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STATEMENT

PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA (PCI)

H.B. 6870 – AN ACT CONCERNING THE CONNECTICUT UNFAIR INSURANCE
PRACTICES ACT

COMMITTEE ON INSURANCE AND REAL ESTATE

March 5, 2015

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on H.B. 6870, an act concerning the Connecticut Unfair Insurance Practices Act. 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 36 percent of Connecticut's property casualty insurance coverage.

PCI has concerns with the provisions of Section One of this bill which would make it an unfair claims settlement practice to offer a settlement and state or imply that if the settlement is declined, the insured must institute litigation to recover amounts due under an insurance policy. PCI is concerned that this language is ambiguous and could be construed to prohibit insurers from informing insureds relative to the option of pursuing legal action in the event that the insured does not wish to accept a settlement offer.

PCI is particularly troubled by the word "imply" in this prohibition as it is a rather indefinite term. Some may think that certain language may imply that litigation is the insured's only option upon rejection of an offer, though such language may not actually make such a statement. The lack of clarity relating to this provisions will make it difficult for insurers to inform their employees what they can and cannot say relative to settlement offers. For example, if an insured threatens litigation if the insurer doesn't offer more money, and an adjuster states that the insured is within their rights to file suit but that the offer is final – it is unclear whether that exchange might be construed to fall within the prohibitions against "implying" that the insured has to sue to get more money, even though it is a mere statement of fact and simply advises the insured of their rights. An insurer certainly cannot dissuade an insured from filing suit, and pursuant to this language, they are also being told they essentially cannot tell an insured they have a right to sue. The ambiguous nature of the prohibition is highly troubling to PCI.

For the foregoing reasons, PCI urges your Committee NOT to advance this bill.