

Home Improvement and New Home Construction Guaranty Fund Statistics

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August 22, 2023 | 2023-R-0170

Issue

Provide a brief overview of the Home Improvement and New Home Construction Guaranty funds and statistics for the last five fiscal years. This report updates OLR Report [2020-R-0324](#).

Summary

Connecticut law generally requires home improvement and new home construction contractors to register with the Department of Consumer Protection (DCP) and pay a fee to a guaranty fund ([CGS §§ 20-417b, -417i, -420, -421 & -432](#)). The guaranty funds reimburse consumers who are unable to recover a court judgment or binding arbitration decision from a registered contractor for the awarded amount, other than punitive damages and minus any amount already recovered. Consumers must (1) request the reimbursement within two years after the final judgment has been made or the time for appeal has passed and (2) assign DCP the right to recover the money once they have been paid from the fund.

The Home Improvement Guaranty Fund reimburses consumers up to \$25,000 per claim ([PA 21-197](#) increased the amount from \$15,000 beginning July 1, 2022) for losses due to a registered home improvement contractor's failure to fulfill a contract valued at more than \$200. The New Home Construction Guaranty Fund reimburses consumers up to \$30,000 per claim for those who are unable to recover losses for damages caused by registered new home construction contractors.

The law caps the guaranty funds at \$750,000 each. When the fees cause a fund to exceed its cap, the first \$400,000 of the excess in the Home Improvement Guaranty Fund and \$300,000 of the excess in the New Home Construction Guaranty Fund must be transferred into DCP's Consumer Protection Enforcement Account. The remainder of the excess must be transferred into the General Fund.

Home Improvement Guaranty Fund

The Home Improvement Guaranty Fund reimburses consumers up to \$25,000 per claim who are unable to recover losses caused by registered home improvement contractors for contracts valued over \$200. The fund is capitalized by a \$100 annual fee paid by each home improvement contractor and a \$40 annual fee paid by each home improvement salesperson (or their employer).

Table 1 shows the total receipts, number of consumers who have accessed the guaranty fund, and the total and average amount paid out in the last five fiscal years.

Table 1: Home Improvement Guaranty Fund Payouts

Fiscal Year	Total Receipts	Number of Restitutions Paid	Total Amount Paid	Average Amount Paid Per Claim
2023	\$2,741,908	148	\$1,544,121	\$10,433
2022	3,795,327	120	738,181	6,152
2021	3,197,488	55	501,163	9,112
2020	3,070,839	125	1,059,468	8,476
2019	3,095,431	139	1,235,986	8,892
Total	15,900,993	587	5,078,919	8,652

*Source: DCP

New Home Construction Guaranty Fund

The New Home Construction Guaranty Fund reimburses consumers who are unable to recover losses for damages caused by registered new home construction contractors. The fund is capitalized by a \$240 annual fee paid by each home construction contractor. ([PA 21-197](#) made this fee annual rather than biennial, but did not change the amount.)

Table 2 shows the total receipts, number of consumers who have accessed the guaranty fund, and the total and average amount paid out in the last five fiscal years.

Table 2: New Home Construction Guaranty Fund

Fiscal Year	Total Receipts	Number of Restitutions Paid	Total Amount Paid	Average Amount Paid Per Claim
2023	\$144,492	2	\$60,000	\$30,000
2022	1,170,249	4	108,024	27,006
2021	247,030	2	56,932	28,466
2020	1,125,047	6	147,956	24,659
2019	198,257	6	180,000	30,000
Total	2,885,075	20	552,912	27,646

*Source: DCP

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