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STATEMENT

PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA (PCI)

S.B. No. 69 – AN ACT CONCERNING PERSONAL RISK INSURANCE RATE FILINGS

COMMITTEE ON INSURANCE AND REAL ESTATE

January 29, 2015

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on S.B. 69, which would extend the state's flex rating law until July 1, 2017. Our comments are provided on behalf of the member companies of PCI, a national property casualty trade association with over 1,000 member companies. PCI member companies provide 46 percent of Connecticut's personal lines insurance coverage.

PCI strongly supports the extension Connecticut's flex rating law. In fact, PCI believes that in order to maximize the market and other benefits associated with flex rating, Connecticut's flex rating law should be made permanent, rather than subjecting it to periodic short term extensions. Flex rating has been a sound step toward regulatory modernization in Connecticut which has worked to increase competition, contain premium growth and benefit consumers. This is true because under flex rating, insurers are more inclined to contain premiums because they know that they will be able to increase them within the flex band if they need to in the future. Flex rating also facilitates competition and competition drives down premiums.

Currently, 38 states and the District of Columbia have flex rating or laws that are less restrictive than flex rating in place. While most of these states have operated this way for many years, 11 states (Alaska, Connecticut, Georgia, Massachusetts, Nebraska, New Mexico, New York, North Dakota, Oklahoma, Rhode Island, and Texas) modernized their personal auto and/or homeowners insurance rate regulatory systems within the last decade. Only 12 states currently have prior approval laws. The National Conference of Insurance Legislators (NCOIL) supports flex rating with a 12 percent flex band for personal lines recommended in its model legislation on this issue. Flex rating was an important step forward for Connecticut on the regulatory modernization front and, accordingly, it should be extended or made permanent.

For the foregoing reasons, PCI urges your Committee to favorably advance S.B. 69.