



**PROFESSIONAL
INSURANCE
AGENTS**

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DATE: March 7, 2017
TO: Insurance and Real Estate Committee
FROM: Professional Insurance Agents of Connecticut Inc.
Augusto Russell, CIC, PIACT past president
RE: **SUPPORT OF RAISED BILL S.B.928**

Sens. Larson and Scanlon, Rep. Kelly, vice-chairs, ranking member and members of the committee, my name is Augusto Russell and I am here on behalf of the Professional Insurance Agents of Connecticut Inc., an association of professional, independent insurance agents throughout the state and their employees. PIACT is here to support raised bill S.B.928, which seeks to create a task force to study and develop methods of improving the workforce in the insurance industry.

As an association supported by members, we strive to assist our membership with many issues pertaining to their agencies and businesses. The most reoccurring issue our members reach out to PIACT for tips and advice on is recruiting and retaining talented independent insurance agents. Our members continue to express frustration in this area.

PIACT commends the committee for addressing this need in the insurance industry. We strongly urge the committee to consider the experience and insight an active insurance agent could offer in service of such a task force. Our daily experiences with recruitment, familiarity with the requirements and tasks of the insurance workforce and community connections could prove to be invaluable resources to the committee.

Insurance agents provide a wide range of integral services for both individual consumers and the business community. Agents guide consumers through a complicated process, providing quotes and scrutinizing plans while ensuring that consumers consider the best options available to them. The reducing number of agents in the marketplace leaves consumers with dwindling resources to help guide them through their insurance needs.

In an effort to foster the development of future insurance agents, PIACT has already collaborated with Goodwin College to create insurance-specific coursework within its business program that targets the changing world of insurance and provides a pathway for Goodwin students to gain proper Connecticut insurance licensing. PIACT also assists by offering practical experience through paid externships to Goodwin students.

PIACT is advocating for the passage of S.B.928, and looks forward to working further with you as a resource on this issue.



DATE: March 7, 2017

TO: Insurance and Real Estate Committee

FROM: Professional Insurance Agents of Connecticut Inc.
Loretta Lesko, PIACT president

RE: **SUPPORT OF RAISED BILL S.B.924**

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Professional Insurance Agents of Connecticut Inc., an association of professional, independent insurance agents throughout the state and their employees, supports raised bill S.B.924, *An Act Requiring That Health Carriers Using The Connecticut Health Insurance Exchange Pay A Minimum Commission To Certain Insurance Producers*, and commends the committee for addressing this important issue.

In the past two years, the common trend among health insurance carriers is to systematically reduce the compensation they give to agents for the sale and service of health plans, particularly on the exchanges created by the Patient Protection and Affordable Care Act. In fact, agents have seen their compensation reduced by more than 50 percent as a result of carriers attempting to keep costs low for plans on the exchange to balance the annual loss the carrier experiences. In 2015, UnitedHealthcare, the largest health insurer in the nation, announced it was eliminating commissions for health plans sold on the ACA exchange and for individual plans off the exchange for 2017. Cigna and Anthem released similar statements announcing they were no longer paying commissions for plans purchased on the exchange.

One of the primary contributors to this trend is the medical-loss ratio imposed by the PPACA, which requires carriers to spend a maximum of 15 or 20 percent, depending on the plan, on their administrative costs. In 2011, the Department of Health and Human Services issued regulations requiring health carriers to treat independent agent and broker compensation as part of the calculation of total administrative expenses. As a result, health insurance agent and broker compensation has been slashed dramatically by health insurers in the small group and individual markets, leading to an exodus of qualified, licensed agents and brokers capable of serving people in PPACA-backed plans.

Insurance agents provide a wide range of services for both individual consumers and the business community. Agents guide consumers through a complicated process, providing quotes and scrutinizing plans while ensuring that consumers consider the best options available to them. Independent agents represent multiple

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insurance carriers and agent compensation is provided by these companies. The loss of agents in the marketplace leaves consumers with little to no resources to help guide them through the intricate process of selecting an appropriate and cost-effective health plan.

Connecticut's PPACA health exchange recognized the need of insurance producers in the marketplace. Just last month, the Access Health Connecticut board of directors voted unanimously to require carriers offering plans on the exchange to pay broker commissions in 2018 at the same level as they pay brokers for enrolling individuals in plans outside the exchange. While PIACT commended the board for taking the first step in ensuring continual access to health insurance brokers, it does not provide a solution to the increasing cuts in compensation seen outside of the exchange.

PIACT is advocating for the enactment of S.B.924, and encourages the Legislature to continue to consider legislation protecting the compensation of these vital resources in the health insurance market. PIACT wants to ensure continued access to health insurance producers by the public in navigating this marketplace.

PIACT applauds the Legislature for addressing this issue.