

Act Number:	09-072	
Bill Number:	895	
Senate Pages:	1950-1953, 2006-2007	6
House Pages:	4318-4343	26
Committee:	Insurance: 1354-1361, 1500-1502	11
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THE CHAIR:

Opposed, nay.

The ayes have it, Amendment A is adopted.

Senator Handley.

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, I move that the bill as amended now be referred to the Judiciary Committee.

THE CHAIR:

Motion is on the floor to refer the bill as amended to Judiciary.

Seeing no objection, so ordered.

Mr. Clerk.

THE CLERK:

Calling Calendar Number 150, File Number 124, Substitute for Senate Bill 895, An Act Concerning Uninsured Motorist Claims and Notification of Uninsured -- Underinsured Motorist Conversion Coverage, favorable report of Committee on Insurance. The Clerk is in possession of amendments.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

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

THE CHAIR:

Acting on approval and passage of the bill, sir, would you like to remark further?

SENATOR CRISCO:

Yes, I believe, the Clerk, Mr. President, has an amendment. I would ask that the amendment be called and I'll be given permission to summarize.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Mr. President, the Clerk is in possession of three amendments.

SENATOR CRISCO:

I would ask that the amendment LCO 6348 be called.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 6348, which will be designated Senate Amendment Schedule A, is offered by Senator Crisco of the 17th District.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President. Basically this amendment helps clarify the -- the need for notifying insurers that they have an option to purchase additional coverage as -- for underinsured coverage, and it will greatly help the situation where sometimes when there is an accident and people don't have appropriate coverage. And I move its adoption, sir.

THE CHAIR:

Thank you, sir.

Motion is on adoption of Senate Amendment A.

Will you remark? Will you remark further?

If not, I'll try your minds. All those in favor?

VOICES:

Aye.

THE CHAIR:

(Inaudible)

All those in favor, signify by saying aye.

VOICES:

Aye.

THE CHAIR:

Opposed, nay.

The ayes have it, the amendment passes.

Senator Crisco.

SENATOR CRISCO:

Thank you, Mr. President. I explained basically what the -- what the bill proposes to do and if there's no objection, I ask that it be placed on the Consent Calendar.

THE CHAIR:

There's a motion to place the item on Consent, is there any further discussion on the bill as amended?

If not, it will be placed on the Consent Calendar.

Mr. Clerk.

THE CLERK:

Calendar page 4, Calendar Number 239, File Number 99, Substitute for House Bill 5792, An Act Concerning Efficiency Standards for Residential Automatic Lawn Sprinkler Systems, favorable report of the Committee on General Law. Clerk is in possession of an amendment.

THE CHAIR:

Senator Colapietro.

SENATOR COLAPIETRO:

Thank you, Mr. President. I move the Joint

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Calendar.

THE CLERK:

Immediate roll call has been ordered in the
Senate on the second Consent Calendar. Will all
Senators please return to the chamber. Immediate roll
call has been ordered in the Senate on the second
Consent Calendar. Will all Senators please return to
the chamber.

Mr. President, those items placed on the second
Consent Calendar begin on Calendar page 2, Calendar
150, Substitute for Senate Bill 895; Calendar page 10,
Calendar Number 466, Senate Bill 1028; Calendar 468,
Substitute for Senate Bill 1089; and Calendar page 11,
Calendar 491, Senate Bill 964.

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

THE CHAIR:

You can announce the Consent Calendar sir.

THE CLERK:

The Senate is now voting by roll call 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.

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THE CHAIR:

Senator McLachlan. Senator Slossberg. Thank you.

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 2.

Total Number Voting	36
Those voting Yea	36
Those voting Nay	0
Those absent and not voting	0

THE CHAIR:

Consent Calendar passes.

Senator Looney.

SENATOR LOONEY:

Yes, thank you, Mr. President. Mr. President, just another change in calendar marking, an item on the foot to be removed. Mr. President, Calendar page 48, Calendar 129, Senate Bill 775, if that item might be removed from the foot and marked PR.

THE CHAIR:

Motion is to remove item from the foot. Seeing

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that this item be passed temporarily.

DEPUTY SPEAKER ALTOBELLO:

Motion is to pass temporarily. Do I hear
objection? So ordered.

Would the Clerk please call Calendar 609?

THE CLERK:

On page 25, Calendar 609, Substitute for Senate
Bill Number 895, An Act Concerning Uninsured Motorist
Claims and Notification Of Underinsured Motorist
Conversion Coverage, favorable report of the Committee
on Insurance and Real Estate.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana, you have the floor, sir.
Representative Fontana, here we --

REP. FONTANA (87th):

Thank you, Mr. Speaker. Mr. Speaker, I move for
acceptance of the Joint Committee's favorable report
and passage of the bill in concurrence with the
Senate.

DEPUTY SPEAKER ALTOBELLO:

Question is acceptance of the Joint Committee's
favorable report and passage of the bill in
concurrence with the Senate.

Representative Fontana, please proceed.

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REP. FONTANA (87th):

Thank you, Mr. Speaker. Mr. Speaker, this bill requires an auto insurer issuing a new automobile liability insurance policy to disclose to an insured at the time of sale or issuance the availability of premium for and conspicuous description of underinsured motorist conversion coverage.

This bill also requires that an insurer which chooses to exercise its right of subrogation under the terms of an automobile liability insurance policy, must include in its subrogated claim a demand for any collision deductible paid by the insured, unless the insured requests otherwise. The insurer then must share any subrogation recoveries with the insured on a proportionate basis. Subrogation, of course, Mr. Speaker, gives an insurer paying an insured's claim the insured's rights and remedies against a third party with respect to that claim.

Mr. Speaker, the Clerk has an amendment LCO 6348. I ask that he call it and that I receive permission to summarize.

DEPUTY SPEAKER ALTOBELLO:

Will the Clerk please call LCO 6348, which has been previously designated Senate A.

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THE CLERK:

LCO number 6348 Senate A, offered by Senator
Crisco and Representative Fontana.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Thank you, Mr. Speaker. Mr. Speaker, this amendment, one, limits the disclosure provision in the underlying bill only to new policies; two, requires that the disclosure occur with the informed consent form, rather than by any other written disclosure; three, clarifies and moves the underlying bill's subrogation provision; and four, changes the bill's effective date to January 1, 2010. Certainly, Mr. Speaker, this amendment and its underlying bill were the product of successful negotiations between the insurance industry and those representing the legal profession.

It's a disclosure bill, first and foremost, Mr. Speaker, I'd be happy to address some of the details of it, but essentially, Mr. Speaker, it's intended to one, improve disclosure to insurance consumers regarding their ability to purchase uninsured motorist conversion coverage and to

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facilitate the ability of auto insurance policy insureds to recoup their deductibles in the case of a claim against an uninsured or underinsured motorist if the insurers -- insured's insurance company wishes to go after the person creating the claim in the first place. I move for its adoption.

DEPUTY SPEAKER ALTOBELLO:

Surely.

Representative Alberts of the 50th, you have the floor, sir.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. If I may, several questions to the proponent of the amendment.

DEPUTY SPEAKER ALTOBELLO:

You may, please proceed.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. As I understand it the effective date under this amendment would now be January 1st of 2010. Am I to understand that that change of the effective date from the original bill is basically designed to ease the implementation process, to make it a bit easier to get the process going in terms of providing enough time? Through you, Mr. Speaker.

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DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the gentleman is correct, yes.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And looking at Section 2, which is much abbreviated now as a result of the proposed -- as a result of the amendment which is before us. Can the proponent give an example of exactly how this subrogation process would work? I realize it's a little cumbersome, but perhaps for the benefit of the chamber -- perhaps just a little bit more detail in terms of how it works with insurance companies and how they may go about settling transactions, through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, yes, I'd be happy to try to provide an example. Let's say, Mr. Speaker, you and I are in a car accident, if I may use you as

an example. You are an uninsured or underinsured motorist -- well you're not, I know, Mr. Speaker, but you happen to be looking at me, so I was just going to pick on you if I could -- and let's say you're at fault and there's \$5,000 worth of damage to my vehicle. Under my policy I have \$1,000 deductible, so I pay the \$1,000 deductible and then my insurance company pays the \$4,000 to ensure that my \$5,000 worth of damage are repaired. That means then that there's still \$5,000, and again, Mr. Speaker, you would be in the situation at fault, but through my own funds and my insurance company's funds I've been made whole. My insurance company may want to go after you for that \$4,000 of cost that they have incurred because you have not have sufficient insurance. They may or may not decide it's in their best interest to do so, which is their right, but they may seek to do it.

In some cases the insurance company may decide that \$4,000 is not worth going after, but it may be that the larger the amount of money that's at stake, the insurance company may feel it's more worthwhile to do so. They therefore may say well, if we go and ask them for \$5,000 it's worth pursuing them legally. This would, in essence, give them the ability to go

after both the amount of money owed them, the insurance company, from the underinsured/uninsured motorist, as well as the amount of money that the insured is out paying his or her deductible. It's intended, Mr. Speaker, on margin to encourage insurance companies to go after the funds owed them from underinsured/uninsured motorists, and if they do, to seek to recoup those funds not only on their own behalf, but on behalf of their insured.

So it's intended to be a pro-consumer initiative on the margins in that sense. I hope that this has provided the gentleman with a useful example, through you.

DEPUTY SPEAKER ALTOBELLO:

Thank you.

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. I think that's an outstanding example that's been provided. I think it's pretty clear that this is a vehicle that if it's adopted would be a successful in helping consumers. As I understand it, the original bill and the amendment as proposed, there's no fiscal impact to a municipality or to the state as a result of this. Is

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that not correct? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, that is correct. That is correct, Mr. Speaker, there is no fiscal impact to the state or to municipalities, through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And what does the proponent believe may be the impact on insurance policy costs, would it be relatively the same to the consumer, might costs go up? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, to the extent that purchasing underinsured or uninsured motorist conversion coverage is an option for an insured, there is no cost, no required or mandated cost to them at all. It's a cost only that they may choose to accept if they want to purchase this additional coverage.

Typically there is a cost, because again, you are receiving additional benefit from this coverage, so there will be some cost. However, it is entirely within the insured's decision-making process to accept or decline that additional coverage, through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And that's my understanding as well, that this would be optional. I thank the gentleman for his answers, I think the Chairman has done an excellent job of describing the benefits of the amendment. This amendment essentially, if approved, would basically become the bill -- I heartily support and urge my colleagues to support the amendment. Thank you.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Alberts.

Representative Rowe of the 123rd, you have the floor, sir.

REP. ROWE (123rd):

Thank you, sir. Good evening. A quick question on the amendment and I think the examples given were clear, but I didn't hear any explanation of how the

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disclosure provisions differ from those which -- are there no -- I guess I'm asking, through you, are there -- how does this differ from the current disclosure provisions? Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I believe that there is no current requirement to disclose to insurance applicants at the time of a sale or issuance of a new policy that they disclose this particular element of their potential insurance portfolio or benefits. So the intention here is to promote the disclosure of what we consider to be a very helpful provision to insureds, to applicants for insurance, through something which, again, comes only to them at a cost if they accept it, through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Rowe.

REP. ROWE (123rd):

Thank you. I appreciate the answer. Am I correct that the public policy behind this, therefore is we want to encourage or at least make folks aware of the underinsured and uninsured motorist benefits

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that they may not be aware of now, and we simply give them the option of availing themselves of that coverage. Because when they do buy that coverage that's a public policy that filters down, I suppose, and benefits the state as whole. Is that fair to say? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, if I could frame the public policy here in my own terms. The goal of the underlying bill, and particularly Section 1 of the bill which is being amended, is to ensure that insurance applicants are aware that their auto insurance policy has certain provisions and that the standard provisions do not provide for the entire amount of coverage up to and including the amount of claims for damage that they may incur through an accident with an underinsured or uninsured motorist, absent this conversion coverage.

And so the goal really here is to educate consumers about a very specific but important element of their insurance policy prior to sale or issuance, so that they can make an educated and informed

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decision prior to choosing that policy and its various provisions. It's something which we believe actually is very pro -- it's not only pro-consumer, it's actually pro-insurance industry, if I might say so, by essentially facilitating education and informed -- information about what kind of products are out there and how you might want to purchase this additional coverage for yourself and your family, through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Rowe.

REP. ROWE (123rd):

Thank you. Now obviously, a carrier -- an insurance carrier could do this already in some fashion. Do you have any numbers or an idea of -- if this is done already by some of our insurers? Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, in reviewing some of the material from the public hearing, I don't have that readily available. I will endeavor to look for it, but I may not be able to satisfy the gentleman, through you.

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DEPUTY SPEAKER ALTOBELLO:

Representative Rowe.

REP. ROWE (123rd):

Thank you. And lastly -- I think -- the genesis of this, was this a -- a Department of Insurance proposal, was it from a member? Do you recall? Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the genesis of Section 1 of the underlying bill was the Connecticut Trial Lawyers Association. The genesis of Section 2 of the underlying bill was Senator Fasano, through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Rowe.

REP. ROWE (123rd):

Thank you --

REP. FONTANA (87th):

Excuse me, Mr. Speaker, if I could -- I must -- I need to correct myself. I believe, actually, it was Senator Caligiuri, not Senator Fasano on Section 2. I apologize, through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Rowe.

REP. ROWE (123rd):

Thank you. And I thank the Chairman of Insurance for his responses. I do support it, it seems to be a good and a common sense idea. It's -- the amendment seems to be well-drafted and it's not going to solve all the problems of the state, but in the little world in which it operates it will help. So I encourage adoption of the amendment and I'm in support of the bill. Thank you.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative.

Representative Hetherington of the 125th, you have the floor, sir.

REP. HETHERINGTON (125th):

Thank you, Mr. Speaker. If I may address a question or two to the proponent.

DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. HETHERINGTON (125th):

Thank you. It appears that the amendment, if I read it correctly, makes this applicable to new policies rather than renewals. Is that correct? Through you, Mr. Speaker.

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DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, yes.

DEPUTY SPEAKER ALTOBELLO:

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you. I just wanted clarify, if I may, the understanding that I recall; an underinsured motorist policy typically protects the insured in the event that the insured becomes involved in an accident with another vehicle that does not have sufficient insurance to cover the insured's damages. Is that correct? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, yes, that's my understanding too.

DEPUTY SPEAKER ALTOBELLO:

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you. Through you, Mr. Speaker, since the language here anticipates a collision recovery, this

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would be effective only in a case where the insured was involved in a collision with another vehicle where the owner did not have sufficient coverage to cover the insured's damage to his vehicle, is that right? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, the file copy of the underlying bill -- and I will speak to the amendment or the underlying bill, as you prefer -- but the -- to answer the gentleman's question, the -- file copy of the underlying bill provides an example in which this underinsured motorist conversion coverage would be important, and if you'd like I can summarize it.

Essentially, Mr. Speaker, the insured's policy covers a certain amount of underinsured or uninsured motorist coverage, but his or her injuries exceed that amount. Therefore the insured and his insurer will go to the insurance policy of the underinsured or uninsured motorist first, especially given that this has been an accident, a collision, if you will, as the gentleman indicated, with another motorist. That motorist's coverage is insufficient to cover the total

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amount of the insured's -- the initial insured's claims. Therefore, the insured will look first at his insurance company after that amount of money has been exhausted on the underinsured or uninsured motorist coverage, he will look to his or her insurance company.

However, that company will only pay up to the total amount of coverage that the insured has on his or her policy unless he has the under- or uninsured motorist conversion coverage, which would then ensure that he has the total amount of claims for injuries or damages over and above the underinsured motorists coverage paid for. Again, I would just refer the gentleman to page 10 of the file copy for the details of the example, through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hetherington.

REP. HETHERINGTON (125th):

Yes, thank you. Through you, Mr. Speaker, the terms of this bill, as amended or -- as amended, though apply -- do not apply to a personal injury claim, it would appear, it applies to a property damage claim, hence, the reference to collision and deductible -- collision deductible. So that this is

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limited, if my understanding is correct, if this is limited to a property damage claim, a collision claim, is that correct? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, no, I do not believe so. I believe the file copy is clear that this extends to personal injuries as well as damage to a motor vehicle, through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hetherington.

REP. HETHERINGTON (125th):

That it applies to personal injury as well, is that -- I'm sorry, was that -- was that the proponent's response?

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, yes, it was.

DEPUTY SPEAKER ALTOBELLO:

Representative Hetherington.

REP. HETHERINGTON (125th):

I would refer to Lines 16 through the end, which

appear to relate to collision deductible; I don't think there's typically any deductible in a personal injury claim, through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative --

REP. HETHERINGTON (125th):

I would ask the proponent simply to clarify my understanding of that, through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, let me just initially answer the gentleman's question by saying that we are in Section 1 of the amendment and the underlying bill seeking to change Section 38a-336a of the General Statutes. The gentleman will note that under Subsection C, Line 17 et seq., the existing law talks about how much an insurer shall be obligated to pay after the limits of liability under all bodily injury liability bonds for insurance policies applicable at the time the accident have been exhausted by payment of judgments or settlements. Mr. Speaker, bodily injury, Line 19, through you.

DEPUTY SPEAKER ALTOBELLO:

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Representative Hetherington.

REP. HETHERINGTON (125th):

Does a policy that covers personal injury typically have a deductible? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Through you, Mr. Speaker, I don't know typically or not typically. I know some do, but if they all do or not I cannot answer that question, through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Hetherington.

REP. HETHERINGTON (125th):

Well, I thank the proponent for his answers. It seems to me that there -- I mean, well, it's a good goal, as expressed in the amendment. I think there's some confusion here in the -- in that it appears to set up a deductible situation where the insurance carrier would be required to refund to the -- or to pay to the insured any amount recovered on the deductible. But that would be a situation where I'm driving a \$165,000 Maserati and I hit somebody who doesn't have more than \$50,000 in property damage

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insurance, so my policy would respond to pay for the balance of the total damage, total destruction of my Maserati. That's a rather peculiar situation, it seems to me, where you have an underinsured policy covering collision damage, because it would -- it would assume the very rare situation where uninsured would be involved in an accident with someone who didn't have enough property damage insurance to cover the insured's property damage. So I, you know, I'm just somewhat puzzled about this. I don't think a public liability policy typically does have a deductible as far as personal injury is concerned. And I, you know, I would welcome further clarification. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Fontana.

REP. FONTANA (87th):

Thank you, Mr. Speaker. I hope to resolve whatever confusion or puzzlement the gentleman has as this particular question. The -- neither the amendment nor the underlying bill create any new deductible. It simply discloses to applicants that they have the possibility of buying underinsured or uninsured motorist conversion coverage. That's it.

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Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Hetherington.

REP. HETHERINGTON (125th):

Speaker, the amendment -- does the amendment address Lines 13 through 20? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Hetherington, are you referring to Lines 13 through 20 in Senate A?

REP. HETHERINGTON (125th):

Of the amendment; I'm looking at --

DEPUTY SPEAKER ALTOBELLO:

Okay.

REP. HETHERINGTON (125th):

-- Senate A, yes.

DEPUTY SPEAKER ALTOBELLO:

I'm confused as to what your question is then.

REP. HETHERINGTON (125th):

Beginning in Line 12 it says, strike two -- Section 2 in its entirety, insert the following in lieu thereof. And this Section 2 deals with a matter other than notice to an insured or to a person making application for insurance. This Section 2 deals with

subrogation, the exercise of the right of subrogation, and the obligation of an insurer to pay to the insured any money that is recovered with respect to the deductible. And it's that Section 2 that I'm having some difficulty with, because it appears to treat a deductible in all matters of public liability, where a deductible, it seems to me, is difficult in a property damage coverage.

I mean, I just welcome any clarification of Section 2 and that is with respect to whether or not this provision -- and I guess it's been asked and answered, so I won't repeat it -- but I don't -- the gentleman, I believe, has answered that this does cover a public liability policy that provides recovery for personal injury. And I'm not aware of any public liability policy that has a deductible and recovery for personal injury, but I guess I can, you know, I'm willing to be educated. Thank you.

If the gentleman could provide further on that or just stand by the response that it does apply to personal injury claims. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Hetherington.

Representative Fontana, would you like to take

a (inaudible).

REP. FONTANA (87th):

Thank you. I believe I have identified the source of the gentleman's confusion in the sense that he may have or our discussion may have led him to conflate the purposes of Section 1 and Section 2. The examples that I have provided are disparate, the example provided in the file copy deals with the contents of Section 1, the uninsured or underinsured motorist conversion coverage.

Section 2 of the bill and the amendment deal with the issue of subrogation, and you'll recall that the example that I used when I was discussing, through you, Mr. Speaker, with Representative Rowe and Representative Alberts, the example of when an insured's deductible would come into play. And I had mentioned a certain amount of damages, damages to a vehicle, \$5,000, I think I had mentioned. At that time I did not speak to whether or not I was articulating damages of a personal injury nature, I was talking about damages to a vehicle.

So there are two examples; the example for Section 1 deals with an example in which there could be personal injury claims, section two deals

specifically with the issue of a deductible. To the extent, Mr. Speaker, that there is any deductible, the deductible would come into play.

But the gentleman will note in Line 17 of the amendment it states, any collision deductible paid by such insured if no deductible exists or no deductible is paid, the section has no -- no effect, it is a "not in force." It's only a matter if there is any collision deductible paid, therefore, it applies to collision. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Fontana.

Further on Senate A? Further on Senate A?

If not, I'll try your minds. All those in favor please signify by saying, aye.

VOICES:

Aye.

DEPUTY SPEAKER ALTOBELLO:

Opposed --

The ayes have it, the amendment is adopted.

Further on the bill as amended? Further on the bill as amended?

If not, staff and guests please retire to the well of the House. Members take your seats, the

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machine will be open.

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.

DEPUTY SPEAKER ALTOBELLO:

Have all members voted? Have all members voted?
Please check the board and make sure your vote is
properly cast. If all members have voted, the machine
be locked.

And would the Clerk please announce a tally.

THE CLERK:

Senate Bill 895 as amended by Senate A in
concurrence with the Senate.

Total Number Voting	135
Necessary for Passage	68
Those Voting Yea	135
Those Voting Nay	0
Those Absent/Not Voting	16

DEPUTY SPEAKER ALTOBELLO:

The bill as amended in concurrence with the
Senate is passed.

Will the Clerk please call Calendar 592?

THE CLERK:

**JOINT
STANDING
COMMITTEE
HEARINGS**

**INSURANCE AND
REAL ESTATE
PART 5
1264 - 1611**

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REP. FONTANA: Thank you.

Other questions for the gentlemen?

Well, I think you've explained it. It doesn't mean it going to be any easier to fix, but I think you've explained the problem so we'll see what we can do. We can talk -- we'll talk with Representative O'Brian about this further but thank you, gentlemen, for coming and if you have any other additional information, please leave it with the clerks.

JOE GENOVESE: Thank you.

MIKE MOLNAR: Thank you.

REP. FONTANA: That concludes testimony on House Bill 5441. Proceeding now to Senate bill 895.

First person to testify is Nick Woel, again.

NICK WOEL: Again, good afternoon. My name is Nick Woel from CTLA. On conversion coverage, I -- this is something that most people don't understand what it is, and, right now, probably, only lawyers are the ones that have conversion coverage.

It is the best deal out there for the people, and I advise it to all my clients. I had my staff do an unscientific survey on Friday as to what the cost of conversion coverage is. They called or sought quotes on the Internet on conversion coverage from seven well-known insurance companies.

The conversion coverage was not available online from Allstate, GEICO and einsurance. Progressive did offer the conversion coverage

online.

I then had my staff go -- and I wanted, you know, people, instead of lawyers asking the questions on how to purchase it. And, with GEICO, they had -- the third phone call, they were able finally find it. A telephone agent, who was able to understand what it was and be able to go and purchase it.

The cost is very, very, very cheap. For 100,000 dollars' worth of coverage on one car from Progressive, it's 100 -- it's \$24 a year. From Allstate, for \$100,000 of underinsured/uninsured coverage with the conversion, it's an additional \$19 a year; GEICO for one car, \$30 a year; for Peerless Insurance Company on a 250/500,000 dollar policy, \$10 a year.

Through my insurance agent, I contacted through OneBeacon Insurance Company for one million -- the person had one million dollars' worth of uninsured or underinsured motorist coverage with conversion, cost \$2 a year; at \$500,000, \$30 a year; \$100,000, \$14 a year -- this is for a motor vehicle. It had \$50,000 of coverage, \$8 a year.

This provides that when people are buying their underinsured or uninsured motorist coverage, conversion coverage what it means that there is no credit setoff so -- or deductibles. If they're purchasing \$100,000, they're getting 100,000, not \$100,000 less what they collect from tortfeasors or from other sources.

REP. FONTANA: So, essentially, Nick, this is just a way of disclosing to policyholders that they have this out there and they can get it very cheap.

NICK WOCL: And -- yes. And what -- what's occurring is it's not happening right now. It's not happening online with three of the major Internet providers out there. The (inaudible) at Progressive were doing it.

My understanding is -- again, my unscientific study through my office that, you know, many companies are not doing that right now. And it's very cheap and people get more bang for their buck purchasing this coverage than anything else that exists out there. And there's more uninsured cars out there now than ever before. That's been a trend that been existing. It's going to get worse in today's economy, and people are protecting themselves by buying this for a very small amount of money.

REP. FONTANA: Very good, Nick, thank you.

Questions or Nick from members of the committee? Seeing none, thank you, Nick.

NICK WOCL: Thank you.

REP. FONTANA: David Cooney, followed by Sue Giacalone.

A VOICE: (Inaudible.)

REP. FONTANA: David's all set. Very -- all right. Nick said it all. Okay.

Sue Giacalone then. I hope Bob Kehmna gives you a raise today, Sue. You're getting --

SUE GIACALONE: Oh, he's up next. He's gets -- we divided the day up here.

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REP. FONTANA: Very good. Okay. All right. Very good.

SUE GIACALONE: Just the way the agenda fell.

Good afternoon, again, Representative Fontana, and the Insurance and Real Estate Committee, for the last time today. Don't cry, don't cry.

I'm Susan Giacalone. I'm here on behalf of the insurance and real -- Insurance Association of Connecticut. I'm here on respect to some concerns with Senate Bill 895.

There's some language in it that we're not quite sure what would mean. It says that you would have to disclose the availability, cost and description of uninsured motorist coverage to an insured at the time of purchase.

We don't know what "time of purchase" would mean. Today, we're involved in a technological world. People procure insurance in many different ways, through a direct market, through agent, and what would be -- what would be deemed "purchase?"

Additionally, subdivision 3 of section 2, is it? Talks about subrogation for uninsured motorist claim. Uninsured motorist claims provide coverage for bodily injury, provides no coverage for property damage. There's no deductible. There's no copayment. So that section makes absolutely no sense to us and don't -- can't -- don't know why it's there or why it has to do with anything.

So those are the concerns we have with the bill. I'll take any questions. Thank you.

REP. FONTANA: Well, Sue, okay. First, as far as

the disclosure, I can understand you being confused, but sounds like Nick laid that out pretty clearly. He wants people to know that there's this insurance out there. And I should think that your clients would want people to know that there's this insurance out there because then they'd buy more of it. So, you know, I don't know if you can just go talk to Nick, but it seems to me that if he wants to send you more business, there's got to be a way for you to work out that language in section 1 so that you're happy and he's happy.

As far as section 2, I'm sorry that Senator Caligiuri's not here because that was one of his suggestions that we include that, and he explained a particular situation -- I can't do justice given that I had trouble with Mike and Joe's situation -- but he can explain pretty clearly how in certain circumstances this could inure to the benefit of a driver hit by an uninsured motorist, which is why we put the two together. So I would -- I'm sorry he's not here. I regret he's not here. He's probably in another hearing but, hopefully, we can get him to speak with you or you with him to clear up what that section's about.

As far as section 1's concerned, I know you and Nick are in the same room together so I'm hoping I can get the two of you together to talk about how, perhaps, tweak that language so that both of you are happy. And, compared to the other issues, this is a pretty small difference.

SUE GIACALONE: We can certainly work with him. And, as far as Senator Caligiuri, I do remember the bill from last year. And it was the situation where someone had been hit and the person didn't have insurance. And her

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deductible was (inaudible), basically, washed what the damages to the car were. So it was a situation where the deductible's the deductible and, you know --

REP. FONTANA: I think his concern was if a company's choosing or not choosing to go after somebody. If you add in the deductible to that portion, which was the insurance company's responsibility, it might tip the balance between going after them or not going after them, in which case, it's to the benefit of the insured.

SUE GIACALONE: And I think he has another bill -- if I -- if my conversations with him are correct. I think he does have another separate bill on that issue that was -- that you guys had voted to draft, I believe. It hasn't come out yet, but I believe --

REP. FONTANA: Potentially, I don't know. In any case, we can certainly try to get section 1 squared away, and then we'll work on section 2.

SUE GIACALONE: Thank you.

REP. FONTANA: Questions for Sue from members of the committee?

Representative Megna.

REP. MEGNA: I think, Sue, on section 3, it just says "if," the insurer may chase after the deductible. I would imagine when you buy uninsured motorist coverage, you may have collision also in the same (inaudible.) No?

SUE GIACALONE: Uninsured motorist coverage is purely a bodily injury coverage. It has nothing to do with property damage.

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REP. MEGNA: Oh, I know, but on that same policy,
you might have collision coverage?

SUE GIACALONE: You might have collision coverage --

REP. MEGNA: Yeah.

SUE GIACALONE -- but it wouldn't be on -- that's
why, you know, if you're talking about
subrogating on a case that we've paid out
first-party collision and being able to go
after the deductible, then, you know, that's
something different.

REP. MEGNA: Yeah, that's what it looks like.

SUE GIACALONE: It looks like it was trying to get
to but that -- it's -- these are apples and
oranges.

REP. MEGNA: Generally speaking, when you subrogate,
you refund the deductible or part of the
deductible. Correct?

SUE GIACALONE: Under the concurrent way subrogation
works, if we get the deductible -- technically,
we don't pay the deductible -- it's something
paid by somebody else.

REP. MEGNA: Right, right, right.

SUE GIACALONE: It's a magistrate or -- usually,
they're in small claims. The magistrate can
award it. But, technically, because we didn't
pay it, we don't have to (inaudible) seek it.
But, if we do recover it, in the case we do
seek subrogation and do we cover it, we do pay
it to the insured to the extent --

REP. MEGNA: Yeah. So whatever you recover, you

would normally recover -- that you would
reimbursed the deductible or a portion thereof.

SUE GIACALONE: Whatever we (inaudible.)

REP. MEGNA: Okay. Thank you.

Thank you, Mr. Chairman.

REP. FONTANA: Thank you, Representative.

Other question for Sue from members of the
committees? Seeing none, thank you, Sue.

SUE GIACALONE: Thank you. I'm done.

REP. FONTANA: You're in the clear.

We've now reached approximately, 2:33, which
means we will entertain testimony from public
officials, which you all know the only public
official who hasn't testified, who has signed
up to testify, is Senator Fasano. He is not
here in the room at this time, but, if he joins
us within the next hour, we will go to him when
he comes.

In the meantime, we will proceed -- that
concludes testimony on Senate Bill 895. We
will now proceed to House Bill 6446, subject
to, again, Mr. -- Senator Fasano's testimony.

So with that, we'll start with Lisa Siembab.
Is that right? Lisa Siembab. Is that correct?
Did I get it right? Oh, good. Followed by
Joanne Serkey.

Did I get it right? Joanne Serkey. Did I get
that correct, too?

We'll start with Lisa.

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Raised Bill 895
Public Hearing: 2-17-09

895

TO: MEMBERS OF THE INSURANCE AND REAL ESTATE COMMITTEE
FROM: CONNECTICUT TRIAL LAWYERS ASSOCIATION (CTLA)
DATE: FEBRUARY 17, 2009

RE: SUPPORT SECTION 1 OF RAISED BILL 895 – AAC UNINSURED MOTORISTS AND
NOTIFICATION OF UNDERINSURED MOTORIST CONVERSION COVERAGE

The CTLA supports the first section of raised bill 895, and respectfully contends that the attached amended language of that section should be passed.

P.A. 93-297, effective January, 1, 1994, among other provisions, created an optional coverage available in automobile liability insurance policies. This coverage is called "Underinsured Motorist Conversion Coverage. [C.G.S. Sec. 38a-336a.]

Underinsured Motorist Conversion Coverage permits and insured to collect for damages sustained in a collision with an "underinsured driver" (a term defined by the statute), up to the limit of his or her underinsured conversion coverage without having such coverage reduced by payments made by or on behalf of a third-party, or, prohibited by the fact that the tortfeasor's automobile liability insurance policy equals or exceeds the amount of the underinsured motorist conversion coverage.

This proposal will ensure consumers are adequately notified of the availability and cost of underinsured motorist conversion and that it is described to them at the time of purchase.

Uninsured and Underinsured Motorist coverage is important first-party coverage which the consumer may purchase to protect themselves and their families from harm caused on our roadways by financially irresponsible and inadequately insured drivers. A responsible insured has the option of purchasing enough coverage to protect his or her family from these harms caused by irresponsible drivers and companies.

This coverage, its benefits and its cost needs to be adequately explained to the consumer, who is often unsophisticated in these matters. Now that many policies are no longer sold by an insurance agent who understands the family's needs and resources and can apply that knowledge to advising the consumer as to the appropriate coverage to purchase, but are often sold via the internet or the telephone, by persons inexperienced with the nuances of this coverage in Connecticut, this provision becomes critically important to the purchase of automobile insurance coverage in our state.

The attached substitute language reflects the compromise worked out last year, which addressed the need for greater notification of this important coverage without unduly burdening the insurance providers.

WE RESPECTFULLY URGE YOU TO PASS SECTION 1 OF RAISED BILL 895. Thank you.

PROPOSED SUBSTITUTE LANGUAGE

RAISED BILL 895 – AAC UNINSURED MOTORISTS AND NOTIFICATION OF UNDERINSURED MOTORIST CONVERSION COVERAGE

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

Section 1. Section 38a-336a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2009*):

(b) For any new policy issued on or after January 1, 2010, the availability of, premium cost and description of underinsured motorist conversion coverage shall be disclosed to an insured at the time of sale or issuance. Such information shall be included in a conspicuous manner with the informed consent form specified in subdivision (2) of subsection (a) of section 38a-336.

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Statement
Insurance Association of Connecticut

Insurance and Real Estate Committee

February 17, 2009

SB 895, An Act Concerning Uninsured Motorists And Notification
Of Underinsured Motorist Conversion Coverage

The Insurance Association of Connecticut is concerned with SB 895, An Act Concerning Uninsured Motorists And Notification Of Underinsured Motorist Conversion Coverage, which seeks to require that an insurer disclose the availability, cost and description of underinsured motorist conversion coverage to an insured at the time of purchase.

SB 895 creates confusion in that it is unclear what is meant by "time of purchase." In today's evolving technological world the procurement of insurance is conducted in several different mediums and as such what would constitute a "purchase"?

Finally, subdivision (3) of section 2 is nonsensical and unnecessary. Uninsured motorist coverage is a first party liability coverage that provides coverage for bodily injuries. Uninsured motorist coverage does not require any deductible of an insured. Furthermore, uninsured motorist coverage does not provide any property damage coverage..