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FTR

Comments Regarding HB 6365

**Section 1: Requirements for Competitive Bid**

Mandatory bidding of insurance coverage prior to renewal is counter-productive and will increase direct expenses for municipalities.

Such language precludes management discretion as to the most appropriate circumstances and timing for conducting competitive market reviews.

For certain lines of coverage (Life Insurance, Disability), such language may preclude extended premium rate guarantees (e.g. 3 years) which are currently common practice. While current practice allows for extended rate guarantees, policies technically renew annually. Loss of extended guarantees will result if annual bidding is required.

Municipalities that currently contract independently with their benefit advisors for Competitive Market Studies will be forced to incur additional line item costs, with no control over whether a review is necessary or helpful.

There is no distinction in the language regarding funding arrangement and/or employer size. The competitive review process is significantly different for a 35 life insured block-rated program than for a 3,500 life fully self-funded plan. This "one size fits all" language will increase costs while adding little, if any, value for most plan sponsors.

Carrier Response quality may also be degraded. Proposals prepared in response to an annual compliance-required bid request will not be as strong as those prepared in response to a real perceived need. Especially for larger, self-funded plans, carriers may simply choose not to respond on an annual basis. Plan sponsors (municipalities) will incur the cost of an annual bid with little to show for it.

In short, the proposed language presumes most municipal Finance Directors or Business Managers are incapable of properly managing their benefit programs. Its enforced micromanagement will increase costs, be counter-productive, and is unnecessary.

**Section 2: (Section 38a-707b): Disclosure**

Item (2) requires an insurance producer to potentially modify an insurance company proposal to identify the commissions included. Such modification of the carrier's proposal may be precluded by the carrier's underwriting and/or contractual guidelines. It would be more appropriate to require the carrier to provide such information as part of its proposal format; many already do.

Having said that, it again appears to be a case of micromanagement and distrust in the professionalism of municipal finance personnel. As Item (1) already requires disclosure of compensation tied to a given policy, Item (2) appears redundant and will unnecessarily complicate the process.

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