



STATEMENT RE: H.B. 6508
“An Act concerning timely history reports for commercial risk insurance policies.”

TO: Insurance and Real Estate Committee

BY: Professional Insurance Agents of Connecticut Inc.

ON: March 3, 2011

**PROFESSIONAL
INSURANCE
AGENTS**

The Professional Insurance Agents of Connecticut Inc. (PIACT), an association representing more than 500 member independent insurance agents who employ over 3,500 people throughout the state, strongly urges this committee to support H.B. 6508 which seeks to reduce the time it takes to receive loss run reports from insurance companies.

A loss run is a list provided by an insurance company to an insurance consumer which shows the past loss experience of the insurance consumer. In order to shop successfully for insurance coverage, an insurance consumer needs to be able to show potential insurers proof of their past loss experience.

When a customer requests loss runs, the current company is put on alert that the customer is shopping their insurance. The current company, therefore, has little incentive to offer assistance. In instances where the insured is being nonrenewed or cancelled, the incentive may be less.

The changes proposed in this bill would be particularly beneficial to commercial insureds that are looking to replace coverage. It would give additional time to those requesting loss information to seek out and obtain alternative (and quite possibly lower premium) policies and reduce the possibility of a lapse in coverage.

Although in some instances, current law (Section 38a-326) provides these reports along side the notice of nonrenewal or cancellation, these instances are restricted to commercial automobile and general liability insurance policies that are cancelled upon 60 days' notice. Moreover, in a select number of instances, current law allows insurers up to 60 days after the receipt of a written request to provide these reports (Section 38a-324). It is in these instances (when an insurer is only required to give 10 days' notice of cancellation) that the risk of a lapse in coverage is highest and, therefore, timely provision of these reports is most critical.

This bill addresses these issues by applying these protections to all commercial policies (not just commercial auto and general liability) as well as implementing additional protections when the policy is cancelled by insured, or insurer on 10 days' notice.

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A 10-day rule would provide better turn-around time, which becomes crucial in achieving certain placements and in coping with current market conditions. With this change, Connecticut follows the lead of a number of other states that are reducing their statutory time limits.

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