



LEGISLATIVE POSITION PAPER

— 2024 SESSION —



Connecticut is viewed as the insurance capital of the world, with nearly **1,500 domiciled insurance companies** and over approximately **33,000 jobs** in the industry.

Our members are uniquely positioned as an integral part of their communities to assist on a broad range of economic development, tax, insurance, and other business issues that impact the consumers in Connecticut.

At every step in the insurance journey, independent agents and brokers are advocates for their customers.

meet THE TEAM



SCOTT HOBSON, MPA
AVP of
Government Relations



LISA K. LOUNSBURY,
CAE, AAI, AIS
President & CEO



BOB JONES
Chair of the Board



JAMES S. PAOLINO, ESQ
Legislative Representative
FOCUS Government Affairs

GOVERNMENT RELATIONS
DEPARTMENT

Trusted Choice
INDEPENDENT INSURANCE AGENTS

LEGISLATIVE RELATIONS



LEGISLATIVE RELATIONS

GRASSROOTS & MEMBER *Engagement*

Independent agents are passionate and powerful advocates for their businesses and customers. In 2023, member agents played a crucial role in advancing beneficial legislation and were decisive in supporting Big I CT's work blocking harmful proposals. Big I CT members traveled to Washington, D.C. and met with the state's Congressional and Senate delegation as part of our National Legislative Conference, calling for long-term reauthorization of the NFIP, maintaining small business tax fairness, and protect agents and brokers from criminal and civil liability for doing business with legal cannabis businesses. At the state level, Big I CT Board Member Danielle Brown testified before the Connecticut Legislature's Joint Committee on Insurance and Real Estate on the importance of modernizing the excess lines placement process, and members of the board met with Insurance Commissioner Mais and his top staff to discuss the dire state of the market.

Want to get involved? Join our Government Affairs Committee, which supports our legislative and regulatory issues, grassroots campaigns, and legislator engagement activities.

Email Scott Hobson at shobson@bigict.org.

Our members are
champions for
independent
agencies and their
customers across
the state. Big I CT
agents are crucial
to our legislative
success.



£££ £ 5 n

2023 VICTORIES

Passage of Law to Reduce Surplus Lines Paperwork:

In 2023, Big I CT was instrumental in the passage of HB6621, which reduces the paperwork obligations on surplus lines wholesalers. The law removes the quarterly requirement to submit a signed affidavit to the Insurance Department, and instead, requires brokers to keep (1) all documentation on the broker's and insured's diligent efforts to procure the full amount of insurance from an authorized insurer, and (2) information on each policy placed in the surplus lines market. The documentation and information must be kept as the commissioner prescribes and be made available for his examination upon request.

Non-Compete Ban Bill Defeated:

This bill was modeled after legislation in Washington State and would have rendered noncompete agreements largely unenforceable for most employees either making less than three times the minimum wage or independent contractors making less than five times the minimum wage. Big I CT opposed this bill, and it ultimately did not advance.

Dog Breed Underwriting Bill Defeated:

Big I CT was the only group to testify in opposition to legislation which would have prohibited carriers from considering a dog's breed in underwriting. This bill would have restricted carriers' ability to effectively underwrite homeowners' risks and contributed to higher insurance rates.



2024

POLICY PRIORITIES

Improve the Customer and Agent Experience When Placing Coverage in the Excess & Surplus Market:

Excess & Surplus (E&S) lines insurance is specialty coverage that standard carriers do not cover. Typically, this includes unusual or high-risk exposures, or those with little or no claims history. E&S coverage offers substantial flexibility and is essential to promoting innovation and choice in the insurance market. It is one of the fastest growing markets for insurance.

In order to place and renew coverage in the E&S market, an agent must first make a "diligent effort," meaning having the coverage declined by three admitted insurance carriers. In practice, this is a significant time and paperwork burden on agents, particularly on renewals where the agent has already once received the necessary declinations. Big I CT supports legislation to eliminate the requirement to obtain three declinations from admitted carriers when renewing a policy. This would allow agents to focus on what matters most – helping their customers.

We also support expanding the list of excess lines coverage that is exempt from the diligent effort requirement, also known as the "export list." This will reduce barriers to placing customers in the excess market. Big I CT is committed to working with the CT Department of Insurance to expand this list to include coverages which are often better placed in the excess market, such as cyber liability insurance.

Protect Consumers from Misleading Pricing Practices:

Currently, certain insurance carriers will bind auto coverage based on an initial quote and questionnaire. The insurer later runs the insured's motor vehicle record (MVR), typically resulting in a higher premium. This practice is misleading to consumers. Big I CT supports legislation to require insurers to verify a customer's MVR before binding coverage.

Protect Consumer Choice in Health Insurance:

We believe a government-run single payer system or public option scheme would be prohibitively expensive, would reduce consumer choice, and would disrupt other insurance coverage, including existing Medicare coverage for seniors and existing employer-sponsored health insurance coverage. We will continue to work cooperatively with the industry and policymakers to build upon the current strengths in the system and maintain a competitive and vibrant marketplace that will provide quality coverage at an affordable price. We are also supportive measures that will bring down the high costs of health care.



2024

LEGISLATIVE PRIORITIES

Promote Transparency in Underwriting:

As the use of AI and algorithms becomes increasingly widespread, transparency in underwriting is crucial for fostering a fair and informed insurance environment. Clear and comprehensible communication about the reasons for material changes to premiums or coverage is needed to ensure that policyholders understand the factors influencing adjustments in premiums, such as changes in personal circumstances or market conditions. This transparency not only builds trust between insurers and policyholders, but also promotes accountability within the industry. When consumers can easily comprehend the rationale behind alterations in their coverage or costs, they are better equipped to make sound financial decisions and plan for their future.

Oppose a Ban On Non-Compete Agreements:

A ban on non-competes would have detrimental consequences for the independent insurance industry and CT policyholders, particularly in the context of business sales and acquisitions. Independent agencies are unique businesses. Unlike many other industries, the value of an insurance agency is significantly tied to its ownership of policy expirations. When an insurance agency is bought or sold, one of the key assets being transferred is the book of business, including policyholder relationships and future policy expirations. Non-compete agreements are crucial in protecting this asset and ensuring that the buyer can realize the full value of their investment.

Reduce Lawsuit Abuse:

The rising cost of lawsuit abuse impacts taxes and insurance premiums. According to the Institute for Legal Reform, Connecticut's "tort costs" related to lawsuits, settlements, and other factors, are over \$4,200 per household. Big I CT supports measures to rein in lawsuit abuse and opposes measures that would expand civil liability.

