



House of Representatives

General Assembly

File No. 356

February Session, 2014

Substitute House Bill No. 5502

House of Representatives, April 3, 2014

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 THE PROPERTY AND CASUALTY AND SURPLUS LINES INSURANCE STATUTES.

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

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2 repealed and the following is substituted in lieu thereof (*Effective*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

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

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11 statutes is repealed and the following is substituted in lieu thereof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

13 (a) The declination, cancellation or nonrenewal of a homeowners
14 insurance policy is prohibited if the declination, cancellation or
15 nonrenewal is based solely on [a] any loss incurred as a result of [a]
16 one or more catastrophic [event] events, as declared by a nationally
17 recognized catastrophe loss index provider. For the purposes of this
18 section, an insurer shall not be deemed to have declined, cancelled or
19 nonrenewed a policy if coverage is available through an affiliated
20 insurer.

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

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

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

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

44 [Space for insertion of name of company or companies issuing the

45 policy and other matter permitted to be stated at the head of the
46 policy.]

47 [Space for listing amounts of insurance, rates and premiums for the
48 basic coverages insured under the standard form of policy and for
49 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
to an amount not exceeding Dollars, location of
does insure property involved

50 and legal representatives, to the extent of the actual cash value of the
51 property at the time of loss, but not exceeding the amount which it
52 would cost to repair or replace the property with material of like kind
53 and quality within a reasonable time after such loss, without allowance
54 for any increased cost of repair or reconstruction by reason of any
55 ordinance or law regulating construction or repair, and without
56 compensation for loss resulting from interruption of business or
57 manufacture, nor in any event for more than the interest of the
58 insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND BY
59 REMOVAL FROM PREMISES ENDANGERED BY THE PERILS
60 INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER
61 PROVIDED, to the property described hereinafter while located or
62 contained as described in this policy, or pro rata for five days at each
63 proper place to which any of the property shall necessarily be removed
64 for preservation from the perils insured against in this policy, but not
65 elsewhere. The actual cash value at the time of loss for a building
66 described herein shall be the amount which it would cost to repair or
67 replace such building with material of like kind and quality, minus
68 reasonable depreciation. As used herein, "depreciation" means a

69 decrease in value of real property over a period of time due to wear
70 and tear.

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

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

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

79 (Secretary).

80 (President).

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

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

91 Perils not included. This Company shall not be liable for loss by fire
92 or other perils insured against in this policy caused, directly or
93 indirectly, by: (a) Enemy attack by armed forces, including action
94 taken by military, naval or air forces in resisting an actual or an
95 immediately impending enemy attack; (b) invasion; (c) insurrection;
96 (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h) order
97 of any civil authority except acts of destruction at the time of and for
98 the purpose of preventing the spread of fire, provided that such fire

99 did not originate from any of the perils excluded by this policy; (i)
100 neglect of the insured to use all reasonable means to save and preserve
101 the property at and after a loss, or when the property is endangered by
102 fire in neighboring premises; (j) nor shall this Company be liable for
103 loss by theft.

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

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

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

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

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

129 Cancellation of policy. This policy shall be cancelled at any time at

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

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

147 If the insured fails to render proof of loss such mortgagee, upon
148 notice, shall render proof of loss in the form herein specified within
149 sixty (60) days thereafter and shall be subject to the provisions hereof
150 relating to appraisal and time of payment and of bringing suit. If this
151 Company shall claim that no liability existed as the mortgagor or
152 owner, it shall, to the extent of payment of loss to the mortgagee, be
153 subrogated to all the mortgagee's rights of recovery, but without
154 impairing mortgagee's right to sue; or it may pay off the mortgage debt
155 and require an assignment thereof and of the mortgage. Other
156 provisions relating to the interests and obligations of such mortgagee
157 may be added hereto by agreement in writing.

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

162 Requirements in case loss occurs. The insured shall give immediate

163 written notice to this Company of any loss, protect the property from
164 further damage, forthwith separate the damaged and undamaged
165 personal property, put it in the best possible order, furnish a complete
166 inventory of the destroyed, damaged and undamaged property,
167 showing in detail quantities, costs, actual cash value and amount of
168 loss claims; AND WITHIN SIXTY DAYS AFTER THE LOSS, UNLESS
169 SUCH TIME IS EXTENDED IN WRITING BY THIS COMPANY, THE
170 INSURED SHALL RENDER TO THIS COMPANY A PROOF OF
171 LOSS, signed and sworn to by the insured, stating the knowledge and
172 belief of the insured as to the following: The time and origin of the loss,
173 the interest of the insured and of all others in the property, the actual
174 cash value of each item thereof and the amount of loss thereto, all
175 encumbrances thereon, all other contracts of insurance, whether valid
176 or not, covering any of said property, any changes in the title, use,
177 occupation, location, possession or exposures of said property since
178 the issuing of this policy, by whom and for what purpose any building
179 herein described and the several parts thereof were occupied at the
180 time of loss and whether or not it then stood on leased ground, and
181 shall furnish a copy of all the descriptions and schedules in all policies
182 and, if required, verified plans and specification of any building,
183 fixtures or machinery destroyed or damaged. The insured, as often as
184 may be reasonably required, shall exhibit to any person designated by
185 this Company all that remains of any property herein described, and
186 submit to examinations under oath by any person named by this
187 Company, and subscribe the same; and, as often as may be reasonably
188 required, shall produce for examination all books of account, bills,
189 invoices and other vouchers, or certified copies thereof if originals be
190 lost, at such reasonable time and place as may be designated by this
191 Company or its representative, and shall permit extracts and copies
192 thereof to be made.

193 Appraisal. In case the insured and this Company shall fail to agree
194 as to the actual cash value or the amount of loss, then, on the written
195 demand of either, each shall select a competent and disinterested
196 appraiser and notify the other of the appraiser selected within twenty
197 days of such demand. The appraisers shall first select a competent and

198 disinterested umpire; and failing for fifteen days to agree upon such
199 umpire, then, on request of the insured or this Company, such umpire
200 shall be selected by a judge of a court of record in this state in which
201 the property covered is located. The appraisers shall then appraise the
202 loss, stating separately actual cash value and loss to each item; and,
203 failing to agree, shall submit their differences, only, to the umpire. An
204 award in writing, so itemized, of any two when filed with this
205 Company shall determine the amount of actual cash value and loss.
206 Each appraiser shall be paid by the party selecting him and the
207 expenses of appraisal and umpire shall be paid by the parties equally.

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

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

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

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

231 of the loss.

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

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

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

240 (1) Any such contract signed on or after October 1, 2013, shall
241 contain a provision, prominently displayed on the first page of such
242 contract in not less than twelve-point boldface type, specifying that the
243 insured may cancel the contract, provided such insured notifies the
244 public adjuster at such public adjuster's main office or branch office at
245 the address shown in the contract, by certified mail, return receipt
246 requested, posted not later than midnight of the fourth calendar day
247 after the day on which the insured signs the contract, except that if the
248 signing is on a Friday, Saturday or Sunday, the cancellation shall be
249 posted not later than midnight of the Thursday immediately following,
250 and thereafter the contract shall be void ab initio.

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

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

258 Sec. 5. (NEW) (*Effective from passage*) An insurer licensed to write
259 homeowners or commercial property insurance in this state may offer
260 flood insurance coverage for one-to-four unit owner-occupied
261 residential real property or commercial property, as applicable, on a

262 less than state-wide basis as selected by the insurer.

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

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

269 NOTICE

270 THIS IS A SURPLUS LINES POLICY AND IS NOT PROTECTED BY
271 THE CONNECTICUT INSURANCE GUARANTY ASSOCIATION OR
272 SUBJECT TO REVIEW BY THE CONNECTICUT INSURANCE
273 DEPARTMENT. IT IS IMPORTANT THAT YOU READ AND
274 UNDERSTAND THIS POLICY.

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

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

290 (b) (1) When any policy of insurance is procured or renewed under
291 the authority of such license providing a line of insurance or its
292 component that does not, on the effective date of coverage, appear on

293 the current published list, both the licensee and the insured shall write
294 signed statements setting forth facts showing that such licensee and
295 such insured were unable after diligent effort to procure, from any
296 authorized insurer or insurers, the full amount of insurance required to
297 protect the interest of such insured, and further showing (A) that the
298 amount of insurance procured from an unauthorized insurer or
299 insurers is only the excess over the amount so procurable from
300 authorized insurers, (B) the type of policy, and (C) if such policy is for
301 real property, the location of such property. Such licensee shall file
302 such signed statements in electronic format with the commissioner on
303 February fifteenth, May fifteenth, August fifteenth and November
304 fifteenth of each year.

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

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

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

326 property made, issued or delivered by a nonadmitted insurer or any
327 agent or representative thereof may define "depreciation" differently
328 than as set forth in section 38a-307, as amended by this act.

329 (2) There shall be printed at the head of such policy the name of the
330 insurer or insurers issuing the policy, the location of the home office
331 thereof, a statement showing whether such insurer or insurers are
332 stock or mutual corporations or are reciprocal insurers or Lloyd's
333 underwriter, provided any company organized under special charter
334 provisions may so indicate upon its policy and may add a statement of
335 the plan under which it operates in this state, and there may be added
336 thereon such device or devices as the insurer or insurers issuing such
337 policy desire. Such policy shall be clearly designated on the back of the
338 form as "The Standard Fire Insurance Policy of the State of
339 Connecticut"; and this designation may include the names of such
340 other states as have adopted this standard form.

341 (3) The standard fire insurance policy provided for in section 38a-
342 307, as amended by this act, need not be used for effecting reinsurance
343 between insurers. If the policy is issued by a mutual, cooperative or
344 reciprocal insurer having special regulations with respect to the
345 payment by the policyholder of assessments, such regulations shall be
346 printed upon the policy and any such insurer may print upon the
347 policy such regulations as are appropriate to or required by its form of
348 organization. Insurers issuing the standard fire insurance policy
349 pursuant to section 38a-307, as amended by this act, are authorized to
350 affix thereto or include therein a written statement that the policy does
351 not cover loss or damage caused by nuclear reaction or nuclear
352 radiation or radioactive contamination, all whether directly or
353 indirectly resulting from an insured peril under such policy; provided
354 nothing herein contained shall be construed to prohibit the attachment
355 to any such policy of an endorsement or endorsements specifically
356 assuming coverage for loss or damage caused by nuclear reaction or
357 nuclear radiation or radioactive contamination.

358 (b) Any policy or contract that includes, either on an unspecified

359 basis as to coverage or for an indivisible premium, coverage against
360 the peril of fire and substantial coverage against other perils need not
361 comply with the provisions of subsection (a) of this section, provided:
362 (1) Such policy or contract shall afford coverage, with respect to the
363 peril of fire, not less than the substantial equivalent of the coverage
364 afforded by said standard fire insurance policy; (2) except as provided
365 under subdivision (1) of subsection (a) of this section for a policy or
366 contract of fire insurance for a commercial property made, issued or
367 delivered by a surplus lines insurer or any agent or representative
368 thereof, the following provisions in said standard fire insurance policy
369 are incorporated therein without change: (A) Mortgagee interests and
370 obligations, (B) the definitions of actual cash value and depreciation,
371 (C) the time period for when a loss is payable after proof of loss, and
372 (D) the time period for when a suit or action for the recovery of a claim
373 may be commenced; (3) such policy or contract is complete as to all of
374 its terms without reference to any other document; and (4) the
375 commissioner is satisfied that such policy or contract complies with the
376 provisions hereof. The provisions of this subsection shall apply to any
377 such policy or contract issued or renewed on or after July 1, [2012]
378 2014.

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

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

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

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2014</i>	38a-316a(a)
Sec. 2	<i>October 1, 2014</i>	38a-316d
Sec. 3	<i>October 1, 2014, and applicable to policies issued or renewed on or after said date</i>	38a-307
Sec. 4	<i>October 1, 2014</i>	38a-724
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>January 1, 2015</i>	38a-745
Sec. 7	<i>from passage</i>	38a-741
Sec. 8	<i>July 1, 2014</i>	38a-308

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**

The bill adjusts certain policy and notification requirements for homeowners insurance. As this concerns private insurance requirements, there is no fiscal impact.

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

OLR Bill Analysis**sHB 5502*****AN ACT CONCERNING CHANGES TO THE PROPERTY AND CASUALTY INSURANCE STATUTES.*****SUMMARY:**

This bill makes unrelated changes to property and casualty insurance laws. Among other things, it:

1. bars insurers from refusing to issue or renew a homeowners' policy solely because the insured failed to install any type of storm shutters on a residential dwelling, rather than just permanent shutters;
2. expands the scope of the law prohibiting insurers from taking certain steps solely because of losses an insured homeowner incurs due to catastrophic events;
3. extends the deadline for filing a suit or action to recover a claim under a standard fire insurance policy from 18 to 24 months after a loss;
4. allows certain insurers to provide flood insurance on a less-than-statewide basis, as selected by the insurer;
5. expands the notice provided on surplus lines insurance policies; and
6. makes any public adjuster employment contract that results from a solicitation made between 8 p.m. and 8 a.m. void ab initio (from the beginning) and thus unenforceable. (The law already prohibits such solicitations.)

EFFECTIVE DATE: October 1, 2014, unless otherwise specified

below.

§§ 1 & 2 — HOMEOWNERS' INSURANCE

Storm Shutters

Current law bars insurers from refusing to issue or renew a homeowners' insurance policy solely because the prospective or current insured has failed to install permanent storm shutters on his or her residential dwelling to mitigate the loss from severe storms. The bill expands this prohibition to cases where the prospective or current insured has failed to install any type of storm shutters. It applies to policies delivered, issued, renewed, amended, or endorsed on or after October 1, 2014.

Catastrophic Events

Under current law, an insurer cannot decline to issue or renew a homeowners' policy or cancel one solely because of losses incurred from a catastrophic event that has been declared as such by a nationally catastrophic loss index provider. The bill extends this prohibition to losses incurred during one or more such catastrophic events, such as a series of storms. By law, an insurer is not considered to have violated this provision if coverage is available through an affiliated insurer.

§§ 3 & 8 — FIRE INSURANCE

Deadline for Filing Suits

The bill extends the deadline for filing a suit or action to recover a claim under a standard fire insurance policy from 18 to 24 months after a loss.

Terms and Conditions

Current law requires fire insurance policies and contracts to comply with the requirements for standard fire insurance forms in CGS § 38a-307. Among other things, that law describes the terms and conditions of coverage and how various terms used in the policies and contracts must be defined. The bill specifies that the statute applies to policies and contracts made, issued, or delivered by non-admitted insurers

(e.g., surplus lines insurers) as well as admitted insurers. But, it allows a fire insurance policy or contract for a commercial property made, issued, or delivered by a non-admitted insurer to define the term “depreciation” differently than current law does. This provision applies to policies and contracts issued or renewed on or after July 1, 2014.

EFFECTIVE DATE: July 1, 2014 for the applicability of terms and conditions; October 1, 2014 and applicable to policies issued or renewed on or after that date for the remaining provisions.

§ 5 — FLOOD INSURANCE

The bill allows any insurer licensed to provide homeowners’ or commercial property insurance covering one-to-four unit owner-occupied residential or commercial property to provide flood insurance on a less-than-statewide basis, as selected by the insurers.

EFFECTIVE DATE: Upon passage

§§ 6 & 7 — SURPLUS LINES

Signed Statement Exemption

The bill exempts flood insurance policies, including policies procured under the National Flood Insurance Program, from the requirement that insurers and surplus lines brokers sign a statement that diligent efforts were made to obtain insurance from a licensed insurer.

By law, the insurance commissioner must maintain a list of lines of insurance that he believes are generally unavailable from licensed insurers. Such insurance is provided by surplus lines insurers, whose policies are not reviewed by the Insurance Department.

Under current law, if an insured is not able to obtain the full amount of coverage he or she seeks from a licensed insurer for a line that is not on this list, the insured and the broker must sign statements showing:

1. they were unable to procure, from licensed insurers after

- diligent effort, the full amount of insurance the insured needed to protect his or her interest from licensed insurers;
2. the amount of insurance procured from unlicensed insurers was only the excess over the amount they were able to procure from licensed insurers; and
 3. the type of policy, and if it is for real property, the property's location.

Brokers must file the signed statements electronically with the commissioner four times per year.

Notice

The bill revises the notice statement that must be on the cover of a surplus lines policy. By law, each insurance policy issued by a surplus lines insurer must state the following, in 12-point capital letters, on its cover:

THIS IS A SURPLUS LINES POLICY AND IS NOT PROTECTED BY THE CONNECTICUT INSURANCE GUARANTY ASSOCIATION.

The bill extends the notice to read “or subject to review by the Connecticut Insurance Department. It is important that you read and understand this policy.” The new language must also be in 12-point capital letters. Under the bill, the expanded notice requirement applies to policies that are issued or renewed on or after January 1, 2015.

EFFECTIVE DATE: Upon passage for the signed statement exemption; January 1, 2015 for the notice requirement.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute
Yea 15 Nay 4 (03/18/2014)