



House of Representatives

General Assembly

File No. 263

January Session, 2007

Substitute House Bill No. 7300

House of Representatives, April 2, 2007

The Committee on Insurance and Real Estate reported through REP. O'CONNOR of the 35th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT ESTABLISHING MEASURES TO MITIGATE CATASTROPHIC LOSSES DUE TO HURRICANES AND SEVERE STORMS.

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

1 Section 1. (NEW) (*Effective from passage*) No insurer that delivers,
2 issues for delivery, renews, amends or endorses a homeowners
3 insurance policy in this state shall refuse to renew or issue such a
4 policy solely on the basis that the insured or prospective insured has
5 failed to install permanent storm shutters on his or her residential
6 dwelling as a means of mitigating loss from hurricanes or other severe
7 storms.

8 Sec. 2. (NEW) (*Effective from passage*) Each insurer that delivers,
9 issues for delivery, renews, amends or endorses in this state a
10 homeowners insurance policy for a residential dwelling shall offer a
11 premium discount on any such policy to any homeowner who submits
12 to such insurer proof of installation of permanent storm shutters or
13 impact-resistant glass, or both, on his or her dwelling. Such discount

14 shall be based on sound actuarial principles and shall be applicable to
15 premium charges for any such policy delivered, issued for delivery,
16 renewed, amended or endorsed on or after October 1, 2007.

17 Sec. 3. (NEW) (*Effective from passage*) (a) The Insurance
18 Commissioner may establish a Coastal Market Assistance program to
19 assist homeowners to obtain homeowners insurance for their
20 residential dwellings located in proximity to the coastal area of the
21 state. Such program may consist of a network of participating insurers
22 and insurance producers that act on a voluntary basis and operate
23 under the auspices of the commissioner to provide such assistance to
24 homeowners. In the event an insurer fails to issue or renew a
25 homeowners insurance policy, such insurer shall provide notice, in
26 writing, to each prospective insured or insured of the existence of such
27 program.

28 (b) The commissioner may adopt regulations, in accordance with
29 chapter 54 of the general statutes, to implement the provisions of this
30 section.

31 Sec. 4. Section 38a-317 of the general statutes is repealed and the
32 following is substituted in lieu thereof (*Effective from passage*):

33 A mobile homeowner shall be a homeowner for purposes of
34 sections 38a-72 to 38a-75, inclusive, 38a-285, 38a-305 to 38a-318,
35 inclusive, 38a-328, 1 to 3, inclusive, of this act, 38a-663 to 38a-696,
36 inclusive, 38a-827 and 38a-894 to 38a-898, inclusive, and homeowners
37 policies as regulated under said sections shall be offered on the same
38 terms to such an owner as to other homeowners, when such mobile
39 homeowner owns and occupies a mobile dwelling equipped for year-
40 round living which is permanently attached to a permanent
41 foundation on property owned or leased by such mobile homeowner,
42 is connected to utilities, is assessed as real property on the tax list of
43 the town in which it is located and is in conformance with applicable
44 state and local laws and ordinances.

45 Sec. 5. Section 12-412 of the general statutes is amended by adding

46 subdivision (117) as follows (*Effective July 1, 2007, and applicable to sales*
47 *occurring on or after July 1, 2007*):

48 (NEW) (117) Sales of storm shutters, soffits, shingles or seals for
49 installation on residential dwellings that are designed to aid in the
50 mitigation of losses in the event of a hurricane or other severe storm
51 and recommended by the Institute of Building and Home Safety.

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>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	38a-317
Sec. 5	<i>July 1, 2007, and applicable to sales occurring on or after July 1, 2007</i>	12-412

INS *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Department of Revenue Services	GF - Revenue Loss	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill exempts from the sales tax storm shutters, soffits, shingles, or seals recommended by the Institute of Building and Home Safety to mitigate hurricane or storm damage. This will result in a General fund revenue loss, which is anticipated to be less than \$1 million per year.

The bill also mandates insurers to offer an actuarially sound discount on policy premiums charged to a homeowner who submits evidence of installing permanent storm shutters, impact resistant glass. This may result in a General Fund revenue loss to the degree that it affects taxes paid by insurers paid on premiums. However, the amount of the loss cannot be determined because the number of policies that will be affected is not known.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis

sHB 7300

***AN ACT ESTABLISHING MEASURES TO MITIGATE
CATASTROPHIC LOSSES DUE TO HURRICANES AND SEVERE
STORMS.***

SUMMARY:

This bill:

1. prohibits an insurer from refusing to issue or renew a homeowners insurance policy solely because a person has not installed permanent storm shutters on his or her home;
2. requires an insurer, starting October 1, 2007, to offer an actuarially sound discount on policy premiums charged to a homeowner who submits evidence of installing permanent storm shutters, impact-resistant glass, or both on a home;
3. excludes from the sales tax storm shutters, soffits, shingles, or seals recommended by the Institute of Building and Home Safety for home installation to mitigate hurricane or storm damage;
4. authorizes the insurance commissioner to establish and adopt regulations for a Coastal Market Assistance Program (CMAP) to help coastal-area residents obtain homeowners insurance; and
5. requires an insurer that does not issue or renew a homeowners policy to tell the homeowner in writing about CMAP (apparently only if the commissioner in fact establishes it).

EFFECTIVE DATE: Upon passage, except for the sales tax exemption, which is effective July 1, 2007 and applicable to sales on

and after July 1, 2007.

MOBILE HOMEOWNER

In applying its requirements, the bill includes as a homeowner a person who owns and occupies a mobile dwelling that is (1) equipped for year-round living, (2) permanently attached to a foundation on property the person owns or leases, (3) connected to utilities, (4) assessed as real property for tax purposes, and (5) in conformance with state and local laws and ordinances.

CMAP

Under the bill, a CMAP helps homeowners find insurance for residential dwellings located near the state's coastal area. It permits CMAP to consist of a voluntary network of participating insurers and insurance producers that operates under the insurance commissioner's guidance to assist homeowners. The bill permits the commissioner to adopt implementing regulations.

BACKGROUND

Institute of Building and Home Safety

The Institute for Business & Home Safety is a nonprofit association that engages in education, engineering, and research. Its published mission is to reduce the social and economic effects of natural disasters and other property losses. It advocates for improved construction, maintenance, and storm preparation practices.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 14 Nay 5 (03/13/2007)