP. BROUILLET: (2nd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Arthur Brouillet.

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REP. BROUILLET: (2nd)

The intimidation is overwhelming and consuming, but nevertheless because as I've sat here and listened to such long dissertations that have less impact on the consumer than this bill, I feel that I must ask a question and I've already not being a cad, I've already spoken to Rep. Vance, but I think this might be a plus for the bill if this becomes operative and I'm going to refer and by the way, I do have a lot of other questions, and I'd rather not ask them, but, she knows what I'm going to ask.

But for the benefit of the people here that will feel better in good conscience in voting for it than for a lot of other reasons. Rep. Vance in her testimony on March 3 said to the commissioner last question, commissioner, in talking with you is, that you have feelings that seem to feel that if we institute competitive rating, you're going to need more staff. Would you like to react to that comment?

And this was to Mr. Day. And he just said, well, and she said in 25 words or less. But here's the crux of what I'm getting at. Mr. Day said, I think that with the monitoring system, you could use a few more people. Maybe different types of people. I think for example you might need an economist, amongst other things, or somebody trained that way. We have also felt for some time that it's in our

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interest to make sure that we have an adequately staffed department. We have had problems with 100% funding bill, not because so much of the money or our desire to deprive him of resources, but because he wanted some kind of fiscal restraint upon the department so they would prioritize and we felt it was good public policy, so we would like to see the commissioner have the staff he needs as long as it is done in a responsible way.

And then Rep. Vance said, right now in the insurance department it is understaffed by 13 people. Right now in the insurance department it is understaffed by 13 people. Now a certain number of employees authorized and funded July 1 of last year, the Governor submitted a freeze. The legislature indicated an even stronger freeze. Would you support the filling of those 13 positions prior to any expansion of staff. That's a loaded question, isn't it.

Now, through you, Mr. Speaker, to Rep. Vance, Rep. Vance has made assurances to me which make me feel good and she makes all of you feel good that are voting for this, so through you, Mr. Speaker to Rep. Vance, Mr. Speaker, through you, to Rep. Vance.

DEPUTY SPEAKER FRANKEL:

Proceed, sir.

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REP. BROUILLET: (2nd)

Thank you, Mr. Speaker, I wanted permission first. Rep. Vance, would you just care to rise to these people how you feel in the new budget, these things that you asked so brilliantly about will be operative.

DEPUTY SPEAKER FRANKEL:

Rep. Vance, will you respond.

REP. VANCE: (123rd)

May I say, no, Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

You may, madam.

REP. VANCE: (123rd)

Thank you, Mr. Speaker, I will respond. I didn't realize that I was that wordy in my testimony. I think we're all very tired and not only physically tired, but morally tired of this issue at this point.

What I will repeat is the fact that there are 13 vacancies in the insurance department. That in this year's budget which this Assembly has adopted, there is not only provision for filling those 13 vacancies, but there is an approximately \$170,000 in additional funds that are being appropriated to the insurance department.

We intend to keep oversight on the department but certainly these monies and these staff people should more

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than cover the needs of the department so that they will have the necessary oversight on this bill.

Thank you, Mr. Speaker, I hope that is the end of the debate.

REP. BROUILLET: (2nd)

Thank you. Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Brouillet, you have the floor sir.

REP. BROUILLET: (2nd)

It's just about the end of it, and I've stayed here so many times, and maybe next time, I might be rude, but I wouldn't be, I hope.

I'd like to say that in closing that a representative walked by me and talked to me and said, my insurance agent that runs a business said to me this bill is a ripoff. The insurance industry can do the same things now as they will with this bill, and I said to this individual, why don't you get up. He says, naw, so all I can say is I'm still going to vote against the bill. I hope every one of you are right. I hope the insurance department gets its full complement of people. I hope all the things that you predict are true. That means I'm still going to put in my campaign literature and thank you for being so indulgent, all of my colleagues. Thank you.

kpt

House of Representatives

Wednesday, April 21, 1982

REP. ANASTASIA: (138th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Anastasia.

REP. ANASTASIA: (138th)

Thank you, Mr. Speaker. As already has been stated, it's getting very late. I would just like to make a few comments, Mr. Speaker, if I may.

Members of the Assembly, believe me as Chairman of the Insurance Committee and one who definitely has the consumer's good will really set in a special spot, I feel it's something that we all feel very close to.

The bill you have before you as proposed, is not of the proposal that was originally brought before our committee. Rep. Balducci, I feel along with many of his members of his subcommittee should be commended at this time. A great deal of work, a great deal of hard work and effort was put into this proposal. I must admit, Mr. Speaker and with all due respect to the last speaker, with exception of the last speaker, many of the sentiments that were expressed, the doubts, were also expressed at the meetings that our committee did attend.

But, Mr. Speaker, we honestly feel with this bill

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that is before us, will bring out a great deal of good for the insurance buyer, the consumer, and at the same time, in all honesty, not jeopardize the insurance industry which we obviously are all very concerned about.

Mr. Speaker, I would just if I may read a small article that appeared in an editorial of the Connecticut newspaper. It's very short, but it is very important.

"The free enterprise system is built on rivalry. With the insurance department keeping a watchful eye on the industry, we think competitive rating should be tried in Connecticut. Members of the General Assembly should not fear this change, especially when legislation provides the insurance department with the authority to wield a big stick if any abuses are found."

Mr. Speaker, we do have the stick here within this bill and yes, we did express a great concern about monitoring this proposal and I would just hope that the members of the Assembly would support this proposal with the assurance that our committee did look very diligently into this concept. Thank you, Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Will you remark further?

REP. VAN NORSTRAND: (141st)

Mr. Speaker.

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DEPUTY SPEAKER FRANKEL:

Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

I just want to say that Rep. Brouillet shouldn't get all that concerned about this bill. It does not cover primary risk insurance and No. 2, if he needs personal insurance advice, always ask

DEPUTY SPEAKER FRANKEL:

Will you remark further? If not, would the staff and guests please come to the well of the House.

The machine will be opened.

The House of Representatives is now voting by roll. Will the members please return to the Chamber.

There is a roll call vote in progress in the Hall of the House. Would the members return to the Chamber immediately.

Have all the members voted? Have all the members voted and is your vote properly cast?

If so, the machine will be locked. The Clerk will please take a tally.

Will the Clerk please announce the tally.

CLERK:

House Bill 5586 as amended by House Amendment

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Schedule "A".

Total number voting	134
Necessary for passage	68
Those voting yea	118
Those voting nay	16
Those absent and not voting	7

DEPUTY SPEAKER FRANKEL:

The bill as amended is passed.

REP. GROPPO: (63rd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. John Groppo.

REP. GROPPO: (63rd)

Mr. Speaker, may all the double starred items not called by the Clerk be passed retaining their place on the Calendar, and before the members leave.

DEPUTY SPEAKER FRANKEL:

Is there objection to the motion? Hearing none, it is so ordered. Rep. Groppo, you have the floor, sir.

REP. GROPPO: (63rd)

Thank you, Mr. Speaker. I'd like to announce that the Session will commence tomorrow at 12:00 noon.

DEPUTY SPEAKER FRANKEL:

Are there announcements or points of personal

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SENATOR BAKER:

Mr. President, I move acceptance of the Joint Committee's Favorable Report and passage of the Bill.

THE CHAIR:

Will you remark?

SENATOR BAKER:

Mr. President, this Bill is a result of the Sunset Review process and under the current law, the Board of Materials Review is located within the Department of Public Safety composed of 9 members appointed by the Commissioner. This Bill would eliminate this board and require the Commissioner to assume certain functions relating to listing new building materials and modes of construction. If there are no questions or objections, I would move it to the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

THE CLERK:

On an item that was previously passed temporarily, Clerk is now ready to move on Calendar 520, File 128, 744, Substitute for House Bill 5586, AN ACT CONCERNING DEREGULATION OF PERSONAL RISK INSURANCE, as amended by House Amendment, Schedule A, with a Favorable Report of the Committee on Insurance and Real Estate.

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THE CHAIR:

Senator Knous.

SENATOR KNOUS:

Thank you Mr. President. Mr. President I recommend acceptance of the Committee's action and passage of the Bill in accordance with House action.

THE CHAIR:

Will you remark?

SENATOR KNOUS:

Thank you Mr. President. I promise not to read the file copy to you Mr. President.

THE CHAIR:

Well, we got all night. And the next day.

SENATOR KNOUS:

That's true, Mr. President. Mr. President, very briefly, I'd like to point out a few things. The Bill is a rather lengthy Bill and I will try to summarize it in a succinct manner. Deregulation of insurance is not a new matter here in the State of Connecticut or for that matter in the country. As a matter of fact, currently about fifty percent of the population of the United States who purchase auto insurance do so in a competitive market. Here in Connecticut we've had a form of competitive ratings or

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deregulation for a number of years with our commercial and personal fire casualty insurance which are all subject to use and file regulatory system. In this system the insurer files the rates with the commissioner and unless he disapproves them, they may be used. Auto insurance rates are currently subject to a file, wait and use regulatory scheme which is really a system of prior approval.

What the Bill does Mr. President, is creates, I think, a business climate in which the consumer's interests are protected and the industry has additional flexibility to market its personal risk lines of insurance. The Bill resulted after intensive negotiations and compromise between the insurance department, the Insurance Committee and the industry and I feel very secure with the fact that the Bill provides the Commissioner of Insurance with more than adequate oversight regarding the issue of auto insurance. The oversight tools that he possesses will insure that the consumer's interest will be well represented.

Finally, Mr. President, what the Bill does is it eliminates most state regulations of rates for private personal passenger automobile, homeowners, tenants and mobile home insurance which, as we know, is personal risk insurance.

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As long as a competitive market existed and an insuror's rates were not under supervision of the Insurance Commissioner. The Commissioner will be required to monitor the personal risk insurance market and intervene to prevent abuses and promote competition among insurors. The Commissioner could also re-impose rate regulations for a limited period in the event that he determined that the personal risk insurance market was not competitive.

Mr. President, as I said before, I think the oversight powers that the Commissioner has now are more than adequate and in some cases, are greater than those that he currently possesses. I think that the new Bill builds into it some safeguards that are not actually in his present powers and as I stated before, I feel very comfortable with the fact that the consumer will be protected. I think that's certainly the thing that most of us are concerned about. We're concerned about the business climate and we're also concerned over the fact that we now want to see the consumer be in a position or put in a position where he would be at a disadvantage or she would be at a disadvantage.

I see my good colleague Senator DiBella is standing and

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I would yield to him.

THE CHAIR:

Senator DiBella.

SENATOR DI BELLA:

Mr. President, with your permission, I'd like to ask a few questions.

THE CHAIR:

Proceed.

SENATOR DI BELLA:

Through you Mr. President, obviously from your conversation I would assume that this Bill would actually give the Commissioner more oversight than he has under the existing statute; is that true?

THE CHAIR: (Senator Ciarlone in the Chair.)

Senator Knous.

SENATOR KNOUS:

Through you Mr. President, yes, Senator. In some areas you would in fact have more--I feel, more oversight than he currently has.

THE CHAIR:

Senator DiBella.

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SENATOR DI BELLA:

Through you Mr. President, will he have prior approval over change in territory for rating purposes.

THE CHAIR:

Senator Knous.

SENATOR KNOUS:

Through you Mr. President, if the Commissioner determines that in fact the market is not competitive, he in fact can hold a public hearing at that point, and if he feels after the public hearing that--after holding that public hearing, that the market is not competitive he can make adjustments in the rates.

THE CHAIR:

Senator DiBella.

SENATOR DI BELLA:

Through you Mr. President, will he also retain the power to assure that the rates are not unfairly discriminatory?

THE CHAIR:

Senator Knous, do you care to respond?

SENATOR KNOUS:

Thank you. Through you Mr. President, yes Senator, he would have the power to determine whether rates were

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discriminatory.

THE CHAIR:

Senator DiBella, do you have another question?

SENATOR DI BELLA:

Would it require the Commissioner to report statistics on a town by town basis so that the Commissioner could identify if there were any rate discrepancies or rate problems?

THE CHAIR:

Senator Knous, if you care to respond.

SENATOR DI BELLA:

Through you Mr. President, the Commissioner would have the authority and would have the power to look at geography as a factor in terms of determining whether a market was competitive. He could also look at an individual company to determine whether the market--whether that company was in fact, engaging in practices which were unfair and discriminatory.

THE CHAIR:

Senator DiBella.

SENATOR DI BELLA:

Yes, thank you Mr. President. Thank you Senator Knous.

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I think that my concerns over the Bill have been addressed by Senator Knous. I feel comfortable that this Bill will be in the best interest of my constituency and I think the Bill will make insurance more available to urban residents and give the Commissioner more power to assure them that there will be fair treatment within the parameters of the existing process.

Given that and given those parameters, I would support the legislation. Thank you very much.

THE CHAIR:

Thank you. Further remarks on the Bill? Senator Matthews.

SENATOR MATTHEWS:

Thank you Mr. President. A question through you to Senator Knous please.

THE CHAIR:

Proceed, Senator Matthews.

SENATOR MATTHEWS:

Through you to Senator Knous, Senator Knous, I notice that the 9th item in the elements involving the Commissioner's stake to provide the Insurance Commissioner with authority to impose regulatory controls in the event that the other purposes

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are not accomplished, do you know whether he plans to establish any regulations in order to have a communion of understanding as to what is going to be done and how it's going to be done amongst the people who are going to be involved with this?

THE CHAIR:

Senator Knous, if you care to respond.

SENATOR KNOUS:

Thank you Mr. President. Through you to Senator Matthews, I might just mention the legislative intent which touches on that subject and perhaps that will answer your question. If not, perhaps we can pursue it. There's intent here, as far as the legislative intent, the Bill does list specific goals to be achieved by this legislation and these goals would be a contributing factor in establishing legislative intent and serve as a basis for the promulgation of regulations and administrative order by the Commissioner, so we do have in the Bill, the goals that the Commissioner should be striving toward.

THE CHAIR:

Senator Matthews.

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SENATOR MATTHEWS:

Well, I think the answer then is that apparently there would be some regulations forthcoming once he understands what the firms, what the companies desire and what he desires and so forth; is that in fact a correct analysis?

THE CHAIR:

Senator Knous, if you care to respond.

SENATOR KNOUS:

Through you Mr. President, yes, the Commissioner would be required and would be developing as we move along, additional regulations. As I said the goals are listed. I don't know if the Senator has the OLR report but that does break down some of the objectives that the Commissioner has and one of them is to provide the Commissioner with the authority to impose regulatory controls in the event that the other purposes are not accomplished and they are listed, eight or ten of those goals, Senator.

THE CHAIR:

Senator Matthews.

SENATOR MATTHEWS:

Thank you Senator Knous. One--I asked the question for

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two reasons. One is to find out if there is going to be any kind of regulatory elements involved in this new programming, secondly, to emphasize to you if you are in contact with the Commissioner as time goes by that with the number of regulations which we are beginning to establish in the State are growing astronomically and I just ask that he should have his regulations obviously. I hope he can make them concise and precise and save us an awful lot of building up of huge quantities of regulations in the future. This could be an area where almost monthly or semi-yearly at least, there could be a whole new set of things that might come along because of the changing and the way the insurance policies are written and the way that people are expressing their problems etc. You know them better than I do.

THE CHAIR:

Does anyone wish to remark further? Hearing none--

SENATOR KNOUS:

Yes Mr. President I just state that if there is no objection, I would move the item to the Consent Calendar.

THE CHAIR:

Anyone oppose moving this matter to the Consent Calendar?

Hearing none, so moved.

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 WEDNESDAY HB 5056, HB 5127, HB 5131, HB 5406, HB 5457, HB 5459,
 APRIL 28, 1982 HB 5542, HB 5761, HB 5800, HB 5821, HB 5864, 387
HB 5896, HB 5920, SB 644, SB 43, SB 352, LFU
HB 5572, HB 5931, HB 5932, HB 5680, HB 5738,
HB 5035, HB 5124, HB 5136, HB 5641, HB 5401, HB 5672,

567, 568 and 569. On page 19, Calendar 570, 572, 573 and

574. On page 20, Calendar 575, 578. Page 21, Calendar

580, 581, and 582. And that concludes the call of today's

Consent Calendar. HB 5647, HB 5648, HB 5649, HB 5876, HB 5657, HB 5851,

HB 5426, HB 5418, HB 5463, HB 5164, HB 5733, HB 5604,

THE CHAIR: HB 5722, HB 5780, HB 5782, HB 5815, HB 5957, HB 5578,

HB 5032, HB 5133, HB 5682, HB 5822, HB 5888, HB 5798,

Senator Robertson. HB 5955, HB 5960, HB 5397, HB 5744, HB 5626,

SENATOR ROBERTSON: HB 5902, HB 5615, HB 5736, HB 5125, HB 5452,

HB 5488, HB 5767, SB 634, SB 382, HB 5640,

HB 5834, HB 5412, HB 5504, HB 5737, HB 5586,

Mr. President, I would like to request that Calendar

481, File 694, Senate Bill 634, AN ACT DEFERRING FOR ONE

YEAR ADOPTION OF NEW BUDGET REQUIREMENTS FOR PROGRAMS AND

SUBMISSION OF A TASK FORCE REPORT CONCERNING THE EFFECTIVE

NESS OF PROGRAM. I'd ask that be removed from the Consent

Calendar and PR'd for tomorrow. HB 5087, HB 5091, HB 5727,

HB 5976, HB 5153, HB 5536.

THE CHAIR:

Well, it will be removed from the Consent Calendar for

now. We'll discuss the PR after the Consent Calendar. ARE

there any other questions, comments on any item on the

Consent Calendar or requests to remove from the Consent

Calendar? If not, the machine is open for the Consent Cal-

endar. Is Senator Skowronski still here?

The machine will be closed and locked.

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TOTAL VOTING 36

THOSE VOTING YEA 36

The Consent Calendar is adopted. Senator Schneller.

SENATOR SCHNELLER:

Mr. President, I would move for suspension of the rules for immediate transmittal of the following items to the House. Calendar 438, Bill 5578; Calendar 475, House Bill 5736; Calendar 477, House Bill 5452; Calendar 479, Bill 5767; Calendar 486, Senate Bill 382; Calendar 527, Bill 5542; Calendar 545, Bill 352.

THE CHAIR:

Is there any objection to the motion? Hearing none, the rules are suspended as to those items only. What is your pleasure in reference to Calendar 481 which was removed from the Consent Calendar and has been moved for adoption? Senator Schneller.

SENATOR SCHNELLER:

I would move that it be passed retained.

THE CHAIR:

Is there any objection to pass retaining Calendar 481? Hearing none, it's passed retained. Senator Schneller.