



**PROFESSIONAL
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AGENTS**

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STATEMENT RE:

Raised House Bill 7056

*“An Act requiring a single
financial responsibility limit for
motor vehicle operators.”*

TO:

Insurance & Real Estate Committee

BY:

Professional Insurance Agents
of Connecticut Inc.

DATE:

February 22, 2007

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, urges this committee to support Raised Bill 7056 because it would benefit the state’s motor vehicle operators.

As opposed to the current statutory minimum financial responsibility limits that all motor vehicle operators must maintain, a single \$50,000 limit would be preferable for several reasons. First and foremost, a single limit would afford a policyholder greater flexibility in determining how to allocate his or her insurance benefits in the event of an accident.

Freedom from the restraint of the separate limits more frequently would allow an insured’s insurance policy to provide coverage within the policy limits. For example, when a person is hit by another person who carries the minimum limits, a single \$50,000 limit will make it more likely that the policy of the driver who caused the accident will fully cover the property damage to the other vehicle. As a result, the non-at fault person will not ordinarily have to turn to their own insurance policy, and pay a collision deductible, to make up the difference. This currently happens all too often in light of increasing motor vehicle values.

It is also worth noting that Connecticut’s insurance regulations currently allow for insurers to issue an auto policy with a single limit. Specifically, § 38a-334-5(e) states that “a single limit of liability may be stated, provided it shall not be less than the sum of the separate limits for bodily injury and property damage resulting from any one accident...” It does not appear that a switch to a single limit in Connecticut’s statutes necessarily would require any amendments to this regulation.

PIACT pursued legislation last year that would have increased the statutory financial responsibility limits primarily because the limits are outdated and fail to reflect inflation. The approach taken by Raised Bill 7056 would help provide more appropriate coverage in recognition of the rising average cost of a car on the road today. For all the above reasons, PIACT urges this committee to support Raised Bill 7056.