

Testimony of  
**John DiSette, A&R President**  
AFT, AFT Connecticut, AFL-CIO

Insurance and Real Estate Committee  
March 3, 2020

**HB 5365**

**AN ACT CONCERNING THE INSURANCE DEPARTMENT'S RECOMMENDATIONS REGARDING THE PUBLIC HEALTH FEE, THIRD PARTY PERFORMANCE OF THE DEPARTMENT'S EMPLOYEES' DUTIES, THE INSURANCE DATA SECURITY LAW AND ASSESSMENTS AGAINST DOMESTIC INSURANCE COMPANIES AND ENTITIES.**

Senator Lesser, Representative Scanlon and members of the Insurance and Real Estate Committee

I am John DiSette, President of A&R Employees Union Local 4200. I represent the Insurance Examiners, Actuaries, and Attorneys at the Department of Insurance. I am submitting testimony in opposition to the removal of language from subsection D of 38a-8; specifically, lines 85-87.

Lines 85-87 establish that the work of the agency is to be conducted by Insurance Department employees and the work is not to be performed by outside consulting firms or vendors. The existing language in 38a-8 subsection (d) is designed to protect the independence and integrity of the State's regulatory functions as well as maintain the knowledge base of the Connecticut Insurance Department within the State's authority. State employees are bound by the mission of the department to prioritize the safety of CT policyholders above all else and state employees do not have allegiances to other employers, clients, potential clients, or jurisdictions.

Insurance Department employees must be able to make accurate risk assessments, judgments, take actions, and levy fines without bias. Altering this law to permit contractors in place of the department employees threatens the agency's ability to keep information confidential. Any inadvertent exposure or sharing of confidential information by vendors who may service multiple clients and jurisdictions could result in significant financial damages to insurance carriers, lawsuits against the State, impairment of the Department's ability to regulate and receive adequate information from insurance carriers or vendors, and damage to the effectiveness of the State's insurance regulation.

Further, the State and the agency require the continuity of Connecticut-specific regulatory and legal knowledge as well as regulatory history and direct personal knowledge of insurance companies doing business in Connecticut. This is critical to effective financial and solvency regulation of insurance carriers for the protection of policyholders in the State of CT. Replacing employees with outside vendors would circumvent the long term experience and training needs of the department and irreparably harm the agency's ability to perform its mission.

The proposed language removal would diminish the strong regulatory relationships and direct personal knowledge which is vital to evaluating the risks and understanding the actions and potential weaknesses of insurance groups doing business in CT. This is critical to the State's oversight of these organizations and the direct personal relationships which are the foundation for transparency of state regulators.

I understand that the language needs to be modified to remain current, however, striking the language is detrimental to the agency's mission.