Statement

Insurance Association of Connecticut

Insurance and Real Estate Committee

SB 906, An Act Concerning the Insurance Department's Recommended Changes to the Insurance Statutes

February 27, 2019

I am Eric George, President of the Insurance Association of Connecticut (IAC). The IAC would like to offer comments on SB 906, An Act Concerning the Insurance Department's Recommended Changes to the Insurance Statutes.

We very much appreciate the intent of this legislation. We would, however, like to offer some comments on the provisions of SB 906 that would permit the Connecticut Insurance Department (DOI) to obtain the services of certain third-party professionals in the performance of certain DOI functions. Specifically, these changes can be found in Section 1(g) of SB 906, lines 72 through 78.

This provision of SB 906 would grant the DOI the ability, "in the commissioner's discretion, [to] engage the services of such third-party ... professionals... to assist the commissioner in reviewing any

rate, form or similar filing... [and] the cost of such services shall be borne by the person who submitted such rate, form or similar filing."

The issue is that, under SB 906, the DOI's decision to use or not use these third-party vendors would completely dependent on whether the DOI believes they are necessary or desirable in a given instance. In an alternate instance, the DOI may decide that the use of such third-party vendors is unnecessary and opt not to use their services. This would lead to inconsistency of the application of when third-party vendor services are utilized and also inconsistency as to when an insurer is charged for the use of such third-party services. Under SB 906, when the services of a third-party vendor are utilized, only the insurer who's filing is being scrutinized is charged that cost.

We ask that this Committee consider moving forward with the remaining provisions of SB 906, but to forgo approval of Section 1(g) of the legislation at this time in order to avoid this potential inconsistent application of its provisions.

Thank you for considering the IAC's comments on SB 906 and we would be more than willing and happy to work with this Committee and the Department on this legislation.