July 21, 2016

Dannel P. Malloy
GOVERNOR
STATE OF CONNECTICUT

Steven Werbner  John Elsesser  Thomas Delnicki
Town Manager  Town Manager  Mayor
Tolland, CT  Coventry, CT  South Windsor, CT

Christina Mailhos  Paul Shapiro
First Selectman  Mayor
Willington, CT  Mansfield, CT

Dear Public Officials of Northeastern Connecticut,

I write in response to your letters concerning crumbling foundations in northeastern Connecticut. Thank you for your suggestions and for your ongoing collaboration as we respond to this terrible situation affecting not only these individual homeowners, but the fiscal health and wellbeing of your towns and, ultimately, the state of Connecticut.

As you know, in August of 2015, I directed the Department of Consumer Protection (DCP) in conjunction with the Office of the Attorney General to thoroughly investigate this matter. Lieutenant Governor Wyman has been involved from the beginning and continues to diligently oversee all paths of this investigation on my behalf.

The initial focus of DCP’s investigation was to determine if grounds exist to initiate legal action under the Connecticut Unfair Trade Practices Act (CUTPA) against one or more entities for problems relating to the manufacture, sale or installation of concrete foundations in northeastern Connecticut. Last week, DCP announced that they have received a letter from Attorney General George Jepsen’s office stating that it could not find sufficient evidence to support claims for CUTPA violations. Despite this particular legal conclusion, the work of our agencies does not end on that note. Commissioner Wade at the Connecticut Insurance Department (CID) launched a data call a few weeks ago to investigate whether affected homeowners received appropriate notice regarding definitional and coverage changes to their insurance policies. We will keep you informed on this matter as CID continues to investigate.

The entire State of Connecticut is dealing with the challenge of doing more with less and specifically, your towns struggle with the possibility of raising mill rates to deal with the loss of income. We were all discouraged that this issue did not meet the threshold for qualifying for assistance from the Federal Emergency Management Agency (FEMA) and the Small Business Administration (SBA). This is why I applaud the good faith effort conducted by Travelers Insurance Company in sitting down with the Office of the Attorney General and members of my administration to put together the blueprint of a program to support impacted homeowners. This type of public-private partnership is the correct way to remediate some of this damage and I am hopeful that more insurers will come forward and contribute to this program. In the meantime, we will continue working with the Office of the Attorney General to ensure that access to this program will include the necessary consumer protections that you have described.
I agree that a financial impact study to assess the impact of this issue on the communities of northeastern Connecticut is warranted, and I would suggest that your membership organizations, the Capitol Region Council of Governments (CRCOG) and the Northeastern Connecticut Council of Governments (NECCOG) are the most qualified to conduct it. No one understands the situation your towns are facing better than you; I would also ask that you also seek out the expertise at the Connecticut Conference of Municipalities and the Connecticut Council of Small Towns. As such a study progresses, please highlight any specific issues that may require clarification or technical assistance and my administration will endeavor to provide the needed support.

To assist your town assessors as they comply with Public Act 16-45: An Act Concerning Concrete Foundations, I have instructed the Intergovernmental Policy Division at the Office of Policy and Management to serve as a liaison and to provide your towns with the relevant expertise and resources. The division will be reaching out to NECCOG in the coming days.

DCP will continue to provide informational pamphlets and other resources to all members of the public on their website: www.ct.gov/dcp/concrete. As a reminder, DCP has not identified any type of quick fix related to concrete repair. Regardless of what a contractor may tell you, currently the only complete solution is a total replacement of the faulty foundation. It is possible that other measures may slow the deterioration process, but homeowners should weigh all their options when undertaking repairs, and as always, use licensed engineers and registered home improvement contractors. Anyone contacted by a contractor offering to repair or replace faulty concrete should always be wary of possible scams. The incredible staff at DCP, CID and the Department of Banking will continue to offer consumer support and protection.

With the possibility of a relief program being formed by the insurance companies of Connecticut, now, more than ever, I ask that you encourage affected homeowners who have not submitted a formal complaint with DCP, to please do so now. The information gathered by DCP’s investigation would steer any type of relief that could come from such a program.

Again, I appreciate your correspondence and your suggestions. Please do not hesitate to contact my office directly should you have questions or wish to discuss the state’s ongoing investigations and response.

Sincerely,

Dannel P. Malloy
Governor

cc: The Honorable Nancy S. Wyman, Lt. Governor
The Honorable George Jepsen, Attorney General
The Honorable Richard Blumenthal, U.S. Senator
The Honorable Christopher Murphy, U.S. Senator
The Honorable John B. Larson, U.S. Representative
The Honorable Joe Courtney, U.S. Representative
Shari Cantor, Mayor, West Hartford
Jonathan Harris, Commissioner of Consumer Protection
Katharine L. Wede, Commissioner of Insurance
Jorge Perez, Commissioner of Banking
Lyle Wray, Executive Director Capitol Region Council of Governments
John Filechak, Northeastern Connecticut Council of Governments
Joe DeLong, Executive Director, Connecticut Conference of Municipalities
Elizabeth Gara, Executive Director, Connecticut Council of Small Towns