



House of Representatives

General Assembly

File No. 53

January Session, 2011

Substitute House Bill No. 6237

House of Representatives, March 10, 2011

The Committee on Insurance and Real Estate reported through REP. MEGNA of the 97th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING INSURANCE REQUIRED UNDER THE COMMON INTEREST OWNERSHIP ACT.

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

1 Section 1. Subsection (a) of section 47-255 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2011*):

4 (a) (1) Commencing not later than the time of the first conveyance of
5 a unit to a person other than a declarant, the association shall maintain,
6 to the extent reasonably available and subject to reasonable
7 deductibles: ~~[(1)]~~ (A) Property insurance on the common elements and,
8 in a planned community, also on property that must become common
9 elements, insuring against those risks of direct physical loss commonly
10 insured against, which insurance, after application of any deductibles
11 shall be not less than eighty per cent of the actual cash value of the
12 insured property at the time the insurance is purchased and at each
13 renewal date, exclusive of land, excavations, foundations and other
14 items normally excluded from property policies; ~~[(2)]~~ (B) flood

15 insurance in the event the condominium is located in a flood hazard
 16 area, as defined and determined by the National Flood Insurance Act,
 17 as amended, USC 42 Section 4101, P.L. 93-234, and the unit owners by
 18 vote direct; [(3)] (C) commercial general liability insurance, including
 19 medical payments insurance, in an amount determined by the
 20 executive board but not less than any amount specified in the
 21 declaration, covering all occurrences commonly insured against for
 22 bodily injury and property damage arising out of or in connection with
 23 the use, ownership or maintenance of the common elements and, in
 24 cooperatives, also of all units; and [(4)] (D) fidelity insurance.

25 (2) If a community association manager, as defined in section 20-
 26 450, procures on behalf of an association of a common interest
 27 community that contains only units restricted to residential use any
 28 insurance policy required to be maintained under this subsection, such
 29 manager shall obtain every two years, prior to the renewal of such
 30 policy, rate quotes for such policy from at least two different insurance
 31 agencies. Such manager shall provide such quotes to the executive
 32 board of the association.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2011	47-255(a)

INS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

There is no fiscal impact regarding common interest community associations obtaining annual basis rate quotes for insurance, as this requirement will not impact state agency operations.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 6237*****AN ACT CONCERNING INSURANCE REQUIRED UNDER THE COMMON INTEREST OWNERSHIP ACT.*****SUMMARY:**

This bill requires a community association manager acting on behalf of a residential common interest community to obtain rate quotes from at least two different insurance agencies for certain insurance policies required under the Common Interest Ownership Act (CIOA). These quotes must be obtained every two years, prior to the policy renewal date. It also requires the community association manager to provide these quotes to the association's executive board.

Current law requires residential common interest communities governed by CIOA to maintain, to the extent reasonably available, certain types of insurance policies. These policies, which may be subject to reasonable deductibles, include property insurance; flood insurance; commercial general liability insurance, including medical payments insurance; and fidelity insurance.

EFFECTIVE DATE: October 1, 2011

BACKGROUND***Common Interest Community***

A "common interest community" includes condominiums, cooperatives, and other property described in a declaration under which a person, by virtue of owning a unit, is obligated to pay for (1) real property taxes on, (2) insurance premiums on, (3) maintenance of, (4) improvement of, or (5) services or expenses related to, common elements or real property other than individually owned units described in the declaration (CGS § 47-202).

Common Interest Ownership Act (CIOA)

Generally, CIOA applies to common interest communities created in Connecticut on or after January 1, 1984. However, certain provisions of CIOA, to the extent necessary to construe these provisions, apply to common interest communities created in Connecticut before January 1, 1984, but only with respect to events and circumstances that occur after January 1, 1984.

Condominiums created before January 1, 1984 can amend their governing instruments (declaration, bylaws, survey, or plans) to conform to portions of CIOA that do not automatically apply.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 10 Nay 7 (02/22/2011)