



House of Representatives

General Assembly

File No. 288

January Session, 2013

Substitute House Bill No. 6378

House of Representatives, April 2, 2013

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 CHANGES TO PROPERTY AND CASUALTY INSURANCE STATUTES.

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

1 Section 1. Section 38a-313a of the general statutes is repealed and
2 the following is substituted in lieu thereof (*Effective October 1, 2013*):

3 (a) Prior to commencing any repair, remediation or mitigation
4 pursuant to a loss occurring on or after [July 1, 2012] October 1, 2013,
5 and covered under a personal risk insurance policy, as defined in
6 section 38a-663, or a commercial risk policy, as defined in section 38a-
7 663, the person who will perform the repair, remediation or mitigation
8 shall provide an insured with a written notice that indicates the scope
9 of the work to be completed and the estimated total price. Such notice
10 shall not be required for (1) any repair of an automobile that is subject
11 to this chapter, or (2) any repair that is subject to chapter 400.

12 (b) If the person performing the repair, remediation or mitigation
13 fails to provide the written notice in accordance with subsection (a) of

14 this section to an insured, any contract between such person and such
15 insured for such repair, remediation or mitigation shall be void.

16 (c) For a loss occurring on or after October 1, 2013, and covered
17 under a homeowners insurance policy, no insurer shall authorize a
18 direct payment to a person performing such repair or remediation
19 unless and until such insurer has confirmed with the insured that the
20 written notice required under subsection (a) of this section has been
21 provided to the insured.

22 [(c)] (d) As used in this section, "remediation" includes, but is not
23 limited to, cleaning services.

24 Sec. 2. Subsection (a) of section 38a-316a of the general statutes is
25 repealed and the following is substituted in lieu thereof (*Effective*
26 *October 1, 2013*):

27 (a) (1) No insurer that delivers, issues for delivery, renews, amends
28 or endorses a homeowners insurance policy in this state shall refuse to
29 renew or issue such a policy solely on the basis that the insured or
30 prospective insured has failed to install permanent storm shutters on
31 his or her residential dwelling as a means of mitigating loss from
32 hurricanes or other severe storms.

33 (2) No insurer that delivers, issues for delivery, renews, amends or
34 endorses a homeowners insurance policy shall refuse to renew or issue
35 such a policy on a residential dwelling located more than one
36 thousand feet landward of the shoreline solely on the basis of the
37 absence of windstorm mitigation items or systems, including, but not
38 limited to, storm shutters or impact-resistant glass.

39 Sec. 3. Section 38a-724 of the general statutes is repealed and the
40 following is substituted in lieu thereof (*Effective October 1, 2013*):

41 (a) The use of an employment contract between a public adjuster
42 and the insured shall be mandatory. Such contract shall contain a
43 provision, prominently displayed on the first page of such contract in
44 not less than twelve-point boldface type, specifying that the insured

45 may cancel the contract, provided such insured notifies the public
46 adjuster at such public adjuster's main office or branch office at the
47 address shown in the contract, by certified mail, return receipt
48 requested, posted not later than midnight of the [second] fourth
49 calendar day after the day on which the insured signs the contract,
50 except that if the signing is on a Friday, Saturday or Sunday, the
51 cancellation shall be posted not later than midnight of the [Tuesday]
52 Thursday immediately following, and thereafter the contract shall be
53 void ab initio.

54 (b) No public adjuster shall solicit an insured between the hours of
55 eight o'clock p.m. and eight o'clock a.m.

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|---|------------------------|-------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>October 1, 2013</i> | 38a-313a |
| Sec. 2 | <i>October 1, 2013</i> | 38a-316a(a) |
| Sec. 3 | <i>October 1, 2013</i> | 38a-724 |

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**

This bill modifies property and casualty insurance provisions for coastal properties. As it concerns private insurance transactions, there is no fiscal impact.

The Out Years**State Impact:** None**Municipal Impact:** None

OLR Bill Analysis

sHB 6378

AN ACT CONCERNING CHANGES TO PROPERTY AND CASUALTY INSURANCE STATUTES.

SUMMARY:

This bill bars insurers that deliver, issue for delivery, renew, amend, or endorse homeowners insurance from refusing to issue or renew a policy on a residential dwelling more than 1,000 feet from the coast solely because it lacks windstorm mitigation items or systems such as storm shutters or impact-resistant glass. (The bill does not specify the baseline for calculating the distance.) The law already bars insurers from refusing to issue or renew a policy solely because the insured has not installed permanent storm shutters.

By law, when an insured hires a public adjuster they must enter into an employment contract. The bill increases, from three to five calendar days, the time the insured has to rescind the contract. Under current law, if the contract is signed on a Friday, Saturday, or Sunday, the insured has until midnight on the following Tuesday to cancel the contract; the bill extends this to midnight on Thursday. By law, the contract must have a provision specifying the insured's right to cancel. The bill requires that this provision be on the contract's first page in at least 12-point bold type (the font size of this analysis).

The law generally requires people who repair or remediate losses covered by a personal risk insurance or commercial risk policy to give the insured, before any work begins, written notice of the work to be completed and the estimated total price. For losses occurring on or after October 1, 2013 that are covered by a homeowners policy, the bill bars insurers from authorizing a direct payment to the person doing the work unless and until the insurer confirms with the insured that the notice was provided.

EFFECTIVE DATE: October 1, 2013

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 15 Nay 3 (03/14/2013)