

<b>Act Number:</b>	09-216	
<b>Bill Number:</b>	6279	
<b>Senate Pages:</b>	6090, 6100-6102	<b>4</b>
<b>House Pages:</b>	4729-4743	<b>15</b>
<b>Committee:</b>	Insurance: 658-665, 1053-1055	<b>11</b>
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**CONNECTICUT  
GENERAL ASSEMBLY  
SENATE**

**PROCEEDINGS  
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**VOL. 52  
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There's a motion on the floor to place Calendar number 678 on the Consent Calendar. Seeing no objection, so ordered, sir.

SENATOR LOONEY:

Thank you, Mr. President. Continuing Calendar page 13, Calendar 679, House Bill 6279, move to place the item on the Consent Calendar.

THE CHAIR:

There's a motion on the floor to place Calendar number 679 on the Consent Calendar. Seeing no objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President. And continuing Calendar page 13, Calendar 682, House bill 6041, move to place the item on the Consent Calendar.

THE CHAIR:

There's a motion on the floor to place Calendar number 682 -- I thought Senator Fasano was running to do something there -- Calendar 682 on the Consent Calendar. Seeing no objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President. Moving to Calendar page 14, Calendar 692, House bill 6248, move to place the

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Back on Calendar page 18, Calendar 719, House Bill 6676 is marked go and Calendar page 33, Calendar 354, Senate bill 499 is marked go.

Yes, Mr. President, thank you. At this point if the Clerk might call the items on the Consent Calendar.

THE CHAIR:

Mr. Clerk, please call the Consent Calendar.

THE CLERK:

Immediate Roll Call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber. Immediate Roll Call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber.

Mr. President, the items placed on the first Consent Calendar begin on Senate Agenda number one, Substitute for House bill 5211, Substitute for House bill 6672 and Senate bill 880.

From Senate Agenda number two, Substitute for House bill 6481 and Senate bill 1128.

Going to Senate Calendar, calendar page 229, Substitute for Senate bill 549. Calendar 229, substitute for Senate bill 547. Calendar page 7,

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Calendar 602, substitute for House bill 6584.

Calendar page 10, Calendar 639, House bill 6684.

Calendar page 12, Calendar 667, substitute for House

bill 6539. Calendar page 13, Calendar 678, substitute

for House bill 6306. Calendar 679, substitute for

House bill 6279 and Calendar 682, substitute for House

bill 6041. Calendar page 14, Calendar 692, House bill

6248. Calendar page 15, Calendar 700, substitute for

House bill 6693. Calendar 701, substitute for House

bill 6642. Calendar page 17, Calendar 714, substitute

for House bill 6280. Calendar page 21, Calendar 735,

House bill 6523. Calendar page 26, Calendar 337,

Senate bill 1047.

THE CHAIR:

Sir, I believe that was 377.

THE CLERK:

Yes, Mr. President, Calendar 377, Senate bill 1047. And Calendar page 33, Calendar 378, substitute for Senate bill 1048. Mr. President, that completes the items placed on the first Consent Calendar.

THE CHAIR:

Please call for Roll Call vote.

Please call for a Roll Call vote on Consent number

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one, the machine will be open.

THE CLERK:

The Senate is now voting by Roll Call on the Consent Calendar. Will all Senators please return to the Chamber? The Senate is now voting by Roll Call. Will all Senators please return to the Chamber.

THE CHAIR:

Have all Senators voted? If all Senators have voted, please check your vote, the machine will be locked, the Clerk will call the tally.

THE CLERK:

Motion is on adoption of Consent Calendar Number One.

Total number voting	36
Those voting Yea	36
Those voting Nay	0
Those absent and not voting	0

THE CHAIR:

Consent Calendar Number One passes.

Senator Looney.

SENATOR LOONEY:

Yes. Thank you, Mr. President, would move for immediate transmittal to the House of Representatives

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roll call, members to the chamber.

DEPUTY SPEAKER MCCLUSKEY:

Have all the members voted? Have all the members voted. Will the members please check the board to determine whether your vote is properly cast.

If all the members have voted, the machine will be locked and the Clerk will please take a tally.

Will the Clerk please announce that tally?

THE CLERK:

Senate Bill Number 922 in concurrence with the Senate

Total Number of Voting	139
Necessary for Passage	70
Those voting Yea	139
Those voting Nay	0
Those absent and not voting	12

DEPUTY SPEAKER MCCLUSKEY:

Bill passes in concurrence with the Senate.

Will the Clerk please call Calendar 74?

THE CLERK:

On page 2; Calendar 74, Substitute for House Bill Number 6279, AN ACT CONCERNING ACCELERATED BENEFITS OF LIFE INSURANCE POLICIES, favorable report of the Committee on Insurance and Real Estate.

DEPUTY SPEAKER MCCLUSKEY:

The distinguished chair of the Insurance Committee, Representative Fontana, you have the floor, sir.

REP. FONTANA (87th):

Thank you, Mr. Speaker, and good afternoon to you.

Mr. Speaker, I move for acceptance of the Joint Committee's favorable report and passage of the bill.

DEPUTY SPEAKER MCCLUSKEY:

Question before the chamber is acceptance of the Joint Committee's favorable report and passage of the bill.

Will you remark?

REP. FONTANA (87th):

Thank you, Mr. Speaker.

Mr. Speaker, this bill expands the benefits available under a life insurance policy's accelerated death benefit option by revising what constitutes a qualifying event. The bill adds, as a qualifying event, confinement for at least six months due to a medically determinable condition in the insured person's home, if the insured person is expected to remain confined there until his or her death.

The bill eliminates the requirement that a certified or licensed healthcare provider render

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necessary care in an institutional setting.

The bill also adds, as an example of a medically determinable condition resulting in confinement, a permanent chronic illness that is expected to reduce a person's lifespan. It specifically authorizes the insurance commissioner to issue regulations regarding medically determinable conditions that are considered qualifying events, as well as regulations that the insurance commissioner deems necessary to implement the accelerated death benefit statutes.

Finally, the bill allows periodic payment of accelerated benefits due to confinement.

Mr. Speaker, the Clerk has amendment LCO 7151. I ask that he call it and that I receive permission to summarize.

DEPUTY SPEAKER MCCLUSKEY:

Will the Clerk please call LCO 7151 to be designated House Amendment Schedule A.

THE CLERK:

LCO Number 7151 House A offered by Representative  
Fontana and Senator Crisco.

DEPUTY SPEAKER MCCLUSKEY:

Please proceed, sir.

REP. FONTANA (87th):

Thank you, Mr. Speaker.

Mr. Speaker, the underlying bill is a proposal of the insurance industry that is pro consumer and that it seeks to facilitate the ability of consumers to use benefits under their life insurance policies for an increasingly flexible array of circumstances.

Mr. Speaker, this amendment replaces the term, "home" in the underlying bill with the term, "place of residence," and replaces the term "permanent chronic illness" in the underlying bill, with the definition by reference of a chronically ill individual.

I move for its adoption.

DEPUTY SPEAKER MCCLUSKEY:

Question before the chamber is adoption of House Amendment Schedule A.

Will you remark? Will you remark on the House Amendment Schedule A? If not, let my try your minds.

All those in favor please signify by saying aye.

All those opposed nay.

The ayes have it. The amendment's adopted.

Will you remark further on the bill as amended?

Will you remark further?

Representative Fontana.

REP. FONTANA (87th):

Thank you, Mr. Speaker.

I would urge passage of the bill and just

reiterate that this intended to be a pro consumer initiative to facilitate the use of a life insurance policy for a variety of chronic or long-term care issues, especially, if they involve confinement at home. And I'd be happy to answer any questions, and I thank the Speaker and the chamber.

DEPUTY SPEAKER MCCLUSKEY:

Thank you, sir, for your remarks.

Will you remark on the bill as amended?

This distinguished lady from Stafford, Representative Bacchiochi, you have the floor, madam.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker. Through you, questions for the proponent of the bill?

DEPUTY SPEAKER MCCLUSKEY:

Proceed, madam.

REP. BACCHIOCHI (52nd):

Thank you. Through you, Mr. Speaker, if the Chairman of Insurance could define a little bit for us, what the medically determinable conditions will now be?

DEPUTY SPEAKER MCCLUSKEY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the term, "medically

determinable condition" exists in the underlying bill and reflects an existing statute, 38a-457. What the bill, as amended, seeks to do is to expand that definition to include as a qualifying event, things that involve a chronic illness or create a situation for an individual where he or she is determined as chronically ill, as well as the confinement to home.

So, to that extent, Mr. Speaker, it expands what a medically determinable condition in two ways. It allows for a determinable condition to be one that places you at home or your place of residence instead of merely in a nonacute institutional care setting and references the Internal Revenue Code for what a chronically ill individual is, thereby, defining by reference what would characterize or constitute a chronic illness, through you.

DEPUTY SPEAKER MCCLUSKEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you and, through you, Mr. Speaker, would that mean a doctor would need to certify the patient as chronically ill to meet the requirements of this statute?

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

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Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I believe we eliminated that requirement. The certified of licensed healthcare provider needs to render that care in an institutional setting.

Through you -- if that answers the gentle lady's question?

DEPUTY SPEAKER MCCLUSKEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you.

It's my understanding that what we're eliminating is the requirement that the patient be cared for in their home by a licensed professional. My question is more to if a physician would have to certify or state that the patient is terminally ill so that they could apply for the accelerated benefits?

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I'm reviewing the underlying statute, which we're amending. And the underlying statute, I don't believe, specifies that

that -- unless I'm not finding the particular line in the underlying statute, but we're not modifying any provision regarding certification by a licensed healthcare provider other than that provision, which would relate to requiring that care to be an institutional setting, through you.

DEPUTY SPEAKER MCCLUSKEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

And I apologize to the Chairman if it's just me, but I'm getting confused because it's my understanding that the intent of the proposed legislation is to provide patients to remain in their home, not being treated by a licensed professional but still be terminally ill and make application for accelerated benefits on their life insurance policy.

And my question is about how does the patient prove to the insurance company that they are, in fact, a medically determinable condition, such as terminally ill, through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the definition of what

constitutes a chronic illness would be found in the Internal Revenue Code, 101 Subsection G, which we've incorporated through the amendment. In reviewing the language, Mr. Speaker, as I said, we didn't -- it's conceivable that a certified or licensed healthcare provider could provide the requisite care in a person's home or place of legal residence. The issue -- place of residence. The issue is whether or not that certified licensed healthcare provider must do so in an acute care hospital. And we're removing the requirement that that care must occur in the acute care hospital so I don't know if I'm answering the gentlelady's question.

The goal, again -- I agreed with 80 or 90 percent of what she said because the goal is to facilitate care in a person's home either through lump sum or periodic benefit payments, but, as to who performs that, we're not specifying, Mr. Speaker. And, again, I will look through the underlying bill and the existing statutes to see whether that certified by a -- by a licensed care provider.

Certainly, we empower the commissioner to issue regulations on what constitutes medically determinable conditions in lines 99 and 100 of the underlying bill, through you.

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DEPUTY SPEAKER MCCLUSKEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you and, yes, that did answer a part of my question. I do understand more clearly now that what the bill will do is allow the patient to stay in their home and to be qualified to apply for accelerated death benefits. I won't repeat the question because I'm not sure we have the answer in -- in the bill but I do still wonder how the patient will certify to the insurance company that they are, in fact, suffering, unfortunately, from a terminal illness.

But another question I do have is, if the disclosure laws that are written in the underlying bill are changed, at all, regarding the accelerated death benefit based on this -- the new clause that we're adding through the bill as amended, through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't believe at first glance that we are modifying the disclosures at all. And, so far as the disclosure requirements are contained in Subsection E of the underlying statute,

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which are contained in lines 54 through 83 in the underlying bill, and we are not modifying Subsection E, through you.

DEPUTY SPEAKER MCCLUSKEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Okay. Thank you, Mr. Speaker.

I also would like to ask the proponent of the bill, please, if the accelerated death benefit will have any effect on the Social Security benefits that a patient may perhaps be receiving, through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't know the answer to that question, and I do not know whether that's contained here in the underlying bill in any way. Certainly, I will review the file copy and look at the bill analysis, but I do not know the answer to that question, through you.

DEPUTY SPEAKER MCCLUSKEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

And my -- I think this is my final question. As I was reading through the bill, one thing that popped out at me was if a patient had the good fortune of outliving his or her predictable 12 months that was necessary to become a medically determinable condition. If that patient were to continue on, would that jeopardize the accelerated payments that they would be receiving?

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't believe so. Under the terms of the bill, it would not -- it would not jeopardize their benefits to outlive their expected life expectancy, through you.

DEPUTY SPEAKER MCCLUSKEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker, and I thank the Chairman for his answers.

I think that this bill is an important measure for consumers. This does give them another option as they're going through such difficult times, both for the patient and for their family, and I will be

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supporting the bill.

Thank you.

DEPUTY SPEAKER MCCLUSKEY:

Thank you, madam, for your remarks.

Will you remark further on the bill as amended?

The distinguished member from the New Canaan,  
Representative Hetherington, you have the floor, sir.

REP. HETHERINGTON (125th):

Thank you, Mr. Speaker.

I'd just like to add -- ask one or two more  
questions.

DEPUTY SPEAKER MCCLUSKEY:

Please proceed, sir.

REP. HETHERINGTON (125th):

Thank you.

And I hope the proponent will forgive me if I'm  
covering some ground in part again, but in order to  
determine for these purposes that a person has a  
medically identifiable condition, what would that  
require to make that determination?

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the bill in the

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underlying law is silent as to that matter, except in so far as we empower the Commissioner of Insurance, in lines 97 through 105, to adopt regulations including what constitutes medically determinable conditions and qualifying events, through you.

DEPUTY SPEAKER MCCLUSKEY:

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you. Through you, Mr. Speaker, so there is no provision for certification by a medical practitioner, healthcare practitioner, to this effect?

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the underlying statute, which we're amending, appears not to address that, through you.

DEPUTY SPEAKER MCCLUSKEY:

Representative Hetherington.

REP. HETHERINGTON (125th):

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

DEPUTY SPEAKER MCCLUSKEY:

Will you remark further on the bill as amended?

Will you remark further on the bill amended?

If not, will staff and guests please come to the well of the House. Will members please take your seats. The machine will be opened.

THE 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 MCCLUSKEY:

Have all the members voted? Have all the members voted?

Will the members please check the board to determine if your vote is properly cast. If all the members have voted, the machine will be locked.

Will the Clerk please take a tally?

Will the Clerk please announce that tally?

THE CLERK:

House Bill 6279 as amended by House A

Total Number of Voting 140

Necessary for Passage 71

Those voting Yea 140

Those voting Nay 0

Those absent and not voting 11

DEPUTY SPEAKER MCCLUSKEY:

Bill, as amended, is passed.

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wake for a colleague of ours, so I wanted just to note that for the record so people understand that again people are unfortunately called away by their exigent circumstances.

We will now proceed to House Bill 5433. And according to my records, we have no one here to testify on that bill. So if that's true, we will then proceed to Senate Bill 638, which we also see has no one here to testify on that bill. So if you are here and have not signed up for some reason, by all means please let us know. But seeing no one at this time to testify on either of those bills, we'll proceed to House Bill 6279. And the first person I've got is Jerry Flowers. Jerry Flowers. All right, Jerry Flowers will be followed by Sue Giacalone.

JERRY FLOWERS: Good afternoon, Senator Crisco, Representative Fontana and the committee. This bill really is a wonderful bill. I'm with NAIFA, which is the National Association of Insurance and Financial Advisers. And why I like it is it's good for the consumer, and consumer friendly bills we always want to be representing and talking about and it actually it expands the situations that someone can take advantage of their life insurance policies when unfortunately they have a very tough situation to deal with. And with those tough medical situations come financial stress. And it simply gives them a very favorable way to deal with those problems, and anything that gives my clients flexibility when they need it is a wonderful thing.

In addition to that, it allows us to build consistency among other states which is a good thing for everyone. It's good for the general agent because he invariably works in multiple

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states and it's uniformity, less likelihood of mistakes, good for the agent who works in multiple states, good for the companies because they all work in multiple states. More importantly in my mind with the recent appointment of the SEC cabinet position of Ms. Shapiro, her testimony basically stated that she wants financial products to be regulated on a national basis.

The best defense that we have to keep those protected locally is to create uniformity where it makes sense to create uniformity, and what's wonderful about the model act and NAIFA the model is that we can be the same and you can still have the ability to make minor adjustments that take in the special needs of Connecticut. If this goes to a national framework, I really can't imagine ever going up and testifying and having the impact on how that bill is ultimately crafted. My national association would be there, but honestly we'd have little or no impact and I appreciate your thoughtfulness and care in the laws that you do create for us.

Any questions?

REP. FONTANA: Jerry, thank you. Just one, just so we're clear for people watching, you're talking about someone who has a life insurance policy, has a medical emergency or medical circumstances, needs to access the value of that policy; is that correct?

JERRY FLOWERS: Essentially we're dealing with someone that's near the end of their life and they have a pool of money that will be triggered as long as they are able to make the premium payments, which may be a question, and we're saying we can make those dollars

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available to you now. And they are going to be charged a reasonable and fair interest rate, no higher than the loan rate in the policy, and there is a whole set of statutes that I don't want to quote because invariably I'll goof it up, but it allows that client to know what the terms are at that moment and make a good financial decision for themselves, and to me that's very friendly to the consumer. And I've been unfortunate to have to deal with a number of these issues within my family and my own life, so to me it rings true.

REP. FONTANA: Very good, thank you.

Other questions for Jerry?

Senator Caligiuri.

SENATOR CALIGIURI: Thank you, Mr. Chairman.

Thank you for testifying today.

I was just looking at the language of the bill. The changed language would make something called a permanent chronic illness the sort of event which would constitute a qualifying event. And I don't see a definition of the term "permanent chronic illness." Are you aware whether the existing law defines that term? If it doesn't, how would you propose to define it? And I guess the broader question is how do we avoid a situation where if we're not careful about how we define what a qualifying event would be, we can end up with a slippery slope that could allow any number of different things to basically accelerate the benefit on a policy. Could you give me a sense of how you would tackle that issue?

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JERRY FLOWERS: There's two parts of the issue. One part is that I think it does need to be defined. And I am not ready to answer your question. I will get you some information. What I do know is that Midland has a policy that currently defines it as two ADLs, active daily living, which is a long-term care standard. And once you have that standard, clearly there is a substantial reduction in the life expectancy on the vast majority. Certainly you can create the exception case, but 99 percent are going to fall into this category. To me that is just such a wonderful benefit and so valuable from the state's standpoint because it allows dollars to be accessed that may well prevent a client to stay in their home, which is much less expensive, further allow them to access dollars to go to the nursing home or facility or assisted living facility that they want, preventing them to go on a Medicaid claim.

So in my mind yes we need to be careful about how it's defined, but I really believe the biggest issue is the consumer truly understanding their financial choices. If they are well informed and they choose to use the money 20 years before they die and it was for a meaningful great purpose. My wife had cancer. She was terminal. It allowed me to stay home with her for two years. We got lucky. She recovered even though she was given a year's lifetime. Put a value on that. Put a price on that. I have a wife whose had cancer for 18 years and it's been chronic for 18 years. Twice she's been given a year to live. She's here. She's doing great. But if I chose to do that with that money, would that have been a mistake? I would argue not. It would have been the problem you're presenting,

but it would have allowed me to give her better care.

I'm very lucky, I own my own business. I have tremendous flexibility. I've never missed a day in the hospital. I sleep in the hospital with her, so I have not had that problem, but not everybody is as lucky as I am.

SENATOR CALIGIURI: Thank you.

Thank you, Mr. Chairman.

REP. FONTANA: Thank you, Senator.

Other questions for Jerry.

Seeing none, thank you, Jerry, very much and please do forward us whatever defining material you can on the chronic condition.

JERRY FLOWERS: I'd be happy to.

REP. FONTANA: Great.

Sue Giacalone.

SUSAN GIACALONE: Good afternoon, Representative Fontana and members of the Insurance and Real Estate Committee. For the record, my name is Susan Giacalone, and I'm here on behalf of the Insurance Association to testify in support of the Senate House Bill 6279. I'd like to thank the committee for raising this bill. I submitted comments so I'm going to keep my testimony kind of brief.

To answer one of the questions that Senator Caligiuri just asked the previous speaker, the language that you are focusing in on basically -- back up a little bit -- all this



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statute. It is not -- cannot be confused with long-term care. This is either periodic or lump sum. They can use it for what they want. If it's a periodic payment, they can buy long care coverage with it if they want to. They can pay for whatever they want where long-term care is very specific what it covers. You can go in and out of long-term care, just pick what payments it will make. This is very different. It's an acceleration of a benefit that the person has, and that's all we're doing. We're actually also putting in language that would give the commissioner the ability to come up with regs as products develop. It's just allowing to get the product to the consumer, which most consumers in this country actually already have that at-home option and the periodic for confinement, and that's all we're simply trying to do. And we thank you for your time.

REP. FONTANA: Thank you, Sue. And I certainly see the language in there dealing with the confinement at home. I don't see offhand the language regarding the periodic or lump sum payments.

SUSAN GIACALONE: Actually I just caught that. That was actually when we submitted this bill we were proposing that in lines 7, some division A1, capital A in line 7 after policy, a bracket be put in before the word "provided" and then that bracketed out after on line 9 after periodic payments removing that limitation and that we just would like to make sure that it does give that consumer the option to make the choice as a lump sum or periodic.

REP. FONTANA: Very good. And that was an oversight and I'm glad you clarified that for

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the record.

Questions for Sue?

Seeing none, thank you and we'll go from there  
but thank you.

SUSAN GIACALONE: Thank you.

REP. FONTANA: That concludes testimony on House  
Bill 6279.

We'll now proceed to Senate Bill 291, and  
we'll start with Stuart Keating to be followed  
by Sue Giacalone.

STUART KEATING: Good afternoon, Representative  
Fontana, members of the committee, a few years  
back when trying to get insurance, homeowners  
insurance with the company that insured my  
vehicle or trying to -- yes, insure my  
vehicle, I was denied the homeowners insurance  
because I put down there my dog had bitten,  
and they said we can't insure you. I'm not  
good at this.

REP. FONTANA: Take your time. We understand.

STUART KEATING: Okay. Let me just read then. I'd  
like to have the insurance companies be  
required to provide -- offer a policy that  
would allow them to exclude a dog that has  
bitten from the policy. A dog does not have  
to be aggressive to bite. Dogs bite for  
various reasons. Sometimes a dog will bite if  
you startle it when it's sleeping. A dog with  
an injury or sore may bite if you make contact  
with the painful area. Some dogs will bite  
when you go near their food. In our case when  
our dog was younger he was terrified of being  
turned on his side or back. When we were

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**STATE OF CONNECTICUT**  
*INSURANCE DEPARTMENT*

**Testimony of the Connecticut Insurance Department  
Before  
The Insurance and Real Estate Committee**

**Thursday, February 5, 2009**

**RB 6279 An Act Concerning Accelerated Benefits of Life Insurance Policies**

As a general principle, the Insurance Department encourages insurers to bring more products to the marketplace which provide more choices for Connecticut consumers. Therefore, the Department supports the concept embodied in this bill but has concerns with the bill as currently drafted.

The bill would expand the situations where consumers can accelerate their life insurance benefits to instances where an insured has a permanent chronic illness, is confined at home, and from a medical standpoint, is expected to remain confined at home for the rest of the insured's life. The Department's concerns on the current language relate to the fact that it appears to be based on morbidity risks (which are for health insurance), rather than based on mortality risks (as appropriate actuarially for life insurance products).

As background, accelerated death benefit riders to life insurance policies were initially introduced with the spread of AIDS and were intended to allow an individual to access the death benefit since it was expected that this benefit would have been payable anyway in a relatively short period of time upon the individual's death. The Department does not oppose the inclusion of home confinement to the third category of accelerated death benefit, as provided in the bill, but is concerned that the change applies to permanent chronic illnesses "that can be expected to result in a reduced life span". An individual could have a permanent chronic illness that could result in a reduced life span, but this individual may continue to live for a long period of time. For example, an individual aged 40 with a chronic illness may be expected to die at 70 rather than 80. Coverage that provides death benefits payable for thirty years in advance of expected death is not a mortality risk, but rather is a morbidity risk which normally would be covered by health products offered by insurers with health insurance authority.

The Department also has concerns that this product may be confused as substitute for long term care insurance or medical insurance. However, the Department can work with the industry on required disclosure wording.

If the Committee determines this bill should move forward, the Department will be happy to work with the Committee and the industry on revised language.

**STATEMENT**  
**INSURANCE ASSOCIATION OF CONNECTICUT**  
**Insurance and Real Estate Committee**  
**February 5, 2009**  
**HB 6279, An Act Concerning Accelerated Benefits**  
**Of Life Insurance Policies**

The IAC supports HB 6279-An Act Concerning Accelerated Benefits Of Life Insurance Policies. HB 6279 seeks to simply extend the benefits currently available under the accelerated death benefit option of a life insurance policy.

Pursuant to the provisions of C.G.S sec. 38a- 457, benefits payable under a life insurance policy may be accelerated upon the occurrence of a qualifying event, and payable in a lump sum or in periodic payments. A qualifying event includes medical conditions which will result in death within a short period of time, or a medical condition causing the insured to be confined for at least six months and expected to be so confined until death. However, the qualifying event due to confinement does not include confinement at home. This restriction precludes policyholders that are confined to their home from exercising the death benefit option provided for by this act. HB 6279 seeks to eliminate that restriction by permitting confinement to either an institution or to one's home to be a qualifying event. This change permits insurers to provide products to meet their consumers' needs as more and more people wish to live out their remaining time at home and not confined to an institution. Additionally, HB 6279 includes language clarifying that the condition causing confinement is a related to the mortality of the individual.

Sec. 38a-457 permits payments, made pursuant to this act, be made in either a lump sum payment or in periodic payments. However, current law limits the death benefit payable as result of a confinement to a lump sum payment. Sec. 38a-457 was patterned upon the NAIC model which did not limit the type of benefit available due to confinement.

As there is a growing need for chronic illness-related services, including confinement, and insureds are having difficulty funding these services, unnecessary restrictions on the method of how an insured may receive such benefits should be

eliminated. As such, 38a-457 (a)(1)(A) should be amended to remove the limitation against periodic payments for confinement. Elimination of the prohibition will permit insurers to develop products that would give Connecticut consumers the access to the same benefits available throughout the country.

Finally, HB 6279 gives the Insurance Commissioner the authority by regulation to permit other similar qualifying events. Granting such authority essentially permits the department flexibility enabling insurers to develop and refine products that meet the growing need for chronic illness-related services by the insurance consumer.

The IAC urges your adoption of HB 6279.