



House of Representatives

File No. 846

General Assembly

January Session, 2015

(Reprint of File No. 309)

Substitute House Bill No. 5785
As Amended by House Amendment
Schedule "B"

Approved by the Legislative Commissioner
May 18, 2015

**AN ACT CONCERNING REGISTRATION REQUIREMENTS,
INSURANCE COVERAGE AND A STUDY CONCERNING HOME
IMPROVEMENT CONTRACTORS.**

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

1 Section 1. (NEW) (*Effective January 1, 2016*) (a) The Commissioner of
2 Consumer Protection shall not issue a certificate of registration as a
3 home improvement contractor pursuant to chapter 400 of the general
4 statutes to any person unless such person has affirmatively indicated,
5 on a form provided by the commissioner, that such person has and
6 will maintain, during the time such certificate of registration is valid:
7 (1) General commercial liability insurance coverage in an amount not
8 less than five hundred thousand dollars, if such person had a gross
9 annual income of thirty thousand dollars or more derived from
10 providing home improvement services in the past calendar year, or (2)
11 general commercial liability insurance coverage in an amount not less
12 than one hundred thousand dollars, if such person had a gross annual
13 income of less than thirty thousand dollars derived from providing
14 home improvement services in the past calendar year.

15 (b) The Commissioner of Consumer Protection or the
16 commissioner's designee shall make available at no charge to each
17 person who applies for or seeks to renew a certificate of registration as
18 a home improvement contractor pursuant to chapter 400 of the general
19 statutes certain written material published by the Department of
20 Consumer Protection. Such written material may be made available on
21 said department's Internet web site and shall include, but need not be
22 limited to: (1) An explanation of registration and renewal requirements
23 for home improvement contractors in this state; (2) Connecticut Home
24 Improvement Act requirements; (3) a summary of the Home
25 Improvement Guaranty and the Consumer Protection Enforcement
26 funds; and (4) a summary of other relevant laws relating to home
27 improvement contractors.

28 (c) Each person who applies for or seeks to renew a certificate of
29 registration as a home improvement contractor pursuant to chapter
30 400 of the general statutes shall sign a statement indicating he or she
31 will review the written material made available pursuant to subsection
32 (b) of this section.

33 (d) Notwithstanding any other provision of the general statutes, the
34 Commissioner of Consumer Protection shall not be required to
35 investigate whether a home improvement contractor has or has
36 maintained general commercial liability insurance coverage unless a
37 complaint is filed with said commissioner alleging that an individual
38 home improvement contractor does not have or has not maintained
39 such insurance coverage.

40 Sec. 2. (*Effective January 1, 2016*) (a) The Commissioner of Consumer
41 Protection shall conduct a study regarding enforcement and complaint
42 procedures relating to home improvement contractors registered
43 pursuant to chapter 400 of the general statutes.

44 (b) The study conducted pursuant to subsection (a) of this section
45 shall include, but need not be limited to, an analysis of whether the
46 current complaint form, department procedures and enforcement

47 efforts utilized by the Department of Consumer Protection regarding
 48 home improvement contractors are adequate and what specific
 49 changes may be made to improve such complaint form, department
 50 procedures and enforcement efforts.

51 (c) Not later than July 1, 2016, the Commissioner of Consumer
 52 Protection, in accordance with section 11-4a of the general statutes,
 53 shall report the results of the study conducted pursuant to this section
 54 to the joint standing committee of the General Assembly having
 55 cognizance of matters relating to consumer protection and
 56 occupational licensing.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2016</i>	New section
Sec. 2	<i>January 1, 2016</i>	New section

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 results in no fiscal impact to the Department of Consumer Protection (DCP) as the agency is not required to take action on whether a home improvement contractor has and maintains liability insurance unless a complaint is received. Additionally the DCP has the expertise to carry out the study required in the bill

House "B" (LCO 7267) struck the underlying bill and eliminated the associated cost to the state.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 5785 (as amended by House "B")*****AN ACT CONCERNING INSURANCE AND TESTING REQUIREMENTS FOR HOME IMPROVEMENT CONTRACTORS.****SUMMARY:**

This bill prohibits the Department of Consumer Protection (DCP) commissioner from issuing a home improvement contractor registration to anyone who has not affirmatively indicated that he or she has and will maintain general commercial liability insurance coverage. It specifies that the commissioner is not required to investigate whether a home improvement contractor has the required insurance unless he receives a complaint alleging that a contractor is noncompliant.

The bill requires the commissioner, or his designee, to make available certain written material on home improvement contractor requirements and related laws to anyone applying for or renewing a home improvement contractor registration. It requires all initial and renewal applicants to sign a statement indicating that they will review the material. The material must be published by DCP and available at no cost. It may be posted online.

Lastly, the bill requires the DCP commissioner to study and report on enforcement and complaint procedures involving registered home improvement contractors.

*House Amendment "B" (1) removes a requirement that certain home improvement contractors pass a written test or course of study, instead requiring them to sign a statement saying they will review certain DCP written material; (2) removes a requirement to present evidence of insurance coverage to DCP and municipalities, instead requiring an indication of insurance on a DCP form; (3) decreases the

minimum amount of required liability insurance, from \$1 million to \$500,000 or \$100,000, depending on the contractor's income; (4) limits when the commissioner needs to investigate if a contractor is insured; and (5) requires the DCP study to include information about enforcement.

EFFECTIVE DATE: January 1, 2016

INSURANCE REQUIREMENT

The bill requires anyone seeking to register as a home improvement contractor to affirmatively indicate on a DCP form that he or she has and will maintain general commercial liability insurance coverage while registered. It prohibits DCP from issuing a registration without this indication.

Under the bill, contractors with a gross annual income of at least \$30,000 from home improvement services in the past calendar year must have at least \$500,000 of insurance coverage. Contractors with less than \$30,000 in gross annual income from these services must have at least \$100,000 of insurance coverage.

DCP WRITTEN MATERIALS

Under the bill, DCP's written materials on home improvement contracting must at least include:

1. an explanation of registration and renewal requirements for contractors in the state,
2. Connecticut Home Improvement Act requirements, and
3. summaries of (a) the Home Improvement Guaranty and the Consumer Protection Enforcement funds (see BACKGROUND) and (b) other relevant laws.

HOME IMPROVEMENT CONTRACTOR STUDY

The bill requires the DCP commissioner to (1) study enforcement and complaint procedures concerning registered home improvement

contractors and (2) report the study’s results, by July 1, 2016, to the General Law Committee.

Under the bill, the study must at least include (1) an analysis of the adequacy of DCP’s current complaint form, procedures, and enforcement efforts and (2) whether specific changes could improve them.

BACKGROUND

Home Improvement Guaranty Fund

DCP administers this fund to reimburse, up to \$15,000, consumers who are unable to recover from a registered home improvement contractor the losses they suffered because the contractor failed to fulfill a contract.

Registered contractors and salespeople pay annual fees into the fund when renewing their registrations. The fund is capped at a certain amount and excess funds go to the Consumer Protection Enforcement Account and the General Fund (CGS § 20-432).

Consumer Protection Enforcement Account

DCP uses this account to enforce the licensing and registration laws it administers. It is funded with revenue from fines for licensing law violations and funds from the Home Improvement Guaranty Fund (CGS § 21a-8a).

COMMITTEE ACTION

General Law Committee

Joint Favorable
Yea 11 Nay 7 (03/12/2015)