



PIACT 2011 legislative agenda

Resource kit 06104

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The Professional Insurance Agents of Connecticut Inc. represents more than 500 independent insurance agents who employ more than 3,000 individuals throughout the state, working together to service the personal and business insurance needs of consumers. Independent agents are sensitive to consumers' needs because agents' businesses and livelihoods are premised on dealing with the public on a daily basis and building professional relationships. PIACT, as an association, is interested in not only insurance issues but also the current economic trends in the state of Connecticut and their subsequent effect on insurance consumers and their business operations.

This legislative agenda is meant to outline how PIACT is striving to protect a healthy, competitive insurance climate in Connecticut. It is imperative for independent agents to work closely with the members of the General Assembly and representatives from other industries in order to shape and develop creative legislative proposals that concern not only insurance issues but also other matters that affect the way Connecticut's citizens live and work. PIACT is sincerely committed to these goals, and we look forward to seeing them to fruition by working with our members and the legislators who represent them throughout the 2011 legislative session.

HOWARD S. OLDERMAN
PIACT President

PETER FRASCARELLI, CPIA
PIACT Legislative Chairman

2011 PIACT legislative and regulatory initiatives

Looking forward to a successful 2011 legislative session, PIACT started early on the task of preparing its legislative and regulatory initiatives. PIACT Legislative Committee members and staff reviewed past legislative initiatives, looking at ongoing issues of concern, and, through regional advisory council meetings, reached out to membership across the state to discern the issues of concern to them. From this thorough fact-finding and vetting process, PIACT assembled this preliminary legislative agenda.

Liquor license and dram-shop liability

Typically, restaurants, taverns, hotels and other businesses that serve alcohol for on-premises consumption carry a variety of insurance coverages. These coverages may ensure that the business owners are protected in the event their businesses are interrupted, their premises are damaged and shield them from other assorted harms.

However, typical insurance policies do not protect third parties who may have suffered injury at the hands of a patron who was served at an alcohol-serving establishment. The vast majority of businesses that sell alcohol for on-premises consumption purchase insurance to protect themselves and make these potential claimants whole.

PIACT believes that this protection should be extended to the patrons of all bars and taverns in the state, and proposed that dram-shop liability insurance be a mandatory part of an alcohol-serving establishment's insurance coverage.

Loss information

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.

The single biggest problem many insurance agents face in quoting commercial business is obtaining loss runs. Moreover, companies currently servicing these nonrenewed or canceled accounts have no incentive to offer assistance.

PIACT proposes that the current statute be amended to apply the protections contained in the existing law to all commercial insurance policies, not just commercial auto, and require insurers to provide such loss information within 10 days, not 60, as currently in the law. These changes will 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.

Excess and surplus-lines affidavits. Connecticut's laws relating to the placement of excess and surplus-line insurance policies impose certain requirements on the E&S broker, the insured and the retail broker. Connecticut General Statutes Section 38a-741(b) states that the insured and the E&S broker must complete affidavits certifying the insured and broker are unable to obtain the insurance in the admitted market, after a diligent search. These completed affidavits must be transmitted to the Insurance Department within 45 days of the policies being procured. By definition, an affidavit requires notarization. Notarization is typically used to ensure that the person signing a document is actually who they claim to be; it does not, by itself strengthen or confirm the veracity of statements made in a notarized document—it merely certifies the identity of the person making such claims. Accordingly, PIACT believes the requirement of transmitting a notarized form to the Insurance Department is not only redundant, but an inefficient and wasteful procedure. Allowing a purchaser or their broker to submit such a form without notarization eliminates this waste without exposing Connecticut insurance purchasers to any additional risk.

Certificates of insurance. In early 2010, PIACT began receiving an increasing number of inquiries and calls of concern from members who field demands from parties seeking verification of coverage for their clients in the form of certificates of insurance. These requests put agents in an untenable position of either serving their clients' needs or being put in a vulnerable legal situation, whereby parties may misunderstand coverage is in place when it is not.

In response to this issue, PIACT placed this issue front and center in Legislative and Business Issues Committee meetings, began researching the scope of the problem and identifying concrete solutions. PIACT reached out to membership for examples of these requests, which provided staff with numerous instances illustrating the scope of this problem.

In evaluating possible remedies, PIACT Government Affairs Counsel Campbell H. Wallace, Esq., looked to sister affiliate PIA of Louisiana. Its efforts led to the adoption of comprehensive certificate of insurance legislation and departmental guidance. These concerns and the measures taken to combat them were brought to the department for their consideration. Needless to say, PIACT was exceptionally pleased with the issuance of Bulletin S-14, which reminded producers and purchasers alike of the proper role of a certificate of insurance.

Despite this measure of success, PIACT continues to closely monitor the requests being made of member agents and brokers, to see if further action is necessary.

Uninsured drivers

The issue of uninsured and underinsured operators continues to present a problem for Connecticut motorists and pedestrians. Currently, minimum auto limits are set at \$20,000/\$40,000 and the penalty for driving without insurance is capped at \$1,000. In light of the escalating costs of medical treatment, auto repair, etc., these limits are simply inadequate to properly compensate accident victims. PIACT believes that this issue needs to be addressed and continues to look at options that will increase the protection offered to drivers, without unduly burdening insurance purchasers. 1/11

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