



Property Casualty Insurers  
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## STATEMENT

### PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA (PCI)

#### H.B. No. 6378 – AN ACT CONCERNING CHANGES TO PROPERTY AND CASUALTY INSURANCE RELATED STATUTES

#### COMMITTEE ON INSURANCE AND REAL ESTATE

March 5, 2013

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on H.B. 5930. Our comments are provided on behalf of the member companies of PCI, a national property casualty trade association with over 1,000 member companies. PCI member companies provide 49 percent of Connecticut's personal lines insurance coverage.

H.B. 6378 would make a number of changes to statutes applicable to property casualty insurance. PCI has the following comments relative to the bill's provisions:

Section 1 of the bill would require the Insurance Department to list on the Department website the name and contact information of each insurance company licensed to do business in Connecticut. PCI opposes this requirement because this information would likely be of very limited usefulness. The appropriate individual to contact within an insurance company would vary depending on the purpose of the contact. Additionally, it is likely that such contact information would change as personnel changes are made, thereby necessitating frequent updating which would be burdensome both for insurers and the Insurance Department.

Section 1 would also require a notice to be posted on the Insurance Department website that the insured has the right to hire a public adjuster along with a listing of the name and contact information of each licensed public adjuster. This listing would likely be of little use to the consumer and it is puzzling why a listing of public adjusters would be required when such a listing is not required to be provided for other licensees.

Sections 2 and 3. These provisions would establish an arbitration procedure within the Division of Consumer Affairs for the settlement of disputes relative to the actual cash value or amount of loss for residential real property. These provisions seem largely duplicative of the appraisal process which is currently available for the settlement of valuation disputes. The appraisal process has been in place for decades and is effectively utilized for the resolution of valuation disputes throughout the nation. Accordingly, PCI questions the need for the establishment of an additional required mechanism for the resolution of valuation disputes. Having two such procedures is not only unnecessary, but it would likely be confusing to the consumer as well.

Sections 4, 5 and 6 would seek to make the insurance industry the enforcement mechanism to ensure that contractors and repair/remediation service providers are providing the required notice regarding scope of work and estimate of price and/or the required home improvement contract, as

applicable. These sections would prohibit insurers from making direct payments to such contractors or service providers unless the insurer has confirmed that the required documents have been provided to the insured. This prohibition could unnecessarily delay repairs and inappropriately puts the insurer in the position of having to police contractors and repair/remediation service providers for compliance with provisions unrelated to insurance. PCI would submit that this is an inappropriate role for insurers to play and that putting such requirements in place may result in delays, confusion and hassle for the insured who may be trying to rebuild and recover following a disaster.

Sections 7 and 8 would require insurers to provide quotes for homeowners insurance upon the request of **any and all** prospective insureds and is highly problematic. These provisions would entirely prevent insurers from managing risk and would require insurers to offer homeowners policies to all types of risks regardless of whether a particular risk is of the type that the insurer writes or that falls within the insurer's underwriting criteria. Additionally, a requirement that an insurer provide a quote to everyone requesting a quote could raise solvency concerns. Insurers only have the capacity to write a certain amount of risk and if required to offer a quote to everyone, then insurers could be required to accept risks beyond their capacity which could raise serious solvency issues.

If this requirement were enacted it could have major negative market implications for Connecticut and could lead to serious availability issues in the state's homeowners market. When insurers are making determinations relative to jurisdictions in which to do business, a requirement such as this could make Connecticut a very unattractive jurisdiction in this regard. With the severe storms which have been impacting the northeast coast in recent years, there is a high awareness of the growing risk associated with writing policies in the northeast states. This requirement which would prohibit risk management and underwriting could have a major impact in this atmosphere.

Section 8 would also require insurers to offer a premium discount for the installation of storm shutters which are not permanent. Discounts for non-permanent storm shutters are not appropriate because the insurer would have no way to ensure that the non-permanent shutters would be utilized during a storm. As a storm approaches, many people may not be able to nail up plywood or some other non-permanent shutter and if the shutter is not utilized then there is no reduced risk of loss – which is the whole basis for the premium discount. Premium discounts for mitigation measures which are not effective in reducing losses are not appropriate and should not be required.

For the foregoing reasons, PCI urges your Committee NOT to advance this bill.