



General Assembly

February Session, 2014

***Raised Bill No. 5502***

LCO No. 2053



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:  
(INS)

***AN ACT CONCERNING CHANGES TO THE PROPERTY AND CASUALTY 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2 repealed and the following is substituted in lieu thereof (*Effective*  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 shall refuse to  
6 renew or issue such a policy solely on the basis that the insured or  
7 prospective insured has failed to install [permanent] storm shutters on  
8 his or her residential dwelling as a means of mitigating loss from  
9 hurricanes or other severe storms.

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 Section 38a-316b of the general statutes is repealed and the  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

12 Each insurer that delivers, issues for delivery, renews, amends or  
13 endorses in this state a homeowners insurance policy for a residential

14 dwelling shall offer a premium discount on any such policy to any  
15 homeowner who submits to such insurer proof of installation of  
16 [permanent] storm shutters or impact-resistant glass on his or her  
17 dwelling as a means of mitigating loss from hurricanes or other severe  
18 storms. Such discount shall be based on sound actuarial principles and  
19 shall be applicable to premium charges for any such policy delivered,  
20 issued for delivery, renewed, amended or endorsed on or after January  
21 1, 2008.

22 Sec. 3. Section 38a-316d of the 2014 supplement to the general  
23 statutes is repealed and the following is substituted in lieu thereof  
24 (*Effective October 1, 2014*):

25 (a) The declination, cancellation or nonrenewal of a homeowners  
26 insurance policy is prohibited if the declination, cancellation or  
27 nonrenewal is based solely on a loss incurred as a result of [a] any  
28 catastrophic event as declared by a nationally recognized catastrophe  
29 loss index provider. For the purposes of this section, an insurer shall  
30 not be deemed to have declined, cancelled or nonrenewed a policy if  
31 coverage is available through an affiliated insurer.

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

39 (c) The cancellation or nonrenewal of a homeowners insurance  
40 policy or an increase in the premium of such policy is prohibited if the  
41 cancellation, nonrenewal or increase is based solely on inquiries made  
42 on such policy or a claim filed under such policy that resulted in a loss  
43 coverage payment by the insurer of less than five hundred dollars or in  
44 no loss coverage payment. Such prohibition shall not apply if the

45 insured filed more than one claim resulting from a noncatastrophic  
46 event in the three policy years immediately preceding that resulted in  
47 any loss coverage payment by the insurer.

48 (d) Each insurer that writes homeowners insurance in this state shall  
49 offer coverage for code compliance improvements that are required  
50 under local or state law.

51 Sec. 4. Section 38a-307 of the general statutes is repealed and the  
52 following is substituted in lieu thereof (*Effective October 1, 2014*):

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

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

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

T1 In Consideration of the Provisions and Stipulations  
T2 Herein or Added Hereto  
T3 AND OF ..... DOLLARS PREMIUM  
T4  
T5 this company, for the term } from the .... day of .... 20.. { at noon,  
T6 } } Standard Time, at  
T7 of .... } to the .... day of .... 20.. { location of  
T8 } } property involved  
T9 to an amount not exceeding ..... Dollars,  
does insure .....

63 and legal representatives, to the extent of the actual cash value of the  
64 property at the time of loss, but not exceeding the amount which it

65 would cost to repair or replace the property with material of like kind  
66 and quality within a reasonable time after such loss, without allowance  
67 for any increased cost of repair or reconstruction by reason of any  
68 ordinance or law regulating construction or repair, and without  
69 compensation for loss resulting from interruption of business or  
70 manufacture, nor in any event for more than the interest of the  
71 insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND BY  
72 REMOVAL FROM PREMISES ENDANGERED BY THE PERILS  
73 INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER  
74 PROVIDED, to the property described hereinafter while located or  
75 contained as described in this policy, or pro rata for five days at each  
76 proper place to which any of the property shall necessarily be removed  
77 for preservation from the perils insured against in this policy, but not  
78 elsewhere. The actual cash value at the time of loss for a building  
79 described herein shall be the amount which it would cost to repair or  
80 replace such building with material of like kind and quality, minus  
81 reasonable depreciation. As used herein, "depreciation" means a  
82 decrease in value of real property over a period of time due to wear  
83 and tear.

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

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

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

92 ..... (Secretary).

93 ..... (President).

94 Concealment, fraud. This entire policy shall be void if, whether

95 before or after a loss, the insured has wilfully concealed or  
96 misrepresented any material fact or circumstance concerning this  
97 insurance or the subject thereof, or the interest of the insured therein,  
98 or in case of any fraud or false swearing by the insured relating  
99 thereto.

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

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

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

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

126 loss by fire only.

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

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

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

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

156 Mortgagee interests and obligations. If loss hereunder is made

157 payable, in whole or in part, to a designated mortgagee not named  
158 herein as the insured, such interest in this policy may be cancelled by  
159 giving to such mortgagee a ten days' written notice of cancellation.

160 If the insured fails to render proof of loss such mortgagee, upon  
161 notice, shall render proof of loss in the form herein specified within  
162 sixty (60) days thereafter and shall be subject to the provisions hereof  
163 relating to appraisal and time of payment and of bringing suit. If this  
164 Company shall claim that no liability existed as the mortgagor or  
165 owner, it shall, to the extent of payment of loss to the mortgagee, be  
166 subrogated to all the mortgagee's rights of recovery, but without  
167 impairing mortgagee's right to sue; or it may pay off the mortgage debt  
168 and require an assignment thereof and of the mortgage. Other  
169 provisions relating to the interests and obligations of such mortgagee  
170 may be added hereto by agreement in writing.

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

175 Requirements in case loss occurs. The insured shall give immediate  
176 written notice to this Company of any loss, protect the property from  
177 further damage, forthwith separate the damaged and undamaged  
178 personal property, put it in the best possible order, furnish a complete  
179 inventory of the destroyed, damaged and undamaged property,  
180 showing in detail quantities, costs, actual cash value and amount of  
181 loss claims; AND WITHIN SIXTY DAYS AFTER THE LOSS, UNLESS  
182 SUCH TIME IS EXTENDED IN WRITING BY THIS COMPANY, THE  
183 INSURED SHALL RENDER TO THIS COMPANY A PROOF OF  
184 LOSS, signed and sworn to by the insured, stating the knowledge and  
185 belief of the insured as to the following: The time and origin of the loss,  
186 the interest of the insured and of all others in the property, the actual  
187 cash value of each item thereof and the amount of loss thereto, all  
188 encumbrances thereon, all other contracts of insurance, whether valid

189 or not, covering any of said property, any changes in the title, use,  
190 occupation, location, possession or exposures of said property since  
191 the issuing of this policy, by whom and for what purpose any building  
192 herein described and the several parts thereof were occupied at the  
193 time of loss and whether or not it then stood on leased ground, and  
194 shall furnish a copy of all the descriptions and schedules in all policies  
195 and, if required, verified plans and specification of any building,  
196 fixtures or machinery destroyed or damaged. The insured, as often as  
197 may be reasonably required, shall exhibit to any person designated by  
198 this Company all that remains of any property herein described, and  
199 submit to examinations under oath by any person named by this  
200 Company, and subscribe the same; and, as often as may be reasonably  
201 required, shall produce for examination all books of account, bills,  
202 invoices and other vouchers, or certified copies thereof if originals be  
203 lost, at such reasonable time and place as may be designated by this  
204 Company or its representative, and shall permit extracts and copies  
205 thereof to be made.

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

221 Company's options. It shall be optional with this Company to take



222 all, or any part, of the property at the agreed or appraised value, and  
223 also to repair, rebuild or replace the property destroyed or damaged  
224 with other of like kind and quality within a reasonable time, on giving  
225 notice of its intention so to do within thirty days after the receipt of the  
226 proof of loss herein required.

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

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

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

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

248 Sec. 5. Section 38a-723 of the general statutes is repealed and the  
249 following is substituted in lieu thereof (*Effective October 1, 2014*):

250 As used in this title, unless the context or subject matter otherwise  
251 requires, "public adjuster" means any person, partnership, association,

252 limited liability company or corporation who or which:

253 (1) On behalf of an insured and for monetary or other compensation  
254 or anything of value, (A) prepares, documents and submits a first-  
255 party property claim to an insurance company for loss or damage by a  
256 covered peril under a personal or commercial risk insurance policy, as  
257 defined in section 38a-663, issued by such company, [or] (B) negotiates,  
258 adjusts or effects the settlement of such claim, or (C) discusses with the  
259 insured's insurance company first-party property loss or damage  
260 under the insured's policy or a first-party property claim;

261 (2) Advertises or solicits business as a public adjuster; or

262 (3) Holds himself or itself out to the public as engaging in the  
263 activities set forth in subparagraphs (A) [and (B)] to (C), inclusive, of  
264 subdivision (1) of this section as a business. Lawyers settling or  
265 discussing claims of clients shall not be deemed to be public adjusters.

266 Sec. 6. Section 38a-724 of the 2014 supplement to the general statutes  
267 is repealed and the following is substituted in lieu thereof (*Effective*  
268 *October 1, 2014*):

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

271 (1) Any such contract signed on or after October 1, [2013] 2014, shall  
272 contain a provision, [prominently] displayed on the first page of such  
273 contract in not less than twelve-point boldface type, specifying that the  
274 insured may cancel the contract, provided such insured notifies the  
275 public adjuster at such public adjuster's main office or branch office at  
276 the address shown in the contract, by certified mail, return receipt  
277 requested, posted not later than midnight of the fourth calendar day  
278 after the day on which the insured signs the contract, except that if the  
279 signing is on a Friday, Saturday or Sunday, the cancellation shall be  
280 posted not later than midnight of the Thursday immediately following,  
281 and thereafter the contract shall be void ab initio.

282 (2) Any such contract signed on or after October 1, [2013] 2014, that  
283 does not display the provision as specified in subdivision (1) of this  
284 subsection shall be void ab initio.

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

289 Sec. 7. (NEW) (*Effective October 1, 2014*) An insurer licensed to write  
290 homeowners or commercial property insurance in this state may offer  
291 flood insurance coverage for one-to-four unit owner-occupied  
292 residential real property or commercial property, as applicable, on a  
293 less than state-wide basis as selected by the insurer.

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-316b
Sec. 3	<i>October 1, 2014</i>	38a-316d
Sec. 4	<i>October 1, 2014</i>	38a-307
Sec. 5	<i>October 1, 2014</i>	38a-723
Sec. 6	<i>October 1, 2014</i>	38a-724
Sec. 7	<i>October 1, 2014</i>	New section

**Statement of Purpose:**

To (1) require storm shutters rather than permanent storm shutters for the purposes of sections 38a-316a and 38a-316b of the general statutes, (2) specify the provisions of subsection (a) of section 38a-316d of the general statutes apply for any catastrophic event, (3) specify that a public adjuster may discuss first-party property loss or damage or a claim on behalf of an insured with an insurance company, (4) change the time period a suit or action may be brought under section 38a-307 of the general statutes from eighteen to twenty-four months, (5) make changes to public adjuster contracts and the validity of certain contracts, and (6) allow an insurer to provide flood insurance coverage in this state on a less than state-wide basis.

*[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.]*