Legislative History for Connecticut Act

Act Number:	PA 06–5	
Bill Number:	259	
Senate Pages:	Senate: 715, 774-775	**3**
House Pages:	House: 1228-1242	**15**
Committee:	Insurance: 89-137, 326-341	**65**
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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

2006

VOL. 49
PART 3
653-970

Calendar Page 21, Calendar 210, Senate Bill 455, Mr. President, would move to refer this item to the Education Committee.

THE CHAIR:

Without objection, so ordered.

SEN. LOONEY:

Thank you, Mr. President. Calendar 211, PR.

Calendar 212, Senate Bill 259, Mr. President, would move to place this item on the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

SEN. LOONEY:

Thank you, Mr. President. Calendar 213, PR.

Calendar 214, Senate Bill 457, Mr. President, would move to recommit this item to the Judiciary Committee.

THE CHAIR:

So ordered.

SEN. LOONEY:

Thank you, Mr. President. Calendar 215, Senate Bill 458, would move to recommit this item to the Judiciary Committee.

THE CHAIR:

Calendar 186, Senate Resolution 23.

Calendar 187, Senate Resolution 24.

Calendar Page 5, Calendar 188, Senate Resolution 25.

Calendar Page 6, Calendar 78, Senate Bill 305.

Calendar Page 8, Calendar 98, Senate Bill 190.

Calendar 100, Senate Bill 413.

Calendar Page 14, Calendar 161, Senate Bill 441.

Calendar Page 15, Calendar 169, Substitute for Senate Bill 380.

Calendar 170, Substitute for Senate Bill 384.

Calendar Page 16, Calendar 173, Substitute for Senate Bill 170.

Calendar 174, Senate Bill 336.

Calendar Page 18, Calendar 196, Senate Bill 616.

Calendar Page 21, Calendar 212, Substitute for Senate Bill 259.

Calendar Page 22, Calendar 220, Substitute for Senate Bill 19.

Mr. President, I believe that completes those items previously placed on today's Consent Calendar No. 1.

THE CHAIR:

Mr. Clerk, would you announce that a roll call vote is in process on the Consent Calendar. The machine is open.

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 has been ordered in the Senate. Will all Senators please return to the Chamber.

THE CHAIR:

Have all Members voted? If all Members have voted, the machine is closed. The Clerk will announce the tally.

THE CLERK:

Motion is on adoption of Consent Calendar No. 1. Total number voting, 35; necessary for adoption, 18. Those voting "yea", 35; those voting "nay", 0. Those absent and not voting, 1.

THE CHAIR:

The Consent Calendar is adopted. Mr. Majority Leader.

SEN. LOONEY:

H-967

CONNECTICUT
GEN. ASSEMBLY
HOUSE

PROCEEDINGS
2006

VOL. 49
PART 4
990-1305

CLERK:

On Page 14, Calendar Number 296, Substitute for Senate Bill Number 259, AN ACT PROHIBITING DISCRIMINATION IN LIFE INSURANCE BASED ON LAWFUL TRAVEL DESTINATIONS, Favorable Report of the Committee on Insurance and Real Estate.

DEPUTY SPEAKER GODFREY:

Again the Chairman of the Insurance Committee, Representative O'Connor.

REP. O'CONNOR: (35th)

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

DEPUTY SPEAKER GODFREY:

The question is on acceptance and passage. Will you explain the Bill, please, Sir?

REP. O'CONNOR: (35th)

Thank you, Mr. Speaker. What this Bill attempts to do is it does limit the life insurer's ability to underwrite a policy based on a person's past or future travel to a lawful destination.

And what we've done specifically as to what an insurer cannot do is that they cannot deny or refuse

to accept a life insurance application, charge different premiums or rates for a life insurance policy, or cancel or restrict, or terminate a policy just based on prior travel or future travel considerations.

What it does allow the insurer to do is that they can deny an application or charge different premiums if it is based on sound actuarial principles or related to actual or reasonably anticipated experience.

I think, again, this was brought to light by some individuals who were traveling to Israel, who were denied life insurance based on that one question alone.

And what we're trying to do is to have some actuarial basis for denying that application. And we think this was a Bill that addressed some of the insurance companies' concerns, but at the same time, helped ward off any kind of discriminatory practices. So I ask my colleagues to support it.

DEPUTY SPEAKER GODFREY:

Thank you, Sir. Will you remark on this Bill? Would you care to remark on this Bill? Representative Ward.

REP. WARD: (86th)

Thank you, Mr. Speaker. Just a question or two, through you.

DEPUTY SPEAKER GODFREY:

Please proceed.

REP. WARD: (86th)

Thank you. Mr. Chairman, my recollection upon beginning travel at one time that I looked at a State Department website, and it listed places that they considered risky to travel to or provided advisories for American citizens about going to certain areas.

And through you, Mr. Speaker, my question is, if a destination is listed as a dangerous place to go to by the State Department, is that something the insurance company could rely upon or would that be considered possibly discriminatory, if they didn't have actuarial data, they just relied on the State Department's advisory? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative O'Connor.

REP. O'CONNOR: (35th)

Through you, Mr. Speaker. It would have to be based on some actuarial sound practices. Basically, you would have to be more likely to either be injured or potentially die within that country as opposed to other destinations. Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Ward.

REP. WARD: (86th)

I thank the gentleman for his answer. I guess I just find it a little puzzling that the State Department can issue travel advisories to our citizens in an area that is not prohibited to travel to but maybe recommending that you not go, but an insurance company can't rely upon that for the basis of issuing a policy, although presumably the State Department hopes you'll rely upon it, knowing whether you're in danger or not.

So it's a little puzzling to me that we wouldn't at least have linked this to allow an insurance company to consider an advisory from the State Department if they recommend you not go to certain places. Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, Sir. Will you remark further on this Bill? Representative Hetherington.

REP. HETHERINGTON: (125th)

Thank you, Mr. Speaker. Through you, to the proponent, if I may.

DEPUTY SPEAKER GODFREY:

Please proceed.

REP. HETHERINGTON: (125th)

Would an insurance company continue to be able, as I believe they do in some policies, to not cover death which results from such things as civil insurrection, hostilities, acts of war, so forth? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative O'Connor.

REP. O'CONNOR: (35th)

Through you, Mr. Speaker. If the gentleman could please rephrase the question, I didn't quite understand it.

DEPUTY SPEAKER GODFREY:

Representative Hetherington.

REP. HETHERINGTON: (125th)

Yes. One of the reasons, I guess, that the destination is important in the view of a possible insurance company is that the strife at that location would place someone in above ordinary risk.

However, wouldn't insurance companies or would they, would insurance companies be allowed to exclude death which occurs as a result of civil insurrection, acts of war, for example? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative O'Connor.

REP. O'CONNOR: (35th)

Through you, Mr. Speaker. Yes, they would be able, under that scenario, to deny an application because there would be sound principles basing that decisions, you know.

If you're, if a country is at war, it's treated differently and they would be able to use that as one of the factors in denying that application. Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hetherington.

REP. HETHERINGTON: (125th)

Thank you. Through you, Mr. Speaker. Doesn't that vitiate the intent of this statute, because what you'll simply have is insurance carriers enumerating all the dangers that may occur in the more volatile destinations? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative O'Connor.

REP. O'CONNOR: (35th)

Through you, Mr. Speaker. They'd still be able to underwrite, you know, based on travel, but it would be more limited in certain respects. They couldn't just say because you're going to a certain country that we are not going to cover you or issue a policy to you.

You know, I think that's what we were concerned about and that's why we put this Bill forward. Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Hetherington.

REP. HETHERINGTON: (125th)

Thank you, Mr. Speaker. And I thank the proponent.

DEPUTY SPEAKER GODFREY:

Thank you, Sir. The gentleman from the 17th, Representative Witkos.

REP. WITKOS: (17th)

Thank you, Mr. Speaker. Through you, a question to the proponent of the Bill.

DEPUTY SPEAKER GODFREY:

Please proceed, Sir.

REP. WITKOS: (17th)

Thank you. Through you, Mr. Speaker. You answered Representative Ward's question with an answer that it's based on an actuarial principle, but the Bill also says or as related to actual or reasonably anticipated experiences.

And I was wondering if the proponent could share some examples of what would be a reasonably anticipated experience. Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative O'Connor.

REP. O'CONNOR: (35th)

Through you, Mr. Speaker. You know, maybe a reasonably anticipated experience is if you were to travel to, let's say, Iraq as part of a peacekeeping mission or you wanted to go there and help some of the

citizens, that, you know, it's reasonably anticipated that you could confront potential strife.

You would be putting yourself in a place of war. That would be a reasonably anticipated experience. Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Witkos.

REP. WITKOS: (17th)

Thank you. Through you, Mr. Speaker. Is there any other instances that would not involve a war which would fall within a reasonably anticipated experience? Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative O'Connor.

REP. O'CONNOR: (35th)

Through you, Mr. Speaker. Factually, you know, I'm not quite sure what the underwriters would say, but I think a reasonably anticipated experience could be a country where Americans are being targeted in that country.

Specifically that, even though they may not be at war or a civil war, there could be countries where Americans are not welcome and that could be a

reasonably anticipated experience that you may be harassed or put yourself in danger. Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Witkos.

REP. WITKOS: (17th)

Thank you, Mr. Speaker. I thank the gentleman. I believe his answers are starting to equate those of the concerns of Representative Ward, where these countries or places, a location may appear on the State Department website which says there is a danger there and we urge you not to travel to those locations. Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, Sir. The gentleman from Waterbury, Representative D'Amelio.

REP. D'AMELIO: (71st)

Thank you, Mr. Speaker. Mr. Speaker, I rise in support of this Bill. It was a much-debated Bill in the Insurance Committee. At the time I didn't feel that we really needed this Bill because when people were denied by certain insurance companies, other insurance companies were underwriting them.

But since then, the industry has come full circle in agreeing to this Bill because it does give them the right to deny a premium based on the sound actuarial principles or actual or reasonable anticipated experiences.

And for that reason, and the other thing I'd like to note too, that it does not put any of the insurance companies in Connecticut at an unfair disadvantage with other insurance companies outside of the state, because everyone doing business in this state, even if they're from another state, have to follow these guidelines. And for that reason, I urge adoption of the Bill. Thank you.

DEPUTY SPEAKER GODFREY:

Thank you, Sir. The gentleman from Trumbull, Representative Rowe.

REP. ROWE: (123rd)

Thanks. Good afternoon, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Good afternoon, Sir.

REP. ROWE: (123rd)

If I can phrase a quick question to the Chairman of the Insurance Committee.

DEPUTY SPEAKER GODFREY:

Please proceed.

REP. ROWE: (123rd)

Thank you. Through you, at the public hearing or since then, has there been any testimony or thoughts on whether or not the proposal would cause any insurance companies to stop writing policies altogether in the state?

DEPUTY SPEAKER GODFREY:

Representative O'Connor.

REP. O'CONNOR: (35th)

Through you, Mr. Speaker. None have indicated that they would stop writing life insurance in Connecticut. And even with the Bill, before we even put in the substitute language, there was no fear that they would stop writing policies in Connecticut.

DEPUTY SPEAKER GODFREY:

Representative Rowe.

REP. ROWE: (123rd)

That's all. Thanks, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

You're welcome, Sir. The gentlewoman from New Haven, Representative Dillon.

REP. DILLON: (92nd)

Yes, Mr. Speaker, I'm rising in support of the Bill.

DEPUTY SPEAKER GODFREY:

Thank you.

REP. DILLON: (92nd)

And I'd like to thank the Chairs of the Insurance Committee for your leadership in dealing with this issue. It's an issue that excited a lot of interest out where I live.

I have a lot of neighbors and friends who spend a lot of time going back and forth to Israel and have been very, very troubled by the number of incidents that occurred when people were denied coverage.

I originally was very aware of this because I have family myself in Northern Ireland and it sounded, from the stories that I was hearing, that particular countries were being redlined in a certain way without really following any particular actuarial principles but simply a labeling.

This puts an extra burden. It doesn't mandate anyone, but it creates I think in a very nuanced way a

particular burden that whatever risk assessment they make be professional.

And I think it's important and it's timely this week that this is an issue that we're taking up. I want to thank you very much, Representative O'Connor, for your leadership.

DEPUTY SPEAKER GODFREY:

Thank you, Madam. Would you remark further on this Bill? Will you remark further on this Bill? If not, staff and guests please come to the Well of the House. Members take your seats. The machine will be open.

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 GODFREY:

Have all the Members voted? Have all the Members voted and is your vote properly recorded? If so, the machine will be locked. The Clerk will take a tally. And the Clerk will announce the tally.

CLERK:

Senate Bill Number 259, in concurrence with the Senate.

Total Number Voting	144
Necessary for Passage	73
Those voting Yea	144
Those voting Nay	0
Those absent and not voting	7

DEPUTY SPEAKER GODFREY:

The Bill is passed. Representative Christ.

REP. CHRIST: (11th)

Mr. Speaker, we removed Calendar Number 297 from the Consent Calendar earlier today, and I move that we put it back on the Consent Calendar, which we will be voting on shortly. Thank you, Mr. Speaker. SB 305

DEPUTY SPEAKER GODFREY:

Thank you, Sir. The question is on moving Calendar Number 297 back to the Consent Calendar. Is there any objection? Hearing none, it is so ordered. The Clerk please call Calendar Number 293.

CLERK:

On Page 13, Calendar Number 293, Substitute for Senate Bill Number 19, AN ACT CONCERNING NOTIFICATION TO PROSPECTIVE EMPLOYEES OF RELIGIOUS SCHOOLS NOT

JOINT
STANDING
COMMITTEE
HEARINGS

INSURANCE
AND
REAL ESTATE

PART1
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perhaps corporate loss ratios when comparing plans.

Further, with all clinical indicators being equal, you minimize a situation that presently occurs where neighbors with the same medical need, same treatment recommendation, and different managed care plan can receive different care. Thank you for your consideration.

SEN. CRISCO: Thank you, Kevin. Are there any questions of the Committee? If none, thank you very much.

KEVIN LEMBO: Thank you.

SEN. CRISCO: Appreciate it, all your help. Senator Slossberg here? If not, we will conclude the public portion of this hearing, and proceed with the private part, and will continue with Senate Bill 259. Is Robert, is it Preston, here?

ROBERT TRESTAN: Good morning, Mr. Chairman, Members of the Committee. My name is Robert Trestan, and I Civil Rights Counsel to the Anti-Defamation League Connecticut Regional Office.

With me today is, David Warren, who is the Regional Director of the Anti-Defamation League's Connecticut Regional Office.

The Anti-Defamation League was founded more than 90 years ago to fight the defamation of the Jewish people, and secure justice and fair treatment for everyone.

Today, we are one of the nation's leading civil rights organizations. I'm here today to speak in strong support of Senate Bill 259, which would prohibit discrimination in the provision of life insurance to applicants simply because they have chosen to travel to Israel or other countries lawfully.

This bill addresses a real problem in Connecticut, a problem that is also common across the country. Many of the largest insurance companies often deny life insurance to Americans, who have traveled or state their intention to travel, to Israel or other countries listed on the U.S. State Department's travel advisory list.

Questions about past and future travel are common on life insurance applications, and travelers who list a country on the State Department's advisory list often find that they are rejected, or charged higher premiums, or can no longer obtain life insurance from the carrier of their choice.

Recently, I have spoken with a rabbi from Greenwich, who two years ago was denied by AIG, simply because part of his faith and his profession required him to travel to Israel.

I listened, as a physician from West Hartford, who recently applied for a new policy with TransAmerica, and after he was approved, the agent told him, you should be aware that you cannot travel to Israel for the first two years of the policy.

This proved to be a real problem for him and his family, as his college-aged daughter was studying abroad in Israel. It resulted in him having to meet his daughter in France, instead of meeting her in Israel.

A professor from the University of Connecticut and his wife recently tried to obtain life insurance, and were told by the agent that they should not even bother applying because they spend their summers in Israel.

After being told this by several agents, they actually decided not to even apply. It's the equivalent of being priced out of the housing market. They decided not even to attempt to obtain the life insurance.

Last year, more than 450,000 Americans visited the State of Israel, more than from any other country, and I might add that that's a 21% increase over the prior year.

The current industry's practice essentially discriminates against Americans who want to travel to Israel, a place of special meaning to both Jews, Christians, and Muslims.

And while in total numbers statistically, more Evangelical Christians travel to Israel, a larger proportion of the Jewish community travels to Israel than another group, which results in the practice disproportionately affecting the Jewish community.

There is a problem with the State Department's list, which is currently being used as a litmus test by the industry. The advisory list does not quantify risk, and is not based on any statistical data.

The list changes from day to day, which means that people who apply, the status of their applications could change on a daily basis.

The list is based on localized acts of violence, outbreaks of disease, and natural disasters, and essentially places entire countries on the list for one localized incident.

Statistically, Israel is actually safer than the United States. A *Business Week* article recently looked at some of these numbers, and in the United States, statistically, there are 1,700 homicides per 100,000 people, while in Israel, the number is just 11.

The 2005 CIA World Fact Book actually looks at crude death rates, and if you compared crude death rates of Israel versus the United States, and also, I might add other countries on the State Department's list, you will see that the United States actually has a higher crude death rate, when compared to these other countries.

In 2004, there was a large lawsuit in the State of California regarding this issue. Allstate was the first insurance company to settle that case, and they no longer discriminate based on lawful travel.

And I would submit to the Committee that if Allstate can do this, so can every other insurance company. This practice affects everyone, from tourists to business leaders, to students studying abroad, to Legislators and government delegations, and also, people doing aid work in some of the countries listed on the State Department's list.

Other states have dealt with this problem. New York, Illinois, and Maryland, have all passed legislation prohibiting this type of act based on past travel.

Last year, the State of California and the State of Washington passed legislation, which would prohibit this practice. And I might add that the insurance industry was a part of the solution in both of those states.

Last July, a federal bill was introduced by Representative Debbie Wasserman-Schultz from Florida, after she was denied by AIG Insurance Company. And the denial letter specifically makes reference to her proposed travel to the State of Israel. The federal legislation is still pending.

The insurance industry is excellent at conducting risk assessment, and the Senate Bill 259 actually lets them do what they do best. It lets them do an assessment, and if they can show by sound actuary principles, and that is reasonably related to anticipated experience, then, they can take the appropriate action.

The bill simply requires them to do what they do in all other areas, and not simply use the State Department's list as a litmus test. I would encourage the Committee to act favorably on Senate Bill 259.

SEN. CRISCO: Thank you, Sir. Are there any questions from the Committee? Representative D'Amelio.

REP. D'AMELIO: Thank you, Senator Crisco. Good morning and thank you for being here with your testimony.

ROBERT TRESTAN: Good morning.

REP. D'AMELIO: You mentioned Allstate no longer has this practice of denying coverage. Do you know of any other insurance companies in the State of Connecticut that have that practice?

ROBERT TRESTAN: There are some, insurance companies have different practices, and the applications ask the questions in different ways, so I have spoken with people from Connecticut who have been denied by one insurance company, and have actually been able to obtain the life insurance if they find another company who may ask the question a different way.

Very often, people are denied by one company, or may experience a problem, and they can actually find insurance if they pound the pavement, or they find the agent who may be able to find an insurance company from another state who will write the policy.

The bill simply requires them to do what they do in all other areas, and not simply use the State Department's list as a litmus test. I would encourage the Committee to act favorably on Senate Bill 259.

SEN. CRISCO: Thank you, Sir. Are there any questions from the Committee? Representative D'Amelio.

REP. D'AMELIO: Thank you, Senator Crisco. Good morning and thank you for being here with your testimony.

ROBERT TRESTAN: Good morning.

REP. D'AMELIO: You mentioned Allstate no longer has this practice of denying coverage. Do you know of any other insurance companies in the State of Connecticut that have that practice?

ROBERT TRESTAN: There are some, insurance companies have different practices, and the applications ask the questions in different ways, so I have spoken with people from Connecticut who have been denied by one insurance company, and have actually been able to obtain the life insurance if they find another company who may ask the question a different way.

Very often, people are denied by one company, or may experience a problem, and they can actually find insurance if they pound the pavement, or they find the agent who may be able to find an insurance company from another state who will write the policy.

REP. D'AMELIO: So it's not all insurance companies, it's just maybe a certain few that are denying coverage?

ROBERT TRESTAN: There are certain companies that do it as a matter of practice, and I think you will hear testimony from some people. I know AIG is one of the companies that we've received complaints from. Fidelity is another company that we've received complaints from. TIAA-CREF is another company that we've received complaints from.

REP. D'AMELIO: Do you know of any other country that might potentially be a problem, that people are trying to obtain life insurance when they're traveling abroad to a different country than Israel?

ROBERT TRESTAN: Pakistan is another country, and you will hear, there is a person who will be testifying on how this has impacted the Pakistani community.

The State Department list has over 20 countries on it, so most of those countries are affected by this practice.

REP. D'AMELIO: Thank you.

SEN. CRISCO: Are there any other questions? Any other questions? We thank you, and you know, I shouldn't be sarcastic, but I wonder if the Bronx, L.A., or the northern part of Hartford are on that list. Do you know?

ROBERT TRESTAN: They are not, Senator.

SEN. CRISCO: And also, originally that box for traveling, you know, the traveling question is supposed to relate to diseases that exist in other countries.

That was the origin of that particular question. It seems that has expanded, and I can understand why, but we will be addressing the issue and we thank you.

REP. MINER: Senator?

SEN. CRISCO: Yes, Representative Miner.

REP. MINER: I apologize. I have one question. I apologize for getting here late. Is this kind of a short-term policy, rather than a long-term life insurance policy?

ROBERT TRESTAN: No.

SEN. CRISCO: They're all policies.

ROBERT TRESTAN: All policies.

SEN. CRISCO: All forms of insurance. I think it's basically life insurance. It's not travel insurance.

ROBERT TRESTAN: That's correct. It's not, I'm not talking about travel insurance. I'm talking about life insurance.

REP. MINER: I understand, but are we talking about individuals that have had this problem, who have attempted to buy a life insurance policy,

let's say, two months before they travel abroad, as opposed to individuals who have a long-standing life insurance policy that may have some exclusion added on afterwards?

ROBERT TRESTAN: It's not exclusions added afterwards because once you have the policy, you have the policy. But there have been cases where people who have a current policy and then, want to upgrade their policy, say they want to increase the amount, and they have to go through the underwriting process again.

The issue has come up in some of those cases, so you have a policy for $1 million, and you want to make it $1.5 million, and you go through the underwriting process, there are folks who have then not been able to upgrade their policy because this issue has now come up.

REP. MINER: And so, if I was planning to go to one of these areas that was an issue, that the insurance company felt might be a greater risk than staying at home, they should not have a right to rate?

Or you're saying they're not rating on some principle, they're just using the list as the rating reason?

ROBERT TRESTAN: Yes. They're using the State Department list, as opposed to using some hard data. Because if you looked at the data and the statistics, you would find that Israel is actually safer than the United States.

You have a greater risk of death or injury in Los Angeles, than you do in traveling to the State of Israel, if you look at the statistics. If you look at the numbers.

REP. MINER: And so, generally, these policies, the intention of these policies would be for them to be a longer-term, term insurance, life insurance policy, not just a temporary snapshot of six months or a year when someone travels?

ROBERT TRESTAN: I'm not sure I understand the question.

SEN. CRISCO: Basically, the question is--

REP. MINER: I have life insurance. My first life insurance policy I started when I was in my 20s. I've maintained life insurance over the term of my life.

Sometimes I increased it, based on my indebtedness to protect my family, sometimes I've decreased it. What I'm trying to get at here, is the issue a, what I would consider to be a more term insurance policy, a window of time that someone might consider.

I mean, they're in the market buying life insurance for a reason, they might consider that there is an additional risk, and therefore, their in the marketplace trying to buy life insurance.

Or is it just coincidental, do they turn 36-years old, they're buying life insurance, and their intention is to keep it for a longer

period of time, and that's when they found out they had the problem.

ROBERT TRESTAN: I think that's probably more the case. I mean, if you, you could turn 36 today, and Israel could be on the list, and you could have a problem, or you could turn 36 today, and apply a week from now, and the State Department's taken it off the list, and then, you might not have a problem. It's a moving target.

REP. MINER: Okay. Thank you.

SEN. CRISCO: Just a clarification, we're not talking about rate increase, we're talking about rejection, right?

ROBERT TRESTAN: Yes.

SEN. CRISCO: And the other thing that's interesting, if the same person was to go to the airport, and take out one of those travel policies, would they have the same problem, because that could write up to $500,000 or more?

ROBERT TRESTAN: No. I'm not aware of that being a problem.

SEN. CRISCO: So that wouldn't be a problem. They could just, because the underwriting is quite different than a normal policy. Perhaps we could ask the industry when we get to it because when you go to the airport and you fill out a travel policy, the underwriting questions aren't as extensive.

I'm sure there is someone here who could enlighten us on that. Any other questions? Yes, Representative D'Amelio.

REP. D'AMELIO: For a second time, you keep referring to a State Department list. The State Department puts out a list of potentially dangerous countries to go visit as Americans? Is that the list?

ROBERT TRESTAN: Yes.

REP. D'AMELIO: I don't know what the list is. I'm trying to--

ROBERT TRESTAN: Oh. The State Department has a travel advisory list that contains, I think at last count, 21 or 22 countries. And that list is updated, it can be updated minute by minute.

And it's based on whatever information that they have, that they're advising Americans not to travel to, for whatever reason. And it's the countries that are on that list, people who want to travel to those countries, that are experiencing the problem. Israel is one of the countries on that list.

REP. D'AMELIO: So someone is experiencing problems buying life insurance if they plan on visiting one of these countries?

ROBERT TRESTAN: Yes.

REP. D'AMELIO: I don't see the, thank you.

ROBERT TRESTAN: I mean, you know, some of the applications, do you have plans to travel outside of the United States? And people will, sometimes they will check yes, or sometimes they'll list the country.
I mean, I spoke to someone who put yes, I have plans to travel outside the United States. Follow-up calls, part of the underwriting process, where are you planning to go? Israel.

People have received denial letters that state, we're unable to approve the policy, based upon your proposed foreign travel. So there is a direct relationship.

SEN. CRISCO: Thank you, Sir. Any other questions? Thank you very much.

ROBERT TRESTAN: Thank you.

SEN. CRISCO: We'll return back to the public part of the hearing, and Senator Slossberg.

SEN. SLOSSBERG: Thank you, Senator Crisco. Members of the Committee, thank you so much for allowing me to testify this morning. I'm actually just going to be very brief.

I'm here in support of Raised Senate Bill 259, AN ACT PROHIBITING DISCRIMINATION IN LIFE INSURANCE BASED ON LAWFUL TRAVEL DESTINATIONS, which you just heard testimony about.

And I'll be honest, there are going to be a lot more speakers here who have far more expertise in this area than I do. I just wanted to let you know that when I have had constituents call

me and tell me that they have been denied life insurance on the basis of this issue that we're talking about.

And one of the reasons that I support this legislation, we're seeing this go on across the country. There are other states that have already passed similar legislation.

And the idea here is that when we deal with life insurance, we need to deal with the numbers. We need to deal with the facts and not with perceptions.

While we certainly turn on the news, and we have perceptions that the Middle East, as a general region, has its safety issues, I think we have to really be looking at what are the numbers here.

And as you heard before, travel to Israel doesn't really qualify for that, and there are other places as well, and we just to make sure that when people are being reviewed for life insurance risks, they're being reviewed on the basis of real risk, and real facts, and not just perceptions.

And that's exactly what the language in this bill says, and so, I wholeheartedly support this, and I would appreciate the support of this Committee, to move this along and make sure that we continue to be a state where we look at the facts and not just the perceived realities. So I thank you.

SEN. CRISCO: You're welcome, Senator. Are there any questions of Senator Slossberg? If not, thank you very much.

SEN. SLOSSBERG: Thank you very much.

SEN. CRISCO: Dr. Answar? I'm sorry.

DR. SAUD ANWAR: Chairman Crisco, honorable Committee Members, good morning. For the record, my name is Saud Anwar. I'm a physician residing in South Windsor, with practice in Vernon, Manchester, East Hartford area. SB259

I'm also serving as the President of the Pakistani American Public Affairs Committee Connecticut Chapter, and also the Founding Member and the Past-President of the Pakistani American Association of Connecticut.

Now, as a part of my responsibilities serving in these organizations, I have had opportunity to interact with the Pakistani American community at the grass-root level.

On multiple occasions, we have had a chance to discuss with the people who are having difficulties with getting their life insurance for the same reason, because of their past travel or anticipated travel to Pakistan.

Now if you had seen the last few years, there has been an increase in travel to Pakistan, for a multitude of reasons. These include that the community here, the Pakistani Americans, actually are very passionately involved in

supporting schools and education system in Pakistan from here.

And that allows them to travel over there and evaluate some of these projects. And similarly, the economy, if you look at Pakistan, is one of the fastest growing economies in the world, and many of the people in the business industry are very much interested to reap the benefits by investing in a timely fashion.

In the recent year, in October where there was this earthquake, which was one of the worst earthquakes to hit mankind, resulted in a number of physicians and nurses who had to travel to Pakistan.

And as a result of which, they are now getting affected because they would have difficulty, if they were to get insurance. Just to look back, what is my experience?

I actually tried to get life insurance a few months ago, and I had difficulty, and we had to go through multiple different insurance companies.

My wife, who actually owns her own business, a physician as well, when she was trying to get life insurance, she had difficulties as well. Until after going through multiple applications, she was able to get life insurance.

My brother-in-law, who is in IT business, and actually because of his business, he has to

travel in different parts of the world, and to Pakistan as well, and he did not get the life insurance because of his travel and his stays in different parts of the world.

And this issue is a real issue, which is impacting people at different levels, whether they are traveling to Israel, they're traveling to Pakistan, or other parts of the world, which are on this list.

I'm a father of a nine-year old and a six-year old. And a basic safety net that most of us in this room take for granted actually can become a challenge for people, just because they are involved in some humanitarian activity, and they want to make a difference, and change things that need to be changed.

And I think this bill would allow us to be able to look at that. Thank you for your consideration.

SEN. CRISCO: Thank you, Doctor. Are there any questions? Representative D'Amelio.

REP. D'AMELIO: Just one. You mentioned, I think it was your brother-in-law, he had difficulty buying insurance, but he was able to buy insurance, right?

DR. SAUD ANWAR: Actually, in the case of my brother-in-law, he actually gave up. He said I can travel to other parts of the world, and I'll probably get it from somewhere else, but if the people over here are giving me so much trouble, I don't have the time to deal with

this bureaucracy. So he did not get life insurance.

REP. D'AMELIO: But it's not all insurance companies, just like, a certain few that are not writing the coverage?

DR. SAUD ANWAR: That's correct. There are insurance companies, from what my understanding is, who do not ask this travel question. But you have to go through a big list and then, you go down on that list, and you may find somebody, but it's not taken for granted that that's the situation.

SEN. CRISCO: Thank you, Doctor. Any other questions? Yes, Representative Geragosian.

REP. GERAGOSIAN: Thank you, Doctor Anwar. Is this just a problem with initial attempts to buy insurance, or have we had problems with renewals on existing policies?

DR. SAUD ANWAR: I actually bought an insurance about, almost 15 years ago, 10 or 15 years ago. I did not have any trouble at that time, and I don't recall this question being asked at that time.

So now, this time when I was actually buying another one and renewing it, that's actually when the question was asked, and that's when the trouble started.

So I'm not sure at what stage these questions were added, and how they were able to--

REP. GERAGOSIAN: Are there any cases of companies having an existing client, finding out for some reason, maybe an article in the paper, that you travel to Pakistan, or Israel, or wherever, and then, saying--

DR. SAUD ANWAR: I'm not aware of anything like that.

REP. GERAGOSIAN: Okay. Thank you. Thank you, Mr. Chairman.

SEN. CRISCO: You're welcome. Any other questions? Thank you. Thank you, Doctor. Mr. Barshay. I'm sorry.

STEVE BARSHAY: Barshay?

SEN. CRISCO: Barshay.

STEVE BARSHAY: Thank you.

SEN. CRISCO: Because of the great number of individuals testifying, and the multitude of bills, we would like to keep the testimony to three minutes, if you could.

And we will run a clock that is very devious, if you don't comply with it, okay.

STEVE BARSHAY: Thank you, Chairman Crisco, and Members of the Committee. My name is Steve Barshay. I have lived with my family in West Hartford for 22 years. SB259

I work for the Westinghouse Electric Company in Windsor, as a fellow scientist. My duties with

Westinghouse include work assignments at secure electric power installations that require detailed background checks prior to granting access.

I mention this because I now face the prospect of having to explain, on these background checks, why I was denied life insurance coverage.

In the fall of last year, I contacted TIAA-CREF to ask how I might reduce the premiums on my two existing life insurance policies that I already had with that company.

Their agent explained that I could replace my existing policies, which were approximately 15 and 25 years old, with less expensive policies if I could pass a current physical exam and be in good health.

Recognizing a good deal, I decided to apply for a modest increase in my coverage. I submitted my application to TIAA-CREF in November of 2005, underwent their physical examination and waited.

I should note that a question on the insurance application asked if I had any plans to travel outside of the United States in the next 12 months, to which I replied that my family and I were considering a two-week vacation trip to Israel in the summer of 2006.

In January, I received a packet of documents relating to my new policy that seemed to

indicate that the application was in the final stages of review, and would be approved soon.

About a week later, I received a three-sentence letter from an underwriter at TIAA-CREF stating, and if I might read from the letter, we are sorry to inform you that based upon your planned foreign travel we are unable to offer the insurance protection that you are seeking.

Well, after recovering from my surprise, I called the underwriter to ask if there might be any room for negotiation. She replied that if I would amend my application with a statement that I would not travel outside the United States in the next 12 months, the application could be approved.

My family and I are still considering our travel plans, with the additional cost of keeping my existing life insurance policies now figured into the travel budget.

I am also aware that on any future insurance application, and on my work-related background checks, I may have to explain why I was turned [Gap in testimony. Changing from Tape 1A to Tape 1B.]

--Thank you all for your kind attention.

SEN. CRISCO: Thank you, Sir. Are there questions from the Committee? Any questions? I'm sorry, I may have not heard, could you identify the insurance company that--

STEVE BARSHAY: TIAA-CREF.

SEN. CRISCO: Thank you very much, Sir. Audrey Lichter. Is Audrey Lichter here?

AUDREY LICHTER: Good morning, Chairman Crisco, Chairman O'Connor, Members of the Committee. My name is Audrey Lichter, and I live with my family in West Hartford.

My husband is a physician with a medical practice in Waterbury, Connecticut, and due to his patient schedule, he is unable to be here this morning.

I am here today to express my strong support for Senate Bill 259. My family has been impacted by this unwarranted insurance practice.

Approximately two years ago, my husband purchased three Transamerica life insurance policies at the same time. The three policies each had different beneficiaries and terms, and were treated by Transamerica as one policy plan.

At the conclusion of the underwriting process, he was approved for the best premium rate by Transamerica. A condition of the new policy was that he cancel all prior life insurance policies.

When this new policy was to become effective, the insurance agent told my husband that if he were to die of any causes, including natural causes, in certain countries during the first

one and two years of the life insurance plan, he would be ineligible for death benefits.

Afghanistan and Israel were specifically mentioned as being part of the two-year elimination process. This condition was not only shocking to us, but also was considerably disruptive since my husband had plans to visit our daughter, who was studying in Israel at the time.

Due to the restrictions on the life insurance policy, he was forced to meet her in France instead of Israel. I traveled to Israel to see her by myself.

This extra trip added considerable expense for our family, since it meant flying our daughter to Paris, acquiring two hotel rooms, and all that goes into a visit overseas.

It also meant that we could not be united as a family for the entire year that she was away. On behalf of my family, I urge you to give Senate Bill 259 favorable consideration.

This legislation is necessary to prevent other families from having to experience what happened to us.

SEN. CRISCO: Thank you, Audrey. Questions of the Committee? Chairman O'Connor.

REP. O'CONNOR: Thank you, Mr. Chair. Quick question. Now, when your husband was shopping around for a policy, did he ask the question, or was he advised that if he were traveling to

Israel or Afghanistan, or some of the countries on the list, that his policy would not, I guess basically, it would not take effect, or would not be able to be exercised, if he were to die within the two-year limit, prior to purchasing the life insurance policy?

AUDREY LICHTER: The question only, I don't believe that he knew about that as part of the policy, and was approved for the best level, and was told he had to cancel all his other policies.

And then, in conversation afterwards, by the way, you know that if you travel to Afghanistan or Israel, you will not be eligible for benefits.

He would never have taken that policy out because our daughter was studying in Israel, and he knew that his plans included travel to Israel. It didn't come up until after he was approved, and there was conversation afterwards.

REP. O'CONNOR: Did the previous policies have those exclusions?

AUDREY LICHTER: I don't believe so because we actually traveled as a family 12 years prior to Israel, and so, I don't believe that his other insurance policy had that.

REP. O'CONNOR: And then, have you since shopped around to see if there are any other insurance companies that don't have exclusions, or maybe put a rider on visits to certain countries?

AUDREY LICHTER: He actually kept that policy, and the two-year elimination period is almost up, so he will, hopefully, be able to travel in the future to Israel.

But he kept that policy. He had to cancel all his other policies, and he didn't shop around after that.

REP. O'CONNOR: Thank you very much.

SEN. CRISCO: Representative D'Amelio.

REP. D'AMELIO: Would you know that, like 12 years ago when he obtained that policy, was Israel on this State Department list that was mentioned before, as a potentially dangerous place to visit? He had no problem 12 years ago, purchasing the policy.

AUDREY LICHTER: Right.

REP. D'AMELIO: Was Israel on a State Department list 12 years ago, do you know?

AUDREY LICHTER: I don't know.

REP. D'AMELIO: Okay.

SEN. CRISCO: Any other questions? Thank you very much. Professor Baker.

PROFESSOR TOM BAKER: Thank you very much for the opportunity to testify in favor of Raised Senate Bill 259. I'm Tom Baker. I'm the Director of the Insurance Law Center at the

University of Connecticut. I'm also the Connecticut Mutual Professor of law.

I write about insurance risk classification. My insurance textbook addresses the law and policy of insurance risk classification. I teach and lecture about it, and I'm regarded, for better or worse, as an expert on that topic, as evidenced by the fact that I've been asked to review recently, scholarly and professional, articles on that for journals.

My understanding is consistent with the testimony so far, namely, that insurance companies operating in Connecticut refuse to issue insurance to people with plans to travel to countries on the State Department travel warning list, despite the fact that there's no data demonstrating that this travel poses a substantial increased risk of mortality, as compared, for instance, to North Hartford.

In my opinion, this is a form of unfair discrimination that the Legislature appropriately should prohibit. Existing law does not adequately protect Connecticut life insurance consumers from this unfair discrimination.

Although the Insurance Commissioner does, in my view, have authority under existing law to investigate and prohibit this unfair discrimination. The Commissioner has a wide degree of discretion in this regard.

Moreover, I know that I hold an expansive view of the Insurance Commissioner's authority, and

the nature of unfair discrimination, a view that is definitely not shared by many people in the life insurance industry, and at least, some insurance regulators.

The fact is that life insurance companies operating in Connecticut do ask about foreign travel plans in the underwriting process, and do deny applications on that basis, as I know from personal experience.

If they agree that the practice constituted unfair discrimination, they wouldn't be doing it. When I applied for my current life insurance policy, and this is a situation where I had, I've always had life insurance, I'm an insurance professor, I'm the most risk-averse person on the planet.

But when I applied for a new policy that had higher payment in the event of my death and better terms, part of the process included a telephonic interview with an insurance underwriter.

By the way, the company was TIAA-CREF. In the interview, the underwriter asked a variety of questions including whether I traveled outside the United States.

I explained that I travel to Canada and Europe on occasions for business, and that I had, in the past, traveled with my family to Israel.

With regard to future travel, the representative only asked if I had any plans to

travel to Israel because I do travel, from time to time, to Israel.

And I knew that underwriters, I know this from my professional work, they only ask questions when they care about an answer, I asked the underwriter to clarify what he meant by quote any plans, unquote.

When he simply repeated the question, I'm an insurance law professor. I told him that I interpreted his question to mean did I have any specific, definite plans to travel to Israel.

And I truthfully answered that question, no. At the time, I certainly hoped to return to Israel, both for research and personal reasons, but I did not have any specific, definite plans to do so.

He replied with a statement to the effect of, that's good, clearly indicating to me that he would not have had authority to approve this stage of application if I'd answered yes.

Senate Bill 259 improves on existing law by clarifying that an insurer that wishes to discriminate among applicants, on the basis of lawful travel, would first have to prove the travel poses a substantial increased risk.

My understanding, from talking with members in the Insurance Department is that they have some technical concerns, not about the intent of the legislation, but about the wording.

And based on that conversation, I think that those concerns are legitimate, and I would therefore urge the Committee to work the Department, and I'd be happy to help in making sure that the bill does the right thing.

But that the intent is good, and because the bill would require the insurers to first prove that there is substantial risk, they would have to stop doing this.

By contrast, under existing law, Connecticut's consumers would have to wait for the Department of Insurance to decide to conduct an investigation, to conduct that investigation, to decide to do something about the problem, and then, to overcome certain objections of the same insurance organizations that are opposing Senate Bill 259.

There are, in my view, too many places on that journey where the train can come off the tracks, to provide meaningful protection for Connecticut life insurance companies who regulate travel abroad. Thank you.

SEN. CRISCO: Questions? Yes, Representative Geragosian.

REP. GERAGOSIAN: Thank you. Professor Baker, thanks for being here. Would you like to comment on the previous testimony from Attorney Trestan, regarding the numbers of this, the risks.

Have you seen any studies that relate to the risk of traveling to Israel or any other country?

PROFESSOR TOM BAKER: The studies that I've seen were provided by the ADL.

REP. GERAGOSIAN: Okay.

PROFESSOR TOM BAKER: I spent a lot of time in Israel, and so, I worry about [inaudible], and I've checked this, and it is statistically more likely that you will die in plenty of places in the U.S., in the U.S. in general, and certainly in high risk places in the U.S., than in Israel.

But people may not appreciate that the most dangerous thing about Israel, driving. It's not terrorism. And you know, we hear about terrorism, we think about it, but maybe two or three Americans period have died from terrorism in Israel.

And again, it's important from a public policy international relations thing, but it's not a significant source of life insurance risk.

SEN. CRISCO: Any other questions? Chairman O'Connor. I'm sorry. Representative Geragosian [inaudible]

REP. GERAGOSIAN: I'm all set. Thank you, Mr. Chairman.

REP. O'CONNOR: Thank you, Mr. Chairman. Oh, sorry about that.

PROFESSOR TOM BAKER: That's okay. No, I'm happy to stay as long as you--

REP. O'CONNOR: Quick question. Are you opposed to the fact that you'd be ineligible for the death benefits during that two-year window? I mean, would you support--

PROFESSOR TOM BAKER: Actually, this is the first that I've heard about that. That actually strikes me as even worse, especially in a situation when someone didn't know that before they replaced their old policy, than an insurer choosing to refuse to issue the insurance in a market in which people can search around and find others.

I mean, that seems to me quite troubling, and my understanding is one of the reasons that the Department has a technical concern about the drafting of the language, is that they're concerned that the bill may allow insurance companies to do that kind of thing, if they could prove that there was a risk.

Whereas, the Department, at least my understanding of the view is, that once a policy is issued, the person ought to be able to do whatever they're going to do, and not have lots of exclusions in it or elimination periods.

REP. O'CONNOR: Because what I was getting at, if there was a disclosure, they have to offer the policy, whether or not you're traveling abroad or not, but that within this two-year window,

you may not be eligible, or your benefits would be denied.

I was thinking that that might be an avenue we could at least approach this issue on. [inaudible]

PROFESSOR TOM BAKER: You know, the idea of the two-year windows in life insurance policies as it relates to this incontestability clause, and concern about people misrepresenting things in their application process, and the public policy behind two-year things doesn't really fit well with this, in my view.

I mean, obviously, that would be better than nothing, but the fact that some companies feel that they can issue these policies without asking these kinds of questions suggests to me that it's not something that really, they need to do.

REP. O'CONNOR: Because the other thing too, I guess you have to look at the other side of the coin is, let's say they have to do it. They have to offer you this, and the death benefit would apply. Can you see people buying huge policies prior to traveling?

Maybe they know they're going to go on a peace mission in Afghanistan, and they know they're going, you know, maybe they're going to buy a $5 million policy, or what have you. Is there any concern on that end? Can you see the insurance company's point of view?

PROFESSOR TOM BAKER: No. I think we can see the concern about people buying insurance in a situation where they know that they have an increased risk of death.

My understanding is, the way this bill would work though, is if the insurance industry could show, through good data, or for specific instances that there really was an increased rate of risk, they would be able to do that.

My principle concern is that they're doing this in areas where there isn't any data at all. In other words, I don't think we want to establish a precedent that would allow people to wait until they need the insurance, to buy it.

You know, we want people to keep their insurance all the time. Everyone should have insurance, and they shouldn't buy more insurance at a moment, and then, in order to take advantage of the rest of us in the insurance pool.

REP. O'CONNOR: And that's one of my concerns, is that they might buy a policy they don't necessarily need, or be quite expensive, so to speak, $5 million, and then, cancel it when they return home.

PROFESSOR TOM BAKER: No, that, and that is a legitimate concern. And, at least, as I read the bill, that if the insurance industry had sound reasons for believing that this was the situation, but the thing is, they would have to demonstrate that, that they would be allowed to prevent that from happening.

I don't think anyone wants us people to be able to, you know, again, as I said before, take advantage of people in the insurance pool by doing what you described.

REP. O'CONNOR: Thank you very much.

SEN. CRISCO: Other questions? Yes, Representative D'Amelio.

REP. D'AMELIO: Thank you, Professor Baker, for being here. Would you know how many companies are asking the question about travel plans? Is it a widespread within-the-industry problem, or is it maybe a few companies here and there?

PROFESSOR TOM BAKER: I have to say that I haven't conducted a careful study to be able to know that. I know that some companies are, and I'm told that some companies are not.

But I haven't, that would be the sort of thing that, in my view, the Insurance Commissioner would have the authority to ask, and require companies to respond.

And so, one thing that might happen in the process of the consideration of this bill, would be for the Insurance Commissioner to make such a request to the companies.

SEN. CRISCO: Any other questions? Professor, could you just clarify the point, the Insurance Commissioner said that the policy would actually create more problems than it resolved,

that there would be more discrimination. Could you just reiterate on that?

PROFESSOR TOM BAKER: Again, I definitely do not want to speak for the Commissioner. I had a brief conversation with Mr. Arsenault, and he pointed out language to me that suggested that the final clause in the legislation, I don't have the exact language, but that that needs some attention.

And when he pointed that out to me, I agreed, and we agreed that we would have conversations about that, and I'm available to do that. And I know he's eager to do that as well.

SEN. CRISCO: Thank you. Now, the standard life policies have a year exemption for suicide and some other, isn't that so?

PROFESSOR TOM BAKER: Yeah. It's a year or two years, depending.

SEN. CRISCO: I don't know if you would know this, but when you travel, many times kiosks will take out travel insurance, not only for the flight, but also while they are traveling.

But I know recall ever seeing, obviously I buy that insurance, but I don't ever recall seeing that question about do you plan to travel. Do they use underwriting standards differently than what they do for the regular policy?

It seems to me that if you want to purchase insurance for a risk that you're very concerned about in the short term, that there would be

more discrimination on the travel policy versus the regular policies. Could you comment on that, please?

PROFESSOR TOM BAKER: Yes. The whole idea of travel insurance is that people buy it at the last minute, and so, it might be a good choice for the person traveling to Afghanistan in the way that your colleague suggested.

But the travel insurance basically charges a ton of money for short-term coverage, and they don't worry about what your health is, what anything about you, and that's a business model, and it works.

SEN. CRISCO: Any other questions? Thank you, Professor. Bob Kehmna.

BOB KEHMNA: Thank you, Senator Crisco, Members of the Insurance and Real Estate Committee. My name is Bob Kehmna. I'm President of the Insurance Association of Connecticut.

With me today is, Mike Bartholomew, Chief Counsel for the American Council of Life Insurers, a national trade association that represents almost 400 life insurers, about 97% of the marketplace.

We're here today to speak in opposition to Senate Bill 259. Each insurer has its own underwriting practices, which are subject to the state's Unfair Trade Practices Act. Unfair discrimination in this area is already prohibited by law.

Life insurers ask applicants a series of questions, in an attempt to ascertain the risk presented. Those questions can relate to age, health history, whether you're a bungee jumper, a whole host of different things.

Travel is just one of the factors that is considered by the insurer when determining its underwriting and rating decisions. That travel information has been used by insurers for decades.

Individuals are placed in a risk class along with other persons of similar risks, and pay an appropriate premium for the risk presented. The classification system ensures that the premiums are fair and are adequate to meet need.

Unlike other types of insurance, life insurers have only one opportunity to make this risk classification, that, at the time of the initial application.

Once issued, the policy cannot be canceled due to any increased nature of the risk presented, as long as the premiums are paid. The importance of travel information, as part of that risk classification process, varies greatly from insurer to insurer.

The question was asked, answered in the affirmative, the insurer may ask for additional information, as you've heard previously.

That information may be used as a basis of denial. It may be used as a basis of

increasing the rate of the product. It may have no impact at all.

It varies from company to company. It varies with the totality of the information provided by the applicant. It's a simple fact that some countries are more unsafe, present more dangers, than others.

If you're engaged in a cost-based classification system, you need to look at risk factors in order to accurately and fairly judge that risk.

Life insurers are in business to do business. They can only make a profit if they sell their products. It's a fact that the vast majority of applicants for life insurance are offered coverage.

Only four percent to five percent are declined coverage for any variety of reasons, and the travel issue is a very small fraction of that four percent to five percent. We're engaged in a highly competitive business. There are hundreds of companies competing for business across the country.

If one country is not interested in writing a particular applicant, for one reason or another, another will be. I think previous people testifying in this have recognized the fact that insurers treat this issue differently.

It's our position that we, as an industry, individual companies, as an individual company,

should have the opportunity to objectively just the risk presented, in order to accurately, fairly, and completely underwrite and rate that risk.

We believe this bill would create an unwarranted intrusion and restriction on that process, and we would urge its rejection. Mr. Bartholomew is here to help answer any questions you may have. Thank you.

SEN. CRISCO: Thank you, Bob. Are there any questions? Yes, Representative Geragosian. Excuse me?

REP. GERAGOSIAN: Is [inaudible - microphone not on].

SEN. CRISCO: Yes.

REP. GERAGOSIAN: Hello, Mr. Kehmna. I don't know to what extent you commented on the issue of the real risk of traveling to Israel or other countries on the list, and how that relates to the rating.

BOB KEHMNA: Companies have their own experience, their own actuarial guidelines as to how they view the travel. Some companies view travel as a more important risk factor than others.

It can vary from company to company based on their own experience, based on their own data that they're looking at.

REP. GERAGOSIAN: And the practice that some of the testimony before of forcing an insured to

cancel their policies in order to get another policy. Is that regular in the marketplace? It's not something I've heard of before.

BOB KEHMNA: That particular set of circumstances, frankly, I have never heard of. Maybe I'll ask Mr. Bartholomew if he had.

MIKE BARTHOLOMEW: I don't know if we have all of the information to answer that, but I would imagine that the condition of the sale was to replace an increased coverage, and the circumstances might have been that having all of those policies was considered a condition called overtures. You had more insurance than you needed.

But without knowing the details of the transaction, I couldn't understand why that kind of transaction would take place.

REP. GERAGOSIAN: If you'd like to comment on the issue of the actual risk because I think that's an important factor here, as it relates to travel.

MIKE BARTHOLOMEW: Well, I think that there's been much too much discussion about the State Department list. That might be a factor that raises a red flag to an insurance company when it's making an analysis of risk.

But it isn't the end-all and be-all, as I understand it. They take into account many other factors that they, and the people that they insure their risks with, their re-insurers, talk about extensively.

The re-insurers are the ultimate insurer, and they rely on them because they obviously can't take all of the risks that they write, without getting some backup from the re-insurance.

And the re-insurers have extensive amounts of experience in this field, and they don't do things arbitrarily because they understand that the insurance company's feet are held to the fire in making sure that they follow precepts of the Unfair Trade Practices Act, which means when you make a discrimination of risks, you do it in a fair and equitable way.

And you put people with a proper amount of class using the best tools you have available to make it a risk assessment.

REP. GERAGOSIAN: But it seems to me that having people denied of policies was geared towards certain countries.

It wasn't geared toward, I can understand how many people who travel a lot might have a higher risk in general, possibly, if somebody travels three weeks out of a month for business or something, and travels, possibly.

But this was isolated to certain countries on the list, that's why we get back to the State Department's list because--

MIKE BARTHOLOMEW: Well, that's not true. Underwriting actions that are taken by companies take into account other things than the State Department list.

REP. GERAGOSIAN: But the folks here--

MIKE BARTHOLOMEW: There are statistical analyses available to companies, other than the warnings list that's put out by the State Department. There's also statistical information from the Department of Commerce about foreign travel by American citizens.

There are also other statistical analyses based on claims. The whole host of things that are taken into account, to get as much information available, to do a good job in determining what kind of risk does this present to us, as opposed to the other risks we have, and what class do we put it in?

REP. GERAGOSIAN: But there's nobody here testifying that they had a problem because they traveled to Ireland, or Italy, or wherever else, South America, for that matter. That's why I have to think that they're weighting the lists.

MIKE BARTHOLOMEW: But that doesn't mean that they might not have had action taken against them. This isn't about Israel. Our issue isn't about Israel. It isn't about Afghanistan. It isn't about Pakistan.

It's about a person traveling to a foreign country, staying for whatever period of time, and the fact of that travel to that country presents an inordinate risk or a different risk, than for a person that doesn't travel to that foreign country.

REP. GERAGOSIAN: And lastly, Representative O'Connor, in his questioning, talked about the scenario where folks might go out and load up on insurance before they knew they were going to a dangerous place.

Is this something you've found is happening out there in any large numbers, or is it something you--

MIKE BARTHOLOMEW: Well, only anecdotally information. The information that we had in the other state Legislatures where we dealt with this, is that it has arisen because there is a driving need to buy insurance before they travel abroad. What does that tell you?

REP. GERAGOSIAN: No. I'm just saying--

MIKE BARTHOLOMEW: They understand that there's an additional risk involved in traveling to where they're traveling, so they go out and make a specific purchase of insurance to do that, in connection with it.

REP. GERAGOSIAN: Well, they believe there's a real risk, but I don't know if there, I mean, it doesn't mean that there is. I'm just saying, I mean, I'm talking about the specific example of people loading up on life insurance prior to going to a dangerous place and then, canceling the policy when they get back.

BOB KEHMNA: There is anecdotal evidence of that that I have been told from several of the companies that I do represent. Is there a

study to that effect? No, I don't have a specific impersonal study to that.

REP. GERAGOSIAN: Hearing experience from the member companies, I'd be interested to hear about that because we don't want that to occur either. Thank you, Mr. Chairman.

SEN. CRISCO: Thank you, Sir. Senator DeLuca.

SEN. DELUCA: Thank you, Mr. Chairman. Good morning.

BOB KEHMNA: Good morning.

SEN. DELUCA: Bob, during your testimony, you said something about the percentage of rejections in life insurance applications was what, five percent?

BOB KEHMNA: Four to five percent of total applications are rejected for any number of reasons.

SEN. DELUCA: So that would be all inclusive of reasons, not just in this issue?

BOB KEHMNA: Right.

SEN. DELUCA: This issue you said was what, a small percentage of that four?

BOB KEHMNA: It would be a fraction of that, yes. A specific number, I don't have for you, Senator.

SEN. DELUCA: You don't have the percentage?

BOB KEHMNA: No, I don't.

SEN. DELUCA: And then, I was going to follow up with, you said that there are only a few or some companies that have been accused of this or have utilized this in denying policies based on travel. But there are others that don't, correct?

BOB KEHMNA: Insurance companies look at this issue, as they look at other rating factors and underwriting factors, according to their own belief of the risk process, the risk classification process that they undertake.

So this particular question, you will have insurers who do not attach much of any value or importance to the answer that you give. Others will treat it with more importance. There's a variety, but that's the point of the marketplace.

The marketplace provides a series of options to consumers, and there are writers out there who will write people, as you heard previously. Even if one company may not, the next will.

SEN. DELUCA: I didn't hear all the testimony prior, but some of the testimony that I heard, people felt as though they were denied specifically on the travel issue.

Are both of you saying that that is very unlikely, that maybe other factors are included in the questions relating to the questions that are asked of an applicant?

MIKE BARTHOLOMEW: No. I think what we're saying, Senator, is that there are companies who have experience in underwriting foreign travel to such a degree that they might take different action.

SEN. DELUCA: So that would be a more important issue to them because of their experience?

MIKE BARTHOLOMEW: That's right. They've made a focus, based on their block of business, because of the size of the company, which is a very important factor in underwriting decisions, how much surplus do they have, how much experience do they have, what kind of relationship do they have with their insurer, in terms of the whole aspect of foreign travel.

They cooperatively work on ways in which to underwrite those risks, but some companies just say, we choose not to because we just don't feel comfortable enough in taking that risk.

SEN. DELUCA: While there are other companies that would not make this a major factor in their consideration or underwriting?

MIKE BARTHOLOMEW: Right. And I testified a couple of months ago in Boston on similar legislation, and all the people who testified, while their initial reaction, or action was taken by the company to either limit or rate their coverage, all of them were able to buy life insurance coverage eventually.

SEN. DELUCA: That was going to be my next question. When people are denied this, from that company

that puts a great deal of concern in the travel issue, that there are other companies that they could, all factors being equal, they could get the insurance that they require?

MIKE BARTHOLOMEW: Right.

SEN. DELUCA: And lastly, I think on Representative Geragosian's and the Chairman's questions earlier, do you have knowledge, or is it just anecdotal knowledge, of people loading up with insurance prior to?

Because some of the testimony I heard was, within 12 months are you traveling? If that question was answered no, but they might have been considering traveling in two years or more, would that have the same factor?

So has the experience, is there experience of people loading up because of travel imminent within the next year, or whatever?

MIKE BARTHOLOMEW: As Mr. Kehmna said, only anecdotally.

SEN. DELUCA: Only anecdotally. Thank you, both.

SEN. CRISCO: Thank you, Senator. Any other questions? Maybe you could clarify one issue. This loading up factor pertains to those companies that are in the travel insurance business and the regular life businesses.

You mentioned that people are anticipating risks when they travel, so they will buy additional insurance at the airport. My

perception is that they buy it mostly for the air travel, and not so much for where they're going.

Now, companies do provide coverage for the air travel, plus while you're away from home. But they don't ask the questions that are asked on a regular life policy.

Could you just clarify that for me, only for those companies that write both books of business? I can understand where they write different books of business, but in regards to the travel policy.

BOB KEHMNA: I have to admit, I really am not an expert in the travel insurance issue, but what we're talking about here is life insurance. And life insurance is a product that is sold with the anticipation that premium would be collected for years.

Once the policy issued, that person is guaranteed coverage at that fixed rate for years, and years, and years, and the premium is based on that actuarial estimate, of what it would take in premium to cover the costs associated with the coverage.

If someone were to take a life insurance policy, travel, according to the example previously given by Representative O'Connor, and then, cancel upon return, they will have paid, in all likelihood, one month of premium.

I'm a 51-year old male, term insurance, $50, $45 a month, can get me $250,000 in coverage.

That doesn't even cover the cost of the commission that the insurance company will have to pay for that policy.

So if someone is doing that, and again, we see anecdotal evidence that it is happening, it's destructing the real nature of the basis of this product, this life insurance product, not a travel insurance product.

Because actuarially, there was a determination made as to what the premium should be. This is distorting that, and the company is suffering from anti-selection because of it.

I do not know anything about travel insurance. I'd be glad to look into it for the Committee. I think the previous testifier said that they charge a lot of money for it.

I'm sure it's more than the $45 that would have been charged for the monthly premium on the life insurance policy.

SEN. CRISCO: Well, usually it's maybe a multiple of two or three, it depends, but it is life insurance because you are providing protection in case of death or accident, and acts of [inaudible]. That's all academic. Are there any other questions? Thank you both very much. We greatly appreciate it.

BOB KEHMNA: Thank you for your time.

SEN. CRISCO: Is there anybody else to testify on Senate Bill 259? If not, we will proceed to Senate Bill 334, AN ACT CONCERNING MAIL ORDER

JOINT
STANDING
COMMITTEE
HEARINGS

INSURANCE
AND
REAL ESTATE

PART2
326-602

2006

Statement

Insurance Association of Connecticut

American Council of Life Insurers

Insurance and Real Estate Committee

March 2, 2006

SB 259, An Act Prohibiting Discrimination in Life Insurance Based on Lawful Travel Destinations

The Insurance Association of Connecticut (IAC) and the American Council of Life Insurers (ACLI) oppose SB 259, An Act Prohibiting Discrimination in Life Insurance Based on Lawful Travel Destinations. SB 259 would limit a life insurer's ability to underwrite or rate based on information regarding the applicant's past or future travel destinations.

Each insurer has its own underwriting practices, which are subject to the state's unfair trade practices act. Unfair discrimination is already prohibited.

Life insurers ask applicants to answer a series of questions as they gather information to properly evaluate the risk presented (age, health history, past DUI/DWI convictions, smoking status, felony convictions, dangerous hobbies, etc.). Travel is just one of many factors that may be used to accurately classify the risk for underwriting/rating purposes. Travel information has been used for decades by insurers.

Individuals are placed in a risk class along with other persons with similar risk factors, and pay the premium appropriate for the risk. Risk

classification insures that premiums are fair and adequate to meet future claims. Unlike other types of insurance, life insurers have only one opportunity to classify the risk (at the time of initial application). Once issued, the policy cannot be canceled due to any future risk increase, as long as premiums are paid.

The importance attached to travel information, as part of risk classification, will vary from insurer to insurer. If the travel question (example: Do you plan to travel outside the U.S. within the next two years?) is answered in the affirmative, additional information may be asked of the applicant in order to define the nature and extent of the travel plans. That information may be used to deny or delay coverage, or to rate differently, or it may have no effect, based on the insurer involved and all the information provided by the applicant.

It is a simple fact that some countries are more dangerous than others. Insurers also ask for travel information from the applicant in order to prevent anti-selection. Otherwise, the applicant could simply make the initial monthly premium payment on a new policy, travel to a dangerous destination, and cancel the policy upon his/her return, creating de facto travel insurance. Such actions would destroy the actuarial basis of life insurance, as the insurer will never receive the anticipated premium over time, which was the basis of the contract. Also, life insurers have large up-front acquisition costs (processing, commissions, etc.) relative to the cost of the product. Insurers have seen anecdotal evidence of insureds canceling insurance policies after returning from

foreign travel, an indication that the insured was concerned enough about the hazard associated with the travel to secure life insurance coverage before the trip.

Life insurers are in business to do business. They can only make a profit if they sell their products. In fact, the vast majority of applicants for life insurance are offered coverage. Only about 4 to 5 percent of applicants are actually denied coverage for any reason (denials based on future travel plans are a fraction of that percentage). The highly competitive life insurance marketplace, with hundreds of insurers competing for business, provides many options for consumers. If one company is not interested in assuming the risk of underwriting a certain individual, another company will be. However, insurers must be allowed to objectively judge risk in order to accurately, and fairly, underwrite and price their products. SB 259 would create unwarranted restrictions on insurers in that risk classification process.

IAC urges rejection of SB 259.

TESTIMONY OF AUDREY LICHTER
IN SUPPORT OF SENATE BILL NO. 259
"AN ACT PROHIBITING DISCRIMINATION IN LIFE INSURANCE BASED ON LAWFUL TRAVEL DESTINATIONS"
INSURANCE AND REAL ESTATE COMMITTEE
MARCH 2, 2006

Good morning Chairman Criso, Chairman O'Connor, members of the Committee. My name is Audrey Lichter and I live with my family in West Hartford. My husband is a physician with a medical practice in Waterbury CT. and due to his patient schedule is unable to be here this morning. I am here today to express my strong support for Senate Bill 249. My family has been impacted by this unwarranted insurance practice.

Approximately 2 years ago my husband purchased 3 Transamerica life insurance policies at the same time. The 3 policies each had different beneficiaries and terms, and were treated by Transamerica as one policy plan. At the conclusion of the underwriting process he was approved for the best premium rate by Transamerica. A condition of the new policy was that he cancel all other prior life insurance policies. When this new policy was to become effective the insurance agent told my husband that if her were to die of any causes (including natural causes) in certain countries during the 1st 2 years of the life insurance plan, he would be ineligible for death benefits. Afghanistan and Israel were specifically mentioned as being part of the 2 year elimination period.

This condition was not only shocking to us but was also considerably disruptive since my husband had plans to visit our daughter who was studying in Israel at the time. Due to the restrictions on the life insurance policy, he was forced to meet her in France instead of Israel. I traveled to Israel to see her by myself. This extra trip added considerable extra expense for our family, since it meant flying our daughter to Paris, acquiring two hotel rooms, and all that goes into a visit overseas. It also meant that we could not be united as a family for the entire year that she was away.

On behalf of my family, I urge you to give Senate Bill 259 favorable consideration. This legislation is necessary to prevent other families from having to experience what happened to us.

Statement of Tom Baker,
Connecticut Mutual Professor and Director, Insurance Law Center,
University of Connecticut School of Law,
Regarding Raised Bill No. 259.
March 2, 2006.

Thank you for the opportunity to testify in favor of Raised Bill No. 259, which would prohibit life insurance companies from discriminating among applicants on the basis of lawful past or future travel, except in cases in which the insurer can demonstrate that the travel poses a substantial increased risk of mortality.

I have written scholarly articles and book chapters on the topic of insurance risk classification; my insurance law textbook explores the law and policy relating to insurance risk classification; and I regularly teach and lecture on this topic. As a result, I am regarded as an expert on the law and policy relating to insurance risk classification, as evidenced, for example, by recent requests to review articles on this topic for academic and professional journals.

My understanding is that some life insurance companies operating in Connecticut refuse to issue insurance to people with plans to travel in companies on the State Department travel warning list (such as Pakistan and Israel), despite the fact that there are no data demonstrating that this travel poses a substantial increased risk of mortality as compared, for example, to travel to any number of urban locations in the United States. In my opinion, this is a form of unfair discrimination that the legislature appropriately should prohibit.

Existing law does not adequately protect Connecticut life insurance consumers from this unfair discrimination. Although the Insurance Commissioner does in my view have authority under existing law to investigate and prohibit this unfair discrimination, the Commissioner has a wide degree of discretion in this regard. Moreover, I hold an expansive view regarding both the nature of unfair discrimination and the scope of the Commissioner's authority, a view that is not shared by many people in the life insurance industry and at least some insurance regulators.

The fact is that life insurance companies operating in Connecticut do ask about foreign travel plans in the underwriting process and do deny applications on that basis, as I know from personal experience. If they agreed that this practice constituted unfair discrimination, they would not be doing it.

When I applied for my current life insurance policy, the application process included a telephonic interview with an underwriter. In the interview, the underwriter asked a variety of questions, including whether I traveled outside of the United States. I explained that I traveled to Canada and Europe on occasion for business and that I had traveled with my family to Israel. With regard to future travel, the representative only asked if I had any plans to travel to Israel. Because I do from time to time travel to Israel and I knew that underwriters only ask questions when they care about the answer, I asked the underwriter to clarify what he meant by "any plans." When he simply repeated the question, I told him that I interpreted his question to mean "Did I have any specific, definite plans to travel to Israel?" and I truthfully answered that question, "No." At the time I certainly hoped to return to Israel, both for research and personal reasons, but I did not have any specific, definite plans to do so. He replied with a statement to the effect of "That's good," clearly indicating to me that he would not have had authority to approve this stage of my application if I had answered, "Yes."

Bill 259 improves on existing law by clarifying that an insurer that wishes to discriminate among applicants on the basis of lawful travel would first have to prove that the travel poses a substantial increased risk of mortality. At least with regard to travel to Israel, and I suspect with regard to travel to other countries on the State Department travel warning list, there are no sound actuarial data demonstrating that travel to that location poses a substantial increased risk of mortality as compared to locations in the U.S. Thus, Bill 259 would immediately stop insurers from discriminating on this basis unless and until they obtain such data.

By contrast, under existing law Connecticut consumers would have to wait for the Department of Insurance to decide to conduct an investigation, to conduct that investigation, to decide to do something about the problem, and then to overcome the almost certain objections of the same insurance organizations that are opposing Senate Bill 259. There are too many places on that journey where the train can come off the tracks to provide meaningful protection for Connecticut life insurance consumers who regularly travel abroad.

* * * *

Statement of Rabbi Mitchell M. Horvitz
Supporting Senate Bill 259
"AN ACT PROHIBITING DISCRIMINATION IN LIFE INSURANCE BASED ON LAWFUL TRAVEL DESTINATIONS"
INSURANCE AND REAL ESTATE COMMITTEE
MARCH 2, 2006

My name is Rabbi Mitchell M. Hurvitz and I am the Rabbi at Temple Sholom in Greenwich. Due to professional commitments at my congregation, I am unable to attend today's hearing.

Both my wife (Roseanne) and I are 40 years old. Approximately two years ago, we applied for Life Insurance thorough AIG. The stated reason that AIG denied us a policy was our intention to travel overseas (Israel). There was no other reason provided as to why we were denied coverage.

Our Insurance agent, Steve Batkin, informed us that this action by insurance carriers was common, and he could suggest another carrier who did not deny coverage due to planned travel to Israel. I was somewhat bewildered by this common state within the insurance industry. My experience in traveling to Israel is that statistically it is as safe as my traveling to New York City. I do not belief there is sufficient cause, or statistical evidence that would justify insurance denial for planned trips to Israel, and one could construe such actions by the insurance industry as a form of latent anti-Semitism.

I would hope that our legislative leaders would be concerned for this typical insurance behavior, and address it in a productive manner for all.

Thank you for your attention and efforts, and you may feel free to contact me if you have any questions.

Rabbi Mitchell M. Horvitz
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Testimony and Statement
M. Saud Anwar MD, MPH, FCCP
Past President, Founder, Pakistani American Association of Connecticut
President, Connecticut Chapter of Pakistani American Public Affairs Committee

Hearing on SB 259
"An Act Prohibiting Discrimination in Life Insurance Based on Lawful Travel Destinations"

Before the Committee on Insurance and Real Estate
Connecticut General Assembly

March 2nd, 2006
Legislative Office Building
Hartford, CT 06106

Good morning Chairman Criso, Chairman O'Connor, and members of the Committee my name is Dr. Saud Anwar and I am a resident of South Windsor and maintain a medical practice in Manchester, East Hartford, Vernon area . I appreciate the opportunity to testify on behalf of the Pakistani American community and their challenges in obtaining life insurance in our State of Connecticut. I am the President of the Connecticut Chapter of Pakistani American Public Affairs Committee, and Past President and Founder of the Pakistani American Association of Connecticut (PAACT). PAACT is a grass roots organization of the Pakistani Americans in Connecticut, and with my work with the group; I have had an opportunity to interact with many Pakistani American community members residing in Connecticut. These interactions have allowed me to gain first hand knowledge of the challenges faced by the community.

On many occasions, I have been informed by community members about the difficulties that they have had in obtaining life insurance in Connecticut. Insurance companies have in many instances, denied, or refused to accept applications from people who have in the past traveled to or are planning to travel to Pakistan.

We know that in the last few years there has been an increase in travel to Pakistan by all Americans and specifically Pakistani Americans for a multitude of reasons. The reasons include the communities efforts to help build schools and to positively influence the education systems in Pakistan. Pakistan's economic growth has been the fastest in the world in the recent few years, and many businessmen are trying to join in and reap the benefits of investing in the region. The earthquake of October 8, 2006 left over 80,000 (eighty thousand people) people dead and over 3 million homeless. A team of physicians and nurses from Connecticut visited Pakistan in the immediate aftermath and more people continue to travel to help in the rebuilding and rehabilitation phase of the disaster.

It is clear that the United States involvement and investment in the region will continue and travel to Pakistan will continue to increase. President Bush's current visit to Pakistan is evidence of the important relationship America has with Pakistan.

I have personally experienced difficulty obtaining life insurance because of travel to Pakistan. A few months ago I applied for life insurance and was denied because of travel to Pakistan. After applying to several insurance companies, I was finally able to obtain a policy. My wife Dr. Yusra Anis-Anwar who has her own business experienced the same difficulty and frustration in obtaining a life insurance policy. She was similarly denied and was only able to obtain a policy after completing multiple applications. My brother in law Mr. Monis Rahman who resides in South Windsor, has an established information technology based businesses, which requires him to travel all over the world including Pakistan. His application was denied and as of today has been unable to obtain a life insurance policy.

I am a father of two children age 9 and 6, and this basic safety net that people take for granted has become difficult just because, of to travel to a particular country. Many of my trips to Pakistan have been in association with the Pakistani Association of Physicians of Pakistani Descent in North America to provide aid and expertise after the earthquake. It is unfortunate that these humanitarian motives for travel result in denials of life insurance.

I appreciate the substantial thought and effort that you have devoted to this serious problem that affects the residents of Connecticut living in a global village

Thank you for your consideration of my testimony. I can be contacted for any further comments at 860 875 2444 or email: S.Anwar@sbcglobal.net

TESTIMONY OF THE ANTI-DEFAMATION LEAGUE
IN SUPPORT OF SENATE BILL NO. 259
"AN ACT PROHIBITING DISCRIMINATION IN LIFE INSURANCE BASED ON LAWFUL TRAVEL DESTINATIONS"

INSURANCE AND REAL ESTATE COMMITTEE
MARCH 2, 2006

Chairman Criso, Chairman O'Connor, members of the Committee, my name is Robert Trestan and I am Civil Rights Counsel for the Connecticut Region of the Anti-Defamation League (ADL). With me today is David Waren, Director of the ADL's Connecticut Office. The Anti-Defamation League was founded in 1913 with a mandate to fight the defamation of the Jewish people and secure justice and fair treatment for all. Today the ADL is one of the country's leading civil rights organizations.

I am here today to express our strong support for Senate Bill 259, which would prohibit discrimination in the provision of life insurance to applicants simply because they have traveled or plan to travel to Israel or a number of other countries.

Many of the largest insurance companies often deny life insurance to Americans who have traveled or state their intention to travel to Israel or other countries listed on the US State Department's Travel Advisory warning list. Questions about past and future travel are common on insurance applications, and travelers who list a country on the current State Department advisory list, often find that they are rejected and can no longer get life insurance from the carrier of their choice.

I have spoken with a Rabbi from Greenwich who 2 years ago was denied by AIG because part of his job and faith requires travel to Israel. I listened as a physician from West Hartford told me that after TransAmerica approved his application the insurance agent told him "*you should be aware that you cannot go to Israel for the next two years.* This created a serious problem because his daughter was studying in Israel at the time. He and his wife were forced to visit their daughter in Europe. When a University of Connecticut Professor and his wife from South Windsor, consulted with an insurance agent about obtaining life insurance, they were bluntly told that since they traveled to Israel each summer they would be denied. After representatives from several insurance companies told them the same thing, they simply opted not to even bother applying.

Last year more than 450,000 Americans visited Israel, more than from any other country. The effect of the current insurance industry's policies is to discriminate against Americans who seek to travel to Israel – a place with special meaning to Jews, Christians and Muslims. While in total numbers far more evangelical Christians travel to Israel, a higher proportion of the Jewish community travels to Israel than any other group. The life insurers' policy therefore disproportionately affects the Jewish community.

The State Department list is based on individual, localized acts of violence, localized regional outbreaks of disease, and natural disasters. The Advisory list does not quantify risk and is not based on any statistical data. Nonetheless, it is being used as a litmus test by the insurance industry.

In fact, the evidence suggests that Israel is a safer place than the United States. As Business Week noted, there were 17 homicides per 100,000 people in the United States in 2002, compared with just 11 in Israel.

According to the 2005 CIA World Fact Book, the United States has a higher crude death rate (at 8.25 deaths per 1000 persons) than Israel (6.16 deaths per person). A number of other countries on the State Department Advisory List have significantly lower crude death rates.

In April 2004, an individual who was denied life insurance on the basis of his past and future travel to Israel sued Allstate Insurance Company, in addition to 13 other companies. Allstate has since settled, becoming the first insurance company to voluntarily stop denying coverage to applicants who indicated past or future travel to Israel. If Allstate can assess risk without reliance on the Sate Department warning list, then so can other insurance carriers.

The denial of life insurance is not a minor problem. Once someone has been denied life insurance coverage, it is much more difficult to later obtain coverage. The insurers have a shared database of those who've been denied insurance and each application asks if you've ever been denied life insurance before. Denial by one creates a red flag that makes it much more likely you'll be denied by all.

The effects of industry's discrimination can be felt across the board – affecting tourists, business people, aid workers and even legislators on government business.

New York, Illinois and Maryland have already enacted legislation protecting applicants from being denied life insurance based on *past travel*. Washington State and California recently enacted laws that prevent discrimination based on *both past and future* lawful foreign travel. Last July, federal legislation was introduced that contains protections against denial of coverage due to future travel. The bill was introduced by Representative Debbie Wasserman Schultz (D-FL) after she received a rejection letter from AIG based on "potential travel to Israel". The ADL supported legislation in these states and remains committed to passage of the federal bill. Until federal legislation is enacted, passage of statewide protection is critical.

We appreciate the fact that risk assessment is an important component in the determination whether or not to provide coverage, but denials should only based on sound actuarial principles related to actual or reasonably anticipated experience. SB 249 accomplishes this goal. The bill allows insurance companies to do what they do best, assess risk based on bona fide statistical data.

Thank you for this opportunity to share with you our views on this important matter. I am available to answer any questions.

STATEMENT OF STEPHEN BATKIN
IN SUPPORT OF SENATE BILL NO. 259
"AN ACT PROHIBITING DISCRIMINATION IN LIFE INSURANCE BASED ON LAWFUL TRAVEL DESTINATIONS"
INSURANCE AND REAL ESTATE COMMITTEE
MARCH 2, 2006

My name Stephen Batkin and I apologize that I am unable to be present in person for this important hearing. I live in Greenwich, CT and am President of Lampe-Batkin Associates Inc., an insurance agency located in Cos Cob, CT. I have been in the insurance business for approximately 26 years and can attest to the difficulties I have had in obtaining life insurance policies for clients who travel to Israel. For this reason I am strongly in favor of Senate Bill 249.

Over the past few years, some of my clients have applied for life insurance through my agency. Clients who have been denied have included business leaders, tourists and members of the clergy. The life insurance application asks about overseas travel and when my clients have indicated that they plan to travel to Israel, the insurance carrier has declined to write a policy. They were turned down without any avenue of appeal. It did not matter if they were going for a vacation or to visit relatives.

I hope you can help address this problem. As many of us know, travel to Israel does not lower your life expectancy. This problem is not limited to a specific carrier as I have had this declination when I applied to CNA Insurance, Zurich Life and other companies.

Thank you for your attention and efforts to remedy this unfair practice. Please feel free to contact me is you have any questions.

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STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony of Susan F. Cogswell,
Insurance Commissioner of the State of Connecticut
before
the Insurance and Real Estate Committee
Thursday, March 2, 2006

Senate Bill No. 259 – An Act Prohibiting Discrimination in Life Insurance Based on Lawful Travel Destinations

The Connecticut Insurance Department urges the Committee to proceed with caution regarding **SB 259 -- An Act Prohibiting Discrimination in Life Insurance Based on Lawful Travel Destinations.** We believe that the intent behind this proposal is laudable and is to prohibit discrimination in life insurance policies based on the past or future lawful destinations of the applicant or insured. Although SB-259 attempts to limit a carrier's ability to underwrite a policy based on travel, this proposed language may actually allow contract exclusions that are currently not allowed, such as an exclusion based solely on a travel destination. This bill, however, appears to permit such an exclusion if it could be stated that the exclusion is based on sound actuarial principles and is related to actual or reasonably anticipated experience neither of which would be actuarially difficult to reflect. The Insurance Department believes this bill will actually permit the type of situation for which it was intended to prohibit. We will be happy to work with the committee to resolve these discrepancies.

Yale SCHOOL *of* MANAGEMENT
B x New Hav n Conn cti ut 6520-8200

Edward H. Kaplan
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March 1, 2006

Statement of Prof. Edward H. Kaplan

My name is Edward H. Kaplan. An American citizen and resident of Hamden, Connecticut, I am the William N. and Marie A. Beach Professor of Management Sciences at the Yale School of Management, Professor of Public Health at the Yale School of Medicine, and Professor of Engineering in the Yale Faculty of Engineering. I have taught statistics to graduate students at Yale for 18 years. I am also an elected member of the Board of Governors of the Technion-Israel Institute of Technology, and a former Lady Davis Visiting Professor at the Hebrew University of Jerusalem.

I write in support of Senate Bill 259. If adopted, this bill would "...prohibit discrimination in life insurance based on past or future lawful travel destinations," except in such circumstances "...where the exclusion, limitation or rate differential is based on sound actuarial principles ... related to actual or reasonably anticipated experience." My professional and personal life often takes me to Israel, a continually featured country on the US State Department's travel warning list. I most recently traveled to Israel with my wife and 12 year old daughter this past December, and will next visit at the end of this month.

The actuarial risk of death per person per unit time in Israel is less than the corresponding risk in the United States. Indeed, as documented in the attached article I published in the *Jerusalem Post*, even using data collected during 2001 when the risks from terrorism in Israel were greater than at the present time, I showed that the chance of dying in a car accident in the United States 65% greater than the chance of dying in *either* a terror event *or* a car accident in Israel. Simply stated, when I travel to Israel, the most dangerous thing I do is drive to JFK airport.

That insurance companies would charge differential rates (or deny coverage altogether) to those seeking to visit Israel or other countries where there is no actuarial basis for doing so is wrong. Indeed, in locations where perceived risks are inflated due to low-level terror activity, dissuading people from visiting by denying life insurance amounts to a victory for the terrorists.

I therefore urge adoption of Senate Bill 259. I remain

Sincerely yours,

Edward H. Kaplan

Edward H. Kaplan, PhD
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TESTIMONY OF STEPHEN S. BARSHAY
IN SUPPORT OF SENATE BILL NO. 259
"AN ACT PROHIBITING DISCRIMINATION IN LIFE INSURANCE BASED ON LAWFUL TRAVEL DESTINATIONS"

INSURANCE AND REAL ESTATE COMMITTEE
MARCH 2, 2006

Good morning Chairman Criso, Chairman O'Connor, members of the Committee. My name is Steve Barshay. I have lived with my family in West Hartford, CT for 22 years. Although I try to conceal my accent, I was born and raised in New York. I work for Westinghouse Electric Company in Windsor, CT as a Fellow Scientist. My duties with Westinghouse include work assignments at secure installations that require detailed background checks prior to granting access. I mention this because I now face the prospect of having to explain on these background checks why I was denied life insurance coverage.

In the fall of last year, I contacted TIAA-CREF to ask how I might reduce the premiums on the two existing life insurance policies that I already had with them. Their agent explained that my existing policies, which were approximately 15 and 25 years old, were priced with the expectation that my health might deteriorate over time. If a current physical exam showed me to be in good health, a new policy could reduce my premiums significantly. If, however, the results of their exam were less than perfect, I could keep my existing policies at no additional cost. Recognizing a good deal, I decided to apply for a modest increase in coverage.

I submitted my application to TIAA-CREF in November of 2005, underwent their physical examination, and waited. It should be noted that a question on the insurance application asked if I had any plans to travel outside of the United States in the next 12 months, to which I replied that my family and I were considering a 2-week vacation trip to Israel in the summer of 2006.

In January I received a packet of documents relating to my new policy that seemed to indicate that the application was in the final stages of review and would be approved

soon. About a week later I received a 3-sentence letter from an underwriter at TIAA-CREF stating that that they were unable to offer the insurance protection I was seeking, based upon my "planned foreign travel".

After recovering from my surprise, I called the underwriter to ask if there was any room for negotiation. The underwriter replied that if I would amend my application with a statement that I would not travel outside the US in the next 12 months, the application could be approved.

My family and I are still considering our travel plans, with the additional cost of my current life insurance now figured into the travel budget. I also realize that, on any future insurance application, and on my work-related background checks, I may have to explain why I was turned down for life insurance in 2006.

I urge you to support Senate Bill 259 that will protect other Connecticut residents from this clearly unfair practice.

Thank you all for your kind attention.

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