

Legislative History for Connecticut Act

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HB 5750	(PA 76)	1988
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Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate  
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INSURANCE  
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1-346

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for it is the representations that have been made to me by representatives of the Justice Department and National Fraud Bureau.

Doing investigation on scams and operations of insurance companies or individuals primarily in the sale and process of insurance products, these enforcement agencies, and those departments that are aware of these activities will not share that information with my department, and will not share that information with any state that does not have this NAIC immunity statute.

I will bring to you and ask that . . . 306, Senate Bill 306. . . . I will provide to the committee testimony and information specifically to that issue. What kinds of information is it that these bureaus are reluctant to share with us and why are they reluctant to share with us? So that you can make an informed judgement as to whether or not this is a good bill. But it has been represented to me; it is the one, at every NAIC meeting that I attend, it is the one bill that the NAIC urges every state to pass.

We have on the national level, a fraud division, and that is a very active division working primarily with California, Texas, New York and Illinois and Florida. Those states have immunity sanctions. They are not working with any other states. So I think that it's an important bill.

The other bill that I would just comment on very briefly is the guaranty association bill. That, again, is a rather complex bill. I have here a synopsis of it which I will leave with the committee and again, my legal staff will be very happy to assist with you and . . . I'm sorry, 5750. It's a very lengthy bill. It incorporates some changes that were made in (inaudible) for addressing issues of (inaudible) contracts and the protection afforded to them (inaudible) association and is a development of the model act produced at the last session of the National Association of Insurance Commissioners. So I'll leave that.

I'll be happy to answer any questions.

SEN. POWERS: Commissioner, would you be . . . . Let me

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bear in mind that. But if in your collective, if it is the judgement of the General Assembly, that mandated benefits are and the benefits that have been mandated, are necessary and required for the protection of the citizens of the state of Connecticut, then I think you've got to go very carefully. When you allow any modification of policies that are introduced, it may cut into the bill as mandated. You're giving on one hand, and you may be taking away on the other. You just have to understand and be careful as you do that.

SEN. POWERS: Questions? Representative Prague.

REP. PRAGUE: Commissioner. To get back to 5345. Do the HMO's and the PPO's also have a million dollars in . .

COMM. PETER GILLIES: Yes.

REP. PRAGUE: The same as hospitalized.

COMM. PETER GILLIES: Yes. We just last year required each one of the major HMO operations in the state to increase surplus by an additional million dollars.

REP. PRAGUE: Thank you. And just one brief question on 5341. If 5341 were passed as written, would this bill leave employees at the mercy of employers to offer whatever they thought they wanted to offer. That's AN ACT CONCERNING INSURANCE COVERAGE FOR CERTAIN HEALTH CARE SERVICES.

COMM. PETER GILLIES: I'm not sure how to answer that, Representative Prague. I'm not certain. I'll look and see if that would be the case.

REP. PRAGUE: If this bill were passed, then the people would not be assured of coverage (inaudible). It would be at the option of the . . .

COMM. PETER GILLIES: That's correct, that's correct.

REP. PRAGUE: Thank you.

SEN. POWERS: Representative Benvenuto.

REP. BENVENUTO: Commissioner, in regards to 5750.

With annuities being a very popular product these days for, not only the insurance companies, but for the agents who sell them as well, and with neighboring states offering guaranties for annuities, wouldn't this be a great handicap for the insurance sales in the state of Connecticut?

COMM. PETER GILLIES: No. First of all, I think that most, as to the annuity product, most of the states will be adopting language similar to this. What this attempts to do is simply address the question of what is the responsibility of the guaranty fund when an annuity product or an annuity writer goes insolvent. To what extent are the guaranty funds going to respond to those insolvencies.

REP. BENVENUTO: A few years back when Baldwin-United went into bankruptcy, people who bought their annuities or that type of insurance in New York State were covered, and people who bought in other states, unfortunately, were not covered. I think the whole thing turned out okay in the long run; however, would we not be at a disadvantage? Will people be going to neighboring states to purchase this insurance rather than doing it here in Connecticut?

COMM. PETER GILLIES: I would not anticipate that. I don't believe that is the case. What we are concerned with, and this is insuring for the protection of those persons who buy policies in the state of Connecticut, that there is adequate safeguarded protection through our (inaudible) association.

We would certainly hope that those guaranties would encourage persons to purchase our products in this state. If there are ways that you can buy less protected, if you will, or less secure kinds of products in other states, there isn't an awful lot that we can do to protect people from doing that.

But those products which are sold in the state of Connecticut will provide the kinds of guaranties.

REP. BENVENUTO: Do I understand it right this eliminates the guaranty on annuities?

COMM. PETER GILLIES: No, no. It restructures the

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REP. BENVENUTO: guaranties on annuities as to what portion of, what we're attempting to is create pools, or areas or pools is the best word I can think of at the present time, for monies available to pay the losses sustained when an annuity writer becomes insolvent. It creates a fund; it doesn't eliminate it.

REP. BENVENUTO: Okay. Then I missed it. Then it protects the consumer to a greater degree then.

COMM. PETER GILLIES: Yes.

REP. BENVENUTO: Okay. Fine.

COMM. PETER GILLIES: What we're trying to do is identify those kinds of products which would be covered under the guaranty fund. Some products which we are attempting to specifically identify as not covered under annuity protection are those kinds of products, which for example, the pension programs at General Motors, or the pension programs at the major companies. These would be severed out from the normal guaranty assessment, so that the guaranty fund is designed and has always been designed, to provide protection for the normal insurance (inaudible) company. And as you go to a broader base, what we're trying to avoid, is that these kinds of protection will not be afforded to, for example, the pension programs at General Motors. There are other aspects and other funds available for that.

So we're not carving out the protections for the individual purchasers of annuity contracts. What we're trying to do is assure that those protections afforded to the individual annuity contract, is not diminished by calling upon a guaranty fund to pay the insolvency of General Motors. And thereby diminishing the (inaudible). And so greater protection is afforded to the individual annuity holders. Where we feel that there is sufficient protection provided to other (inaudible) the larger ranks.

REP. BENVENUTO: Thank you.

SEN. POWERS: Representative Chase.

Craig Leroy and Terry Twigg from the IAC.

One at a time. (Laughter)

CRAIG LEROY: Representative Biafore, Senator Powers, my name is Craig Leroy. I work for the Insurance Association of Connecticut. There are a number of bills that I wish to comment on. I will try and move quickly through so that you can get to questions and we can let other people get up to testify.

The first bill I would like to talk about is House Bill 5347. This amends the charter of the Middlesex Mutual Insurance Company, located in Middletown, Connecticut.

The bill clarifies who is a member of the corporation, allows the corporation to do any business which is not prohibited by state laws for property/casualty insurers. Clarifies notice requirements for meetings of the corporation, deletes the provision for electing a chairman of the board of directors and permits the corporation, with the commissioner's approval, to convert to a stock company upon a two-thirds vote of the corporation's board of directors and members.

The charter bill has been reviewed by the Insurance Department. It has been looked at with great scrutiny. The Department approves the bill and we hope the matter can proceed along to allow Middlesex to better provide service in a changing business environment.

House Bill 5750, this bill makes some very important corrections to the Connecticut Insurance Guaranty Association Act and the Connecticut Life and Health Insurance Guaranty Association Act. The changes are based upon the National Association of Insurance Commissioner's model bill.

We support this bill. However, there are some technical aspects of the legislations which we do have some concern.

We are presently scheduling a meeting with the Insurance Department to try and work on some of

these very technical issues.

We would ask if this bill could be held by the committee for a few days so that we can sit down and with all probability of ironing out any changes so that the bill can move forward.

House Bill 5346. This bill would mandate that every health insurance policy covering residents in the state of Connecticut include coverage for mammography.

The IAC opposes all mandated benefit bills.

This is because mandated benefits bills increase the cost of health insurance.

However, if this bill is to move forward, there are specific provisions which we think need to be addressed.

Right now, the bill provides no incentive for seeking medical personnel who provide cost efficient services. It has been recently documented that there are wide variations in costs associated with providing mammography in Connecticut.

We believe that there should be limitations in regard to amounts of coverage provided which would not end up restricting individuals receiving the test, but would help to constrain the cost.

The other important provision that needs to be looked at is the frequency of the test.

A number of groups talked about the Massachusetts, Texas, California laws. All of them wrote into their law provisions which basically allowed treatment based upon recommended guidelines on frequency of treatment.

I think it should be noted that there are risks in regards too frequent exposure to any sort of radiation. With those guidelines there are, I think, some variations between the two - between the California and Massachusetts approach -but all used 35 to 40 as a base line in which one Mammogram should be paid for during that time frame.

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CONNECTICUT  
GEN. ASSEMBLY  
SENATE

PROCEEDINGS  
1988

VOL. 31  
PART 4  
1065-1473

WEDNESDAY  
APRIL 6, 1988

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abs

move to the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

SENATOR O'LEARY:

Calendar 233, House Bill No. 5689, I move to the  
Consent Calendar,

THE CHAIR:

Without objection, so ordered,

SENATOR O'LEARY:

Calendar 234 is marked go. Page 8, Calendar 235 is  
marked go. 236: go. 237: go. 238: go. 239,  
Substitute for House Bill No. 5346, I move to the  
Consent Calendar.

THE CHAIR:

Without objection, so ordered.

SENATOR O'LEARY:

On page 9, Mr. President, I am going to move all of  
these items to the Consent Calendar.

THE CHAIR:

Excuse me, go ahead.

SENATOR O'LEARY:

I move Calendar 240, Substitute for House Bill No.  
5750 to the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

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now call the items that have been referred to the  
Consent Calendar. Mr. Clerk?

THE CLERK:

Beginning on page 4, Calendar No. 211, Substitute  
for Senate Bill 69. Calendar page 5, Calendar 216,  
Senate Bill 20. Calendar 217, Substitute for Senate  
Bill 243. Calendar 219, Senate Bill 381.

Calendar page 7, Calendar No. 231, Substitute for  
House Bill 5795. Calendar 232, Substitute for House  
Bill 5506. Calendar 233, House Bill 5689. Calendar  
page 8, Calendar No. 239, Substitute for House Bill  
5346. Calendar page 9, Calendar 240, Substitute for  
House Bill 5750. Calendar 241, House Bill 5385.  
Calendar 242, House Bill 5088. Calendar 243, House  
Bill 5685. Calendar 244, Substitute for House Bill  
5810.

Calendar page 10, Calendar No. 245, Substitute for  
House Bill 5083. Calendar 247, Substitute for House  
Bill 5784. Calendar 248, House Bill 5823.

THE CHAIR:

Any changes or omissions? The machine is open.  
Please record your vote.

Senator Scott. Thank you. Has everyone voted?  
The machine is closed. Clerk, please tally the vote.

The result of the vote:

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16  
abs

36 Yea

0 Nay

The Consent Calendar is adopted. Senator O'Leary?

SENATOR O'LEARY:

Yes.

THE CHAIR:

Did you wish to have a recess?

SENATOR O'LEARY:

Mr. President, I think Senator Owens has something that he would like to bring in. I think we ought to do that before we have our recess.

THE CHAIR:

Thank you.

SENATOR O'LEARY:

I think we ought to move it along.

THE CHAIR:

The Senate will stand at ease.

SENATOR OWENS:

If I may, Mr. President, there are some individuals that I would like to introduce today, and first of all introduce to the members of the Circle. As you know, many of the representatives of the various PTA's have been in the Capitol today.

THE CHAIR:

Senator, I think you have a resolution relative to

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CONNECTICUT  
GEN. ASSEMBLY  
HOUSE

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1429-1757

abs

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House of Representatives

Wednesday, March 30, 1988

House Bill 5799, as amended by House "A".

Total Number Voting 148

Necessary for Passage 75

Those Voting Yea 148

Those Voting Nay 0

Those absent and not Voting 3

DEPUTY SPEAKER CIBES:

The bill is passed.

CLERK:

Calendar 214, on page 7. Substitute for House Bill 5750. AN ACT CONCERNING THE CONNECTICUT INSURANCE GUARANTY ASSOCIATION ACT AND THE CONNECTICUT LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION ACT. Favorable Report of the Committee on INSURANCE AND REAL ESTATE.

REP. PALERMINO: (5th)

Mr. Speaker?

DEPUTY SPEAKER CIBES:

Representative Palermino.

REP. PALERMINO: (5th)

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

DEPUTY SPEAKER CIBES:

The question is on acceptance and passage. Will you remark, sir?

abs

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House of Representatives

Wednesday, March 30, 1988

REP. PALERMINO: (5th)

Yes, thank you, Mr. Speaker. This bill makes some changes in the insurance acts by providing for the Insurance Commissioner to issue regulations concerning what types of coverage will be excluded from the Connecticut Insurance Guaranty Association Act, and also prohibiting insurers from asserting claims against insured and preventing property and casualty associations from requiring claimants to sue other parties before adjusting claims.

It is really more of a technical bill, and I urge its passage. Thank you.

DEPUTY SPEAKER CIBES:

Will you remark further on the bill? Will you remark further on the bill? If not, members, please be seated. Staff and guests, to the Well of the House. The machine will be opened.

CLERK:

The House of Representatives is voting by roll.

Members, to the Chamber. Members, to the Chamber. The House is voting by roll.

DEPUTY SPEAKER CIBES:

Have all members voted? Have all members voted? Please check the roll call machine to ensure that your vote is properly recorded. If all the members have

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House of Representatives Wednesday, March 30, 1988

voted, the machine will be locked, and the Clerk will take a tally.

Clerk, please announce the tally.

CLERK:

House Bill 5750.

Total Number Voting	145
Necessary for Passage	73
Those Voting Yea	145
Those Voting Nay	0
Those absent and not Voting	6

DEPUTY SPEAKER CIBES:

The bill is passed.

CLERK:

Calendar 112, please, on page 14. MATTERS RETURNED FROM COMMITTEE. Substitute for House Bill 5002. AN ACT CONCERNING CHANGES TO THE DEPARTMENT OF HEALTH SERVICES STATUTES. Favorable Report of the Committee on ENVIRONMENT. House referred Government Administration and Elections bill to ENVIRONMENT on 3/16/88.

REP. FRANKEL: (121st)

Mr. Speaker?

DEPUTY SPEAKER CIBES:

Representative Robert Frankel.

REP. FRANKEL: (121st)