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Property Casualty Insurers
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2600 South River Road, Oak Brook, IL 60076-1289

STATEMENT

PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA (PCI)

S.B. No. 239 – AN ACT PROHIBITING CERTAIN EXCLUSIONS FROM AUTOMOBILE INSURANCE POLICY COVERAGE

COMMITTEE ON INSURANCE AND REAL ESTATE

February 26, 2015

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on Senate Bill No. 239, an act prohibiting certain exclusions from automobile insurance policy coverage. PCI is a national property casualty trade association comprised of over 1,000 member companies. PCI member companies write approximately 44 percent of all auto insurance sold in Connecticut.

PCI opposes this bill because it would require auto insurance policies to cover losses occurring in the context of an employer/employee relationship, when such coverage under an auto insurance policy may not be appropriate. Injuries occurring to an employee acting in the scope of his or her employment should be covered under workers compensation and should not be covered by auto insurance. This bill would prohibit exclusions clarifying that such employment related losses will not be covered by an auto insurance policy and would likely add costs to auto insurance.

While this bill doesn't make sense in both the personal lines and commercial lines contexts, it is particularly misguided as it relates to personal auto insurance policies. Personal auto insurance policies not only generally exclude losses occurring in the context of an employment relationship, but they also exclude losses occurring while a vehicle is being used for commercial purposes. This bill seems to inappropriately require personal lines auto policies to cover losses occurring in these circumstances. If personal lines auto policies are required to cover these business losses, not only will it likely add costs to personal lines auto insurance, but it will also require all personal auto insurance policyholders to subsidize the premiums of those using their cars for commercial purposes. PCI would submit that it is not fair to require all Connecticut drivers to subsidize the insurance costs which should properly be borne by businesses.

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