



State of Connecticut

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Senator Len Fasano Testimony for SB 212
Insurance and Real Estate Committee
Tuesday, February 17, 2009
12:30 PM in Room 2C of the LOB

Good morning Chairman Crisco, Chairman Fontana, Ranking Member Caligiuri, Ranking Member D'Amelio, and members of the Insurance Committee, thank you for the opportunity to testify today concerning **SB 212, An Act Prohibiting a Cancellation Fee for Certain Automobile Liability Insurance Policyholders.**

Short rates are penalty fees charged by insurance companies for the cancellation of a policy mid-term. Such fees are typically a percentage of the unused premium, and are processed in accordance with the Department of Insurance. In many instances, particularly those instances when a policy has just taken effect and canceled within days, I find these fees unreasonable and punitive.

A constituent of mine recently canceled her policy a little more than two weeks after the policy effective date because she found a much better deal. She rightly paid for that time when she was covered, but was charged an additional 10% of the total unused premium. At a time when many in this state, and around this nation, are having difficulty making ends meet, I believe that this charge is an excessive financial burden.

We should be encouraging a competitive auto insurance market, but short rates stand in the way by preventing policy-holders from seeking out better rates. SB 212 would prevent insurance companies from charging these fees. Thank you again for the opportunity to voice my strong support for this important measure, and I urge its' passage.