



General Assembly

February Session, 2018

***Raised Bill No. 518***

LCO No. 2923



Referred to Committee on JUDICIARY

Introduced by:  
(JUD)

***AN ACT CONCERNING ADDITIONAL ASSISTANCE FOR  
HOMEOWNERS WITH CRUMBLING CONCRETE FOUNDATIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) Each insurance company  
2 that delivers, issues for delivery, renews, amends or endorses a  
3 homeowners insurance policy in this state on or after the effective date  
4 of this section shall provide coverage for:

5 (1) The peril of collapse, which shall include, but not be limited to,  
6 impairment of the structural integrity of all or part of the covered  
7 dwelling, where such impairment arises from factors including, but  
8 not limited to, (A) decay, of a building or any part of a building, that is  
9 hidden from view, or (B) defective materials or construction methods  
10 used in the construction or renovation of a building or any part of a  
11 building; and

12 (2) Mitigation that is undertaken to prevent all or part of the  
13 covered dwelling from falling down or caving in.

14 Sec. 2. Section 38a-816 of the general statutes is amended by adding  
15 subdivision (23) as follows (*Effective from passage*):

16 (NEW) (23) Refusing to insure, refusing to continue to insure or  
17 limiting the amount, extent or kind of coverage available to an  
18 individual because such individual's policy includes coverage for the  
19 peril of collapse. In addition to being an unfair and deceptive act or  
20 practice in the business of insurance, a violation of this subdivision  
21 shall be deemed an unfair or deceptive trade practice under subsection  
22 (a) of section 42-110b.

23 Sec. 3. Section 38a-307 of the general statutes is repealed and the  
24 following is substituted in lieu thereof (*Effective July 1, 2018*):

25 Except as provided in section 38a-307a, the standard form of fire  
26 insurance policy of the state of Connecticut, with permission to  
27 substitute for the word "Company" a more accurate descriptive term of  
28 the type of insurer, shall be as follows:

29 [Space for insertion of name of company or companies issuing the  
30 policy and other matter permitted to be stated at the head of the  
31 policy.]

32 [Space for listing amounts of insurance, rates and premiums for the  
33 basic coverages insured under the standard form of policy and for  
34 additional coverages or perils insured under endorsements attached.]

T1 In Consideration of the Provisions and Stipulations  
T2 Herein or Added Hereto

T3 AND OF ..... DOLLARS PREMIUM

T4 this company, for the term } from the .... day of .... 20.. } at noon,  
T5 } } Standard Time, at  
T6 } } location of  
T7 of .... } to the .... day of .... 20.. } property involved  
T8 to an amount not exceeding ..... Dollars,  
T9 does insure .....

35 and legal representatives, to the extent of the actual cash value of the  
36 property at the time of loss, but not exceeding the amount which it  
37 would cost to repair or replace the property with material of like kind  
38 and quality within a reasonable time after such loss, without allowance  
39 for any increased cost of repair or reconstruction by reason of any  
40 ordinance or law regulating construction or repair, and without  
41 compensation for loss resulting from interruption of business or  
42 manufacture, nor in any event for more than the interest of the  
43 insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND BY  
44 REMOVAL FROM PREMISES ENDANGERED BY THE PERILS  
45 INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER  
46 PROVIDED, to the property described hereinafter while located or  
47 contained as described in this policy, or pro rata for five days at each  
48 proper place to which any of the property shall necessarily be removed  
49 for preservation from the perils insured against in this policy, but not  
50 elsewhere. The actual cash value at the time of loss for a building  
51 described herein shall be the amount which it would cost to repair or  
52 replace such building with material of like kind and quality, minus  
53 reasonable depreciation. As used herein, "depreciation" means a  
54 decrease in value of real property over a period of time due to wear  
55 and tear.

56 Assignment of this policy shall not be valid except with the written  
57 consent of this Company.

58 This policy is made and accepted subject to the foregoing provisions  
59 and stipulations and those hereinafter stated, which are hereby made a  
60 part of this policy, together with such other provisions, stipulations  
61 and agreements as may be added hereto, as provided in this policy.

62 In Witness Whereof, this Company has executed and attested these  
63 presents.

64 .... (Secretary).

65 .... (President).

66 Concealment, fraud. This entire policy shall be void if, whether  
67 before or after a loss, the insured has wilfully concealed or  
68 misrepresented any material fact or circumstance concerning this  
69 insurance or the subject thereof, or the interest of the insured therein,  
70 or in case of any fraud or false swearing by the insured relating  
71 thereto.

72 Uninsurable and excepted property. This policy shall not cover  
73 accounts, bills, currency, deeds, evidences of debt, money or securities;  
74 nor, unless specifically named hereon in writing, bullion or  
75 manuscripts.

76 Perils not included. This Company shall not be liable for loss by fire  
77 or other perils insured against in this policy caused, directly or  
78 indirectly, by: (a) Enemy attack by armed forces, including action  
79 taken by military, naval or air forces in resisting an actual or an  
80 immediately impending enemy attack; (b) invasion; (c) insurrection;  
81 (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h) order  
82 of any civil authority except acts of destruction at the time of and for  
83 the purpose of preventing the spread of fire, provided that such fire  
84 did not originate from any of the perils excluded by this policy; (i)  
85 neglect of the insured to use all reasonable means to save and preserve  
86 the property at and after a loss, or when the property is endangered by  
87 fire in neighboring premises; (j) nor shall this Company be liable for  
88 loss by theft.

89 Other Insurance. Other insurance may be prohibited or the amount  
90 of insurance may be limited by endorsement attached hereto.

91 Conditions suspending or restricting insurance. Unless otherwise  
92 provided in writing added hereto this Company shall not be liable for  
93 loss occurring (a) while the hazard is increased by any means within  
94 the control or knowledge of the insured; or (b) while a described  
95 building, whether intended for occupancy by owner or tenant, is  
96 vacant or unoccupied beyond a period of sixty consecutive days; or (c)  
97 as a result of explosion or riot, unless fire ensue, and in that event for

98 loss by fire only.

99 Other perils or subjects. Any other peril to be insured against or  
100 subject of insurance to be covered in this policy shall be by  
101 endorsement in writing hereon or added hereto.

102 Added provisions. The extent of the application of insurance under  
103 this policy and of the contribution to be made by this Company in case  
104 of loss, and any other provision or agreement not inconsistent with the  
105 provisions of this policy, may be provided for in writing added hereto,  
106 but no provision may be waived except such as by the terms of this  
107 policy is subject to change.

108 Waiver provisions. No permission affecting this insurance shall  
109 exist, or waiver of any provision be valid, unless granted herein or  
110 expressed in writing added hereto. No provision, stipulation or  
111 forfeiture shall be held to be waived by any requirement or proceeding  
112 on the part of this Company relating to appraisal or to any  
113 examination provided for herein.

114 Cancellation of policy. This policy shall be cancelled at any time at  
115 the request of the insured, in which case this Company shall, upon  
116 demand and surrender of this policy, refund the excess of paid  
117 premium above the customary short rates for the expired time. This  
118 policy may be cancelled at any time by this Company by giving to the  
119 insured and any third party designated pursuant to section 38a-323a, a  
120 thirty days' written notice of cancellation accompanied by the reason  
121 therefor with or without tender of the excess of paid premium above  
122 the pro rata premium for the expired time, which excess, if not  
123 tendered, shall be refunded on demand. Notice of cancellation shall  
124 state that said excess premium (if not tendered) will be refunded on  
125 demand. Where cancellation is for nonpayment of premium at least ten  
126 days' written notice of cancellation accompanied by the reason therefor  
127 shall be given.

128 Mortgagee interests and obligations. If loss hereunder is made  
129 payable, in whole or in part, to a designated mortgagee not named

130 herein as the insured, such interest in this policy may be cancelled by  
131 giving to such mortgagee a ten days' written notice of cancellation.

132 If the insured fails to render proof of loss such mortgagee, upon  
133 notice, shall render proof of loss in the form herein specified within  
134 sixty (60) days thereafter and shall be subject to the provisions hereof  
135 relating to appraisal and time of payment and of bringing suit. If this  
136 Company shall claim that no liability existed as the mortgagor or  
137 owner, it shall, to the extent of payment of loss to the mortgagee, be  
138 subrogated to all the mortgagee's rights of recovery, but without  
139 impairing mortgagee's right to sue; or it may pay off the mortgage debt  
140 and require an assignment thereof and of the mortgage. Other  
141 provisions relating to the interests and obligations of such mortgagee  
142 may be added hereto by agreement in writing.

143 Pro rata liability. This Company shall not be liable for a greater  
144 proportion of any loss than the amount hereby insured shall bear to  
145 the whole insurance covering the property against the peril involved,  
146 whether collectible or not.

147 Requirements in case loss occurs. The insured shall give immediate  
148 written notice to this Company of any loss, protect the property from  
149 further damage, forthwith separate the damaged and undamaged  
150 personal property, put it in the best possible order, furnish a complete  
151 inventory of the destroyed, damaged and undamaged property,  
152 showing in detail quantities, costs, actual cash value and amount of  
153 loss claims; AND WITHIN SIXTY DAYS AFTER THE LOSS, UNLESS  
154 SUCH TIME IS EXTENDED IN WRITING BY THIS COMPANY, THE  
155 INSURED SHALL RENDER TO THIS COMPANY A PROOF OF  
156 LOSS, signed and sworn to by the insured, stating the knowledge and  
157 belief of the insured as to the following: The time and origin of the loss,  
158 the interest of the insured and of all others in the property, the actual  
159 cash value of each item thereof and the amount of loss thereto, all  
160 encumbrances thereon, all other contracts of insurance, whether valid  
161 or not, covering any of said property, any changes in the title, use,  
162 occupation, location, possession or exposures of said property since

163 the issuing of this policy, by whom and for what purpose any building  
164 herein described and the several parts thereof were occupied at the  
165 time of loss and whether or not it then stood on leased ground, and  
166 shall furnish a copy of all the descriptions and schedules in all policies  
167 and, if required, verified plans and specification of any building,  
168 fixtures or machinery destroyed or damaged. The insured, as often as  
169 may be reasonably required, shall exhibit to any person designated by  
170 this Company all that remains of any property herein described, and  
171 submit to examinations under oath by any person named by this  
172 Company, and subscribe the same; and, as often as may be reasonably  
173 required, shall produce for examination all books of account, bills,  
174 invoices and other vouchers, or certified copies thereof if originals be  
175 lost, at such reasonable time and place as may be designated by this  
176 Company or its representative, and shall permit extracts and copies  
177 thereof to be made.

178 Appraisal. In case the insured and this Company shall fail to agree  
179 as to the actual cash value or the amount of loss, then, on the written  
180 demand of either, each shall select a competent and disinterested  
181 appraiser and notify the other of the appraiser selected within twenty  
182 days of such demand. The appraisers shall first select a competent and  
183 disinterested umpire; and failing for fifteen days to agree upon such  
184 umpire, then, on request of the insured or this Company, such umpire  
185 shall be selected by a judge of a court of record in this state in which  
186 the property covered is located. The appraisers shall then appraise the  
187 loss, stating separately actual cash value and loss to each item; and,  
188 failing to agree, shall submit their differences, only, to the umpire. An  
189 award in writing, so itemized, of any two when filed with this  
190 Company shall determine the amount of actual cash value and loss.  
191 Each appraiser shall be paid by the party selecting him and the  
192 expenses of appraisal and umpire shall be paid by the parties equally.

193 Company's options. It shall be optional with this Company to take  
194 all, or any part, of the property at the agreed or appraised value, and  
195 also to repair, rebuild or replace the property destroyed or damaged  
196 with other of like kind and quality within a reasonable time, on giving

197 notice of its intention so to do within thirty days after the receipt of the  
198 proof of loss herein required.

199 Abandonment. There can be no abandonment to this Company of  
200 any property.

201 When loss payable. The amount of loss for which this Company  
202 may be liable shall be payable thirty days after proof of loss, as herein  
203 provided, is received by this Company and ascertainment of the loss is  
204 made either by agreement between the insured and this Company  
205 expressed in writing or by the filing with this Company of an award as  
206 herein provided. This Company and the insured may agree in writing  
207 to a partial payment of the amount of loss as an advance payment.  
208 Any advance payment shall be credited against the total amount of  
209 loss due to the insured. An advance payment shall not affect the  
210 requirement of this Company to pay the total amount of loss not later  
211 than thirty days after proof of loss.

212 Suit. No suit or action on this policy for the recovery of any claim  
213 shall be sustainable in any court of law or equity unless all the  
214 requirements of this policy shall have been complied with, and unless  
215 commenced within twenty-four months next after inception of the loss,  
216 except a suit or action on this policy for the recovery of a claim arising  
217 from the peril of collapse or for mitigation undertaken pursuant to  
218 section 1 of this act may be commenced within seventy-two months  
219 next after inception of the loss and the insured may recover damages,  
220 attorneys' fees and costs in a suit or action on a policy for the recovery  
221 of a claim arising from the peril of collapse.

222 Subrogation. This Company may require from the insured an  
223 assignment of all right of recovery against any party for loss to the  
224 extent that payment therefor is made by this Company.

225 Sec. 4. Section 38a-817 of the general statutes is repealed and the  
226 following is substituted in lieu thereof (*Effective July 1, 2018*):

227 (a) Whenever the commissioner has reason to believe that any such

228 person has been engaged or is engaging in violation of sections 38a-815  
229 to 38a-819, inclusive, in any unfair method of competition or any  
230 unfair or deceptive act or practice defined in section 38a-816, as  
231 amended by this act, and that a proceeding by the commissioner in  
232 respect thereto would be in the interest of the public, the commissioner  
233 shall issue and serve upon such person a statement of the charges in  
234 that respect and a notice of a hearing thereon to be held at a time and  
235 place fixed in the notice, which shall not be less than thirty days after  
236 the date of the service thereof. At the time and place fixed for such  
237 hearing, such person shall have an opportunity to be heard and to  
238 show cause why an order should not be made by the commissioner  
239 requiring such person to cease and desist from the acts, methods or  
240 practices so complained of. Upon good cause shown, the commissioner  
241 shall permit any person to intervene, appear and be heard at such  
242 hearing by counsel or in person. The commissioner, upon such  
243 hearing, may administer oaths, examine and cross-examine witnesses  
244 and receive oral and documentary evidence, and shall have the power  
245 to subpoena witnesses, compel their attendance and require the  
246 production of books, papers, records, correspondence or other  
247 documents that the commissioner deems relevant to the inquiry. If any  
248 person refuses to comply with any subpoena issued hereunder or to  
249 testify with respect to any matter concerning which the person may be  
250 lawfully interrogated, the superior court for the judicial district of New  
251 Britain or the superior court for the judicial district where such person  
252 resides may, on application of the commissioner, issue an order  
253 requiring such person to comply with such subpoena and to testify.  
254 Any failure to obey any such order of the court may be punished by  
255 the court as a contempt thereof. Statements of charges, notices, orders  
256 and other processes of the commissioner under sections 38a-815 to 38a-  
257 819, inclusive, may be served in the manner provided by law for  
258 service of process in civil actions.

259 (b) If, after such hearing, the commissioner determines that the  
260 person charged has engaged in an unfair method of competition or an  
261 unfair or deceptive act or practice, the commissioner shall reduce the

262 findings to writing and shall issue and cause to be served upon the  
263 person charged with the violation a copy of such findings and an order  
264 requiring such person to cease and desist from engaging in such  
265 method of competition, act or practice and if the act or practice is a  
266 violation of section 38a-816, as amended by this act, the commissioner  
267 may order any of the following: (1) Payment of a monetary penalty of  
268 not more than five thousand dollars for each act or violation but not to  
269 exceed an aggregate penalty of fifty thousand dollars unless the person  
270 knew or reasonably should have known that the person was in  
271 violation of sections 38a-815 and 38a-816, as amended by this act, this  
272 subsection and subsection (e) of this section, in which case the penalty  
273 shall be not more than twenty-five thousand dollars for each act or  
274 violation but not to exceed an aggregate penalty of two hundred fifty  
275 thousand dollars in any six-month period; (2) suspension or revocation  
276 of the person's license if the person knew or reasonably should have  
277 known the person was in violation of said sections and subsections;  
278 [or] (3) restitution of any sums shown to have been obtained in  
279 violation of any of the provisions of said sections or any regulation  
280 implementing the provisions of said sections; and (4) in addition to the  
281 relief provided under subdivisions (1) to (3), inclusive, of this  
282 subsection, costs and reasonable attorneys' fees based on the work  
283 reasonably performed by an attorney and not on the amount of  
284 recovery.

285 (c) Any person aggrieved by any such order of the commissioner  
286 may appeal therefrom in accordance with the provisions of section 4-  
287 183, except venue for such appeal shall be in the judicial district of  
288 New Britain.

289 (d) No order of the commissioner under sections 38a-815 to 38a-819,  
290 inclusive, shall relieve or absolve any person affected by such order  
291 from any liability under any other laws of this state.

292 (e) Any person who violates a cease and desist order of the  
293 commissioner made pursuant to this section and while such order is in  
294 effect shall, after notice and hearing and upon order of the

295 commissioner, be subject to any of the following: (1) A monetary  
296 penalty of not more than fifty thousand dollars for each act or  
297 violation; or (2) suspension or revocation of such person's license.

298 Sec. 5. (NEW) (*Effective July 1, 2018*) (a) Each admitted and  
299 nonadmitted insurer that issues, renews, amends or endorses a  
300 homeowners insurance policy, a renters insurance policy, a  
301 condominium unit owners insurance policy or a master policy that is  
302 required to be purchased by a condominium association pursuant to  
303 section 47-83 of the general statutes or by a unit owners' association  
304 pursuant to section 47-255 of the general statutes on or after July 1,  
305 2018, on any property or risks located or resident in this state, shall  
306 collect a surcharge of twenty dollars per policy. Such insurer shall state  
307 the surcharge separately on a billing notice or policy declaration or in a  
308 document provided to the named insured under such policy. In no  
309 event shall the surcharge be considered premium for the issuance of  
310 such insurance policy.

311 (b) (1) For each insurance policy subject to subsection (a) of this  
312 section issued, renewed, amended or endorsed by an admitted insurer,  
313 the admitted insurer shall remit to the Insurance Commissioner, not  
314 later than March fifteenth annually, all such surcharges collected  
315 during the calendar year next preceding and shall include with such  
316 remittance, in a form and manner prescribed by the commissioner,  
317 documentation to substantiate the surcharge amount remitted.

318 (2) For each insurance policy subject to subsection (a) of this section  
319 issued, renewed, amended or endorsed by a nonadmitted insurer, the  
320 licensee who procured, continued or renewed such coverage shall  
321 remit to the Insurance Commissioner, on or before February fifteenth  
322 annually, all such surcharges collected during the calendar year next  
323 preceding and shall include with such remittance, in a form and  
324 manner prescribed by the commissioner, documentation to  
325 substantiate the surcharge amount remitted. For purposes of this  
326 subdivision, "licensee" has the same meaning as provided in  
327 subsection (b) of section 38a-743 of the general statutes.

328 (c) All such remittances collected shall be deposited in the  
329 Crumbling Foundation Assistance Fund established pursuant to  
330 section 8-441 of the general statutes.

331 (d) The Insurance Commissioner may adopt regulations, in  
332 accordance with the provisions of chapter 54 of the general statutes, to  
333 carry out the purposes of this section.

334 (e) The surcharge required under subsection (a) of this section shall  
335 terminate on June 30, 2025.

336 Sec. 6. Subsection (c) of section 38a-743 of the general statutes is  
337 repealed and the following is substituted in lieu thereof (*Effective July*  
338 *1, 2018*):

339 (c) (1) (A) With respect to nonadmitted insurance, where such  
340 coverage is procured, continued or renewed for an insured by a  
341 licensee on or after July 1, 2011, and where this state is an insured's  
342 home state, such licensee shall pay a tax equal to the sum of four per  
343 cent of the gross premiums charged such insureds by nonadmitted  
344 insurers, irrespective of the fact that the insurance policy may cover  
345 properties, risks or exposures located or to be performed both within  
346 and without this state.

347 (B) With respect to nonadmitted insurance of the type specified  
348 under subsection (a) of section 5 of this act, where such coverage is  
349 procured, continued or renewed for an insured by a licensee on or  
350 after July 1, 2018, such licensee shall pay, in accordance with  
351 subdivision (3) of this subsection, the surcharge required under  
352 subsection (a) of section 5 of this act.

353 (2) (A) For the period beginning on July 1, 2011, and ending  
354 September 30, 2011, each licensee shall pay to the Insurance  
355 Commissioner, on or before November 15, 2011, in accordance with  
356 procedures established and on forms provided by said commissioner,  
357 a tax on nonadmitted insurance equal to the sum of four per cent of the  
358 gross premiums charged insureds by nonadmitted insurers during

359 such period.

360 (B) For the period beginning on October 1, 2011, and ending  
361 December 31, 2011, each licensee shall pay to the Insurance  
362 Commissioner, on or before February 15, 2012, in accordance with  
363 procedures established and on forms provided by said commissioner,  
364 a tax on nonadmitted insurance equal to the sum of four per cent of the  
365 gross premiums charged insureds by nonadmitted insurers during  
366 such period.

367 (3) For calendar years beginning on or after January 1, 2012, each  
368 licensee shall pay to the Insurance Commissioner, in accordance with  
369 procedures established and on forms provided by said commissioner,  
370 (A) on or before May fifteenth of each year in which nonadmitted  
371 insurance was procured, continued or renewed, a tax on such  
372 insurance equal to the sum of four per cent of the gross premiums  
373 charged insureds by nonadmitted insurers during the period from  
374 January first to March thirty-first of that year; (B) on or before August  
375 fifteenth of each year in which nonadmitted insurance was procured,  
376 continued or renewed, a tax on such insurance equal to the sum of four  
377 per cent of the gross premiums charged insureds by nonadmitted  
378 insurers during the period from April first to June thirtieth of that year;  
379 (C) on or before November fifteenth of each year in which  
380 nonadmitted insurance was procured, continued or renewed, a tax on  
381 such insurance equal to the sum of four per cent of the gross premiums  
382 charged insureds by nonadmitted insurers during the period from July  
383 first to September thirtieth of that year; and (D) (i) on or before  
384 February fifteenth of each year succeeding a year in which  
385 nonadmitted insurance was procured, continued or renewed, a tax on  
386 such insurance equal to the sum of four per cent of the gross premiums  
387 charged insureds by nonadmitted insurers during the period from  
388 October first to December thirty-first of the preceding year, and (ii)  
389 beginning July 1, 2018, on or before February fifteenth of each year  
390 succeeding a year in which nonadmitted insurance of the type  
391 specified under subsection (a) of section 5 of this act was procured,  
392 continued or renewed, the surcharge required under said subsection.

393 (4) In the event of cancellation and rewriting of any nonadmitted  
394 insurance contract, the premium for purposes of this subsection shall  
395 be the premium in excess of the unearned premium of the cancelled  
396 insurance contract.

397 (5) If, pursuant to subsection (g) of this section, the Insurance  
398 Commissioner enters into a cooperative or reciprocal agreement with  
399 another state or states, and if the provisions set forth in such  
400 agreement are different from provisions prescribed by this subsection,  
401 then the provisions set forth in such agreement shall prevail.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	38a-816
Sec. 3	<i>July 1, 2018</i>	38a-307
Sec. 4	<i>July 1, 2018</i>	38a-817
Sec. 5	<i>July 1, 2018</i>	New section
Sec. 6	<i>July 1, 2018</i>	38a-743(c)

**Statement of Purpose:**

To provide additional assistance to homeowner's with crumbling concrete foundations.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*