

Legislative History for Connecticut Act

PA 14-74

HB5248

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Senate	3159, 3162-3164	4
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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2014**

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On page 16, Calendar Number 174, Favorable Report of the joint standing Committee on Insurance and Real Estate, House Bill 5248, AN ACT CONCERNING CERTIFICATES OF INSURANCE FOR PROPERTY AND CASUALTY INSURANCE COVERAGE.

DEPUTY SPEAKER BERGER:

Representative C. Wright.

REP. WRIGHT (77th):

Thank you, Mr. Speaker.

I urge for acceptance of the joint committee's Favorable Report and passage of the bill.

DEPUTY SPEAKER BERGER:

The question is on acceptance of the joint committee's Favorable Report and passage of the bill.

Representative C. Wright.

REP. WRIGHT (77th):

Thank you, Mr. Speaker.

What this bill does is it clarifies and puts into law a bulletin issued back in 2010, by the Insurance Commissioner, stating that it is against Connecticut law to change certificates of insurance to a state which is contrary to the actual policy, itself.

There was testimony about the -- the problems that this has caused for insurance agents. This was a

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bill that was passed unanimously out of committee, and I urge acceptance and passage of the bill.

DEPUTY SPEAKER BERGER:

Thank you, Representative.

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

If I could, just a question or two through you to the fine Vice Chair of the Insurance Committee.

DEPUTY SPEAKER BERGER:

Please proceed.

REP. SAMPSON (80th):

I -- I want to thank the -- the Vice Chairman for his description of the bill; I think it was very accurate.

But I'm wondering if we could maybe get a more laymen's description of what this bill attempts to accomplish.

Through you, Mr. Speaker.

DEPUTY SPEAKER BERGER:

Representative C. Wright.

REP. WRIGHT (77th):

Thank you, Mr. Speaker.

And through you, what this bill hopes to

accomplish is to codify in state law the provisions, essentially, of a bulletin issued in 2010, by the State Insurance Commissioner. The language of this bill follows a language adopted by the National Conference of Insurance Legislators concerning this issue.

What happens is that from time to time there are insurance policies that are taken out that have certain provisions in them. They often have to do with construction projects, and what happens is during the course of the project or even after the project has already been completed, there is a request to change the insurance. At that point, the insurance policy, itself, really can't be changed, so there's a request to change the certificate of insurance, which basically states what's in the policy, to try to say that the policy actually covers something which it, which it doesn't or changes something within the policy.

What this bill would -- would do was to make perfectly clear that this is a policy that is against Connecticut law, to make sure that it -- it does not happen in this state.

Through you, Mr. Speaker.

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DEPUTY SPEAKER BERGER:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, very much, Mr. Speaker.

And thank you to the Vice Chair.

A -- a follow-up question, if I could, and that
is --

DEPUTY SPEAKER BERGER:

Please proceed.

REP. SAMPSON (80th):

-- does this --

DEPUTY SPEAKER BERGER:

Please proceed, Representative.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

Does this bill, now that it will codify this
bulletin, change the current practice for when
certificates of insurance are issued by brokers of
insurance currently?

Through you, Mr. Speaker.

DEPUTY SPEAKER BERGER:

Representative C. Wright.

REP. WRIGHT (77th):

Through you, Mr. Speaker, it, I don't believe it

would change the way that -- that insurance policies are issued. What it would do would be to make perfectly clear that once they are issued, there cannot be any discrepancies made later on between the policy and the certificate of insurance. It would just make plainly clear in statute that that is not something that is acceptable under Connecticut law.

DEPUTY SPEAKER BERGER:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker. And thanks, again, to the Vice Chair.

So I have this -- if I have this right -- under current law, if someone issues a certificate of insurance for insurance coverage that doesn't exist under the policy, there is no penalty that might be incurred by the -- the broker of insurance. And this bill changes that in some manner?

Through you, Mr. Speaker.

DEPUTY SPEAKER BERGER:

Representative Wright.

REP. WRIGHT (77th):

What this, what this bill -- through you, Mr. Speaker, what this bill does is just to clarify

that that is not an acceptable practice. There are certain fraud provisions that may cover this, but what this bill intends to do is to just clarify that these practices are not acceptable and not allowed under Connecticut law.

DEPUTY SPEAKER BERGER:

Representative Sampson.

REP. SAMPSON (80th):

All right; thank you, Mr. Speaker, and -- and thanks to the Vice Chair.

I -- I guess that answers my questions. I -- I think that it's quite clear that the -- the bill is intended just to codify a bulletin that the Insurance Department produced that says that it is improper for an insurance broker to produce a certificate of insurance for insurance coverage that does not exist.

I think that is well understood in the marketplace, and I don't know that this bill really is going to change anything in the further future, as there's no penalty associated with it.

And I would believe that an insurance broker that does such a thing and issues a certificate of insurance is putting himself at great risk of potentially being sued for the -- the damages if the

insurance policy is not in place to back that up.

But suffice it to say I don't object to the existence of the law. I just, I might find it unnecessary, but for those reasons, I will not oppose it.

Thank you, Mr. Speaker.

DEPUTY SPEAKER BERGER:

Thank you, Representative.

Will you comment further on the bill before us?
Will you remark further on the bill before us?

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

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the Chamber immediately.

DEPUTY SPEAKER BERGER:

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

If all the members voted, will the members please check the board to determine if the vote is properly cast.

If all the members have voted, the machine will

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be locked.

Representative Molgano?

REP. MOLGANO (144th):

Yea.

DEPUTY SPEAKER BERGER:

Yea? The Clerk please note Representative
Molgano votes in the affirmative.

Will the Clerk please take a tally.

Will the Clerk please announce the tally.

THE CLERK:

House Bill 5248.

Total number voting	138
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Necessary for passage	70
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Those voting Yea	138
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Those voting Nay	0
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Absent, not voting	11
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DEPUTY SPEAKER BERGER:

The bill passes.

(Speaker Sharkey in the Chair.)

SPEAKER SHARKEY:

Will the Clerk please call Calendar Number 126.

THE CLERK:

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Calendar page 22, Calendar 515, House Bill Number 5361, move to place on the Consent Calendar.

Also, Madam President, under Matters Returned from Committee, Calendar page 39, Calendar 265, -- pardon me. We've taken action on that one already.

Calendar page -- back on Calendar page 6, Madam President, under Favorable Reports, Calendar page 6, Calendar 331, House Bill Number 5248, move to place on the Consent Calendar.

Also, Madam President, Calendar page 24, Calendar 526, House Bill number 5556. Move to place on the Consent Calendar.

In addition, Madam President, under Favorable Reports, Calendar page 27, Calendar 546, House Bill Number 5061, move to place on the Consent Calendar.

Calendar page 30, Calendar 563, House Bill Number 5554, move to place on the Consent Calendar. It may have been placed there earlier, Madam President.

THE CHAIR:

It has been.

SENATOR LOONEY:

Also Madam President, Calendar page 27, Calendar 543, House Bill Number 5037, move to place this item on the Consent Calendar.

Also under Favorable Reports, Madam President, Calendar page 18, Calendar 470, House Bill Number 5506, move to place on the Consent Calendar.

And back on Calendar page 10, Madam President, Calendar 396, Senate Bill Number 114, move to place on the Consent Calendar.

In addition, Madam President -- in addition, Madam President, I have a couple of items to mark as go.

Madam President, items to be marked go, Calendar page 333, page 33, Calendar 579, House Bill 5348. And

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Opposed. Reconsideration is passed.

SENATOR LOONEY:

Right now since the matter is before us again, Madam President, I would move to mark it passed temporarily.

THE CHAIR:

So ordered, sir.

SENATOR LOONEY:

Thank you, Madam President. Now if the Clerk would call those Consent Calendar items so that we might move to a vote on the Consent Calendar, and then we might proceed to the items that were marked go.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On page 2 Calendar 166, Senate Bill 427.

Page 4 Calendar 300 Senate Bill 417.

Page 6, Calendar 331, House Bill 5248.

Page 7, Calendar 340, House bill 5273.

On page 10, Calendar 416, House Bill 5407. Calendar 415, House Bill 5518. Calendar 396, Senate Bill 114.

On page 11, Calendar 419, House Bill 5477.

Page 12, Calendar 426, House Bill 5023.

On page 18, Calendar 489, House Bill 5227. Calendar 470, House Bill 5506. Calendar 490, House Bill 5113.

On page 19, Calendar 494, House Bill 5573.

Page 20, Calendar 498, House Bill 5467. Calendar 499, House Bill 5419.

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And on page 22 Calendar 513, House Bill 5353.
Calendar 515, House Bill 5361.

And on page 24, Calendar 526, House Bill 5556.
Calendar 524, House Bill 5219.

Page 25, Calendar 4 -- sorry, Calendar 530, House Bill 5368,
page 27, Calendar 546, House Bill 5061.
Calendar 543, House Bill 5037.

On page 28, Calendar 550, House Bill 5514.

Page 29, Calendar 554, House Bill 5148.

Page 30, Calendar 563, House Bill 5554.

Page 31, Calendar 567, House Bill 5229. Calendar 565,
House Bill 5028.

And on page 42, Calendar 384, Senate Bill 442.

THE CHAIR:

Senator Looney, do you have any more good news for us?

SENATOR LOONEY:

Yes, thank you, Madam President. One additional item
to add before we call for the actual vote on the
Consent Calendar, and that is item an Calendar page
33, Calendar 575, House Bill 5359. With that one
addition it would call for a vote on the Consent
Calendar.

THE CHAIR:

Mr. Clerk, please call for a vote on the Consent
Calendar, and the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate.
Immediate roll call on the second Consent Calendar
today has been ordered in the Senate.

THE CHAIR:

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If all members have voted? All membered voted, the machine will be closed. Mr. Clerk, will you please call the tally.

THE CLERK:

On the second Consent Calendar for today.

Total number voting	35
Those voting Yea	35
Those voting Nay	0
Absent not voting	1

THE CHAIR:

Consent Calendar passes. Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. If the Clerk would call the first item marked go to follow the Consent Calendar.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On page 33, Calendar 579, Substitute for House Bill Number 5348, AN ACT CONCERNING THE PAYMENT OF DELINQUENT PROPERTY TAXES. Favorable Report of the Committee on Planning and Development.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you. Thank you, Madam President. Pursuant to Rule 15 of the Joint Rules, I am recusing myself from consideration of this bill.

THE CHAIR:

Thank you, sir. Please leave the Chamber.

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SENATOR LOONEY: Thank you so much.

REP. MEGNA: Yes, Morris Cove is very fortunate to have you. Thank you very much, Senator.

SENATOR LOONEY: Thank you.

REP. MEGNA: We're going to move back to the public portion, Bill 5248, Mary Kay Andrew.

MARY KAY ANDREWS: Thank you.

REP. MEGNA: You're welcome.

MARY KAY ANDREWS: Good evening, Representative Megna, Senator Crisco, and Representative Wright. I'm Mary Kay Andrews, and I'm a director of the Professional Insurance Agents Association of Connecticut. And right now I serve as the chair of the Legislative and Regulatory Committee. And I'm here in support of House Bill 5248. It's a bill for certificates of insurance.

And just briefly, I want to support this bill, because it really relieves the pressures put upon insurance producers to issue certificates of insurance going beyond their intended purpose. The Insurance Department issued a bulletin in 2010, Bulletin S14, reiterating the purpose of certificates of insurance. And we appreciate those efforts, but we're still being called upon to provide information that may not -- may misrepresent what's provided by the insurance policy.

One of the issues is we have standardized forms, and oftentimes -- and I provided a copy of this -- we're called upon to fill out forms made up by holders or various places, and we

can't -- oftentimes we can't attest to what they're requesting on these forms. And the worst-case scenario is we're being asked to provide this information after the fact. Our policyholder serves -- performs a service.

The certificate holder won't accept what we've provided, and then they want us to modify the form, and the leverage is -- is that our policyholder can't be paid for the service they provided. And we look as though we're not trying to help our insured. It's -- that's how it's perceived anyway. So we're in favor of House Bill 5248.

REP. MEGNA: Thank you very much. Any questions? No? Thank you very much for your testimony.

MARY KAY ANDREWS: You're welcome.

REP. MEGNA: Moving on to 193. I think -- Susan Giacalone, I think I have you signed up, correct?

SUSAN GIACALONE: Yeah.

REP. MEGNA: Okay.

SUSAN GIACALONE: Good evening, once again, Representative Megna, Senator Crisco, and Representative Wright. I am Susan Giacalone on behalf of the Insurance Association. I'll be very brief. I'm here in opposition to Senate Bill 193, AN ACT CONCERNING DISCLOSURE OF FEES FOR THE PROCESSING OF INSURANCE PREMIUM PAYMENTS.

We oppose this bill, because we don't quite understand really what it's seeking to accomplish or the purpose for it. It seeks to require insurers to disclose any -- to any

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Warren C. Ruppard
President

March 11, 2014

**Testimony of the Independent Insurance Agents of Connecticut
to the Insurance And Real Estate Committee
on House Bill 5248
An Act Concerning Certificates of Insurance for
Property and Casualty Insurance Coverage**

Senator Crisco, Representative Megna and members of the Insurance and Real Estate Committee, my name is Warren Ruppard and I am President of the Independent Insurance Agents of Connecticut. The Independent Insurance Agents of Connecticut is a trade association which has been located in Connecticut and has represented independent agents for 115 years. IIAC currently represents more than 400 member agencies and their associates as well as their 3600-plus employees. I come to you today to speak on House Bill 5248.

On November 9, 2010, Connecticut's Insurance Commissioner Thomas Sullivan issued Bulletin S-14 which addressed the issue of the use of a certificate of insurance. This was the result of meetings with the Commissioner and his staff and members of the Independent Insurance Agents of Connecticut (IIAC) to address the issue of the proper use of certificates of insurance. The major problem that was discussed with the regulators by IIAC at that time was that numerous businesses and municipalities were requiring producers to include information on a certificate that was not included in the insurance coverage that was purchased and in place. Bulletin S-14 was developed by Commissioner Sullivan and his staff to correct this unacceptable business practice and to inform insurance consumers of the purpose of a certificate of insurance. The information in Bulletin S-14 noted that "certificates cannot be used to amend, expand or alter the terms of the underlying insurance policy." Since that time, IIAC has met with the producer community, municipalities, and businesses to review the content of the Insurance Department Bulletin S-14 and the correct use of an approved certificate of insurance. Bulletin S-14 has proven to be a useful tool for the producer community to educate their customers on the purpose and the use of a certificate of insurance.

House Bill 5248 addresses the same issues as Bulletin S-14. We support the efforts of the committee in bringing the intent, language and purpose of Bulletin S-14 to statutory language if approved by this committee.



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DATE: March 11, 2014

TO: Connecticut Joint Insurance Committee

FROM: Mary Kay Andrews, CIC
Legislative Chair, Professional Insurance Agents of Connecticut Inc.

RE: SUPPORTING RAISED H.B. 5248

I am writing on behalf of the Professional Insurance Agents of Connecticut Inc., an association representing more than 400-member professional, independent insurance agents who employ thousands of people throughout the state. We write to support Raised H.B. 5248, which seeks to eliminate demands for improper certificates of insurance.

This bill, based on a model unanimously approved this fall by the National Conference of Insurance Legislators, seeks to relieve pressure put on insurance producers to issue certificates of insurance or similar statements that go beyond their intended purpose of memorializing the existence of a specific insurance policy at a moment in time.

PIACT members continue to receive a steady stream of requests from private parties and government instrumentalities to issue certificates or similar documents that offer commentary about the policy, or certify how the policy will react in certain conditions. In 2010, the Connecticut Insurance Department issued Bulletin S-14, which addressed one element of this issue by reiterating the existence of law (CGS Section 38a 816(1)(a) which prohibits the creation and dissemination of statements, such as a certificate of insurance, that misrepresents the underlying policy. PIACT sincerely appreciates the department's efforts in this regard. However, PIACT members continue to report demands for certificates that do not merely reflect coverages or additional insureds not named on the underlying policy, but are demands to sign off on pre-made, one-off certificates that attest that an underlying policy will respond to various claims in a specific manner, or is expressly suitable for a certain project. In many cases this information is not just unknown at the time, but unknowable until a claim arises. These demanded forms do not seek to misrepresent the terms of existing policy, but create new obligations on the insurer and agent and privileges for the certificate holder beyond those initially contemplated at the time of purchase. Most troubling, many of these demands are made after a project has been completed, but before payment has been rendered to the service provider. Insureds tell their brokers, "The people who hired me say they need a certificate that says [x], or I can't get paid" forcing producers to choose between seeing their clients' businesses succeed, and following correct insurance practices.

- continued -

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This bill seeks to impose a modicum of order on what is at times, the chaotic world of certificate requests, where standard ACORD and ISO forms which serve strictly as a "snapshot" of a policy at a given time but are often seen as merely a "starting point" for some requestors. These standard forms would be presumed to be approved, and limit the use of custom forms except for where they are truly necessary.

The vast majority of Connecticut insurance agents are diligent and responsible and refuse to issue inaccurate certificates or attestations and certifications and are then put in the unfortunate position of being asked why they cannot or will not "help" his or her client out.

PIACT members seek this legislation to, in concert with the existing departmental guidance, operate in a space where there is less confusion, more predictability and a clearer regulation of the certificate of insurance process—a goal which will lead to more certainty and less friction for insurers, purchasers, agents and the public alike.

THIS FORM MUST BE COMPLETED BY THE INSURANCE
BROKER OF RECORD. IF FOR ANY REASON THIS FORM
CANNOT BE COMPLETED, PLEASE SUBMIT [REDACTED] A
CERTIFIED COPY OF THE INSURANCE POLICY FOR REVIEW

**Commercial General Liability Policy
Exclusion Verification Certificate**

As the insurance agent of record for the below stated policy. I certify that said policy
does not contain any of the following exclusions:

Subcontractor / Policy Owner: _____

Insurance Carrier: _____

General Liability Policy #: _____ Exp. Date: _____

Initial

_____ **Contractual Liability:** the policy does not contain any exclusions or limitations for
Contractual Liability.

_____ **Broad Form Property Damage:** the policy does not contain any exclusions or
limitations for Broad Form Property Damage.

Explain exceptions:

Authorized Signature _____ Date: _____

Insurance Agency: _____

Address: _____

City: _____ State: _____ Zip: _____