

**STATEMENT**

**INSURANCE ASSOCIATION OF CONNECTICUT**

Insurance And Real Estate Committee

February 25, 2014

**HB 5253, An Act Concerning The Connecticut Insurance Guaranty Association And The Connecticut Life And Health Insurance Guaranty Association**

The Insurance Association of Connecticut (IAC) would like to make the following comments on HB 5253, An Act Concerning The Connecticut Insurance Guaranty Association And The Connecticut Life And Health Insurance Guaranty Association.

IAC supports provisions in sections 1, 2 and 3 of the bill requiring there be a final order of liquidation with a finding of insolvency against the insurer for the Connecticut Insurance Guaranty Association's obligations to be triggered. The current statutory provision requiring a "determination of insolvency" is too ambiguous and can result in Connecticut's guaranty fund's obligations being triggered improperly. The changes proposed in HB 5253 will reflect the law in most states.

IAC also supports section 4 of HB 5253, which will conform provisions in the Connecticut Life and Health Insurance Guaranty Association to provisions in 37 other states by specifically excluding claims under Medicare Parts C and D policies from Association coverage, thereby properly clarifying the scope of CLHIGA.

IAC would ask the Committee to delete language in section 2 of HB 5253 that would increase the maximum coverage amount for claims under the Connecticut Insurance Guaranty Association from \$400,000 to \$500,000 per claim.

Connecticut's current \$400,000 maximum cap is much higher than the standard for 41 property casualty insurance guaranty associations across the country. In fact, 36 states plus Washington, DC have set their caps at \$300,000. Two states have statutory

caps of \$150,000, with two more states at \$100,000. Nine states have a cap above Connecticut's current \$400,000 level.

IAC believes CIGA's existing \$400,000 maximum recovery is sufficient and proper and would request that it not be increased.