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**Testimony of the Independent Insurance Agents of Connecticut
to the Insurance and Real Estate Committee
In Opposition to House Bill 6365
An Act Concerning Insurance for Municipalities**

Senator Crisco, Representative Megna and members of the Insurance and Real Estate committee, my name is Warren Ruppap and I am President of the Independent Insurance Agents of Connecticut. The Independent Insurance Agents of Connecticut is a trade association which has been located in Connecticut and has represented independent agents for 112 years. IIAC currently represents more than 400 member agencies and their associates as well as their 3500-plus employees. I come to you today to speak in opposition to House Bill 6365.

Section 1 of this proposal sets a requirement that a municipality shall receive competitive bids on insurance prior to renewal. While we agree that municipalities should practice due diligence for all purchases, particularly in today's difficult economic times, an annual requirement by the state that municipalities shall receive bids prior to renewal could create difficulties for the municipality. As an example, the municipality may be negotiating a claim or large loss and to request a bid at that point would not be cost effective for the competing entity. The cost to the insurer to develop a bid for a municipality is also high and an annual requirement could negatively impact the marketplace and an insurer's willingness to issue a quote. The insurance marketplace for municipalities is limited and a state requirement for companies to offer a bid on business that they knowingly will not get, could restrict the marketplace even more.

Section 2 of House Bill 6365 requires a separate line item in any insurance policy rate quote to show a producer's commission. Connecticut Statute 38a-707b clearly addresses the issue of disclosure. Insurance producers are required to "fully disclose in writing the amount of any fees or compensation such insurance producer receives from the insurer." It is unclear as to what the purpose of section 2 is in the proposed bill. The "full disclosure" requirement in the current statute clearly meets a standard that gives the required and requested information on fees or compensation to the municipality or local or regional board of education.

We urge the committee to oppose House Bill 6365 as the requirements may create an unintended consequence for the municipality and because the current statute addresses the issue of full disclosure.