Legislative History for Connecticut Act

Public Act: 00-126
Bill Number: 444
Senate Pages: 818-819, 830-831
House Pages: 3853-3856, 4450-4452
Committee: Insurance: 95, 96, 392

Page Total: 14

Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate and House of Representatives Proceedings

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THE CHAIR:

Thank you, Senator Gunther. Will you remark further? Senator Daily.

SEN. DAILY:

Thank you very much, Madam President. And through you, Madam President, I would like to thank Senator Gunther not only for his support of comments here but for all the work he has done on the Atlantic Marine Fisheries.

Without objection, I would move this matter to the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

THE CLERK:


THE CHAIR:

Senator Bozek.

SEN. BOZEK:

Thank you, Madam President. Madam President, I move the Joint Committee's Favorable Report and passage of the bill.
THE CHAIR:

The question is on passage. Will you remark?

SEN. BOZEK:

Madam President, this bill entitled An Act Concerning Restitution Orders Under The Unfair Insurance Practices Act, we have an unfair practices act in the State of Connecticut. What this bill does is, it allows the commissioner, the insurance commissioner to order restitution of any sums that have been shown to have been obtained by the person in violation and I think that any person who might be engaged in unfair methods of competition, unfair deceptive practices who obtain this money that has cognizance through the insurance commissioner, it allows the commissioner now to, after a hearing, to determine what the damages are and to issue an order for restitution, whatever the amount may be.

THE CHAIR:

Thank you, Sir. Will you remark further on the bill? Will you remark further?

Senator Bozek.

SEN. BOZEK:

If there's no objection, I move to Consent.

THE CHAIR:

Motion is to refer this to the Consent Calendar.

Without objection, so ordered.
Calendar Page 26, Calendar 80, SB89.
Calendar Page 28, Calendar 128, SB444.
Calendar Page 29, Calendar 153, SB55, correction,
Page 29, Calendar 153, SB553.
And Calendar Page 30, Calendar 244, SR12.
Madam President, I believe that completes the first
Consent Calendar.
Correction. Also on Calendar Page 28, Calendar 136, Madam President. I believe 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:
The Senate is now voting by roll call. 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 No. 1.
Total number voting, 36. Those voting "yea", 36; those voting "nay", 0. Those absent and not voting, 0.

THE CHAIR:

The Consent Calendar is adopted.

Senator Jepsen.

SEN. JEPSEN:

Thank you, Madam President. The Clerk is in possession of a second Senate Agenda.

THE CLERK:

Madam President, the Clerk is in possession of Senate Agenda No. 2 for Wednesday, April 5, 2000, copies of which have been distributed.

THE CHAIR:

Senator Jepsen.

SEN. JEPSEN:

Thank you, Madam President. I move all items on Senate Agenda No. 2 dated Wednesday, April 5, 2000 be acted upon as indicated and that the Agenda be incorporated by reference into the Senate Journal and the Senate Transcript.

THE CHAIR:

Without objection, so ordered.

SENATE AGENDA #2
Will you remark further on the bill? If not, will the staff and guests please come to the well? Members, please take your seat. The machine will now 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 PRO TEMPORE HARTLEY:

Have all the members voted? Please see that your vote is recorded. The machine will now be locked.

The Clerk will please take a tally.

The Clerk will please announce the tally.

CLERK:

Senate Bill Number 154

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SPEAKER PRO TEMPORE HARTLEY:

The bill passes.

Will the Clerk please return to the call of the Calendar, Calendar 383, please.

CLERK:

On page 7, Calendar 383, Senate Bill Number 444, AN
ACT CONCERNING RESTITUTION ORDERS UNDER THE UNFAIR INSURANCE PRACTICES ACT. Favorable Report of the Committee on Judiciary.

SPEAKER PRO TEMPORE HARTLEY:

Representative Fontana, you have the floor, sir.

REP. FONTANA: (87TH)

Thank you, Madam Speaker. Good evening to you.

SPEAKER PRO TEMPORE HARTLEY:

Good evening to you.

REP. FONTANA: (87TH)

Madam Speaker, I move for acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the Senate.

SPEAKER PRO TEMPORE HARTLEY:

The motion is acceptance and passage in concurrence with the Senate.

Will you remark, sir?

REP. FONTANA: (87TH)

Yes. Thank you, Madam Speaker. This bill broadens the Insurance Commissioner's authority to impose sanctions against violators of the Unfair Insurance Practices Act. It gives the Commissioner the authority to order the restitution of money obtained in violation of the act or its implementing regulations.

On April 5th the Senate passed the bill, 36 to
nothing. I urge passage.

SPEAKER PRO TEMPORE HARTLEY:

   Thank you, sir.

   Will you remark further on the bill? Will you remark further on the bill?

   If not, staff and guests -- excuse me.

Representative Hamzy.

REP. HAMZY: (78TH)

   Thank you, Madam Speaker. Madam Speaker, the Clerk has an amendment, LCO Number 4456. May the Clerk please call and I be allowed to summarize?

SPEAKER PRO TEMPORE HARTLEY:

   The Clerk is in possession of LCO 4456, to be designated House "A". Will the Clerk please call?

CLERK:

   LCO Number 4456, House "A" offered by Representative Hamzy, et al.

SPEAKER PRO TEMPORE HARTLEY:

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

REP. HAMZY: (78TH)

   Thank you, Madam Speaker. Basically what the amendment does is it waives the deductible for home health care, the provision for home health care for high deductible policies and I move adoption.
SPEAKER PRO TEMPORE HARTLEY:

The question is adoption of House Amendment "A". Will you remark further, Representative Hamzy?

REP. HAMZY: (78TH)

Yes, Madam Speaker. The purpose of the amendment is to allow for the sale of medical savings accounts in this state.

Madam Speaker, this is an option that I think should be made available to people, to residents of this state. People -- every year we address the issue of health maintenance organizations and managed care organizations and I believe the people of this state should have an option that they can - another option that they can choose from to provide quality health care.

Thank you, Madam Speaker. And I urge its adoption.

SPEAKER PRO TEMPORE HARTLEY:

Thank you, Representative Hamzy.

REP. GODFREY: (110TH)

Thank you, Madam Speaker. I move that this item be passed temporarily.

SPEAKER PRO TEMPORE HARTLEY:

The motion is to pass temporarily.

The Clerk will kindly return to the call, Calendar
The bill as amended passes. The Clerk please call Calendar 383.

On Page 6, Calendar 383, Senate Bill 444 AN ACT CONCERNING RESTITUTION ORDERS UNDER THE UNFAIR INSURANCE PRACTICES ACT, as amended by House Amendment Schedule "A". I'm sorry, House "A" was designated.

Representative Fontana.

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

The question is on acceptance and passage in concurrence with the Senate. Will you remark further?

Mr. Speaker, thank you. I just would repeat the comment I made earlier in the week. This bill broadens the Insurance Commissioner's authority to impose sanctions against violators of the Unfair Insurance
Practices Act.

On April 5th the Senate passed the bill, 36 to 0. I urge its passage.

DEPUTY SPEAKER HYSLOP:

The question is on passage. Will you remark?

House "A" has been designated. Representative Hamzy.

REP. HAMZY: (78TH)

Thank you, Mr. Speaker. Mr. Speaker. The Clerk has in his possession, LC04456. May he call and I be allowed to summarize.

CLERK:

The Clerk please call LC04456 previously designated House "A" and the Representative has asked leave to summarize.

CLERK:

LC04456 previously designated House Amendment Schedule "A", offered by Representatives Hamzy, Amann et al.

DEPUTY SPEAKER HYSLOP:

Representative Hamzy.

REP. HAMZY: (78TH)

Thank you, Mr. Speaker. Now that the amendment is properly before us, I would like to withdraw the amendment.

DEPUTY SPEAKER HYSLOP:
Seeing no objection, House "A" is withdrawn. Will you remark further on the bill? Will you remark further on the bill?

If not, staff and guests to the well of the House. 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.

DEPUTY SPEAKER HYSLOP:

Have all members voted? If all members have voted, 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:

Senate Bill 444 in concurrence with the Senate.

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DEPUTY SPEAKER HYSLOP:

The bill passes in concurrence with the Senate.
PRESIDING CHAIRMEN: Senator Bozek
Representative Amann

COMMITTEE MEMBERS:
SENATORS: McDermott
Deluca

REPRESENTATIVES: Orefice, Hamzy,
Altobello, Dargan,
Fontana, Nardello,
D'Amelio, DePino,
Feltman, Frey,
Harkins, Stone,
Tymniak

GEORGE REIDER: -- proposals which have been distributed to you. In addition, members of my staff are here in attendance and together we stand ready to address any questions that you may have. Let me start with the first bill, 443, AN ACT CONCERNING STATUTORY ACCOUNTING PROCEDURES.

This bill will serve as vehicle for Connecticut to update its Statutory Accounting rules applicable to insurance companies to reflect changes adopted by the National Associate of Insurance Commissioners, the NAIC, known as the Codification of Statutory Accounting Principles Project to be effective January 1, 2001.

Basically, we had a variety of accounting procedures across the different states and this is an effort to consolidate that and have one approach at a codification approach. Codification as adopted by the NAIC will be contained in the NAIC Accounting Practices and Procedures Manual, which is incorporated by reference in Section 38A-70 of the Connecticut General Statutes.

The proposed changes in Raised Bill 443, reflect technical changes to the Statutes related to insurer financial reporting provisions that are
obsolete, or otherwise inconsistent with the new accounting rules that will become effective next year. The adoption of the new accounting rules will result in more complete disclosures and more comparable financial statements.

This one hands the effectiveness of the insurance department's financial analysis, so, we feel that this is an important thing. It was worked on a number of years, a great deal of effort to get the states to come together and they have done that and we think this provides an great advance in our ability to insure solvency.

The next bill I'd like to talk about is Raised Bill 444, AN ACT CONCERNING RESTITUTION ORDERS UNDER THE UNFAIR INSURANCE PRACTICES ACT. This proposal would amend the Connecticut Unfair Insurance Practices Act to authorize the Insurance Commissioner to order restitution of any sums who have been obtained by a person in violation of the Act.

I might just comment, an example of this, and we can now do it through stipulation where we sit down with a company and work through it and everybody agrees to it, we want the benefit of the law to allow us to move, where that cannot be accomplished through a stipulation, but those farms which you may have read about in the newspaper, a number of farmers up in Northeastern Connecticut had purchased what appeared to be an Investment or a Life product.

And I will be very succinct other than to say, 18 years later, in fact, just this past year, one of the farmers received $160,000 that otherwise they had not had for that period of time through a recovery of monies that we felt were entitled to them. This bill will strengthen our ability to do that across the board.

The next bill is Raised Bill 5636, AN ACT CONCERNING CREDIT FOR REINSURANCE. This will update Connecticut’s version of the NAIC's Credit for Reinsurance Model Law to reflect changes made in the model law by the NAIC. All NAIC, and again
This is an Insurance Department bill.

This proposal will amend the Connecticut Unfair Insurance Practices Act to authorize the Insurance Commissioner to order restitution of any sums found to have been obtained by a person in violation of the Act.

The Insurance Department is charged with enforcing the provisions of Title 38a concerning insurance. In the course of doing so, the Department may determine that an individual or company has violated some provision of the insurance statutes expressly defined in section 38a-816 as an unfair insurance trade practice. This will cause the Department to initiate administrative enforcement proceedings against the respondent.

The overall purpose of the Department’s disciplinary process is to protect the insurance buying public. The Insurance Department believes the public interest is best served with sanctions that prevent and discourage future misconduct by the respondent, deter others from engaging in similar misconduct, and improve overall business standards in the insurance industry.

The Insurance Department requests the Committee to take favorable action on SB 444 because restitution is a remedy which will promote these goals and authorize the Department, in appropriate cases, to restore the status quo ante where a victim otherwise would unjustly suffer a quantifiable loss as a result of a respondent’s misconduct, particularly where a respondent has benefited from the misconduct.