

**Statement of the National Association of Mutual Insurance Companies
To Members of the Insurance Committee
Supporting House Bill 7002 – Personal Risk Insurance Rate Filings**

February 21, 2017

On behalf of National Association of Mutual Insurance Companies (NAMIC)¹ members, I am writing to express support for this bill that would amend Section 38a-688a of the insurance law by extending the flex rating filing system by four years:

- (a) Notwithstanding the requirements of sections 38a-389 and 38a-688 with respect to personal risk insurance with the exception of residual market rates, and on and after July 1, 2006, and until July 1, [2017] 2021, an insurer may file a rate with the Insurance Commissioner pursuant to this section and such rate shall take effect the date it is filed provided the rate provides for an overall state-wide rate increase or decrease of not more than six per cent in the aggregate and not more than a fifteen per cent increase in any individual territory for all coverages that are subject to the filing. Such percentage limits shall not apply on an individual insured basis. Not more than one filing may be made by an insurer pursuant to this section within any twelve-month period unless the filing, when combined with one or more filings made by the insurer within the preceding twelve months, does not result in an overall state-wide increase or decrease of more than six per cent in the aggregate and not more than fifteen per cent increase in any individual territory for all coverages that are subject to the filing.

Not only is NAMIC is supportive of extending the sunset date for flex rating filings, but NAMIC encourages the Committee to consider making this system permanent by removing the sunset altogether.

NAMIC strongly supports the enactment of rate modernization statutes and regulatory changes that allow insurers operating in a competitive market to adjust rates in response to changing market conditions. As a general matter, flex rating laws promote competition among insurers because they provide confidence that an insurer can lower and raise rates more swiftly to respond to changes in results. Such laws also allow for concentration of limited regulatory resources on important matters other than review of rate changes within the flex band range. Because flex rating statutes promote competition by providing insurers with confidence regarding their ability to adjust rates in the future, a flex rating statute will be more effective in providing the benefits of competition if its provisions provide insurers with a sense of stability regarding its continuation.

NAMIC supported the adoption of Connecticut's personal lines flex-rating statute in 2006 as well as the previous extensions of the statute's sunset provision. Consistent with that position, NAMIC supports another extension, though further urges that the sunset be eliminated altogether and that flex rating be reliable as a permanent and stable regulatory framework for personal lines rates in Connecticut.

Respectfully,



Cate Paolino
Director – State Affairs, Northeast Region
National Association of Mutual Insurance Companies (NAMIC)

¹ NAMIC is the largest property/casualty trade association in the country, serving regional and local mutual insurance companies on main streets across America as well as many of the country's largest national insurers. NAMIC consists of more than 1,400 property/casualty insurance companies serving more than 170 million auto, home and business policyholders, with more than \$230 billion in premiums accounting for 54 percent of the homeowners insurance market nationwide. In Connecticut, NAMIC members write over 49% of the homeowners/commercial property insurance market and over 34% of the automobile insurance market.