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*TESTIMONY OF  
ATTORNEY GENERAL RICHARD BLUMENTHAL  
BEFORE THE INSURANCE AND REAL ESTATE COMMITTEE  
FEBRUARY 3, 2009*

I appreciate the opportunity to support Senate Bill 763, An Act Concerning the Connecticut Unfair Insurance Practices Act.

This legislation eliminates the requirement that consumers must show that an insurance company engaged in a pattern or practice of unfair settlement practices to hold the company liable for illegal actions. It would delete the same requirement as it applies to the Insurance Commissioner, before he may act administratively. In addition, the legislation allows for a private right of action under the Connecticut Unfair Insurance Practices Act (CUIPA) for damages suffered as a result of unfair settlement practices.

Insurers enjoy unique protection from accountability for their unfair and illegal actions. Consumers must prove not only that the insurer engaged in illegal activity but also that the insurer acted illegally in regard to many other consumers. Proving that the insurer engaged in illegal activity "with such frequency as to indicate a general business practice," is a huge obstacle to consumer recovery of damages for illegal settlement acts and a significant incentive to insurer illegality. Consumers must uncover and amass costly and burdensome evidence, increasing expense and time.

CUIPA basically says insurers may misrepresent pertinent facts or insurance policy provisions or unreasonably delay the payment of claims or fail to settle a claim when it is obvious that the insurer is liable -- as long as they can deny it is a general business practice.

Consumers do not have a direct right of action against an insurer that has engaged in unfair settlement practices, under CUIPA, but they may bring an action under the Connecticut Unfair Trade Practices Act (CUTPA). Court decisions have applied the CUIPA pattern or practice requirement to cases brought against insurers for unfair claims settlement practices under CUTPA -- effectively denying consumers their day in court by imposing an unreasonable burden of investigating the entire company's policies regarding claims settlements. See, *Mead v. Burns*, 199 Conn. 651 (1986).

Senate Bill 763 will bring accountability and fairness to insurance claims settlements by treating insurers in the same manner as virtually every other industry in Connecticut.

I urge the committee's favorable consideration of Senate Bill 763.