

Legislative History for Connecticut Act

<b>Act Number:</b> 104	2003
<b>Bill Number:</b> 6443	
<b>Senate Pages:</b> 2702-2703, 2833-2834	4
<b>House Pages:</b> 3057-3059	3
<b>Committee:</b> Insurance: 447-449, 532-536	8

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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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CONNECTICUT  
GEN. ASSEMBLY  
SENATE

PROCEEDINGS  
1998

VOL. 41  
PART 9  
2607-2824

002702

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Senate

May 5, 1998

SEN. FONFARA:

Thank you, Madam President. If there's no objection, I would move this bill be placed on the Consent Calendar.

THE CHAIR:

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

THE CLERK:

Madam President, I believe that that completes those items previously marked Go.

THE CHAIR:

At this time, Mr. Clerk, would you announce a roll call vote on the Consent Calendar and call those items, please.

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, the first Consent Calendar begins on Calendar Page 3. Calendar 411, HB5281.

Calendar Page 4, Calendar 443, Substitute for HB5296.

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Senate

May 5, 1998

Calendar 445, Substitute for HB5662.

Calendar Page 5, Calendar 468, HB5023.

Calendar Page 6, Calendar 481, Substitute for  
HB5498.

Calendar 483, Substitute for HB5747. HB5745

Calendar Page 9, Calendar 347, Substitute for  
SB539.

Calendar Page 10, Calendar 140, SB200.

Calendar 172, Substitute for SB325.

Calendar 191, SB429.

Calendar Page 11, Calendar 267, SB305.

Calendar 281, Substitute for SB600.

Calendar 282, Substitute for SB601.

Calendar 314, Substitute for SB329.

Calendar Page 12, Calendar 383, HB5740.

Calendar 485, SR29.

Calendar 486, SR30.

Calendar Page 13, Calendar 487, SR32.

Calendar Page 14, Calendar 151, HB5278.

Madam President, that completes the first Consent  
Calendar.

THE CHAIR:

Thank you, Mr. Clerk. Would you once again  
announce a roll call vote. Senator Bozek.

SEN. BOZEK:

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GEN. ASSEMBLY  
SENATE

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Senate

Thursday, May 22, 2003

Senate on the Consent Calendar. Will all Senators please return to the Chamber.

Madam President, the first Consent Calendar begins on Calendar Page 1, Calendar 109, Substitute for S.B.

865.

Calendar Page 4, Calendar 447, H.B. 5158.

Calendar Page 6, Calendar 463, Substitute for H.B.

6443.

Calendar 465, Substitute for H.B. 6507.

Calendar 466, Substitute for H.B. 5072.

Calendar 467, Substitute for H.B. 6404.

Calendar Page 7, Calendar 468, Substitute for H.B.

6502.

Calendar 470, Substitute for H.B. 5514.

Calendar Page 8, Calendar --

THE CHAIR:

Mr. Clerk, just a moment. (GAVEL) Ladies and gentlemen, I can't even hear the Clerk call the Consent Calendar. Please. Mr. Clerk.

THE CLERK:

Calendar Page 8, Calendar 4, correction, Calendar 54, Substitute for S.B. 834.

Calendar Page 9, Calendar 64, Substitute for S.B.

93.

Calendar 89, Substitute for S.B. 893.

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Senate

Thursday, May 22, 2003

Calendar 95, Substitute for S.B. 971.

Calendar 97, Substitute for S.B. 1034.

Madam President, I believe that completes those items previously placed on the First 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:

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. Necessary for adoption, 19. Those voting yea, 36; those voting nay, 0. Those absent and not voting, 0.

THE CHAIR:

The Consent Calendar is adopted.

Once again, the Chair will entertain points of

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CONNECTICUT  
GEN. ASSEMBLY  
HOUSE

PROCEEDINGS  
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3054-3432

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House of Representatives

Thursday, May 15, 2003

On page 19, Calendar 117, Substitute for H.B. 6443, AN ACT CONCERNING THE CONFIDENTIALITY OF CERTAIN INSURANCE COMPANY STATEMENTS FILED WITH THE INSURANCE COMMISSION. Favorable Report of the Committee on Government Administration and Elections.

SPEAKER LYONS:

Representative Gary Orefice, you have the floor, sir.

REP. OREFICE: (37<sup>TH</sup>)

Thank you, Madam Speaker. I move we accept 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. OREFICE: (37<sup>TH</sup>)

Yes, Madam Speaker. This bill will make confidential certain information that is filed with the Insurance Commissioner's Department. It would make confidential financial information provided by nonprofit insurers with less than 150 employees except for the top three officers of the company.

This law was requested because of nonprofits closely held companies. The information is sometimes used by other companies to pirate their employees and

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House of Representatives

Thursday, May 15, 2003

puts an unfair advantage for these companies. If someone asks which companies fall into this under 150, there are probably several, but I know that one is the Connecticut Title Insurance Company.

I think it came out of GAE and the Insurance Committee with support. It has no fiscal impact, and I urge passage of the bill.

SPEAKER LYONS:

Would you care to remark? Would you care to remark further on the legislation that is before us?

Representative D'Amelio.

REP. D'AMELIO: (71<sup>ST</sup>)

Thank you, Madam Speaker. Madam Speaker, I rise to support the bill. As my colleague on the Real Estate and Insurance Committee just mentioned, it passed out of our committee unanimously and I urge adoption.

Thank you.

SPEAKER LYONS:

Thank you, sir. Will you remark? Will you remark further on the legislation that is before us?

If not, staff and guests come to the Well. Members, take your 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

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House of Representatives

Thursday, May 15, 2003

roll call. Members to the Chamber, please.

SPEAKER LYONS:

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

Will the Clerk please announce the tally.

CLERK:

H.B. 6443

Total Number Voting	125
Necessary for Passage	63
Those voting Yea	125
Those voting Nay	0
Those absent and not Voting	25

SPEAKER LYONS:

The bill passes.

Would the Clerk please call Calendar 121.

CLERK:

On page 19, Calendar 121, Substitute for H.B. 6502, AN ACT CONCERNING CERTAIN PURCHASES OF MERCHANDISE UNDER THE RETAIL INSTALLMENT SALES FINANCING ACT. Favorable Report of the Committee on Judiciary.

SPEAKER LYONS:

Representative Paul Doyle, you have the floor, sir.

JOINT  
STANDING  
COMMITTEE  
HEARINGS

INSURANCE  
AND  
REAL  
ESTATE  
PART 2  
358-708

2003

We ask you to support it again. It is something that is very important to public employees, we need to have this bill hit the floor so that the full General Assembly can vote on it.

Thank you for your time, if there are any questions, I'll try to answer them.

REP. MEGNA: Thank you sir for your testimony, are there any questions? No, thank you.

CLIFF SILVERS: Thank you.

REP. MEGNA: Thank you very much sir, Dennis O'Neil. Okay we'll move onto HB6443, Rich Hogan.

RICH HOGAN: Good afternoon Rep. Orefice and other members of the Insurance and Real Estate Committee.

My name is Richard Hogan and I'm here today to testify in support of HB6443. I'm the legislative and regulatory Counsel for Connecticut Attorney's Title Insurance Company.

I've attached a blank supplement exhibit for your information that deals with the subject matter of my testimony today.

The bill would provide that the supplemental compensation exhibit and the stockholder information supplement in an annual report filed with the Connecticut Insurance Department would be made confidential and not available for public inspection, if the insurance company that submits the form is not publicly traded.

As I said, I've attached the form for your information. This form that every insurance company is required to fill out, calls for the list of salaries of many of the officers of the corporation and five other highly compensated individuals that work for the company.

Under Connecticut law, this compensation exhibit is made public. About half of the states that require exhibit to be filed, treat the exhibit as confidential and do not allow anybody to view it

other than the regulators.

Regulators use the information on this sheet to determine that the compensation isn't so high that it's hurting the insurance company's financial condition and some regulators consider executive pay when we're viewing insurer's rates.

If HB6443 were to pass in its present form we would continue to file these reports with the Connecticut Insurance Department, the only difference would be that the reports would no longer be made available to the public.

The supplemental compensation exhibit should be made confidential in the case of insurance companies are not -- that are not publicly traded. Because its salary information is highly sensitive personal piece of information and in our view, the public doesn't have an interest in knowing the salary of certain insurance company employees.

I heard the bell ring so I guess I'll summarize. I put a copy of some substitute language an attached it to my testimony. In talking to some members of the Committee, I heard from many members who felt that this information in many instances should remain public.

And I'm asking that the bill be amended so that it would remain confidential for companies of 200 employees or less.

REP. MEGNA: Thank you very much sir, are there any questions? Rep. Fontana.

REP. FONTANA: Tank you Chairman Megna, good afternoon Rich.

I read most of your testimony, I listened, and I appreciate your goal. My concern is that the language that you suggested wouldn't necessarily resolve the issue you provided in your written testimony when you said that, "The bill as written arguably could grant confidentiality to local subsidiaries of publicly traded companies."

My concern is if you've got a subsidiary of a (inaudible) trade company has less than 200 employees, they would be exempt under your language.

What I guess I would ask, is there any way to characterize your business in such a way, that the language you seek would apply only or primarily to you, to the extent that I understand, as I understand (inaudible).

Having to deal with it in my business gives a specific kind of insurance that perhaps would not be as much of interest to members of the public as say to health insurance, life insurance, property casualty, more (inaudible).

So I guess is, what I would ask is it possible to draft language that would address your situation but do it in a way that doesn't articulate an arbitrary number of employees?

RICH HOGAN: Sure, that was just one way that I chose and I think there are other ways of choosing it. The reason I chose the number is that I know from my company over 10% of the employees salary information is made public. And that to me just doesn't seem fair.

But I think there are other ways of dividing that line based on the type of insurance provided or some other way.

REP. FONTANA: Yeah, I appreciate again, the impetus for your testimony and I am being inclined to agree with it. I would just prefer to work with you if I could to come up with language that would address this situation and not be open to the possibility you could have 199 employee public subsidiaries all over the place. Thank you.

RICH HOGAN: Thank you and I would welcome working with you on that.

REP. FONTANA: Okay, thank you, thank you Mr. Chairman.

REP. MEGNA: thank you Rep., thank you very much sir for

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139 VANDERBILT AVENUE ■ WEST HARTFORD, CT 06110 ■ (860) 947-2200 ■ Fax: (860) 947-2222 ■ Website: www.ccag.net

**Testimony of Michael Jordan, Connecticut Citizen Action Group, to the  
Insurance Committee, Hartford LOB, March 6, 2003**

My name is Mike Jordan. I'm the Communications Coordinator with the Connecticut Citizen Action Group. On behalf of our 30,000 members, we ask you to oppose 6443. It is the opposite of a pro-business bill. Some may tout it otherwise, but remember that Enron touted as "pro-business" the sort of accounting and utility deregulation that some of its executives immediately used to kill off one of the major businesses in America.

Publicly traded companies have to disclose executive compensation of all kinds to their shareholders. The responsible business community sees this as a fundamental safeguard against abuse, especially after the last two years have shown us so clearly that top executives and sweetheart boards require the outside scrutiny of the public eye if they are to continue to operate for the greater good. We've all seen too many companies looted by the small band of executives in day-to-day control. They retire. Government and the average Joe are left to pick up the pieces while the enriched executives jet away to Florida or parts unknown. Enron may be the world leader of shame, but it isn't alone. In 2002, USA Today's front page profiled about 25 huge companies who had suffered from many of the same executive abuses. That list was clearly not exhaustive, yet the number of stakeholders and citizens hurt by just those 25 mega-companies was incredibly large. And the not inconsiderable number of executives who had been exposed to undue temptation, had succumbed, and whose professional lives were now cut short was far from an incidental loss of important human capital.

Human nature doesn't change from one category of company to another. Companies that do not trade publicly should continue to be held to the same disclosure standard in Connecticut. In fact, standards should move toward more disclosure, not less. This principle holds: put good people in a bad system and sooner or later you wind up with bad people. This bill may expose many good people to a level of temptation that no person should have to face. Please head this off before more mutual company members, rank-and-file pension holders, and policy buyers are hurt.

Rich Patterson had a real argument when he says that some companies, who are based in states that do not require such disclosure of private companies, may get some competitive advantage thereby. But the right direction is to require such disclosure of all companies that do business in the state, no matter where they are based.

Thank you for your consideration.

**CONNECTICUT CITIZEN ACTION GROUP**

*Putting People First*



C A T I C

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**TESTIMONY ON RAISED BILL NO. 6443 "AN ACT  
CONCERNING THE CONFIDENTIALITY OF CERTAIN  
INSURANCE COMPANY STATEMENTS FILED WITH  
THE INSURANCE COMMISSIONER"**

To: Sen. Crisco, Rep. Orefice and members of the Insurance and Real Estate  
Committee

From: Richard Hogan – Connecticut Attorneys Title Insurance Company

Date: March 6, 2003

Re: Testimony on Raised Bill No. 6443

Good Afternoon Senator Crisco, Representative Orefice and other members of the Insurance and Real Estate Committee. My name is Richard Hogan. I am the Legislative and Regulatory Counsel at Connecticut Attorneys Title Insurance Company, which is a Connecticut domiciled insurance company that has been in existence for almost forty (40) years here in Connecticut.

I am here today to speak in favor of Raised Bill No. 6443 "An Act Concerning the Confidentiality of Certain Insurance Company Statements Filed with the Insurance Commissioner." This bill would provide that the supplemental compensation exhibit and the stockholder information supplement in an annual report filed with the Connecticut Insurance Department would be made confidential and not available for public inspection if the insurance company that submits the form is not publicly-traded.

I have attached a blank supplemental exhibit form for your information. We are required to file this form with the Connecticut Insurance Department because we are domiciled in Connecticut. The form calls for us to list the salaries of many of the officers of the corporation and five (5) other highly compensated individuals that work for the company. Every insurance company in the country is required to file this form in the state in which they are domiciled. Under Connecticut law, this compensation exhibit is made public. About one-half of the states also make this exhibit public while the other half treat it as confidential and do not make it available to the public. Regulators use the information to make sure compensation isn't so high that it's hurting an insurance company's financial condition. Some regulators consider executive pay when reviewing an insurer's rates. If Bill No. 6443 were to pass in its present form we would continue to file these reports

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with the Connecticut Insurance Department. The only difference would be that the reports would no longer be made available to the public.

The supplemental compensation exhibit should be made confidential in the case of insurance companies that are not publicly-traded because salary information is a highly sensitive personal piece of information. In our view the public does not have an interest in knowing the salary of certain insurance company employees – especially if the company's shares are not publicly-traded. Having said that I realize that there may be some who disagree with that view. Some people feel that it's important for policyholders to know how their resources are being used, and how much executives are being paid.

While recognizing that there is a legitimate difference of opinion on this measure – it is clear to us that the way the law works today is grossly unfair to a small insurance company like CATIC. The salary information for over 10% of our employees is made public because we have less than 100 employees while the salary information for many of our competitors is treated as confidential (because in the state in which they are domiciled the exhibit is treated as confidential). For those competitors whose filing is available to the public only 10 of the tens of thousands of their employees salaries are made public. This is clearly unfair.

Under the current version of the bill, confidentiality would go to any insurer that has no shares listed on a national securities exchange or regularly traded in a market maintained by an exchange member. So the bill arguably could also grant confidentiality to local subsidiaries of publicly traded companies. That is not our intent. I am asking that you consider adopting the substitute language that has been attached to my written testimony. This language will narrow the bill even further while still dealing with the unfair way that the present law is applied to small insurance companies.

We have spoken to the Connecticut Insurance Department about our concerns. We have been told that they do not oppose the plan to make the information confidential. I ask that you give a favorable report to this bill and I am available to answer any questions that you may have. Thank you.



**SUPPLEMENTAL COMPENSATION EXHIBIT**  
(To be filed by March 1)

**PART 1 - INTERROGATORIES**

1. The reporting insurer is a member of a group of insurers or other holding company system:  yes  no. If yes, do the above amounts represent 1) total gross compensation paid to each individual by or on behalf of all companies which are part of the group: Yes ( ) or 2) allocation to each insurer: Yes ( ).
2. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity? Yes ( ) No (X)
3. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement? Yes ( ) No (X)

**PART 2 - OFFICERS AND EMPLOYEES COMPENSATION**

1 Name and Principal Position	2 Year	Annual Compensation			
		3 Salary	4 Bonus	5 All Other Compensation	6 Totals
	2002 2001 2000				
1.	2002 2001 2000				
2.	2002 2001 2000				
3.	2002 2001 2000				
4.	2002 2001 2000				
5.	2002 2001 2000				
6.	2002 2001 2000				
7.	2002 2001 2000				
8.	2002 2001 2000				
9.	2002 2001 2000				
10.	2002 2001 2000				

**PART 3 - DIRECTOR COMPENSATION**

1 Name and Principal Position or Occupation	2 Compensation Paid or Deferred for Services as Director	3 All Other Compensation Paid or Deferred	4 Totals
1.			
2.			
3.			
4.			
5.			
6.			
7.			

000536



General Assembly  
January Session, 2003

**Raised Bill No. 6443**  
LCO No. 3092

Referred to Committee on Insurance and Real Estate

Introduced by:

(INS)

***AN ACT CONCERNING THE CONFIDENTIALITY OF CERTAIN INSURANCE COMPANY STATEMENTS FILED WITH THE INSURANCE COMMISSIONER.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 38a-69a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2003*):

(a) All financial analyses, financial examination workpapers, operating and financial condition reports concerning any insurance company, fraternal benefit society or health care center prepared by or on behalf of or for the use of the Insurance Commissioner or the Insurance Department examiner, shall be confidential unless such documents are otherwise a matter of public record, or the commissioner, in [his] the commissioner's opinion deems it in the public interest to disclose or otherwise make available for public inspection the information contained in such documents.

(b) Any supplemental compensation exhibit or stockholder information supplement in an annual report filed with the commissioner and prepared in accordance with the National Association of Insurance Commissioners Annual Statement Instructions shall be confidential and shall not be available for public inspection if submitted by an insurance company that has ~~no shares listed on a national securities exchange or regularly traded in a market maintained by one or more members of a national securities exchange~~ two hundred or fewer employees.