Legislative History for Connecticut Act

2003

Act Number:	049	
Bill Number:	6608	
Senate Pages:	1825-1826, 1932-1939	**10**
House Pages:	2115, 2168-2169	**3**
Committee:	Insurance: 899-903, 1090-1095	**11**

Page Total: 24

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

Connecticut State Library

Compiled 2013

S-480

CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
2003

VOL. 46
PART 6
1577-1940

$41,200 for a single and $45,000 in total for a married veteran.

And I think, Mr. President, given the time of just coming out of a war it would be an appropriate thing for us to provide to the veterans of this state.

Thank you, Mr. President. I urge passage.

THE CHAIR:

Thank you, Senator. Will you remark further? If not, Senator Fonfara.

SEN. FONFARA:

Thank you, Mr. President. Unless there's objection, I would move this to the Consent Calendar.

THE CHAIR:

Hearing no objection, so ordered.

THE CLERK:

Calendar 381, File 243, Substitute for H.B. 6608 An Act Concerning Claims Made Pursuant To The Connecticut Insurance Guaranty Association Act. Favorable Report of the Committees on Insurance and Finance, Revenue and Bonding.

THE CHAIR:

Senator Crisco.

SEN. CRISCO:

Thank you, Mr. President. Mr. President, I move for acceptance of the Joint Committee's Favorable Report

and passage of the bill.

THE CHAIR:

Motion is acceptance and passage. Will you remark? Senator Crisco.

SEN. CRISCO:

Yes, Mr. President. Mr. President, currently in the law, there is a claimant only trigger, The Connecticut Insurance Guaranty Association Act. This has led to hardship in a number of cases involving insurers who are Connecticut residents. This change in the statute triggers the word not only claimant, but also insured and eliminates protection, provides protection for people in Connecticut which did not exist before.

THE CHAIR:

Will you remark further? Senator Crisco.

SEN. CRISCO:

Thank you, Mr. President. If there's no objection, I move that it be put on the Consent Calendar.

THE CHAIR:

Thank you, Senator. Hearing no objection, it is so ordered.

Mr. Clerk.

THE CLERK:

Calendar Page 16, Calendar 387, Files 328 and 626,

a roll call vote and then call the Consent Calendar.

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 Second Consent Calendar begins on Calendar Page 15, Calendar 379, Substitute for H.B. 6073.

Calendar 380, H.B. 5264.

Calendar 381, Substitute for H.B. 6608.

Calendar Page 16, Calendar 387, H.B. 5024.

Calendar Page 18, Calendar 395, Substitute for H.B. 6642.

Calendar 396, Substitute for H.B. 6327.

Calendar Page 20, Calendar 49, S.B. 214.

Calendar 59, Substitute for S.B. 212.

And Calendar Page, correction, Calendar Page 22, Calendar 115, S.B. 263.

Madam President, I believe that completes those items previously placed on the Second Consent Calendar.

THE CHAIR:

Thank you, Sir. Would you once again announce a

roll call vote, and members, we will be polling you individually once again. Mr. Clerk.

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. Will all Senators please return to the Chamber.

The Motion is on adoption of Consent Calendar No. 2.

Senator Fonfara.

SEN. FONFARA:

Yea.

THE CLERK:

Senator Coleman.

SEN. COLEMAN:

Yea.

THE CLERK:

Senator LeBeau.

SEN. LEBEAU:

Yes.

THE CLERK:

Senator Handley.

SEN. HANDLEY:

Yea.

THE CHAIR:

Just because all of the machines are turned on at one time. Just bear with us.

THE CLERK:

Senator Sullivan.

SEN. SULLIVAN:

Yea.

THE CLERK:

Senator DeFronzo.

SEN. DEFRONZO:

Yes.

THE CLERK:

Senator Kissel.

SEN. KISSEL:

Yea.

THE CLERK:

Senator Herlihy.

SEN. HERLIHY:

Yes.

THE CLERK:

Senator Ciotto.

SEN. CIOTTO:

Yes.

THE CLERK:

Senator Harp.

SEN. HARP:

Yea.

THE CLERK:

Senator Looney.

SEN. LOONEY:

Yea.

THE CLERK:

Senator Aniskovich.

SEN. ANISKOVICH:

Yea.

THE CLERK:

Senator Gaffey. Absent.

Senator Smith.

SEN. SMITH:

Yea.

THE CLERK:

Senator Hartley. Absent.

Senator Murphy.

SEN. MURPHY:

Yea.

THE CLERK:

Senator Crisco.

SEN. CRISCO:

Yea.

THE CLERK:

Senator Cook.

SEN. COOK:

Yea.

THE CLERK:

Senator Prague.

SEN. PRAGUE:

Yea.

THE CLERK:

Senator Peters. Senator Peters?

SEN. PETERS:

Yea.

THE CLERK:

Senator Gunther.

SEN. GUNTHER:

Yea.

THE CLERK:

Senator Finch.

SEN. FINCH:

Yes.

THE CLERK:

Senator Newton.

SEN. NEWTON:

Yes.

THE CLERK:

Senator Cappiello.

SEN. CAPPIELLO:

Yea.

THE CLERK:

Senator Genuario.

SEN. GENUARIO:

Yea.

THE CLERK:

Senator Freedman. Absent.

Senator McDonald.

SEN. MCDONALD:

Yea.

THE CLERK:

Senator McKinney.

SEN. MCKINNEY:

Yea.

THE CLERK:

Senator Williams.

SEN. WILLIAMS:

Yes.

THE CLERK:

Senator Roraback.

SEN. RORABACK:

Yea.

THE CLERK:

Senator Colapietro.

SEN. COLAPIETRO:

Yes.

THE CLERK:

Senator DeLuca.

SEN. DELUCA:

Yea.

THE CLERK:

Senator Daily.

SEN. DAILY:

Yes.

THE CLERK:

Senator Fasano.

SEN. FASANO:

Yea.

THE CLERK:

Senator Guglielmo.

SEN. GUGLIELMO:

Yea.

THE CLERK:

Senator Nickerson.

SEN. NICKERSON:

Yea.

THE CHAIR:

Mr. Clerk, would you announce the tally, please.

THE CLERK:

Motion is on adoption of Consent Calendar No. 2.

Total number voting, 33; necessary for adoption, 17. Those voting "yea", 33; those voting "nay", 0. Those absent and not voting, 3.

THE CHAIR:

The Consent Calendar is adopted.

Senator Looney.

SEN. LOONEY:

Thank you, Madam President. If there is no other business, would move that any double starred items not otherwise acted upon be passed retaining their place on the Calendar.

THE CHAIR:

Without objection, so ordered.

SEN. LOONEY:

Thank you. And also, Madam President, that concludes our business. I said we expect to be in session two days next week and in the absence of any other announcements, would move that the Senate adjourn subject to the Call of the Chair.

THE CHAIR:

Without objection, the Senate is adjourned, subject to the Call of the Chair.

On motion of Senator Looney of the 11th, the Senate

H-892

CONNECTICUT
GEN. ASSEMBLY
HOUSE

PROCEEDINGS
2003

VOL. 46
PART 7
1901-2285

Calendar 347, Substitute for S.B. 1053;

Calendar 102, Substitute for H.B. 5627;

I'm told I misspoke.

DEPUTY SPEAKER HYSLOP:

You said 347 instead of 374.

REP. GODFREY: (110TH)

Calendar 374, I apologize.

DEPUTY SPEAKER HYSLOP:

I was going to come back to it.

REP. GODFREY: (110TH)

And correct that.

Calendar 175, Substitute for H.B. 6608;

And that would be it for today's Consent Calendar. As I move those items for the Consent Calendar for action later today.

DEPUTY SPEAKER HYSLOP:

Seeing no objection, those items are put on the Consent Calendar for later action today.

Clerk, please call Calendar 64.

CLERK:

On page 4, Calendar 64, Substitute for H.B. 6433, AN ACT REPEALING THE GRADUATE MEDICAL EDUCATION REPORTS. Favorable Report of the Committee on Public Health.

DEPUTY SPEAKER HYSLOP:

Representative Godfrey.

The resolution is adopted.

I would like to take -- call the Chamber to attention. We are going to do the Consent Calendar now because one of our members has to leave for a very emergency situation. So, please stay in the Chamber because, as you know, many, many votes.

If the Clerk would please call Calendar number 316.

CLERK:

On page 12, Calendar 316, Substitute for H.B. 6619, AN ACT CONCERNING PUBLICATION OF THE PROPOSED CHARTER AND HOME RULE ORDINANCE AMENDMENTS. Favorable Report of the Committee on Government Administration and Elections.

DEPUTY SPEAKER FRITZ:

Representative Bob Godfrey of the 110th.

REP. GODFREY: (110TH)

Thank you, Madam Speaker. Madam Speaker, ladies and gentlemen, today's Consent Calendar consists of the fourteen items we moved onto it earlier today which were Calendars 316, 327, 334, 339, 344, 347, 350, 367, 369, 372, 373, 374, 102 and 175.

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

DEPUTY SPEAKER FRITZ:

The question is on passage of the bills on the

HB 6619
HB 6513
HB 6327
HB 6571
HB 6661
HB 6691
HB 5841
SB 482
SB 890
SB 924
SB 1017
SB 1053
HB 5627
HB 6608

Consent Calendar. Staff and guests to the Well of the House and the machine will be opened.

CLERK:

The House of Representatives is voting by roll call. Members to the Chamber. The House is voting today's Consent Calendar by roll call. Members to the Chamber.

DEPUTY SPEAKER HYSLOP:

Have all members voted? If all members have voted, please check the machine and 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:

On today's Consent Calendar

Total Number Voting	147
Necessary for Passage	74
Those voting Yea	147
Those voting Nay	0
Those absent and not Voting	3

DEPUTY SPEAKER HYSLOP:

The Consent Calendar passes.

Clerk, please call Calendar 194.

CLERK:

On page 32, Calendar 194, H.J.R. 78, RESOLUTION

JOINT
STANDING
COMMITTEE
HEARINGS

INSURANCE
AND
REAL
ESTATE
PART 3
709-1095

2003

JOSEPH TANSKI: Good morning to the Committee. My name is Joseph Tanski; I'm here on behalf of the Connecticut Insurance Guaranty Association to testify in favor of HB6608.

Very briefly, what this bill does is that it corrects a hardship in the current statute.

Currently, the statute only provides coverage if the claimant is a residence of Connecticut. So if you are an insured and you live in Connecticut and you get involved with a claimant, say from New York and there's an accident in Connecticut, because the claimant is not a resident of Connecticut there would be no coverage by the Guaranty Association for that situation which has created a number of hardship situations.

So the suggestion is to cure that by conforming to the statutes to what most other states, almost all those other states provide which is that, if either the insured or the claimant is a resident of Connecticut then the Guaranty Association will provide coverage in the case of the insolvency of the insurer.

So we think the bill makes sense and we think it's a bill that's important to correct hardships for Connecticut residents.

The other point I'd like to make is that I think the bill should be amended with respect to its effective date's provision.

As currently drafted what it says is, it takes effect from passage and there's some ambiguity I think, in that language as to whether the bill would cover someone who filed a claim say, six months ago with a Guaranty Association and was turned down because the current statute does not allow coverage by the Guaranty Association. Or would it only apply in a going forward basis?

We think it should apply going back in time on a limited basis. And the suggestion is that the effective date be tied to the date of the

insolvency, the particularly insolvency of the insurer in question and the date that's suggested is October 1, 2001. And what that would mean is that any claims arising out of an insolvency that happened after October 1, 2001 would be covered by the Association.

Any claims that arose out of an insurance insolvency that occurred prior to October 1, 2001 would be under the old law and would not be covered by the Association.

The reason that we suggest that mechanism is that we think the statute should not simply apply on a going forward basis. Because there have been a number of recent insolvencies occurring in the past couple of years and those people ought to be protected. Those Connecticut residents should be protected.

But on the other hand we wouldn't want the statute to be so retroactive that it revives claims that are 13 years old and create a lot of hardships in terms of evidence and whether they should be covered and that sort of thing, so.

We think you need to take a look at the effective date provision and our suggestion be that it be tied to October 1, 2001. That's not unusual in the Guaranty Association arena, where legislatures have to go back and fix something in the Guaranty Association statute in other states.

They have often gone back and tied the fix to the date of a particular insolvency, so we would suggest you take a hard look at that.

SEN. CRISCO: Well thank you Joseph, are there any questions? Chairman Orefice.

REP. OREFICE: Thank you for your testimony. Now this bill -- if you were a Connecticut resident and you had a problem with someone from New York in an auto accident their -- the guy from New York's company went bankrupt or was insolvent, then the Connecticut injured party wouldn't have the ability to gather -- to collect from the Connecticut

Insurance Fund?

JOSEPH TANSKY: Yes, the injured party would not have the ability to connect in the Connecticut Insurance Fund and that would mean that the insured who was the guilty party, the tort fees would have no protection. So, if they got sued they'd have to dig in their own pockets to pay their own defense.

REP. OREFICE: What about the New York or the other state's Guaranty Fund?

JOSEPH TANSKY: If you are a resident and the accident happens in New York then the injured party can look to the New York Fund for coverage. But if -- say, your'e in Greenwich and you live in Greenwich, and you get in an auto accident, with somebody who lives in New York and the accident happens in Greenwich. There's no coverage for the New York person from the New York fund because the accident happened in Connecticut and there's no coverage for the Connecticut resident who is the tort feaser because that's the way the statute is right now.

So there are situations where an -- say any accident that happens in Connecticut where the claimant is an out of stator would not be covered under the current bill and this would fix that.

REP. OREFICE: Now your suggestion on the effective date is that Reliance, the company that you are referring too.

JOSEPH TANSKI: Yes, that date is picked because of Reliance Insurance Company. Reliance was declared insolvent on October 3, 2001. So this amendment -- if you went back to October it would pick up claims arising out of the Reliance solvency.

And any insolvency happening thereafter. And there have been some more.

REP. OREFICE: Has the fund -- do we know of any instances in fact where this is occurring.

JOSEPH TANSKI: Yes we do, for example, one that comes to mind is there is a Connecticut hospital that

treated a patient from New York, the alleged malpractice was here in Connecticut so nobody gets any coverage there, either from New York or Connecticut.

So that hospital will have to pay its own defense and if there's a judgment, they'll have to pay it out of their own pocket. That's the kind of thing that this would cure.

REP. OREFICE: So if there were to become law and effective October 1, 2001 then the -- your fund would be on the hook for --

JOSEPH TANSKI: The fund would be on the hook for any claims arising out of the Reliance insolvency and any insolvency thereafter, which -- where you have the insured who would be a resident of Connecticut or if the claimant would be a resident in Connecticut. So we would be on the hook for those claims and would provide --

REP. OREFICE: Do you have any sense of the amount that would be pending?

JOSEPH TANSKI: I don't think that it's an overwhelming amount. You know this has happened but it hasn't seemed to happen in great droves of claims. Having said that, there is a concern.

That's if you do have a lot of out of state claimants, in a multi claimant situation, like an asbestos or toxic tort. Where you have a lot of claimants and you have an insured, who is a resident in Connecticut.

You could get a situation where you would have those claimants being able to collect from the association, all of those out of state claimants.

In order to guard against that the bill has a provision in it that says that if the insured has a net worth of 25 million dollars or more than we would be under the old statute.

We wouldn't pay that kind of claim. And that's just sort of for protection not to have a huge

financial impact on Connecticut.

REP. OREFICE: Thank you, are there any other questions? Again, just to help me understand, what's the amount of -- what are the assets of the association, and do you get your money through assessments?

JOSEPH TANSKI: The Association gets its money by assessing all the property and casualty insurers that do business in Connecticut and we assess, based on their percentage of premium and there aren't any problems with that right now. There's enough money. The member insurers who pay their assessments can recoup that back as an offset against their premium tax liability.

So ultimately, it's the Connecticut citizens who bares the cost of the Association.

REP. OREFICE: Thank you very much.

SEN. CRISCO: Any other questions? Thank you very much Joseph. Anybody else that would like to testify on this bill, if not proceed to bill number 3, HB5094. Rep. Klarides did you want to read something into the record?

REP. KLARIDES: Thank you Mr. Chairman. This bill HB5094 was actually a bill that I proposed based on a constituent matter. A constituent, actually, of Senator Crisco and myself from Woodbridge.

It's a bill to limit the ability of companies operating in Connecticut to cancel homeowner's insurance policies due to excessive claim activity.

This constituent was not able to be here today. So I just wanted to read his letter into the record and each member has a packet with this letter and couple other letters he submitted from his situation.

It says, dear sirs. I am writing to you today in support of proposed legislation.

Unfortunately, professional commitments preclude my

STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Insurance and Real Estate Committee
Public Hearing
March 13, 2003

The Insurance Department supports passage of Raised Bill No. 6608, An Act Concerning Claims Made Pursuant to the Connecticut Insurance Guaranty Association Act.

The Connecticut Insurance Guaranty Association ("CIGA") is a nonprofit unincorporated association created by statute in 1971 as a safety net in the event of the insolvency of certain property and casualty insurers licensed in Connecticut.

As explained in the attached memorandum, Raised Bill No. 6608 will avoid hardship to certain Connecticut consumers who are insured with an insolvent property and casualty insurance company licensed in Connecticut by expanding CIGA protection if either the claimant or the insured is a Connecticut resident. Current law only gives CIGA protection to claimants who are Connecticut residents.

The Insurance Department asks the Insurance and Real Estate Committee to revise Raised Bill 6608 to clarify two things. First, language should be added to this bill to make it clear that its provisions shall apply not only to claims arising after the effective date of the amendment but also to claims arising on or prior to the effective date of the amendment. We suggest having the amendment apply to claims arising under policies of insurers determined to be insolvent on or after October 1, 2001. The October 1, 2001 date would avoid issues with claims relating to insolvencies which occurred a number of years ago yet would allow the amendment to be operative for claims arising under the Reliance Insurance Company insolvency which is currently being handled by CIGA.

The other suggested revision to Raised Bill 6608 would be to clarify the proposed amendment in lines 54 to 62 to exclude from CIGA protection any claim involving a non-Connecticut claimant asserting a claim against a Connecticut resident insured with a net worth exceeding $25 million. We ask that the term "insured" as used in this subparagraph expressly state that it does not include a governmental entity such as a municipality. This is desirable because there is a 1998 Michigan Supreme Court decision which concluded that governmental entities possess a "net worth" for purposes of the provision in the Michigan guaranty association statute which prohibits claims against the guaranty association by a person who has a specified net worth.

Phone:
P. O. Box 816 Hartford, CT 06142-0816
An Equal Opportunity Employer

MEMORANDUM

The Connecticut Insurance Guaranty Association Act (the "CIGA Act") provides protection in the event of the insolvency of certain property and casualty insurers licensed in Connecticut. As a general matter, the CIGA Act provides the same protection as insurance guaranty associations in other jurisdictions with one exception. In other jurisdictions guaranty association protection is provided if the third party claimant or the insured under the insolvent policy is a resident of the jurisdiction in which the guaranty association is located. For example, if a tort claimant is resident in New Jersey and the insured tortfeasor is resident in New Hampshire, the New Hampshire Insurance Guaranty Association will pay the claim of the New Jersey tort claimant. In contrast, with certain limited exceptions, CIGA provides protection only if the claimant is a resident of Connecticut. In general, CIGA does not provide protection if only the insured is a resident of Connecticut. This aspect of the CIGA Act is the result of an amendment to the CIGA Act inserted a number of years ago in reaction to CIGA having to pay substantial sums to tort claimants resident in other jurisdictions, by reason of the fact that such tort claimants had claims against corporate insureds resident in Connecticut.

The "claimant only" trigger of the current CIGA Act has led to hardship in a number of cases involving insureds who are Connecticut residents. For example, where a Connecticut resident who is insured under an insolvent policy is involved in a Connecticut accident with a New York resident CIGA cannot provide a defense or indemnification for the Connecticut insured because the claimant is a resident of New York. The Connecticut resident is left without any CIGA protection.

The proposed amendment to the CIGA Act would respond to this hardship situation as follows.

1. The CIGA Act would be amended to conform with guaranty association statutes of other jurisdictions by providing CIGA protection if either the claimant or the insured is a Connecticut resident.

2. In order to lessen the burden on CIGA while providing some level of protection to Connecticut insureds, the proposed amendment would exclude from CIGA protection any claim involving a non-Connecticut claimant asserting a claim against a Connecticut resident insured with a net worth exceeding $25 million. This exclusion would not apply in the case of workers' compensation claims.

3. The CIGA Act provision which regulates the priority of insurance guaranty association obligations where more than one guaranty association is potentially obligated would be amended to conform to other jurisdictions. Currently the Connecticut provision requires a person to seek recovery first from the guaranty association of the place of residence of the claimant. The amendment would require a person to seek recovery first from the guaranty association of the place of residence of the insured. This change coordinates the guaranty association priority provision with the provision which triggers guaranty association protection if either the claimant or the insured is a resident of Connecticut.

COMMENTS OF THE CONNECTICUT INSURANCE GUARANTY ASSOCIATION TO THE STATE OF CONNECTICUT GENERAL ASSEMBLY - INSURANCE AND REAL ESTATE COMMITTEE ON H. B. 6608 – AN ACT CONCERNING CLAIMS MADE PURSUANT TO THE CONNECTICUT INSURANCE GUARANTY ASSOCIATION ACT

The Connecticut Insurance Guaranty Association Act (the "CIGA Act") provides a safety net against hardships caused by property & casualty insurance company insolvencies. The CIGA Act created the Connecticut Insurance Guaranty Association ("CIGA"). The members of CIGA are insurers writing property & casualty insurance in Connecticut. CIGA pays claims arising under certain policies issued by insurers determined to be insolvent, subject to a number of limitations provided in the CIGA Act. CIGA is funded by assessments on CIGA's member insurers. Each insurer paying a CIGA assessment is entitled to offset the amount of the assessment against such insurer's premium tax liability to Connecticut.

As first enacted in 1971 the CIGA Act provided coverage from CIGA if either the insured or the claimant was a resident of Connecticut. This meant, for example, that in the case of an automobile accident if either the negligent driver insured by an insolvent insurer or the injured claimant was a Connecticut resident CIGA would defend the insured and pay the claim of the injured claimant subject to the limitations provided in the CIGA Act. This trigger mechanism was the trigger mechanism contained in the National Association of Insurance Commissioners ("NAIC") Model Act upon which the CIGA Act was based. With a few exceptions all other states adopted a similar trigger mechanism for their respective guaranty associations.

In 1987 the CIGA Act was amended to change the trigger mechanism so that CIGA provides coverage, with certain limited exceptions, only if the claimant is a

resident of Connecticut. The residence of the insured in Connecticut, with certain limited exceptions, does not trigger CIGA Act coverage. This change was in response to certain claims paid by CIGA involving thousands of non-Connecticut claimants having asbestos and other claims against insureds who were resident in Connecticut. Such claims involved substantial payments by CIGA.

The change to "claimant only" CIGA coverage has led to hardships in situations where a Connecticut resident insured by an insolvent insurer is involved in an accident or occurrence which injures an out of state claimant. The Connecticut insured is left without a defense by CIGA and must bear the cost of his or her own defense. In addition if the insured is found liable to the claimant the insured has no CIGA Act protection and must bear the full impact of the liability to the claimant. The situation is ameliorated in those cases where the claimant can look to another state for guaranty association coverage but there have been a number of cases in which the claimant has nowhere to turn except to the assets of the Connecticut insured. For example if a non-Connecticut claimant sues a Connecticut hospital for malpractice or a non-Connecticut claimant sues a Connecticut department store for injuries suffered at the premises of the department store CIGA does not provide coverage. The proposed legislation would remedy these hardships by returning the CIGA Act trigger to its original form and would bring CIGA into conformity with other states. CIGA protection would be provided if either the insured or the claimant is a resident of Connecticut.

In order to limit the financial impact on CIGA and its member insurers, under the proposed legislation CIGA would not provide protection where a non-Connecticut claimant has a claim against a Connecticut insured with a $25 million net worth. Such

insured would not be entitled to either indemnity or defense from CIGA. The $25 million threshold parallels the exclusion in the NAIC Model Act for first party claims by an insured with a $25 million net worth.

The proposed legislation would also modify the CIGA Act provision which regulates priority among guaranty associations where more than one guaranty association is potentially obligated. As originally enacted the CIGA Act provided that the guaranty association of the residence of the insured, with certain exceptions, must be approached first with any recovery offsetting CIGA's obligations. When the "claimant only" trigger provision was enacted in 1987 the CIGA Act priority provision was amended to provide, with certain exceptions, that the guaranty association of the claimant must be approached first. This coordinated the CIGA Act trigger provision with the CIGA Act priority provision. The proposed legislation would return to the original priority provision, requiring a person to approach first the guaranty association of the insured's residence. This change would coordinate the CIGA Act trigger provision with the CIGA Act priority provision and would conform the CIGA Act to other states' guaranty association priority provisions.

Consideration should be given to adding to the legislation a provision clarifying the effective date of the legislation to make it clear that the amended CIGA Act applies not only to claims arising after the effective date of the amendment but also to claims arising prior to the effective date of the amendment. In order to avoid issues with claims relating to insolvencies which occurred a number of years ago consideration should be given to tying the amendment to the date of the determination of insolvency. Guaranty association statutory amendments in other jurisdictions have sometimes followed this

approach. A suggested provision is: "This act shall take effect from its passage. This act shall apply to claims arising under policies of insurers determined to be insolvent on or after October 1, 2001. Section 38a-838 as in effect prior to this act shall apply to claims arising under policies of insurers determined to be insolvent prior to October 1, 2001." The October 1, 2001 date would bring within the ambit of the amendment the Reliance Insurance Company insolvency currently being handled by CIGA.