



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony

Before The Insurance and Real Estate Committee

January 31, 2013

House Bill 5926 – An Act Concerning Personal Risk Insurance Rate Filings.

Raised Bill No. 5926 extends the sunset date for the “flex rating” law for personal risk insurance from July 1, 2013 to July 1, 2015. Under the flex rating law, insurers may file new personal risk insurance rates with the Insurance Commissioner and begin using them immediately if the insurer’s rates increase or decrease on a statewide basis by no more than 6 percent for all products included in the filing. Raised Bill 5926 will lower the 6 percent threshold to 3 percent.

The Connecticut Insurance Department supports the extension of “flex rating law” but is opposed to lowering the statewide percentage to 3 percent. This reduction could potentially reduce the number of product filings and jeopardize Connecticut’s very competitive marketplace. The state has more than 100 companies offering personal lines products and the result is significant price competition as carriers vie for market share.

Since implementing the flex rating bill in 2006 average statewide changes for auto and homeowner rates have averaged 2.1 percent and 4.2 percent, respectively.

In lieu of reducing the statewide average to 3 percent, the Department would like to propose an amendment that would apply a territorial “cap” of no more than 15 percent. This would permit companies to continue to file and use their flex rate filing of 6 percent for a statewide average change AND ensure that no individual rate territory impact is greater than 15 percent. The Department has had instances where a company has filed under the 6 percent flex provisions but an individual territory may be assigned a 50 percent rate increase.