

*Insurance Association of Connecticut*

Insurance and Real Estate Committee

March 4, 2014

**HB 5364, An Act Requiring Uninsured And Underinsured  
Motorists Coverage To Be Optional And Concerning  
Underinsured Motorist Conversion Coverage**

The Insurance Association of Connecticut, IAC, has concerns with HB 5364, which seeks to change the mandatory nature of Uninsured and Underinsured Motorist, UM/UIM.

HB 5364 seeks to remove the mandatory requirement that all Connecticut motorists maintain UM/UIM coverage by amending the current statutory scheme by simply removing the mandate on consumers while expanding the mandates on insurers. Should Connecticut truly seek to adopt an opt-out standard for UM/UIM coverage, it should follow the lead of the 30 plus states that already have such an option without making insurers suffer the consequence of the consumer's decision. If the consumer declines coverage but later learns it's a bad choice HB 5364 provides the consumer an unprecedented out while making the insurer provide free coverage. Adoption of a more uniform process will make administration of the product cleaner and less of a burden to consumers and insurers alike.

As drafted, HB 5364 will actually make the process of obtaining and administering UM/UIM policies more confusing, unnecessarily complex, and an administrative nightmare. For example, a person who has declined to purchase UM/UIM coverage does not need an explanation of the all the viable options and then have to expressly decline each option. Consumers may not understand why they must decline each potential coverage option if they have already rejected to maintain UM/UIM coverage. Requiring that each insured decline all potential UM/UIM coverage options is an exercise in futility. A policy with multiple insureds could have varying and conflicting coverage selections. And insurers cannot obtain consent from any and all potential passengers, thus resulting in free coverage.

Finally, the loophole created by HB 5364 regarding free coverage may force insurers to treat all policies as conversion coverage policies. HB 5364 creates many avenues to free coverage. Even if the insurer meets all statutory provisions and can produce the signed declination of conversion coverage, such declination could be challenged in regards to the offer or the explanation, which would require the insurer to provide free coverage for an indefinite time. As there is no recourse for insurers, all policies may become conversion policies.

The IAC urges that if HB 5364 is advanced, it be rewritten to be a truly opt-out coverage.