



General Assembly

January Session, 2011

**Raised Bill No. 6238**

LCO No. 2472

\*02472\_\_\_\_\_INS\*

Referred to Committee on Insurance and Real Estate

Introduced by:  
(INS)

***AN ACT CONCERNING REPLACEMENT COST COVERAGE UNDER  
HOMEOWNERS INSURANCE AND COMMERCIAL RISK POLICIES.***

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

1 Section 1. Section 38a-313 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2011*):

3 (a) Nothing contained in section 38a-307 or this section shall be  
4 construed to preclude insurance indemnifying the insured against the  
5 amount actually expended, in excess of actual cash value at the time  
6 any loss or damage occurs, to repair, rebuild or replace the insured  
7 property.

8 (b) Each insurer that delivers, issues for delivery, renews, amends or  
9 endorses in this state a homeowners insurance policy for a residential  
10 dwelling or a commercial risk insurance policy for real property shall  
11 consider, when evaluating the appropriate amount of coverage under  
12 such policy, any reasonable cost values for such dwelling or real  
13 property that are submitted to such insurer by the insured.

14 (c) For each homeowners insurance policy delivered, issued for

15 delivery, renewed, amended or endorsed in this state that provides  
16 replacement cost coverage, the actual cash value for a residential  
17 dwelling shall be the cost to rebuild minus reasonable depreciation. As  
18 used in this subsection, "depreciation" means a decrease in value of  
19 real property over a period of time due to wear and tear.

20 (d) Each insurer that delivers, issues for delivery, renews, amends or  
21 endorses in this state a homeowners insurance policy that provides  
22 replacement cost coverage for a residential dwelling shall pay to the  
23 insured the negotiated or settled amount, as applicable, agreed upon  
24 by such insurer and insured for a loss covered under such replacement  
25 cost coverage. No insurer shall withhold any portion of such payment  
26 as a holdback.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2011	38a-313

**Statement of Purpose:**

To establish specific insurer practices relating to replacement cost coverage under a homeowners insurance policy for a residential dwelling or a commercial risk insurance policy for real property.

*[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.]*