

Statement

Insurance Association of Connecticut

Public Safety Committee

March 3, 2011

HB 6484, An Act Establishing An Automated Vehicle Insurance Identification And Enforcement System

The Insurance Association of Connecticut, IAC, supports the concept of reducing the number of uninsured motorists on Connecticut's roads, however the industry is opposed to HB 6484, An Act Establishing An Automated Vehicle Insurance Identification And Enforcement System. HB 6484 is redundant, overly burdensome, unduly vague and will result in unnecessary enforcement against law abiding citizens.

HB 6484 seeks to require insurers to transmit to the Commissioner of Public Safety their database of motor vehicles owned and leased that are insured by that company, as often as the Commissioner deems necessary.

The insurance industry already provides information regarding the insured status of private passenger motor vehicles to the Department of Motor Vehicles on a monthly basis. This is a system that has been functioning for decades and is updated to adapt to changing technology. Based upon on the reporting requirements to DMV, and the current competitive marketplace for auto insurance in Connecticut, the rate of uninsured motorists has dropped over the most recent years. Only 10% of the roughly 2 million vehicles on Connecticut's roads are uninsured. Connecticut enjoys one of the lowest rates of uninsured motorists in the country. HB 6484 would do little to change those numbers. Requiring insurers to provide potentially the same information to another agency is unnecessarily duplicative, burdensome with no demonstrated benefit.

Additionally, it is unclear what information will be required of the industry, how frequently, or for how long. HB 6484 provides no parameters regarding the information required or the duration of the request, yet potentially leaves the authority to make all such decisions to an outside vendor. Implementing the system to provide DMV the information required was an extremely costly endeavor for the industry and requires ongoing capital and administrative outlays each month for monitoring and compliance. It appears that HB 6484 will also be a costly endeavor for the industry and the state to implement and maintain, the very reason the Department of Public Safety opposed this very concept the last time it was raised in 2009.

Also inherent in the language of HB 6484, is that the private proprietary information an insurer would be required to provide to the Commissioner of Public Safety could be shared with an outside vendor. An outside vendor is not subject to the privacy provisions contained within Connecticut statutes governing information provided to agencies. As such, Connecticut residents' private information will be shared with a third party without any privacy safeguards.

Finally, most commercially available matching systems on the market today create a presumption that a car is uninsured which results in numerous false positives causing consumers to receive tickets that they may not deserve. Most of these systems use cameras to identify uninsured motorists via a photo and include a presumption of guilt if the system cannot identify an insurer. Such presumption is coupled with a very high standard for a wronged party to overcome. These camera systems are extremely costly to create, install and maintain potentially costing the state millions in development and judicial resources. Additionally, such systems ignore several realities of the insurance industry and the information this industry can provide. An individual can be self

insured and as such would never be matched with insurance and could be falsely identified as uninsured. Commercial vehicle insurance policies do not collect the same data as private passenger motor vehicles, which too could lead to a false positive. Finally, an individual may drop coverage with one carrier because they have switched to another carrier. Due to the inherent time lag between capturing the dropped policy and matching it to a new carrier that individual too might be wrongly identified as uninsured.

The Department of Public Safety should work in conjunction with the Department of Motor Vehicles to provide law enforcement personnel access to the data DMV already has to better assist law enforcement personnel to identify uninsured motorists.

The Insurance Association of Connecticut urges your rejection of HB 6484.