



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony

Judiciary Committee

April 1, 2013

Raised House Bill No. 6689 – An Act Concerning Bail Bonds

Senator Coleman, Representative Fox, and members of the Judiciary Committee, the Insurance Department appreciates the opportunity to provide written testimony regarding Raised Bill 6689, An Act Concerning Bail Bonds. The Department strongly opposes section 1 of this bill and would respectfully urge this Committee to consider rejecting the bill in its entirety or amending it to delete section 1.

Section 1 of Raised Bill 6689 would remove the most important current provisions regarding payment plans extended by surety bail bond agents to defendants. This would seriously undermine the Department's ability to ensure that proper premiums are collected when a defendant is bonded out, thus increasing the potential for abuse within the bail bond industry.

By eliminating the requirement to pursue collection of payments within a mandated timeframe surety bail bond agents could use that mechanism to subtly engage in an unfair method of competition called "undercutting". Undercutting is the term used when surety bail bond agents attempt to take away business from their competitors by charging premiums lower than the rates required by law. Unscrupulous surety bail bond agents seeking to circumvent statutory prohibition against rebates, which currently prevent agents from giving to their clients valuable consideration as an inducement to insurance, will collect an initial fee for a bond with the understanding that part or all of the balance due will not be collected. In years past, this practice created significant problems for the courts and for honest, law abiding surety bail bond agents.

Legislation was enacted in 2011 to address this issue, among others, in response to decay in the bail bond process which bordered on lawlessness, caused in major part by the practice of "undercutting". In particular, the provisions that section 1 of Raised Bill 6689 seeks to delete were formulated in response to a few high profile murders which occurred after defendants

were released from custody after posting bonds where the surety bail bond agent charged little or no money to place the bond, thus enabling the defendant to be released without appropriate security. Further, the provisions sought to be deleted were previously negotiated with the legislature and all interested parties after several lengthy meetings.

Also, in the past the practice of undercutting caused numerous fights in courthouses, as competing surety bail bond agents would approach defendants trying to "outbid" each other with lower rates. This practice was unfair for surety bail bond agents, as it forced them to compete on an unlevelled playing field and for defendants, who would end up paying premium that were not reflective of the true value of a bond. In addition, defendants and their family members frequently had to deal with aggressive tactics by surety bail bond agents engendered by the practice.

Passage of Raised Bill 6689, as currently drafted, will result in a return to the previous problems with the bail bond process, and would cause harm not only to honest surety bail bond agents, but also to the public exposing it to possible danger.

In short, Raised Bill 6689 would undermine the ability of the Department to properly enforce the laws relating to surety bail bond agents, would create an unfair advantage for unscrupulous surety bail bond agents and would create hardship for defendants and their families.

The Department would strongly urge the committee to oppose this legislation as written. Thank you for the opportunity to submit testimony.