

Legislative History for Connecticut Act

HB 5363	PA 193	1996
Senate 2457-2469, 5092, 5097-5098		(16)
House 678-682, 3789-3798		(15)
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SENATE

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1996

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Senate

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April 25, 1996 002457

SEN. SMITH:

Thank you, Madam President. I would request that this be marked PR at this time.

THE CHAIR:

Without objection, this item is passed retaining its place on the Calendar.

THE CLERK:

Page 4, Calendar 259, Files 152 and 356, HB5363,
An Act Concerning Producer Licensing, as amended by House Amendment Schedule "A", LC03938. This received a Favorable Report from the Joint Committee on Insurance. The Clerk has amendments.

THE CHAIR:

Senator DeLuca.

SEN. DELUCA:

Thank you, Madam President. I move acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the House.

THE CHAIR:

The question is on passage. Will you remark?

SEN. DELUCA:

Yes, I'd ask the Clerk to call LC05844.

THE CLERK:

Madam President, the Clerk has Senate Amendment Schedule "A", LC05844 offered by Senator DeLuca.

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THE CHAIR:

Senator DeLuca.

SEN. DELUCA:

I move adoption of the amendment and ask
permission to summarize.

THE CHAIR:

The question is on adoption. Please proceed.

SEN. DELUCA:

This amendment sort of, I guess the phrase is,
evens the playing field. What it does is, current law
says that one title company has an exemption for its
eight title agents from state licensing. This would
allow all companies, all title insurance companies to
be exempt from this so that it would make it an equal
playing field.

Repeal of Section 38a simply ends a duplication of
regulation and treats all title agents equally.

THE CHAIR:

The question is on adoption of Senate Amendment
"A". Will you remark? Will you remark? If not, I'll
try your minds. All those in favor indicate by saying
"aye".

ASSEMBLY:

Aye.

THE CHAIR:

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Opposed, "nay". Ayes have it, Senate "A" is adopted. Will you remark further? Senator DeLuca.

SEN. DELUCA:

Yes. I would ask the Clerk to call LCO3741.

THE CLERK:

Madam President, the Clerk has Senate Amendment Schedule "B", LCO3741 offered by Senator DeLuca.

THE CHAIR:

Senator DeLuca.

SEN. DELUCA:

I would move adoption of the amendment and ask permission to summarize.

THE CHAIR:

The question is on adoption. Please proceed.

SEN. DELUCA:

Yes. This amendment allows small loan companies to offer unemployment insurance, unemployment credit insurance so that if someone does have a loan with one of these companies, they may, the company may offer this optional insurance and the purchaser or the customer has the option of taking it or not.

They are given 15 days in which to look at that at which time they may elect to take that coverage so that if they were to become unemployed in the future, their loan payments would be taken care of.

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April 25, 1996 002460

THE CHAIR:

The question is on adoption of Senate Amendment "B". Will you remark? Senator Rennie.

SEN. RENNIE:

Thank you, Madam President. Madam President, I and other members of the Banks Committee have had growing reservations about credit involuntary unemployment insurance. This has been a matter that has been hovering and landing and taking off again or crashing and it's had a number of flights.

Recently, the Banks Committee defeated a bill in a bipartisan vote that actually, I think is the same as this amendment and the reason for our growing apprehension is that credit involuntary unemployment insurance has been the subject of a number of our inquiries as to the payout, by which we mean, what percentage of the premiums that are collected each year are paid out as coverage.

In other words, do the people who buy the insurance, do they actually use it, and if they do, what percentage gets some benefit from the insurance that they're buying.

Now, we do regulate insurance in Connecticut as do all other states, and so this is a matter of legitimate inquiry. When insurance companies apply to sell their

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product here in Connecticut, part of their application is to state what they anticipate the payout will be. And in the case of involuntary unemployment insurance, I believe they've been stating, according to records in the Insurance Department, that they expect to pay out about 50% in claims.

That's their expectation. However they fall, I imagine I suppose they're happy in the sense what they don't pay out in claims they keep as profit. But in the last two years, only one company has met that level and all the others have not, and the median payout on involuntary unemployment insurance in Connecticut in 1994 was 15% and in 1995 it was 17.6%.

This is not a product in which the people that are buying it are getting the return that I think they would expect and certainly they are not getting the return that even the companies that sell it expect. We've gone over this a number of times in the Banks Committee and we did defeat it about a week ago and I rise to oppose this amendment and to state once more our growing reservations about this type of insurance.

THE CHAIR:

Thank you, Senator. Will you remark further?

Senator McDermott.

SEN. MCDERMOTT:

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Thank you, Madam President. I guess that just shows that our unemployment levels aren't as bad as we thought they were. People aren't using this insurance. It must be a good sign for our economy and consumer confidence is up and people are keeping their jobs and we don't have anything to worry about.

This is a choice that people make when they buy this insurance that they're going to lose their job, they decide they're going to purchase some protection. And maybe we can address the rates that are charged on this insurance to see how much they're paying for this. There might be a better way of what the percentage of buyout is.

But if people are making a fair choice to purchase a little protection for themselves in case they lose their jobs that their debts are covered, is a responsible bet on a lot of people, but it's delightful for me to see that there's a low percentage of return on this, that people aren't having to pay out on this and I would prefer to see it at zero percent, that nobody was losing their job or being unemployed, that they didn't have to have this coverage to begin with.

But I think that we should have this option as we do in the banks with credit cards and to offer this with other areas, that people who so choose to purchase

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this can then be able to. Thank you.

THE CHAIR:

Senator Bozek.

SEN. BOZEK:

Thank you, Madam President. Sometimes the choice, while it looks like a choice, your arm is twisted into taking it. Most of the people who have to borrow money in this area are worried about losing their job and most cases can highly ill afford the high interest rate that's going along with it in the beginning.

Then, of course, when you fill out the application it says you want to take life insurance, I mean, you want to take unemployment insurance with this, so you know, everybody's streetwise enough to say, maybe if I don't take the insurance, I don't get the loan, so I'm going to take the loan. You think you can cancel it later without some penalties. Sure you can, but there's penalties.

Last year this came before the Banking Committee and this year it came before the Banking Committee. Nobody supported the item. This particular issue is just gouging at people who have to take small loans, just like the issue that was put forward end of last year which allowed small loan companies like Household Finance to extend their extended interest rate beyond

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the 10 years that they could pursue somebody for their loan.

The old law said that if you had an old loan that wasn't paid, the percentage reduced itself. It was up to the loan company to pursue you.

Here we're talking about a similar group of people who are borrowing. Now they're going to hitch on to make even more money to have unemployment insurance. And as was told to you, they're telling us it's 50%. It's in the order of less than 20%, 15%. I think what they're doing, they're gouging the small guy and it's our job up here to protect some of the consumers in this area. Thank you very much, Madam President.

THE CHAIR:

Thank you, Senator. Will you remark further?

Senator DeLuca.

SEN. DELUCA:

Thank you, Madam President. I would just like to mention that currently, small loan licensees are authorized to offer credit life insurance and credit accident and health insurance at the present time. So this would just be adding in the event that they were to involuntarily lose their job.

And I would also like to submit that most people who buy insurance, buy it not with the aim to using it.

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Most of us are hoping that we don't. We don't buy insurance because whatever it might be, and using life insurance as an example, most of us carry a life insurance, but we're not anxious to cash the policy in.

So this would come under the same vein in my opinion. This is to be offered and not to be used in any other manner. And in today's economic climate, it's just one more thing to help people, hopefully, in purchasing or applying for loans to give them a sense that if something were to happen without their doing, that they would be able to meet their payments and not be put against the wall. And I would urge my colleagues to support this amendment. Thank you.

THE CHAIR:

The question is on adoption of Senate Amendment "B". Will you remark further? Senator Rennie.

SEN. RENNIE:

Madam President, before we vote on this, I think it's important to note that the reason the payout is so low is not that people are not involuntarily losing their jobs. It's that the policies are written such that the payment is so low that it only covers the minimum amount that's due and it does not make payments that people trying to pay off a loan would normally make. It is one more reason why we have become so

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suspect of this on the Banks Committee, that I hope the rest of the Senate will share our growing concerns.

THE CHAIR:

Will you remark further? Senator McDermott.

SEN. MCDERMOTT:

Thank you, Madam President. Then I would welcome an amendment from Senator Rennie to change regulations on this. But I think it's something that should be offered as an option for people to be able to purchase this insurance if they choose to. At the later stage we can set regulations in place as to what kind of payout is made or what kind of arrangements are made in the terms that people agree to, that we can set some kind of regulations for that.

THE CHAIR:

Thank you, Senator. Will you remark further?

Senator Bozek.

SEN. BOZEK:

Yes, Madam President. I wish a roll call on this please.

THE CHAIR:

A roll call will be ordered. Will you remark further? Will you remark further? If not, would the Clerk please announce a roll call vote. The machine will be open.

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THE CLERK:

Your attention please. There will be an immediate roll call vote in the Senate. Would all Senators please return to the Chamber.

There will be an immediate roll call vote in the Senate. Would all Senators please return to the Chamber. Thank you.

THE CHAIR:

Have all members voted? Have all members voted? If all members have voted, the machine will be locked. The Clerk please take a tally.

THE CLERK:

Total number voting, 33; necessary for passage, 17. Those voting "yea", 25; those voting "nay", 8.

THE CHAIR:

Senate "B" is adopted. Will you remark further on the bill? Senator Peters, for what purpose do you rise?

SEN. PETERS:

Thank you, Madam President. I was outside the hall on legislative business and missed the last vote and would like to be recorded in the affirmative.

THE CHAIR:

The Journal will so note. Will you remark further

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April 25, 1996 002468

on the bill as amended? Senator DeLuca.

SEN. DELUCA:

Yes, thank you again, Madam President. The underlying bill now as amended, in addition to those two amendments previously adopted, substitutes the term producer for the terms insurance agent and broker, for consistency with the 95 producer licensing law that was passed.

It also authorizes the Commissioner to return fees until he accepts the application. Current law prohibits the return upon submission, so that basically the underlying bill is a technicality to comply and conform with last year's law.

Any other amendments with my name should be withdrawn. I'm sorry.

THE CHAIR:

Will you remark further on the bill as amended?
Will you remark further? If not --

SEN. DELUCA:

If there is no objection, I move it to Consent.

THE CHAIR:

There is objection. Would the Clerk please announce a roll call vote. The machine will be open.

THE CLERK:

Your attention please. An immediate roll call

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vote has been called in the Senate. Would all Senators please return to the Chamber.

An immediate roll call vote has been ordered in the Senate. Would all Senators please return to the Chamber. Thank you.

THE CHAIR:

Have all members voted? Have all members voted? If so, the machine will be locked. The Clerk please take a tally.

THE CLERK:

Total number voting, 33; necessary for passage, 17. Those voting "yea", 32; those voting "nay", 1.

THE CHAIR:

The bill as amended is passed.

THE CLERK:

Calendar Page 5, Calendar 329, File 457, SB546, An Act Concerning the Expenditures of the Military Department. This received Favorable Report from the Joint Committee on Appropriations. The Clerk has an amendment.

THE CHAIR:

Senator Scarpetti.

SEN. SCARPETTI:

Thank you, Madam President. Madam President, I

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Senate

Wednesday, May 8, 1996 005092

Without objection, so ordered.

SEN. FLEMING:

Calendar 169. Madam President, I would move that
that item be placed on the Consent Calendar.

SB 204

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

Calendar 195, Madam President, I would move that
that item be placed on the Consent Calendar.

SB 344

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

O P g 24, Calendar 246, Madam President, I would
move that that item be placed on the Consent Calendar.

SB 665

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

Calendar 259, Madam President, I would move that
that item be placed on the Consent Calendar.

HB 5363

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

On Calendar Page 25, Calendar 290. Madam
President, I would move that that item be placed on the
Consent Calendar.

SB 212

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Senate

Wednesday, May 8, 1996

005097

Page 23, Calendar 133, Substitute for SB282.

Page 23, Calendar 142, SB519.

Page 23, Calendar 164, no I'm sorry 169,

Substitute for 204.

Page 23, Calendar 195, SB344.

Page 24, Calendar 246, Substitute for SB665.

Page 24, Calendar 259, HB5363.

Page 25, Calendar 290, Substitute for SB212.

Page 25, Calendar 327, Substitute for 633.

Page 25, Calendar 339, SB670.

Page 25, Calendar 372, Substitute for SB524.

Page 26, Calendar 396, Substitute for SB404.

Page 26, Calendar 412, Substitute for SB509.

Page 27, Calendar 480, HB5769.

Page 28, Calendar 507, Substitute for HB5801.

THE CHAIR:

Would the Clerk please announce a roll call vote,
the machine will be open.

THE CLERK:

Roll call in the Senate. All Senators return to
the Chamber. Roll call in the Senate. Will all
Senators please return to the chamber.

THE CHAIR:

Have all members voted? If all members have
voted, the machine will be locked. Clerk please take a

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Senate

Wednesday, May 8, 1996 005098

tally.

THE CLERK:

Total Number Voting 36

Necessary for Passage 19

Those Voting Yea 36

Those Voting Nay 0

THE CHAIR:

The Consent Calendar is adopted. At this time the Chair will entertain points of personal privilege or announcements. Senator Smith.

SEN. SMITH:

Thank you Madam President. I rise for a point of personal privilege.

THE CHAIR:

Please proceed.

SEN. SMITH:

Thank you Madam President. Joining us here today in the chamber is Patrick Friar, who served with myself and Senator Somma as a college intern this year. He's from UConn. He was an immense help to my office, and I would yield to Senator Somma for further comments.

THE CHAIR:

Senator Somma, do you accept the yield?

SEN. SOMMA:

Thank you Madam President. Just to echo what

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we will return to the call of the Calendar, 176. Mr.
Clerk.

CLERK:

On page sixteen, Calendar 176, HB5363. AN ACT
CONCERNING PRODUCER LICENSING. Favorable report of the
Committee on Insurance.

REP. AMANN: (118th)

Mr. Speaker.

SPEAKER PRO TEMPORE PUDLIN:

Representative Amann of the 118th.

REP. AMANN: (118th)

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

SPEAKER PRO TEMPORE PUDLIN:

On acceptance and passage, will you remark?

REP. AMANN: (118th)

Mr. Speaker, Clerk has amendment LCO 3938,
permission to summarize Mr. Speaker.

SPEAKER PRO TEMPORE PUDLIN:

Clerk please call LCO 3938 House "A."

CLERK:

LCO 3938, House "A" offered by Representative
Eberle.

SPEAKER PRO TEMPORE PUDLIN:

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House of Representatives

Tuesday, April 2, 1996

The gentleman has asked leave of the Chamber to summarize, hearing no objection proceed, Sir.

REP. AMANN: (118th)

Thank you Mr. Speaker. Mr. Speaker, the amendment basically changes the effective date of February 1, 1996 upon passage since we've already passed that date of February 1st. The other part of the bill basically on the amendment will say that the producer will simply return a check which is more than the filing fee instead of holding onto that particular piece. And Mr. Speaker I move for adoption.

SPEAKER PRO TEMPORE PUDLIN:

On adoption of amendment "A." On the adoption of "A." I'm only drawing it out for a second for folks who just got a copy of the paper. Will you remark on "A"? If not, let me try your minds. All those in favor of "A" signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER PRO TEMPORE PUDLIN:

Those opposed. The ayes have it, "A" is adopted.
Will you remark further on the bill as amended by "A"?

REP. AMANN: (118th)

Yes Mr. Speaker, as amended the purpose of the bill Mr. Speaker is to make minor changes in our

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statutes by replacing some references to agent and brokers with the word producers in order to conform with the Producer Licensing Act of 1994. Mr. Speaker two years ago the licensing of insurance agents and brokers was simplified at the request of the insurance department and made more efficient by establishing a single producer license in place of an agent license and broker license.

The new producer license retained in distinction between the two by requiring those producers whose function as agents to be appointed by the insurers that they represent.

The bill basically makes technical changes to the several statutes to harmonize the terminology changing agent and broker to producer where the statute as amended PA94-160. I move for its adoption, its passage I should say Mr. Speaker.

SPEAKER PRO TEMPORE PUDLIN:

On passage, will you remark? Representative Fedele. You were sitting down just as I called on you, Sir.

REP. FEDELE: (147th)

I'm sorry.

SPEAKER PRO TEMPORE PUDLIN:

You can talk seated if you want.

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House of Representatives

Tuesday, April 2, 1996

REP. FEDELE: (147th)

Thank you Mr. Speaker. Mr. Speaker, I also rise in support of this bill as amended. This bill does, as mentioned earlier, clarify some language in the statute for producers and brokers and agents, I move adoption.

SPEAKER PRO TEMPORE PUDLIN:

Will you remark further on the bill as amended by Amendment "A"? If not, staff and guests to the well of the House. Members please be seated, the machine is open.

CLERK:

The House of Representatives is voting by roll call, members to the Chamber. The House is taking a roll call voted, members to the Chamber please.

SPEAKER PRO TEMPORE PUDLIN:

If all the members have voted, if your votes are properly recorded, if they are cast as you had intended? If so, the machine will be locked. Clerk will take a tally.

CLERK:

HB5363 as amended by House "A."

Total Number Voting	145
Necessary for Passage	73
Those voting Yea	145
Those voting Nay	0

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House of Representatives

Tuesday, April 2, 1996

Those absent and not voting 5

SPEAKER PRO TEMPORE PUDLIN:

Bill passes. Any points or announcements at this time? Any announcements, points of personal privilege? Representative Norton.

REP. NORTON: (48th)

Mr. Speaker will the journal please note that Representative Julia Wasserman may be missing some votes today because she is out of state due to an illness in the family.

SPEAKER PRO TEMPORE PUDLIN:

I surely will, Sir. Are there any other points or announcements at this time? If not will the Clerk please call the Consent Calendar.

CLERK:

On page one, Calendar 85, substitute for HB5045,
AN ACT CONCERNING PERFORMANCE-BASED INCENTIVES FOR GAS
AND ELECTRIC COMPANIES. Favorable report of the
Committee on Energy and Technology.

REP. GODFREY: (110th)

Mr. Speaker.

SPEAKER PRO TEMPORE PUDLIN:

Representative Godfrey, good afternoon, Sir.

REP. GODFREY: (110th)

Good afternoon to you Mr. Speaker. Mr. Speaker I

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House of Representatives

May 2, 1996

points of personal privilege?

If not, the Chamber will stand at ease momentarily.

(HOUSE AT EASE)

SPEAKER HARTLEY:

Will the Chamber please come to order?

Will the Clerk please return to the call, Calendar 176.

THE CLERK:

On page 33, Calendar No. 176, HB No. 5363, An Act Concerning Producer Licensing, as amended by House Amendment Schedule A and Senate A and B.

SPEAKER HARTLEY:

Representative Amann, the distinguished Chair of the Insurance Committee, you have the floor, sir.

REPRESENTATIVE AMANN: (118th)

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

SPEAKER HARTLEY:

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

REPRESENTATIVE AMANN: (118th)

Madam Speaker, I'd like the Clerk to please call

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House of Representatives

May 2, 1996

LCO 5844, Senate Amendment A.

SPEAKER HARTLEY:

Will the Clerk please call LCO 5844, Senate Amendment A?

THE CLERK:

LCO No. 5844, Senate A, offered by Senator DeLuca.

SPEAKER HARTLEY:

Representative has asked leave to summarize, without objection, proceed.

REPRESENTATIVE AMANN: (118th)

Thank you, Madam Speaker.

I move for rejection of Senate Amendment A.

SPEAKER HARTLEY:

The motion is rejection of Senate Amendment A.

Will you remark?

REPRESENTATIVE AMANN: (118th)

Basically, Madam Speaker, there is clean-up language coming in on a future amendment and we believe it will be a little bit better than the language before us.

SPEAKER HARTLEY:

Will you remark -- thank you, sir.

Will you remark further on Senate Amendment A?

If not, all those in favor of rejection of Senate Amendment A, please indicate by saying "Aye".

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ASSEMBLY:

Aye.

SPEAKER HARTLEY:

Those opposed, "Nay". Senate Amendment A is rejected.

Will you remark further on the bill?

REPRESENTATIVE AMANN: (118th)

Yes, Madam Speaker. The Clerk has Amendment LCO 3741. Would he please call, please?

SPEAKER HARTLEY:

The Clerk has -- is in possession of LCO 3741. Will the Clerk please call?

THE CLERK:

LCO No. 3741, Senate B, offered by Senator DeLuca.

SPEAKER HARTLEY:

Representative has asked leave --

REPRESENTATIVE AMANN: (118th)

Madam Speaker --

SPEAKER HARTLEY:

-- to summarize. Without objection, proceed.

REPRESENTATIVE AMANN: (118th)

Sorry, Madam Speaker. I move for its rejection.

SPEAKER HARTLEY:

Motion is rejection of Senate Amendment B. Will you remark?

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REPRESENTATIVE AMANN: (118th)

Madam Speaker, I believe Senate Amendment B would hurt the credibility of the bill before us in its intent on the next amendment I'm about to call.

I'd please move for its rejection.

SPEAKER HARTLEY:

Thank you, sir.

Will you remark further on the rejection of Senate Amendment B?

If not, all those in favor of rejection of Senate Amendment B, please indicate by saying "Aye".

ASSEMBLY:

Aye.

SPEAKER HARTLEY:

Those opposed, "Nay". The ayes have it. Senate Amendment B is rejected.

Will you remark further on the bill?

Representative Amann.

REPRESENTATIVE AMANN: (118th)

Madam Speaker, would the Clerk please call LCO No. 5444?

SPEAKER HARTLEY:

Will the Clerk please call LCO 5444, to be designated House A?

THE CLERK:

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May 2, 1996

LCO No. 5444, House B, offered by Representative
Amann.

SPEAKER HARTLEY:

Representative has asked leave to summarize and
without objection, you may proceed, sir.

REPRESENTATIVE AMANN: (118th)

Madam Speaker, thank you.

Madam Speaker, what this amendment tends to do is
put all title insurance agents basically on the same
playing field, equal footing. And only certain agents
have to, they certainly have to be lawyers to sell this
product and they have to be licensed by the bar.

Basically for people who don't know, title
insurance basically just protects property owners in
case there's any problems, any lawsuits. And also,
just so you know, that it grandfathers approximately
five or so non lawyers who basically have been doing
this previously to 1984.

I move for its adoption.

SPEAKER HARTLEY:

Question is adoption. Will you remark further?

Will you remark on Senate -- excuse me, will you remark
on House A? House "B"

If not, I will try your minds. All those in
favor, please indicate by saying "aye".

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House of Representatives

May 2, 1996

ASSEMBLY:

Aye.

SPEAKER HARTLEY:

Those opposed, "nay". The ayes have it. The amendment is adopted.

Will you remark further on the bill as amended?

Representative Amann?

REPRESENTATIVE AMANN: (118th)

Just, Madam Speaker, that when we vote, we would please ask for a roll call.

SPEAKER HARTLEY:

Representative Amann, we just adopted House A.

REPRESENTATIVE AMANN: (118th)

Oh, I apologize.

SPEAKER HARTLEY:

Excuse me.

REPRESENTATIVE AMANN: (118th)

Madam Speaker, the bill previously was before us, HB 5363, as amended.

Again, for the intent for the House, the original intent of the bill, An Act Concerning Producer Licensing was to confirm to change the license made before 1994 in Producer License Act.

Basically where two license agents and brokers were changed to single license and producers.

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Again, Madam Speaker, I move for its -- that we go forward with this bill and hopefully for the support of the Chamber.

SPEAKER HARTLEY:

Will you remark further on the bill as amended?

Representative Flaherty of the 68th.

REPRESENTATIVE FLAHERTY: (68th)

Yes, Madam Speaker.

I rise for a parliamentary inquiry, please.

Madam Speaker, my inquiry is that it appears that on April 2nd when this bill was before the House, we adopted an amendment Schedule A.

So my parliamentary inquiry is that the amendment that was just acted upon, would that -- should that be designated House Amendment Schedule B?

REPRESENTATIVE AMANN: (118th)

Madam Speaker, through you?

SPEAKER HARTLEY:

Representative Flaherty, with respect to your inquiry, you are correct. On April 22nd, the House adopted -- I'm correct, April 2nd, the House adopted House A.

The amendment that was just adopted was designated House B.

REPRESENTATIVE FLAHERTY: (68th)

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Thank you, Madam Speaker.

I just had wanted to clarify that for the records.
I wasn't sure that that had been done.

SPEAKER HARTLEY:

I thank you, sir.

REPRESENTATIVE FLAHERTY: (68th)

Thank you.

SPEAKER HARTLEY:

It got a little confusing.

Will you remark further on the bill as amended?
Representative Gyle, you have the floor, Madam.

REPRESENTATIVE GYLE: (108th)

Thank you, Madam Speaker.

A question through you to the proponent of the
bill.

SPEAKER HARTLEY:

Please frame your question, Madam.

REPRESENTATIVE GYLE: (108th)

Thank you, Madam Speaker.

Representative Amann, can you tell me, after
passing this amendment, if anything has changed with
title insurance? Is it still only lawyers that will be
selling it from now on?

SPEAKER HARTLEY:

Representative Amann.

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REPRESENTATIVE AMANN: (118th)

It will -- through you, Madam Chairman, it will be strictly attorneys, except for the five that were previously selling that before 1984 who are not. So nothing basically has changed on that.

SPEAKER HARTLEY:

Thank you, sir. Representative Gyle.

REPRESENTATIVE GYLE: (108th)

Thank you, Madam Speaker.

SPEAKER HARTLEY:

Will you remark further on the bill as amended?

If not, staff and guests please come to the well.

Members take your seat. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the Chamber.

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

SPEAKER HARTLEY:

The machine will please be locked. The Clerk will take a tally. The Clerk will please announce the tally.

THE CLERK:

HB 5363, as amended by House A and B.

Total number voting, 147.

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Necessary for passage, 74.

Those voting "yea", 147.

Those voting "nay", 0.

Absent, not voting, 3.

SPEAKER HARTLEY:

The bill as amended is passed.

Will the Clerk please return to the call, Calendar
195.

THE CLERK:

On page 2, Calendar 195, Substitute for HB No.
5589, An Act Concerning Insurance Coverage for Breast
Cancer. Favorable report of the Committee on
Insurance.

SPEAKER HARTLEY:

Representative Eberle of the 15th, you have the
floor, Madam.

REPRESENTATIVE EBERLE: (15th)

Thank you, Madam Speaker.

I move for acceptance of the Joint Committee's
favorable report and passage of the bill.

SPEAKER HARTLEY:

Motion is acceptance and passage. Will you
remark, Madam?

REPRESENTATIVE EBERLE: (15th)

Yes, Madam Speaker.

JOINT
STANDING
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STATE OF CONNECTICUT

INSURANCE DEPARTMENT

STATEMENT
INSURANCE COMMISSIONER GEORGE M. REIDER, JR.
BEFORE THE
INSURANCE AND REAL ESTATE COMMITTEE
February 27, 1996

Senator DeLuca, Representative Amann, and Members of the Insurance and Real Estate Committee:

It is a pleasure to have the opportunity this morning to present this Committee with the Insurance Department's views on Raised Bill No. 5363 and Raised Bill No. 5364.

Raised Bill 5363 and 5364 are two of three legislative proposals of the Insurance Department requested for this legislative session.

The purpose of Raised Bill 5363, "An Act Concerning Producer Licensing", is to make a minor change in our statutes by replacing some references to "agents and brokers" with the word "producers" in order to conform with the Producer Licensing Act of 1994.

Two years ago the licensing of insurance agents and brokers was simplified at the request of the Insurance Department and made more efficient by establishing a single "Producer" license in place of the agent license and the broker license. The new producer license retained the distinction between the two by requiring those producers who function as agents to be appointed by the insurers they represent. This bill makes technical changes to several statutes to harmonize the terminology (changing "agent" and "broker" to "producer") with the statutes as amended by Public Act 94-160.

If there are no questions concerning Raised Bill 5363, I will move on to the other Insurance Department proposal, Raised Bill No. 5364, "An Act Concerning Technical and Minor Changes to the Insurance Statutes." The Insurance Department has identified several insurance statutes that are in need of minor change in order to correct an incorrect statutory reference or to clarify a certain statutory provision. Last year this Committee had a similar bill raised at the request of the Department, but because of its broad scope, the bill became a popular vehicle for amendments in the final days of the legislative session, and so the bill failed to pass. Because the Connecticut General Statutes are reprinted every two years, we hope that this bill will receive an early joint favorable report from this Committee and be passed early in the session so that these proposed minor changes will be incorporated in the General Statutes when they are reprinted January 1, 1997.

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Section 1 deletes the requirement that the Director of the division of rate review be a member of the American Academy of Actuaries. (Lines 27-29.) This change will not affect the sufficiency of actuarial expertise at the Insurance Department. What this change will do is give more flexibility to the Commissioner in deciding who shall manage the operations of the Insurance Department's property & casualty division. The proposed change recognizes that being a member of the American Academy of Actuaries does not necessarily ensure managerial expertise.

Section 2 will remove an inconsistency in the financial examination statute, Section 38a-14, concerning domestic insurers' payment of the costs of examination. In order to qualify for accreditation by the National Association of Insurance Commissioners, the examination statute was amended in 1990 to adopt in substance the provisions of the NAIC Model Examination Act. One of the changes was to add authority in subdivision (1) of subsection (c) of the statute to hire consultants at the expense of the company examined. But language in subsection (h) concerning examination expenses as they relate to domestic insurers, was never revised to conform with this change mandated by NAIC Accreditation. The purpose of such language in subsection (h), we believe, was to avoid double recovery of Insurance Department staff salaries and fringe benefits which are already recovered by the Insurance Fund assessments of Connecticut domiciled insurers. Thus, Section 2 of Raised Bill 5364 will clarify that: a domestic insurance company shall not be charged for Department employee staff salaries and fringe benefits allocated to a financial examination of the insurer to the extent those expenses are already recovered by the Insurance Department assessment of the domestic insurer; but that a domestic insurer remains obligated to pay the expenses of any needed actuaries, accountants and other experts engaged by the Insurance Department to conduct a financial examination of the insurer as required by NAIC Accreditation and subsection (c)(1) of section 38a-14.

Section 3 of Raised Bill 5364 corrects a printing error when the public acts were codified in the General Statutes revised as of 1/1/95 by changing in line 95 the reference to \$600 million surplus to \$60 million which was the amount of surplus required by Public Act 93-136 § 17, to write financial guaranty insurance..

Section 4 of Raised Bill 5364 corrects an error when the public acts were codified in the General Statutes revised as of 1/1/95 by changing the Insurance Holding Company Act exemption reference from Section 38a-136(h) to Section 38a-136(i).

Section 5 merely changes the subsection letters to Section 38a-163 concerning insurance premium finance company licenses, but it was not part of the Insurance Department's original submission to this Committee.

Section 6 of Raised Bill 5364 was not part of the Insurance Department's original submission of proposed legislation to this Committee. However, as we understand this proposal, it will correct an error that exists in Section 38a-336a, subsection (e), which

defines "underinsured motor vehicle" in terms of the sum of all payments received by or on behalf of the tortfeasor.

Section 7 replaces "National Automobile Theft Bureau" with "National Insurance Crime Bureau" (lines 177 and 178) to reflect the merger of the former into the latter.

Section 8 clarifies that the Commissioner may license foreign or alien fraternal benefit societies to sell variable products (e.g. life, endowment, annuity) in this state.

Section 9 of Raised Bill 5364 amends the definition of "health insurance" to include "specified disease coverage" which is authorized in Section 38a-505(c) but is outside the definition of health insurance.

Section 10 merely changes the subsection letters and changes an internal reference to a subdivision to a subsection, but it was not part of the Insurance Department's original submission to this Committee.

Section 11 removes the application of the Insurers Rehabilitation and Liquidation Act to dental plan organizations in the event of insolvency. By contract, dentists are obligated to provide the prepaid services through the contract period, therefore plan subscribers are protected against the risk of insolvency of the dental plan. Only one such organization does business in Connecticut. This change should not adversely affect the interests of Connecticut consumers.

Section 12 amends the definition of "insurance agent" to add the word "annuities" to conform with the authority granted to licensees under a producer's license.

Section 13 amends Section 38a-828 (which forbids an insurer from advertising as its assets funds that are not actually in its possession and available to pay claims) to make it apply to HMOs.

Section 14 corrects a flaw in Section 38a-937(c), concerning late filed liquidation claims, by replacing a period with a comma.

Sections 15 and 16 will correct a flaw in Public Act No. 95-199 ("An Act Concerning Direct Access to Certain Physicians in HMOs") which, despite legislative intent and the title of the public act, currently excludes HMOs (i.e. health care centers) from its definition of "carrier".

Finally, **Section 17** merely changes an internal reference to a subsection changed by Section 10 of this bill.

I hope these comments have been helpful to you in evaluating Raised Bills 5363 and 5364. I will be happy to answer any questions you may have.