

Legislative History for Connecticut Act

2005

Act Number: 140	
Bill Number: 999	
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2005

VOL. 48

PART 7

1960-2270

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THE CHAIR:

Thank you, Mr. Majority Leader. Mr. Clerk.

THE CLERK:

Calling for Senate Calendar for Wednesday, May 11, 2005. Favorable Reports, Calendar Page 2, Calendar 220, File 230, Substitute for S.B. 999, An Act Concerning Changes to the Insurance Statutes, Favorable Report from the Committee on Insurance and Real Estate. The Clerk is in possession of amendments.

THE CHAIR:

Senator Crisco.

SEN. CRISCO:

Thank you, Mr. President. Mr. President, I move for passage of the Joint Committee, adoption of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

On acceptance and passage, will you remark?

Senator Crisco.

SEN. CRISCO:

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Yes, Mr. President. Mr. President, the Clerk is in possession of two amendments, and I would like to call LCO 5811.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5811, which will be designated as Senate Amendment Schedule "A" is offered by Senator Crisco of the 17th District.

THE CHAIR:

Senator Crisco.

SEN. CRISCO:

Thank you, Mr. President. Mr. President, I move for the adoption of the amendment and request that the reading be waived and I be given permission to summarize.

THE CHAIR:

On adoption, will you remark? Senator Crisco.

SEN. CRISCO:

Thank you, Mr. President. Mr. President, this strikes out Section 1 of the bill in its entirety and renumbers the remaining sections. The reason for the deletion is to remove the confidentiality clause that

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was in there in order to comply with Freedom of Information and other appropriate requirements. It was requested by the Department and those other parties interested that it be removed.

THE CHAIR:

On the amendment, will you remark? On the amendment, will you remark? If not, I'll try your minds. All those in favor, say "aye".

SENATE ASSEMBLY:

Aye.

THE CHAIR:

Those opposed, "nay". The ayes have it. Senator Crisco.

SEN. CRISCO:

Thank you, Mr. President. The President requests that the Clerk call LCO 6070.

THE CLERK:

LCO 6070, which will be designated as Senate Amendment Schedule "B". It is offered by Senator Crisco of the 17th District.

THE CHAIR:

Senator Crisco.

SEN. CRISCO:

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Yes, Mr. President. Mr. President, I move for adoption of the amendment and request that the reading be waived and I be given permission to summarize.

THE CHAIR:

On adoption of the amendment, Senator Crisco.

SEN. CRISCO:

Thank you, Mr. President. Mr. President, basically the amendment makes two changes. First, the amendment specifies that the Association is not responsible for a claim that arose out of a policy issued by an insurer that was not, not licensed to transact insurance in Connecticut even when the policy was issued or when the insured event occurred.

Second, the amendment alters the definition of an insolvent insurer for purposes of the law.

Mr. President, because of the degree, technical aspects of various mergers and the definition of divisions, it's appropriate that insolvencies, that language will be appropriate to make sure that the appropriate benefit is available.

THE CHAIR:

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On the amendment, will you remark further? Will you remark? If not, shall I try your minds. All those in favor, please say "aye".

SENATE ASSEMBLY:

Aye.

THE CHAIR:

Any opposed, "nay"? The ayes have it. The amendment is adopted. Senator Crisco.

SEN. CRISCO:

Thank you, Mr. President. Mr. President, with the amendments, the bill does several things. It removes from the list of unfair, deceptive insurance practices, nonpayment of mandatory fees to the Insurance Commissioner.

Also, the bill eliminates the requirement that insurer provide people covered under the automobile's insurance policy written notice of the availability of full glass repair or replacement coverage. Just by law, each automobile insurance policy must include such coverage at the insurance, at the insurer's request.

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As I stated before, the first amendment removed the confidentiality of the issue, and the other amendment resolved the situation of insolvencies.

THE CHAIR:

On the bill as amended, will you remark further?
Will you remark? If not, Senator Crisco.

SEN. CRISCO:

Mr. President, if there is no objection, I ask that it be placed on the Consent Calendar.

THE CHAIR:

No objection heard, so ordered. Mr. Clerk.

THE CLERK:

Calendar Page 3, Calendar 260, File 95,
Substitute for H.B. 6184, An Act Concerning Renewal of Lapsed Paramedic Licenses, Favorable Report of Committee on Public Health. Clerk is in possession of amendments.

THE CHAIR:

Senator Murphy.

SEN. MURPHY:

Thank you, Mr. President. I move adoption of the Joint Committee's Favorable Report and passage of the bill in concurrence with the House.

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Calendar Page 24, Calendar 131, should be marked
Go from Passed Temporarily.

And Calendar Page 36, Calendar 338, should be
marked Go rather than Passed Temporarily.

THE CHAIR:

Thank you, Senator.

SEN. LOONEY:

And also, Mr. President, would like to call for a
vote on the first Consent Calendar.

THE CHAIR:

Thank you. Will the Clerk please announce the
Consent Calendar, read the Consent Calendar.

THE CLERK:

Mr. President, those items previously placed on
the first Consent Calendar begin on Calendar Page 1,
Calendar 125, S.B. 1070.

Calendar Page 2, Calendar 220, Substitute for
S.B. 999.

Calendar Page 3, Calendar 260, Substitute for
H.B. 6184.

Calendar Page 4, Calendar 349, S.B. 1143.

Calendar 350, Substitute for S.B. 1207.

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Calendar Page 5, Calendar 373, Substitute for
H.B. 6660.

Calendar Page 6, Calendar 402, Substitute for
S.B. 516.

Calendar Page 10, Calendar 451, Substitute for
S.B. 1283.

Calendar Page 18, Calendar 500, Substitute for
H.B. 6831.

Calendar Page 19, Calendar 502, Substitute for
H.B. 6753.

Calendar 504, H.B. 5108.

Calendar Page 21, Calendar 521, Substitute for
H.B. 6866.

Calendar Page 22, Calendar 528, Substitute for
H.B. 6622.

Calendar Page 23, Calendar 532, Substitute for
H.B. 6947.

Calendar Page 37, Calendar 358, Substitute for
S.B. 1010.

Calendar 386, Substitute for S.B. 256.

Calendar Page 39, Calendar 430, Substitute for
H.B. 6806.

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Calendar Page 40, Calendar 433, Substitute for
H.J. 36.

Calendar Page 41, Calendar 512, Substitute for
H.J. 34.

Calendar 513, H.J. 42.

Calendar 515, Substitute for H.J. 62.

Calendar Page 42, Calendar 517, H.J. 83.

Mr. President, that completes those items
previously placed on the first Consent Calendar.

THE CHAIR:

Recognized at this time? We haven't, pardon me?

SEN. FREEDMAN:

[Inaudible - microphone not on]

THE CHAIR:

We haven't opened the vote yet, Senator Freedman.

SEN. FREEDMAN:

[Inaudible - microphone not on]

THE CHAIR:

You're just anxious, I know. I can see the. The
machine will be open. The Clerk will please announce
the pendency of a roll call vote on the first Consent
Calendar.

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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.

THE CHAIR:

Have all Members voted?

THE CLERK:

You know what, I didn't call that.

THE CHAIR:

Senator Gaffey. Senator Prague. Senator
Williams.

THE CLERK:

I didn't call it, but it was placed on Consent.
Okay, so I should announce that. I'll tell him.

THE CHAIR:

So all Members have--

THE CLERK:

Please close it. There is one zero that I didn't
mention that is on the Consent Calendar that I didn't
call.

THE CHAIR:

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How can it be on the Consent Calendar if you didn't call it? It can't be on the Consent Calendar if you didn't call it.

THE CLERK:

No, it was placed on Consent. I just didn't read it.

THE CHAIR:

I think we're only voting on that which you read, so you're going to have to have another vote on that.

THE CLERK:

Yeah. Well, I missed one on Consent Calendar 2. It's on the Consent Calendar 1, Page 5. 382 didn't HB 5446 get put on there.

THE CHAIR:

It was the last meeting of the Consent Calendar. If you read it the second time, you're giving notice to people for their last objection. If you don't read it--

THE CLERK:

But I didn't call it though, did I?

UNIDENTIFIED SPEAKER:

It's on the list that's going to be voted on in the computer.

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THE CLERK:

You heard me call it?

THE CHAIR:

[Inaudible - microphone not on] call it.

THE CLERK:

You sure?

THE CHAIR:

[Inaudible - microphone not on]

[Gap in testimony - 23 seconds]

THE CHAIR:

The Consent Calendar has been adopted. Didn't we close it already? Sorry. Oh, I was waiting for you? The Clerk will announce the results of the vote.

THE CLERK:

Motion is on adoption of the Consent Calendar No.

1.

Total number voting, 34; necessary for adoption, 18. Those voting "yea", 34; those voting "nay", 0. Those absent and not voting, 2.

THE CHAIR:

The first Consent Calendar is passed. Senator LeBeau.

SEN. LEBEAU:

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that may not be so good for business. But I'd like to also welcome them to our Chamber.

DEPUTY SPEAKER KIRKLEY-BEY:

Thank you, Representative Ruwet. We will now return to the Call of the Calendar. Will the Clerk please call Calendar Number 524.

CLERK:

On Page 29, Calendar 524, Substitute for Senate Bill Number 999, AN ACT CONCERNING CHANGES TO THE INSURANCE STATUTES. The Committee recommends passage with Senate "A" and Senate "B". Favorable Report of the Committee on Judiciary.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative O'Connor of the 35th District, you have the floor, Sir.

REP. O'CONNOR: (35th)

Thank you, Madam Speaker. I move acceptance of the Joint Committee's Favorable Report and passage of the Bill.

DEPUTY SPEAKER KIRKLEY-BEY:

Question is on acceptance of the Joint Committee's Favorable Report and passage of the Bill. Will you remark further, Sir?

REP. O'CONNOR: (35th)

Thank you, Madam Speaker. What we're doing here is we're going to be making some changes to the Insurance Statutes. And in doing so, we're going to have to call two Amendments that were passed in the Senate.

So I'd like the Clerk to please call Senate Amendment "A", LCO Number 5811. And if he could read it into the record, please. Thank you. I move adoption.

DEPUTY SPEAKER KIRKLEY-BEY:

Will the Clerk please call Calendar, I mean, would the Clerk please call LCO Number 5811, which is previously designated as Senate Amendment "A".

CLERK:

LCO Number 5811, Senate "A", offered by Senator Crisco.

DEPUTY SPEAKER KIRKLEY-BEY:

Will the Clerk please read?

CLERK:

Strike Section 1 in its entirety and renumber the remaining sections and internal references accordingly.

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DEPUTY SPEAKER KIRKLEY-BEY:

Thank you very much. Representative O'Connor,
will you remark?

REP. O'CONNOR: (35th)

Thank you, Madam Speaker. The reason why we were
doing this and eliminating Section 1 is that we
weren't able to come to an agreement on the
confidentiality of what should be considered in
actuarial documents.

So this is an issue that the Department will be
looking at next year. I move adoption.

DEPUTY SPEAKER KIRKLEY-BEY:

The question before us is adoption on Senate
Amendment "A". Will you remark on Senate Amendment
"A"? Will you remark? If not, let me try your minds.
All those in favor, please indicate by saying Aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER KIRKLEY-BEY:

Those opposed, Nay. The Ayes have it. Senate
Amendment "A" is adopted. Representative O'Connor.

REP. O'CONNOR: (35th)

Thank you, Madam Speaker. Now, I would like the Clerk to please call Senate Amendment "B", LCO Number 6070 and I ask leave to summarize.

DEPUTY SPEAKER KIRKLEY-BEY:

The Clerk will please call LCO Number 6070, which will be designated Senate Amendment "B".

CLERK:

LCO Number 6070, Senate "B", offered by Senator Crisco.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative O'Connor, you have the floor.

REP. O'CONNOR: (35th)

Thank you, Madam Speaker. This strikes the Section 3 that's in the file copy and amends the Insurance Guarantee Association Act in 38a-838, to clarify the guarantee association protection will include the legal successor of a licensed insurer.

And some of the reasons why this may occur is because of a merger or a corporate division. And what we're trying to do is if the legal successor becomes insolvent, we want to make sure that the policyholders are protected and that the original insurer that was licensed would have had guarantee association

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coverage, that this coverage will include the
successor. And I move adoption.

DEPUTY SPEAKER KIRKLEY-BEY:

The question before us is adoption on Senate
Amendment "B". Will you remark on Senate Amendment
"B"? Will you remark? If not, let me try your minds.
All those in favor of Senate Amendment "B", please
indicate by saying Aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER KIRKLEY-BEY:

Those opposed, Nay. Senate Amendment "B" passes.

Representative O'Connor, do you care to continue?

REP. O'CONNOR: (35th)

Thank you, Madam Speaker. What has become the
Bill are the technical changes to the Insurance
Statutes. There's one other one that is currently in
the file copy. That is Section 2.

What we were trying to do there is create a
technical correction from the year 1997, in which, as
far as the unfair insurance practices, it was the
unintended consequences that were incorporated into an
area that it should not have been.

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We're trying to take that out because if someone does not pay their fees and does try to practice insurance, then there are plenty of remedies to go after that person with fines and such.

So it's not needed in that section. And we're just trying to remove it. I move acceptance. Thank you.

DEPUTY SPEAKER KIRKLEY-BEY:

The question is on adoption of the Bill as amended. Will you remark, I mean, on the Amendment. Representative Winkler.

REP. WINKLER: (41st)

Thank you, Madam Speaker. A question, through you, to Representative O'Connor.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative O'Connor, please prepare yourself. Representative Winkler, please proceed.

REP. WINKLER: (41st)

Thank you, Madam Speaker. Representative O'Connor, with Amendment "A", that was adopted, we have eliminated the confidentiality of documents. Is there any provision in this Bill now that persons'

healthcare records would still remain confidential,
since we've eliminated this?

DEPUTY SPEAKER KIRKLEY-BEY:

Representative O'Connor.

REP. O'CONNOR: (35th)

Through you, Madam Speaker, this was an addition.
They were looking to add this to the regulatory
authority. And it would only apply to the actuarial
documents and not to individuals in their health,
medical conditions.

DEPUTY SPEAKER ALTOBELLO:

Representative Winkler?

REP. WINKLER:

Thank you, Madam Speaker. And I thank
Representative O'Connor for clarifying that. Thank
you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Stripp of the 135th District.

REP. STRIPP: (135th)

Thank you, Madam Speaker. Madam Speaker, through
you, a question to the proponent of the Bill.

DEPUTY SPEAKER KIRKLEY-BEY:

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Representative O'Connor, prepare yourself.

Please proceed, Sir.

REP. STRIPP: (135th)

In the OLR bill analysis, it talks about changes in the full-glass repair and replacement coverage. Could you expound as to what the end result was with all the Amendments as to what changed in the area of the full-glass repair and replacement coverage for individuals that have insurance on their cars?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative O'Connor.

REP. O'CONNOR: (35th)

Through you, Madam Speaker, we did not change anything in the file copy or what you saw in the OLR bill analysis. What occurred in 1986, it was required that people be notified that they can request glass coverage and that they would be able to get it. It was a one-time deal.

And in 2003, in another technical Amendment of the Insurance Statutes, they unfortunately took out that one date. So it made it so that they had to do

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it each year, a written notification, when it really hadn't been an issue in the previous 19 years.

So we're just trying to go back to previous statutes that were in place since 1986, through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Stripp.

REP. STRIPP: (135th)

Thank you, Madam Speaker. Madam Speaker, through you, I thank the gentleman for his answer.

DEPUTY SPEAKER KIRKLEY-BEY:

Will you remark? Will you remark further on Senate Amendment "B"? Will you remark further on Senate Amendment "B"? The House will stand at east for a moment.

(CHAMBER AT EASE)

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Christ of the 11th District, you have the floor, Sir.

REP. CHRIST: (11th)

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

DEPUTY SPEAKER KIRKLEY-BEY:

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The request is for this Bill to be passed
temporarily. Are there any objections? Seeing none,
the Bill is passed temporarily. Thank you.

We will return to the Call of the Calendar. Will
the Clerk please call Calendar Number 430.

CLERK:

On Page 24, Calendar Number 430, Senate Bill
Number 801, AN ACT CONCERNING LEGISLATIVE REVIEW AND
APPROVAL OF WAIVER APPLICATIONS PRIOR TO SUBMITTAL TO
THE FEDERAL GOVERNMENT, Favorable Report of the
Committee on Government Administration and Elections.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Villano, you have the floor.
Representative Christ of the 11th District, you have
the floor.

REP. CHRIST: (11th)

Madam Speaker, I move that this be passed
temporarily.

DEPUTY SPEAKER KIRKLEY-BEY:

Are there any objections to the request to pass
temporarily? Seeing none, so ordered. The Clerk will
please call Calendar Number 291.

CLERK:

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On Page 27, Calendar Number 524, Substitute for
Senate Bill Number 999, AN ACT CONCERNING CHANGES TO
THE INSURANCE STATUTES, Favorable Report of the
Committee on Judiciary.

DEPUTY SPEAKER FRITZ:

Representative O'Connor from the fine Town of
Clinton.

REP. O'CONNOR: (35th)

Thank you, Madam Speaker. I move acceptance of
the Joint Committee's Favorable Report and passage of
the Bill.

DEPUTY SPEAKER FRITZ:

The question is on acceptance and passage. Will
you proceed, Sir.

REP. O'CONNOR: (35th)

Yes, Madam Speaker. As you recall, yesterday we
took up this Bill and passed, in concurrence with the
Senate, Senate Amendments "A" and "B".

And just to go over that again, Senate Amendment
"A" struck out Section One, which had information
which would have added confidentiality of actuarial
documents as something that the Commissioner could

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regulate. We're going to look at that next year as a Bill and do some further work on that.

Section Two is basically to fix a law that was passed in 1997. The law at the time required companies to pay a fee for licensure under the Statute 38A-11.

And when the law was codified, the fee section was pulled into the Connecticut Unfair Insurance Practices Act.

And this was not the intent of the Department of the time. They also, I just want to point out to the Body that there are other penalties that they could fall under for the nonpayment of fees and we do not need them in that section.

Section Three, which was Senate Amendment "B", this basically amends the Insurance Guarantee Association Act to clarify that the Guarantee Association protection will include the legal successor of a licensed insurer.

For the most part, this is because of a merger or a corporate division. If a legal successor becomes insolvent, the policyholders of the original insurer

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that was licensed would have had Guarantee Association coverage.

And with this clarification, we needed to avoid the possibility that such Guarantee Fund coverage is lost when the original issuing insurer merges out of insurance and its later successor becomes insolvent.

So at this time, also, the other point that came up through questioning was a clarification in the Glass Repair Statute.

This was a law that was passed in 1986. At that time they basically had to notify the policyholders that they could request glass coverage.

It was on the books until 2003 and then with a technical change they eliminated a section of that, of that Statute and it became a point of fact that they would have to do this every year.

And it was never an issue in the previous 17, so we're just going back to previous law and practices. And I move acceptance and I ask the Chamber to support me in this. Thank you, Madam Speaker.

DEPUTY SPEAKER FRITZ:

The question is on acceptance and passage.
Representative D'Amelio.

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REP. D'AMELIO: (71st)

Thank you, Madam Speaker. Madam Speaker, I also rise in favor of this Bill. It's pretty much our yearly, a yearly insurance Bill making technical changes to the Statutes.

It has the full support of the Commissioner in the Department of Insurance and also the Real Estate Committee and I urge adoption. Thank you.

DEPUTY SPEAKER FRITZ:

Will you remark further on the Bill before us? Will you remark further on the Bill before us? If not, will staff and guests please come 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, please.

DEPUTY SPEAKER FRITZ:

Have all the Members voted? Have all the Members voted? Please check the board to make sure your vote is accurately cast.

If so, the machine will be locked and the Clerk will take a tally. The Clerk will announce the tally.

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CLERK:

Senate Bill Number 999, as amended by Senate
Amendment Schedules "A" and "B", in concurrence
with the Senate.

Total Number Voting	142
Necessary for Passage	72
Those voting Yea	142
Those voting Nay	0
Those absent and not voting	9

DEPUTY SPEAKER FRITZ:

The Bill as amended is passed. The Chamber will
please stand at ease.

(CHAMBER AT EASE)

DEPUTY SPEAKER FRITZ:

The House will come back to order, please. Will
the Clerk please call Calendar Number 536.

CLERK:

On Page 11, Calendar Number 536, Substitute for
Senate Bill Number 1335, AN ACT CONCERNING PROGRAMS
AND SERVICES OF THE DEPARTMENT OF SOCIAL SERVICES,
Favorable Report of the Committee on Education.

DEPUTY SPEAKER FRITZ:

Representative Peter Villano.

**JOINT
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HEARINGS**

**INSURANCE AND
REAL ESTATE
PART 6
1623-1967**

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case to the Department and then it quite often winds up coming to some type of settlement. Thank you. You did answer my question. Thank you very much. Thank you, Senator.

SEN. CRISCO: Are there questions? Thank you so much. [Inaudible-microphone not on.] Followed by Susan.

BOB KEHMNA: Thank you, Mr. Chairman. Representative O'Connor, Members of the Committee, my name is Bob Kehmna from the Insurance Association of Connecticut. I'm here today to express some concerns of Senate Bill 999 AN'ACT CONCERNING CHANGES TO THE INSURANCE STATUTES.

Specifically, Section 2, which amends 38-102b [inaudible]. We would suggest language that you will see in my testimony at the end of the first full paragraph to clarify it.

It just doesn't, insurance companies, subsidiaries and affiliates are carved out in investment [inaudible]. Investments and insurance holding company subsidiaries and affiliates should also be excluded.

Later in that same section, in subsection c, we would suggest that the new insertion of the words, or affiliates, be deleted. The net effect of that change in that particular section would be to give the Commissioner a little broad supervisory authority over domestic insurers affiliates, including unrelated businesses.

We believe with sufficient notice and approval authority has already been given to a Commissioner over such transactions in their holding company which you'll find in statute.

As to Section 4 of the bill, which amends the definition of [inaudible] insured. We believe that amendment needs further clarification. Before the words, legal successor, we suggest inserting the words [inaudible] are licensed. The reason for that change is to make sure that in the event of a merger, the Insurance Association will pick up all of the claims of the successor if it is licensed in Connecticut. That's a basic standard for use [inaudible] available for us by an insurer.

With those changes, I'd be happy to answer any questions.

SEN. CRISCO: Thank you. Any questions? Thank you very much.

BOB KEHMNA: Thank you.

SEN. CRISCO: [Inaudible-microphone not on.]

SUSAN GIACALONE: Good morning, Senator Crisco, Representative O'Connor and members of the Insurance and Real Estate Committee. My name is Susan Giacalone and I'm here on behalf of the Insurance Association of Connecticut.

I'm here to testify in support of Senate Bill 1000 AN ACT ADOPTING THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS' INTERSTATE INSURANCE PRODUCT REGULATION COMPACT.



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony of Susan F. Cogswell,
Insurance Commissioner of the State of Connecticut
before
the Insurance and Real Estate Committee
Tuesday, March 8, 2005

Senate Bill 999 – An Act Concerning Changes To The Insurance Statutes

The Connecticut Insurance Department supports Senate Bill 999. **Senate Bill 999 – An Act Concerning Changes To The Insurance Statutes** is an Insurance Department proposal making minor changes to the insurance statutes.

Section 1 of this bill gives the Insurance Department express authority to amend its current regulations concerning the Statement of Actuarial Opinion filed with property and casualty insurers' annual financial statements, to adopt regulation provisions concerning the confidentiality of documents associated with the actuarial opinion. The Department intends to revise its regulations to reflect the substance of the Property and Casualty Actuarial Opinion Model Law adopted last year by the NAIC. This model law, includes provisions concerning the confidentiality of documents, materials or other information in the possession or control of the Insurance Department that are considered an Actuarial Report, workpapers or Actuarial Opinion Summary provided in support of the actuarial opinion, and any other material provided by an insurer to the Commissioner in connection with the Actuarial Report, workpapers or Actuarial Opinion.

Section 2 of Raised Bill 999, amends section 38a-102d -- a statute concerning affiliate relationships in the investment of admitted assets -- by inserting the words "or affiliate" or "or affiliates" after any reference to "subsidiary" or "subsidiaries".

Section 3 of Raised Bill 999 amends section 38a-816 -- concerning unfair insurance practices -- to delete the reference to licensing fees charged by the Commissioner. This change will make it clear that failure to pay the statutorily prescribed licensing fees does not constitute an unfair insurance practice.

Section 4 of Raised Bill 999 amends section 38a-838(6) to correct a technical flaw in the definition of "insolvent insurer" under the Connecticut Insurance Guaranty Association Act.

We ask the Committee to support Senate Bill 999 for the reasons outlined above. Thank you for your consideration of the Department's position. Please contact our Legislative Liaison, Kate Kiernan-Pagani, at 297-3864 with any questions.

Statement

Insurance Association of Connecticut

Insurance and Real Estate Committee

March 8, 2005

SB 999, An Act Concerning Changes To The Insurance Statutes

The Insurance Association of Connecticut (IAC) has some concerns with SB 999, An Act Concerning Changes To The Insurance Statutes, in its current form.

Section 2 amends C.G.S. 38a-102d by adding "affiliates" to provisions concerning the investment of admitted assets by domestic insurers. IAC requests that subsection (a) be amended to clarify that, just as investments in insurance company subsidiaries or affiliates are carved out of investment limits, investments in insurance holding company subsidiaries or affiliates should also be excluded. By definition, such holding companies merely hold the securities of other insurance companies within the insurance holding company system. We would suggest that, in line 28, after "or affiliates" the phrase "and investments in insurance holding company subsidiaries or affiliates" be inserted.

We would also request that the words "or affiliates" in lines 64, 70, 71 and 75 be deleted from subsection (c) of section 2. As written, subsection (c) would give the commissioner overly broad supervisory authority over a

domestic insurer's affiliates, including foreign entities and unrelated businesses. Sufficient notice and approval authority over transactions with affiliates are already extended to the commissioner under the Holding Company Act.

Section 4 of SB 999 amends the definition of "insolvent insurer" under the Connecticut Insurance Guaranty Association Act. We believe the amendment needs further clarification. In line 94, before "legal successor", IAC requests that the phrase "covered claims of a licensed" be inserted. This change will make it clear that, in the event of a merger, CIGA will pick up the claims only if the successor is licensed in Connecticut. Guaranty funds specifically do not cover insolvencies of unlicensed or surplus lines companies.