

INDEPENDENT INSURANCE AGENTS OF CONNECTICUT, INC.

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Testimony of the Independent Insurance Agents of Connecticut
to the Insurance And Real Estate Committee
In opposition to Senate Bill 1024
An Act Establishing a State Workers' Compensation Insurance Program

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 Senate Bill 1024.

Connecticut's workers compensation insurance market is very competitive and Connecticut businesses have many options when looking for a workers compensation insurance company. Workers compensation rates have also been stable and in fact the National Council on Compensation Insurance (NCCI) recently reported that overall, Connecticut's loss costs have been declining for several years. According to NCCI, Connecticut's voluntary market has seen a cumulative decrease in loss costs of 49.0% since 1993 and a cumulative decrease in loss costs for the assigned risk market of 33.6% since 1993. In addition the assigned risk pool for workers compensation is also decreasing in volume due to the competitive and stable marketplace.

The establishment of state funds for workers compensation historically is done when there is a market crisis. The fund is useful as an instrument of last resort to provide insurance for state residents and businesses. This is certainly not the case in Connecticut and it is our concern that the establishment of a state fund would have a negative impact on those companies that currently sell workers compensation insurance in Connecticut. Very often state funds do not have the same taxation or regulation that private businesses have and this creates a negative environment for private insurers and a disincentive for any new company.

IIAC urges the committee to oppose this legislation and focus on ways to continue the successful reforms that have built the competitive marketplace that we currently have in Connecticut.