



House of Representatives

General Assembly

File No. 274

January Session, 2009

House Bill No. 6280

House of Representatives, March 26, 2009

The Committee on Insurance and Real Estate reported through REP. FONTANA, S. of the 87th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT EXTENDING THE SUNSET DATE FOR PERSONAL RISK INSURANCE RATE FILINGS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 38a-688a of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (a) Notwithstanding the requirements of sections 38a-389 and 38a-
5 688 with respect to personal risk insurance with the exception of
6 residual market rates, and on and after July 1, 2006, and until July 1,
7 [2009] 2011, an insurer may file a rate with the Insurance
8 Commissioner pursuant to this section and such rate shall take effect
9 the date it is filed provided the rate provides for an overall state-wide
10 rate increase or decrease of not more than six per cent in the aggregate
11 for all coverages that are subject to the filing. The six per cent limit
12 shall not apply on an individual insured basis. Not more than one
13 filing may be made by an insurer pursuant to this section within any
14 twelve-month period unless the filing, when combined with one or

15 more filings made by the insurer within the preceding twelve months,
16 does not result in an overall state-wide increase or decrease of more
17 than six per cent in the aggregate for all coverages that are subject to
18 the filing.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	38a-688a(a)

INS *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

This bill makes changes to the sunset date for personal risk insurance rate filings and does not result in a fiscal impact.

The Out Years

None

OLR Bill Analysis**HB 6280*****AN ACT EXTENDING THE SUNSET DATE FOR PERSONAL RISK INSURANCE RATE FILINGS.*****SUMMARY:**

This bill extends the sunset date for the “flex rating” law for personal risk insurance (e.g., home, auto, marine, umbrella) from July 1, 2009 to July 1, 2011.

EFFECTIVE DATE: Upon passage

BACKGROUND***Flex Rating Law***

The flex rating law permits property and casualty insurers, until the law sunsets, to file new personal risk insurance rates with the insurance commissioner and begin using them immediately without his prior approval if the rates increase or decrease by no more than 6% for all products included in the filing. The new rate cannot apply on an individual basis. The law does not apply to rates for the residual market.

The law provides that an insurer may submit more than one rate filing using the 6% band to the Insurance Department in any 12-month period if all rate filings submitted within the 12 months, in combination, do not result in a statewide rate change of plus or minus 6% for all products included in the filing.

Under the law, an insurer can apply a rate increase within the 6% band only on or after a policy renewal and after notifying the insured. (The notification specifies the effective date of the increase.) Rate filings requesting to increase or decrease rates by more than 6% must

follow existing rate filing requirements (i.e., insurers must receive approval from the department before using such new rates).

The law deems that any filings made under its provisions comply with the rating laws, except that the commissioner is authorized to determine whether they are inadequate or unfairly discriminatory. It requires the commissioner to order the insurer to stop using a rate change within the 6% band on a specified future date if he determines it is inadequate or unfairly discriminatory. The order must be in writing and explain the finding. If the commissioner issues the order more than 30 days after the insurer submitted the filing to him, the law requires the order to apply prospectively only and not affect any contract issued before its effective date.

Related Bill

The Insurance and Real Estate Committee favorably reported HB 6445, which prohibits an insurer from increasing an insured's homeowners insurance policy rate due to a claim related to a home invasion. It requires the insurer to give an insured written notice at renewal of the amount of the rate increase or penalty due to any other claim.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 18 Nay 0 (03/12/2009)