



INSURANCE ASSOCIATION OF CONNECTICUT

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Statement

Insurance Association of Connecticut

Insurance and Real Estate Committee

March 5, 2015

**HB 6864, An Act Concerning the Provisions of the
Standard Fire Policy Form**

I am Eric George, President of the Insurance Association of Connecticut (IAC). The (IAC) opposes HB 6864, An Act Concerning the Provisions of the Standard Fire Policy Form.

HB 6864 makes a series of changes to C.G.S. section 38a-308 (provisions of fire insurance policies) that are confusing and appear to be counterproductive. In line 9, HB 6864 would require that an insurer "incorporates without change" into fire insurance policies all provisions in C.G.S. section 38a-307, versus the current standard which requires insurers to "conform" to those provisions. There is no apparent need for this new stricter standard, which would likely require insurers to go through the time and expense of revising, filing and distributing new policy language in order to comply. No benefit to consumers would result from that unnecessary task, as insurers are already required to satisfy the requirements of C.G.S. section 38a-307. There is no practical need to require the identical statutory language in the policies.

In subsection (b), HB 6864 prohibits any umpire selected pursuant to a policy's appraisal provision from requiring that the umpire's expenses be paid from any

resulting award, unless requested by the policyholder. The need for this language is unclear, as in the standard contractual appraisal procedure there is a three member panel, with the insured and the insurer each choosing and paying for one member, and with the third member (umpire) paid for equally by both parties. The umpire is intended to be the neutral party in the process.

Although subsection (b) would prohibit umpires from being reimbursed from appraisal awards, IAC is unaware of that practice currently occurring. If the Committee chooses to adopt the new prohibition in subsection (b), we would assume that it is intended to prevent any conflict of interest that could be created if an umpire was to be paid from an award resulting from the appraisal process. IAC would point out that the last clause of subsection (b), which would allow the policyholder to overrule the prohibition, directly conflicts with the assumed goal of the new language. If subsection (b) is to be adopted, IAC believes that the phrase "unless a policyholder requests in writing such agreement or contract" in lines 75-76 should be deleted.

IAC urges rejection of HB 6864. Thank you for the opportunity to present IAC's viewpoint.