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Raised Bill 5364
Public Hearing: 3-4-14

TO: MEMBERS OF THE INSURANCE AND REAL ESTATE COMMITTEE

FROM: CONNECTICUT TRIAL LAWYERS ASSOCIATION (CTLA)

DATE: MARCH 4, 2014

RE: OPPOSITION TO RB 5364 - AN ACT REQUIRING UNINSURED AND UNDERINSURED MOTORIST COVERAGE TO BE OPTIONAL AND CONCERNING UNDERINSURED MOTORIST CONVERSION COVERAGE

The CTLA opposes passage of RB5364 - An Act Requiring Uninsured and Underinsured Motorist Coverage to be Optional and Concerning Underinsured Motorist Conversion Coverage.

Uninsured motorist insurance has been part of the legislative framework of Connecticut's automobile laws for over 45 years. Since 1967, uninsured motorist coverage has been mandatory in Connecticut for automobile liability policies. Regulations were also enacted at that time to prevent and eliminate abuses by insurance companies that were writing such coverage on a limited and minimal basis. See 12 H.R. Proc., 1967 Sess., Part 8, pages 3295-3296 and 12 S. Proc., 1967 Sess. Part 4, page 1957.

In 1979, the act was amended to mandate the inclusion of underinsured motorist coverage. This legislation remedied the "anomalous" situation where an injured party could find himself in a better position if the tortfeasor had no liability insurance than if he had only the statutory minimum amount. *Nationwide Insurance Co. v. Gode*, 187 Conn. 386, 390-391 (1982).

In 1983, the uninsured/underinsured motorist statute was amended once again to require parity between the limit of uninsured/underinsured motorist coverage and the limit of liability coverage purchased by the insured, unless the insured specifically requested a lesser amount in writing. Public Act 1983, No. 83-461. The purpose of this statutory amendment was to increase the consumer's awareness of the value of "low cost uninsured motorist coverage" which protects himself and his family members. 26 S. Proc., Part 9, 1983 Sess., page 3055.

The fundamental purpose of uninsured and underinsured motorist coverage is to provide protection to innocent victims of "financially irresponsible" motorists. The purpose of the

coverage simply is to ensure that an insured who is injured in an accident is provided with the same resources he would have had if the tortfeasor had liability insurance equal to the amount of the insured's uninsured/underinsured motorist coverage. The coverage was not intended to place the insured in a better position than one who was harmed by a motorist having the same insurance as the insured.

Uninsured/underinsured motorist coverage protects consumers from injuries caused by drivers who do not carry liability insurance, as well as from "hit and run" drivers who cause an accident and flee the scene of the accident. UM coverage may also provide compensation for an injury suffered from equipment or cargo ejected from another vehicle, or injuries caused by an operator of a stolen vehicle. This crucial coverage also insures your household members as pedestrians.

Uninsured/underinsured motorist coverage is typically one of the least expensive forms of insurance coverage available to consumers. In most instances, the cost of such coverage is less than ten percent of the total premium. Given the protection that it affords to consumers, it is one of the wisest purchases that a consumer can make with regards to insurance products.

According to industry statistics, approximately 13.8% of motorists are uninsured, a number that has climbed during the economic downturn as many financially pressed Americans allow their insurance to lapse. Insurance Research Council, 2009 data. The number of uninsured drivers exist, notwithstanding the fact that automobile insurance is compulsory in every state except New Hampshire.

The proposed abolition of mandatory uninsured or underinsured motorist coverage, as suggested in Raised Bill 5364, is a significant step backwards in the evolution of the law to protect consumers. Since most motorists do not understand the nature of UM coverage, and usually decline to purchase "optional" coverage, even responsible motorists would be left without a remedy for injuries caused by irresponsible and uninsured motorists. The change would cause a total reversal and upheaval of nearly 50 years of motor vehicle law in Connecticut.

The abolition of mandatory uninsured motorist coverage would also cause a significant and detrimental impact on health insurance carriers, including Medicare, Medicaid and the State of Connecticut. Consumers injured by uninsured motorists would no longer have the UM coverage available to pay their medical bills and, thus, would need to resort to other private and public means of health insurance in order to seek the medical treatment they need for the injuries caused by the uninsured driver. The CTLA suspects that there would be an extremely significant fiscal note attached to this proposed legislation.

For the foregoing reasons, the CTLA strongly urges defeat of Senate Bill 5364. Thank you.