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## **OLR Bill Analysis**

### **sHB 6435**

#### ***AN ACT CONCERNING THE INSURANCE DEPARTMENT'S AUTOMOBILE PHYSICAL AND PROPERTY DAMAGE ARBITRATION PROCESS.***

#### **SUMMARY**

This bill makes certain private passenger motor vehicle insurers, instead of the Insurance Department, responsible for the department's administrative costs associated with arbitration hearings that are statutorily required to resolve disputes over claim amounts (see BACKGROUND).

Specifically, under the bill, arbitrators in these hearings must require the insurance companies to reimburse the department for its costs to administer a hearing if the (1) arbitrator decides in the claimant's favor and (2) claimant did not reject a pre-arbitration offer of compromise from the insurance company for an amount that is at least the arbitration award's value.

By law, claimants and insurers may apply to the Superior Court for the judicial district in which one of the parties resides or, when the court is not in session, any judge in the district for an order confirming, vacating, modifying, or correcting an arbitrator's award.

EFFECTIVE DATE: October 1, 2025

#### **BACKGROUND**

Under existing law, the Insurance Department's Division of Consumer Affairs must provide an independent arbitration procedure to settle disputes between claimants and private passenger motor vehicle insurers when (1) there are automobile physical damage and automobile property damage liability claims in which liability and coverage are not in dispute and (2) attempts to resolve the dispute at mediation by the division have failed. By law, all companies licensed to

write private passenger automobile insurance, including collision, comprehensive, and theft, in this state must participate in the division's arbitration procedure.

Under this law, a "private passenger motor vehicle" does not include a motorcycle or motor vehicle used as a public or livery conveyance. But it does include a:

1. private passenger automobile;
2. station-wagon-type automobile;
3. camper-type motor vehicle;
4. high-mileage motor vehicle;
5. truck-type motor vehicle with a load capacity of 1,500 pounds or less, registered as a passenger motor vehicle or a passenger and commercial motor vehicle or used for farming purposes; and
6. vehicle with a commercial registration (CGS § 38a-383(e)).

By law, a "high-mileage motor vehicle" is a motor vehicle with at least three wheels in contact with the ground; a completely enclosed driver's seat; a single or two-cylinder, gasoline or diesel engine or an electric-powered engine; and efficient fuel consumption (CGS § 14-1(45)).

### **COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 12 Nay 1 (02/20/2025)