CHAIRPERSON: Representative Lucy Dathan

SENATORS: Anwar, Bizzaro, Cassano, Hartley, Kelly, Lesser

REPRESENTATIVES: de la Cruz, Delnicki, Floren, Hughes, O'Neill, Pavalock-D'Amato, Polletta, Riley, Rosario, Scanlon, Turco, Vail

REP. DATHAN (142ND): Good morning. We're going to start with the legislator agencies and municipalities. We have first on the list is Representative Chris Davis. Is he here? Okay. Representative Fishbein; I don't see him, either. Representative Linehan; I don't see her. Senator Champagne. Deputy Commissioner John Hershman. Senator Looney. Representative Wilson Pheanious. Okay. Hold on just a second. Seeing that no legislator agencies are here quite yet, I'm going to go ahead and start with the bills.

The first bill we will hear is 5249 - AN ACT CONCERNING DENTAL INSURANCE COVERAGE FOR CHILDREN, STEPCHILDREN, AND OTHER DEPENDENT CHILDREN. The first on the list is Dr. Albert Natelli. And if I mispronounce your name when you come up, please just correct me for the record, but you should state your name for the record anyway.

PAREESA CHARMCHI GOODWIN: Hi, this is Pareesa Charmchi Goodwin. I had been told that in the sake of time, as I know that you all are planning for session, it would be preferable if those of us that are in support of this bill testify together in three minutes. Is that okay with you?

REP. DATHAN (142ND): Well, we should probably do it in the order that we have signed up. So, Dr. Albert Natelli is the first.

DR. NATELLI: Good afternoon or good morning. I'm really not Elvis, but thank you. My name is Dr. Al Natelli, and I've been practicing dentistry here in Connecticut for over 25 years. For the record, I'm the President of the Connecticut State Dental Association, part-time volunteer faculty member/instructor of dentistry at the UConn School of Dental Medicine and been doing that for over 25 years, also. I'm a former town councillor in Southington, and I ran for state office. I'm writing in support of proposed House Bill 5249, 5253; Senate Bill 369. These bills would allow children, stepchildren, other dependent children to retain dental insurance coverage under their parents' policies until age 26. Finally, let me give you a note that says my testimony here reflects my opinions only and not of any entity including my employer and/or the University of Connecticut.

Who here remembers the Miracle on Ice 40 years ago? It celebrated its anniversary last month, and if you saw the Disney movie, you saw towards the end where the miracles went to Herb Brooks and said, "Herb, we're family, and this is the family we wanna go to the Olympics with." I asked why isn't dentistry part of the medical family. Aren't we part of the overall health care of individuals? Well, this is an opportunity to fix something that wasn't done right, and, that is, add children up to age 26 to dental care coverage, to health care coverage under dentistry. Our own DPH has said oral health and gum disease, is associated with heart disease, low birth rate, diabetes, and stroke. Research shows that dentistry, dental health, oral health is important

to the overall health. You all left us out. Please don't leave us out again. I could go on, but God knows what it's like giving testimony and having that two or three minutes. I think I've made my points. I have written testimony and have submitted that, and if you have any other questions, I am happy to answer them. I ask you to support House Bill 5249, 5253; Senate Bill 369 and cover children up to age 26. Thank you for your time, and I wish you a great afternoon.

REP. DATHAN (142ND): Thank you very much for your testimony. Just a quick question. I know that a lot of these kids that are off their dental plans of their parents between 21 and 26; I just had a couple questions about that gap. Do you have any idea about the percentages of them obtaining their own dental insurance?

DR. NATELLI: If I understand your question correctly, what you're asking me is once they go off their parent's plan, what is the percentage that obtain dental insurance?

REP. DATHAN (142ND): Exactly.

DR. NATELLI: Once they become fully employed or gainfully employed? I don't have the answer to that, but I'm sure we can get that for you.

REP. DATHAN (142ND): That would be useful. And I know in other countries, they particularly focus on maternal health for women who are pregnant, and that has a good outcome for babies that are born in doing that and particularly why having dental insurance is so important. But for these young adults, what sort of things may they be missing that, you know, not getting the treatment, and do we have any sort of

outcomes or any return on investment analysis for this gap.

DR. NATELLI: There's information I can share with you; I will make sure that you get it. I know when I was young I thought I was invincible. Most kids think they're invincible, and they don't think about insurance. What if they have an accident, they broke a tooth? What if they have an abscess, and they need treatment? What if years ago they were in an accident, but years later they now need a root canal because of that accident 20 years later? So, the answer to the question, I think, would be it is important to look at these things and make sure that they're insured. I'm not sure if that really answers your question, but as I sit here and think about it, I look at it, "Oh, kids think they're invincible." I thought I was.

REP. DATHAN (142ND): Okay, that's really helpful. Is there any questions from the Committee? Seeing none, thank you very much for your testimony. Next, I saw Representative Davis walk in the room. If you're ready, we'd love to have you come testify.

REP. DAVIS (57TH): Thank you very much, Vice-Chairman Dathan. Excuse me for my tardiness. I didn't expect to be number one. In the ten years I've served here, I've never been number one testifying before, so I appreciate you waiting for me and allowing the public to testify before I could come up here. But my name is Representative Christopher Davis. I represent the towns of East Windsor and Ellington in the 57th district. I'm here to testify on two bills before you here today, both of which are topics that I've had the opportunity to contemplate quite a bit since the

last session and work with constituents on trying to come up with solutions for.

The first once would be Senate Bill 329 -- AN ACT CONCERNING LONG-TERM INSURANCE POLICIES. I know I've worked with Senator Anwar on this issue since the end of last session. Our constituents have brought it up to us a number of times, and we actually hosted a forum with the Insurance Department at our senior center to discuss this. As many of you know, most of these individuals that have long-term care insurance policies have seen huge rate increases, massive rate increases over the last couple of years. So much so that many of them are considering dropping a policy after paying tens of thousands of dollars in premiums over the years, just in time for them to actually need to potentially use this long-term care insurance. Although I do support many of the sections of the bill as presented to you here today, I would include in my written testimony that I did submit a number of other policy changes that I think would be effective for those long-term care insurance premium policyholders.

The issue that they face is that Connecticut continues to approve many of these long-term care insurance rate increases; however, other states are not, and what that leads to happening for those long-term care insurance policyholders is that they're basically carrying the weight for the rest of the country. They're paying the bills here in Connecticut. We have these rate increases while other states that are not approving rate increases are benefiting from lower premiums and getting the same benefits as are Connecticut ratepayers who are actually paying even more each year.

So, I've asked for a three-year moratorium on that and to cap those increases to the level of inflation during that time period based on the Consumer Price Index for health care costs. I think that is probably the most effective way that we can do it as we look at this as a national level because I think it needs to be addressed nationally. In my written testimony, I also have a number of other policy changes that I think would be effective and benefit the ratepayer.

On to House Bill 5370 - AN ACT CONCERNING CRUMBLING CONCRETE FOUNDATIONS, an issue that impacts my district quite a bit, and a number of the members of this Committee, as well. I do support this bill], and I believe it has two important issues. Extending the sunset date for the Captive Insurance Company, that is very important, and I think that actually was just a mistake on our part as the legislature that we did not extend it last year after we passed legislation to do the Healthy Homes surcharge. This would kind of put it in line with that, and it makes sense because we'd be charging a surcharge on every homeowner in the State of Connecticut but not have the Captive Insurance Company to actually process it. And then this would also speed up the process in which insurers make decisions on homeowners, and that's very important, as well.

But I think we also need to look at ways to find sustainable funding for this issue, as well. I know the conversations were brought up about potentially doing an additional surcharge on the insurer rather than the insured to provide additional funding for this. Ideologically, I have struggled with that, me personally, but it is one option that I think is available to us as a state, with little or minimum

impact on the actual policy amount if it was only ten to fifteen dollars a year on that policy, and then also very minimal impact, if at all, on triggering penalties from other states for putting on that surcharge. So, I thank you for the indulgence to testify on both of these bills here today, and I'm willing to answer any questions from any Committee members. Thank you.

REP. DATHAN (142ND): Thank you very much for your testimony today. Representative Delnicki.

REP. DELNICKI (14TH): Thank you, Madam Chair. I'm running between committees this morning, between Banking and Insurance and Real Estate, and thank you, Representative Davis, for coming forward with your testimony on the issue of extending CFSIC. The speeding up of the actual decline of claims so that folks can apply to CFSIC in a much faster fashion because, of course, that's one of the prerequisites to being able to apply to the Captive Insurance is the fact that you have to have a decline to reject a claim. You spoke to that -- I believe peril of collapse is also in there. Do you have a comments pertaining to that because the insurance industry, in my opinion, has gotten away scot-free here and needs to be part of the solution and not, you know, walking away and washing their hands of the issue?

REP. DAVIS (57TH): Thank you for that question. I agree that I think that this issue should be something that's considered under the coverage of an insurance policy. I did not submit testimony on the peril of collapse bill, one that I would certainly consider looking at it. I know the Crumbling Foundations Caucus, in which I am a member, is supportive of the issue, as well. I do think that perhaps another option could be a rider for some of

these homes that do either test positive but with small trace amounts with little detectability of actual impairment, similar to like a flood insurance policy so that although there is a small amount of the pyrrhotite within those foundations, their structural integrity may not be compromised, and then, thus, you could potentially have a rider that could be put onto those policies that would allow for that surety for the homeowner or the home purchaser to know that at least if something were to happen in the future, it would be covered. But, to your point, the insurance companies would have to cover it at that point, and, right now, they are not, and I do believe that they need to be brought to the table a little bit more. Although legally, based on the Supreme Court decisions, they've been found not to be responsible for these foundations, I do believe that most homeowners, if not all, believe that the foundation of their home was covered under their home insurance policy.

REP. DELNICKI (14TH): And that's an interesting comment you make pertaining to the Supreme Court decision because if the legislature takes action and requires mandatory coverage, then the entire Supreme Court decision becomes a moot point, no longer holding any water because that was based on language that was in the previous insurance policies. You made mention, though, of a surcharge on the insurance companies that I believe, and I think I read something on that pertaining to the proposal, and I realize it's not germane to what's on here, but I just want to mention it. That could be made nontransferable to the policyholders and the strict responsibility of the insurance industry. It that correct?

REP. DAVIS (57TH): It could be drafted in a way that it's borne by the insurer and not the insured; so, it could be structured in a way that the insurer, the insurance company, would be the one that pays that fee. Now some could argue it could be passed on by just, you know, other premium increases or something along those lines, but it could be structured within the statute to make clear that that cannot be taken into consideration for any kind of rate increase in the future.

REP. DELNICKI (14TH): And I raise that issue because with the peril of collapse bill that we have before us, there is the opportunity to actually put some kind of language in it that could pertain to what you've talked about there.

REP. DAVIS (57TH): I think the opportunity is in that bill. The opportunity is also in the 5370 - AN ACT CONCERNING CRUMBLING CONCRETE FOUNDATIONS. I mean, certainly it would fall under that bill, as well. I think there is no question that we need to look at better insurance policies in regard to the crumbling foundation issue, whether it be through peril of collapse or through a rider or even potentially through a surcharge, and then we don't have to worry about the issue going forward because we'd have CFSIC in order to pay for the replacement of these foundations going forward. So, I think there're many different options before this Committee and before the General Assembly at large, and I think we need to start taking action sooner rather than later because the money for the Captive Insurance Company, although we do have the Healthy Homes surcharge, the bonding for that is going to be running out within the next two years, and then we have to decide how we're going to fund at a greater

level the increasing number of homes that are qualifying for assistance.

REP. DELNICKI (14TH): And it's interesting to note that the insurance industry has no skin in the game yet on this. They've been able to absolve themselves and walk away, and I raised this issue to my fellow members here on the Committee that we do have an opportunity to take a look at that in JFS language; whether or not we do it or not is up to us. And it's something we need to keep in the back of our heads because they have not come to the table, and they need to be part of the solution. Thank you, Representative, for your comments here and your answers.

REP. DATHAN (142ND): Thank you very much. Representative Vail.

REP. VAIL (52ND): Thank you. I'm not even going to ask you any questions about crumbling foundations. I'm going to ask you about long-term care. I'm not sure how familiar you are with that. I see you've had some seminars, and I certainly don't want to put you on the spot. So long-term care policies, you're basically buying a per diem benefit, a pool of money, and normally when you do that you're rate would stay flat because you have a fixed amount that you're applying for. So, what do you think is causing this spike in premiums, and my understanding, too, whatever that policy is, they have to increase rates for everybody in that pool of money equally, and it's been going up now, where in the past, it never went up. Now it's going up. So, do you have any comments as to why that is?

REP. DAVIS (57TH): I think there're a few issues that are happening. I think it's a perfect disaster of a situation for long-term care insurance. You

had policies sold since the late 1980s, I believe. Some policyholders are still holding them, paying into those policies with the idea that either people would have them and then they'd drop off, so they would pay the premiums but never actually access them, which, unfortunately, is not the case with long-term care insurance. Most of the people that purchase them are keeping them for that time period. You have the cost of health care exploding over that 30-year period to the point where that original premium amount perhaps does not necessarily meet the demand that we have here today. You have individuals that are taking advantage of the per diem rates for a much longer period of time than originally anticipated.

You know, when a lot of these policies were structured, there was a two-year maximum kind of thought, two-to-three years that you would be using this at most. Most people would be using it just for a few months at a time, and now you have individuals with long-term care issues related with, like say, dementia or something along those lines that are using these policies for seven, eight, or nine years, and some of them are uncapped. So, they're able to access that money in the premium pool over and over and over again for longer periods of time, while the policyholders who are not yet accessing them, the actual benefits of that, are the ones actually footing the bill for those policyholders.

So, there're a number of different issues that have led to the situation that we're in now, but one of them that I think is totally unfair for Connecticut ratepayers is that we continue to have those rate increases to make up that difference in those most of the time closed books of business, while some of

these other states are not. And it really needs to be addressed at the national level which is why I recommended capping it for the next three years as they look at it at the national level, as they actively are, and our insurance department is actively participating in that and trying to help our ratepayers in doing that. But I think right now the solution is to do that three-year cap, work this out at the national level so that Connecticut insurance payers are not paying for everybody else.

REP. VAIL (52ND): Does the Insurance Commissioner have the ability to deny those increases in premiums?

REP. DAVIS (57TH): I'm not exactly sure how it is worded in the statute, if they can just straight deny it. I think they can adjust them, of course. I think they in the Insurance Department from what they're looking at, the numbers are so bad with these long-term care policies, I can understand why they would say that the solvency of these companies might be in question and that rate increases may be necessary. I disagree with the rate of those rate increases, how much they are going up, especially when you're looking at a national book of business for these companies. And some of these companies -- there's not that many left; a lot of them have gone away.

So, there're some really big companies that still have long-term care policies, and I think there's a lot of question as to the solvency issue. Is it solvency just in that one book of business that is a problem, or should we be looking at the entire company and the ability for them to take on those losses for offering a product that they, themselves, did not actually calculate correctly in looking at

what the cost would be going forward. And, you know, should the ratepayers that thought they had premiums that were at a low rate now seeing that explode just in time for them to actually use it, it doesn't seem very fair to me.

REP. VAIL (52ND): I agree because their actuaries obviously screwed up because when you buy life insurance, you have a fixed amount, and it's based on your life expectancy at the time you buy the policy. Long-term care is the same way, and so it should have been figured that way. It's not like your normal health insurance policy because it's a specific benefit. So, if you had $500 dollars a day, you have $500 a day. If it costs $600, you're responsible for the other $100. It's not like a normal health insurance policy. So, they should have assumed -- they should have figured in people lapsing in their policies and all that other stuff. And that's probably why -- or people using the full benefit and all.

So, that's probably why they made the mistake in calculations, so it seems to me like it would be on them. Because it's a fixed amount, it's a bag of money that you by per diem, per month for a specific period of time or forever, and they obviously didn't calculate that correctly because these are the type of policies you would figure would kind of stay the same rate forever because you buy it based on your likelihood of going into a nursing home or receiving that type of care at the time you buy it. So, if you buy it when you're 30, you're going to pay a low rate because of the likelihood that then you would have paid in all that premium over that many years. So, I definitely see a problem with this, but I think they're at fault for not figuring this out right, and in the end people that actually took the

initiative to buy long-term care insurance, which most people don't, are now getting screwed on the backend of it.

REP. DAVIS (57TH): Yeah, and to that point to your previous question, one other point as to why we're in this situation is that a lot of these companies did not actually request rate increases over those long periods of time, to your last point, and what we found is that by not requesting those rate increases, now they're requesting these huge rate increases at the backend of a lot of these policies, and, instead, if they had just requested small rate increases over that small period of time, if their actuaries had the math right at that time, the policyholders perhaps wouldn't be hit with such huge increases right now. They would have been able to work out, you know, those increases over a time period.

But, unfortunately, and this goes back two decades of insurance departments not being authorized to look at these books until they come in and do a rate increase, and, unfortunately, a lot of these companies do not request them for 20 years.

REP. VAIL (52ND): Thank you.

REP. DATHAN (142ND): Thank you very much. Does anybody else have any questions? Thank you. Representative Anwar.

REP. ARORA (151ST): Thank you so much. Thank you, Representative Davis, for your testimony. I actually appreciate your work on both these issues with the long-term care as well as the crumbling foundations. I think your comments on the long-term care, I agree with them, as well. The challenge we have is that we are expecting the community, the

consumers, to pay for the mistake that the insurance industry has made. And I don't think in any other industry we do this or expect this, and I think the current bill does not go far enough to address issues. It's not even a Band-Aid, honestly speaking. So, I would love to have this modified and improved in some respect, but that's what we need to do. So, I appreciate your comments because I agree with the fact that we need a moratorium for three years until we figure out because there are studies that are going on at the national level. Until we figure those studies out and then get the answers, we don't want our consumers in the State of Connecticut to pay the amount that they are expected to pay and the rise that they are seeing every year.

REP. DAVIS (57TH): I agree with you there, and that's why, if you have the opportunity, I don't know if it was submitted this morning or late last night, the written testimony.

SENATOR ANWAR (3RD): It's not in the computer yet.

REP. DAVIS (57TH): Yeah, not yet. So, when it gets on there, take a look 'cause there are a number of policy changes to the points that you just made, that I recommend be made to this bill. Although the underlying bill has some improvements to the current system, I think there additions would be beneficial for the ratepayer, as well.

SENATOR ANWAR (3RD): Thank you so much for your testimony.

REP. DAVIS (57TH): Thank you.

REP. DATHAN (142ND): Thank you very much. No other questions. Thank you very much, Representative, for your testimony. I saw Representative Fishbein come in.

REP. FISHBEIN (90TH): Good morning, Chairman Dathan and very distinguished members of the Insurance Committee. I sit here today in support of H.B. 5368 which is titled AN ACT ESTABLISHING A TASK FORCE TO STUDY THE USE OF BREED OF DOG AS AN UNDERWRITING FACTOR FOR HOMEOWNERS INSURANCE POLICIES. When I originally submitted this concept, and I thank you for taking it up, your Committee it its infinite wisdom saw, I think, some concerns that may be raised in the insurance industry and other stakeholders and very wisely converted this concept into a task force, which I think is an appropriate way to go here. You know, the situation is, and I didn't know this, that some people are denied getting insurance. Although they've had homeowners insurance for many years with particular carriers, all of the sudden, based upon them having a particular breed of dog, they are denied a policy. I have a constituent who has two pit bulls and she's had them for almost ten years, never been an incident. She's had homeowners insurance all these years. She went to renew this year, and all of the sudden, they say, "No, we can't insure you because you have these breeds of dogs." I'm very troubled by that.

And I have read the testimony in opposition. You know, there're some grassroots people that are supportive of this. The opposition is from the industry. The insurance industry says that we should be able to use this as a factor. Well, I agree at a level but not to deny. You know, not to say, you know, you don't even get a chance. We talked in this building all the time about second chances for human beings, you know. We've not even giving a dog a first chance here, and I find that to be very troubling. The AKC also submitted testimony

in opposition, and I take what they say to heart. You know, they said the makeup of the task force is not perhaps evenly weighted between, you know, pet owner, perhaps breeders, you know. I would suggest that somebody who's been negatively impacted by one of these breeds also be part of this task force. Let's have the discussion, come back to the legislature with a report with recommendations, but don't just shut the door on this whole situation. So, I thank you for listening to me, and certainly if you have any questions, I'm ready, willing, and able. Thank you.

REP. DATHAN (142ND): Thank you very much, Representative, for taking the time to come talk to us today. Are there any questions? Representative de la Cruz.

REP. DE LA CRUZ (41ST): Yes, thank you. Just a quick question. I had a constituent that was involved and got cancelled. Did she try multiple companies, and nobody wants to insure the dogs, or is it just --

REP. FISHBEIN (90TH): Apparently, there's one that is willing to insure. I did sit down -- it just so happens that last week I had somebody in the industry come to see me who writes policies. It was just a coincidence, and I happened to ask him about that, and what they said they normally do is they will write a policy and exempt the dog from the policy. But, you know, we don't do that with children, you know. Kids create problems, insurable problems. So, you know, I think it's to the benefit of our residents, our citizens, to at least look at this. But in answer to your question, my understanding is that the insurance is not

impossible, but the premiums were impractical based upon the history of this particular individual.

REP. DE LA CRUZ (41ST): Okay, thank you.

REP. DATHAN (142ND): Thank you, Representative. Are there any other questions from the Committee? Seeing none, thank you very much. Representative Linehan.

REP. LINEHAN (103RD): Hello, members of the Insurance Committee. Thank you so much for having me here today. I bring with me a Cheshire resident named Mario Leigh who has some information concerning one of the bills up today for public hearing, and I'd like to yield my time to him who knows better. So, here you go, Mario.

MARIO LEIGH: Hello, members of the Insurance Committee. My name is Mario Leigh, and I am writing on S.B. 5359 - AN ACT ESTABLISHING A TASK FORCE TO STUDY HEALTH INSURANCE. Growing up questioning your sexuality isn't an easy thing. It's much harder when you recognized the reality that attaining the one thing that many of us spend our lives working towards may be out of reach. I'm talking, of course, about a family. To many young men and women, this predicament can become extremely difficult and force people to choose between loving who they want and living the life that they want.

Growing up, this influenced how I lived. I based my major and profession based off of the assumption that I would need to make enough money to afford fertility and surrogacy treatment, potentially totaling upwards of $120,000 dollars per child. I did not care if I hated what I did for a living, only that there was a chance to afford something I may still never get. Choosing between love and

family is an impossible decision, but compared to many others in my situation, I'm lucky. Many couples go through life expecting to create a family just like everybody else until they find out after months of disappointing efforts, doctors' visits, and injections that they have no other option but to choose surrogacy.

Please take a second and try to create your family for a moment. If you have kids, use that number, and if you don't, please use the number of brothers and sisters you have. Multiply that by $120,000 dollars, and then you can decide how much it might cost to create your family.

Now, infertility for traditional and same-sex couples is a medical issue, and, therefore, it would be expected to be covered under medical insurance. However, in Connecticut and every other state, insurance companies are not fully supportive of surrogacy and fertility treatments, if at all. And surrogacy and some fertility treatments are considered experimental, and, therefore, insurance companies are not required to cover their expenses. However, this premise is out of date. The American Society for Reproductive Medicine, which is the leading authority on the classification of treatments and recommendation of insurance coverage, no longer identifies surrogacy as experimental and actually endorses its use for same-sex couples and women who either cannot carry a child or for whom it would be dangerous to do so. I ask that this practice be held accountable for in our laws and that fertility and surrogacy practices that are no longer considered experimental by the American Society for Reproductive Medicine be covered by insurance in the same way as we would expect coverage for any other health condition.

I urge the members of the Committee to support the study of insurance coverage for surrogacy and update the state's policies to account for the adjustments of standards that we have historically used to keep our healthcare system effective and just. Thank you.

REP. DATHAN (142ND): Great, thank you so much. Any questions from the Committee? Thank you for your testimony today, Mario. Have a good day.

REP. LINEHAN (103RD): And Representative, may I just, if you don't mind -- I just want to reiterate that Mario's emotional testimony really does underscore the fact that for many same-sex couples, surrogacy is the only way to go, and that our laws -- I agree with him that our laws should reflect that insurance coverage for such things in the State of Connecticut should be mandated, and I wholeheartedly agree with that. Thank you very much.

REP. DATHAN (142ND): I will add in my own two cents, as well, 'cause I fully agree with you. I have many friends who have gone through the route of surrogacy, and I want to make it as easy for them to do this as other people. So, I really appreciate you coming out because it is an important issue, and you're not the only one in Connecticut, and it happens to so many couples, and, so, it's important to have advocates like yourself speak out. So, thank you, and I appreciate your testimony.

REP. LINEHAN (103RD): And, Representatives, just so you know, I offered to be a surrogate for a couple that I've been friends with for a very long time, and one of the major stumbling blocks was the money it would cost to do so. So, with that information, I understand that this is a study, but we do ask

that surrogacy for same-sex couples be included. Thank you very much.

REP. DATHAN (142ND): I think the study is a good first step, and it really gets more people on board, and I think you get more people around seeing the issue in various amounts of light. Thank you so much, and thank you for volunteering to do that. Next on the agenda, we have Senator Champagne.

SENATOR CHAMPAGNE (35TH): Thank you, Chair, ranking members, and members of the Insurance and Real Estate Committee. Representative Christopher Davis took some of the things I was going to say today, but that's okay. I am a Co-Chair of the Crumbling Foundation Caucus which includes 36 legislators including members that are sitting here today. And we have two things before us today. One is AN ACT CONCERNING CRUMBLING CONCRETE FOUNDATIONS which is House Bill 5370, and House Bill 5367 - AN ACT CONCERNING HOMEOWNERS INSURANCE POLICIES AND COVERAGE FOR THE PERIL OF COLLAPSE.

I'm going to start with the first one which extends the Captive Insurance Company. Some of these houses are not going to be done by the time of the expiration of the insurance Captive Company takes place, so we're looking to extend the expiration to June 30, 2030, from 2022. Primarily, we don't have a lot of vendors out there, and they are working very hard to finish these houses, but we're a couple years' out. So we're looking to extend that. We also have a lot of houses that have not even been approved yet.

And then the other one is AN ACT CONCERNING HOMEOWNERS INSURANCE POLICIES AND COVERAGE FOR THE PERIL OF COLLAPSE. This one caught me by surprise. When I bought my house insurance, I thought my house

was covered, the whole house. I did not realize that my basement wasn't included, and that was quite a surprise to me, especially when this came out. You know, you pay your homeowners insurance for 30 years, and then you actually have a problem and realize that somewhere back in time, the law changed, and they just aren't covering your basements anymore. I think part of the problem with me is that they saw this problem coming and made sure that they cemented in law that this wouldn't have been covered. So, I think this is an important step forward to have your entire house covered in case there's a problem. That's what we pay insurance for. That's what we hope happens as a natural -- well, not as a natural, but as a cause for paying our insurance.

On a separate note, I also support the ACT CONCERNING LONG-TERM CARE INSURANCE POLICIES, as well. And that one's coming from me. You know, the rate increases for long-term care insurance are outrageous. Not only are they outrageous; they get one passed, and then before that one even expires, they have another one in the process and put in place, as well. And, again, this is at the end of the policies. So, I strongly support this. We need to stop going after these rate payers. When they bought these policies, they bought them to protect their future, and the future is here, and now they're being priced out, and that's just wrong. Thank you.

REP. DATHAN (142ND): Thank you very much, Senator, for your testimony. I really agree with you on the long-term care. I know my father had the infinite wisdom to buy the policies in the late 80s, early 90s, for him and my mother. He, unfortunately died and never got to use it, but my mother, 90 years old

in a long-term care facility with her advanced Alzheimer's has been a beneficiary to it, and I know there are many families here in Connecticut that have been doing that. So, there is something we need to do. So, thank you very much. Any questions or comments from the Committee? Seeing none, thank you very much for your testimony.

SENATOR CHAMPAGNE (35TH): I thank Representative Davis for getting the questions out of the way. Have a good day, guys.

REP. DATHAN (142ND): You too. Wash your hands. I don't know if the Deputy Commissioner, John Hershman; is he here? Okay, great.

DEPUTY COMMISSIONER HERSHMAN: Hello, Vice-Chair Dathan, members of the Real Estate and Insurance Committee. My name is Josh Hershman, and I'm the Deputy Commissioner of the Insurance Department, and I'm here for two of our raised bills -- Senate Bill 338 and Senate Bill 339. You have my written testimony. I'd just like to highlight a couple components of those two bills, if you don't mind.

Senate Bill 338 is AN ACT CONCERNING THE INSURANCE DEPARTMENT'S RECOMMENDATIONS REGARDING CREDIT FOR REINSURANCE. The credit for reinsurance is the most important initiative this year by the Insurance Department. There was a Covered Agreement entered into with the Federal Insurance Office a few years ago, and all the states need to enact legislation which mirrors the Covered Agreement before 2021 when the Federal Insurance Office will then examine whether or not the states have appropriately enacted legislation, and if they have not, the Federal Insurance Office will preempt the states with its own federal legislation. So, the important part of this is accepting the statute as drafted with the

NAIC drafting model because the Federal Insurance Office has already signed off on that model language; so, we need to be nearing that model language.

The other bill that I am here on is Senate Bill 339 - AN ACT CONCERNING THE INSURANCE DEPARTMENT'S RECOMMENDATIONS REGARDING CAPTIVE INSURANCE COMPANIES. This is an interesting bill for the Connecticut Insurance Department because I think that this is an opportunity where the Connecticut Insurance Department can impact, although slightly, the business climate of the state. There's a component of this bill which allows for foreign branches' captives to open in Connecticut. So, what that does is when you have a Connecticut company that has Connecticut risk outside of Connecticut in a captive; so, the captive is domiciled in Bermuda or Vermont, and it allows them without creating or getting rid of their domiciled captive to open up a foreign branch in Connecticut to house the Connecticut risk. So, I think that that is an opportunity to increase some revenue to the state. And those are the two bills I'm here on behalf of. I'm ready for any questions if there are any.

REP. DATHAN (142ND): Thank you very much, Deputy Commissioner. I'm going to ask if there're any questions. Seeing none, you're off the hook. Wash your hands. I don't see Senator Looney or Representative Wilson Pheanious; so, we're going to go back to the public speaking. If you do want to testify as a group, when I call the name of the next person on the list, you can all come up together. So, the next person on the list for Bill 5249 is Pareesa Charmchi Goodwin.

PAREESA CHARMCHI GOODWIN: I'm going to sit here just to make room. Thank you so much. My name is Pareesa Charmchi Goodwin. I'm the executive director of the Connecticut Oral Health Initiative. I'm here to talk about House Bill 5249, also in support of House Bill 5253 and Senate Bill 369. I'd like to invite the people who are also signed up next on the list to join me. So, that is Katharine Merrick, Dr. Monte MacNeill, and Samantha Lew from Health Equity Solutions. If you could come up with me. I would actually like to let Katherine speak first. She's a young person, a dental student, she's got a public health background, so I would actually like her to start, to make the most of our time.

REP. DATHAN (142ND): So when you start any new speaker, just need to state their names for the record. Thank you very much.

KATHERINE MERRICK: Hello, distinguished members of the Insurance and Real Estate Committee. My name is Katharine Merrick. I'm a resident and registered voter in Farmington, Connecticut, and I am a dental medicine and public health student at UConn. So, I am here today in support of H.B. 5249, 5253, and also Senate Bill 369. So, I'm here both as a soon-to-be professional advocating for my patients' access to quality health care and also as a 24-year-old without dental insurance.

Cost continues to be the number one reason why patients don't seek dental care, and this may be particularly important for young adults, as young adulthood is a tremendous time of upheaval that can result in making habits that have impacts on oral health. For example, many young adults are moving away from home for the first time and beginning to

cook for themselves, and they may be picking up habits such as smoking or vaping. I know, for myself, as ironic as it is, when I first started dental school, I started drinking more coffee and eating sugary snacks more than I had before. And regular dental visits can provide counseling for smoking habits and dietary counseling, prevention of disease, as well as early intervention if disease states do rise.

Additionally, a healthy mouth is key to a healthy body. Dentists may be the first health care provider to suspect a certain diagnosis, as many diseases manifest in the mouth, including anemia, diabetes, eating disorders, and HIV/AIDS. And also particularly of concern for young people may be that gum disease is associated with preterm birth and low birth weight, and so for young people of reproductive age, this may be an important consideration.

Additionally, whether we like it or not, one's smile does matter when applying for and holding a job. Visibly poor oral health such as decayed or missing teeth can reduce self-esteem which may have an impact on interviewing for jobs or housing and can also result in lost days of work because of pain. So, I implore you to extend dental coverage on family plans to young people up to age 26, and on behalf of both my patients and myself, thank you for your time and for supporting young people in Connecticut. And I'm happy to take any questions or direct them to other members of my group. Thank you.

PAREESA CHARMCHI GOODWIN: Samantha Lew, do you want to say something brief.

SAMANTHA LEW: Good morning. So, Samantha Lew from Health Equity Solutions. At Health Equity Solutions, we strongly support this bill. Health disparities persist in Connecticut, and disparities in oral health are no exception. Allowing young adults to retain their parents' dental coverage in addition to the medical coverage that is already allowable, is a commonsense measure to increase access to preventative healthcare for young adults. Thank you so much for your time.

DR. MACNEILL: I'm Monte MacNeill. I'm a dentist. I'm a faculty member at the UConn School of Dental Medicine. Katie's actually one of my students. I'm happy to see her here today. I direct the Public Health curriculum at the school. You have my written testimony that talks about the medical reasons for this bill -- for all three bills. Speaking in reference to 5249. What I'd like to do today is just a few comments of what we see as dentists during this gap period. You used the term gap earlier in terms of insurance, and I think it's become the social norm now that young adults are taking a little longer to get into the traditional workforce, taking a bit more time with schooling. So, we see this gap period as dentists between age 21 and 26. What we do know is there's a change there in health. We see a doubling of dental decay or dental caries, right, as individuals move from the age 20 into the next cohort, and we also see about a 25 percent reduction in scheduled preventive visits. Two things that are worrisome in terms of that relationship to not just oral health, but general health.

So, as Katie mentioned, cost is the major issue for any age group, but especially this age group prior to full employment, and conversely, we know that

insurance is one of the greatest drivers and incentives for individuals to maintain their preventive schedules. And what we're really talking about here is somebody asked earlier, what is the need? Well, it's largely prevention. Most oral diseases can be prevented, and that has long-term benefits to the individual and to society. So, I would encourage the Committee to consider this and support this bill, and I'm happy to answer any questions you may have. Thank you.

REP. DATHAN (142ND): Thank you very much. I know my grandmother always said, "You only get one set of teeth, so you got to treat them right." So, thank you for your testimony. Representative Hughes.

REP. HUGHES (135TH): Thank you, all, for your testimony today. Do you believe that this -- all three of these bills are essentially modernizing outdated insurance models of traditional family coverage but also to the reality of young people in the world? Can you speak to that?

DR. MACNEILL: Yes, as I mentioned, I think society -- well, we all know society's changing, but we're seeing a shift in that period of time between 20 years, 25, perhaps even a little later, before individuals are moving into full traditional employment where they gain traditional insurance coverage. And as I mentioned, insurance is a major incentive for individuals to seek preventive care and ongoing care.

PAREESA CHARMCHI GOODWIN: Thank you, Dr. MacNeill. I would also add that we already have provisions for health coverage which is wonderful; so, it just makes sense to extend it to dental and to vision makes sense, as well, as two of the bills have included. One thing that I have found in talking

with people about this bill is that a lot of people are confused on their 19th birthday to learn that they might be losing their coverage. And they often don't learn that until they try to go to the dentist, and then they see that they have to pay out of pocket. So, it's something that causes confusion and sends the message that dental is an optional item and isn't necessary, which we know is not the case. It can save people money. It can save people pain. It's a really sensible measure. Thank you.

REP. DATHAN (142ND): Thank you very much. Any other questions? Senator Anwar.

SENATOR ANWAR (3RD): Thank you so much. I just wanted to thank you for your testimony and also highlighting the reality that the majority or a significant amount of illnesses start in the oral airways and then in the throat, as well, and then that's why it's important to have a prevention strategy, and a lot is saved by doing this. And having the people the opportunity to get preventive treatment would actually save a lot of healthcare efforts. Thank you so much for that.

REP. DATHAN (142ND): Thank you very much. And I think that's it for questions. Thank you for your testimony. Have a good day.

PAREESA CHARMCHI GOODWIN: And Ambika Sharma who was the next person listed, was going to talk in support of these three bills, but she's actually with a patient. So, she cannot be here.

REP. DATHAN (142ND): Thank you for letting us know. So that looks like it's it for House Bill 5249 unless there's somebody else here that needs to -- hasn't signed up. Moving along, House Bill 5255. Sorry, excuse me, 5253. Is there anybody who signed

up for House Bill 5253? Seeing none, we'll move on to Senate Bill 369. Okay. House Bill 5257? Okay. Senate Bill 340 - AN ACT CONCERNING COLLECTION EFFORTS BY HOSPITALS AND COLLECTION AGENTS AGAINST UNINSURED AND UNDERINSURED PATIENTS. First on the list, we have Rafie Podolsky. Rafie Podolsky? Apologies if I've gotten your name wrong. Next on the list we have Jim Iacobellis; not here, okay. The next bill on the agenda is 337 - THE ACT CONCERNING HIGH DEDUCTIBLE HEALTH PLANS, QUALIFIED HEALTH PLANS, AND DISCRIMINATION AGAINST PERSONS ON THE BASIS OF SEXUAL ORIENTATION AND GENDER IDENTITY. First we have, Dr. Miriam Hakin-Zargar; okay. Next on the list we have Susan Halpin; I don't see her. She just stepped out. Susan, you are testifying on Senate Bill 337.

SUSAN HALPIN: Good afternoon, Representative Scanlon, Representative Dathan, members of the Committee. For the record, my name is Susan Halpin, and I'm here today on behalf of the Connecticut Association of Health Plans to testify in opposition to 337. I apologize because my testimony kind of walked away this morning; so, I'm going to do my best from my recollection on the bill. You have my written testimony.

We participated on behalf of the Association of Health Plans in a several-month task force this past interim. And I think a lot of good information came out as a result of that task force. Namely, at least from my perspective, I think it's very important to understand that there're two different kinds of high-deductible health plans. One is compatible with an HSA or a Health Savings Account, and a separate one is just a high-deductible health care account. And a lot of people ask what's the difference between the two. Well, the HSA-

compatible account has to follow IRS guidelines. Why would a high-deductible health plan not be an HSA account? It may not be an HAS account because in that instance, it can actually cover more benefits. It can cover move benefits than what would be required under an HSA plan.

As I read the bill, there was guidance that recently came out from the IRS that suggested or allowed for additional preventive services to be covered pre-deductible. And that's voluntary on behalf of a carrier and an employer or whomever folks want. If you mandate that, you will render those HSAs, those Health Savings Accounts that are triple-tax benefit to the people who have them, tax-free on the way in, money is tax-free on the way in, it grows tax-free, and it's tax-free on the way out. If you run afoul of the IRS guidelines on this, those HSAs won't be in effect, and the tax benefits won't be in effect for the people that are using them. So, you could really have a detrimental impact on the population that is using a high-deductible health plan with an HSA.

Separate and aside, I don't understand some of the language as the way the bill is written, but I know there's talk of requiring the deductible to be consistent with the policy year or calendar year, depending upon how you read the bill. Health insurance is sold on an annual basis. It is priced that way. So, if you signed up in March, it is priced according to every person on that plan having a full deductible that they're paying for, and the premium that goes with it.

And the last thing I'd just like to leave you with is one thing we talked about on the high-deductible health plan task force was the need for education.

And I think that's a really important component of this. Education for consumers in a broad way because the one thing I will leave you with, and I know this for a fact because I did the math myself, and I know a lot of other people that do the math. If you price out a high-deductible health plan on an annual basis, and you compare it to a more traditional plan on an annual basis, assuming even you meet that whole deductible -- let's just say it's $5000 dollars, for argument's sake -- it is still cheaper on an annual basis than that more traditional plan, and if you're reserving accordingly, or many employers actually fund a piece or a majority of that high-deductible piece, then you are saving money over all. So, with that, I'll end because I'm getting the sign, I'm getting the hook from Representative Dathan.

REP. DATHAN (142ND): Thank you very much. Are there any questions on Susan's testimony? Seeing none, thank you very much.

SUSAN HALPIN: Thank you; I appreciate it.

REP. DATHAN (142ND): I appreciate it. I just saw Jim Iacobellis come in the room to testify on Senate Bill 340.

JIM IACOBELLIS: Good morning. My name is Jim Iacobellis. I'm the Senior Vice President of Government Relations for the Connecticut Hospital Association, and I'm pleased to be here this morning to testify on Senate Bill 340. Normally before this Committee, we submit to testimony because we appreciate the fact that this Committee reads and considers every bit of testimony. But this morning, I wanted to come in and just highlight a couple of concerns that we have with Senate Bill 340. But, first, I think it's important to say that the focus

of the bill on the quality and affordability of health care is something that's important to Connecticut hospitals and something that we take extraordinarily seriously, but in the short time that I have, I want to focus on sort of the heart of this bill has to do with the high-deductible health plans and the collection activity that's allowed under high-deductible health plans.

For the last several sessions, this legislature, in particular this Committee has focused on the impact of high-deductible health plans and the impact on individuals. As a matter of fact, this summer and through the fall and actually to the beginning of this year, there was a very spirited task force, and we followed that task force very carefully, and they came up with specific recommendations. None of those recommendations are part of this bill, and, in fact, part of this bill is the consideration related to medical debt specifically did not contain the provision that is in here because I think they recognized how complicated and how operationally difficult it can be.

But let's assume -- I want to just talk about what our concerns are and how we could apply this if it were to become law. First, it would require hospitals to make eligibility decisions without the detailed information that they have, whether it's for the Medicaid program or other programs. We would not know how to determine whether someone i 600 percent of the Federal Poverty Level or below, what assets were bank accounts. What do we consider in order to make that determination? There isn't any guidance here.

But let's assume that we could do that, and there is guidance, that we figure out a way, and this

Committee and legislature determines how we would consider to do that. We have an individual who is below 600 percent of the poverty level, has a high deductible health plan. They come in and have a procedure in a hospital. The health plan pays what is their responsibility, and it leaves the patient with what is their deductible. At some point, the hospital and the patient would have conversations about whether the provisions of this bill would apply in conversations about what would be their responsibility. The bill gives no guidance on to whom any discount would be applied. Would it be applied to the plan? Would it be applied to the patient? Adding the complicating factor of if this happened toward the end of the year and the individual has a deductible in year one, and then in year two, this applies. So the Gordian knot here is really difficult for us to sort of unwind and understand.

Added on top of that is the layer that we hadn't even begun to understand, is the applicability of the IRS rules related to health savings accounts which are usually tied into high-deductible health plans. So, we encouraged, again -- I will say that we take our responsibility when it comes to the affordability of health care very seriously, and we urge this Committee to look at the recommendations of the high-deductible task force and to study those and have a conversation around those. Thank you.

REP. DATHAN (142ND): Thank you very much for your testimony. Representative Scanlon.

REP. SCANLON (98TH): Thank you for being here today, and I think those comments were very fair. We, unfortunately, were expecting that High-Deductible Task Force report back a little ways, and

we only just got it recently, and so I think that it's very much something that we would definitely consider going forward as the Committee, hopefully, continues to work on this bill, and we'd love to continue the conversation with CHA.

JIM IACOBELLIS: We'd be happy to consider that conversation. Thank you.

REP. DATHAN (142ND): Are there any other questions from the Committee? Seeing none. Thank you very much for your testimony today. I'm just going to check in to see if Dr. Miriam Hakin-Zargar, is she here? Okay. Moving on to Senate Bill 339 - AN ACT CONCERNING THE INSURANCE DEPARTMENT'S RECOMMENDATIONS REGARDING CAPTIVE INSURANCE COMPANIES. We have Steve Dicenso.

STEVE DICENSO: Good afternoon, everyone, Senator Lesser, Representative Scanlon, and all the members of the Insurance and Real Estate Committee. My name is Steve Dicenso. I'm a principal and consulting actuary with the firm Milliman, and I'm also the President of the Connecticut Captive Insurance Association, submitting this testimony in strong support of Senate Bill 339 - AN ACT CONCERNING THE INSURANCE DEPARTMENT'S RECOMMENDATIONS REGARDING CAPTIVE INSURANCE COMPANIES.

So, on behalf of the members of the Connecticut Captive Insurance Association and the many individuals who work in the captive insurance field in Connecticut, we urge your support of this important legislation, and thanks to your work and the Department of Insurance and DECD, the captive insurance industry in Connecticut is growing and expanding. It's helping to provide innovative risk management solutions to many companies and industries here in the state. In addition, the

support of these same state entities has spurred growth in new insurance companies and helped create new jobs in economic development, and our Captive Insurance Association's actively involved in that ecosystem.

So, this legislation is critically important for Connecticut to adopt because it's truly innovative, and that's really in two primary ways. The first is to transition the captive regulatory process into a more risk-based approach. The legislation seeks to reduce up-front capital requirements for single-parent pure or branch captives from $250,000 down to $50,000 where the captive has the full backing of its parent company. It also allows the Commissioner more discretion in regulating these captives including granting a conditional certificate of authority and/or waiving the financial examination of such a captive. It also amends the definition of association captives to make them more attractive to form in our state, and it makes other technical changes.

And, second, it will help bring back revenue to Connecticut from other states which collect premium taxes on those Connecticut-based companies' risks. Deputy Insurance Commissioner Hershman testified on this behalf earlier. Captive insurance companies that insure Connecticut risk in other domiciles leave those owners liable for both premium tax in that other domicile and self-procurement tax here in Connecticut, and recent tax decisions in the captive industry have highlighted this issue, and this new law will provide a unique opportunity to insure these risks are officially in Connecticut through a foreign branch captive as the Deputy Insurance Commissioner mentioned, and, therefore, eliminate

the company's potential self-procurement tax liability.

So, as President of CCIA, I'm very excited by these changes, the latter of which was proposed last year, and I truly believe they are innovative changes which will enhance our momentum in writing captive premium in Connecticut. And, lastly, I'll say Connecticut is the only state in the nation with well-documented top-notch strength in three areas of insurance -- traditional insurance, captive insurance, and InsurTech -- and, as President of CCIA, I've been focusing CCIA's strategy on active collaboration between all those sectors, and I believe strongly that the state should do all it can to promote Connecticut's unique position of strength in this insurance space, as it will continue to provide significant economic benefits to the state if well-coordinated efforts are supported.

So, thank you for the opportunity to submit this testimony in support of Senate Bill 339, and I urge your support of the captive insurance industry in Connecticut.

REP. DATHAN (142ND): Thank you very much. Just a quick question. I didn't see your testimony on-line. Have you submitted it to the Committee?

STEVE DICENSO: Yes, there should be three sets of written testimony from members of my association including my own.

REP. DATHAN (142ND): Wonderful. It might just be a delay on our side, so thank you very much. Any questions or comments from the Committee? Seeing none, you're also off easy. Thank you so much for your testimony today. We really appreciate you coming in.

STEVE DICENSO: You're welcome. Thank you very much.

REP. DATHAN (142ND): Is there anybody else here to testify for Senate Bill 339 before moving on? Great. The next bill, Senate Bill 338 - AN ACT CONCERNING THE INSURANCE DEPARTMENT'S RECOMMENDATIONS REGARDING CREDIT FOR REINSURANCE. Is there anybody here testifying because no one signed up? Okay. Moving on to Senate Bill 329 - AN ACT CONCERNING LONG-TERM CARE INSURANCE POLICIES. I know we had somebody speak on that earlier, but we do have Paul Pace. Is he here? You can please introduce yourself. Thank you. You can get the clerk to pass those out for you. If you have an opportunity, if you could also submit your testimony electronically to the Committee that would be great, but please sit down, introduce yourself, and you can go ahead and give your oral testimony.

PAUL PACE: My name is Paul Pace. I'm 83 years old. I purchased my long-term policy when I was 63, and I'm forced to give it up when the probability of needing long-term care is becoming ever more probable. I have a sign here which I was told I couldn't display, so I'll read it. Where's the outrage? The State of Connecticut and Transamerica scandalous behavior. The State of Connecticut. Scandalous. Parents and grandparents victimized. Other side, where's the outrage. Blameless, vulnerable Connecticut seniors swindled. Who cares?

This is very lengthy. I didn't realize we had a three-minute limit. Maybe we can just go over the first couple of pages. What I was hoping was that we'd have some give-and-take, maybe somebody could read a section, we could discuss it, read a section and discuss it. Three minutes doesn't allow me that

luxury. I'd like to just read the beginning, maybe we do the first section. You have a copy there in front of you.

In 2015 Transamerica Life Insurance Company had a rate filing. This rate filing was a request for a 151 percent increase in premium. I had already been increased 13, 16, and 15 percent before this 151. If you read it correctly, on the second page, it says we want that 151 percent Now, Now, because of the full impact of adverse persistency over the lifetime of the flock can lead to a cumulative rate increase over time well in excess of the 151. And on the first page, they further say, "However, if actual future experience would deteriorate further, additional rate action may become necessary even if the 151 is approved and implemented.

Does anybody here know what constitutes this "adverse persistency"? Anybody? Well, that was just rhetorical. They use the word "adverse persistency," which is sort of, I think, deceptive in nature, but where is the outrage. One-fifty-one, and if we don't get it now, more later, and even if we get it, you might get more. I found a document U.S. Senate Hearing. An insurance company was asking for 25 percent increase. You should have listened to these Senators. They were outraged -- Twenty-five percent.

REP. DATHAN (142ND): Thank you. Is there a possibility that you can just give a one-sentence summary? Can you please give a one-sentence summary of your testimony?

PAUL PACE: One-sentence summary? Okay, I'll tell you. They didn't get the 151; they got 90. After getting 90 on top of the previous increases, Paul Lombardo of the Connecticut Insurance Department had

this quote, "We can expect the business to continue to deteriorate" even if they got the 151. Okay. I'll go on to the second page.

What does this mean for me as a policyholder? Over the next seven years, my premiums will total approximately $63,114 dollars for an average yearly remittance of $9000 dollars which comes out to $171 dollars a week for 364 uninterrupted weeks. Our original premium was $217 dollars or $40 dollars a week. By 2026, our premium will be $11,774 dollars or approximately $226 dollars a week.

REP. DATHAN (142ND): Thank you so much. I'm sorry to have to cut you off. We have a very tight schedule today because our legislature's closed. It's really helpful that you do this. If you do have access to email, if you could submit this testimony to the Insurance testimony, and the Clerk can give you the email. But let me open it up for questions from the Committee. Yes, go ahead.

PAUL PACE: Actually the Connecticut Insurance Department is part of the problem.

REP. DATHAN (142ND): No, sorry. I'm talking about our Insurance Committee's -- so if you check in with the Clerk right over here, they can give you the email to send in your testimony so we can have that for the record.

PAUL PACE: Can I just say one more thing. I know I won't go over the three minutes. But you know these premium increases, we do have a state statute that says if it goes over 20 percent, it has to be spread out for three years. They got a 30 percent increase in 2015 and put it on 2017, 18, 19. They got another 30 percent, and they put it on 2018, 19, and 20. They got another 30 percent, and they put it on

2019, 20, and 21. In effect, that state statute that you guys passed is worthless. People are still getting over a 20 percent increase in spite of the state statute. When I wrote to the Connecticut Insurance Department, their answer was there was no violation for [Crosstalk].

REP. DATHAN (142ND): I hear your frustration. Thank you for doing such a comprehensive --

PAUL PACE: The Insurance Department is part of the problem and the State Legislature.

REP. DATHAN (142ND): Well, that's why it's important that you come and have your voice heard. If you can just sit down for one more second, I'm going to ask the Committee here if they have any questions for you. Senator Lesser.

SENATOR LESSER: Yes, thank you Representative Dathan. Thank you, Paul, for your advocacy on this issue. We've met before. It's my honor to represent you, as I know Representative Turco does, as well. We are as outraged as you are about the increases in this industry. We appreciate your passion on it. Hopefully, the bill that is before us moves the ball forward in at least a little bit of a respect, but we want to continue to work with you outside of this room to make sure we are doing everything we can to make sure that we're fighting for people who have long-term care policies. You've been a tremendous advocate, and I just want to thank you for being here today. And I know Representative Turco agrees with me, as well.

REP. DATHAN (142ND): Representative Turco.

REP. TURCO (27TH): Thank you, Madam Chair. I'd like to add to what Senator Lester said. Mr. Pace, saw when I first was elected last year and started

serving on this Committee and became your State Representative for Newington. You quickly got in touch with me and educated me on this issue of the high cost of long-term care, the premiums continuously increasing which seems to perhaps be unjustly and unfairly. And I have been working with Senator Lesser, Representative Scanlon, and the members of this Committee to try to come up with some solutions. We did have a bill last year; unfortunately, it didn't pass. We did have a forum earlier this year with people in the industry, the Insurance Department, some other advocates and experts like yourself, to try to come up with some solutions. This bill is a start. I don't think that it will solve all of the issues that you're facing, but it is a start, and we may be able to continue improving it before it finishes and is passed by both the House and the Senate and signed by the Governor, hopefully, by the end of this legislative session. So, we will need your continued advocacy, but we share the frustration and the difficulties that you and many other seniors are facing with these premiums. So, I want you to know that we're hearing you, we want to help you. It is a very complicated problem; so, I don't think we know exactly how the best way to solve this is yet. Let's continue to work together. Thank you, Mr. Pace.

REP. DATHAN (142ND): Thank you very much, Representative Turco, and thank you, Mr. Pace, again for your very comprehensive testimony. If you would, check in with our Clerk as you leave and we can figure out how you can get your written testimony to the full Committee. Thank you again. Next, we are moving on. Is there anybody else that needs to testify on Senate Bill 329? Okay. Next on

the list, we have House Bill 5358 - AN ACT ESTABLISHING A TASK FORCE TO STUDY PROPERTY AND CASUALTY INSURANCE. We have not received any people to sign up, but I just wanted to check in the audience. Is there anybody here to testify on that bill? All right, seeing none. Moving on to House Bill 5362 - AN ACT CONCERNING PROPERTY AND CASUALTY INSURANCE AND DISCRIMINATION AGAINST VICTIMS OF DOMESTIC VIOLENCE. First we have Ashley Frechette.

ASHLEY FRECHETTE: Good afternoon, Senator Lesser and Representative Dathan and members of the Committee. My name is Ashley Starr Frechette. I'm the Director of Health Professional Outreach at the Connecticut Coalition against Domestic Violence. We're the state's leading voice for victims of domestic violence and the agencies that serve them. We have 18 member organizations that work across the state to serve nearly 40,000 victims of domestic violence each year.

I'm here today in support of House Bill 5362. Currently in the State of Connecticut, insurance companies can use domestic violence as an underwriting criterion in Property and Casualty, Disability, and Life Insurance. Insurance companies can deny coverage, charge unfair premiums, or deny claims due to person's status as a victim of domestic violence. This is discrimination against victims of domestic violence. Domestic violence is a crime, not a career, a lifestyle choice, or a choice at all. No one chooses to be abused, and they should not be further punished for this.

Connecticut Coalition Against Domestic Violence works every day to educate safety-net providers across the state, like doctors, police officers, court officers, and counselors on the importance of

screening and supporting the very specific needs of domestic violence victims. And I can tell you that documentation of abuse is a real concern for these providers. If the very resources that victims use to seek supports and get safety will potentially harm them or disqualify them from the basic life necessities that insurance provides, this could have catastrophic consequences. Victims and survivors life with the fear that any disclosures of their abuse will cause retaliation by their abuser and harm themselves or the ones that they love. By updating the current law, victims and survivors will feel safe with the fact that their disclosures are confidential, and those support services can do exactly what they're supposed to do - support the victim.

Finally, this issue of insurance discrimination of victims of domestic violence is being prioritized across the country. A nationwide report by the Women's Law Center currently categorizes Connecticut has having weak policy because our state only prohibits discrimination in one form of insurance; that's health insurance. There are only five other states that have this poor rating. It's time for a change. Attached to my testimony, you'll see listed state-by-state option so you can see exactly where Connecticut lies, and I strongly urge you to support House Bill 5362 with a few language changes. We've submitted suggested language changes in our testimony that would include disability income and life insurance as well as define all insurance discrimination against victims of domestic violence as unfair practice. Thank you for my time today. If there are any questions, I'm happy to answer.

REP. DATHAN (142ND): Thank you very much, Ashley. Are there any questions from the Committee? Thank

you very much for your advocacy and coming up and testifying. Next we have Kelsey Mullane.

KELSEY MULLANE: Representative Dathan, Representative Hughes, other members of the Insurance Committee whose placards I can't see, my name is Kelsey Mullane, and I'm here appearing before you this afternoon in order to testify about House Bill 5362 and insurance discrimination against domestic violence. I'm a domestic violence survivor and a certified advocate in the State of Connecticut. I'm also one of Representative Scanlon's constituents and Twitter DMs that I sent him actually inspired this bill.

So, during the mid-1990s, for those of you who don't know, advocates and public officials first learned that insurance companies used discriminatory practices -- I'm trying not to overlap with the previous testimony too much -- to harm or penalize victims of domestic violence. In response to this lack of legal protection, states throughout the country began enacting laws to prohibit this kind of discrimination.

Legislation prohibiting discrimination against domestic violence is important for three reasons. Firstly, insurance discrimination effectively results in the denial, reduction, and elimination of coverage for domestic violence victims. For victims, access to insurance and the life necessities associated with insurance can mean the difference between leaving and remaining trapped in an abusive relationship. Even if a victim successfully leaves her abuser, discriminatory insurance practices can hinder her ability to build a stable life on her own. Not being able to afford health, life, disability, or property and casualty

insurance means that a victim cannot afford health care, cannot provide for her family in the event of her disability or death, cannot own or operate a car and cannot own or rent a home, all of which are critical factors to establishing a life free of violence.

Second, the justifications offered by the insurance industry for these discriminatory practices perpetuate inaccurate stereotypes about victims of violence that are inconsistent with the realities of abuse. For example, some insurers maintain that insurance discrimination is appropriate because victims of domestic violence choose to stay in abusive relationships. Meanwhile others argue that domestic violence is a high-risk lifestyle choice that raises the overall cost of insurance. In order to avoid insolvency and continue offering affordable products, insurance must offset higher costs associated with domestic violence by denying coverage and raising rates for victims.

Neither of these theories actually support the use of domestic violence as an insurance classification. Domestic violence is a crime, not a lifestyle or a choice, and the notion that victims choose to remain in abusive relationships perpetuates a dangerous stereotype about domestic violence and ignores the obstacles that victims must face in order to leave their abusers. Moreover, insurance discrimination discourages reporting and may deter individuals from seeing medical treatment, counseling, legal intervention, and other forms of assistance.

Since the 1970s, advocates and governments have made significant improvements in education, systemic responses to domestic violence, legislation, and victims’ services. These changes have encouraged

victims to report abuse and avail themselves of advocacy, legal, medical, and protective service. However, discriminatory insurance practices, which rely on documentation created through these channels, threaten the progress we've made. According to advocates --

REP. DATHAN (142ND): Kelsey, can I ask you to summarize. I'm sorry. We have to give all people the same amount of time of three minutes, but if you could please summarize, that would be great.

KELSEY MULLANE: Well, obviously I support this bill and efforts to prohibit insurance discrimination against all victims of domestic violence. However, I would like to see legislation that applies to all lines of insurance. This bill obviously addresses property and casualty insurance, but it does not address life, disability income, or certain types of health insurance. Right now, Connecticut law specifies certain areas of health insurance that you can't discriminate in but leaves out others. I also would like the language to be more consistent with stronger laws that other states have passed. I know Georgia, New Jersey, Pennsylvania are some of a few states with this legislation. I provided copies of that in my electronic testimony and copies of model laws developed by the NAIC.

REP. DATHAN (142ND): Wonderful. That was actually my next question. So you did submit written testimony, as well? Okay, great. That's really helpful to see what's going on in other states because, you know, sometimes, you know, it helps get legislators and other people seeing that it is working in other states. So, thank you for that, and thank you for your testimony and your advocacy here. This is such an important issue, and you're

absolutely right. We need to address this for other forms of insurance, and I see this as a multi-year initiative on our part. So, if you are ready for the long-term fight up here, I thank you in advance for your advocacy 'cause your voice is helping so many other women in our state who maybe don't have the ability to come up and have their voices heard in front of our public hearing process. Are there any questions from our Committee? Seeing none, thank you so much. I really appreciate it.

Is there anybody else that's here to testify on House Bill 5362? Okay, seeing none, we're going to be moving right along to House Bill 5373 - AN ACT CONCERNING HOME IMPROVEMENT CONTRACTORS AND SALES PERSONS. First on the list, we have Bob Wiedenmann.

BOB WIEDENMANN: Thank you, Representative. For the record, my name is Bob Wiedenmann, Jr. I'm a home builder and remodeler from Wallingford. Also, a Government Affairs Chairman for the HBA of Connecticut. Jim Perras who you normally would see in front of you for these types of testimonies, our executive officer, is away on a family emergency, so I'm filling in for him today. He has submitted electronic comments on this bill.

I'd just like to talk a little bit about a couple of the specifics to it, the first one being that the bill will, quite honestly, has additional hardships for legitimate contractors, and I think drive more contractors to the underground economy. It's already very difficult to comply with a lot of the regulations in the stature as it exists, and the changes that are proposed are only going to make it more difficult. There are things such as requiring Social Security numbers and residence addresses for contractors to be included in their contract

requirements. In this age of identity theft, I can't imagine why we'd want to start to promote more ways for people to get more information about us. It asks for almost everything except for our bank accounts at this point in time.

Contracts need to include a whole bunch of provisions - some that already exist, and there are some additional things that are being asked through this proposed legislation. I believe there are 17 different specific items right now, one of those being a list of independent contractors and subcontractors we're going to use on a particular job. Many times when we're proposing a job with a customer, we may not know specifically who we're going hire until after we get the contract signed. So, it's going to be very difficult for us to give this list to a homeowner.

There is also a requirement that requires that we accept credit card payments. Many of us, and I've been in business almost 40 years now, don't accept credit cards, and I'd have to change my policies in order to accept those. So, I'm just not sure why something like that would be imposed upon us.

There is one other piece that's currently in the legislation, but it's not being changed, and it just kind of brings me to recognize how difficult it is to comply, and that is that there is a current requirement that two notices of cancellation forms be included in your contract. Any of these 17 items that I've talked about a couple of them, that are not in your contract, makes your contract invalid. How easy would it be for a consumer to just decide that they only received one copy of this notice and not two, and how is it that I would ever prove they'd actually received two? And this is just one

area where it would be so simple for an unscrupulous homeowner or just someone that just didn't understand or an attorney on their behalf could take a perfectly good contract in many other aspects and make it invalid. And it's another example of how difficult it is to comply with this regulation.

I'll wrap up by just saying I just think it's a hurtful proposal that's unnecessary, and I would ask you to please consider voting against this proposal. Happy to answer any questions if there are any.

REP. DATHAN (142ND): Thank you very much, and thank you for coming in and testifying today. I know sometimes when these things come up in companies, it's nice to have colleagues you can count on to do that. So, thank you very much. Are there any questions or comments from the Committee? Seeing none, thank you very much.

BOB WIEDENMANN: Thank you very much. Have a great day.

REP. DATHAN (142ND): Thank you. Next on the list, we have Ken Ursaki, and I know I got that wrong, so please help me.

KEN URSAKI: Good afternoon, Representative Dathan and other members of the Committee. My name is Ken Ursaki, and I'm a state-licensed public adjuster and past president of the Connecticut Association of Public Insurance Adjusters. On behalf of our organization, I would like to offer comments regarding the House Bill 5373 - AN ACT CONCERNING HOME IMPROVEMENT CONTRACTORS AND SALESPERSONS. Public adjusters are licensed in the State of Connecticut under chapter 701b of the General Statutes. We represent individuals who have claims with their insurer, typically for repair of damages

that have been sustained to the residence by fires, storm, or other cause.

The bill before you is a very good one and will update the statute as it relates to home improvement contractors. Most contractors are honest and hardworking. As public adjusters, we interface with these professionals on a daily basis. However, there are unscrupulous ones, however, who travel to areas that suffer storm damage attempting to sign as many contracts for home repair as they can. They hoodwink the homeowner into thinking they will provide immediate repairs, all in exchange for a large deposit or signing for the assignment of benefits of the insurance policy. They might not be properly registered or insured, provide shoddy work or simply disappear after cashing the deposit check.

House Bill 5373 attempts to address these problems. The genesis of this bill is a model "Storm Chaser" law that was drafted and adopted by the National Conference of Insurance Legislators. The bill has several key elements. Limit customer deposit to a maximum of 50 percent of the estimated repairs. Prohibit contractors from inducing a contact by promising to pay the insurance deductible. Contractors must prove to the DCP that they carry insurance and meet required minimum coverage. Failure to carry insurance can lead to the revocation of the contractor's registration. Applicants must disclose business information, such as affiliates, to the DCP Commissioner. The standard contract must contain a number of required elements such as itemized list of proposed repairs along with reasonable cost estimate. It will be a three-day right to cancel at initial signing or three days after being notified of a claim denial by the insurer.

We would ask that you consider an addition to this bill addressing assignment of benefits. This is where the contractor has the insured sign a form giving the contractor sole control over negotiating the claim and, in some cases, receive direct payment of the claim from the insurer. Rhode Island recently passed a bill dealing with this exact issue (see Exhibit 1). Their law does not allow insurance companies to negotiate claims with unlicensed public adjusters. This language follows, and we request you consider adding this to the bill.

"It shall be an unfair claims settlement practice in negotiating or effecting the settlement of a claim or loss or damage covered by an insurance contract with an unlicensed public adjuster acting on behalf of an insured. Nothing contained in this section shall be construed to preclude the insurer from dealing with any individual or entity that is not required to be a licensed public adjuster."

Thank you. If you have any questions, I'll be happy to answer them.

REP. DATHAN (142ND): Thank you very much. I appreciate your testimony. Are there any questions from the Committee? Yes, Representative de la Cruz.

REP. DE LA CRUZ (41ST): The gentleman that testified before you, there were a couple concerns that he had as far as adding a Social Security number from a customer onto a document. Is that something that -- I mean, you may not know about it, and it's one of the sticking points that he had with it. I didn't know if there was something that or a reason why we'd have to put that on a document.

KEN URSAKI: I don't know about that; however, as he did say, in this day and age where there are privacy

laws over Social Security numbers and whatever, that's questionable about putting it out in that fashion.

REP. DE LA CRUZ (41ST): And then a bill like this, how do you envision it stopping an unscrupulous contractor from going in --

KEN URSAKI: Well, I've been in the property claims business for 40 years, and for first 15 years, I worked on the insurance company side. And back in the day 40-plus years ago, when this legislative body drew up the Public Adjuster Law, they said you can't be the adjuster and the contractor; there's a conflict of interest. So, you fast forward 40 years, and the property claims industry is now serviced by franchised organizations, and they chase losses to sign 'em up for the assignment of benefits, proceeds of the insurance contract.

And we've talked to the State Insurance Commissioner's Office on this issue, and they're saying they don't see assignment of benefit issues. And we're like, "Well, how can that be? It's so prevalent out there." We know it's a national problem. We believe that because complaints go against the contractor, it goes to the DCP and that the core origin of what these contractors are signing up is for the assignment of benefits, and often the insurance company adjuster just wants to settle a claim. He will deal with that contractor at levels that he shouldn't be. He can provide an estimate, and the Rhode Island law clearly states what a contractor and public adjuster can do and can't do.

And often these contractors that come chasing these storms are out-of-state residents. It was just after the May 15 microburst that hit from New

Fairfield County down through Hamden, and a tornado was tied in with that, months after that, I saw several caravans of vehicles from Arkansas, Louisiana, and Texas driving up and down Route 8. They locations in a campground up in Barkhamsted; I know where one of them is at. And they just canvas a neighborhood, and they just sigh these things up, and then they just start dealing with the insurance company, and in some cases, they may settle a roof claim for $25,000 dollars, and the homeowner doesn't find out until six months after the repair was done, they were supposed to get a whole new roof, and they didn't. They got a patch.

So, there is a major company out there, and a lot of them, the franchises, local franchises, are good franchises, but they were just bought by a Wall Street firm for one billion dollars plus debt. And they train these people to just hunt down victims. Today you can get software telling you one-inch hail went right down Kobe Road for two miles, and they're there the next morning signing these things up, sign up for the assignment of benefits.

If you read about some of the employees that work for these companies -- go to Indeed and read the reviews. They sign these people up, and they say you get a commission, and they fire them before the job gets settled or paid, and they never get their money. The industry has changed. The difference is at one time it was understood you can't be the one doing mitigation repairs and doing the destruction of the property, taking it out, and the one doing the full repairs. There's a conflict of interest. Somewhere that's gotten lost in 40 years, and just as a public adjuster we can't practice law, it needs to be known to protect the consumer that a contractor should not be able to do what a public

adjuster does. It clearly says in our service contract that we cannot be a contractor or have any interest in a contracting company and/or an appraisal service.

REP. DATHAN (142ND): Thank you, Representative. Thank you very much for your testimony today. We appreciate it. Wash your hands; I'm reminding everyone. Next we have Darren Toth. Is he here?

DARREN TOTH: Hello, my name is Darren Toth, and I am a licensed public adjuster, Co-President of the Connecticut Association. Ken was our past president, who just testified. I would like to offer some comments regarding Bill 5373 - AN ACT CONCERNING HOME IMPROVEMENT CONTRACTORS AND SALESPERSONS. As mentioned in previous testimony, public adjusters are licensed in the State of Connecticut to represent the policyholder.

We hope you'll consider an addition to this bill, in the area of an assignment of benefits, otherwise known as AOB. This is where the contractor, as Ken testified, has the insured sign a form giving them the sole control over payments made by the insurance carriers. This is a real-life story about the need for this change.

Mr. and Mrs. Krol of Wallingford, CT, suffered a devastating house fire in January 2019. In the immediate aftermath of the fire, they were solicited by a number of contractors. They ended up signing on with a contractor whose contract contained no price for the contractor's services but rather the assignment benefits of the homeowner's policy. The Krols were assured that the contractor would handle all aspects of their insurance claim and would rebuild their home like new for the amount paid by the carrier. After the insurance company negotiated

and settled the claim with the contractor, work started, and the inferior work began.

In the early stages of the repair, the homeowner, fired the contractor for shoddy work. The provision that Mr. Ursaki mentioned would address this type of problem. It is the law in Rhode Island, and what we believe the law here in Connecticut should be. Thanks for allowing me to comment on the House bill. I would be happy to answer any questions at this time.

REP. DATHAN (142ND): You were very efficient and succinct. Thank you very much. I appreciate your testimony. Are there any questions from the Committee? Thank you very much, Sir. Is there anybody else here to testify for Bill 5373? All right. Moving on to 5359 - AN ACT ESTABLISHING A TASK FORCE TO STUDY HEALTH INSURANCE. We do not have anybody signed up. Okay, next we are going to move on Senate Bill 342 - AN ACT REQUIRING THE INSURANCE COMMISSIONER TO PROMOTE THE DEVELOPMENT OF, AND EMPLOYMENT OPPORTUNITIES IN, THE INSURANCE INDUSTRY IN THIS STATE. We do not have anybody signed up. Okay, we will move on. Senate Bill 343 - AN ACT CONCERNING FINANCIAL PLANNERS AND THE CONNECTICUT UNFAIR INSURANCES PRACTICE ACT. We have Bob Shea, Jr. signed up. Is he here? Anybody else to testify for Bill 343? Okay. Moving right along. Senate Bill 344 - AN ACT REQUIRING THE CONNECTICUT HEALTH INSURANCE EXCHANGE TO REPORT ADDITIONAL DATA. Anybody wanting to testify on that bill? Okay, moving on to Senate Bill 332 - AN ACT ESTABLISHING A TASK FORCE TO STUDY THE CONNECTICUT HEALTH INSURANCE EXCHANGE. Again, we have no one signed up testimony on that bill, either. Is there anybody here that would like to testify on that bill? Seeing none, we'll move on the next bill, House Bill 5371 - AN

ACT CONCERNING COVERAGE FOR THE REMOVAL OF TREES FROM REAL PROPERTY. There has been no one to sign up for this bill, either. A popular day in Insurance Committee here. Is there anybody that would didn't sign up but would like to testify? Okay, seeing none, moving on to House Bill 5370 - AN ACT CONCERNING CRUMBLING CONCRETE FOUNDATIONS. I have first on the list Mary Gretchen Shea. Is she here? Okay. Next we have Debra MacCoy. Jason Byko? Thank you.

JASON BYKO: Good morning, members of the Committee and everybody in the room. I see we've dwindled down a little bit. Yes, I can. Sorry about that. I'm not much for public speaking, so this is kind of a first; so, bear with me here a little bit. I'm going to get buzzed, but I'm going to blow right through it and will be quick.

Good morning again. My name is Jason Byko. I'm here today to urge your support for H.B. 5370 and the extension of the sunset date. I'm 41 years old. I bought my first home on this last September 27, 2019; a raised ranch in the town of Coventry. I reside there with my fiancee, Tiffany, and our joyous, rambunctious, cute and funny 3-1/2-year old daughter Lily. If it sounds like I'd rather share my time here talking about her, well, I would. I really wish our mission today was just that. Well, in some ways it is. She's the reason I purchased the home. She's the reason I have a family that I love more than anything. She's truly my everything.

This journey for me began long before the purchase of this home with some serious personal growth. However, we don't have time for the unabridged version today; so, I'll try to just get to the point.

We spent 18 long months looking for a home. We put roughly a dozen offers in; most were outbid over asking price. It was not a buyer's market, but of course, one was accepted, or I wouldn't be here today. Despite the very long and stressful search, we were thrilled with the opportunity before us. At this point, we knew that there was a foundation problem within the surrounding area of our search, but looking back now, I had no idea it was to the degree that it is. Still, we knew we had to do our due diligence.

Like any close, we needed an inspection. It was recommended to get an engineer out for this task. Three engineers were called. One I left several messages with and no return call. The next had a spot 2-1/2 months out. Our close was scheduled for 3 months from this point. The third was fully booked for 3 months. So, with that kind of timeframe, we opted for a home inspector. We had a home inspector that we knew and trusted, but they were not certified to evaluate foundations under our state program. So, we went with the recommendation of our realtor.

The inspector came out in a couple weeks. He spent a couple of hours with the house and then an hour with us. We went top-to-bottom. Along the way, I easily asked 50-plus questions about everything we were looking at. I felt I was being very thorough. Considering this is a raised ranch, and areas to view the foundation are highly limited. All of my questions and concerns were alleviated with what I thought were highly experienced responses and a reminder of his 35 years' experience. After much time discussing, we opted to continue forward, and after a typical nightmare close, the house was finally ours.

We had quite the crazy whirlwind move but managed to get everything relocated on our first weekend. Bit by bit, we tried to get settled. Weekend number two, we found a $2000 dollar problem with our furnace, and our septic got clogged and backed up into the lower level. Welcome to homeownership. Right?

The following weekend, we decided to get a little more settled. What better way to do that than hanging TVs on the wall. I put one up in the family room. I moved to the lower level to hang one on the wall down there, as well. I'm sure everyone here that's been in the lower level of a raised ranch has seen that there's a ledge that runs around the perimeter of the home. In an effort to hide the cables in the wall, I removed that top ledge. I noticed for the first time in this area of the home that I could see the top of the foundation. About a half-inch was revealed for a length of about 12 feet. So, I took a closer look to see what I could see and came across a discoloration at the very end by the brick fireplace. I put my finger to it, and it broke free immediately. It was a similar color to the foundation but slightly off. Bear with me here.

It was clearly a caulking agent or a sealant. Behind it was about a dollar-size view of the foundation, but it didn't resemble concrete. This was closer to dirt. It broke away with a simple finger stroke. My heart sank, my stomach turned. I decided to open a portion of the sheetrock below that area. When I did make the cut, before I could even fully remove the section, crumbled stone, dirt, and debris fell to my feet. In front of me was a crater in my foundation, a giant crater. What I'm saying is almost a membrane of fibrous concrete

encased in more concrete. The walls bowed out at the bottom just like a beer belly, and all its crumblings from the concrete within settled at the bottom. I literally can push my hand through it. Nausea has rolled over me like a tidal wave at this point. I trembled at the thought of telling my fiancee. I opened seven more walls, only to discover more heartache.

We got the same inspector back out the next morning along with a barrage of others. The inspector recategorized us under classification 3, offered to waive the new report fee, and left us with his words of wisdom that sometimes bad things happen to good people. So, now this is my life. If I could go back, I would make some changes, of course. Do I regret our home, our search for a better life for our daughter? Absolutely not. I haven't once called it a house. It's a home, and we would really love for it to stay that way. We since have had an engineer out to evaluate.

REP. DATHAN (142ND): If you can please summarize. Thank you very much, Sir.

JASON BYKO: I've got three more lines, if that can be [crosstalk].

REP. DATHAN (142ND): Perfect. Thank you.

JASON BYKO: I told him what happened. He cleared it out. He and his wife came down. His wife actually broke down in our kitchen. Walking through with the engineer, my questions before with the inspector were certainly validated. All of these things were missed by the inspector. He ordered me to build support walls and secure columns where I could. The heartbreak is unimaginable at this point. I felt dumb, stupid, naïve, cheated. What

choice do we have at this point? One is to walk away which was suggested by many. But we chose otherwise.

Our choice is to be positive and move forward. We've chosen to move forward, and the positivity comes along with hope, and we ask that you move forward with us. You may not have the ability to solve all the problems of this dilemma here today, but you have the opportunity to feed us more hope, and we ask you to extend the sunset date. Thank you very much.

REP. DATHAN (142ND): Thank you very much, Jason. I noticed I didn't see your testimony on-line. If you could coordinate with the Clerk because this is a very compelling testimony. I really appreciate you coming out and telling your story. I really appreciate it. Representative Vail.

REP. VAIL (52ND): Thank you, Madam Chair. Good afternoon. Do you mind if I didn't get it early, if I get your name.

JASON BYKO: Jason Byko.

REP. VAIL (52ND): So, you're situation is even more unique because you purchased the house, had the inspector tell you it was okay, and then it wasn't. So, have you talked to CFSIC yet about getting -- are you in that process?

JASON BYKO: We are one of the claimants that're in. We're on a second wave here; so, now we are pending. The first response that comes up with that question is we start thinking about timeframe, and if things don't start happening fast and we don't get help within the next few years, it's not going to stay. And if there are no answers for us in the next couple years, I don't know what we're going to do.

We have no option but to walk because our house will fall. When, we don't know.

REP. VAIL (52ND): Well, there is a commitment here, and your situation again is unique. We actually put in safeguards to protect from like developers going around buying up these houses, then putting in a stake so they could then use the money in the captive insurance program to fix the house and then sell it for a profit. Because that was never the intention of what we wanted to do. We wanted to help the homeowners. And, so, again, that money is available, but we put in safeguards that you have to live in the house for a year before you could actually do that. So, kind of that was our protection against doing that. There's only so much you can do, and we certainly don't want to create anything where we're leaving somebody behind.

In the way, just again, with the indulgence of the Committee, it's just to give you a little bit of piece of mind that I think in this bill being there's an intention to keep this going and that the captive insurance company works like no other insurance company on the planet. It's the only company in the world that doesn't have premiums being paid into it. It's solely funded right now by the State of Connecticut and eventually by that surcharge that will be dumped in there, as well. We could certainly use money from the federal government; could certainly throw money in there.

And I think the problem is huge, but it's not as big as we originally anticipated, and I can tell you that in my experience here, I basically started when this problem started, that it's definitely not a partisan issue in any way, shape, or form and that there's a general feeling in this building to help

solve this problem. It's not an easy problem to solve. It's ongoing, but I'm very confident, and I don't say that often, especially about government, okay? And that's why this is nice. We kind of took this outside of government a little bit. I'm confident that you're going to be okay, and I don't know if that gives you any peace of mind or not, but I think that there's the will here to continue to help. We've recognized the problem, and the way the money works, it's different 'cause there isn't a constant flow of money. So, we have to wait for another tranche of money to go in, and then everybody, you know, starts the Chicken Little stuff, and that scares people a little bit. Rightfully so, but I just wanted to let you know that, and I think I can speak for a lot of people that, you know, we're here to help solve this problem, and we're not going to be going away. We know that this is not a short-term issue.

JASON BYKO: I appreciate your comments, and that's certainly the feeling that I get from all parties involved, that this is something that we're going to fix. We're going to find it and figure it out together. Considering the timeframe on my situation being only 4-1/2 months in, I've received a lot of requests to get me involved and to kind of take the older group of people that are dealing with this, or I should say the earlier group, and kind of pass it on to the new ones to keep putting pressure where we can.

REP. VAIL (52ND): And it's important it keep coming up here and not sitting complacently because we've got to keep this fresh.

JASON BYKO: And this isn't --

REP. VAIL (52ND): It's an ongoing thing, and it's going to go on for years, so, thank you for your testimony.

JASON BYKO: And this isn't my comfort zone; so, being here is I recognize the importance of it, and that's why I'm here, not because I want any kind of attention or anything like that. We have to help each other on this.

REP. VAIL (52ND): Okay. Thank you.

REP. DATHAN (142ND): Thank you, Representative Vail. I will just comment really quickly that we have a strong group of bipartisan support around this issue with the Crumbling Foundation Caucus, and they are good advocates for people like yourself in a situation. Any other questions or comments from the Committee?

JASON BYKO: Could I just extend on this a little bit?

REP. DATHAN (142ND): Sure.

JASON BYKO: I don't know if this pertains to the same issue, but one the things that was brought up with Brenda Draghi; I'm sure is a name that you've heard. One of the problems that we're finding is with the certified inspectors that are coming out. They're not qualified, and they're putting us in a situation, and they're just digging our hole a little bit deeper. I guess I just wanted to add that point.

REP. DATHAN (142ND): Great. Thank you very much. If you could please submit your testimony. It was really comprehensive and a good thing to speak to our Clerks about that. Thank you very much. Is there anybody else here to give testimony on House

Bill 5370? Seeing none, we will move on. House Bill 5367 - AN ACT CONCERNING HOMEOWNERS INSURANCE POLICIES AND COVERAGE FOR THE PERIL OF COLLAPSE. There's no one that signed up for that bill. If anybody would like to testify; no. Moving on to House Bill 5368 - AN ACT ESTABLISHING A TASK FORCE TO STUDY THE USE OF BREED OF DOG AS AN UNDERWRITING FACTOR FOR HOMEOWNERS INSURANCE POLICIES. First on the list we have Steve Basson.

STEVE BASSON: Thank you, Madam Chair, Committee members. My name is Steve Basson. I am in favor of pursuing this particular bill. I've lived in Connecticut all my life and in South Windsor for the last 40 years. I'm a responsible dog owner; I have been so for about 25 years. I currently own one dog who is not on the black list. I am an active competitor in dog obedience and agility competitions, and I also hold leadership positions in AKC-related clubs. On the side, I've been bitten three times, and none of those have been by a blacklisted dog. I'm also a retired property and casualty actuary, having been in that business for 35-1/2 years. I retired from the Hartford as Vice President and Actuary at the end of 2014.

I'm happy to see the State is interested in pursuing this topic, and, as I said, I think it's great. I know it's used by several companies in underwriting now. What isn't clear to me is if there's any underlying science behind it, and I think that's what we really need to pursue. A lot of it could just be a knee-jerk reaction to perhaps something related to an irresponsible dog owner and not necessarily the dog breed itself.

I know how insurance companies operate. I've been in that business for 35 years. Insurance companies

will make every effort to improve to improve their bottom line, and they should. That's what they should be doing. But there needs to be some science behind these types of decisions. We need to make sure it happens. Homeowners insurance is very important to people. You can't get a mortgage without it. Purchasing a home also allows people to establish roots in the State of Connecticut, helps them put a financial ballast in their life. I support this. I want to see it done right, and I don't want to rule out the possibility that it could be inconclusive and that dog breed maybe isn't a factor or there are other ways to do it. Those are certainly possibilities.

In the event this bill passes and the State pursues the topic, I would like to see this Committee be diverse, have dog people as well as non-dog people, have a groomer, perhaps a veterinarian, perhaps a trainer, and I myself would like nothing more than to be a member of this Committee in the event that it passes. So, please consider me. That's it. Thank you for your time. Once again, my name is Steve Basson from South Windsor. If there are any questions, I'd love to have them.

REP. DATHAN (142ND): Thank you very much, Mr. Basson. Did you submit testimony?

STEVE BASSON: I did not. I have it, and I'll do that. I'll talk to the Clerk and take care of that in a minute.

REP. DATHAN (142ND): Yes, please talk to the Clerk. Thank you very much for that. It's very compelling, and then hopefully you've said on your testimony that you would like to partake as a member of the taskforce should this proceed; that's important.

STEVE BASSON: I would like nothing more.

REP. DATHAN (142ND): Okay, great. Are there any questions from the Committee? Anyone? Seeing none, thank you very much for your time today. Just checking in if there is anybody else here to submit testimony on House Bill 5368. Seeing none. That concludes our list of bills for today's public hearing, but is there anybody else that hasn't had a chance to -- Oh, I'm so sorry. I didn't see you. Representative Wilson Pheanious, apologies. Sorry to make such a late appearance, and thank you for hearing me.

REP. WILSON PHEANIOUS (53RD): Good afternoon, Senators Lesser and Scanlon and members of the Insurance Committee. I'm here to testify in support of H.B. 5367 - AN ACT CONCERNING HOMEOWNERS INSURANCE POLICIES AND COVERAGE FOR THE PERILS OF COLLAPSE. The crumbling foundations catastrophe's epicenter is in my district. I represent the 53rd district which is Ashford, Tolland, and Willington, Connecticut. The quarry where the mineral pyrrhotite occurs in the rock and gravel used for concrete is situated in Willington. The crumbling foundation issue presents significant economic challenges for communities, as it impacts many homeowners all over Connecticut in about 40 different towns, and we discovered last year, also schools and municipal buildings.

In 2005, homeowners insurance companies wrote themselves out of responsibility for crumbling foundations by defining collapse as an abrupt falling down or caving in, and excluding from the definition any part of a building that is in danger of falling down or caving in, even if it shows evidence of cracking, bulging, sagging, bending,

leaning, setting, shrinkage or expansion. This change in the homeowners policy came without appropriate notice, apparently to exclude the crumbling foundations' homeowners from coverage for this tragedy.

The Connecticut Supreme Court has sided with insurance companies in several cases, dismissing the claims and leaving the burden of responsibility for the collapsing foundations solely with the homeowner. Typically, these repairs can cost as much as $150,000 dollars, and although that cost is going down, it's very substantial. The State of Connecticut has assisted many homeowners through promise of bonding over $100,000,000 dollars to assist homeowners in repair and reconstruction in their home, which is distributed through the CFSIC. Additionally, the State allows the insurance companies to collect an annual $12 dollar surcharge from homeowners insurance policies to assist crumbling foundation homeowners. The State is generously funding a good portion of the affected Birch Grove School in Tolland, and all of these things are appreciated.

But insurance companies are free from the responsibility of assisting these homes and businesses, leaving homeowners without coverage through an emergency. This bill, as I understand it, would require homeowners insurance policies to provide coverage for the perils of collapse in each policy issued. The insurance companies have walked away from their responsibilities, leaving homeowners without hope and the State of Connecticut and others essentially holding the bag in the effort to help our neighbors. So, I thank you for your time, and I urge you to support the bill.

REP. DATHAN (142ND): Thank you very much, Representative Wilson Pheanious. Are there any questions or comments from the Committee? Representative Vail.

REP. VAIL (52ND): Thank you, Madam Chair. Good afternoon, Representative. So, I know you represent a community that's been extremely hard hit. There was a big building boom in Tolland, in particular, during that timeframe and beyond, and even some municipal buildings -- I don't know if you have a chance to maybe tell us exactly like maybe talk about the school and some of the other buildings.

REP. WILSON PHEANIOUS (53RD): Well, clearly, the Birch Grove School is one that we just began the process of addressing. I'm very concerned about other municipal buildings which haven't been tested and which, you know, which may continue to show this problem. It has been absolutely devastating to the region in terms of taking properties off the tax rolls, and although there have been some repairs, much more needs to be done. So, it just seems so unfair that insurance companies should be able to walk away from this, particularly in the way that this issue came about with them sort of writing themselves out of the policies and leaving everyone else holding the bag, and this bill, particularly, I believe, would bring that responsibility back indeed to where it belongs prospectively.

So, I'm, you know, like I said very enthusiastic about all of the bills that support the issue of crumbling foundations because it's devastating, not just -- I'm not just being selfish here. Yes, we're the epicenter, but there are towns all over Connecticut that are experiencing this desperate problem, and as much work as has been done, far more

still needs to be done, and this is one area where that could be a very facet.

REP. VAIL (52ND): And certainly then I take it, obviously it's your opinion, and I might tend to agree that the insurance industry certainly needs to play a bigger role. And do you think in talking to your constituents that they feel that same way?

REP. WILSON PHEANIOUS (53RD): Oh, absolutely. Even perhaps more strongly because they are the ones that are suffering the devastation of this and not understanding why they have been abandoned by their insurance companies. When you purchase an insurance policy, particularly a homeowners policy, you make perhaps not assumptions, but there are certain things that you would assume would be covered, and to find out that the insurance companies have essentially written themselves out of responsibility was a devastating blow for people in my region and all over Connecticut.

This bill has the opportunity to turn that around to get the Insurance Commissioner to work with insurance companies, perhaps to increase their contribution and in other ways to support the effort to put people back in their homes and back in the flow of life. Your home is your most important asset, and when it crumbles underneath you, is ripped away from you, and there is no support from the insurance companies, it is devastating, and it has devastated many people. But I've also seen the joy of people whose homes have been repaired, and as they move back into their homes because of the work that the CFSIC has done, that is extremely gratifying. So, we need more of that, and I believe that the insurance companies need to come to the table. This is one way of making that happen.

REP. VAIL (52ND): Thank you, Representative. I couldn't agree with you more.

REP. WILSON PHEANIOUS (53TH): Thank you.

REP. DATHAN (142ND): Thank you, Representative Vail. Are there any other questions from the Committee? Seeing none. Thank you so much, Representative, for your testimony. You're such a wonderful advocate for your constituents on this issue.

REP. WILSON PHEANIOUS (53RD): We need all the advocacy we can get, so thank you very much.

REP. DATHAN (142ND): Thank you. I heard that Debra MacCoy is here. Gretchen Shea. Okay, great. Do you want to testify together? Okay, why don't we have Mary Gretchen Shea go first; she was first on the list.

MARY GRETCHEN SHEA: Good afternoon. Thank you for being flexible. And this is on, right? Okay, good. I'm in support of H.B. 5370 - the sunset date. My name is Gretchen Shea from Vernon, Connecticut. I am the owner of a crumbling condominium with crumbling concrete. Our complex applied for assistance in August 2019. We applied for all 14 buildings, but five are impacted. Two of these buildings are in the worst case, the class 3, which meant that they were put in queue for participation agreements. We went through the process.

Now a condominium to get agreement to do something on a contract for two buildings that will cost us close to a million dollars, it's not like you can go ahead and sign on the dotted line right away. You have to get agreement from the unit owners. You have to make sure you can afford everything else. So, that process takes a while. You have to have

meetings, hire lawyers, really understand, and educate people. So, as a result, we were not able to submit the necessary documentation until December to say, "Yes, we've selected a contractor, and we can go ahead." By the time that it came back, naturally we always get rejected once; somethings not quite.

So, we actually got entered in as an official claim in late January. And at that time, they told us that there was no forecast, certainly most likely not before 2021, before we'll get a participation agreement and that all money is already used up because of all the other people that went in in front of us. They basically said, "You took too long to apply." You also have to recognize we weren't able to apply until July of 2019. We already had all those homeowners in front of us.

So, we're still waiting. We think that they're going to talk to us maybe 12 months from now, and that's when we'll be able to go back, actually enter next to a contract for two buildings, and, hopefully, we'll get some money, maybe at the end of 2021. And that's just for the first buildings. So, for us to repair all five buildings at two a year, that will take us into 2024. Debbie will speak to the condo complex that she's more aware of. They have 17 buildings to repair. That means if you do three a year, they probably won't finish until 2026. And when we look at the numbers, it's very, very daunting. They did 107 homes this year, but they have 318 participation agreements. That means that there's 200 homes out there that are ready to go right now as soon as the contractors can get to them. And those -- let's say they happen in 2020, but now there're almost 1800 applicants, right?

That's another 1500 homes. That's just with the applications that are in here today.

So, if you look at that, you can see that the sunset date has to be extended. The number of claims that are coming in and being able to make claims are going to extend the need well past the current sunset date. Thank you.

REP. DATHAN (142ND): Thank you very much for your testimony. It's important that you come up and speak. Is there anybody on the Committee that has any questions? Seeing none, thank you very much. You did submit written testimony?

MARY GRETCHEN SHEA: I did.

REP. DATHAN (142ND): Great, thank you very much. Next, we have Debra MacCoy.

DEBRA MACCOY: I submitted my testimony at 2:03 a.m. this morning. Hello, my name's Debra MacCoy. I'm from Vernon, Connecticut. I'm writing and testifying in support of House Bill 5370 - AN ACT CONCERNING CRUMBLING CONCRETE FOUNDATIONS. There're two sections to that bill; so, I'd like to speak to both sections. The first section I would like to testify to is Section 2, the Insurance Commissioner shall study methods available to accelerate responses by insurers to claims for coverages.

Life, death, shelter, taxes, and insurance -- rites of passage, Maslow's hierarchy, call it what you may, but in the 21st century, insurance involves every aspect of our lives: Health, vehicle, business, and homes.

While the insurance industry plays a vital role, it dictates at all times what the risks shall be. They have through the mighty efforts of the ISO

calculated out our disaster and on their end mitigated any damages to themselves due to appearing to cover the entire homes by changing the language in the policy to lock in their denials and shifting the duty to mitigate to the homeowners.

Here is the rub. While insurers in the State of Connecticut are now blessed by the State of Connecticut's Supreme Court decision, they are taking upwards to six months to send the homeowner the denial letter we all know is forthcoming due to the lengths the insurers have gone through to avoid exposure to the largest disaster Connecticut has and will see in this century.

I support House Bill 5370 for that reason because the sooner the denial, the sooner the active status, and the sooner the homeowner can mitigate damages. Do no harm is the duty of every contract, and, thus far, the insured has been harmed first by the denial of coverage and second by the length in which to deny.

I'm also testifying in support of House Bill 5370 Section 1 - Extending the captive insurance sunset date from 2022 until 2030. I support this because condos now more than ever need this passed as it will take five to six years to fix the hardest-hit condo complex in Vernon, for which I helped my son purchase a condo at. We're looking at 2026 by the time the 17 large structures that house 124 condo owners to be fixed. Surcharge funding will be key to continuing commitments to condos in that most of the 100 million has gone to repairing homes that were able to get in line since the inception of the captive insurance opening its doors, even though we were ready.

In the 62 weeks since CFSIC opened its doors, there have been 62 weekly "Latest News" reports, for which condos have made the commentary in approximately twenty of them. With that many discussions on condos, the average person would rightfully so imagine that condos are taken care of and repairs are well under way. There have been no condos repaired --

REP. DATHAN (142ND): Thank you. I'm sorry to interrupt you. Is there a possibility you can just sum it up in one sentence for me?

DEBRA MACCOY: I'm just going to read the first page; I'm not going to read the back of it.

REP. DATHAN (142ND): Well, we have a limit of three minutes per person. I understand --

DEBRA MACCOY: I have Tourette's. I'm sorry. I'm trying to say it as fast as I can; otherwise, I'll start stuttering and then making my ticking noise, and then it's just a mess. So, I'm not going to read the back page; I'm just going to get through the sentences here.

With that many discussions on condos, you'd think they were being taken care of. It wasn't. We've known for four years there were five condo complexes with close to 300 units affected. It wasn't until August 2019 did we learn that there are actually seven condo complexes affected. These structures have been around since the 1980s, going on 40 years. In my son's condo, we noticed some cracking in 2010, and now ten years later, the walls are caving in from the outside pressure and the psi weakening.

REP. DATHAN (142ND): Thank you very much for your testimony. I appreciate it. I'm sorry. We do have a time limit on testimony.

DEBRA MACCOY: I know, and I wait every year, once a year, to come in.

REP. DATHAN (142ND): I appreciate you coming here. I know it's really hard.

DEBRA MACCOY: I was just over at the banking doing it, and that's why I just did it, came in here, so I'm a little shaky.

REP. DATHAN (142ND): I can imagine. Thank you so much. Your voice is --

DEBRA MACCOY: You do have the testimony; please read it.

REP. DATHAN (142ND): We do. I was actually reading it on my computer, so it is definitely in our system. I appreciate it. Let me ask the Committee if there're any questions for you. Any questions from the Committee? Seeing none, thank you very much, and I appreciate you coming to testify. Is there anybody else that has not signed up for the public testimony hearing part? Okay, we have everyone who has signed up has testified. So, I'm going to conclude our public hearing, and just as a reminder, we are still in recess for our Committee meetings. Thank you very much