



State of Connecticut

Insurance Department

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Insurance Commissioner Sullivan Testifies Today In Support Of Bail Bond Reform

Today, Insurance Commissioner Thomas R. Sullivan testified to the Insurance and Real Estate Committee in support of House Bill 6354 – An Act Regulating Surety Bail Bond.

“Many are surprised to learn that the Insurance Department regulates a large contingent of bail bond agents.” said Commissioner Sullivan, “When I first came to the Insurance Department, I was surprised to learn the extent to which the Department lacked the requisite statutory authority to regulate them effectively.”

The State of Connecticut needs bail bond reform now. Stronger enforcement tools are required to regulate this industry effectively. House Bill 6354 offers several reform initiatives aimed at enhancing public safety and protecting the integrity of the bail bond system.

In an industry where it is customary for bail bondsmen to take their commission “off the top” and then remit the remainder to the surety company as the premium payment, more controls and transparency are required. This legislation requires bail bondsmen to remit the entire premium, to the bail bond surety company, who actually bears the risk associated with writing the bond. The bondsman then receives a commission directly from the bail bond surety company.

This change directly addresses an issue referred to by regulators and law enforcement as “undercutting” whereby bail bondsmen do not charge their clients the full premium amount for the bond. For example, bail set at \$10,000, has a premium of \$1000, which must be paid by the defendant. In some instances, in order to get business, a bail bondsman will charge an \$800 premium (instead of the required \$1000) for the same bond. The practical effect of this unlawful behavior is that defendants are let out of jail for less money than the judge ordered, leaving Connecticut residents to unwittingly assume additional risk to their safety.

Unfortunately, undercutting is difficult to prove, especially when the defendant uses cash to pay the premium or the bail bondsmen allows “payment plans” that are never fully collected. Additionally, the only witness (the defendant) has no reason to file a complaint against their bail bond agent since they paid less for the bond than was owed. What appears to be a “win-win” situation for the bail bondsmen and the defendant, is a “lose-lose” situation for the public.

The Department’s bill also establishes standards for solicitation, record retention, reporting requirements, and accounting for premiums, which allow for strong regulatory oversight by the Insurance Department. In addition, this legislation will require bondsmen to swear under oath that they charged the full premium for the bond. In short, these standards will provide much needed transparency in an industry that has virtually none.

Once this legislation is passed, the Insurance Department will have the tools it needs to regulate bail bondsmen in a manner that safeguards the integrity of the bail bond system and protects Connecticut citizens from dangerous criminals.

ABOUT THE CONNECTICUT INSURANCE DEPARTMENT

The mission of the Connecticut Insurance Department is to serve consumers in a professional and timely manner by providing assistance and information to the public and to policy makers, by regulating the insurance industry in a fair and efficient manner which promotes a competitive and financially sound insurance market for consumers, and by enforcing the insurance laws to ensure that consumers are treated fairly and are protected from unfair practices. For more information, visit the Connecticut Insurance Department at www.ct.gov/cid.

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