



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony

Insurance and Real Estate Committee

February 14, 2013

Raised Bill No. 5510 AN ACT PROHIBITING THE USE OF CREDIT HISTORIES AS A FACTOR IN UNDERWRITING OR RATING PRIVATE PASSENGER MOTOR VEHICLE INSURANCE POLICIES.

Generally, raised Bill No. 5510 would prohibit companies from using an individual's credit history in rating or underwriting a motor vehicle insurance policy.

The Connecticut Insurance Department does not support this bill as, we believe, it will have a negative impact on consumers of the state and will not help improve upon our already competitive automobile insurance marketplace.

Raised Bill No. 863 AN ACT CONCERNING FACTORS USED IN AUTOMOBILE INSURANCE RATING.

Raised Bill No. 863 would prohibit companies from using marital status, age, gender or education level as a factor in underwriting or rating of private passenger non-fleet automobile insurance.

As with H.B. 5510, The Connecticut Insurance Department does not support S.B. 863. We believe it too will have a negative impact on consumers of the state and will not likely help to improve upon our already competitive automobile insurance marketplace.

The Department's chief concern with H.B. 5510 and S.B. 863 is that it believes the use of these factors in automobile insurance rating and underwriting are considered to be actuarially justified through many studies and that they are predictive of future automobile loss experience. Both bills would disregard the predictive nature of these tools by eliminating an insurer's long accepted historical use of them.

The Department would describe Connecticut's personal private passenger automobile markets as very competitive. This is evidenced by the number of companies writing such business in this state which today stands at well over 100 companies, resulting in significant price competition among the carriers as they compete for market share.

The Department believes if insurers are prohibited from using credit history, marital status, age, gender and education that are considered to be predictive of future losses in accordance with sound actuarial principles that it would have a deleterious effect on Connecticut's competitive market place and lead to significant market disruption for Connecticut's automobile insurance consumers.