OLR Bill Analysis
sHB 5209 (as amended by House "B")*

**AN ACT CONCERNING LONG-TERM CARE INSURANCE PREMIUM RATE INCREASES.**

**SUMMARY**

This bill imposes a $12 surcharge on the named insured under certain homeowners insurance policies issued over the next 11 years, to be deposited into the Healthy Homes Fund which the bill establishes. The bill authorizes the insurance commissioner to adopt implementing regulations. (Presumably, the surcharge applies to each named insured in a homeowners policy).

Under the bill, 85% of the surcharges collected, after subtracting an amount to cover the cost of an employee to facilitate collection, must be deposited into the Crumbling Foundations Assistance Fund to assist homeowners with concrete foundations damaged by the presence of pyrrhotite. The remaining 15% must be used by the Department of Housing (DoH) to fund:

1. grants to certain homeowners in New Haven and Woodbridge with structural damage from subsidence or water infiltration; and

2. lead, radon, and other contaminant abatement activities, including necessary administrative expenses.

*House Amendment “B” replaces the underlying bill, which required long-term care insurance policies to spread out a premium increase of 20% or more over a period of five years, instead of three as under current law.

**EFFECTIVE DATE:** January 1, 2019, for the insurance surcharge provisions, and applicable to policies delivered, issued, or renewed on or after that date; and upon passage for the provisions on the Healthy
Homes Fund.

**INSURANCE SURCHARGE**

The bill imposes a $12 surcharge on the named insured under each homeowners insurance policy delivered, issued, renewed, amended, or endorsed between January 1, 2019 and December 31, 2029. Under the bill, the surcharge applies to homeowners policies for personal risk insurance policies on condominiums or residential dwellings with four or fewer units. (Presumably, the bill applies to homeowners policies on condominiums or one- to four- unit dwellings.)

Under the bill, the surcharge is not a premium and constitutes a special purpose assessment under state law (i.e., it does not trigger certain tax reciprocity repercussions).

Each admitted insurer and nonadmitted insurer, acting on behalf of and as a collection agent of the Healthy Homes Fund (see below), must, by April 30 annually, remit to the insurance commissioner the surcharges on policies delivered, issued, or renewed in the previous calendar year along with documentation substantiating the amount in a form and manner she prescribes. (Presumably, the bill requires licensees of nonadmitted insurers to collect the surcharge. Such licensees are the state regulated entity for nonadmitted insurers.)

Under the bill, the Insurance Department may keep from the total remitted an amount necessary to fund an administrative officer to facilitate the surcharge collection process. The rest must be deposited into the Healthy Homes Fund.

**HEALTHY HOMES FUND**

The bill establishes the Healthy Homes Fund, a separate nonlapsing General Fund account to collect insurance surcharge funds to (1) help homeowners with concrete foundations damaged from pyrrhotite, (2) provide grants to certain homeowners in New Haven and Woodbridge with structural damage from subsidence or water infiltration, and (3) fund a program to reduce residential health and safety hazards.

Under the bill, within 30 days of receiving the deposit of surcharge
funds, 85% of the deposits must be transferred to the Crumbling Foundations Assistance Fund, which is used by the Connecticut Foundation Solutions Indemnity Company, LLC to assist homeowners with crumbling concrete foundations. (The company is a captive insurer created by PA 17-2, June Special Session, to facilitate aid to affected homeowners.)

The remaining 15% of surcharge deposits in the Healthy Homes Fund must be used by DoH to:

1. provide the Department of Economic and Community Development with up to $1 million for grants to homeowners with homes (a) in the immediate vicinity of the West River in the Westville section of New Haven and Woodbridge that are structurally damaged due to subsidence and (b) abutting the Yale Golf Course in the Westville section of New Haven that are damaged from water infiltration or subsidence and

2. fund a program to reduce residential health and safety hazards from such things as lead, radon, and other contaminants and conditions, including removal, remediation, and abatement.

**Municipal Notification**

The bill requires DoH to notify the Department of Public Health (DPH) within 30 days after the Insurance Department deposits money into the Healthy Homes Fund. However, the bill also requires DPH to annually notify each municipal health department of available Healthy Home funds within the same time period. (It is unclear how this would be implemented.)

**Report to the General Assembly**

By January 1, 2020, the bill requires the DoH commissioner to begin annually reporting to the Housing, Planning and Development, and Appropriations committees on the status of the Healthy Homes Fund and any money spent by DoH. The bill allows the report to be electronically submitted.

**COMMITTEE ACTION**
Insurance and Real Estate Committee

Joint Favorable Substitute
Yea  18  Nay  3  (03/15/2018)