

Statement

Insurance Association of Connecticut

Transportation Committee

March 7, 2011

SB 674, An Act Increasing Minimum Liability
Requirements For Motor Vehicle Insurance

The Insurance Association of Connecticut would like to offer the following information for the committee's consideration concerning SB 674, An Act Increasing Minimum Liability Requirements For Motor Vehicle Insurance, which seeks to significantly increase Connecticut's financial responsibility mandate.

Connecticut, like the vast majority of states, requires motor vehicle operators to maintain minimal limits of liability insurance. Connecticut's current financial responsibility limits are 20/ 40/ 10 (\$20,000 per person, \$40,000 per accident, \$10,000 property damage), which is maintained by a small percentage of Connecticut's insured drivers. Split limit policies provide specified levels of coverage for specific losses, injuries and property damage.

No other state has a financial responsibility requirement similar to that proposed in SB 674. Matter of fact, the amount of mandated coverage contained in SB 674, (50/100/10), would make Connecticut's financial responsibility requirement among the highest limit in the nation, exceeding 47 other state's individual bodily injury limits by \$20,000 or more and aggregate limit by 40,000.

In order to meet the minimum financial responsibility requirements of SB 674, an individual's premium would increase significantly. SB 674's mandate would also result in increasing Uninsured/Underinsured motorist coverage (UM/UIM) for all Connecticut drivers, as 38a-336 requires that UM/UIM benefits be equivalent to the financial responsibility limits.

Eight to ten percent of all Connecticut drivers are currently uninsured. A principle factor in one's ability to purchase insurance is price. By increasing the cost of the minimum insurance needed to meet the financial responsibility requirements, SB 674 would further strain an individual's ability to purchase insurance and potentially increase the number of uninsured motorists on Connecticut's roads.