

Please VOTE YES on SF 113, a consumer-friendly, business-friendly insurance guaranty fund modernization bill

Summary of bill:

SF 113 would update the Wyoming Insurance Guaranty Association Act (Act) to waive the insurance consumer's deductible; increase the financial limits of claims coverage; clarify the definition of a "covered claim"; and amend the time limits for filing an insurance claim.

Reasons to VOTE YES of SF 113:

- **The proposed legislation is pro-insurance consumer** – SF 113 would eliminate the \$250 claims deductible, thereby putting more money back into the hands of insurance claimants, and would increase the cap on claims payments from \$150,000 to \$300,000 per claim, thereby increasing the amount an insurance claimant may collect on a covered claim.
- **SF 113 is consistent with the national trend on guaranty fund law** – The proposed legislation is consistent with guaranty fund law modernization throughout the country and the principles of the National Conference of Insurance Guaranty Funds (NCIGF). Wyoming's neighbor to the south, Colorado, passed legislation in 2011 that is conceptually similar to SF 113.
- **The proposed legislation will help streamline and economize the claims administration of the insurance guaranty fund** – SF 113 would require insurance claims be filed with the guaranty fund by the earlier of the final date set by the court for the filing of claims against the liquidator or receiver of an insolvent insurer (which is existing law) or 25 months after the court's liquidation order (proposed amendment to the law). This "bar date" will assist the guaranty fund in its efforts to settle and close claims in a timely and cost-effective manner for the benefit of insurance consumers.
- **SF 113 will help clarify what is meant by a "covered claim"** - The proposed legislation will remove ambiguity as to what is a "covered claim". SF 113 requires that claimed damages be *reported not just incurred* by the claimant in order for the damages to be part of a covered claim. This provision is necessary to protect against fraudulent claims and tardy claims, which make it difficult for the guaranty fund administrator to set claim reserves to address pending claims exposure and determine the amount of insurer assessments.
- **The proposed legislation will protect guaranty fund claims reserves needed to pay legitimate insurance claims from frivolous litigation** - SF 113 clarifies that punitive damages and/or exemplary damages, which are not specifically named as a covered claim in the insolvent insurer's insurance policy, are not "covered claims". This provision, is not only consistent with commerce sense, but it is also reasonable and rational, because the guaranty fund "stands in the shoes" of the insolvent insurer, so if the insolvent insurer wouldn't have provided coverage for the punitive damages or exemplary damages award, the guaranty fund shouldn't be responsible for said damages.

Please VOTE YES on SF 113, and help modernize the Insurance Guaranty Association Act to make it more efficient, effective, and pro-insurance consumer.

Prepared by: Christian J. Rataj of the National Association of Mutual Insurance Companies (NAMIC) as written testimony for committee hearing. NAMIC is the largest and most diverse property/casualty trade association in the country, with 1,400 regional and local mutual insurance member companies serving more than 135 million auto, home, and business policyholders and writing in excess of \$196 billion in annual premiums that account for 50 percent of the automobile/ homeowners market and 31 percent of the business insurance market. More than 200,000 people are employed by NAMIC member companies. NAMIC has 105 members who write P. & C. Insurance in the State of Wyoming, which represents 50% of the marketplace.