

## *Statement*

### *Insurance Association of Connecticut*

Public Safety and Security Committee

March 6, 2012

#### HB 5391, An Act Establishing An Insurance And Vehicle Registration Verification System

While the Insurance Association of Connecticut, IAC, supports the concept of reducing the number of uninsured motorists on Connecticut's roads, the IAC is strongly opposed to HB 5391. HB 5391 is a redundant, costly and overly burdensome proposition that will result in unnecessary and improper enforcement against law abiding citizens.

Connecticut enjoys one of the lowest rates of uninsured motorists in the country and HB 5391 will do little to change those numbers. The insurance industry already provides the insured status of private passenger motor vehicles to the Department of Motor Vehicles, DMV. This is a system that has been functioning for decades and is updated to adapt to changing technology. The current system is a minimally intrusive process, yet it remains a costly endeavor for the industry which requires ongoing capital and administrative outlays each month for monitoring and compliance. HB 5391's overly burdensome requirements, including daily data dump and exhaustive list of required information, will be a far more expensive endeavor for the insurance industry. However, the true cost of this system will be borne by the insured driving population of Connecticut through increased insurance premiums and defending against false charges.

The match system contemplated in HB 5391 has been shopped throughout the country without success and for good reason. In the last four years every state that has considered similar proposals has rejected them. This proposal seeks to implement a

verification system that relies on information with little to no relevance to one's insured status. Additionally, the extent of the information required contains highly sensitive private information that is being shared with a vendor without any privacy safeguards or limitation on what the vendor can do with it. This bill is designed solely to benefit one party, the vendor. It has never been tested or shown to work. It will do nothing to reduce the number of uninsured motorists on Connecticut's road yet serve to annoy and harass law abiding citizens.

The system's inherent flaws will result in the increased likelihood of false positives, causing consumers to receive tickets that they may not deserve. For example, Connecticut enjoys a highly competitive auto insurance market in which individuals switch companies routinely. Due to the inherent lag time between capturing the dropped policy and matching it to a new carrier, individuals will be improperly identified as uninsured. Also an individual can be self-insured and falsely ticketed as they would never be matched under the proposed system. Commercial vehicle insurance policies do not generate the same data as private passenger policies, which will lead a greater likelihood of false positives.

If the goal of this proposal is to better assist law enforcement personnel to identify uninsured motorists, we would suggest the Department of Emergency Services and Public Protection work in conjunction with the Department of Motor Vehicles to utilize the system already in place.

The IAC urges your rejection of HB 5391.