AN ACT CONCERNING CRUMBLING CONCRETE FOUNDATIONS.

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

Section 1. (NEW) (Effective July 1, 2019) (a) For the purposes of this section:

(1) "Applicant" means a person that files an application with the commissioner pursuant to subdivision (1) of subsection (c) of this section;

(2) "Captive insurance company" means the captive insurance company established pursuant to section 38a-91vv of the general statutes, as amended by this act;

(3) "Commissioner" means the Commissioner of Housing; and

(4) "Person" means an individual, corporation, partnership, limited liability company, association, joint stock company, business trust, unincorporated organization or other legal entity.

(b) The commissioner shall establish, within available
appropriations, a grant program to support the development of methods and technologies that reduce, by an amount that is not less than one hundred thirty-five thousand dollars, the average cost of repairing or replacing concrete foundations in this state that have deteriorated due to the presence of pyrrhotite. For the purposes of this section, the General Assembly finds and declares that the average cost of repairing or replacing such a foundation is one hundred seventy-five thousand dollars.

(c) (1) Each person that develops a method or technology described in subsection (b) of this section and wishes to receive a grant under this section shall file an application with the commissioner that includes:

(A) Such person's name and address;

(B) A description of such method or technology;

(C) Information sufficient to demonstrate, to the satisfaction of the captive insurance company, (i) that such method or technology will reduce the average cost of repairing or replacing concrete foundations in this state that have deteriorated due to the presence of pyrrhotite, and (ii) the amount of such reduction; and

(D) Such additional information that the commissioner, in the commissioner's discretion and in consultation with the captive insurance company, may prescribe.

(2) Not later than thirty days after a person files an application with the commissioner pursuant to subdivision (1) of this subsection, the commissioner shall file the application with the captive insurance company.

(d) If the captive insurance company notifies the commissioner, pursuant to subparagraph (A) of subdivision (13) of subsection (b) of section 38a-91vv of the general statutes, as amended by this act, that an applicant is eligible to receive a grant pursuant to subsection (b) of this
section, the commissioner shall, not later than thirty days after receiving such notice, award a grant to such applicant in one of the following amounts:

(1) One million dollars, if the captive insurance company determines that the method or technology described in the applicant's application will reduce the average cost of repairing or replacing concrete foundations in this state that have deteriorated due to the presence of pyrrhotite by an amount that is not less than one hundred thirty-five thousand dollars;

(2) Two million dollars, if the captive insurance company determines that the method or technology described in the applicant's application will reduce the average cost of repairing or replacing concrete foundations in this state that have deteriorated due to the presence of pyrrhotite by an amount that is greater than one hundred thirty-five thousand dollars but less than one hundred sixty-five thousand dollars; or

(3) Five million dollars, if the captive insurance company determines that the method or technology described in the applicant's application will reduce the average cost of repairing or replacing concrete foundations in this state that have deteriorated due to the presence of pyrrhotite by an amount that is not less than one hundred sixty-five thousand dollars.

(e) The commissioner may adopt regulations, in accordance with chapter 54 of the general statutes, to carry out the provisions of this section.

Sec. 2. Subsections (b) to (h), inclusive, of section 38a-91vv of the general statutes are repealed and the following is substituted in lieu thereof (Effective July 1, 2019):

(b) In addition to any other requirements imposed by law applicable to captive insurance companies, the captive insurance company
established pursuant to this section shall:

(1) Upon request of the joint standing committees of the General Assembly having cognizance of matters relating to planning and development, public safety and housing, or the Governor, make recommendations regarding the expansion of eligibility for financial assistance pursuant to this section and modifications to improve the efficiency and operation of the captive insurance company in order to serve its public purpose;

(2) Establish a board of directors who shall serve in a volunteer capacity. The membership of the board of directors shall include, but need not be limited to, a real estate agent or broker, two owners of residential buildings who have concrete foundations that have deteriorated due to the presence of pyrrhotite, a chief executive or such chief executive's designee of a municipality in which residential buildings with concrete foundations that have deteriorated due to the presence of pyrrhotite are located, an individual with professional investment experience and currently registered as an investment adviser pursuant to title 36b, the executive directors of the Capitol Region Council of Governments and the Eastern Region Council of Governments or such executive directors' designees and representatives from the insurance and banking industries, who shall not have professional relationships with any bank or insurance company that has a financial interest in residential buildings subject to the provisions of this section and sections 7-374b, 8-441, 8-442, 8-443, 8-444, subparagraph (B) of subdivision (20) of subsection (a) of section 12-701 and section 29-265f. The speaker, the minority leader of the House of Representatives, the president pro tempore of the Senate and the Senate Republican president pro tempore shall each appoint a member of the General Assembly as a nonvoting, ex-officio member of the board of directors. It shall not constitute a conflict of interest for a member of the board of directors, who is the owner of a residential building which has a concrete foundation that has deteriorated due to the presence of pyrrhotite, or the spouse or dependent child of such
member, to apply for or receive assistance from the captive insurance
compagny established under this section, to repair or replace such
corcrete foudation, provided such member shall abstain from
deliberation, action or vote by the board of directors in specific respect
to such member’s application or the application of such spouse or
dependent child;

(3) Develop eligibility requirements and underwriting guidelines for
financial assistance for repair or replacement of concrete foundations.
Such requirements and guidelines shall, not later than thirty days prior
to their adoption, amendment or modification, be published on a
public Internet web site maintained by the captive insurance company;

(4) Develop in coordination with the Department of Housing,
Connecticut Housing Finance Authority and participating lenders in
the Collapsing Foundations Credit Enhancements Program,
established pursuant to section 8-442, a single, unified application for
owners of residential buildings to apply for all financial assistance
available pursuant to this section and sections 8-442 and 8-443;

(5) Provide financial assistance to such owners of residential
buildings for the repair or replacement of concrete foundations that
have deteriorated due to the presence of pyrrhotite, including, but not
limited to, financial reimbursement to [homeowners] owners who
have had such repair or replacement performed prior to October 31,
2017;

(6) Assist such owners of residential buildings to obtain additional
financing necessary to fully fund the repair or replacement of concrete
foundations that have deteriorated due to the presence of pyrrhotite;

(7) Approve contractors or other vendors for eligibility to perform
foundation repairs or replacements on behalf of claimants;

(8) Disburse such financial assistance to approved contractors or
other vendors on behalf of claimants;
(9) Ensure that the financial assistance is used solely for costs of repairing and replacing concrete foundations that have deteriorated due to the presence of pyrrhotite;

(10) Require the disclosure of the amount of all financial compensation received by an owner of such a residential building, if any, arising out of a claim for coverage under the property coverage provisions of the personal risk insurance policy, including, but not limited to, a homeowners policy, for foundation deterioration due to the presence of pyrrhotite and ensure that such amount is considered when determining the amount of financial assistance offered to such owner;

(11) When appropriate, apply for, qualify for and receive any federal funds made available under any federal act, for assistance to owners of residential buildings [and residential condominium units] having concrete foundations that have deteriorated due to the presence of pyrrhotite. To the extent permissible under federal law, all such federal funds shall be deposited into the Crumbling Foundations Assistance Fund established pursuant to section 8-441; [and]

(12) Enter into agreements, as necessary, with the Connecticut Housing Finance Authority and any participating lender, as defined in section 8-442, to develop and implement additional loan programs or financial products to assist such owners to repair or replace concrete foundations that have deteriorated due to the presence of pyrrhotite, while employing terms and conditions that are preferable to the open market; [and]

(13) (A) Establish an innovation board within the captive insurance company that consists of volunteer members. The membership of the innovation board shall include, but need not be limited to, an attorney who is a member of the bar of this state with experience in intellectual property law, a chemist, an individual with experience in the construction industry, a licensed professional engineer who is a
structural engineer, a materials scientist, an individual with experience in the technology industry and a venture capitalist. The board of directors of the captive insurance company shall appoint the members of the innovation board and each member of the innovation board shall have one vote on such innovation board. The innovation board shall, on behalf of the captive insurance company, (i) review each application filed by the Commissioner of Housing with the captive insurance company pursuant to subdivision (2) of subsection (c) of section 1 of this act, (ii) determine, by a majority of the members of such board voting, (I) whether the person who filed such application is eligible for a grant pursuant to said section, and (II) if the method or technology described in such application will reduce the average cost of repairing or replacing concrete foundations in this state that have deteriorated due to the presence of pyrrhotite by an amount that is not less than one hundred thirty-five thousand dollars, greater than one hundred thirty-five thousand dollars but less than one hundred sixty-five thousand dollars or not less than one hundred sixty-five thousand dollars, and (III) notify the commissioner, not later than thirty days after the innovation board received such application, of such determination.

(B) No member of the innovation board established pursuant to subparagraph (A) of this subdivision shall participate in any deliberations concerning, vote on or otherwise take any action with respect to an application filed with the innovation board pursuant to subdivision (2) of subsection (c) of section 1 of this act if such member, or a spouse or dependent child of such member, has a pecuniary interest in the person who filed such application.

(c) Except as provided in subsection (d) of this section, such captive insurance company shall not be considered a state agency for purposes of any provision of the general statutes, and shall not be considered to perform a governmental function for purposes of chapter 14. Such captive insurance company may, subject to the provisions of this section, do all things necessary and desirable in its discretion to
accomplish its purposes, including hiring employees and contracting
for administrative or operational services, and entering into
agreements with the Connecticut Housing Finance Authority created
pursuant to section 8-244 and any participating lender, as defined in
section 8-442, to develop and implement additional loan programs or
financial products that will assist owners of residential buildings to
repair or replace concrete foundations that have deteriorated due to
the presence of pyrrhotite on terms and conditions that are preferable
to the open market. Not more than ten per cent of all moneys allocated
or made available to the captive insurance company in any calendar
year shall be used for administrative or operational costs.

(d) Employees and agents of the captive insurance company shall
not be deemed state employees, except that employees and directors
shall be subject to the provisions of sections 1-84, 1-84a, 1-84b, 1-85 and
1-86. Any agent, consultant or contractor of the captive insurance
company shall be subject to the provisions of sections 1-86e and 1-
101nn. The Office of State Ethics shall have the authority to enforce the
provisions of this subsection.

(e) Notwithstanding sections 38a-11 and 38a-91bb, the captive
insurance company shall not be required to pay a license fee for the
first year of licensure or a renewal fee for any year thereafter, as set
forth in said sections.

(f) In addition to any report required to be filed by not-for-profit
tentities generally under regulations of the Internal Revenue Service,
the captive insurance company shall submit quarterly reports to the
joint standing committees of the General Assembly having cognizance
of matters relating to insurance, finance, planning and development,
housing and public safety on its operation and financial condition.
Such quarterly reports shall include, but need not be limited to,
information concerning: (1) Moneys allocated or made available to it
pursuant to this section, (2) total financial assistance and financial
assistance, by town, provided to owners of such residential buildings
pursuant to this section, (3) administrative and operational expenditures, (4) the total number and number, by town, of applications for assistance received during the quarter and to date, (5) the total number and number, by town, of applications for assistance granted during the quarter and to date, (6) the average time to process applications, and (7) the total number and number, by town, of applications pending and amount of such claims.

(g) The joint standing committees of the General Assembly having cognizance of matters relating to insurance, finance, planning and development, housing and public safety shall, not less than annually, hold a joint public hearing on the operation and financial condition of the captive insurance company.

(h) [A] Except for an application filed with the innovation board established pursuant to subdivision (13) of subsection (b) of this section, a decision on an application for assistance pursuant to this section shall be made in writing and provided to the [homeowner] owner and shall include the information relied upon and the basis for such decision, including the relevant eligibility and underwriting criteria. An owner of such a residential building may request a review of any decision by the captive insurance company relating to such [homeowner] owner not later than thirty days after the decision. A final determination on such a request for review shall be made in writing and provided to the [homeowner] owner not later than thirty days after receipt of the [homeowner's] owner's request, unless an extension is agreed to by the [homeowner] owner. The final determination shall be subject to approval by the board of directors. There shall be no right to appeal such final determination.

Sec. 3. Section 8-440 of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2019):

For purposes of sections 7-374b, sections 8-441 to 8-444, inclusive, and sections 12-701, 29-265f and 38a-91vv, as amended by this act,
"residential building" means [a one-family, two-family, three-family or four-family dwelling including, but not limited to, a condominium unit or dwelling in a planned unit development] (1) a single-family or multifamily residential dwelling, including, but not limited to, (A) a residential unit in a condominium, as such terms are defined or used in section 47-68a, and (B) a unit that is used for residential purposes and located in a common interest community, as such terms are defined in section 47-202, and (2) a building containing one or more of the residential dwellings described in subdivision (1) of this section.

Sec. 4. Section 38a-331 of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2019):

(a) (1) [Beginning on January 1, 2019, until December 31, 2029, there]
There shall be imposed a surcharge at the rate of twelve dollars: [on the named insured under]

(A) For the period beginning on January 1, 2019, and ending on June 30, 2019, on the first person named as an insured under each [policy of] homeowners insurance policy delivered, issued for delivery, renewed, amended or endorsed [on or after January 1, 2019, for a] during such period providing personal risk insurance [policy on] coverage for (i) an owned [dwellings] dwelling with four or fewer units, or [on condominiums. Such] (ii) a condominium; and

(B) For the period beginning on July 1, 2019, and ending on December 31, 2029, on the first person named as an insured under each personal risk insurance policy delivered, issued for delivery or renewed during such period providing coverage for (i) a single-family home, (ii) a residential unit in a condominium or a building containing one or more of such residential units, as such terms are defined or used in section 47-68a, (iii) a unit that is used for residential purposes and located in a common interest community or a building containing one or more of such units, as such terms are defined in section 47-202 or
used in chapter 828.

(2) The first person named as an insured under each policy that is subject to the surcharge imposed under subdivision (1) of this subsection shall be responsible for paying such surcharge, and such insured shall pay such surcharge, in full, (A) at the time that such policy is delivered, issued for delivery, renewed, amended or endorsed, as applicable, and (B) in any reasonable manner jointly determined by (i) such insured, (ii) the insurer that delivered, issued for delivery, renewed, amended or endorsed such policy, as applicable, and (iii) any person who holds a mortgage upon the real property that is insured under such policy.

(3) The surcharge imposed under subdivision (1) of this subsection shall not be considered premium for any purpose and no portion of such surcharge shall be refundable.

(b) (1) Acting on behalf of, and as a collection agent of the Healthy Homes Fund established pursuant to section 8-446, each admitted and nonadmitted insurer, or one or more insurance producers licensed in this state acting on behalf of such nonadmitted insurer, shall remit to the [Insurance Commissioner] commissioner, not later than the thirtieth day of April annually, all surcharges imposed under subdivision (1) of subsection (a) of this section [on the named insured] that were collected [during] for the calendar year [next] immediately preceding. [for each such policy delivered, issued or renewed before January first of the then current calendar year.] Each such remittance shall include documentation, in [the] a form and manner prescribed by the commissioner, to substantiate the total surcharge amount being remitted by such admitted insurer, nonadmitted insurer or [licensee] insurance producer acting on behalf of such nonadmitted insurer.

(2) All such remittances under subdivision (1) of this subsection, except for the amount of remittances equal to the cost of funding an administrative officer position at the Insurance Department to facilitate
the surcharge collection, shall be deposited in the Healthy Homes Fund established in section 8-446. Not later than thirty days after such deposit in the Healthy Homes Fund, eighty-five per cent of such deposits shall be transferred to the Crumbling Foundations Assistance Fund established in section 8-441.

(3) The surcharge imposed [pursuant to] under subdivision (1) of subsection (a) of this section shall constitute a special purpose assessment for the purposes of section 12-211.

(c) The commissioner may adopt regulations, in accordance with chapter 54, to implement the provisions of this section.

Sec. 5. (NEW) (Effective July 1, 2019) The sum of eight million dollars is appropriated to the Department of Housing, from the General Fund, for the fiscal year ending June 30, 2020, to fund grants awarded by the Commissioner of Housing as part of the grant program established pursuant to section 1 of this act.

This act shall take effect as follows and shall amend the following sections:

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**Statement of Purpose:**
To (1) require the Commissioner of Housing to establish a grant program to support the development of methods and technologies that reduce the average cost of repairing and replacing concrete foundations in this state that have deteriorated due to the presence of pyrrhotite, (2) establish an innovation board to review applications for grants filed as part of such program, (3) appropriate the sum of eight million dollars to fund grants awarded as part of such program, (4) modify the Healthy Homes Fund surcharge, and (5) redefine the term
"residential building" as such term applies to various statutes concerning crumbling concrete foundations.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]