

**INDEPENDENT
INSURANCE AGENTS OF
CONNECTICUT, INC.**

30 Jordan Lane, Wethersfield, CT 06109
(860) 563-1950 (800) 842-2208
FAX (860) 257-9981



Warren C. Ruppap
Executive Vice President

6444

February 17, 2009

**Testimony of the Independent Insurance Agents of Connecticut
to the Insurance and Real Estate Committee
in opposition to House Bill 6444
An Act Concerning Automobile Insurance**

Senator Crisco, Representative Fontana and members of the committee, my name is Warren Ruppap and I am the President of the Independent Insurance Agents of Connecticut. The Independent Insurance Agents of Connecticut is a trade association which has been located in Connecticut and has represented independent agents for 111 years. IIAC currently represents more than 450 member agencies and their associates as well as their 3500 – plus employees. I come to you today to speak in opposition to House Bill 6444.

House Bill 6444 proposes several changes which would have a negative impact on the auto insurance business in Connecticut. The auto market is very competitive and consumers have literally hundreds of choices for their auto insurance. The changes to the rating base and the changes to use of territorial ratings as proposed in this bill would negatively impact the auto insurance market place.

Territorial rating provides a valid insurance rating mechanism that allocates the losses from insureds garaged in a geographical territory to the loss experience of that territory. This system is used in numerous states in the development of auto rates and produces the most equitable determination of automobile insurance rates. It is extremely important to note that if a driver from another town causes an accident within a territory such as Hartford, the claims costs are charged to that other town, not Hartford. Finally, it should be known that the state Insurance Department currently requires that the impact of territory be moderated in urban automobile insurance rates. Currently only 75% of the loss experience of a territory can be utilized by insurance carriers in setting rates; carriers must factor statewide average losses for the remaining 25%. This artificial weighting formula was put in place to minimize the variation in rates by territory.

House Bill 6444 also proposes a ban on the use of credit information. IIAC's position on the use of credit information is that it should not be the sole criteria for rating a policy, but it should be one of many tools that an insurance company can use to determine an equitable premium to charge. In addition Connecticut consumers are protected because the use of credit is not allowed as a criteria when a policy is renewed. IIAC firmly believes that the more information a company is allowed to use in the rating process, consumers will benefit by that company's ability to provide a more equitable rate.

As already noted Connecticut's auto insurance market is very strong. The Assigned Risk Pool has less than 2,000 drivers which gives evidence to the availability of insurance in the standard market. IIAC suggests that there is no need to adjust the current rating system. Cost based pricing is equitable and the current system allows for drivers to receive the benefits of territories while subsidizing losses for urban drivers.

IIAC urges the General Assembly to attack the true elements that drive up automobile insurance costs in Connecticut: increasing litigation costs; large numbers of uninsured motorists; high auto repair costs, and fraud. These elements cost Connecticut insurance consumers hundreds of dollars a year in higher auto insurance premiums.

We urge you to reject the provisions in section 1 and 2 of House Bill 6444.