

Legislative History for Connecticut Act

PA 17-2

HB7025

House	1126-1152	27
Senate	824-826, 835-838	7
Insurance	599-601, 915-917	6
		40

Transcripts from the Joint Standing Committee Public
Hearing(s) and/or Senate and House of Representatives
Proceedings

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2017**

**VOL.60
PART 3
845 – 1244**

ph
HOUSE OF REPRESENTATIVES

11
April 5, 2017

On page 17, Calendar No. 152, Substitute House Bill No. 7025, AN ACT AUTHORIZING DOMESTIC INSURERS TO DIVID. Favorable report of the Joint Standing Committee on Insurance and Real Estate.

DEPUTY SPEAKER ORANGE (48TH):

Representative Scanlon.

REP. SCANLON (98TH):

Thank you, Madam Speaker, I move the acceptance of the joint favorable report and passage of the Bill.

DEPUTY SPEAKER ORANGE (48TH):

The question is acceptance of the Joint Committee's favorable report and passage of the Bill. Representative Scanlon.

REP. SCANLON (98TH):

Good afternoon, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Good afternoon, sir.

REP. SCANLON (98TH):

I rise today to support strongly a Bill that basically does a very simple thing. It gives

Connecticut's insurance companies, an industry that employs over 60,000 of our constituents and neighbors, not too far from where we stand today, it gives them a very important tool to better manage their business. And that would be to allow them to divide an existing writing company into two or more writing companies. It does so while also placing strict consumer protections, an oversight on the company's ability to divide. And so, again, Madam Speaker, this Bill simply gives our domestic insurance companies an important management tool, a tool that several other states, I will add, have passed recently, while ensuring strong consumer protections are in place for our constituents and their policyholders.

And with that, Madam Speaker, the Clerk has an amendment, LCO 5997.

DEPUTY SPEAKER ORANGE (48TH):

Excuse me, Representative Scanlon, would you move the Bill first, acceptance.

REP. SCANLON (98TH):

ph
HOUSE OF REPRESENTATIVES

13
April 5, 2017

Yes, I move acceptance of the Joint Committee's favorable report and passage of the Bill.

DEPUTY SPEAKER ORANGE (48TH):

Thank you, sir.

REP. SCANLON (98TH):

And, as I said, Madam Speaker, the Clerk has an amendment LCO 5997. I would ask the Clerk please call the amendment and that I be granted leave of the Chamber to summarize.

DEPUTY SPEAKER ORANGE (48TH):

Will the Clerk please call LCO No. 5997, which will be designated as House Amendment Schedule A.

CLERK:

House A, Substitute House Bill No. 7025, LCO No. 5997, offered by Representative Scanlon and Representative Sampson.

DEPUTY SPEAKER ORANGE (48TH):

Representative Scanlon.

REP. SCANLON (98TH):

Thank you, Madam Speaker, the amendment before us today, which I offer along with my friend and our

Ranking Member, Representative Sampson, makes very small changes to the Bill. Four of the amendments are technical in nature, they are designed to clarify the content of the plan of division and the obligations of the writing companies resulting from a division and the amendment also provides re-insurers with further notice and transparency and I move adoption.

DEPUTY SPEAKER ORANGE (48TH):

The question before the Chamber is on adoption. Will you remark further on the amendment that is before us? Representative Rob Sampson of the 80th, you have the floor, sir.

REP. SAMPSON (80TH):

Good afternoon, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Good afternoon.

REP. SAMPSON (80TH):

I intend to have a good conversation with the Chairman of the Insurance Committee on the underlying Bill. But in the meantime, I would just

ph
HOUSE OF REPRESENTATIVES

15
April 5, 2017

urge my colleagues to support the amendment before us. I'm a co-sponsor of the amendment and it does improve the Bill.

Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Thank you, sir. Would you care to remark further on the amendment before us, the amendment before us? If not, let my try your minds. All of those in favor of the amendment House A, please signify by saying aye.

(All) Aye.

All those opposed, nay. The ayes have it. The amendment is adopted. Would you care to remark further on the Bill as amended? Representative Scanlon, Representative Sampson.

REP. SAMPSON (80TH):

Thank you, Madam Speaker. I wasn't sure whether the good Chairman was going to speak or not. I just have a few questions about the Bill that I'd like to ask through you to Chairman Scanlon. The first one is --

ph
HOUSE OF REPRESENTATIVES

16
April 5, 2017

DEPUTY SPEAKER ORANGE (48TH):

Please proceed, sir.

REP. SAMPSON (80TH):

If you would be so kind to essentially summarize what this Bill attends to accomplish? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Scanlon.

REP. SCANLON (98TH):

Thank you, Madam Speaker, through you. What this Bill does is a very simple thing. It basically gives our insurance companies, which are the lifeblood of our state. We are known as the insurance capital of the world. This is a very important industry to our state. It basically gives them a tool that they can use to better manage their business. And like I said, at the outset, it does that while placing strict consumer protections that protect the policy holders that they have and all of our constituents, but again all this boils down to is a very simple tool that allows them to better

ph
HOUSE OF REPRESENTATIVES

17
April 5, 2017

manage their business.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Sampson.

REP. SAMPSON (80TH):

I thank you, Madam Speaker, and I thank the gentleman for that answer. I'm wondering if he can tell me what types of products are affected within this legislation.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Scanlon.

REP. SCANLON (98TH):

Madam Speaker, what this Bill basically does is it allows the insurance companies to divide, writing companies. Writing companies are entities within a holding company of an insurance company and within those writing companies, there are various different kinds of lines of business, such as auto, home, life, Workers' Compensation, all of those different kinds of insurance and lines of insurance are within

the writing companies and, therefore, would be impacted by this Bill.

DEPUTY SPEAKER ORANGE (48TH):

Representative Sampson.

REP. SAMPSON (80TH):

Thank you, Madam Speaker. And again, I thank the gentleman. Can I ask if annuity products are covered by this legislation?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Scanlon.

REP. SCANLON (98TH):

Thank you, Madam Speaker. Yes, they are.

DEPUTY SPEAKER ORANGE (48TH):

Representative Sampson.

REP. SAMPSON (80TH):

Thank you, Madam Speaker, and thank you for that answer. I'm just curious to know if this legislation is actually required to facilitate this process? Can this happen under current law, or do we need to pass this legislation to put this into

ph
HOUSE OF REPRESENTATIVES

19
April 5, 2017

effect and to allow this division to occur?

Through you to the Chairman, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Scanlon.

REP. SCANLON (98TH):

Thank you, Madam Speaker. No, as the current law currently stands, the companies are not allowed to do this. And I will also add that several other states, I believe three at this point in time, have passed similar legislation allowing insurers in their states to do the practice of division and we are simply trying to adopt the times and follow the lead of several other states that have done this practice, and allowed this practice rather, in the country right now.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Sampson.

REP. SAMPSON (80TH):

Thank you, Madam Speaker, and thanks again for that answer. So, you mentioned writing companies

and essentially that this Bill would provide a mechanism for them to divide into smaller, essentially subsidiaries of themselves. I'm just curious if you could elaborate on what exactly is that division? Are we doing it by lines of insurance or can an insurance company under this process, that would become law in this Bill, essentially just take a small section of their business? Like say they sell auto insurance in Connecticut, but they want to sell off their business in a major city like Hartford. Could they do that under this Bill?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Scanlon.

REP. SCANLON (98TH):

Thank you, Madam Speaker. The goal, again, is to give the insurers a management tool and Representative Sampson is correct that what this would allow them to do is that, let's say that A, B, C Writing Company, within a holding company had four

different lines of business, whether an auto, a home, a life, and a Workers' Comp, if one of those lines of business was no longer in their best financial interest to continue with, under this proposal they would be allowed to divide the writing company; therefore, to separate what they no longer are interested in continuing with and therefore, move along in the best interest of their company and frankly in the best interest of their customers to keep their business healthy and going in the direction that they choose to have it go in, which they are not allowed to do under the current law in the State of Connecticut.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Sampson.

REP. SAMPSON (80TH):

Thank you, Madam Speaker, and thanks for that answer, also. So, I'm looking at the language of the Bill before us. And it looks to me like Section 2 is devoted to the actual process by which the

division would take place. And I would like to ask the Chairman if he could just summarize to me what this process is, in layman's terms?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Scanlon.

REP. SCANLON (98TH):

Thank you, Madam Speaker. Basically, the process, again as I've said several times, is intended to make sure that the consumer is protected. So, if a company does decide that they do want to divide one of their writing companies, they have a series of measures that are in place thanks to this Bill, where they essentially have to declare that they would like to do that to the insurance department. They have to get permission from the department to do that. The commissioner may take the opportunity to ask for a public hearing, it may deny their request, but there are provisions in place for the company to have to go and do this. And one of the things that the

insurance commissioner could also do is to require the company to notify all of the policyholders, but again, there are strict measures in place to ensure that when a company does seek to divide, there is an ability for consumers to be protected.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Sampson.

REP. SAMPSON (80TH):

Thank you, Madam Speaker, and I thank the Chairman for that information. It's a little bit beyond what I was asking for. I really wanted to concentrate on what is in Section 2, and maybe I can just ask the question in a different way.

My reading essentially this section covers the process by which the division would occur, not necessarily what protections are in place, which I think are covered elsewhere in the Bill. My reading of this says that essentially the insurer that tends to divide, must devise a plan and put that plan in writing and then present it to the insurance

department, which essentially preapproves the division. And I'm just curious about that process and whether I'm correct that they're essentially preapproving it before it happens or they approve it once it does happen?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Scanlon.

REP. SCANLON (98TH):

The plan is presented -- thank you, Madam Speaker. The plan is presented to the insurance department and then they have to go through the process before it is approved.

DEPUTY SPEAKER ORANGE (48TH):

Representative Sampson.

REP. SAMPSON (80TH):

Thank you, Madam Speaker. Just a follow up question that is touched on in Section 2, just to clarify whether or not such a division, once it happens can be reversed; I'm curious to know if that is possible?

ph
HOUSE OF REPRESENTATIVES

25
April 5, 2017

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Scanlon.

REP. SCANLON (98TH):

Through you, Madam Speaker, in Section 2, line 3 it looks like, a dividing insurer may not abandon its plan of division, once the division becomes effective. So, the answer is no.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Sampson.

REP. SAMPSON (80TH):

Thank you, Madam Speaker, and I thank the gentleman very much for pointing out that language in the Bill. So, Section 3, just moving on, this looks like it covers the requirements for the division and I'm hoping that the Chairman can just lay what exactly is required of an insurer before they are allowed to proceed with the division?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

ph
HOUSE OF REPRESENTATIVES

26
April 5, 2017

Representative Scanlon.

REP. SCANLON (98TH):

Thank you, Madam Speaker. Basically, what Section 3 is trying to address is again the consumer protections that are available for consumers, basically to make sure that they are being protected in this regard. There are several provisions in Section 3 that do so. And I feel that it adequately addresses the needs of the consumers, while still allowing our companies to have this tool at their disposal. Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Thank you. Representative Sampson.

REP. SAMPSON (80TH):

Thank you, Madam Speaker. No, I appreciate that. Again, we've talked about the consumer protections a number of times, and I'm not doubting any of that. I know most of that is covered in Section 4. And I'll say that my understanding of Section 3 really lays out the rules by which you could participate in such a division. And I notice

that one of the things it requires are a percentage of the governors or interest holders in that insurance company to approve beforehand, they have to produce certain documents that are provided to the insurance commissioner and so forth.

I just wanted to make it clear for the record that there is a definitive and very transparent process about how this happens. It just doesn't happen because of a request. Section 4 seems to cover the approval and since we've talked about it a couple of times, I would just like to note for the record that it does state that a division is not effective until after the commissioner approves it. And after a reasonable notice and public hearing. Though the insurance commissioner can waive those if she does ask for that to happen. That's also where we find the consumer protection pieces in this Bill which are very, very important to me before letting it go forward. It says that, you know, the interest of any policyholder or interest holder must absolutely be protected or the insurance

commissioner is not allowed to go forward and allow the division to take place.

I do have a question about lines 219 through 224, which essentially says that the plan of division, parts of it must be kept confidential. And I'm curious to know why that is and hopefully the Chairman can answer that for me.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Scanlon.

REP. SCANLON (98TH):

Thank you, Madam Speaker. Through you, if you could as the proponent of the question to repeat his question?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Sampson, would you remind repeating your question, sir?

REP. SAMPSON (80TH):

It would be my pleasure, Madam Speaker. In lines 219 through 224, there is a statement that

says that the plan of division materials shall be confidential and shall not be available for public inspection. And I'm curious to know why that is?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Scanlon.

REP. SCANLON (98TH):

Through you, Madam Speaker. I think the answer to that question is that we basically are talking about confidential information that these companies are trying to make in terms of business decisions. So, it remains confidential at that stage in the process. However, as we've been discussing for the last few minutes, there are very important consumer protections that are in place in the Bill, so that while it may remain confidential in one stage of the process, there is a lot of opportunity for the consumer to learn about what's happening with this and for the insurance department to take appropriate consumer protection action, should they feel like this is not in the best interest of the consumer.

ph
HOUSE OF REPRESENTATIVES

30
April 5, 2017

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Sampson.

REP. SAMPSON (80TH):

Thank you, Madam Speaker. I appreciate that answer. You know, I read it kind of that the language is intended partly to protect the confidential information of policyholders that might be involved in the book of business that is being divided and potentially sold off. And also, that there may be, as the good Chairman said, proprietary information the insurance company uses to determine their rates, premiums, methods of operating and doing business. So, I think that's a reasonable provision that's within the language.

The very next few lines have to do with the cost of such a division. Another question, through you, Madam Speaker, who pays for the process of this division? Is the cost borne by the taxpayers of the state or is borne by the insurance company or companies involved in this process?

ph
HOUSE OF REPRESENTATIVES

31
April 5, 2017

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Scanlon.

REP. SCANLON (98TH):

Through you, Madam Speaker. It is paid for by the insurers seeking to divide. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Sampson.

REP. SAMPSON (80TH):

Through you, Madam Speaker, and I thank the Chairman for that answer. That's a very good answer. I appreciate the fact that this is not a cost that is going to be borne by the taxpayers of the state and that insurers looking to engage in this new process will be footing the Bill for it. I'm not going to go into the Bill too much more. There's a couple of sections that have to do with who receives notice of such things. To me it's important to make sure that the policyholders are ultimately notified about this process taking place,

and that is certainly contained in here. There is a section that has to do with something called the financing statement. And I'm hoping that the Chairman can answer for me exactly what is a financing statement?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Scanlon.

REP. SCANLON (98TH):

Through you, Madam Speaker. I would ask the gentleman to repeat his question and also potentially point to the part of the Bill that he is suggesting that it's in?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Sampson, would you oblige, sir?

REP. SAMPSON (80TH):

I would be happy to, Madam Speaker. It's lines 316 through 320. And I'll just ask if the good gentleman could confirm that a financing statement is really just something from the insurance

department that indicates that the insurer that is dividing and/or the ultimate insurer that is going to be the result of the division is financially sound and able to protect the policyholders?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Scanlon.

REP. SCANLON (98TH):

Through you, Madam Speaker. That is correct, through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Sampson.

REP. SAMPSON (80TH):

Thank you, Madam Speaker. The reason why I ask the question is because I wanted to set it up just to ask the next question, which is, to confirm that there is in fact no lapse of time between when one financially sound insurance company is insuring a policyholder to the time after the division takes place, so that they are continually protected throughout that period?

ph
HOUSE OF REPRESENTATIVES

34
April 5, 2017

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Scanlon.

REP. SCANLON (98TH):

Through you, Madam Speaker. The gentleman is correct, that is the case. There would be complete coverage regardless of what happened with the division.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Representative Sampson.

REP. SAMPSON (80TH):

Through you, Madam Speaker. Forgive me, I'm just going through the Bill. As I stated from the outset, you know, this is a relatively technical Bill and I see this as a pro-business measure and something that could be categorized as a reduction in unnecessary regulations on the insurance industry in the state. As the Chairman mentioned, the insurance industry is very important to our state's economy and it's something we want to, you know,

improve always to make sure that we remain the insurance capital of the world.

I just wanted to make sure that we had some of these items on the record and that there is no question that we have really accounted for protecting the consumers in our state, the policyholders, and making sure that insurance companies are certainly held to high standards, that the insurance commissioner is given an appropriate amount of authority, but not too broad of an authority, to regulate the insurance industry. And I'm very, very pleased about the Bill.

I'm very proud to take part in legislation like this, which may reverse the trend in Connecticut and our reputation for somehow being anti-business. I believe this is a great Bill. It eases regulation rather than completely abandoning it. And it does not compromise consumer protections. And for that reason, I encourage my colleagues to support this Bill wholeheartedly. And I thank the Chairman for taking the time to answer the questions, and thank

ph
HOUSE OF REPRESENTATIVES

36
April 5, 2017

you, Madam Speaker.

DEPUTY SPEAKER ORANGE (48TH):

Thank you, sir. Would you care to remark further on the Bill as amended? Would you care to remark further on the Bill as amended? Will you care to remark? If not, staff and guests please come to the well of the House. Members take your seats. The machine will be open.

CLERK:

The House of Representatives is voting by roll.

Members to the Chamber. The House of Representatives is voting by roll, members to the Chamber.

DEPUTY SPEAKER ORANGE (48TH):

Have all members voted? Have all members voted? Please check the board to determine if your vote has been properly cast. If so, the machine will be locked and the Clerk will take a tally. Will the Clerk please announce the tally.

CLERK:

Substitute House Bill No. 7025, as amended by

ph
HOUSE OF REPRESENTATIVES

37
April 5, 2017

House A.

Total Number of Voting	147
Necessary for Passage	74
Those Voting Yea	147
Those Voting Nay	0
Absent and Not Voting	2

DEPUTY SPEAKER ORANGE (48TH):

The Bill passes as amended. (Gavel) Will the Clerk please call Calendar No. 256.

CLERK:

On page two, House Calendar 256, House Joint Resolution No. 108. RESOLUTION CONFIRMING THE NOMINATION OF RUSSELL L. LONDON, ESQUIRE OF WETHERSFIELD TO BE A MEMBER OF THE JUDICIAL REVIEW COUNCIL. Favorable report of the Joint Standing Committee on Executive and Legislative Nominations.

DEPUTY SPEAKER ORANGE (48TH):

Representative Vargas.

REP. VARGAS (6TH):

Thank you, Madam Speaker. I move acceptance of the Joint Committee's favorable report and adoption

S - 704

**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2017**

**VOL .60
PART 3
799 – 1211**

aa
Senate

114
May 3, 2017

Thank you, Madam President. Might we PT this bill and move onto the next one please.

THE CHAIR:

Thank you, sir. Mr. Clerk.

THE CLERK:

On page 28, Calendar 264, Substitute for House Bill No. 7025, AN ACT AUTHORIZING DOMESTIC INSURERS TO DIVIDE.

THE CHAIR:

Good evening, Senator Larson.

SENATOR LARSON (3RD):

Good evening, Madam President. I move acceptance to the Joint Committee's favorable report, passage of the bill in concurrence with the House.

THE CHAIR:

Motion is on acceptance and passage. Will you remark, sir?

SENATOR LARSON (3RD):

Thank you, Madam President. This bill provides a mechanism for domestic insurance businesses to divide their organization into two or more entities with the approval of the insurance department. In the simplest terms, this would grant the domestic insurance a means to be able to sell segments of their business that best fit their business

aa
Senate

115
May 3, 2017

strategy. Currently, this option does not exist in state law. While policy rates, terms would not be impacted from a division and the bill as it stands does not have a fiscal implication nor does it lose revenue for the state.

THE CHAIR:

Will you remark further on the bill? Senator Kelly.

SENATOR KELLY (21ST):

Thank you very much, Madam Chairman. I also rise in support of this bill and I'll only take a moment but this is a very important bill for the state of Connecticut. It is final passage but it's something that the domestic insurers of the state of Connecticut have asked for, and I think that this sends a very clear message that the insurance industry is very important to the state of Connecticut and that our domestic insurers provide numerous jobs and something like this helps keep those jobs in the state of Connecticut and I urge its adoption. Thank you.

THE CHAIR:

Will you remark further? Will you remark further?
Senator Larson.

SENATOR LARSON (3RD):

Thank you very much, Madam President. If there's no objection, I'd ask for a roll call vote.

THE CHAIR:

aa
Senate

116
May 3, 2017

Uh huh, how about consent?

SENATOR LARSON (3RD):

Oh, I'm sorry -- [laughter]. I didn't realize we were doing it. If there's no objection, I'd ask that the bill be placed on the Consent Calendar.

THE CHAIR:

I'm seeing no objections. No objection. We got it -- okay. Mr. Clerk.

THE CLERK:

On page 29, Calendar 277, Substitute for Senate Bill No. 950, AN ACT CONCERNING THE STREAMLINING OF HIRING PROCESS FOR MANUFACTURING TECHERS IN THE TECHNICAL HIGH SCHOOL SYSTEM.

THE CHAIR:

Senator Slossberg. Good evening, ma'am.

SENATOR SLOSSBERG (14TH):

Good evening, Madam President. I move the Joint Committee's favorable report and passage of the bill.

THE CHAIR:

Motion is on acceptance and passage. Will you remark?

SENATOR SLOSSBERG (14TH):

aa
Senate

125
May 3, 2017

SENATOR DUFF (25TH):

Thank you, Madam President. Our final bill of the evening will be the one I had PT'd earlier, which is Calendar page 17, Calendar 187, Senate Bill 655.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On page 17, Calendar 187, Senate Bill No. 655, AN ACT INCREASING FEES REMITTED TO MUNICIPALITIES FOR MOVING VIOLATIONS.

THE CHAIR:

Senator Leone, good evening.

SENATOR LEONE (27TH):

Good evening again, Madam President. I move acceptance of the Joint Committee's favorable report and passage of the bill.

THE CHAIR:

Motion is on acceptance and passage. Will you remark, sir?

SENATOR LEONE (27TH):

Thank you, Madam President. I will. This is an act increasing fees remitted to municipalities for moving violations and quite simply, this bill

increases from \$15 dollars to \$20 dollars -- that's a \$5 dollar increase on the surcharge that is currently paid by people who violate certain motor vehicle laws such as speeding, reckless driving, driving under the influence, countless others. This surcharge paid in addition to the fine or forfeitures of the violations is remitted to the municipality where the violation occurred, so what that means is if you're speeding, you're driving recklessly, you're increasing your speed to evade the police, failing to stop when signal, other common sense approaches -- if you're infracting any moving violations, whatever the fine you would get that goes to the state, there's currently a \$15-dollar surcharge that goes to the municipality. This would increase that surcharge an additional \$5 dollars to go back to the municipality, so in essence, it's an additional incentive for municipalities to crack down on moving violations. What it is not intended for is for municipalities to start going after people for moving infractions when they otherwise would not do. It's not supposed to be something just to increase the revenue coffers of the police to the municipality. In essence, it's really the opposite because what we've heard from towns is that their resources are stretched thin and they don't have enough resources to always enforce moving violations so this additional \$5 dollars would be more money back to the municipalities to maybe put more money towards enforcement, to crack down on people that would otherwise break the law and not be -- and would not be caught, so my hope is that this is something that will pass here in the Senate. I would note that in our Transportation Committee we did talk about this on which way to go. It did pass unanimously with unanimous support in the committee. I would hope that continues. I do

aa
Senate

127
May 3, 2017

understand there might be some concerns but again, this is all about trying to give our municipalities additional dollars to enact enforcement for those that are actually committing a crime by virtue of a moving violation, so I would hope we have support for this bill moving forward. With that, I would rest for the moment.

THE CHAIR:

Thank you. Will you remark further? Will you remark further? If not, roll call vote I guess. I'm sorry -- [laughing]. Mr. Clerk, please call for roll call vote and the machine is open.

THE CLERK:

Immediate roll call has been ordered in the Senate.
Immediate roll call has been ordered in the Senate.

THE CHAIR:

Have all members voted? Have all members voted?
Have all members voted? If all members voted, if all members voted, the machine will be closed. Mr. Clerk, will you call the tally?

THE CLERK:

Senate Bill No. 655.

Total number Voting	34
Those voting Yea	19
Those voting Nay	15
Absent not Voting	2

THE CHAIR:

aa
Senate

128
May 3, 2017

The bill passes. (Gavel). Senator Duff.

SENATOR DUFF (25TH):

Thank you, Madam President. Would the clerk please call the items on the Consent Calendar and we will vote on the Consent Calendar please.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Page 28, Calendar 264, House Bill 7025. Page 29, Calendar 277, Senate Bill 950. Page 47, Calendar 373, House Bill 6008.

THE CHAIR:

Mr. Clerk, will you call for a roll call vote on the second Consent Calendar and the machine is now open.

THE CLERK:

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

THE CHAIR:

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

**JOINT
STANDING
COMMITTEE
HEARINGS**

**INSURANCE AND
REAL ESTATE
PART 2
412 - 917**

2017

one's life, not in medical necessity and sustained treatment engagement and with that I close and I'm definitely open for any questions or comments and I thank you very much for your time, distinguished members of the Insurance and Real Estate Committee. Thank you so much for your time.

REP. SCANLON (98TH): Thank you Marc for your time. Any members have any questions? Thank you for your time Marc, I appreciate it. Ingrid Drison. Ingrid? Oh well. Click each. Stacy Spartz? No.

CLIFF LEACH: Good afternoon Chairman Scanlon, member of the committee. My name is Cliff Leach. I'm the Vice-President of Gillman & Sayers at the Hartford Insurance Group. With me today are Tom Bartel and Chris Kramer, both of the Hartford's Law Department. Thank you for the opportunity to discuss House Bill 7025, an act authorizing domestic insurers to divide. We are here to speak in favor of the Bill and to answer any questions. Representatives if you're not familiar with The Hartford, we are one of Connecticut's largest employers. We are one of the largest property and casualty insurers in the country. The Hartford has been headquartered in this city for nearly 207 years. We are a good corporate citizen of the State and a significant longtime benefactor of the City of Hartford. HB 7025 is important to The Hartford. We respectfully request that the insurance committee approve the bill. The proposal would allow insurers domiciled in Connecticut to divide a writing company into two or more writing companies. It's based on law, is already on the books in Pennsylvania and Arizona. Any plan to divide a writing company would be subject to the Connecticut Insurance Department's review and approval. Any division would not affect

policy terms or rates. Some of you may be aware that writing companies typically house different lines of business and if enacted, domestic insurers would be able to separate the various lines of business by keeping one or more line in the original writing company while placing others into a new writing company resulting from a division. Being able to segregate the businesses would allow domestic insurers to pursue more focused management strategies, tailored for individual lines of business.

This bill also provides domestic insurers a practical way to segregate and sell businesses that are no longer part of their business strategy, something that Connecticut law doesn't currently provide. A case in point, in 2012, The Hartford was no longer writing certain life insurance business. Later that year, we transferred our individual life and retirement plan businesses to Prudential and Mass Mutual respectfully. However, The Hartford could not realize a full and final sale of those businesses. Instead, we used the only practical option available. We entered into reinsurance arrangements with those companies and as a result, we have ongoing obligations, administrative complexity and compliance risks associated with those businesses. The long term obligations under the reinsurance arrangements means that the Hartford would experience that complexity and risk for many years to come. Under this bill, a domestic insurer could, with an Insurance Department approval, place the lines of business it wants to sell into a separate writing company resulting from a division. Any sale would in turn be subject to a separate Insurance Department review and approval, as

required by existing State statutes. Finally, I just want to let you know this proposal does not request or require any financial commitment from the State or any other entity, nor will it cost the State any revenue. Governor Malloy, Insurance Commissioner Wade and the Insurance Department are familiar with the proposal and support it. Thank you for your consideration and I'm happy to answer any questions.

REP. SCANLON (98TH): Gentleman, any questions from the committee. I see none. Thank you very much.

That concludes our public hearing today and on that note, I'd adjourn the committee. Thank you.

The Hartford
Testimony
House Bill 7025
An Act Authorizing Domestic Insurers to Divide
Insurance Committee Public Hearing
February 16, 2017

Introduction

- Good Morning Chairman Scanlon, Chairman Larson, Chairman Kelly, members of the Insurance & Real Estate Committee. I am Cliff Leach, VP of Government Affairs at The Hartford Insurance Group. With me today are Tom Bartell and Chris Cramer of The Hartford's Law Department.
- Thank you for this opportunity to discuss Raised Bill 7025, An Act Authorizing Domestic Insurers to Divide.
- We are here to speak in favor of the bill and to answer any questions.

The Hartford

- The Hartford is one of Connecticut's largest employers.
- We are also one of the largest Property & Casualty Insurance Companies in the country.
- The Hartford has been headquartered in Hartford for nearly 207 years.
- We are a good corporate citizen of the state and a significant long time benefactor of the City of Hartford.

Divisions Proposal

- The proposal is important to The Hartford. We respectfully request that the Insurance Committee approve the bill.
- The proposal would allow insurers domiciled in CT to divide a writing company into two or more writing companies. It is based on laws enacted in PA and AZ.
- Any plan to divide a writing company would be subject to the CT Insurance Department's review and approval.
- A division would not affect the terms or rates of policies.
- Writing companies typically house different lines of business. If enacted, domestic insurers would be able to separate the various lines of business by keeping one or more business lines in the original writing company while placing others into a new writing company (or companies) resulting from a division.

- Being able to segregate businesses would allow domestic insurers to pursue more focused management strategies tailored for individual lines of business.
- This bill also provides domestic insurers a practical way to segregate and sell businesses that are no longer part of their business strategy, something that Connecticut law doesn't currently provide.
- A case in point: In 2012, The Hartford announced it was no longer writing certain life insurance business. Later that year, we transferred our individual life and retirement plans businesses to Prudential and Mass Mutual, respectively.
- However, The Hartford could not realize a full and final sale of these businesses. Instead, we used the only practical option available. We entered into reinsurance arrangements with those companies.
- As a result, we have ongoing obligations, administrative complexity and compliance risk associated with those businesses. The long term obligations under the reinsurance arrangements means that The Hartford will experience that complexity and risk for many years to come.
- Under this bill a domestic insurer could, with Insurance Department approval, place the lines of business it wants to sell into a separate writing company resulting from a division. Any proposed sale would, in turn, be subject to a separate Insurance Department review and approval as required by existing state statutes.

Other

- The proposal does not request or require any financial commitment from the state or any other entity. Nor will it cost the state revenue.
- Governor Malloy, Insurance Commissioner Wade and the Insurance Department are familiar with the proposal and support it.
- Thank you for your consideration.



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony Insurance and Real Estate Committee February 16, 2017

House Bill No. 7025 An Act Authorizing Domestic Insurers to Divide.

Committee Chairs, Co-Chairs, Ranking Member, and Members of the Insurance and Real Estate Committee, the Insurance Department appreciates the opportunity to submit written testimony in support of House Bill No. 7025 An Act Authorizing Domestic Insurers to Divide. Generally, this bill will authorize a Connecticut domestic insurer to divide into two or more resulting insurers. This type of corporate restructuring is the reverse of a merger: instead of combining two or more insurers into one, a division will divide the Connecticut domestic insurer into two or more resulting insurers.

Other states, including our neighbor Rhode Island, have similar laws that allow their domestic insurers to divide. The Department understands that provisions of this legislation are patterned after the law in Pennsylvania.

This bill provides, among other things, that a dividing insurer adopt a plan of division containing the information on the proposed division as specified in the legislation, including how the dividing insurer's capital, surplus, and other property as well as its insurance policies and other liabilities will be allocated to the resulting insurers. The domestic insurer is required to file the plan of division with the Insurance Commissioner and obtain approval of the plan. The Commissioner may hold a public hearing to consider the matter if it is deemed in the public interest.

The Department understands that this legislation will provide flexibility to Connecticut domestic insurers to reorganize business operations to reflect their business strategy. The Insurance Department believes that should this bill be enacted, it will provide appropriate standards and oversight to ensure that the interests of policyholders will be adequately protected.

The Department thanks the members of the Insurance and Real Estate Committee for the opportunity to submit testimony on H.B. 7025.

About the Connecticut Insurance Department: The mission of the Connecticut Insurance Department is to protect consumers through regulation of the industry, outreach, education and advocacy. The Department recovers an average of more than \$4 million yearly on behalf of consumers and regulates the industry by ensuring carriers adhere to state insurance laws and regulations and are financially solvent to pay claims. The Department's annual budget is funded through assessments from the insurance industry. For every dollar of direct expense, the Department brings in about \$7.45 to the state in revenues. Each year, the Department returns more than \$215 million in assessments, fees and penalties to the state's General Fund.