



General Assembly  
February Session, 2014

**Raised Bill No. 5502**

LCO No. 2053

\*02053 \_\_\_\_\_ INS\*

Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:

(INS)

**AN ACT CONCERNING CHANGES TO THE PROPERTY AND CASUALTY INSURANCE STATUTES.**

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

Section 1. Subsection (a) of section 38a-316a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) No insurer that delivers, issues for delivery, renews, amends or endorses a homeowners insurance policy in this state shall refuse to renew or issue such a policy solely on the basis that the insured or prospective insured has failed to install [permanent] storm shutters on his or her residential dwelling as a means of mitigating loss from hurricanes or other severe storms.

Sec. 2. Section 38a-316b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

Each insurer that delivers, issues for delivery, renews, amends or endorses in this state a homeowners insurance policy for a residential dwelling shall offer a premium discount on any such policy to any homeowner who submits to such insurer proof of installation of [permanent] storm shutters or impact-resistant glass on his or her dwelling as a means of mitigating loss from hurricanes or other severe storms. Such discount shall be based on sound actuarial principles and shall be applicable to premium charges for any such policy delivered, issued for delivery, renewed, amended or endorsed on or after January 1, 2008.

Sec. 3. Section 38a-316d of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) The declination, cancellation or nonrenewal of a homeowners insurance policy is prohibited if the declination, cancellation or nonrenewal is based solely on a loss incurred as a result of [a] any catastrophic event as declared by a nationally recognized catastrophe loss

index provider. For the purposes of this section, an insurer shall not be deemed to have declined, cancelled or nonrenewed a policy if coverage is available through an affiliated insurer.

(b) The declination or nonrenewal of a homeowners insurance policy, the addition of a surcharge or any increase in the premium of such policy is prohibited if the declination, nonrenewal, surcharge or increase is based solely on any claim filed on the covered property while such property was owned by anyone other than the current applicant or insured, unless the risk from which such claim originated has not been mitigated.

(c) The cancellation or nonrenewal of a homeowners insurance policy or an increase in the premium of such policy is prohibited if the cancellation, nonrenewal or increase is based solely on inquiries made on such policy or a claim filed under such policy that resulted in a loss coverage payment by the insurer of less than five hundred dollars or in no loss coverage payment. Such prohibition shall not apply if the insured filed more than one claim resulting from a noncatastrophic event in the three policy years immediately preceding that resulted in any loss coverage payment by the insurer.

(d) Each insurer that writes homeowners insurance in this state shall offer coverage for code compliance improvements that are required under local or state law.

Sec. 4. Section 38a-307 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

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

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

[Space for listing amounts of insurance, rates and premiums for the basic coverages insured under the standard form of policy and for 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	from the .... day of .... 20..	at noon,
T5	term	}	}
T6			
T7	of ....	to the .... day of .... 20..	location of
T8	to an amount not exceeding .....		property involved
	Dollars,		

T9 does  
insure .....

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

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

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

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

.... (Secretary).

.... (President).

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

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

Perils not included. This Company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly, by: (a) Enemy attack by armed forces, including action taken by military, naval or air forces in resisting an actual or an immediately impending enemy attack; (b) invasion; (c) insurrection; (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h) order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire, provided that such fire did not originate

from any of the perils excluded by this policy; (i) neglect of the insured to use all reasonable means to save and preserve the property at and after a loss, or when the property is endangered by fire in neighboring premises; (j) nor shall this Company be liable for loss by theft.

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

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

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

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

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

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

**Mortgagee interests and obligations.** If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured, such interest in this policy may be cancelled by giving to such mortgagee a ten days' written notice of cancellation.

If the insured fails to render proof of loss such mortgagee, upon notice, shall render proof of loss in the form herein specified within sixty (60) days thereafter and shall be subject to the

provisions hereof relating to appraisal and time of payment and of bringing suit. If this Company shall claim that no liability existed as the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing.

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

Requirements in case loss occurs. The insured shall give immediate written notice to this Company of any loss, protect the property from further damage, forthwith separate the damaged and undamaged personal property, put it in the best possible order, furnish a complete inventory of the destroyed, damaged and undamaged property, showing in detail quantities, costs, actual cash value and amount of loss claims; AND WITHIN SIXTY DAYS AFTER THE LOSS, UNLESS SUCH TIME IS EXTENDED IN WRITING BY THIS COMPANY, THE INSURED SHALL RENDER TO THIS COMPANY A PROOF OF LOSS, signed and sworn to by the insured, stating the knowledge and belief of the insured as to the following: The time and origin of the loss, the interest of the insured and of all others in the property, the actual cash value of each item thereof and the amount of loss thereto, all encumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupation, location, possession or exposures of said property since the issuing of this policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish a copy of all the descriptions and schedules in all policies and, if required, verified plans and specification of any building, fixtures or machinery destroyed or damaged. The insured, as often as may be reasonably required, shall exhibit to any person designated by this Company all that remains of any property herein described, and submit to examinations under oath by any person named by this Company, and subscribe the same; and, as often as may be reasonably required, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by this Company or its representative, and shall permit extracts and copies thereof to be made.

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

parties equally.

Company's options. It shall be optional with this Company to take all, or any part, of the property at the agreed or appraised value, and also to repair, rebuild or replace the property destroyed or damaged with other of like kind and quality within a reasonable time, on giving notice of its intention so to do within thirty days after the receipt of the proof of loss herein required.

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

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

Suit. No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless all the requirements of this policy shall have been complied with, and unless commenced within ~~eighteen~~ twenty-four months next after inception of the loss.

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

Sec. 5. Section 38a-723 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

As used in this title, unless the context or subject matter otherwise requires, "public adjuster" means any person, partnership, association, limited liability company or corporation who or which:

(1) On behalf of an insured and for monetary or other compensation or anything of value, (A) prepares, documents and submits a first-party property claim to an insurance company for loss or damage by a covered peril under a personal or commercial risk insurance policy, as defined in section 38a-663, issued by such company, ~~or~~ (B) negotiates, adjusts or effects the settlement of such claim, or (C) discusses with the insured's insurance company first-party property loss or damage under the insured's policy or a first-party property claim;

(2) Advertises or solicits business as a public adjuster; or

(3) Holds himself or itself out to the public as engaging in the activities set forth in subparagraphs (A) ~~and (B)~~ to (C), inclusive, of subdivision (1) of this section as a business. Lawyers settling or discussing claims of clients shall not be deemed to be public adjusters.

Sec. 6. Section 38a-724 of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) The use of an employment contract between a public adjuster and the insured shall be mandatory.

(1) Any such contract signed on or after October 1, ~~2013~~ 2014, shall contain a provision, **[prominently]** displayed on the first page of such contract in not less than twelve-point boldface type, specifying that the insured may cancel the contract, provided such insured notifies the public adjuster at such public adjuster's main office or branch office at the address shown in the contract, by certified mail, return receipt requested, posted not later than midnight of the fourth calendar day after the day on which the insured signs the contract, except that if the signing is on a Friday, Saturday or Sunday, the cancellation shall be posted not later than midnight of the Thursday immediately following, and thereafter the contract shall be void ab initio.

(2) Any such contract signed on or after October 1, ~~2013~~ 2014, that does not display the provision as specified in subdivision (1) of this subsection shall be void ab initio.

(b) No public adjuster shall solicit an insured between the hours of eight o'clock p.m. and eight o'clock a.m. Any public adjuster employment contract that results from a public adjuster's solicitation between such hours shall be void ab initio.

Sec. 7. (NEW) (*Effective October 1, 2014*) An insurer licensed to write homeowners or commercial property insurance in this state may offer flood insurance coverage for one-to-four unit owner-occupied residential real property or commercial property, as applicable, on a less than state-wide basis as selected by the insurer.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2014	38a-316a(a)
Sec. 2	October 1, 2014	38a-316b
Sec. 3	October 1, 2014	38a-316d
Sec. 4	October 1, 2014	38a-307
Sec. 5	October 1, 2014	38a-723
Sec. 6	October 1, 2014	38a-724
Sec. 7	October 1, 2014	New section

**Statement of Purpose:**

To (1) require storm shutters rather than permanent storm shutters for the purposes of sections 38a-316a and 38a-316b of the general statutes, (2) specify the provisions of subsection (a) of section 38a-316d of the general statutes apply for any catastrophic event, (3) specify that a

public adjuster may discuss first-party property loss or damage or a claim on behalf of an insured with an insurance company, (4) change the time period a suit or action may be brought under section 38a-307 of the general statutes from eighteen to twenty-four months, (5) make changes to public adjuster contracts and the validity of certain contracts, and (6) allow an insurer to provide flood insurance coverage in this state on a less than state-wide basis.

***[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.]***