

Legislative History for Connecticut Act

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SB 1259                      PA 59                      1999

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SENATE: 1459, 1529-1530                      3p.

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HOUSE: 2171-2173, 2208-2211                      7p.

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Insurance § Real Estate: 827, 828, 829, 830,  
938                      5p.

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Total - 15p.

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Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate  
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CONNECTICUT  
GEN. ASSEMBLY  
SENATE

PROCEEDINGS  
1999

VOL. 42  
PART 5  
1431-1786

001459

pat

29

Senate

Wednesday, May 5, 1999

Without objection, so ordered.

SEN. JEPSEN:

206, SB1259 I move to the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

SEN. JEPSEN:

Calendar 209 is PR.

218, PR.

Calendar 223, Substitute for SB112 I move to the  
Committee on Finance.

THE CHAIR:

Without objection, so ordered.

SEN. JEPSEN:

225 is PR.

Page 27, Calendar 226, Substitute for SB1163 I move  
to the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

SEN. JEPSEN:

227 is PR.

230, Substitute for SB1245 I move to the Committee  
on Finance.

THE CHAIR:

Without objection, so ordered.

SEN. JEPSEN:

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Senate

Wednesday, May 5, 1999

Calendar 360, HB7050.

Calendar Page 19, Calendar 363, Substitute for  
HB5359.

Calendar Page 22, Calendar 95, Substitute for  
SB1011.

Calendar Page 25, Calendar 193, Substitute for  
SB1147.

Calendar 195, Substitute for SB1250,

Calendar Page 26, Calendar 205, Substitute for  
SB1256.

Calendar 206, SB1259.

Calendar Page 27, Calendar 226, Substitute for  
SB1163,.

Calendar 233, Substitute for SB1276.

Calendar 145, Substitute for SB1044.

Calendar Page 28, Calendar 344, Substitute for  
HJ32.

Madam President, that completes the first Consent  
Calendar.

THE CHAIR:

Thank you, Sir. Would you once again announce a  
roll call vote on the Consent Calendar. The machine  
will be opened.

THE CLERK:

An immediate roll call has been ordered in the

001530

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Senate

Wednesday, May 5, 1999

Senate. Will all Senators please return to the Chamber.

An immediate roll call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber.

THE CHAIR:

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

THE CLERK:

Motion is on adoption of Consent Calendar #1.

Total number voting, 34; those voting yea, 35; those voting nay, 0. Those absent and not voting, 1.

THE CHAIR:

The Consent Calendar is adopted.

Senator Jepsen.

SEN. JEPSEN:

Thank you, Madam President. This is going to conclude today's Calendar. I would ask that Calendar 161 from Page 2 be marked PR and that this conclude today's legislative session.

THE CHAIR:

Thank you, Sir. At this time the Chair will entertain points of personal privilege or announcements.

Senator Bozek.

SEN. BOZEK:

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CONNECTICUT  
GEN. ASSEMBLY  
HOUSE

PROCEEDINGS  
1999

VOL. 42  
PART 6  
1777-2176

gmh

002171  
209

House of Representatives

Wednesday, May 12, 1999

please check the machine to make sure your vote is properly recorded. The machine will be locked and the Clerk will take a tally.

The Clerk will announce the tally.

CLERK:

House Bill Number 5109, as amended by House  
Amendment Schedules "A", "B", and "C"

Total Number Voting	140
Necessary for Passage	71
Those voting Yea	140
Those voting Nay	0
Those absent and not Voting	11

DEPUTY SPEAKER HYSLOP:

The bill, as amended passes.

Clerk, please call Calendar -- excuse me.

Representative Godfrey.

REP. GODFREY: (110TH)

Thank you, Mr. Speaker. Mr. Speaker, ladies and gentlemen I am about to move a number of bills off the regular calendar onto the Consent Calendar for voting by this body tomorrow. If you are following along, there have been a couple of changes from the Go List. So please bear with me.

Mr. Speaker, I would move the following bills off  
of the regular calendar and onto the Consent Calendar.

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House of Representatives

Wednesday, May 12, 1999

Calendar Number 402, Substitute for House Bill  
Number 5765, AN ACT CONCERNING A PILOT CHILDREN'S  
COMFORT CARE CENTER;

Calendar Number 409, Substitute for House Bill  
Number 5784, AN ACT CONCERNING HEARING AID DISPENSERS;

Calendar Number 462, Substitute for House Bill  
Number 6753, AN ACT CONCERNING THE PENALTY FOR VIOLATING  
BLIGHT REGULATIONS;

Calendar Number 469, Substitute for House Bill  
Number 5025, AN ACT CONCERNING WAIVER OF CERTAIN  
DELINQUENT PROPERTY TAXES;

Calendar 477, Senate Bill Number 1062, AN ACT  
CHANGING THE DATE FOR SUBMISSION OF THE STATE ETHICS  
COMMISSION'S ANNUAL REPORT TO THE GOVERNOR;

Calendar Number 480, Senate Bill Number 1178, AN  
ACT IMPLEMENTING RECOMMENDATIONS OF THE PROGRAM REVIEW  
AND INVESTIGATIONS COMMITTEE REGARDING OPEN SPACE  
ACQUISITION;

Calendar 489, Senate Bill Number 1259, AN ACT  
CONCERNING THE MARKETING OF INSURANCE;

Calendar Number 490, Substitute for Senate Bill  
Number 1163, AN ACT CONCERNING MOBILE MANUFACTURED HOMES  
and that's it, Mr. Speaker.

I would move that those items be placed on the  
Consent Calendar for action by this body at our next

002173

211

gmh

House of Representatives

Wednesday, May 12, 1999

session.

DEPUTY SPEAKER HYSLOP:

The following items have been placed on the Consent Calendar. Seeing no objection, so ordered.

Are there any announcements or points of personal privileges? Representative Pawelkiewicz.

REP. PAWELKIEWICZ: (49TH)

Thank you, Mr. Speaker. I would just like to point out for the record that today, May 12th, is the 307th anniversary of the incorporation of the Town of Windham and I'm very happy that we will have another 307 years.

Thank you.

DEPUTY SPEAKER HYSLOP:

Are there any announcements or points of personal privilege? Representative Collins.

REP. COLLINS: (117TH)

Thank you, Mr. Speaker. For a Journal notation. Would the Journal please note that Representatives Lockton and Tymniak missed votes today due to illness? Representative Wasserman had to leave and miss votes due to illness in the family.

Also, would the transcript please note that Representative Cleary possibly missed votes being out of the Chamber on legislative business. And then as a reminder to all the members of our caucus that there's a

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CONNECTICUT  
GEN. ASSEMBLY  
HOUSE

PROCEEDINGS  
1999

VOL. 42  
PART 7  
2177-2538

002208

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House of Representatives

Thursday, May 13, 1999

The bill, as amended passes.

At this time would the Clerk please call the  
Consent Calendar?

CLERK:

On page 1, Calendar 402, Substitute for House Bill  
Number 5765, AN ACT CONCERNING A PILOT CHILDREN'S  
COMFORT CARE CENTER. Favorable Report of the Committee  
on Public Health.

SPEAKER LYONS:

Representative Godfrey.

REP. GODFREY: (110TH)

Thank you, Madam Speaker. Madam Speaker, ladies  
and gentlemen, I'm about to call the Consent Calendar.  
One bill that is on there has been taken off at the  
request of Representative Tulisano, Calendar Number 462,  
Substitute for House Bill Number 6753. Take it off the  
Consent Calendar, please.

So the remaining bills on the Consent Calendar for  
today will be Calendar Number 402, Substitute for House  
Bill Number 5765, AN ACT CONCERNING A PILOT CHILDREN'S  
COMFORT CARE CENTER;

Calendar Number 409, Substitute for House Bill  
Number 5784, AN ACT CONCERNING HEARING AID DISPENSERS;

Calendar Number 469, Substitute for House Bill  
Number 5025, AN ACT CONCERNING WAIVER OF CERTAIN

002209

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33

House of Representatives

Thursday, May 13, 1999

DELINQUENT PROPERTY TAXES;

Calendar Number 477, Senate Bill Number 1062, AN  
ACT CHANGING THE DATE FOR SUBMISSION OF THE STATE ETHICS  
COMMISSION'S ANNUAL REPORT TO THE GOVERNOR;

Calendar Number 480, Senate Bill Number 1178, AN  
ACT IMPLEMENTING RECOMMENDATIONS OF THE PROGRAM REVIEW  
AND INVESTIGATIONS COMMITTEE REGARDING OPEN SPACE  
ACQUISITION;

Calendar 489, Senate Bill Number 1259, AN ACT  
CONCERNING THE MARKETING OF INSURANCE; and

Calendar 490, Substitute for Senate Bill Number  
1163, AN ACT CONCERNING MOBILE MANUFACTURED HOMES.

Madam Speaker, I move passage of the bills on  
today's Consent Calendar.

SPEAKER LYONS:

Representative Belden, for what purpose do you  
rise?

REP. BELDEN: (113TH)

Madam Speaker, I would ask that Calendar 409, File  
486 be removed from the Consent Calendar. I have an  
amendment.

SPEAKER LYONS:

Hearing -- I'm sorry. If you would just repeat the  
number again.

REP. BELDEN: (113TH)

002210

34

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House of Representatives

Thursday, May 13, 1999

Calendar 409, House Bill 5784.

SPEAKER LYONS:

Calendar 409. Hearing no objections, so ordered.

With that, I believe Representative Godfrey has made a motion for passage of the Consent Calendar.

Thus, at this time, would staff and guests please come to the Well? Would members take their seats? The machine will be opened.

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 LYONS:

Have all the members voted? Would the members please check the board to make sure that your vote is accurately recorded? If all the members have voted, the machine will be locked. And the Clerk will take a tally.

Representative Currey.

REP CURREY: (10TH)

In the affirmative, Madam Speaker.

SPEAKER LYONS:

Representative Currey in the affirmative.

Would the Clerk please announce the tally?

CLERK:

002211

gmh

35

House of Representatives

Thursday, May 13, 1999

On the Consent Calendar

Total Number Voting	141
Necessary for Passage	71
Those voting Yea	141
Those voting Nay	0
Those absent and not Voting	10

SPEAKER LYONS:

The Consent Calendar passes.

Would the Clerk please call Calendar 467?

CLERK:

On page 16, Calendar 467, Substitute for House Bill  
Number 5419, AN ACT CONCERNING MOTOR VEHICLE

REGISTRATION FEES FOR DISABLED VETERANS. Favorable  
Report of the Committee on Finance, Revenue and Bonding.

SPEAKER LYONS:

Representative Peter Panaroni. Good afternoon,  
sir.

REP. PANARONI: (102ND)

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

SPEAKER LYONS:

The question before the Chamber is on acceptance  
and passage. Will you remark?

REP. PANARONI: (102ND)

JOINT  
STANDING  
COMMITTEE  
HEARINGS

INSURANCE  
AND  
REAL ESTATE  
PART 3  
622-1041

1999

SEN. BOZEK: Commissioner, thank you very much. Are there any questions from any of the members? Thank you. The -- we're going to return back to the order of the public, Suzanne Howland. Is she here? Dennis LaGanza.

DENNIS LaGANZA: Good morning Senator Bozek, Representative Amann. I'm Dennis LaGanza, counsel to the Insurance Association of Connecticut.

I'd like to talk to you today about two bills that the IAC supports. The first is Senate Bill 1259, AN ACT CONCERNING THE MARKETING OF INSURANCE. This is basically, Section 4 of the bill we support. It's essentially a repealer provision. Right now existing law prohibits certain insurers from using facilities of credit card companies to market their products. There is an existing exemption for life, accident and health. This would simply repeal the entire provision. As far as the IEC knows there is no opposition from the Insurance Department to this proposal.

I would also like to talk to you about Senate Bill 1288, AN ACT CONCERNING AGENT APPOINTMENTS. What this is intended to do is create efficiencies and streamline the agent appointment process. The bill has essentially two components. The first provides a safe harbor, which would allow companies to accept business and then subsequently submit an application for an appointment to the Insurance Commissioner. And the second part of the bill would do away with the prohibition or the requirement, frankly, that if an agent is employed or contracted with an agency that they also be appointed if the agency is appointed.

We have had conversations with the or we will be meeting with the Insurance Department concerning this bill. The Department does have some concerns and we are working, we'd like to work towards a resolution of those, something that we could present to the Committee.

I'd be happy to take any questions at this time.

SEN. BOZEK: Does the Committee have any questions of Mr. LaGanza? Seeing none, thank you very much. The next speaker is Warren Rupar.

WARREN RUPAR: Good morning Senator Bozek, Representative Amann and members of the Insurance and Real Estate Committee. My name is Warren Rupar. I'm the Executive Vice President of the Independent Insurance Agents of Connecticut. I'm also representing the professional insurance agents of Connecticut at this hearing here today.

I come here to speak on actually three bills, if I have the time to do that, otherwise I'll come back on the third one.

SB1259

SEN. BOZEK: Why don't you go forward with all of them now.

WARREN RUPAR: Thank you. I appreciate that. Senate Bill 1288 and House Bill 6982 address the issue of agent appointments and we speak in favor of both of these bills as we feel that as an organization when you take advantage of efficiencies that could occur in agent appointments. The agent appointment process is very paper consuming and time consuming for every one involved and we feel that we can address some efficiencies with the Insurance Department and work this as well with the insurance companies so that agents can be appointed in a timely fashion and be able to produce business for their customers.

The only addition, as I note in my testimony for Senate Bill 1288, is that our concern is as we take a look at this and try to make the whole program revenue neutral for the State of Connecticut that appointment fees will be adjusted and will increase for the direct appointment of the insurance agency.

And we are suggesting, in two different sections, that the phrase concerning as to who is responsible for payment of the appointment fee that it is clear that the insurer, who traditionally pays that appointment fee today, will not be able to cost shift that appointment fee back to the producing agent. So we suggest the language that the appointing agent or the agent or the company that

is appointing the agent is responsible for that payment of the fee.

The other bill that we have our concern about is the, concerning the marketing, AN ACT CONCERNING THE MARKETING OF INSURANCE, and that is Senate Bill 1259. Once again for sometime the PI of Connecticut and the IAC have been concerned about the harmful impact of the public of marketing representatives to sell insurance coverage to Connecticut residents without proper licensing. The current proposal you see here today recognizes the changing commerce that is going on here in the State of Connecticut and all over the United States on financial modernization. Prior to this bill there is a prohibition in this bill for credit card solicitations of their lists to go out after property casual insurance and recognizing this changing financial world we do favor the repeal of this bill.

At the same time, we would like the legislature to recognize the complete changing commerce of insurance sales recognizing the more important aspects of telemarketing and eventually the Internet and e-commerce. Our concern there is very directly that we make sure that the individuals that the consumers in the State of Connecticut talk to and are reacting with on the Internet have knowledge of insurance for the state and are meeting the produce your license laws in the state.

Currently, the position of the Department is that if an individual calls an 800 number and they get that number from a t.v. add or a billboard or a mail solicitation an individual calls that number and receives a quote or an offer to receive an application in the mail, the Department's position is that that individual receiving the call does not have to be licensed. Our concern is that when an individual representing an insurance company quotes a specific rate for an insurance company and offers to send an application to a consumer that that should be a licensable activity. Going under the normal definitions of solicit, negotiating and effect, which are the three terms in our licensing statutes, we feel very firmly that that the

activity, as described and illustrated as I just did, that it is a changing world of commerce but most importantly the consumer is best protected when they do call that 800 number that they are talking to a licensed representative at all times.

We have suggested language in our testimony on Senate Bill 1259 to talk about when an individual representing an insurance company quotes a rate or asks to send an application to an individual over the phone that that is a licensable activity. And, again, I will not go through that testimony at this point.

We recognize that the world is changing commerce. We support the changes that the IAC has concerns about. But we'd like to go a little step further to make sure that as we look at all worlds of telemarketing and e-commerce that the consumer is talking to a knowledgeable, licensed individual where in the State of Connecticut.

I'd be happy to answer any questions at this time.

SEN. BOZEK: Do any members have any questions? Warren, thank you very much. The next speaker is Jerry Flowers.

JERRY FLOWERS: Good morning. My name is Jerry Flowers. I'm President Elect of the Connecticut Association of Life Underwriters. We're a group of 1500 life underwriters here in the State of Connecticut.

The reason for talking to you today is regarding a bill 6982, which is really designed to be consumer friendly. We live in a world where companies are able to manufacture new products very rapidly and this really is to the consumer's benefit. Probably the best example of this I can give you is term insurance.

If I were to look at a term product sold six months ago at certain ages and certain health conditions it could be as much as 25 percent more expensive than a policy issued today. A policy a year ago could be as much as 50 percent more expensive. I grant you that this is the, a little bit of an

000938

**STATEMENT**

**THE INSURANCE ASSOCIATION OF CONNECTICUT**

**SB 1259-An Act Concerning The Marketing of Insurance**

**Insurance and Real Estate Committee**

**Tuesday, March 9, 1999**

The Insurance Association of Connecticut supports SB 1259. Section four of the bill repeals section 38a-831 of the general statutes that currently restricts all insurers except life, accident and health from using the facilities of credit card companies as a conduit to market their products.

The existing statutory restrictions are outdated. The vast majority of states do not impose similar restrictions. Connecticut already grants life, accident and health insurers an exemption. SB 1259 would permit other types of insurers such as property and casualty companies to use credit card companies as a way to help market their products. All sales activity would still be required to be conducted by licensed agents.

SB 1259 simply expands insurers' marketing options in a manner that is reflective of the modern financial services marketplace. For example, SB 1259 would permit sales material from an auto insurer to be included in a credit card customer's monthly billing statement. If the customer wished to inquire further, the material would direct him to a licensed agent. In this regard, it is worth noting that insurers are currently free to contact the customers of a credit card company directly. SB 1259 simply makes the process less cumbersome.

Many other types of businesses already use such things as credit card mailings as a way to help market their products. It makes no sense to exclude insurers from doing the same.