

# WORKING GROUP TO STUDY PAYMENTS BY INSURANCE COMPANIES FOR DEPOSIT INTO THE INSURANCE FUND

## MEETING MINUTES

Wednesday, November 11, 2024

11:00 AM in Room 1E of the LOB and Zoom and YouTube Live

The meeting was called to order at 11:15 by Chairman, Representative Wood.

The following committee members were present:

Representative Wood, Senator Osten, Representative Pavalock-D'amato, Susan Halpin, Jim Carson, Eric George, Jane Callanan, Chris Davis

Absent were:

Senator Cabrera, Representative Walker, Senator Berthel, Senator Hwang, Representative Nuccio,

Representative Wood welcomed attendees to the working group session focused on payments by insurance companies into the insurance fund. Rep. Wood acknowledged the departure of Wyatt Bosworth, who had transitioned to a new role as Manager of Public Policy at Amazon, and introduced Chris Davis from the Connecticut Business & Industry Association (CBIA) as his replacement. She invited questions from the committee regarding this change and the replacement was accepted without objections.

The committee then reviewed updates from prior meetings and discussed several agencies from which they had not yet received presentations. These included the Office of the Behavioral Health Advocate, the Department of Public Health, the Department of Administrative Services, the Department of Mental Health and Addiction Services, the Fall Prevention Program, and the Department of Housing. Rep. Wood raised the option of submitting written questions to these agencies in place of requesting in-person presentations, as this could be more practical given the limited time frame. Ms. Callanan of the Department of Insurance, voiced her support, suggesting that written responses might ensure the committee receives the necessary information efficiently. Ms. Halpin concurred, emphasizing that written records could help future committee members understand each agency's role within the insurance fund.

Rep. Wood prompted the committee to reflect on information received from various agencies, including the Office of Legislative Research (OLR), the Office of Health Strategy (OHS), the Department of Public Health (DPH), and the Office of Policy and Management (OPM). Senator Osten recommended that prior to the next meeting, the committee members circulate a draft of proposed recommendations for review, which would allow for more thorough consideration. She suggested that these drafts be compiled by the task force staff for distribution to ensure all members could review the potential recommendations. This idea was broadly supported as a way to streamline the decision-making process.

Mr. George introduced a perspective on the original intent of the insurance fund, arguing that it should solely support the operations of the Insurance Department. He expressed concern that several programs currently financed through the insurance fund lacked direct relevance to insurance and recommended that expenses not directly tied to insurance operations should be funded by the general fund instead. He advocated for a more "intellectually honest" approach, where only insurance-related activities would draw from this fund. He further noted that property and casualty insurers, along with life insurers, were committed to fully supporting the Insurance Department but voiced opposition to using their assessments to cover costs for unrelated departments.

Senator Osten supported the idea of maintaining the insurance fund's focus but warned against oversimplification. She pointed out that external factors like severe weather events and inflation have complex effects on insurance rates, influencing policyholders in Connecticut and beyond. Sen. Osten highlighted that weather-related impacts, such as those seen with recent storms, significantly affect home insurance. She also pointed to issues like the crumbling concrete problem in Connecticut, which threatened to destabilize the housing market, as an example of an issue that necessitated creative solutions involving state intervention. She asserted that these kinds of local crises illustrate the interconnected nature of various funding needs, underscoring the importance of a balanced perspective when considering recommendations.

Rep. Pavalock-D'Amato sought clarity from industry representatives on the factors impacting insurance rates. In response, Mr. George explained that rate calculations for home and auto insurance are influenced by a range of variables, including inflation, supply chain issues, and increased litigation costs. He highlighted that advanced technology in vehicles raises repair costs, while Connecticut's dense tree canopy creates a higher risk of property damage during storms. Mr. George stressed that the fund assessments primarily affect fully insured individuals in smaller insurance markets, who may struggle to absorb the impact of added mandates.

Chris Davis, emphasized that affordability is a top priority for both businesses and their employees. According to Davis, assessments on health and property insurance can add thousands of dollars annually to a family's expenses, a cost burden that disproportionately affects low- and middle-income families. He argued that reducing or eliminating these assessments could make healthcare and other insurance more affordable, which would be beneficial for the state's workforce and economic health. He compared this to the recent public focus on energy costs and public benefits charges, underscoring that residents and employers are increasingly aware of these financial impacts.

The Department of Insurance clarified questions raised about how assessments apply to different types of insurance, specifying that some fees, like the immunization fund, apply to both fully and self-insured entities. Additional information will be provided to the committee before the next meeting to ensure a complete understanding of the assessment structures. Members highlighted the importance of obtaining a precise breakdown of these assessments to accurately inform recommendations. With the holidays approaching, the committee discussed the timing of their final meeting. After deliberation, they agreed to reconvene on Monday, December 9, at 10:00 a.m., allowing time to consolidate and finalize recommendations based on all available data and discussions.

The meeting concluded with Rep. Wood requesting a motion to adjourn, which was moved, seconded, and passed unanimously.

Without further business, the meeting adjourned at 11:38 AM.

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Taylor Aitken  
Committee Clerk