



INSURANCE ASSOCIATION OF CONNECTICUT

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Statement

Insurance Association of Connecticut

Insurance & Real Estate Committee

February 26, 2015

**SB 755, AN ACT REQUIRING THE INSURANCE COMMISSIONER
TO STUDY AND REPORT ON THE NATIONAL ASSOCIATION OF INSURANCE
COMMISSIONERS' INTERSTATE INSURANCE
PRODUCT REGULATION COMPACT**

I am Eric George, President of the Insurance Association of Connecticut (IAC). The Insurance Association of Connecticut supports SB 755, AN ACT REQUIRING THE INSURANCE COMMISSIONER TO STUDY AND REPORT ON THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS' INTERSTATE INSURANCE PRODUCT REGULATION COMPACT, with a suggested amendment.

Prior to the creation of the Interstate Compact (the "Compact"), life insurance, annuities, disability income, and long-term care insurance had to be approved by each state before they could be marketed and sold. There were divergent standards established for the structure of these products among the states, so insurance policies had to be revised based on each state's particular standards before they can be approved. The task is often very expensive and, most importantly, time-consuming for insurance companies. Compared with our competitors in the financial services marketplace who are federally regulated, insurers are disadvantaged because of the slower pace of insurance product approval (it can take up to 18 months or more to get approvals).

The adoption of the Compact would enhance state regulation of insurance in Connecticut by use of a Commission governed collectively by the participating states that serves as a single point of filing for those products, and that establishes uniform national standards for them. Connecticut may also participate in the development and approval of such standards.

Consumers will benefit from strong, uniform national product standards, which are especially important given our increasingly mobile population. The quality of product review will be maintained or enhanced, as experienced staff will review the filings, thereby enabling state regulators to devote more time and resources to monitoring and correcting problems in the marketplace. The public will have more timely access to innovative insurance products. In addition, the General Assembly will retain oversight over the process through mechanisms for opting out of the standards, review of the standards prior to adoption and the ability to repeal the Compact. Connecticut will retain its authority to regulate market practices and take enforcement actions as necessary. The Insurance Department and Attorney General will retain authority to monitor insurers' activities and punish violators.

The Compact has been endorsed by several state legislative groups, including the National Conference of State Legislators (NCSL) and the National Conference of Insurance Legislators (NCOIL). To date, 43 states and Puerto Rico have adopted the Compact, including the rest of New England.

The Compact has been operational (a minimum of 26 states were needed) for several years. The Interstate Insurance Product Regulation Commission (the "Commission") has adopted over ninety uniform standards (see www.insurancecompact.org) in individual and group life, and individual annuity, long-term care and disability income product lines. The Commission began accepting filings for review in September of 2007 and has approved thousands of filings to date.

Until Connecticut adopts the Compact, consumers in our state will not get the benefit of speed to market (heightened competition, availability of innovative products). Insurers will continue to be at a competitive disadvantage in the state's financial services market.

There is a real need for a streamlined and efficient regulatory process for life insurance company product filings. The products covered by the Compact (life insurance, annuities, disability insurance and LTC insurance) are purchased as “lifetime” coverages that policyholders often retain for decades while they move from state to state. These products are sold by insurers that do business across the country. Thus, these products are particularly suited to being regulated by cooperative action among the states. National product standards and a single point of filing for life insurance products would benefit all interested parties – consumers, insurers, and government alike.

IAC urges passage of SB 755. However, given the wide acceptance and demonstrated success of the Interstate Compact to date, the IAC respectfully requests that the Insurance Committee amend SB 755 to adopt the Interstate Compact in this legislative session. Thank you for the opportunity to present IAC’s viewpoint.

