STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony

Judiciary Committee

March 24, 2014

Raised Bill No. 5593 AN ACT CONCERNING DOMESTIC VIOLENCE AND SEXUAL ASSAULT.

Senator Coleman, Representative Fox, and members of the Judiciary Committee, the Insurance Department respectfully opposes section twenty-nine of **Raised House Bill No. 5593: An Act Concerning Domestic Violence and Sexual Assault** and asks that this bill be amended to remove the provision contained in Section twenty-nine of this bill, which would extend the statutory collection period for bonds paid for under a premium financing arrangement from fifteen to twenty-four months.

In 2011 the Judiciary Committee, among other committees, wisely passed SB 28 which became PA 11-45. PA 11-45 required among other things, that bail bond agents charge the full premium. In addition PA 11-45 allowed for the use of payment plans that required 35% down payment on the premium with any amount owed on the bond to be collected within fifteen months. These provisions were passed together to curtail what was and is a rampant practice among the bail bond community referred to as “undercutting”. Undercutting, occurs when bail bond agents compete for business by discounting the premium due on a bond and not charging the statutorily required amount. This practice resulted in a number of horrific, high profile cases. Cases in which domestic violence defendants paid discounted bail prices (well below a bond set by the judge) with no concern regarding future payment, freeing themselves from custody only to commit additional acts of domestic violence against the victims they had originally accosted. The 35% down payment and the 15 month payment deadline were put in place together as belts and suspenders to help ensure these unfortunate scenarios never occur again.

If the referenced provision were to be enacted into law, the increased time frame would create additional problems for surety bail bond agents when they attempt to collect, given that in 24 months a defendant’s case has been over for quite some time in the great majority of the cases. Additionally the extended timeframe would increase the possibility that some unscrupulous bondsmen may be able to use the longer time period to game the system by coming up, for ex., with plausible excuses why they are unable to collect.

Additionally, the Department would like to ask the Committee to consider adding the following amendment:

> ***Subsection (k)(3) of section 38a-660 of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2015):***

(3) There is established an account to be known as the "surety bail bond agent examination account", which shall be a separate, nonlapsing account within the Insurance Fund established under section 38a-52a. The account shall contain any moneys required by law to be deposited in the account and any such moneys remaining in the account at the [close of the fiscal] <u>end of each calendar</u> year shall be transferred to the General Fund.

C.G.S. 38a-660(k) was put into statute by PA 11-45, as a method by which the Commissioner could audit the industry to ensure compliance with state law. The intent of the law was to allow the Commissioner a year to utilize the funds in the "surety bail bond agent examination account" to performs audits after which any excess funds would be swept into the General Fund. However, due to what the Department understands to be a technical error, the sweep date was accidentally placed at the close of the fiscal year rather than the calendar year.

The practical implication of this error is that the Department must rush to complete its audits within a six month period rather than the one year time period originally intended. This change in statute should not result in a fiscal impact of any kind to the State as the Department has typically used all the funds allotted to it in the recent past. Additionally, there is no financial impact to the bail bond community as the assessment amount remains unchanged.

The Department thanks the Judiciary Committee Chairs and members for the opportunity to provide this testimony on this bill and asks that its testimony and suggested amendments be given all due consideration.

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