

Statement
Insurance Association of Connecticut

Insurance and Real Estate Committee

March 8, 2011

HB 6508, An Act Concerning Timely History Reports For
Commercial Risk Insurance Policies

The Insurance Association of Connecticut opposes HB 6508, An Act Concerning Timely History Reports For Commercial Risk Insurance Policies. There is no demonstrated need for the bill.

C.G.S. 38a-326 provides that, when a commercial auto or general liability policy is cancelled or nonrenewed, the insurer shall provide, not later than the date of notice of nonrenewal or cancellation, reports to the insured which include pricing and premium information, along with a detailed listing of incurred losses. The information is provided automatically. The statute does distinguish circumstances where only ten days cancellation notice is required (nonpayment of premium, conviction of a crime increasing the hazard insured against, fraud or material misrepresentation, willful or reckless act increasing the hazard insured against). The reports in those circumstances are due within 60 days of request.

HB 6508 would change that latter time requirement to ten days. In effect, the insured has committed one or more acts that is causing the policy to be cancelled, yet insurers would be forced to gather information, often manually, from various places and incur additional costs in order to meet this ten day rule. Loss run information is not captured in the same area of an insurer as pricing or premium information. HB 6508

would also (1) make C.G.S. 38a-326 applicable to all types of commercial insurance, (2) require subsequent update reports within ten days of request, instead of the current 60 days, and (3) permit producers to request summaries of policy claim information under subsection (b), further increasing administrative costs.

When the issue was last raised in 2008 (died in Committee), the proponents of HB 6508 claimed that it would bring Connecticut law, concerning loss runs, in line with recent changes in New York. That simply isn't true.

New York law provides that, within ten days of a written request, the insurer shall provide the insured with information on closed claims, open claims and occurrences, information which is much less encompassing than the information C.G.S. 38a-326 already provides. In New York, the report is only issued pursuant to such a request. In fact, New York specifically rejected automatic provision of the reports, which is already the law in Connecticut. The New York law does not apply to workers' compensation insurance. New York also specifically rejected including premium information in the reports, which are included in C.G.S. 38a-326.

HB 6508 would only add unnecessary cost and administrative hassle to the provision of loss runs. IAC urges rejection of HB 6508.