

**Insurance Association of Connecticut
Insurance and Real Estate Committee**

January 31, 2013

**HB 5160, An Act Concerning Automobile
Liability Insurance**

The Insurance Association of Connecticut, IAC, is opposed to HB 5160, An Act Concerning Automobile Liability Insurance, as it will significantly alter the auto insurance market in Connecticut for no apparent reason or consumer benefit. The changes contemplated by HB 5160 would unnecessarily change the way auto insurance is written that have been used for decades without incident throughout the country, and Connecticut.

HB 5160 proposes to amend the rating structure for private automobile insurance to remove the very property being insured, the auto, from the rating process. HB 5160 completely alters the very nature of auto liability coverage available in the Connecticut market in a way that does not exist anywhere else in the country.

HB 5160 seeks to have auto insurance rated, and issued, on the basis of the owner or operator while omitting the number and type of vehicle being insured. This fundamentally ignores the very nature of auto insurance, by removing a vital rating factor from the insurance process. The year, make, model, and number of vehicles, is critical information necessary for assessing the risk and assigning a proper rate for auto policies. Without such information insurers will no longer be able to properly underwrite and rate such policies. It will be an actuarial nightmare doing extreme harm to the CT auto insurance market with no perceived benefit. For example, HB 5160 will render issuing coverage for collision or comprehensive impossible to provide, potentially impacting the availability of this essential coverage maintained by the vast majority of the CT driving population.

It is a well settled practice that auto liability insurance follows the vehicle, a practice used throughout the country. The type and number of vehicles one owns, and operates, are relevant factors to predicting one's exposure to liability and loss. That is why it may cost more to insure a Corvette than a Ford Focus, regardless of the owner. However, if HB 5160 were to become law, the owner of the Focus may pay more for their auto

insurance because the specific risk they present cannot be properly underwritten or considered in the rate. Likewise, a multi-driver, single car family may pay more, whereas the multi vehicle owner may realize a savings under HB 5160. Additionally, other cost savings tools available to the CT consumer, like the multi-car discount or excluded driver endorsement, would no longer be viable options. HB 5160 will shift the cost of auto insurance to the very people who least may be able to afford it.

HB 5160 directly conflicts with existing CT law. For example, C.G.S Sec. 14- 112, mandates that all registered motor vehicles be maintained with minimal levels of liability insurance. If insurance is no longer issued based upon the vehicle, how will one be able to demonstrate compliance with this section? HB 5160 contradicts C.G.S Sec. 52-182, the family car doctrine, which makes the owner of a car liable for the actions of anyone driving their vehicle. These statutes will be impossible to reconcile with the proposed change.

Finally, insurers will have to amend and re-file all their forms and reprogram systems for Connecticut, develop new actuarial tables and underwriting standards, and re-write every auto policy issued in this state, in order to comply with the requirements of HB 5160. The Department will be tasked with having to review each and every filing. This is a costly endeavor for the State and insurers alike with no demonstrated consumer benefit.

For above stated reasons the IAC urges your rejection of HB 5160.