

Statement
Insurance Association of Connecticut
Judiciary Committee

February 28, 2007

SB 1244, An Act Requiring Disclosure Of Liability
Insurance Policy Limits Prior To The Filing Of A Claim

The Insurance Association of Connecticut opposes SB 1244, An Act Requiring Disclosure Of Liability Insurance Policy Limits Prior To The Filing Of A Claim.

What purpose does the knowledge of one's insurance serve in settling an action prior to suit? The amount one decides to insure their home, car or business for is a personal decision and is irrelevant to the issue of whether you are responsible for one's injuries or how much those injuries are worth. There is no relevant reason to mandate the disclosure of policy limits prior to suit. There is no demonstrated need for this information.

The two issues of any claim are whether the insured should be responsible for the damage and what the value of the damage is. The amount of coverage an insured has decided to purchase has no bearing on these issues.

Contrary to the stated purpose, SB 1244 will actually increase litigation. Policy limits, instead of the underlying value of a case, will drive plaintiff's settlement demands and encourage suit. Plaintiffs will decide whether to file suit based upon the depth of the pocket involved. Our current system provides protections from frivolous actions and parties seeking out deep pockets.

The vast majority of states and the federal courts do not require disclosure until after litigation begins. Only a small handful of states have disclosure requirements. Furthermore, no state's disclosure requirements are as broad as those contained within SB 1244. It has

been the industry's experience, where disclosure is mandated, that the common practice is that the minimum demand is for the maximum policy limit. SB 1244 would create a new floor for the personal injury actions based upon the policy limits available.

SB 1244 serves no legitimate purpose. Under our current rules of practice, settlement negotiations are driven by the value of a party's damages and not by one's policy's limits. Additionally, insurers are subject to stringent regulations mandating fair and prompt settlement. There is no benefit for insurers to delay settlement when policy limits are exposed and liability is clear. This is the proper and most effective basis for settlement negotiations and should remain unchanged.

The Insurance Association of Connecticut and the following organizations urge you to reject SB 1244.

American Insurance Association
National Association of Mutual Insurance Companies
Property Casualty Insurers Association of America
CBIA
Milford Chamber of Commerce
Quinnipiac Chamber of Commerce
Northwest Connecticut Chamber of Commerce
Greater Danbury Chamber of Commerce
Lumber Dealer's Association of Connecticut
Motor Transport Association of Connecticut
Greater Hartford Property Owners Association
Connecticut Council of Municipalities
Connecticut Association of Community Pharmacies
Connecticut Food Association
Connecticut State Medical Society
Connecticut Messenger Service Courier Association
Connecticut Movers & Warehouseman Association
Pharma