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STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony Insurance and Real Estate Committee February 18, 2016

Senate Bill No. 30—An Act Requiring the Insurance Department to Study Driver Monitoring Devices Offered by Insurers

Chairmen Crisco and Megna, Ranking Members Kelly and Sampson and esteemed members of the Insurance and Real Estate Committee, the Insurance Department appreciates the opportunity to submit written testimony in opposition to **Senate Bill No. 30 An Act Requiring the Insurance Department to Study Driver Monitoring Devices Offered by Insurers**. The Connecticut Insurance Department (the “Department”) respectfully opposes this legislation for a number of reasons. A majority of Connecticut automobile insurance companies have not filed Telematics programs with the Department because recent trends show that more than half of Americans surveyed say they would not enroll in a Telematics-type insurance program according to a recent report from insuranceQuotes.com, a nationwide aggregator of costs and consumer trends. As a result, the Department believes that the cost of undertaking such a study would far outweigh the limited future use of Telematics devices by Connecticut consumers.

Also, the Department does not currently have the internal resources or expertise to conduct a comprehensive study of devices offered by insurers that monitor an insured’s driving information (“Telematics”). As a result, an external consulting organization would need to be retained through the State’s procurement process. In reviewing this proposal last year, the Department found that the estimated Fiscal Impact associated with a Telematics study would reasonably be in the range of **\$150,000 to \$187,500** for Initial Consulting Contract.

In addition, the Department anticipates additional consulting services will be required following the initial study and believes there may also be a fiscal impact on the Department’s operations once Telematic rate-making and rate-filing processes are addressed in legislation following the study.

Finally, as for those companies that have “piloted” or used the devices, the Department advised the industry that these programs can only be offered on a voluntary basis. The Department believes it is able to assure that consumers are adequately protected through the Department’s existing enforcement authority.

The Connecticut Insurance Department appreciates this opportunity to comment on Senate Bill No. 30.

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. For every dollar of direct expense, the Department brings in about \$7.45 to the state in revenues. Each year, the Department returns more than \$215 million in assessments, fees and penalties to the state’s General Fund.