



Connecticut **Business & Industry** Association

Testimony Of
Kevin R. Hennessy
Staff Attorney
Connecticut Business & Industry Association
Judiciary Committee
Legislative Office Building
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My name is Kevin Hennessy. I am a staff attorney for the Connecticut Business and Industry Association (hereinafter "CBIA"). CBIA represents approximately 10,000 member companies in virtually every industry. They range from large, global corporations to small, family owned businesses. The vast majority of our member companies have fewer than 50 employees.

Below is CBIA's position on two bills:

- CBIA supports SB 1241, *An Act Concerning Offers of Compromise*;
- CBIA opposes SB 1244, *An Act Requiring Disclosure of Liability Insurance Policy Limits Prior to the Filing of a Claim*.

SB 1241 An Act Concerning Offers of Compromise:

CBIA supports SB 1241. First, Section 1 of the bill is an equitable measure that should be adopted. Second, Section 2 of the bill helps to expedite settlement negotiations.

SB 1241 Section 1 extends the release of plaintiff's medical damage records with regards to an offer of compromise in all civil matter, not just medical malpractice cases. This is sound public policy. Personal injuries and death are not caused exclusively by the negligence of health care providers. Therefore, the release of such medical damage records should be extended to all cases concerning personal injury or death.

Currently, Section 2 of SB 1241 gives plaintiffs 60 days to respond to a defendant's offer of compromise. However, plaintiffs have all of the necessary information to assess an offer. Therefore, giving the plaintiff 10 days to respond to an offer of compromise is fair and will expedite the negotiation process.

Thank you for the opportunity to voice CBIA's comments and support. For the aforementioned reasons, we urge you to adopt SB 1241, *An Act Concerning Offers of Compromise*.

SB 1244 An Act Requiring Disclosure of Liability Insurance Policy Limits Prior to the Filing of a Claim:

CBIA opposes SB 1244. First, it is an inequitable measure that will benefit plaintiffs while harming defendants. Second, it will encourage lawsuits instead of settlements as the means to resolve liability disputes. Finally, liability insurance is a private issue that affords no connection to the validity of a liability dispute.

Requiring the disclosure of liability insurance policy limits prior to the filing of a claim is inequitable. Plaintiffs already drive our tort system. They hold all of the information concerning how an injury occurred and its level of severity. Defendants have no opportunity to review evidence regarding injury or potential damages prior to a lawsuit being filed. Allowing plaintiffs to access a defendant's liability policy limit prior to filing a claim will increase the plaintiffs' advantage in the settlement process. Moreover, it will encourage plaintiffs to negotiate based on the policy amount, rather than in good faith.

Connecticut's civil justice system is designed to resolve disputes between parties. However, the most efficient and cost effective way to resolve a dispute is for the parties to settle it out of court. SB 1244 will discourage plaintiffs from settling their cases. If plaintiffs are allowed to determine how much liability coverage potential defendants have prior to filing a claim, there is no incentive to settle. Rather than being guided by the validity of the claim itself, plaintiffs will be guided by dollar signs. Instead of encouraging settlements, SB 1244 will encourage plaintiffs and trial lawyers to target deep pockets when filing their claims. Moreover, this will unfairly penalize corporate defendants that typically maintain high insurance policy limits.

Finally, maintaining liability insurance is a private matter that provides no legal connection to the validity of a liability dispute. Forcing defendants to disclose private information before a claim is filed simply makes it easier for trial lawyers to decide how large their clients' claims should be. The amount of insurance a person or entity carries is confidential and should have no influence on the actual value of a claim. Disclosing policy limits before a claim is filed will inflate the value of claims and ultimately increase liability premium costs for everyone.

Thank you for the opportunity to voice CBIA's comments and concerns. For the aforementioned reasons, we urge you to reject SB 1244, *An Act Requiring the Disclosure of Liability Insurance Policy Limits Prior to the Filing of a Claim*.