

2009 NAIFA-CT LEGISLATIVE SUMMARY

The legislative session began with discussions about the looming deficit. After the Governor presented her budget the democrats waited until the end of the session to present theirs. The session concluded on June 3 with no budget agreement and as a result the legislature is in special session over the summer. The big discrepancy is that the Governor wants all cuts and the democrats want tax revenues through an increase in the income tax. However, even the Senate democrats and House democrats aren't necessarily on the same page as to what form of taxes to utilize in raising revenue.

Bills involving the insurance market are too plentiful to list here and number nearly 300. As the session progressed many bills failed as a result of the cost of the bills. Two bills that passed both chambers were the Sustinet bill, which established an entity that would run a statewide plan implemented by the federal government and the pooling bill that would allow small businesses and municipalities to join the state employee pool. However, in a July 20 veto session the Sustinet bill veto was overturned and the pooling bill veto was maintained. Key bills affecting the producer market that passed were a bill allowing for the accelerated benefits in life insurance policies and another that was amended in a beneficial way that would have made it more difficult for producers to sell retirement products to senior citizens. A bill that was lobbied against that failed would have allowed no social security offsets of disability insurance benefits. The insurance market lobbied heavily against this bill as it wended its way through the Senate. All in all this was a successful session for NAIFA-CT. The only exposure that producers may face in the final budget (whenever that occurs in the coming months) may be licensing fee increases. The grassroots effort of producers really helped to make this session successful. Below is a list of the important bills (minus the myriad of healthcare mandates that failed) that we were involved with in 2009.

BILLS NAIFA-CT LOBBYISTS SUPPORTED WHICH PASSED

HB 6279 AN ACT CONCERNING ACCELERATED BENEFITS OF LIFE INSURANCE POLICIES.
To promote flexibility by enabling life insurers to develop products that meet the growing need for chronic illness-related services. This bill expands the benefits available under a life insurance policy's accelerated death benefit option by revising what constitutes a "qualifying event." An accelerated death benefit pays benefits during an insured person's life, upon the occurrence of a qualifying event. Such a payment reduces the benefit payable upon death. The law permits life insurers and fraternal benefit societies to include an accelerated benefit option in life insurance policies

HB 6231 AN ACT CONCERNING THE USE OF A CERTIFICATE, PROFESSIONAL DESIGNATION OR ADVERTISING IN ADVISING SENIOR CITIZENS.

No person shall, in connection with the offer, sale or purchase of any security, directly or indirectly use a certificate, professional designation or form of advertising expressing or implying that such person has special training, education or experience in advising or serving senior citizens, unless such person has obtained a certificate, title or designation through completion of a course of study. The Insurance Commissioner shall adopt regulations to (1) prevent misleading and fraudulent marketing practices with respect to the solicitation and sale of life insurance or annuities sold to senior citizens, and (2) set standards for the use of senior-specific certification and professional

designations used in the solicitation and sale of such life insurance and annuities. This bill originally was more prohibitive and this compromise was agreed upon.

BILLS NAIFA-CT LOBBYISTS OPPOSED WHICH DID NOT PASS

SB 716 (amended into SB 823) AN ACT ELIMINATING THE REDUCTION OF BENEFITS PAYABLE UNDER A LONG-TERM DISABILITY POLICY BY AMOUNTS RECEIVED BY THE INSURED IN SOCIAL SECURITY PAYMENTS.

To eliminate the ability of an insurance company to reduce the amount payable under a long-term disability policy by the amount the insured receives in Social Security payments. This bill will raise the cost of group disability.

HB 5675 AN ACT CONCERNING THE COMMUNICATION OF A SPECIALTY, CERTIFICATION OR TRAINING IN ADVISING SENIOR CITIZENS.

To protect senior citizens from deceptive practices of financial advisors. We could not support the bill as it was originally written. It was amended to be more in line with what other states have done.

HB 5437 AN ACT CONCERNING HEALTH INSURANCE PRODUCER FEES OR COMMISSIONS FOR CERTAIN HEALTH INSURANCE POLICIES.

To prohibit health insurance producer fees or commissions for municipal health insurance policies that are renewed, amended or continued with the same insurer.

SB 1022 AN ACT CONCERNING GUARANTEED ISSUE FOR INDIVIDUAL HEALTH PLANS.

To require individual health insurance policies and plans and subscriber agreements to be offered on a guaranteed issue basis, and to make conforming changes.

SB 822 AN ACT PROHIBITING GENDER DISCRIMINATION FOR INDIVIDUAL HEALTH INSURANCE POLICIES.

To prohibit different individual health insurance policy rates based on gender.

SB 971 AN ACT CONCERNING SMALL BUSINESS RETIREMENT PLANS.

To establish and administer a retirement plan that will be available to small employers and self-employed individuals. This is a similar bill to the one last year where the state would try to manage a 401k or IRA plan that they believe would be cheaper than what is on the market.

5172 AN ACT ESTABLISHING THE CONNECTICUT HEALTHY STEPS PROGRAM.

To reduce the number of Connecticut residents without health insurance, reduce the cost of health benefits, promote the health of Connecticut residents, and improve the quality of health care services in the state. This bill established a Connector similar to what Massachusetts currently has.

HB 6349 AN ACT CONCERNING THE SALES TAX ON SERVICES.

To make professional, insurance, occupational or personal service transactions subject to the sales tax.

BILLS NAIFA-CT LOBBYISTS SUPPORTED WHICH DID NOT PASS

164 AN ACT ADOPTING THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS' INTERSTATE INSURANCE PRODUCT REGULATION COMPACT.

To adopt the National Association of Insurance Commissioners' Interstate Insurance Product Regulation Compact. This bill did not receive as much support this year because the Department of Insurance was unable, with all their political capital, to sway key legislative leaders and the Attorney General that opposed it.

SB 258 AN ACT CONCERNING CONTRIBUTIONS TO QUALIFIED 529 PLANS.

To expand the tax deduction for contributions to college savings plans to include contributions to any qualified 529 plan.

Bills NAIFA-CT LOBBYISTS MONITORED THAT DID PASS

HB 6600 AN ACT CONCERNING THE ESTABLISHMENT OF THE SUSTINET PLAN.

This bill establishes the SustiNet Health Partnership board of directors. The purpose of the Partnership is to design and establish the SustiNet Plan, which is intended to provide health care coverage in the state. The Partnership, as proposed in this bill, is not to be construed as a department, institution, or agency of the state. The Partnership is required to submit a range of recommendations to the General Assembly concerning the implementation of the SustiNet Plan, including the creation of an agency having the power to operate as a quasi-public authority. These recommendations must be submitted as proposed legislation to the General Assembly by January 1, 2011. The Partnership is also required to establish several committees that are required to make recommendations in a variety of health care policy areas. This bill passed both the House and Senate and ended up being vetoed by the Governor. This bill was overridden in the veto session on 7/20/09 and will become law although there is no way to pay for it.

310 AN ACT CLARIFYING THE SALE OF SPECIAL HEALTH CARE PLANS FOR SMALL EMPLOYERS.

To clarify that the Health Reinsurance Association is the sole entity offering special health care plans, and to make minor technical revisions to the insurance statutes.

5696 AN ACT REQUIRING INSURANCE COVERAGE FOR AUTISM SPECTRUM DISORDER THERAPIES.

To provide insurance coverage for autism spectrum disorder therapies.

BILLS NAIFA-CT LOBBYISTS MONITORED THAT DID NOT PASS

HB 6531 AN ACT CLARIFYING POSTCLAIMS UNDERWRITING.

To require prior approval from the Insurance Commissioner before an insurer or health care center may rescind, cancel or limit a policy, contract, evidence of coverage or certificate, to specify the procedures pertaining to such approval process, and to require the Insurance Commissioner, in consultation with the Office of the Healthcare Advocate and the Office of the Attorney General, to develop uniform and readable applications for insurance for each line of insurance authorized to be sold in this state. This bill passed both chambers but was vetoed by the governor and therefore did not become law.

5536 AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP (Pooling bill).

To reduce costs to municipalities and increase benefits for employees by opening the state employee insurance pool and allow municipal employees to join voluntarily. This bill passed both chambers but was vetoed by the governor and therefore did not become law.

HB 5019 AN ACT PROHIBITING THE USE OF A PRESCRIPTION DRUG HISTORY AS AN UNDERWRITING TOOL TO DENY INDIVIDUAL HEALTH INSURANCE COVERAGE.

To prohibit the use of an individual's prescription drug history as a factor in underwriting an individual health insurance policy unless such history derives directly from a medical diagnosis of an underlying condition.

HB 6531 AN ACT CLARIFYING POSTCLAIMS UNDERWRITING.

To require prior approval from the Insurance Commissioner before an insurer or health care center may rescind, cancel or limit a policy, contract, evidence of coverage or certificate, to specify the procedures pertaining to such approval process, and to require the Insurance Commissioner, in consultation with the Office of the Healthcare Advocate and the Office of the Attorney General, to develop uniform and readable applications for insurance for each line of insurance authorized to be sold in this state. This bill passed both chambers but was vetoed by the governor and therefore did not become law.

SB 950 AN ACT CONCERNING CONSUMER CREDIT LICENSEES.

To require licensees who surrender a license to surrender such license to the Banking Commissioner; to authorize the Banking Commissioner to institute a license suspension, revocation or refusal to renew license proceeding within one year after a license is surrendered; to prevent the issuance of certain licenses if the applicants for such a license have been convicted within the past ten years of any misdemeanor involving the type of business for which the license is sought, or of any felony; to authorize the Banking Commissioner to deny an application for any such license within one year after such application is withdrawn; to expand the definition of a "debt adjuster" to add provisions governing the making or renewing of payday loans; to amend the statutes regarding money transmission licenses; to amend the statutes concerning bond requirements for certain licensees.