



## Legislative Update

The deadline for bills to be raised by the Legislature's Insurance and Real Estate Committee has now come and gone, meaning no more legislative business may originate before the committee in the 2009 Legislative Session. However, numerous bills of interest to IIAC were recently approved by the committee prior to the deadline. These bills included the issues of workers' compensation, automobile insurance and health care reform. These issues and others are discussed in this newsletter.

### IIAC Testifies Against Anti-Marketplace Workers' Comp Bill

IIAC was pleased to see that a terrible idea that emerged this session from the Insurance and Real Estate Committee - a proposal that would allow the State of Connecticut to compete in the Workers Compensation marketplace - was reduced to merely a "study bill," rather than an action-based piece of legislation. Still, the best news for IIAC will be when this issue is put to rest once and for all. IIAC President Warren Ruppap recently testified against the concept of the State of Connecticut forming a workers compensation insurance company to compete with the current marketplace. In his testimony Mr. Ruppap stated, "The establishment of state funds for workers' compensation historically is done when there is a market crisis. This is certainly not the case in Connecticut, and it is our concern that the establishment of a state fund would have a negative impact on those companies that currently sell workers' compensation insurance in Connecticut. IIAC urges the committee to oppose this legislation and focus on ways to continue to the successful reforms that have built the competitive marketplace that we currently have in Connecticut."

### "Big I" Testifies Before Congress on Insurance Regulation

Spencer Houldin, chairman of the IIABA Government Affairs Committee and the Connecticut representative to the IIABA's Board of Directors, testified this week before the U.S. Committee on Banking, Housing, and Urban Affairs regarding the issue of insurance regulation. Mr. Houldin, who is also the President of Ericson Insurance Services, urged members of the U.S. Senate to use caution as they work towards modernizing regulation of the insurance industry.

"We must carefully examine the causes of the current crisis, and determine how or if regulatory policy should change to ensure we do not repeat the mistakes of the past. It is a daunting task, and as a small businessman who must conduct business in the regulatory environment of the future, I implore policymakers to act judiciously and make sure that when you act, you get it right," Spencer testified. "While IIABA is committed to helping improve the system, it is worth noting that relative to other segments of the financial services industry, the property-casualty insurance market has remained solid and vibrant. In short, the property-casualty insurance industry continues to operate without the need for the federal government to step in to provide any type of support."

Spencer also emphasized that the current system of state regulation of the insurance industry is indeed working, but could benefit from some reform.

"As we undertake a review of the current regulations in place and consider strengthening existing laws or adding additional ones, we must ensure that we do not simply toss out regulatory systems that work in an effort to essentially wipe the slate clean and start over," Spencer told committee members. "It should not be overlooked that the state system has an inherent consumer-protection advantage in that there are multiple regulators overseeing an entity and its products, allowing others to notice and rectify potential regulatory mistakes or gaps. Providing one regulator with all of these responsibilities, consolidating regulatory risk and essentially going against the very nature of insurance of spreading risk, could lead to more substantial problems where errors of that one regulator lead to extensive problems throughout the entire market."

## Automobile Insurance Bills Would Set Bad Public Policy

**Senate Bill 895** – *An Act Concerning Uninsured Motorists and Notification of Underinsured Motorist Conversion Coverage* – This bill would create troubling new restrictions regarding the handling of cases involving uninsured and underinsured motorists. IIAC opposes any measures that impose difficult and unnecessary new regulations on the automobile insurance industry.

**Senate Bill 212** - *An Act Prohibiting a Cancellation Fee For Certain Automobile Liability Insurance Policyholders* – Much like Senate Bill 895, this bill would also place unfair new restrictions on the automobile insurance industry.

Both bills have been approved by the Insurance and Real Estate Committee, but IIAC is working to see that both measures are defeated before they reach a full State Senate vote.

## Other Bills Cause Concern

**Senate Bill 291** – *An Act Concerning Homeowners Insurance Policies For People Who Own Dogs That Have Bitten A Person* – IIAC and the industry are working with Insurance Committee Chairman Steve Fontana (D-North Haven) to look at ways for companies to continue to insure a home either by excluding dogs from coverage or being able to place a surcharge on the homeowner's premium.

**House Bill 6444** – *An Act Concerning Automobile Insurance* – This large bill had previously contained troubling provisions concerning territorial rating, as well as the use of credit scores in setting automobile insurance rates. However, there is some encouraging news to report – the territorial rating provision has been stripped out of the bill, and while the segment concerning credit ratings is still included, it no longer prohibits using them in determining rates.

IIAC is still working with the industry and chairs of the Insurance & Real Estate Committee, and continues to evaluate the potential impact this credit rating provision will have on consumers. The removal of the language prohibiting credit scores from being used is an improvement. To view the legislation as it currently exists, please click on the above link to House Bill 6444 and refer to Section 5.

## Health Care Reform: Caution and Balance Needed

The legislature has raised numerous health-care related bills this session, and while IIAC does not oppose efforts to provide coverage to the uninsured, the problem is that most of these bills are coming across as mandates on insurance providers. IIAC has often told state lawmakers that there must be a balance between the needs of consumers and the needs of the industry.

**This Legislative Update will continue to keep you informed on insurance-related legislation in progress at the Capitol. If you have any questions on any of the issues, please don't hesitate to contact Warren Ruppap.**

**As always, we are available to respond to your suggestions, questions or concerns.**

IIAC  
Warren C. Ruppap  
President  
860-563-1950  
[w.ruppap@iiac.org](http://w.ruppap@iiac.org)