Legislative History for Connecticut Act

Public Act: 00-111
Bill Number 5856

Senate pages 1936-1939 4

House pages 701, 815-818 5

Committee: Insurance: 611, 613
692-695, 696-697, 916-917 11
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Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate and House of Representatives Proceedings

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S-446

CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
2000

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municipal purchases in conjunction with state prices.

THE CHAIR:

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

ASSEMBLY:

Aye.

THE CHAIR:

Opposed, "nay"? The ayes have it. Senate "B" is adopted. Will you remark further on the bill as amended? Senator Daily.

SEN. DAILY:

Thank you very much, Madam President. Without objection, I would move this to the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

THE CLERK:

Madam President, that completes those items previously marked Go.

THE CHAIR:

Thank you, Mr. Clerk. Senator Jepsen.

SEN. JEPSEN:

Madam President, one more item Page 24, Calendar 278, I would ask that this item be removed from the Foot

HB5856

of the Calendar.

THE CHAIR:

Without objection, so ordered.

SEN. JEPSEN:

And I would move this item to the Consent Calendar at this time.

THE CHAIR:

Motion is to refer this item to the Consent Calendar. Calendar 278. Without objection, so ordered.

SEN. JEPSEN:

Madam President, if the Chamber could stand at ease for just one moment.

THE CHAIR:

The Chamber will stand at ease.

SEN. JEPSEN:

Madam President.

THE CHAIR:

Senator Jepsen.

SEN. JEPSEN:

If the Clerk could call the Second Consent Calendar.

THE CHAIR:

Mr. Clerk, would you first announce a roll call vote on that Consent Calendar and then call it.

THE CLERK:

An immediate roll call has been ordered in the

Senate on the Consent Calendar. 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.

Madam President, Second Consent Calendar begins on Calendar Page 3, Calendar 223, SB427.

Calendar 246, SB160.

Calendar 292, Substitute for SB501.

Calendar Page 4, Calendar 309, Substitute for SB30.

Calendar Page 17, Calendar 235, Substitute for SB439.

Calendar Page 24, Calendar 278, Substitute for HB5856.

Madam President, that completes the Second Consent Calendar.

THE CHAIR:

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

THE CLERK:

The Senate is now voting by roll call on the Consent Calendar. Will all Senators please return to the Chamber.

The Senate is now voting by roll call on the Consent Calendar. Will all Senators please return to

the Chamber.

THE CHAIR:

Have all members voted?

SEN. JEPSEN:

Madam President.

THE CHAIR:

Senator Jepsen. We are in the process of a roll call vote. 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 No. 2.

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

THE CHAIR:

The Consent Calendar is adopted. Senator Jepsen, I know you are in such a hurry to tell us.

SEN. JEPSEN:

The happy news. This concludes our business for this evening. There will be a session tomorrow, a normal 12:00 o'clock caucus and the normal immediate start at 2:00 p.m. for the session.

THE CHAIR:

There are some members, Senator, that would suggest your caucus begin at 10.

SEN. JEPSEN:

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expression of agreement between the Majority Leader and the Minority Leader is in the possession of the Clerk.

SPEAKER CURREY:

Representative Godfrey.

REPRESENTATIVE GODFREY: (110th)

Madam Speaker, I'd move the following items be placed on the consent calendar:

Calendar No. 158, Substitute H.B. No. 5047;

Calendar No. 168, H.B. No. 5809;

Calendar No. 182, Substitute H.B. No. 5856; and

Calendar No. 203, Substitute H.B. No. 5760.

SPEAKER CURREY:

Hearing no objection, so ordered.

THE CLERK:

Madam Speaker, there is no further business on the Clerk's desk.

SPEAKER CURREY:

The Chair recognizes Representative Godfrey.

REPRESENTATIVE GODFREY: (110th)

Mr. Speaker, there being no further business to conduct today, I move that we adjourn, subject to the call of the Chair.

SPEAKER CURREY:

Hearing no objection, the House stands adjourned, subject to the call of the Chair.

POLICE CORPS PROGRAM. Calendar 118, substitute for HB5584, AN ACT CONCERNING THE TAKING OF MENHADEN FISH.

Calendar 124, substitute for HB5141, AN AC CONCERNING THE ISSUANCE OF A SEARCH WARRANT. Calendar 125, SB10, AN ACT CONCERNING CREDIT UNION HOLIDAYS AND EMERGENCY CLOSINGS. Calendar 127, SB67, AN ACT CONCERNING PERMANENT PARTIAL DISABILITY BENEFITS. Calendar 128, SB345, AN ACT REQUIRING A BIENNIAL REVIEW OF ADOPTION SUBSIDIES. Calendar 132, HB5138, AN ACT CONCERNING THE CRIMINAL LIABILITY OF AN INDIVIDUAL FOR CONDUCT PERFORMED IN THE NAME OF OR IN BEHALF OF A LIMITED LIABILITY COMPANY.

Calendar 158, substitute for HB5047, AN ACT CONCERNING REVIEW OF PUBLIC UTILITIES. Calendar 182, substitute for HB5856, AN ACT CONCERNING THE METHOD OF PAYMENT FOR AUTOMOBILE INSURANCE CLAIMS. And Calendar 203, substitute for HB5760, NA ACT AUTHORIZING PAYMENT OF SPECIAL PROPERTY TAXES IN THREE INSTALLMENTS IN THE TOWN OF SEYMOUR.

Madam Speaker, I move adoption of the bills and passage of the bills on the consent calendar. I yield the floor, I believe there are some people who want to remove some bills Madam Speaker.

SPEAKER PRO TEMPORE HARTLEY:

Representative Tulisano you have the floor.

REP. TULISANO:

Madam Speaker I would ask that two matters be removed from the consent list, Calendar 124, substitute for HB5141, file number 73. And Calendar 127, SB67, file number 40.

SPEAKER PRO TEMPORE HARTLEY:

The request is to remove two items from the consent calendar, Calendar 124, HB5141 and Calendar 127, SB67. Representative Tulisano, so ordered.

Representative Godfrey.

REP. GODFREY: (110th)

Yes Madam Speaker, I may have inadvertently left one of the bills off in my remarks that would be Calendar 168, HB5809, AN ACT MAKING MINOR CHANGES TO THE REAL ESTATE STATUTE, it is correctly on the board. But with those changes Madam Speaker, I would rule the adoption and passage of the bills on today's consent calendar.

SPEAKER PRO TEMPORE HARTLEY:

Thank you Representative Godfrey. If all the members would kindly take their seats and staff and guests -- Representative Prelli of the 63rd you have the floor sir.

REP. PRELLI: (63rd)

Madam Speaker I understand that 168 is on the

consent calendar and is on our calendar and I have a parliamentary inquiry here Madam Speaker, but it does not show up on our go list. Do we have to waive our rules to vote on that seeing that it's not on our go list, as a parliamentary inquiry?

SPEAKER PRO TEMPORE HARTLEY:

Representative Prelli, thank you for your inquiry sir. The item was indicated on the consent calendar, the go list is a frame of reference, so long as it is on the consent calendar it is before us and we can act on it properly. I thank you for your inquiry sir.

REP. PRELLI: (63rd)

Thank you Madam Speaker.

SPEAKER PRO TEMPORE HARTLEY:

Representative Godfrey.

REP. GODFREY: (110th)

And just to back that up, there was a typographical error in the creation of the go list which is why it inadvertently didn't appear, it just didn't carry over when we tried to do it, and we apologize to the Chamber for that.

We will make sure that is doesn't happen again Madam Speaker.

SPEAKER PRO TEMPORE HARTLEY:

Thank you for your footnote Representative Godfrey.

Will all of the members kindly take their seats so we can go about the business of voting the consent calendar. Staff and guests kindly come to the well, the machine will now be open.

CLERK:

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

SPEAKER PRO TEMPORE HARTLEY:

Have all the members voted? Is your vote properly recorded? If so the machine will now be locked. Will the Clerk please take a tally. The Clerk will please announce the tally.

CLERK:

On the Consent Calendar.

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

SPEAKER PRO TEMPORE HARTLEY:

The consent calendar is passed. Representative Godfrey.

REP. GODFREY: (110th)

Thank you Madam Speaker. Madam Speaker, I move for

Will all of the members kindly take their seats so we can go about the business of voting the consent calendar. Staff and guests kindly come to the well, the machine will now be open.

CLERK:

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

SPEAKER PRO TEMPORE HARTLEY:

Have all the members voted? Is your vote properly recorded? If so the machine will now be locked. Will the Clerk please take a tally. The Clerk will please announce the tally.

CLERK:

On the Consent Calendar.

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

SPEAKER PRO TEMPORE HARTLEY:

The consent calendar is passed. Representative Godfrey.

REP. GODFREY: (110th)

Thank you Madam Speaker. Madam Speaker, I move for

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say, but I'm going to be -- try to keep to the three-minute time line as best I can. I'll be a little flexible and let you run a few seconds over, but I'm going to have to cut you off if you tend to go way beyond that three minutes, and only because in fairness to some people that might have to wait at the end of that line four or five or six hours from now. I estimate with 75 speakers, that this is probably going to be at least a six and a half hour hearing. So again, remember the person that's going to be testifying behind you.

With that, I'm going to ask -- the first hour is for commissioners and department heads and legislators. The first speaker we have is from the Department of Insurance, Ed Krawiecki, who is the Deputy Commissioner, and followed by Commissioner James Fleming from Consumer Protection.

Now, Ed, before you start, I just want to make sure -- Don, are we ready? Or Nancy, if you -- you're okay to go? Don, you're okay to go? Don, we are going to be listening to your clock. I know we didn't listen to it too well at the last public hearing, but we'll be listening to it today.

Ed, why don't you proceed. Nice to see you, Ed.

DEPUTY COMMISSIONER KRAWIECKI: It's nice to see you too, Mr. Chairman.

SB579 HB5856 SB581 HB5825

Good morning, Representative Amann and members of the Insurance and Real Estate Committee. I'm testifying on behalf of Insurance Commissioner Reider on five bills before you this morning. We're very aware of your tight time line and I'll be as brief as I can be.

The Insurance Department generally supports the concept of Raised Bill 549, AN ACT CONCERNING FILING REQUIREMENTS FOR LARGE COMMERCIAL RISK INSURANCE. This bill will allow insurance companies to meet the needs and demands of their largest policy holders without delay. Those policy holders will still be protected because the coverage that is sold to them must still comply with all other Connecticut law.

In addition, the Department staff has noted several technical flaws with the bill, which we have submitted in writing to you. That having been said, let me also indicate that the Department has been invited to participate in some additional sessions on redrafting the language of the bill. And we've agreed and look for to those discussions in the future. Perhaps when those discussions are completed, the bill be in a substantially different form than it currently appears.

The Insurance Department recommends the Committee consider alternate language for Raised Committee Bill 5856, AN ACT CONCERNING THE METHOD OF PAYMENT FOR AUTOMOBILE INSURANCE CLAIMS. The Department supports legislation that would permit payment by electronic transfer or a similar current technology that provides that funds are available immediately by the recipient. We offer the following as suggested language: All claims paid by an insurer, a holding company, or an insurer, or a wholly owned subsidiary of an insurer for any loss to motor vehicles, or any claim for damages to motor vehicles, shall be paid to the claimant by check, by electronic transfer to the claimant, or other means which affords immediate access to the funds by the claimant.

The Department opposes Raised Bill 581, AN ACT ESTABLISHING STANDARDS FOR CONTRACTS BETWEEN MANAGED CARE ORGANIZATIONS AND PHYSICIANS. Section 1(c) could be interpreted to allow HMOs to have multiple networks for their commercial business. The Department has had a long-standing prohibition against multiple networks since there could be increased provider and consumer confusion and potential rating issues that would be in conflict with the existing small employer statutes. The Department's position does not preclude the HMOs from having different networks for other segments of business, such as Medicaid or Medicare, that are outside of the authority of the Insurance Department.

There are also technical problems with this bill. The term health plan should be replaced by managed

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homeowners insurance in the state. And we're the No. 13 writer of auto insurance in the -- or I'm sorry -- in the country. We're the No. 13 writer in the state, writing 44,000 policies. On March 1st of this year we began actively soliciting Connecticut consumers and are doing business actively in Connecticut for the first time.

The two bills I'm here to speak on are, very briefly 579, and then a little bit in more detail 5856, which Deputy Commissioner Krawiecki spoke on.

Again, briefly, 579 we have neither an oppose or support position on this bill, but simply wanted to raise a couple of issues. (1) This bill is modeled after a law which passed in California last year, allowing for many policy or low-cost policy in the San Francisco and Los Angeles areas. That law is not yet tested and it may be a bit premature to copy that or use it as a model.

That being said, I want to make sure this Committee understands that the market does provide better coverage than is provided for in 579 for less money than the $450.00 premium. For instance, my company will write a clean adult in three of the four cities for less than $450.00. That being said, the policy is not rated appropriate, even with the 25 percent surcharge for a youthful male -- a clean youthful male, and particularly a youthful male with a conviction or accident.

If we do pass 579, State Farm has a concern that it's not clear within that bill that an applicant must qualify under the requirements of Section 3 of that bill at each renewal. We think that clarification would be appropriate.

I'll -- that's all I have to say on 579. I'll go on to 5856 and then take questions on both should the Committee have any.

5856 is something that State Farm requested this Insurance Committee consider. The bill is designed to modernize Connecticut law. The law that it is amending is a 22-year-old law. And it has been -- some of its purposes have been taken over in

federal law under the Expedited Funds Availability Act and a regulation implementing that act. This bill is designed to allow payment by an insurer of claims -- (bell rings) -- in any means that is similar to a check.

Federal Law, Regulation CC defines a check to include what we traditionally think of as a check, a negotiable demand draft and electronic funds transfer, as well as money orders and certified checks and things of that nature. Drafts and checks, electronic funds transfers are handled exactly the same in terms of availability of funds to the consumer or the claimant. They're also handled exactly the same in terms of honoring or dishonoring the instrument by the paying bank. It must be honored or dishonored within two business days.

Deputy Commissioner Krawiecki suggested an amendment in terms of the language. We can support that amendment. We think it further clarifies the intent. We don't want to avoid any consumer protections. However, the consumer protections that were appropriate in 1978 have been provided since 1988 under the federal law, the Expedited Funds Availability Act, Regulation CC.

I'll be happy to take any questions that the Committee would have.

REP. AMANN: Thank you very much. Representative Stone.

REP. STONE: Thank you, Mr. Chairman. On Bill 5856, is there ever a time when you issue two-party checks made out to both the claimant and the repair facility?

GARRETT WILLIAMS: Yes, we do issue two-party checks to claimants and repair facilities.

REP. STONE: And how would that work, the wire transfer?

GARRETT WILLIAMS: That would need to be worked out with the insurance department. But when I met with them yesterday, we were considering a regulation or some similar change which would allow the insured to

direct where that money went, to what account it went. As I think you're eluding to, it would not be easy to do a two-party wire transfer. And I think we'd have to get agreement of both the insured and the repair facility before we did an electronic transfer in that situation.

REP. STONE: You'd probably -- I mean, I would guess you probably would not be able to do it and you would probably have to issue --

GARRETT WILLIAMS: I think --

REP. STONE: -- some other form of payment.

GARRETT WILLIAMS: Yes. I think in most cases, we would issue a draft or a check.

REP. STONE: And each of those items would be equally negotiable in the same manner as a check would be in any event, right?

GARRETT WILLIAMS: Yes. And what I have done is I've asked the law firm of Day, Berry & Howard to provide me an opinion prior to introducing this language or asking you to consider this language. So our analysis says that's the case, and Day, Berry's analysis also indicates that that is the case.

REP. STONE: Okay. Thanks.

REP. AMANN: Are there any other questions? Senator Bozek.

SEN. BOZEK: You -- thanks a lot, Garrett. Garrett, with regard to the draft, is there any difficulty in the event that the draft is mislaid or lost, that it -- is it easily cancelable as the check?

GARRETT WILLIAMS: Yes. A draft and a check would be handled exactly the same way in that circumstance.

SEN. BOZEK: Alright. And why do we want to do a draft rather than a check, because you can wire --

GARRETT WILLIAMS: For State Farm's purpose, we do use

drafts across the country, and that is the reason that we've asked for this bill. We pay only administrative expenses out of our checking account in Bloomington, Illinois. We pay our claims with drafts again across the country through banks in the various regions. In Connecticut it's Fleet Bank. If we were required to pay claims by check in Connecticut, those payments would have to be generated from Bloomington and mailed to the claimant, which would add additional time. It would also prohibit us from making an on-the-spot payment, which we do in certain circumstances, including a situation where an insured needed a rental car.

SEN. BOZEK: Well, I won't go too much further. But if the insured needed a rental car, I mean he doesn't have to wait until the guy shows up -- or would he --

GARRETT WILLIAMS: No, we could indemnify. But if they wished to have an advance payment, if we could use a draft, we would write them an advance --

SEN. BOZEK: Well, you don't know how long they're going to rent the car for. Alright --

GARRETT WILLIAMS: Sure.

SEN. BOZEK: How many other states use drafts?

GARRETT WILLIAMS: As I said, we use drafts in 49 states of the 50, Connecticut being the one exception where we arguably -- and just to clarify, I believe we're not really prohibited from using drafts in the State of Connecticut. We're simply asking that you acknowledge that a check, as defined by federal law, includes a draft and just simply clarify the language of the law.

SEN. BOZEK: Thank you, Mr. Chairman.

REP. AMANN: Any other questions? Being none, thank you.

GARRETT WILLIAMS: Thank you.

REP. AMANN: Before I go on, if anybody else has a plane to catch, tell the Chairman now. (Laughter). And you're all on the honor system. And there will be chocolate bars also on the honor system here, put your change in the box.

: Does that plane have to leave today -- (laughter).

REP. AMANN: Yeah, it has -- I'll clarify it must be today and within the next five minutes.

Okay, being none, Jerry Zimmerman, followed by Marcia Wellman.

SEN. BOZEK: You've got a question before --

: (Inaudible, voice from audience).

REP. AMANN: What is your name?

: (Inaudible, voice from audience).

REP. AMANN: You just had your opportunity, sir.

JERRY ZIMMERMAN: Representative Amann and Senator Bozek and members of the Insurance and Real Estate Committee, thank you for the opportunity to testify here today. SB 549 SB 579

My name is Jerry Zimmerman. I'm with the National Association of Independent Insurers. We're an insurance trade organization that represents approximately 650 property and casualty insurers throughout the country. In Connecticut, we have approximately a 38 percent market share in personal lines and approximately a 10 percent market share in commercial lines.

Senator Bozek, to specifically address a question that you had. I have a very interesting 65 page research article that was written by a fellow at the Brookings Institute entitled Insurance Deregulation and the Public Interests. It was completed in February of 2000 and it does provide some of the analytical data that you asked of the previous speaker. I will be more than happy to provide you a copy with this if you're interested. HB 5856

SEN. BOZEK: I'd like -- thank you. I'd like to have a copy, thank you.

JERRY ZIMMERMAN: Okay, thank you. The NAII would like to testify in support of SB 549. We support the concept that is espoused in this bill, that being that certain of the -- that being that the regulatory scheme in Connecticut needs to be modernized for certain risks of insurance. There's a recognition that filing your rates, your forms, your risk plans and classifications may not be necessary any more in light of the competitive marketplace. Without going into a 50-year history of rating systems in the United States, the basic system that exists in Connecticut was born in 1945 after the passage of the McCaryn Ferguson Act (phonetic). It was a day and age where there were very insurers writing business, rates were set by bureaus -- (bell rings) -- and there was very little leeway in the policy, the forms or the rates that were being offered.

Another reason that you should consider modernizing your rating system here is that there is a core group of people that would like to see regulation taken over by the Federal Government. And the more that the rating systems are not modernized and do not fit modern day competitive realities, the more argument and justification there is given to these people who would like to see the Federal Government regulate insurance.

In closing, we're more than happy to work with legislators, the Department of Insurance, other insurance companies, other trade associations, agents and any other interested parties in crafting a bill that best meets the needs of the citizens of Connecticut.

Thank you for the opportunity to testify.

REP. AMANN: Thank you, Jerry. Are there any questions from the Committee? Being none, thank you Jerry --

JERRY ZIMMERMAN: With your permission, I'm scheduled to testify on the next bill. I am suppose to fly out SB579

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Krawiecki

# STATE OF CONNECTICUT

*INSURANCE DEPARTMENT*

**STATEMENT**

**DEPUTY INSURANCE COMMISSIONER EDWARD C. KRAWIECKI, JR.**

**BEFORE THE**

**INSURANCE AND REAL ESTATE COMMITTEE**

**March 6, 2000**

SB 581
HB 5825

Good morning Senator Bozek, Representative Amann, and Members of the Insurance and Real Estate Committee: I am testifying on behalf of Insurance Commissioner Reider on five bills before you this morning.

The Insurance Department generally supports the concept of Raised Bill 549, **An Act Concerning Filing Requirements for Large Commercial Risk Insurance.** This bill will allow insurance companies to meet the needs and demands of their largest policyholders without delay. Those policyholders will still be protected because the coverage that is sold to them must still comply with all other Connecticut law.

However, the Insurance Department is concerned with one of the criteria for determining who is a large commercial risk. As drafted, Raised Bill 549 sets a threshold of $25,000 in premium, along with several other criteria, for determining that insurance policies sold to that risk do not need to have their rates and policy forms reviewed by the Insurance Department. We believe that a level of $50,000 is a more appropriate threshold to ensure the sophistication of the commercial policyholder.

The Insurance Department would like to comment on Raised Bill 579, **An Act Establishing a Pilot Program For Low Cost Automobile Insurance with Reduced Benefits.** We are concerned the reduced limits of liability may not benefit Connecticut consumers, either the car owners or those injured by the low limit drivers. We are concerned consumers who currently purchase minimum provision coverage will opt for the reduced benefit coverage, thereby reducing benefits to themselves and others. In our opinion, the reduced limits of $10,000 in bodily injury liability per person and $20,000 bodily injury per accident, as well as $3,000 in physical damage liability, do not reflect the cost of medical care and auto repair in Connecticut, and will lead to accident victims being only partially compensated for their injuries or damage to their vehicles. We are also concerned by the proposal to delete uninsured and underinsured coverage for those participating in the pilot program. This would lead those taking part in the pilot program, especially those without health insurance, vulnerable to great hardship if they are injured by an uninsured or underinsured driver. In addition, Department staff has noted several technical flaws with this bill.

The Insurance Department recommends the Committee consider alternate language for Raised Bill 5856, **An Act Concerning the Method of Payment for Automobile Insurance Claims.** The Department supports legislation that would permit payment by electronic transfer or a similar current technology that provides that funds are able to be immediately cashed by the recipient.

We offer the following as suggested language:

> "All claims paid by an insurer, a holding company or an insurer or a wholly owned subsidiary of an insurer for any loss to motor vehicles or any claim for damages to motor vehicles, shall be paid to the claimant by check , by electronic transfer to the claimant or other means which affords immediate access to the funds by the claimant."

The Department opposes **Raised Bill No. 581, An Act Establishing Standards for Contracts Between Managed Care Organizations and Physicians.** Section 1( c) could be interpreted to allow HMOs to have multiple networks for their commercial business. The Department has had a long-standing prohibition against multiple networks since there could be increased provider and consumer confusion and potential rating issues that would be in conflict with the existing small employer statutes. The Department's position does not preclude the HMOs from having different networks for other segments of business such as Medicaid or Medicare that are outside of the authority of the Insurance Department.

There are also technical problems with this bill. The term "health plan" should be replaced by "managed care organization" to parallel existing managed care law and to avoid confusion. The bill adds entities that are under the authority of other state agencies, not the Insurance Department. The Department has no authority over preferred provider networks and does not oversee the managed care program for Worker's Compensation, making enforcement difficult. The term "physician" in subpart (b) of section 1 should be tied to a statutory reference. Issues concerning provider contracting are outside of the expertise of the Insurance Department so we are unclear of the meaning of subparts (d) through (g) of section 1.

The Insurance Department also opposes **Raised Bill No. 5825, An Act Concerning Incontestability Clauses in Individual Health Insurance Policies.** This bill would extend the incontestability period from two years to an unlimited period for fraudulent misstatements made on an application for a policy, and from two years to three years for other types of misstatements. The standard in the industry is currently two years. The Department feels the extension is not in the best interest of the consumer, and that two years is a sufficient period for a carrier to challenge an applicant.