



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

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**Testimony of
Connecticut Insurance Department**

**Before the
The Insurance and Real Estate Committee**

February 8, 2011

**HB No. 5449--An Act Permitting State Residents to Purchase Health Insurance
From Foreign Insurers**

This bill has not been fully drafted at this time which makes comments somewhat difficult. However, the Department respectfully urges the Committee to proceed slowly and carefully with this bill.

The Department believes the intent of the bill may be to offer more and possibly less costly health insurance alternatives to consumers. This is a desirable goal. Please note, however, that the result will be that Connecticut consumers will not be protected by Connecticut's insurance laws. Connecticut's current insurance laws provide a wide variety of protections, including, but not limited to, financial regulation of health insurers and HMOs, market conduct investigations of health insurers and HMOs, disciplinary actions against producers, where warranted, and assistance with inquiries and complaints through our Consumer Affairs staff.

The Department is concerned that, with this bill, as consumer complaints or other problems develop with these out-of-state products, the issue will be handled by another state, not Connecticut. The other state may have weaker insurance laws and perhaps fewer resources. Although the Connecticut Insurance Department is a relatively small Department, we have an experienced dedicated staff working diligently to enforce the insurance laws enacted by the legislature and helping consumers with inquiries and complaints. As you know we make every effort today to assist legislators with their constituents' issues involving health insurance coverage, and that will no longer be possible, under this bill, for these out-of-state products.

Under the federal Affordable Care Act, consumers will be able to purchase individual and small group health insurance products through Exchanges beginning January 1, 2014. At that time, it is anticipated that there may be regional and multistate products made available through the Exchanges but with federal and state protections in place. Inasmuch as these multistate products may be available through the Exchanges in 2014, the Department believes state action at this time may not be in the best interests of consumers.

The Department appreciates the opportunity to provide these comments today.