



Substitute House Bill No. 5502

Public Act No. 14-175

AN ACT CONCERNING CHANGES TO THE PROPERTY AND CASUALTY AND SURPLUS LINES INSURANCE STATUTES.

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

Section 1. Subsection (a) of section 38a-316a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) No insurer that delivers, issues for delivery, renews, amends or endorses a homeowners insurance policy in this state on or after October 1, 2014, shall refuse to renew or issue such a policy solely on the basis that the insured or prospective insured has failed to install [permanent] storm shutters on, or failed to have storm shutters on the premises of, his or her residential dwelling as a means of mitigating loss from hurricanes or other severe storms.

Sec. 2. Section 38a-316d of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) The declination, cancellation or nonrenewal of a homeowners insurance policy is prohibited if the declination, cancellation or nonrenewal is based solely on [a] any loss incurred as a result of [a] one or more catastrophic [event] events, as declared by a nationally

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recognized catastrophe loss index provider. For the purposes of this section, an insurer shall not be deemed to have declined, cancelled or nonrenewed a policy if coverage is available through an affiliated insurer.

(b) The declination or nonrenewal of a homeowners insurance policy, the addition of a surcharge or any increase in the premium of such policy is prohibited if the declination, nonrenewal, surcharge or increase is based solely on any claim filed on the covered property while such property was owned by anyone other than the current applicant or insured, unless the risk from which such claim originated has not been mitigated.

(c) The cancellation or nonrenewal of a homeowners insurance policy or an increase in the premium of such policy is prohibited if the cancellation, nonrenewal or increase is based solely on inquiries made on such policy or a claim filed under such policy that resulted in a loss coverage payment by the insurer of less than five hundred dollars or in no loss coverage payment. Such prohibition shall not apply if the insured filed more than one claim resulting from a noncatastrophic event in the three policy years immediately preceding that resulted in any loss coverage payment by the insurer.

Sec. 3. Section 38a-307 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014, and applicable to policies issued or renewed on or after said date*):

Except as provided in section 38a-307a, the standard form of fire insurance policy of the state of Connecticut, with permission to substitute for the word "Company" a more accurate descriptive term of the type of insurer, shall be as follows:

[Space for insertion of name of company or companies issuing the policy and other matter permitted to be stated at the head of the

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policy.]

[Space for listing amounts of insurance, rates and premiums for the basic coverages insured under the standard form of policy and for additional coverages or perils insured under endorsements attached.]

In Consideration of the Provisions and Stipulations

Herein or Added Hereto

AND OF DOLLARS PREMIUM

| | | | | |
|----------------------------|---|--------------------------------|---|---|
| this company, for the term | } | from the day of 20.. | { | at noon, |
| of | | to the day of 20.. | | Standard Time, at location of property involved |

to an amount not exceeding Dollars,

does insure

and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND BY REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described hereinafter while located or contained as described in this policy, or pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not

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elsewhere. The actual cash value at the time of loss for a building described herein shall be the amount which it would cost to repair or replace such building with material of like kind and quality, minus reasonable depreciation. As used herein, "depreciation" means a decrease in value of real property over a period of time due to wear and tear.

Assignment of this policy shall not be valid except with the written consent of this Company.

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

In Witness Whereof, this Company has executed and attested these presents.

.... (Secretary).

.... (President).

Concealment, fraud. This entire policy shall be void if, whether before or after a loss, the insured has wilfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.

Uninsurable and excepted property. This policy shall not cover accounts, bills, currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in writing, bullion or manuscripts.

Perils not included. This Company shall not be liable for loss by fire

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or other perils insured against in this policy caused, directly or indirectly, by: (a) Enemy attack by armed forces, including action taken by military, naval or air forces in resisting an actual or an immediately impending enemy attack; (b) invasion; (c) insurrection; (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h) order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire, provided that such fire did not originate from any of the perils excluded by this policy; (i) neglect of the insured to use all reasonable means to save and preserve the property at and after a loss, or when the property is endangered by fire in neighboring premises; (j) nor shall this Company be liable for loss by theft.

Other Insurance. Other insurance may be prohibited or the amount of insurance may be limited by endorsement attached hereto.

Conditions suspending or restricting insurance. Unless otherwise provided in writing added hereto this Company shall not be liable for loss occurring (a) while the hazard is increased by any means within the control or knowledge of the insured; or (b) while a described building, whether intended for occupancy by owner or tenant, is vacant or unoccupied beyond a period of sixty consecutive days; or (c) as a result of explosion or riot, unless fire ensue, and in that event for loss by fire only.

Other perils or subjects. Any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement in writing hereon or added hereto.

Added provisions. The extent of the application of insurance under this policy and of the contribution to be made by this Company in case of loss, and any other provision or agreement not inconsistent with the provisions of this policy, may be provided for in writing added hereto, but no provision may be waived except such as by the terms of this

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policy is subject to change.

Waiver provisions. No permission affecting this insurance shall exist, or waiver of any provision be valid, unless granted herein or expressed in writing added hereto. No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of this Company relating to appraisal or to any examination provided for herein.

Cancellation of policy. This policy shall be cancelled at any time at the request of the insured, in which case this Company shall, upon demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time. This policy may be cancelled at any time by this Company by giving to the insured and any third party designated pursuant to section 38a-323a, a thirty days' written notice of cancellation accompanied by the reason therefor with or without tender of the excess of paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that said excess premium (if not tendered) will be refunded on demand. Where cancellation is for nonpayment of premium at least ten days' written notice of cancellation accompanied by the reason therefor shall be given.

Mortgagee interests and obligations. If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured, such interest in this policy may be cancelled by giving to such mortgagee a ten days' written notice of cancellation.

If the insured fails to render proof of loss such mortgagee, upon notice, shall render proof of loss in the form herein specified within sixty (60) days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If this Company shall claim that no liability existed as the mortgagor or

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owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing.

Pro rata liability. This Company shall not be liable for a greater proportion of any loss than the amount hereby insured shall bear to the whole insurance covering the property against the peril involved, whether collectible or not.

Requirements in case loss occurs. The insured shall give immediate written notice to this Company of any loss, protect the property from further damage, forthwith separate the damaged and undamaged personal property, put it in the best possible order, furnish a complete inventory of the destroyed, damaged and undamaged property, showing in detail quantities, costs, actual cash value and amount of loss claims; AND WITHIN SIXTY DAYS AFTER THE LOSS, UNLESS SUCH TIME IS EXTENDED IN WRITING BY THIS COMPANY, THE INSURED SHALL RENDER TO THIS COMPANY A PROOF OF LOSS, signed and sworn to by the insured, stating the knowledge and belief of the insured as to the following: The time and origin of the loss, the interest of the insured and of all others in the property, the actual cash value of each item thereof and the amount of loss thereto, all encumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupation, location, possession or exposures of said property since the issuing of this policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish a copy of all the descriptions and schedules in all policies and, if required, verified plans and specification of any building,

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fixtures or machinery destroyed or damaged. The insured, as often as may be reasonably required, shall exhibit to any person designated by this Company all that remains of any property herein described, and submit to examinations under oath by any person named by this Company, and subscribe the same; and, as often as may be reasonably required, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by this Company or its representative, and shall permit extracts and copies thereof to be made.

Appraisal. In case the insured and this Company shall fail to agree as to the actual cash value or the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty days of such demand. The appraisers shall first select a competent and disinterested umpire; and failing for fifteen days to agree upon such umpire, then, on request of the insured or this Company, such umpire shall be selected by a judge of a court of record in this state in which the property covered is located. The appraisers shall then appraise the loss, stating separately actual cash value and loss to each item; and, failing to agree, shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with this Company shall determine the amount of actual cash value and loss. Each appraiser shall be paid by the party selecting him and the expenses of appraisal and umpire shall be paid by the parties equally.

Company's options. It shall be optional with this Company to take all, or any part, of the property at the agreed or appraised value, and also to repair, rebuild or replace the property destroyed or damaged with other of like kind and quality within a reasonable time, on giving notice of its intention so to do within thirty days after the receipt of the proof of loss herein required.

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Abandonment. There can be no abandonment to this Company of any property.

When loss payable. The amount of loss for which this Company may be liable shall be payable thirty days after proof of loss, as herein provided, is received by this Company and ascertainment of the loss is made either by agreement between the insured and this Company expressed in writing or by the filing with this Company of an award as herein provided. This Company and the insured may agree in writing to a partial payment of the amount of loss as an advance payment. Any advance payment shall be credited against the total amount of loss due to the insured. An advance payment shall not affect the requirement of this Company to pay the total amount of loss not later than thirty days after proof of loss.

Suit. No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless all the requirements of this policy shall have been complied with, and unless commenced within [eighteen] twenty-four months next after inception of the loss.

Subrogation. This Company may require from the insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by this Company.

Sec. 4. Section 38a-724 of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) The use of an employment contract between a public adjuster and the insured shall be mandatory.

(1) Any such contract signed on or after October 1, 2013, shall contain a provision, prominently displayed on the first page of such contract in not less than twelve-point boldface type, specifying that the

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

(2) Any such contract signed on or after October 1, 2013, that does not display the provision as specified in subdivision (1) of this subsection shall be void ab initio.

(b) No public adjuster shall solicit an insured between the hours of eight o'clock p.m. and eight o'clock a.m. Any public adjuster employment contract that results from a public adjuster's solicitation between such hours shall be void ab initio.

Sec. 5. (NEW) (*Effective from passage*) An insurer licensed to write homeowners or commercial property insurance in this state may offer flood insurance coverage for one-to-four unit owner-occupied residential real property or commercial property, as applicable, on a less than state-wide basis as selected by the insurer.

Sec. 6. Section 38a-745 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2015*):

Each insurance policy issued or renewed on or after January 1, 2015, pursuant to sections 38a-741 to 38a-744, inclusive, as amended by this act, and 38a-794 by a surplus lines insurer shall bear on its cover, in not less than twelve-point boldface type in capital letters, the following:

NOTICE

THIS IS A SURPLUS LINES POLICY AND IS NOT PROTECTED BY

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THE CONNECTICUT INSURANCE GUARANTY ASSOCIATION OR
SUBJECT TO REVIEW BY THE CONNECTICUT INSURANCE
DEPARTMENT. IT IS IMPORTANT THAT YOU READ AND
UNDERSTAND THIS POLICY.

Sec. 7. Section 38a-741 of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The commissioner shall maintain on a current basis a list of those lines of insurance or their components for which coverages are believed by the commissioner to be generally unavailable from licensed insurers. The commissioner shall republish the list and make it available to all licensees every six months. Any person may request in writing that the commissioner add or remove a line of insurance or its component from the current list at the next publication of the list. The commissioner's determinations of lines of insurance or their components to be added to or removed from the list shall not be subject to chapter 54 provided prior to making determinations, the commissioner shall provide opportunity for comments from interested persons.

(b) (1) When any policy of insurance is procured or renewed under the authority of such license providing a line of insurance or its component that does not, on the effective date of coverage, appear on the current published list, both the licensee and the insured shall write signed statements setting forth facts showing that such licensee and such insured were unable after diligent effort to procure, from any authorized insurer or insurers, the full amount of insurance required to protect the interest of such insured, and further showing (A) that the amount of insurance procured from an unauthorized insurer or insurers is only the excess over the amount so procurable from authorized insurers, (B) the type of policy, and (C) if such policy is for real property, the location of such property. Such licensee shall file

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such signed statements in electronic format with the commissioner on February fifteenth, May fifteenth, August fifteenth and November fifteenth of each year.

(2) The provisions of subdivision (1) of this subsection shall not apply to (A) any such policy providing or including flood insurance, including flood insurance procured from the National Flood Insurance Program, or (B) any policy of insurance procured under the authority of such license for an insured that is an exempt commercial purchaser, as defined in Section 527 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, P.L. 111-203, as amended from time to time, provided [(A)] (i) the surplus lines broker has disclosed to such exempt commercial purchaser that such insurance may or may not be available from an authorized insurer, that may provide greater protection with more regulatory oversight, and [(B)] (ii) such exempt commercial purchaser has subsequently requested such broker, in writing, to procure such policy from an unauthorized insurer.

Sec. 8. Section 38a-308 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2014*):

(a) (1) No policy or contract of fire insurance shall be made, issued or delivered by any admitted or nonadmitted insurer or any agent or representative thereof, on any property in this state, unless it conforms as to all provisions, stipulations, agreements and conditions with the form of policy set forth in section 38a-307, as amended by this act, except that a policy or contract of fire insurance for a commercial property made, issued or delivered by a nonadmitted insurer or any agent or representative thereof may define "depreciation" differently than as set forth in section 38a-307, as amended by this act.

(2) There shall be printed at the head of such policy the name of the insurer or insurers issuing the policy, the location of the home office thereof, a statement showing whether such insurer or insurers are

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stock or mutual corporations or are reciprocal insurers or Lloyd's underwriter, provided any company organized under special charter provisions may so indicate upon its policy and may add a statement of the plan under which it operates in this state, and there may be added thereon such device or devices as the insurer or insurers issuing such policy desire. Such policy shall be clearly designated on the back of the form as "The Standard Fire Insurance Policy of the State of Connecticut"; and this designation may include the names of such other states as have adopted this standard form.

(3) The standard fire insurance policy provided for in section 38a-307, as amended by this act, need not be used for effecting reinsurance between insurers. If the policy is issued by a mutual, cooperative or reciprocal insurer having special regulations with respect to the payment by the policyholder of assessments, such regulations shall be printed upon the policy and any such insurer may print upon the policy such regulations as are appropriate to or required by its form of organization. Insurers issuing the standard fire insurance policy pursuant to section 38a-307, as amended by this act, are authorized to affix thereto or include therein a written statement that the policy does not cover loss or damage caused by nuclear reaction or nuclear radiation or radioactive contamination, all whether directly or indirectly resulting from an insured peril under such policy; provided nothing herein contained shall be construed to prohibit the attachment to any such policy of an endorsement or endorsements specifically assuming coverage for loss or damage caused by nuclear reaction or nuclear radiation or radioactive contamination.

(b) Any policy or contract that includes, either on an unspecified basis as to coverage or for an indivisible premium, coverage against the peril of fire and substantial coverage against other perils need not comply with the provisions of subsection (a) of this section, provided:

(1) Such policy or contract shall afford coverage, with respect to the

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peril of fire, not less than the substantial equivalent of the coverage afforded by said standard fire insurance policy; (2) except as provided under subdivision (1) of subsection (a) of this section for a policy or contract of fire insurance for a commercial property made, issued or delivered by a surplus lines insurer or any agent or representative thereof, the following provisions in said standard fire insurance policy are incorporated therein without change: (A) Mortgagee interests and obligations, (B) the definitions of actual cash value and depreciation, (C) the time period for when a loss is payable after proof of loss, and (D) the time period for when a suit or action for the recovery of a claim may be commenced; (3) such policy or contract is complete as to all of its terms without reference to any other document; and (4) the commissioner is satisfied that such policy or contract complies with the provisions hereof. The provisions of this subsection shall apply to any such policy or contract issued or renewed on or after July 1, [2012] 2014.

(c) None of the provisions of this section shall apply to policies of automobile or aircraft physical damage insurance or to policies of inland marine insurance.

(d) The provisions of section 38a-346 shall apply in the event of cancellation of a policy issued pursuant to this chapter.

(e) Any policies made, issued or delivered through a fire, liability and allied lines underwriting facility established by the Insurance Commissioner pursuant to section 38a-328 shall not be subject to the cancellation of policy provisions or notice of cancellation requirements of section 38a-307, as amended by this act, provided such policies comply with any regulation adopted by the Insurance Commissioner pursuant to subsection (a) of section 38a-328.

Approved June 11, 2014