Appropriations Committee State Agency Budget Presentations
Regulation and Protection Agencies
February 17, 2023

Senator Osten, Representative Walker, Senator Berthel, Representative Nuccio, and distinguished members of the Appropriations Committee.

I am Andrew Mais, Commissioner of the Insurance Department. Thank you for the opportunity to provide testimony in support of the Department's proposed budget request.

The core mission of the Connecticut Insurance Department is consumer protection. The Department carries out its mission by enforcing State insurance laws to ensure that policyholders and claimants are treated fairly. In addition, the Department closely monitors the financial condition and practices of insurance carriers to help ensure that a healthy industry is available to provide a wide range of insurance products to Connecticut residents and to pay covered claims arising under the products provided.

The Governor's Budget increases funding to the Insurance Department by supporting 15 additional positions (5 under existing funding levels, 10 with the increased funding) along with supporting Department training, travel, marketing, reporting requirements and equipment all to effectively carry out the agency's mission. The operations and products of the insurance industry are becoming more complex as insurers are increasingly using advanced technology such as various types of predictive modeling, Artificial Intelligence/machine learning (AI/ML), and Big Data which includes external data mostly from third-party vendors, who create and manage complex data models that have reshaped the insurance marketplace in recent years. Currently, most insurance companies have used predictive modeling in their product pricing for the personal lines (Private Passenger Auto and Homeowners') and some commercial lines (General Liability, Commercial Multi-peril, Commercial Auto, Workers' Comp, etc.) and we anticipate this continuing in nearly all insurance products.

They have also used AI/ML in their operations to improve the operational processes in Marketing, Claims, underwriting, and many other functions. Carriers have changed the way they approach risk and engage with policyholders and this Department must keep up with the times.

For the Insurance Department to effectively perform its regulatory duties in this evolving and more complex technological environment, we too need to change, and this includes adding to our available skillsets through evolving training opportunities, and hiring additional staff trained in the data sciences to not only better analyze the data, but also address the tremendous increase in both the volume and sophistication of their modeling work that these advances have brought.

Thank you and I am prepared to answer any questions you may have.

Andrew N. Mais, Commissioner