



# House of Representatives

General Assembly

**File No. 204**

January Session, 2015

Substitute House Bill No. 6864

*House of Representatives, March 25, 2015*

The Committee on Insurance and Real Estate reported through REP. MEGNA of the 97th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING THE PAYMENT OF UMPIRES UNDER THE STANDARD FIRE POLICY.**

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

1 Section 1. Section 38a-308 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2015*):

3 (a) (1) No policy or contract of fire insurance shall be made, issued,  
4 renewed or delivered by any admitted or nonadmitted insurer or any  
5 agent or representative thereof, on any property in this state, unless it  
6 conforms as to all provisions, stipulations, agreements and conditions  
7 with the form of policy set forth in section 38a-307, except that a policy  
8 or contract of fire insurance for a commercial property made, issued,  
9 renewed or delivered by a nonadmitted insurer or any agent or  
10 representative thereof may define "depreciation" differently than as set  
11 forth in section 38a-307.

12 (2) There shall be printed at the head of such policy the name of the  
13 insurer or insurers issuing the policy, the location of the home office

14 thereof, a statement showing whether such insurer or insurers are  
15 stock or mutual corporations or are reciprocal insurers or Lloyd's  
16 underwriter, provided any company organized under special charter  
17 provisions may so indicate upon its policy and may add a statement of  
18 the plan under which it operates in this state, and there may be added  
19 thereon such device or devices as the insurer or insurers issuing such  
20 policy desire. Such policy shall be clearly designated on the back of the  
21 form as "The Standard Fire Insurance Policy of the State of  
22 Connecticut"; and this designation may include the names of such  
23 other states as have adopted this standard form.

24 (3) The standard fire insurance policy provided for in section 38a-  
25 307 need not be used for effecting reinsurance between insurers. If the  
26 policy is issued by a mutual, cooperative or reciprocal insurer having  
27 special regulations with respect to the payment by the policyholder of  
28 assessments, such regulations shall be printed upon the policy and any  
29 such insurer may print upon the policy such regulations as are  
30 appropriate to or required by its form of organization. Insurers issuing  
31 the standard fire insurance policy pursuant to section 38a-307 are  
32 authorized to affix thereto or include therein a written statement that  
33 the policy does not cover loss or damage caused by nuclear reaction or  
34 nuclear radiation or radioactive contamination, all whether directly or  
35 indirectly resulting from an insured peril under such policy; provided  
36 nothing herein contained shall be construed to prohibit the attachment  
37 to any such policy of an endorsement or endorsements specifically  
38 assuming coverage for loss or damage caused by nuclear reaction or  
39 nuclear radiation or radioactive contamination.

40 (b) Any policy or contract that includes, either on an unspecified  
41 basis as to coverage or for an indivisible premium, coverage against  
42 the peril of fire and substantial coverage against other perils need not  
43 comply with the provisions of subsection (a) of this section, provided:  
44 (1) Such policy or contract shall afford coverage, with respect to the  
45 peril of fire, not less than the substantial equivalent of the coverage  
46 afforded by said standard fire insurance policy; (2) except as provided  
47 under subdivision (1) of subsection (a) of this section for a policy or

48 contract of fire insurance for a commercial property made, issued,  
49 renewed or delivered by a [surplus lines] nonadmitted insurer or any  
50 agent or representative thereof, the following provisions in said  
51 standard fire insurance policy are incorporated therein without  
52 change: (A) Mortgagee interests and obligations, (B) the definitions of  
53 actual cash value and depreciation, (C) the time period for when a loss  
54 is payable after proof of loss, and (D) the time period for when a suit or  
55 action for the recovery of a claim may be commenced; (3) such policy  
56 or contract is complete as to all of its terms without reference to any  
57 other document; and (4) the commissioner is satisfied that such policy  
58 or contract complies with the provisions hereof. The provisions of this  
59 subsection shall apply to any such policy or contract issued or renewed  
60 on or after July 1, 2014.

61 (c) No umpire selected pursuant to the appraisal provision of the  
62 policy or contract shall require or enter into any agreement or contract  
63 that directs the payment of such umpire's expenses to be made directly  
64 from any award, unless a policyholder requests in writing such  
65 agreement or contract.

66 [(c)] (d) None of the provisions of this section shall apply to policies  
67 of automobile or aircraft physical damage insurance or to policies of  
68 inland marine insurance.

69 [(d)] (e) The provisions of section 38a-346 shall apply in the event of  
70 cancellation of a policy issued pursuant to this chapter.

71 [(e)] (f) Any policies made, issued, renewed or delivered through a  
72 fire, liability and allied lines underwriting facility established by the  
73 Insurance Commissioner pursuant to section 38a-328 shall not be  
74 subject to the cancellation of policy provisions or notice of cancellation  
75 requirements of section 38a-307, provided such policies comply with  
76 any regulation adopted by the Insurance Commissioner pursuant to  
77 subsection (a) of section 38a-328.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	38a-308

**INS**      *Joint Favorable Subst.*

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.

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill specifies the circumstances that an umpire in certain insurance disputes may be paid from the proceeds of an award. As this concerns private insurance transactions, there is no fiscal impact.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None

**OLR Bill Analysis****sHB 6864*****AN ACT CONCERNING THE PAYMENT OF UMPIRES UNDER THE STANDARD FIRE POLICY.*****SUMMARY:**

This bill allows an umpire, in a dispute between an insured and an insurer about the amount owed under a fire insurance policy, to receive payment for his or her expenses directly from any award only if a policyholder agrees to that in writing.

The bill also makes technical changes. For example, it explicitly applies laws about the standard fire policy to renewed policies. The laws already apply to policies made, issued, or delivered, which in practice has included renewals.

EFFECTIVE DATE: October 1, 2015

**BACKGROUND*****Umpires***

By law, the standard fire policy includes an appraisal provision, under which an insured and insurer that disagree on the amount of a loss each select an appraiser. The appraisers (or, failing an agreement, a court) select a competent, disinterested umpire. The appraisers appraise the loss and submit any differences to the umpire, who determines an award. The insured and insurer pay the umpire's expenses equally (CGS § 38a-307).

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 12 Nay 7 (03/10/2015)