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STATE OF CONNECTICUT

INSURANCE DEPARTMENT

**Testimony of the
Connecticut Insurance Department
Before
The Insurance and Real Estate Committee
February 10, 2015**

Committee Bill No. 10—An Act Concerning Standards for the Use and Sharing of Driver Information Captured by Monitoring Devices Offered by Insurers

Chairmen Crisco and Representative Megna, Ranking Members, and Members of the Committee, the Insurance Department appreciates the opportunity to submit written testimony on Committee Bill No. 10.

The Connecticut Insurance Department (the “Department”) respectfully opposes this legislation as it believes that the current statutes governing personal risk insurance do not prohibit monitoring programs which are currently used in Connecticut and such laws are sufficient to regulate their use in personal auto insurance rating and underwriting.

In addition, the Department’s Market Conduct examinations have not identified any problems with their use as a rating factor nor have consumer complaints surfaced within our consumer affairs division regarding the manner in which companies use or share this information. The requirement to promulgate regulations is premature since use of this technology in insurance is relatively recent and issues or problems related to monitoring insurance programs are still under discussion at NAIC. The Department believes that promulgating regulations at this time might negatively impact the ability of this nascent ‘telematics’ industry to innovate.

Finally, a majority of companies have not filed programs with the Department for the use of telematic monitoring devices in vehicles. In fact, a recent study indicates that most Americans or 51% say they would never consider enrolling in a pay-as-you-drive car insurance program, a significant increase from 37% last year, according to a new insuranceQuotes.com report. From the information we have received, the Department believes it is premature to attempt to promulgate regulations at this point in time of the industry’s development. Finally, as for those companies that have “piloted” or used the devices, the Department has advised that these programs can only be offered on a voluntary basis.

The Connecticut Insurance Department appreciates this opportunity to comment on Raised Bill No. 17.

About the Connecticut Insurance Department: The mission of the Connecticut Insurance Department is to protect consumers through regulation of the industry, outreach, education and advocacy. The Department recovers an average of more than \$4 million yearly on behalf of consumers and regulates the industry by ensuring carriers adhere to state insurance laws and regulations and are financially solvent to pay claims. The Department’s annual budget is funded through assessments from the insurance industry. Each year, the Department returns an average of \$100 million a year to the state General Fund in license fees, premium taxes, fines and other revenue sources to support various state programs, including childhood immunization.