



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

**Testimony of**  
**Connecticut Insurance Department**  
**Before the**  
**Finance, Revenue and Bonding Committee**

**March 28th, 2011**

The Insurance Department wishes to submit written testimony in favor of Raised Bill 1217. That bill has been drafted by the Department of Revenue Services (DRS), in consultation with the Insurance Department, and is DRS's response to the Nonadmitted and Reinsurance Reform Act of 2010 ("NRRA"), which is subtitle B of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Most of NRRA's provisions go into effect in July 2011, but states effectively have until June to become part of a nationwide solution or risk losing valuable surplus lines premium taxes to the "home state" of the insured on a multi-state placement. Thus, time is of the essence. In Connecticut, \$11.3 million is collected by the Insurance Department from surplus lines brokers and \$6 million in revenue is collected by DRS from insureds who procure insurance with an unauthorized insurer. By way of background, nonadmitted or surplus lines insurance is a system of insurance in use for unusual or high risk insureds who can not obtain insurance in the conventional, fully regulated property-casualty insurance market.

We believe it is imperative to preserve the ability of states to receive surplus lines premium taxes based on the risk or exposure located in a given state.

Raised Bill 1217 is carefully drafted to comply with the provisions of NRRA and to protect Connecticut's revenue stream from surplus lines and nonadmitted insurance.

Insurance Department staff has already been working closely with DRS staff on this issue. We also look forward to working closely with the Committee, legislative staff and interested parties on this important matter.

