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### Statement in Support of Senate Bill 1032 with Amendments

The American Insurance Association (AIA) would like to express our support for the testimony provided by the Surety and Fidelity Association of America (SFAA) regarding Senate Bill 1032, "An Act Concerning the Applicability of the Statute of Limitations to Construction and Design Actions Brought by the State or Political Subdivision of the State." AIA is the leading property-casualty insurance trade organization, representing approximately 300 insurers that write nearly \$100 billion in premiums each year for almost every line of property casualty insurance in the country. Our members are active participants in Connecticut's surety bond market.

As currently drafted, we have concerns with S.B. 1032, because it only provides a partial solution to the common law doctrine of nullum tempus. SB1032 fails to establish a limitations period for actions brought by the State and political subdivisions for contractors and their sureties. *State of Connecticut v. Lombardo Brothers Mason Contractors, Inc., et al.*, 307 Conn. 412, 54 A. 3d 1005 (Conn. 2012) exposes contractors and sureties to open-ended and indefinite liability when contracting with the State and subdivisions on public construction projects. Further, this liability exists regardless of any contractually negotiated protections a contractor may implement with explicit contract language that incorporates a period of repose. As noted in SFAA's testimony, this type of unenforceable limitations period increases risk by potentially extending a contractor's bonded obligations to some uncertain time in the future. Ultimately this impacts the surety's ability to adequately evaluate risk and may result in tightened underwriting standards. Allowing SB1032 to advance as raised will do nothing to reduce these identified risks and ultimately will harm Connecticut contractors and subcontractors. Therefore, we support SB1032 with appropriate amendments.

We recommend that SB1032 be revised to broaden the scope of the bill to include contractors and their sureties. This is an important public policy initiative that will add an element of certainty for sureties, contractors, and subcontractors on public projects. AIA appreciates the opportunity to offer our support for SFAA's testimony and SB1032, with amendments.

Respectfully,

A handwritten signature in cursive script that reads "Angela Gleason".

Angela Gleason  
Associate Counsel