

Select State Actions on Crumbling Concrete Foundations

Summary

This issue brief describes select state actions taken to assist homeowners with concrete foundations that are crumbling due to pyrrhotite. In August 2015, Governor Malloy requested an investigation into the issue, and the legislature began holding public hearings in 2016. In May of 2016, it passed [PA 16-45](#), which required the Department of Consumer Protection (DCP) to investigate the cause of concrete foundation failure and established recordkeeping requirements for residential and commercial builders.

What is Pyrrhotite?

Pyrrhotite is a mineral that expands when exposed to water and oxygen, which causes concrete containing it to crack and swell.

Generally, the legislature has established a framework for assisting homeowners that have crumbling foundations due to pyrrhotite. It includes a testing program, increased documentation, and a captive insurance company to facilitate grants and other financial assistance. Financial assistance is funded through state bonding, including \$5 million to reimburse homeowners for necessary pyrrhotite testing. An additional \$20 million per year for five years has been authorized for use by the captive insurance company, which will generally facilitate aid to homeowners. Of the first \$20 million, \$350,000 has been issued to provide the initial capital required to establish the company. Eligible homeowners may also participate in the Collapsing Foundations Credit Enhancement Program, which will offer below-market rate loans to help homeowners repair and replace crumbling foundations.

In addition to the state actions described below, the legislature has held numerous public hearings and the state Department of Housing set aside \$1 million from the federally funded [Community Development Block Grant](#) Program to help municipalities mitigate crumbling concrete damage.

According to the [Capitol Region Council of Governments](#), at least 36 towns are potentially affected by crumbling concrete foundations.

Timeline of Select State Actions on Crumbling Concrete Foundations

August 2015 (Executive Branch Investigation)

Governor Malloy [asks](#) DCP and the Attorney General to investigate deteriorating foundations.

February 2017 (Crumbling Foundations Testing Program)

The State Bond Commission allocates \$5 million to provide a grant to the Capitol Region Council of Governments to run a foundation testing program. The program generally reimburses eligible homeowners (1) 50% of the cost, up to \$2,000, for pyrrhotite testing of two core samples or (2) 100% of the cost, up to \$400, for visual inspections. For more information, see www.foundationtesting.org.

February 2018 (Captive Insurer Bond Authorization)

The State Bond Commission allocates \$350,000 of the initial \$20 million bond authorization to provide initial capital and professional services to start the crumbling foundations captive insurer, now called the Connecticut Foundation Solutions Indemnity Company, LLC. The company's incorporators (1) release a request for proposal for a superintendent to run the company and (2) begin drafting necessary paperwork to file with the Connecticut Insurance Department.

April 2018 (Connecticut Foundation Solutions Indemnity Company, LLC)

The incorporators select Michael Maglaras & Company as the superintendent of Connecticut Foundation Solutions Indemnity Company, LLC.

May 2016 (PA 16-45)

Among other things, the act requires (1) individuals building residential and commercial buildings to document the name of the concrete supplier and installer; (2) municipalities, at a homeowner's request, to reassess properties with foundation problems; (3) DCP to investigate the cause or causes of concrete foundation failure; and (4) executive branch agencies to keep records about crumbling concrete foundations confidential for at least seven years. That December, DCP released its [report](#).

November 2017 (PA 17-2, June Special Session §§ 334-348)

The act (1) creates a captive insurance company to distribute grants and organize crumbling foundation assistance programs and allows taxpayers to deduct any assistance received from their adjusted gross income; (2) authorizes bonding of up to \$20 million per year for five years; (3) creates a Collapsing Foundations Credit Enhancement Program to help homeowners obtain additional funding necessary to replace or repair crumbling concrete foundations; (4) waives certain building permit fees for repairing or replacing crumbling foundations; (5) allows an insured to sue his or her homeowners insurer for up to one year after the insurer denies a crumbling foundation claim; and (6) prohibits, unless certain standards are adopted, using recycled material containing pyrrhotite to produce structural concrete for residential or commercial construction.

May 2018 (Insurance Surcharge)

[sHB 5209](#) (as amended by House "B") establishes a \$12 homeowners insurance surcharge, approximately 85% of which will be deposited into the Crumbling Foundations Assistance Fund to assist homeowners with crumbling concrete foundations. The surcharge begins on January 1, 2019 and sunsets after 11 years.

**Learn
More**

["How do pyrite and pyrrhotite damage building foundations?"](#) American Geosciences Institute

["Concrete Foundations: Information and Quick Facts."](#) Connecticut Department of Consumer Protection

["Crumbling Foundations."](#) Connecticut Department of Housing

["Deteriorating Concrete Foundations."](#) Connecticut Department of Consumer Protection

