



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony of the Connecticut Insurance Department
before

the Judiciary Committee

March 10th, 2008

Raised Bill 5835 – An Act Concerning the Regulation of Bail Bondsmen

The Connecticut Insurance Department respectfully submits these comments regarding Raised Bill 5835-An Act Concerning the Regulation of Bail Bondsmen. The proposal incorporates a provision that the Insurance Department believes would eliminate some of the issues and concerns inherent in the bail bonds industry today and would result in more accountability and fairness in the bail bonding process.

One of the benefits of Raised Bill 5835 is the elimination of a dual statutory framework to regulate different actors within the bail bond industry. Currently, surety bail bond producers are regulated by the Insurance Department while professional bondsmen are regulated by the Department of Public Safety through a completely different, and sometimes inconsistent, set of provisions. These professions, however, are closely related and interdependent. The combining of surety bail bond agents and professional bondsmen under one licensing and regulatory authority would result in more uniform standards for enforcement, monitoring and regulation of the industry.

The Insurance Department strongly supports the provisions contained in section 1 of the bill requiring that surety bail bondsmen remit the full amount of premium on a bond to the insurer and receive compensation, in the form of commissions, directly from the insurer. The Insurance Department proposed an identical measure in three previous legislative sessions. One of the main problems in the bail bond industry, and the one generating the greater number of complaints received by the Insurance Department, is the issue of “undercutting” among surety bail bond agents. It seems to be a common practice for surety agents to charge less for bonds than the rates filed by the underwriting insurer with the Insurance Department. Many surety agents offer to provide bonds at a lower cost to the defendant in order to gain a competitive advantage. By requiring bail agents to remit the full premium to the insurer, the proposal would virtually eliminate the problem of undercutting.

In addition to proposing legislation that mirrored Section 1 of Raised Bill 5835, it should be noted that in the past three years, the Insurance Department has made several changes to our bail bond licensing procedures. Bail bond licenses are now in the form of a photo I.D. Prior to renewing their licenses, all bail bondsmen must complete and submit a questionnaire regarding any convictions or administrative actions. We have requested assistance from the Department of Public Safety and are working together, when possible, in our enforcement efforts.

Thank you for the opportunity to submit testimony on Raised Bill 5835. If any questions arise, please do not hesitate to contact Debra Korta at 297-3864, Legislative Program Manager for the Connecticut Insurance Department.