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STATEMENT

Insurance Association of Connecticut

Insurance and Real Estate Committee

February 10, 2011

**SB 309, An Act Establishing A Division Of Insurance Fraud
In The Insurance Department**

The Insurance Association of Connecticut (IAC) would like to make the following comments concerning SB 309, An Act Establishing A Division Of Insurance Fraud In The Insurance Department.

It is our understanding that the Insurance Department already has a fraud unit, so it is not clear what is intended by SB 309. In addition, in subsection (d), the new Division of Insurance Fraud is given extremely broad authority to "enforce the insurance laws of the state." Isn't that the Commissioner's responsibility (see C.G.S. 38a-8)?

We would question the fact that SB 309 would fund the division by depositing enforcement fines and fees in an "insurance fraud account" for "purposes of enforcing the insurance laws of the state." Given the breadth of that charge, it is not clear what "fines and fees" are to go to the insurance fraud account instead of the General Fund.

Subsection (d)(2) would fund the start-up costs for the division by shifting money from the General Fund to the insurance fraud account. We would respectfully submit that the reference to a settlement between the attorney general and an insurance company as the source of such funds, and the encoding of that reference, is improper and unfair. The implication created by referencing one settlement in statute is that the signatory was engaged in misdeeds of some sort. In fact, the settlement in question specifically states that "no part of the Settlement Agreement shall be treated or construed as an admission of liability or wrongdoing . . ." Subsection (d)(2) provides for a transfer from the General Fund, and should simply state that fact.