

Statement
Insurance Association of Connecticut (“IAC”)
Insurance and Real Estate Committee
Thursday, February 18, 2016

SB 31, AN ACT CONCERNING THE DISCLOSURE OF FEES FOR THE PROCESSING OF PERSONAL AND COMMERCIAL RISK INSURANCE POLICY PREMIUM PAYMENTS

I am Dallas Dodge, Counsel to the Insurance Association of Connecticut (IAC). Thank you for the opportunity to testify on **Senate Bill 31, An Act Concerning the Disclosure of Fees for the Processing of Personal and Commercial Risk Insurance Policy Premium Payments**. The IAC respectfully opposes Senate Bill 31, as it would impose an additional and unnecessary administrative burden on insurers.

Senate Bill 31 would require insurers to disclose to insurance applicants and insureds “any fees for the processing of premium payments charged by such insurer...” These fees are generally small amounts that are charged to policyholders for the processing of monthly billing payments. Although we appreciate the good intentions behind this legislation – to provide additional information to consumers about the amount of their bill – we do not believe the benefits outweigh the costs to insurers.

We also have several substantive concerns with the bill as drafted and ask that, should the committee elect to JF the bill, the following changes be made:

- In its current form, the bill applies to both personal and commercial risk insurance policies. When this issue has come up in the past before the Insurance and Real Estate Committee, we can recall no input from commercial risk insureds (e.g. businesses) expressing concerns regarding this matter. We respectfully ask that the bill be amended to limit its applicability to personal risk insurance (property and casualty insurance for personal, family or household needs), thereby eliminating a new and unnecessary administrative cost for which there is no demonstrated need.
- In its current form, the bill would require that processing fees be disclosed to “an applicant and each insured.” This language presents a couple of problems.

First, an “applicant” is any person who seeks to contract for insurance coverage. It would be unduly burdensome, perhaps near impossible, for insurers to provide notice of processing fees to each such person. Should an applicant become an insured, they will be informed of processing fees on their premium billing notice. Thus, there is no need to include applicants and doing so would be unduly burdensome.

Second, multiple persons or entities can be insured under one policy. For instance, multiple drivers in the same house are usually covered under the same car insurance policy. There is no reason for each named insured to receive an individual notice of fees.

In light of these concerns, we respectfully ask that, should you move forward with the bill, it be amended to simply require insurers to disclose processing fees on billing statements.

Again, thank you for the opportunity to provide the IAC's viewpoint.