
OLR Bill Analysis

sHB 6380

AN ACT CONCERNING PROPERTY AND CASUALTY INSURANCE POLICIES.

SUMMARY:

This bill prohibits an insurer from declining, cancelling, or failing to renew a homeowners policy or increasing its cost under several circumstances.

The bill requires that insurance policies covering real property ensure that the surroundings of a damaged item that is replaced match the replaced item.

EFFECTIVE DATE: October 1, 2013

PROHIBITIONS REGARDING HOMEOWNERS POLICIES

The bill prohibits an insurer from declining, cancelling, or failing to renew a homeowners insurance policy solely due to a loss incurred as a result of a catastrophic event. However, it may offer coverage through an affiliated insurer. Neither the bill nor current law defines "catastrophic event."

The bill prohibits an insurer from declining or failing to renew a homeowners policy, adding a surcharge on a claim, increasing the policy premium if this action is based on any claim filed on the covered property while anyone, other than the current applicant or insured, owned the property, unless the risk from which the claim originated has not been mitigated.

The bill prohibits an insurer from (1) cancelling or failing to renew a homeowners policy or (2) increasing its premium if this action is based solely on inquiries made on the policy or a claim filed under it that resulted in a payment by the insurer of less than \$500 or in no loss coverage payment. The prohibition does not apply if the insured filed

more than one claim resulting from a non-catastrophic event in the three policy years immediately preceding that resulted in a loss coverage payment by the insurer.

MATCHING REPLACEMENT ITEMS

Under the bill, when a loss covered under a policy for real property requires replacing a damaged item that will not match the quality, color, or size of adjacent items, the insurer replace these items to provide a reasonably uniform appearance. This requirement applies to both interior and exterior covered losses. The insured is not required to pay any cost of the applicable deductible for the replacement.

These provisions (1) do not impose liability on an insurer as a warrantor of any of the work or (2) authorize or preclude enforcement of policy provisions relating to settlement disputes.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 17 Nay 1 (03/14/2013)