

Statement

Insurance Association of Connecticut

Insurance and Real Estate Committee

March 8, 2012

**SB 318, AN ACT CONCERNING SINGLE LIMIT LIABILITY
AUTOMOBILE INSURANCE POLICIES**

The Insurance Association of Connecticut (IAC) is opposed to SB 318, An Act Concerning Single Limit Liability Automobile Insurance Policies, which seeks to prohibit insurers from offering single limit automobile liability policies in Connecticut.

Eliminating single limit policies, better known as Combined Single Limit policies, CSL, is an expensive proposition that unnecessarily removes consumer choice from the marketplace. We are aware of no other state that has such a prohibition. Consumers currently have the option to purchase a CSL policy or Split Limit policy to meet their financial responsibility requirements. A CSL policy provides one set amount of coverage for bodily injury and property damage in a given incident. Split limit coverage provides a set amount of coverage for bodily injury claims and another amount for property damage per incident. Both types of coverage offer policyholders good protection. Many consumers purchase the CSL policy because they believe it provides them greater protection from liability than the equivalent split limit policy. As a matter of fact, in 2007 there was an effort to mandate that all automobile liability policies be single limit policies.

Prohibiting CSL policies in Connecticut would significantly disrupt the market. SB 318 would have a particularly dramatic effect on the commercial market. With larger limits in play for commercial autos, the Commercial Lines Auto Insurance industry has evolved away from split limit policies so as not to limit or restrict recovery per person or for property damage. The vast majority of Commercial Lines Auto policies are CSL policies.

Prohibiting CSL's policies will be expensive for insurers and insureds alike. Insurers will have to readjust rates and limit structures, rewrite and re-file automobile policies and underwriting guidelines, and consumers will have to purchase new policies. All this will only serve to drive up the cost of automobile insurance in Connecticut with no benefit to the consumer.

Consumer choice should not be arbitrarily eliminated from the marketplace. Consumers should be able to choose the coverage they feel best fits their needs.

The IAC urges rejection of SB 318.