



House of Representatives

File No. 681

General Assembly

February Session, 2014

(Reprint of File No. 356)

Substitute House Bill No. 5502
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
April 24, 2014

**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2 repealed and the following is substituted in lieu thereof (*Effective*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, or failed to have storm shutters on the
9 premises of, his or her residential dwelling as a means of mitigating
10 loss from hurricanes or other severe storms.

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12 statutes is repealed and the following is substituted in lieu thereof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

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

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

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

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 Section 38a-307 of the general statutes is repealed and the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

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

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

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

48 [Space for listing amounts of insurance, rates and premiums for the
49 basic coverages insured under the standard form of policy and for
50 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

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

69 reasonable depreciation. As used herein, "depreciation" means a
70 decrease in value of real property over a period of time due to wear
71 and tear.

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

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

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

80 (Secretary).

81 (President).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

194 Appraisal. In case the insured and this Company shall fail to agree
195 as to the actual cash value or the amount of loss, then, on the written
196 demand of either, each shall select a competent and disinterested

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

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

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

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

228 Suit. No suit or action on this policy for the recovery of any claim

229 shall be sustainable in any court of law or equity unless all the
230 requirements of this policy shall have been complied with, and unless
231 commenced within [eighteen] twenty-four months next after inception
232 of the loss.

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

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

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

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

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

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

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

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

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

270 NOTICE

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

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

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

290 persons.

291 (b) (1) When any policy of insurance is procured or renewed under
292 the authority of such license providing a line of insurance or its
293 component that does not, on the effective date of coverage, appear on
294 the current published list, both the licensee and the insured shall write
295 signed statements setting forth facts showing that such licensee and
296 such insured were unable after diligent effort to procure, from any
297 authorized insurer or insurers, the full amount of insurance required to
298 protect the interest of such insured, and further showing (A) that the
299 amount of insurance procured from an unauthorized insurer or
300 insurers is only the excess over the amount so procurable from
301 authorized insurers, (B) the type of policy, and (C) if such policy is for
302 real property, the location of such property. Such licensee shall file
303 such signed statements in electronic format with the commissioner on
304 February fifteenth, May fifteenth, August fifteenth and November
305 fifteenth of each year.

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

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

321 (a) (1) No policy or contract of fire insurance shall be made, issued

322 or delivered by any admitted or nonadmitted insurer or any agent or
323 representative thereof, on any property in this state, unless it conforms
324 as to all provisions, stipulations, agreements and conditions with the
325 form of policy set forth in section 38a-307, as amended by this act,
326 except that a policy or contract of fire insurance for a commercial
327 property made, issued or delivered by a nonadmitted insurer or any
328 agent or representative thereof may define "depreciation" differently
329 than as set forth in section 38a-307, as amended by this act.

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

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

356 to any such policy of an endorsement or endorsements specifically
357 assuming coverage for loss or damage caused by nuclear reaction or
358 nuclear radiation or radioactive contamination.

359 (b) Any policy or contract that includes, either on an unspecified
360 basis as to coverage or for an indivisible premium, coverage against
361 the peril of fire and substantial coverage against other perils need not
362 comply with the provisions of subsection (a) of this section, provided:
363 (1) Such policy or contract shall afford coverage, with respect to the
364 peril of fire, not less than the substantial equivalent of the coverage
365 afforded by said standard fire insurance policy; (2) except as provided
366 under subdivision (1) of subsection (a) of this section for a policy or
367 contract of fire insurance for a commercial property made, issued or
368 delivered by a surplus lines insurer or any agent or representative
369 thereof, the following provisions in said standard fire insurance policy
370 are incorporated therein without change: (A) Mortgagee interests and
371 obligations, (B) the definitions of actual cash value and depreciation,
372 (C) the time period for when a loss is payable after proof of loss, and
373 (D) the time period for when a suit or action for the recovery of a claim
374 may be commenced; (3) such policy or contract is complete as to all of
375 its terms without reference to any other document; and (4) the
376 commissioner is satisfied that such policy or contract complies with the
377 provisions hereof. The provisions of this subsection shall apply to any
378 such policy or contract issued or renewed on or after July 1, [2012]
379 2014.

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

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

385 (e) Any policies made, issued or delivered through a fire, liability
386 and allied lines underwriting facility established by the Insurance
387 Commissioner pursuant to section 38a-328 shall not be subject to the

388 cancellation of policy provisions or notice of cancellation requirements
 389 of section 38a-307, as amended by this act, provided such policies
 390 comply with any regulation adopted by the Insurance Commissioner
 391 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

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.

House "A" made clarifying changes to the underlying bill. There was no fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 5502 (as amended by House "A")*****AN ACT CONCERNING CHANGES TO THE PROPERTY AND CASUALTY AND SURPLUS LINES 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 (a) install any type of storm shutters on a residential dwelling, rather than just permanent shutters, or (b) have storm shutters on the premises of the dwelling;
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.)

*House Amendment "A" adds the provision barring insurers from refusing to issue or renew a homeowners' policy solely based on a failure to have storm shutters on the premises of a residential dwelling.

EFFECTIVE DATE: Various, see 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 (1) install any type of storm shutters or (2) have storm shutters on the premises of the dwelling. This provision 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 national 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.

EFFECTIVE DATE: October 1, 2014

§§ 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 nonadmitted insurers (e.g., surplus lines insurers) as well as admitted insurers. (Nonadmitted insurers are not regulated by the Insurance Department.) But, it allows a fire insurance policy or contract for a commercial property made, issued, or delivered by a nonadmitted 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 deadline for filing suit.

§ 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)