



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

Testimony of the Connecticut Insurance Department
Before the

Insurance and Real Estate Committee

Thursday, March 8, 2012

FTR

SB 318 — An Act Concerning Single Limit Liability Automobile Insurance Policies

Senator Crisco and Representative Megna, committee-co-chairs, Senator Kelly and Representative Sampson, ranking members, and Members of the Committee, the Insurance Department appreciates the opportunity to submit written testimony in opposition to Raised Bill No. 318.

This bill would impact both personal and commercial auto policies that insure vehicles registered as passenger vehicles. The Department is not in favor of this bill as it would mean the elimination of combined single limits liability coverage and ultimately reduce consumer choice.

Auto liability coverages are provided on a split limit and combined single limit basis. These offerings have been widely used in this State and throughout the U.S. for many years. The Connecticut automobile marketplace is robust and competitive with over 100 companies writing here. In fact, most commercial auto policies are written only on a combined single limit basis. However, for personal auto policies, consumers have routinely had a choice of a combined single limit or split limit policies. Many choose single limit policies and this legislation would eliminate consumer choice with no apparent public policy reason being served by this elimination. Further, the Department has not experienced that marketplace issues exist regarding single limit policies that would necessitate this legislation.

An example of split limit liability coverage would be \$20,000 per person/\$40,000 per accident for bodily injury and \$10,000 for property damage (a.k.a. 20/40/10). This is the minimum amount of liability coverage required by state law. In an accident involving bodily injury, one injured person could receive no more than \$20,000 and a limit of \$40,000 would be available for all persons injured in the accident. If the accident also involves property damage, a total of \$10,000 would be available no matter how many vehicles were involved in the accident.

An example of a minimum combined single limit policy is \$50,000. A combined single limit policy of \$50,000 would have that amount available for both bodily injury and property damage liability. There is no per person limitation for a bodily injury claim. In an accident involving only property damage liability \$50,000 would be available rather than the \$10,000 on a split limit policy.

Depending on the facts of a particular case and unless having the benefit of hindsight, there could be circumstances where a split limit policy would be less advantageous to an insured than a single limit policy and vice versa. The important issue is that policyholders recognize the

difference between these two types of insurance coverage and work with their agent or insurance company to reach an informed buying decision.

The Department opposes the elimination of Combined Single Limit liability offerings in Connecticut since that action would reduce consumer choice and could significantly impact our competitive automobile marketplace.