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## **HB 7002 AN ACT CONCERNING PERSONAL RISK INSURANCE RATE FILINGS**

### **Statement of the American Insurance Association**

**February 21, 2017**

The American Insurance Association is a leading national trade association representing approximately 320 major property and casualty insurance companies that collectively underwrite nearly \$125 billion annually in direct property and casualty premiums nationwide, including in the State of Connecticut.

AIA strongly supports HB 7002, which would extend the sunset date for the use of “flex rating” for personal risk insurance rate filings for a four year period, from July 1, 2017 to July 1, 2021. Flex rating was originally enacted by the Legislature in 2006 and has been extended several times since then. Under flex rating, insurers are not required to submit rate filings to the Insurance Department for prior approval as long as the overall statewide increase or decrease is not more than six percent in the aggregate and not more than fifteen percent in any individual territory for all coverages subject to the filing.

Flex rating has effectively modernized the insurance marketplace by permitting insurers to respond quickly to changes in the marketplace, encouraging greater competition. This benefits not only the insurance industry, but consumers as well, as it creates more options in the marketplace and provides incentives for insurers to lower their rates.

While we are pleased to see the sunset date extended for a period of four years, we would ask that consideration be given to make the flex rating provision permanent. Flex rating has been successfully utilized in Connecticut for over ten years, to the benefit of the industry and, importantly, to consumers, thus we believe that making the statute permanent is justified.

Thank you for giving us the opportunity to express our views. For the foregoing reasons, we urge your support and ultimate approval of HB 7002.

Alison Cooper  
Vice President, Northeast Region