



INSURANCE ASSOCIATION OF CONNECTICUT

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*Statement*

*Insurance Association of Connecticut*

Insurance & Real Estate Committee

March 1, 2016

**HB 5343 – An Act Adopting The National Association of Insurance Commissioners’  
Interstate Insurance Product Regulation Compact**

My name is Eric George and I am the President of the Insurance Association of Connecticut (the “IAC”). The IAC strongly supports adoption the National Association of Insurance Commissioners’ (the “NAIC”) Interstate Insurance Product Regulation Compact (the “Compact”), which is the subject of HB 5343.

We would like to encourage the Committee to consider incorporating the language of HB 5051, which is Governor Malloy’s proposal on Connecticut adopting the Compact. The language of HB 5051 would better allow Connecticut to participate in the Compact and be in compliance with the terms of the Compact.

By way of background, life insurance, annuities, disability income, and long-term care insurance must be approved by each state before they can be marketed and sold. There are

divergent standards established for the structure of these products among the states, so insurance policies must be revised based on each state's particular standards before they can be approved. The task is often very expensive and, most importantly, time-consuming for insurance companies. Compared with our competitors in the financial services marketplace who are federally regulated, insurance carriers are at a disadvantage because of the slower pace of insurance product approval (can take up to 18 months or more to get certain approvals).

The adoption of the Compact enhances state regulation of insurance by creating a Commission governed collectively by the participating states that would serve as a single point of filing for those products, and that would establish uniform national standards for them.

Such a system benefits (i) consumers, (ii) state government, and (iii) insurance carriers. Consumers benefit from strong, uniform national product standards, which are especially important given our increasingly mobile population. The quality of product review is maintained, or even enhanced, as experienced staff review the filings, thereby enabling state regulators to devote more time and resources to monitoring and correcting problems in the marketplace. The public has more timely access to innovative insurance products. In addition, the General Assembly retains oversight over the process through mechanisms for opting out of the standards, review of the standards prior to adoption and the ability to repeal the Compact. Connecticut retains its authority to regulate market practices and take enforcement actions as necessary. The Connecticut Insurance Department and Attorney General retain authority to monitor insurers' activities and punish violators.

We commend the NAIC for its hard work in crafting the model legislation. It should also be pointed out that the Compact has been endorsed by several state legislative groups, including the National Conference of State Legislators (“NCSL”) and the National Conference of Insurance Legislators (“NCOIL”). To date, 44 jurisdictions have adopted the Compact, including the all of New England, with the exception of Connecticut.

The Compact is now operational (a minimum of 26 states were needed) and the Commission is in the process of adopting uniform standards (see [www.insurancecompact.org](http://www.insurancecompact.org) ). Technical committees have developed product standards, many of which have been approved by the members to date (a 2/3 vote is required). Since it is not a member of the Compact, Connecticut is regrettably playing no role in the development of those standards. Until our state adopts the Compact, Connecticut consumers will not get the benefit of speed to market (heightened competition, availability of innovative products). Insurance carriers will continue to be at a competitive disadvantage in the state’s financial services market.

There is a significant need for a streamlined and efficient regulatory process for life insurance company product filings. The products covered by the Compact (life insurance, annuities, disability insurance and LTC insurance) are purchased as “lifetime” coverages that policyholders often retain for decades while they move from state to state. These products are sold by insurers that do business across the country. Thus these products are particularly suited to being regulated by cooperative action among the states. National product standards and a single point of filing for life insurance products would benefit all interested parties – consumers, insurers, and government alike.

Thank you for the opportunity to testify and the IAC urges passage of HB 5343.