



Property Casualty Insurers
Association of America
Shaping the future of American Insurance

2003 South River Road, Des Plaines, IL 60018-3206

FTR

STATEMENT

PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA (PCI)

H.B. No. 6232 – AN ACT PERMITTING SUSPENSION OF PRIVATE PASSENGER MOTOR VEHICLE INSURANCE COVERAGE BY ELECTRONIC MAIL.

COMMITTEE ON INSURANCE AND REAL ESTATE

February 1, 2011

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on H.B. 6232, which would require auto insurers to permit requests for suspension of coverage to be submitted by electronic mail. Our comments are provided on behalf of the member companies of PCI, a national property casualty trade association with over 1,000 member companies. PCI members represent 37 percent of the total property/casualty insurance market and 43 percent of the total personal auto business in the nation. PCI member companies provide 50 percent of Connecticut's personal auto coverage.

While we understand and appreciate the attempt to make it easier for consumers to request suspension of their liability coverage, we have a number of concerns with H.B. 6232. The bill requires insurers implement a "secure" method by which consumers may make such a request by electronic mail. Although the term "secure" is not defined, establishment of a truly secure system would necessarily require policyholders to encrypt otherwise unsecured e-mail. In order to send encrypted e-mail, however, policyholders would need to install sophisticated encryption software on their computers, which would not be practical.

Given this reality, we suspect very few (if any) consumers will avail themselves of such an option. Insurers, however, will be required to spend the necessary resources to otherwise comply with H.B. 6232, which also requires insurers to notify policyholders of the availability of the secure system. Compliance with these requirements will be particularly difficult for small insurance companies. The costs of compliance will simply be passed on to policyholders in the form of increased premium but without any substantial benefit to anyone.

Beyond the technological requirements of the bill, we have a more fundamental concern with e-mail notification. Encrypted or not, there is simply no way for an insurer to confirm whether an e-mail is from a policyholder or from someone simply using the policyholder's computer or e-mail account. In light of our concerns, we believe the provision of a signed written request remains the most cost efficient method for suspending liability coverage.

For the foregoing reasons, PCI urges your Committee to not favorably advance HB 6232.