Insurance and Real Estate Committee
JOINT FAVORABLE REPORT

Bill No.: SB-87
Title: AN ACT PROHIBITING DISCRETIONARY CLAUSES IN DISABILITY INCOME INSURANCE POLICIES.
Vote Date: 3/14/2019
Vote Action: Joint Favorable
PH Date: 2/7/2019

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SPONSORS OF BILL:

Insurance Committee
Sen. Looney, 11th Dist.

REASONS FOR BILL:

This bill prohibits discretionary clauses in health insurance policies dealing with disability income. It also protects consumers from a potential conflict of interest.

RESPONSE FROM ADMINISTRATION/AGENCY:

Insurance Department – reserves the right to comment once they are fully drafted.

NATURE AND SOURCES OF SUPPORT:

Sen. Martin Looney – Would protect residents from conflict of interest by insurance company who make decisions on whether a person is disabled and the paying for such. A number of state have made it illegal to enforce discretionary clauses

NATURE AND SOURCES OF OPPOSITION:

AHIP – would prohibit each insurance company, fraternal benefit society, hospital service corporation, medical service corporation, health care center and other entity that delivers, issues for delivery, renews, amends or continues in CT any insurance policy that provides disability income protection coverage from including in such policy a clause that purports to reserve sole discretion to such company, society, corporation, center or entity to interpret, provide standards to interpret, such policy in a manner that is inconsistent with the laws of CT.
Connecticut Conference of Municipalities – State-mandated expansions of health insurance coverage would increase insurance costs for cities and towns.

CT Association of Health Plans – urges opposition particularly as it relates to health insurance carriers which already have extensive regulation to address any disputes in coverage including penalties for unfair trade practices, internal and external appeal mechanisms.

George, Eric, President-Insurance Association of Connecticut – Discretionary clauses promote uniform claim administration and ensure that insurance carrier-decisions are made consistently, equitably and in a non-discriminatory manner. A discretionary clause does not change any of the terms and conditions of an insurance policy. Moreover, discretionary clauses do not give insurers unfettered ability to interpret policy provisions as they see fit – consumer protection laws significantly limit this.

Reported by:  Dawn Marzik   Date: 3/21/19