



House of Representatives

File No. 851

General Assembly

January Session, 2015

(Reprint of File No. 419)

Substitute House Bill No. 6920
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 18, 2015

AN ACT CONCERNING HOMEOWNERS INSURANCE.

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

1 Section 1. Section 38a-663 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2015*):

3 The following words and phrases, as used in sections 38a-663 to
4 38a-696, inclusive, shall have the following meanings unless the
5 context otherwise requires:

6 [(a)] (1) "Rating organization" means an individual, partnership,
7 corporation, unincorporated association, other than an admitted
8 insurer, whether located within or outside this state, who or [which]
9 that has as a primary object or purpose the making of rates, rating
10 plans or rating systems. Two or more admitted insurers [which] that
11 act in concert for the purpose of making rates, rating plans or rating
12 systems, and [which] that do not operate within the specific
13 authorizations contained in sections 38a-667, 38a-669, 38a-670 and 38a-
14 672 shall be deemed to be a rating organization. No single insurer shall
15 be deemed to be a rating organization.

16 [(b)] (2) "Advisory organization" means every group, association or
17 other organization of insurers, whether located within or outside this
18 state, [which] that assists insurers or rating organizations in rate-
19 making by the collection and furnishing of loss or expense statistics, or
20 by the submission of recommendations, provided the term shall not
21 include actuarial, legal or other consultants.

22 [(c)] (3) "Member" means an insurer [who] that participates in or is
23 entitled to participate in the management of a rating, advisory or other
24 organization.

25 [(d)] (4) "Subscriber" means an insurer [which] that is furnished at
26 its request [(1)] (A) with rates and rating manuals by a rating
27 organization of which it is not a member, or [(2)] (B) with advisory
28 services by an advisory organization of which it is not a member.

29 [(e)] (5) "Wilful" and "wilfully" in relation to an act or omission
30 [which] that constitutes a violation of sections 38a-663 to 38a-681,
31 inclusive, means with actual knowledge or belief that such act or
32 omission constitutes such violation and with specific intent to commit
33 such violation.

34 [(f)] (6) "Market" means the interaction between buyers and sellers
35 consisting of a product market component and a geographic market
36 component, as determined by the commissioner in accordance with the
37 provisions of subsection (b) of section 38a-687.

38 [(g)] (7) "Noncompetitive market" means a residual market or a
39 market for which there is a ruling in effect pursuant to section 38a-687,
40 that a reasonable degree of competition does not exist.

41 [(h)] (8) "Competitive market" means a market [which] that has not
42 been found to be noncompetitive pursuant to section 38a-687.

43 [(i)] (9) "Personal risk insurance" means homeowners, tenants,
44 private passenger nonfleet automobile, mobile manufactured home
45 and other property and casualty insurance for personal, family or

46 household needs except workers' compensation insurance.

47 (10) "Homeowners insurance" means property and casualty
48 insurance for owner-occupied buildings with four or fewer dwelling
49 units.

50 [(j)] (11) "Commercial risk insurance" means insurance within the
51 scope of sections 38a-663 to 38a-696, inclusive, [which] that is not
52 personal risk insurance.

53 [(k)] (12) "Supplementary rate information" includes any manual or
54 plan of rates, classification, rating schedule, minimum premium, rating
55 rule, and any other similar information needed to determine the
56 applicable rate in effect or to be in effect.

57 [(l)] (13) "Supporting information" means [(1)] (A) the experience
58 and judgment of the filer and the experience or data of other insurers
59 or organizations relied upon by the filer, [(2)] (B) the interpretation of
60 any statistical data relied upon by the filer, and [(3)] (C) descriptions of
61 methods used in making the rates, and other similar information
62 required to be filed by the commissioner.

63 [(m)] (14) "Residual market" means an arrangement for the
64 provision of insurance in accordance with the provisions of section
65 38a-328, 38a-329 or 38a-670.

66 Sec. 2. Section 38a-316d of the general statutes is amended by
67 adding subsection (d) as follows (*Effective October 1, 2015*):

68 (NEW) (d) The declination, cancellation or nonrenewal of a
69 homeowners insurance policy or a limit on the amount or provisions of
70 coverage of such policy is prohibited if the declination, cancellation,
71 nonrenewal or limit is based on (1) the property's proximity to another
72 occupied residential dwelling, or (2) the condition of such other
73 occupied residential dwelling.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	38a-663
Sec. 2	<i>October 1, 2015</i>	38a-316d

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 makes certain adjustments to the property and casualty insurance statutes. As these concern private insurance requirements, there is no state or municipal fiscal impact.

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

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 6920 (as amended by House "A")******AN ACT CONCERNING REVISIONS TO THE PROPERTY AND CASUALTY INSURANCE STATUTES.*****SUMMARY:**

This bill prohibits insurers from declining, cancelling, not renewing, or limiting coverage under a homeowners insurance policy based on a property's proximity to another occupied residential dwelling or that dwelling's condition. Current regulations prohibit insurers from considering the condition of adjacent or nearby properties when underwriting a policy, unless there are objectively identifiable hazards associated with the properties that significantly increase the risk (Conn. Agencies Reg. § 38a-824-3(a)(6)).

The bill also codifies in statute the definition of homeowners insurance, which is currently in regulations (Conn. Agencies Reg. § 38a-824-2). "Homeowners insurance" means property and casualty insurance for owner-occupied buildings with four or fewer dwelling units.

*House Amendment "A" replaces a provision in the original bill (File 419) that prohibited insurers from using a building's proximity to another occupied residential dwelling as a factor when developing rates, with one that prohibits them from declining, cancelling, not renewing, or limiting coverage based on proximity to another occupied dwelling.

EFFECTIVE DATE: October 1, 2015

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 12 Nay 6 (03/17/2015)