



Senate

General Assembly

File No. 13

January Session, 2015

Senate Bill No. 69

Senate, February 20, 2015

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING PERSONAL RISK INSURANCE RATE FILINGS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 38a-688a of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective June*
3 *30, 2015*):

4 (a) Notwithstanding the requirements of sections 38a-389 and 38a-
5 688 with respect to personal risk insurance with the exception of
6 residual market rates, and on and after July 1, 2006, and until July 1,
7 [2015] 2017, an insurer may file a rate with the Insurance
8 Commissioner pursuant to this section and such rate shall take effect
9 the date it is filed provided the rate provides for an overall state-wide
10 rate increase or decrease of not more than six per cent in the aggregate
11 and not more than a fifteen per cent increase in any individual
12 territory for all coverages that are subject to the filing. Such percentage
13 limits shall not apply on an individual insured basis. Not more than
14 one filing may be made by an insurer pursuant to this section within

15 any twelve-month period unless the filing, when combined with one
16 or more filings made by the insurer within the preceding twelve
17 months, does not result in an overall state-wide increase or decrease of
18 more than six per cent in the aggregate and not more than a fifteen per
19 cent increase in any individual territory for all coverages that are
20 subject to the filing.

This act shall take effect as follows and shall amend the following sections:		
Section 1	June 30, 2015	38a-688a(a)

INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill extends the sunset date for the flex rating law for personal risk insurance. As this change concerns private insurance rates, there is no state or municipal impact.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**SB 69*****AN ACT CONCERNING PERSONAL RISK INSURANCE RATE FILINGS.*****SUMMARY:**

This bill extends the sunset date for the “flex rating” law for personal risk insurance (e.g., home, auto, marine, or umbrella) from July 1, 2015 to July 1, 2017. The flex rating law permits property and casualty insurers, until the law sunsets, to file new personal risk insurance rates with the insurance commissioner and begin using them immediately without prior approval under certain circumstances.

EFFECTIVE DATE: June 30, 2015

BACKGROUND***Flex Rating Law***

Under the flex rating law, a personal risk insurance rate cannot (1) increase or decrease by more than 6% statewide, (2) increase by more than 15% in any individual territory, and (3) apply on an individual insured basis.

By law, an insurer may submit to the Insurance Department in any 12-month period more than one rate filing using the flex rating band if all rate filings submitted within this timeframe combined do not exceed the 6% and 15% limits for all products included in the filing.

Under the flex rating law, an insurer can apply for a rate increase within the flex rating band only (1) on or after a policy renewal and (2) after notifying the affected insureds. The notification must specify the effective date of the increase.

The flex rating law deems any filings made under its provisions to

be in compliance with the rating laws. If the insurance commissioner determines rates are inadequate or unfairly discriminatory, she must order the insurer to stop using the flex rating rate change by a specified future date. The order must be in writing and explain the finding. If she issues the order more than 30 days after the insurer submitted the filing, the law requires the order to apply prospectively only and not affect any contract issued before its effective date.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 18 Nay 0 (02/10/2015)