



Connecticut Business & Industry Association

**Testimony of Kia F. Murrell  
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Before the Labor and Public Employees Committee  
February 10, 2009**

**S.B. 716 AAC Eliminating the Reduction of Benefits Payable Under a Long-Term Disability Policy by Amounts Received by the Insured in Social Security Payments.**

Good Morning Senator Prague, Representative Ryan and members of the committee. I am Kia Murrell, Assistant Counsel at the Connecticut Business and Industry Association (CBIA). CBIA represents more than 10,000 companies throughout the state of Connecticut, but the vast majority of our companies have 50 or fewer employees. I am here today to speak on **S.B. 716 AAC Eliminating Social Security Disability Offsets from Long Term Disability Policy payments.** As the title suggests, this bill would eliminate the ability of insurance companies to offset long term disability policy payments by the amounts received by an insured as social security disability (SSDI) for the same injury or medical condition.

Simply put, this is a cost-increasing measure that would swiftly and significantly increase the costs of disability insurance for groups and individuals who wish to purchase policies in the open market. Offsets are an important tool used by insurance companies to control costs and to ensure that insureds are paid for what they need- income replacement in the event of an unexpected long term disability. Under this legislation, **if insurance companies are no longer able to offset long-term disability policy proceeds by SSDI payments, then their costs will drastically increase and those costs will be passed on to individual and business consumers.**

In cases where an individual receives disability benefits from a group plan paid for by his or her employer and then also receives SSDI payments, **the employer ultimately pays twice because they are responsible for both the insurance premium as well as the taxes on the social security benefits.** At a time when many employers are unable to afford to provide long term disability payments and even fewer individuals can carry this costly insurance, we believe that legislation like **SB -716** will make disability insurance much more expensive to both groups. Therefore, **we strongly oppose it**

For the aforementioned reasons, CBIA urges the Committee to **Reject SB-716.**