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HOUSE BILL NO. 6065

Public Hearing: March 16, 2007

TO: MEMBERS OF THE JUDICIARY COMMITTEE
FROM: CONNECTICUT TRIAL LAWYERS ASSOCIATION (CTLA)
DATE: MARCH 16, 2007

**RE: SUPPORT OF HOUSE BILL 6065 – AN ACT CONCERNING UNFAIR CLAIM
SETTLEMENT PRACTICES UNDER THE CONNECTICUT UNFAIR INSURANCE
PRACTICES ACT.**

The CTLA **supports H.B. 6065**, and respectfully contends that it should be passed.

This bill is necessary to provide consumers interacting with insurance companies with the same remedies that are available to them while interacting with nearly every other business in this State. Through the Connecticut Unfair Trade Practices Act (“CUTPA”), the Legislature has provided citizens with a powerful remedy to deter unfair business practices and provide a remedy to those consumers who are subjected to such conduct.

Insurance consumers who are treated unfairly, however, cannot hold insurance companies accountable under the same CUTPA standards, but instead must face the significant hurdles created by the Connecticut Unfair Insurance Practices Act (“CUIPA”).

Generally, CUIPA limits consumers’ ability to hold insurers accountable for engaging in unfair conduct in two significant manners. First, CUIPA limits actionable conduct to that conduct, which is specified therein. In addition, to hold an insurer accountable for engaging in unfair conduct in connection with the settlement of claims, a consumer must find others who were also treated in substantially the same unfair manner by the same insurer. Thus, presently insurers can engage in unfair conduct without facing repercussions whereas any other business engaging in a similar degree of unfair conduct would be held accountable.

Under the present scheme, an insurer who, in the course of handling a claim, treats a consumer in the most egregious manner possible, will not be held accountable if it (1) does not routinely engage in such conduct; or (2) routinely engages in such conduct but such fact is not known to other consumers.

Today, many unfair claims settlement practices exist because there is no meaningful remedy. For example, insurers can fail to promptly pay reasonable loss of use rates even after acknowledging liability for a loss. Another example is forcing consumers to use an insurer’s preferred repair facility. Consumers are compelled to go along with an insurer’s suggestion despite being unfamiliar with the facility and reluctant, because they are fearful of the insurer’s admonition that the process will not go smoothly if he or she does not agree to follow the recommendation. In both of these cases, under the present scheme, the consumer is simply unable to seek and obtain a meaningful remedy for such conduct.

Today more than ever people rely on their cars. As such, when an accident occurs it is imperative that they receive prompt, fair treatment. Failure to receive such treatment can have dire consequences for those who are just getting by financially. We respectfully aver that there is no good reason why an insurer can fail to provide prompt, fair treatment and not be held accountable in the same manner as any other business within this great State.

WE RESPECTFULLY URGE YOU TO SUPPORT H.B. BILL 6065. Thank you.