

Testimony of
American Property Casualty Insurance Association (APCIA)
Senate Finance Committee
Senate Bill 752- Insurance - Product and Service Offerings
March 1, 2023

The American Property Casualty Insurance Association (APCIA) is the primary national trade organization representing nearly 60 percent of the U.S. property casualty insurance market. APCIA appreciates the opportunity to provide written comments in support of Senate Bill 752. As insurers seek to provide more value-added services to their customers in the form of technology to reduce risk and provide enhancements there is a need to address how state anti-rebating and inducement laws apply.

Anti-rebating laws, however, originally well intended are a cause of concern, a potential hindrance to socially beneficial innovation. These laws were introduced more than 100 years ago, after the use of rebates threatened the solvency of life insurance companies and raised questions around unfair discriminatory practices. Senate Bill 752 will update the current insurance law regarding anti-rebating to permit an insurer from offering at no charge or at a discounted price products or services that educate or assess or prevent risk of loss or mitigate losses.

The marketplace is demanding simpler and more innovation insurance solutions, including the combination of insurance products with non-insurance products and services in a single offering. These logical, complementary insurance/technological product combinations allow insurers to better tailor products and to address emerging risks to the benefit of consumers. It is critically important to all that state laws and regulations keep pace with these innovative and consumer friendly innovations.

The innovative programs/services often leverage the use of IoT (internet of things) connected devices, e.g. monitors, sensors, communication, telematics, biometric wearables to assist policyholders to mitigate risk, and in the process prevent deaths, injuries and financial loss. It is therefore critically important that we find a way forward so as not to lose this historic opportunity to better serve the public by mitigating risk and preventing loss. This benefits the consumer and the insurer. The consumer receives greater protection and lessens their losses and with those reductions in claims helps the insurer keep claim costs down. These type of products and services must be offered to all policyholders and is voluntary if they wish to participate.

The allowance of insurers to provide services or products that are substantially related to the insurance coverage provided under the policy will allow for consumers to be provided mitigation products such as water monitoring devices, fire and carbon monoxide detectors, safety monitoring services, as well as service that mitigate loss to fire or water, which are amongst the most common and costly of property losses.

Loss reduction goods and services provided to protect property may be directed at reducing the common forms of losses such as:

- Burglary, theft, and vandalism. Surveillance systems, alarms, warning signs, and central station monitoring systems can be used to prevent such losses.
- Fire, including wildfire or those started by electrical system failures, fire safety equipment, which can be provided as a direct product or maintained by an inspection service.

- Wildfire mitigation services, including brush clearing and ongoing property and facility maintenance can help protect buildings and facilities reducing economic losses to communities as well as reducing strains on fire response services during wildfire events.
- Wind and hail damage can be reduced through roofing assessments, damage vulnerability assessments.

Providing the allowance of insurers to provide mitigation services or products also helps to reduce the community wide vulnerability to losses of significant loss events, as well and helps to insulate business from individual losses. The benefits of this expansion, and future efforts directed at rebate reform, are an important step towards protecting individuals and the economy from the shocks of sudden and significant losses. The proposed change to the statutory provisions is a positive step forward in utilizing loss mitigation advancements to reduce the number and size of losses to home and property owners. Insurers are able and willing to provide these protective services and products directly to policyholders.

For all these reasons, APCIA respectfully requests a favorable report on Senate Bill 752.