Statement

Insurance Association of Connecticut

Judiciary Committee

March 20, 2009

SB 1092, An Act Concerning Choice Of Law With Respect To Commercial Transactions

The Insurance Association of Connecticut is opposed to SB 1092, An Act Concerning Choice Of Law With Respect To Commercial Transactions.

SB 1092 seeks to alter the choice of applicable state law that governs commercial transactions currently in place by permitting a party to select the forum without regard to the relation of the transaction to the forum. Under current law the choice of applicable state law is limited to states that have a "reasonable relation" to the transaction.

SB 1092 essentially removes the "reasonable relation" language by permitting the choice, "whether or not such transaction bears a reasonable relation to this state." Currently, contract drafters are limited in those states they can choose for a choice of law clause to those states that have a "reasonable" relationship to the parties and the contract. As such, a party can reasonably presume the state law that will control the contract if a dispute arose. Changing the current nexus requirement could result in the Connecticut law controlling a contract unsettling the very law and democratic values of the state with a nexus to the parties of the contract.

For the above stated reasons, the IAC strongly urges your rejection of SB 1092.