

**PA13-138**

HB6380

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Insurance	1086, 1090-1092, 1095-1099, 1103-1104, 1111-1131, 1155-1159	37
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**H - 1157**

**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
2013**

**VOL.56  
PART 8  
2370 - 2742**

On House Bill 6437 as amended by House Amendment  
Schedules "A" and "C."

Total Number voting	130
Necessary for passage	70
Those voting Yea	117
Those voting Nay	21
Those absent and not voting	12

SPEAKER SHARKEY:

The bill, as amended, passes.

(Deputy Speaker Sayer in the Chair.)

DEPUTY SPEAKER SAYER:

Will the Clerk please call Calendar Number 200.

THE CLERK:

On page 9, Calendar 200, Substitute House Bill  
Number 6380, AN ACT CONCENING PROPERTY AND CASUALTY  
INSURANCE POLICIES, favorable report of the Committee  
on Insurance and Real Estate.

DEPUTY SPEAKER SAYER:

Representative Megna.

REP. MEGNA (97th):

Thank you, Madam Speaker.

Madam Speaker, I move acceptance of the joint

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committee's favorable report and passage of the bill.

DEPUTY SPEAKER SAYER:

The question is on acceptance of the joint committee's favorable report and passage of the bill.

Representative Megna, you have the floor, sir.

REP. MEGNA (97th):

Thank you, Madam Speaker.

Madam Speaker, this bill came to our committee in actually different pieces, their consumer protections brought to us -- or addressing concerns in the wake of Storm Sandy that hit Connecticut last year.

Section 1 of the bill, Madam Speaker, has to do with what we call "matching" in real property. By statute homeowner policies, commercial policies, essentially say that damaged property needs to be replaced with like kind and quality, and that's essentially the language that's contained in -- in most property policies in the -- in the regulated market. And normally the general business practice in the insurance industry is to replace the damaged property and to -- and to match the area around the damaged property, whether it's a painted room or a painted wall or siding on a house or whatever that like kind and quality is. In the event -- in the

event that the -- the damaged property doesn't match for some reason, now some will say, you know, if that's the -- the common practice of the insurance industry why do we do that -- what do we do this. There are some people, representatives of insurance companies, occasionally that try to take the literal meaning of the law and just replace the actual damage property, never give consideration to -- to any of the unmatched components adjacent to it, whether it's a roof on a house, or a siding on a building, or a wallpaper in a room, or painting on a wall, or ceramic tile. So what we -- after hearing some of these concerns, what we did was we came up with section 1 of the bill, and section 1 essentially just says you need to consider, you need to consider those adjacent items if they don't match.

And I want to be clear, I know I spoke several times with my ranking member on this issue that there's nothing in here that would require an insurer to re-side a house, reroof an entire house because of a small damage section of a slope of a roof or the side of a house or -- et cetera, et cetera. The section really just says that they shall conform to a reasonably uniform appearance. So the subjectivity is

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still there. The ability to do business, as usual, is still there under section 1. And that would apply to both commercial real property and homeowner real property, Madam Speaker.

Madam Speaker, in section 2, what we do here is we've heard concerns of insurance companies canceling or non-renewing homeowners as a result of whether they make an inquiry about a claim or a minor claim that's under a deductible or -- or they refuse to insure or cancel somebody as a result of a claim on the same property when it was owned by somebody else even though the risk was mitigated. So section 2 prohibits that, prohibits an insurer from solely denying a coverage based on a catastrophe claim or on the fact that there was a claim on that property under a prior owner or because it's a claim that's under \$500 or a non-compensable, which would be under a policy deductible.

Madam Speaker, the Clerk is in possession of LCO 6221. I'd asked that it be called and I be permitted to summarize.

DEPUTY SPEAKER SAYER:

Will the Clerk please call LCO 6221, which will be designated House Amendment Schedule "A."

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THE CLERK:

House "A," LCO 6221, introduced by Representative  
Megna, et al.

DEPUTY SPEAKER SAYER:

Representative Megna.

REP. MEGNA (97th):

Thank you, Madam Speaker.

Madam Speaker, the first part of this amendment really makes some clarifying changes with the standard fire policy which is statute with regard to a like kind and quality and removes a problematic sentence that was line 6 and changes a few other things to make it a better bill.

And then there's another section to this bill which extends the rescission time frame for somebody to get out of a public adjuster contract, an additional two days. Currently under statute, I believe that it's two days that their homeowner or business owner can get out from a public adjuster contract. This extends it another two days and -- and requires the public adjuster to put that notice on the front page of their contract. And if they fail to do so, the contract would be void.

What we've heard and what I've seen many a times

is public adjusters that are solicitors, they're chasing people's homes that burned down, they're running around in catastrophe areas, and they're obtaining signatures on contracts that are very vague and essentially a sign-over benefit. It's not only a contract between the property owner and the -- the public adjuster, but it's also an assignment of proceeds from a policy. Quite often that person's home just burned down or the neighborhood was trashed, they -- they need time to think about it. They need time to make phone calls, look into their policy, see if it's a -- see if they're underinsured and maybe they shouldn't enter into that agreement. So what this does is this is a great consumer protection, extends the time frame and requires them to put that on the front page of the contract so -- prominently displayed so that that homeowner or business owner is aware of the ability to get out of that contract.

Madam Speaker, a few years ago we had a catastrophe that came through the state in which electricity was out for a week or so. Some homeowners and business owners couldn't even make a phone call to their agent or insurance company to find out what type of coverage they had and what their limits were. That

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would be a good example of where an individual could use time before they make that decision. So it's a -- we believe that's a good consumer protection.

So with that, Madam Speaker, I move adoption of the amendment.

DEPUTY SPEAKER SAYER:

The question before the chamber is on adoption of House Amendment Schedule "A."

Will you remark on the amendment? Will you remark?

Representative Adinolfi of the 103rd.

REP. ADINOLFI (103rd):

Madam Speaker, I want to --

DEPUTY SPEAKER SAYER:

Representative Sampson of the 80th.

REP. SAMPSON (80th):

Thank you, Madam Speaker.

I just want to follow up the comments of the esteemed Chairman of the Insurance Committee and say that I think the amendment actually improves the bill and I want to thank him for his efforts in -- in negotiating with myself, some of our other colleagues on the Insurance Committee and some of the folks in the industry to improve this bill, and I would

encourage my colleagues to support the amendment.

Thank you, Madam Speaker.

DEPUTY SPEAKER SAYER:

Will you remark further? Will you remark further on the amendment that is before us?

If not, I will try your minds. Please -- please those in favor please signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER SAYER:

Those opposed, nay.

The ayes have it. The amendment is adopted.

Will you remark further on the bill as amended?

Representative Megna?

No.

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Madam Speaker.

I guess I could have kept going. I just want to encourage my colleagues to support the bill before us. As I just said during the discussion on the amendment, I think that the Chair and the rest of the committee worked hard to make sure that we came up with a final product, as far as this bill, that everyone in the

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industry and myself and my colleagues can live with. And I want to thank him, especially, for clarifying his comments regarding section 1 of the bill which is the only thing that really raised any real concerns, which is the extent to which like kind and quality and the requirement for insurance carriers to match surrounding areas after a claim, and I believe he indicated that there is nothing in this bill that would really change common practice and that there wouldn't be any distinct requirement to say that an insurance carrier might have to replace an entire house worth of siding or an entire roof just because they couldn't match a few specific items. And I appreciate the -- that clarification and I will encourage my colleagues to vote in favor of this bill.

Thank you, Madam Speaker.

DEPUTY SPEAKER SAYER:

Thank you, Representative.

Representative Adinolfi of the 103rd.

REP. ADINOLFI (103rd):

Thank you, Mr. Speaker -- Madam Speaker.

Through you, I have a question for the proponent. They're -- they're pretty easy questions.

I noticed in the bill when I read it that

insurance company can increase -- cannot increase your premiums through a catastrophic event. In the last couple of years, we had Hurricane Sandy, we had a tremendous snowstorm that caused a lot of damage, and each of these events were declared catastrophic. Now if you go, even to the insurance companies that are sending you letters that they get a discount because you're a state employee, they will not take you. A new company will not take you if you had two claims in the last three years. And if you did have claims your present insurance company, if they still keep you, will raise your premium appreciatively.

Now my question is if an individual -- I'll use myself as an example not that it happened to me -- that if I was to drop my insurance with the present company and go to another company after this bill goes through and is signed, will I be eligible not to get the increases or will they be -- have to insure me?

Through you, Madam Chair.

DEPUTY SPEAKER SAYER:

Representative Megna.

REP. MEGNA (97th):

Thank you, Madam Chair.

Just to clarify actually, in section 2 with

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regard to having a catastrophe claim, having an experience as a catastrophe claim that -- that section really doesn't have to do with premium, just whether you are declined, cancel or non-renewed, solely based on having a catastrophe claim. And we define "catastrophe" as what the industry does, that's what occurs in the amendment, but -- so -- there's nothing in this bill that controls rates, I mean it's a marketplace, Madam Speaker, so carriers are able to ask for rates they feel that are competitive and -- and they need to make a profit and they're put forward to the Department for acceptance or rejection, but -- but there's nothing in that piece of the bill about having a catastrophe claim history, one claim, that has to do impacting premium. It's just whether you're not, you'll get a policy or you'll get canceled or a non-renewal.

One of the things we think about in terms of catastrophes is we call it an act of God, something that wasn't the homeowner's fault or the business owner's fault and -- and therefore, getting off the risk because of that, assuming they fixed the building, isn't fair -- isn't fair.

Through you, Madam Speaker.

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REP. ADINOLFI (103rd):

Thank you.

Through you, Madam Speaker --

DEPUTY SPEAKER SAYER:

Rep --

REP. ADINOLFI (103rd):

My question really is there both of these events were declared catastrophes, catastrophic events, by the President of the United States and the Governor of Connecticut, and it says in that article that they can't use those as an excuse to raise your premium if they're catastrophic events. I just want that cleared so I can talk to my constituents and to tell them what they're entitled to do.

Through you, Madam Speaker.

DEPUTY SPEAKER SAYER:

Representative Megna.

REP. MEGNA (97th):

Madam Speaker, the insurance carriers can, you know, you can have a carrier that's got a good year and you have catastrophes and you can have carriers that have bad years, but -- so there's nothing that prohibits them from increasing or decreasing rates following a catastrophe and -- through you, Madam

Speaker.

REP. ADINOLFI (103rd):

Thank you, Madam Speaker --

DEPUTY SPEAKER SAYER:

Representative Adinolfi.

REP. ADINOLFI (103rd):

Through you, thank you, to the proponent, thank you.

DEPUTY SPEAKER SAYER:

Representative Boukus of the 22nd.

REP. BOUKUS (22nd):

Why thank you, madam.

Just a couple of comments, madam. First of all, I can't have enough praise for the Chairperson of the Insurance Committee. We came to him this year very stressed out, very disappointed in some of the things that we had seen and heard from our constituents regarding coverage. When things are going well and you have insurance and you pay your premiums religiously and then something happens, and it's out of your control, you're not able to look at it and say I should have replaced the roof or I should have done this or done that. It was definitely something that happened, you had no control over, and they cancel

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your insurance, and they make it very, very difficult for you to be able to, then, secure other insurance.

It's very warm and this is what we're here for, to have a committee that takes a look at what people are experiencing day after day. And I just want to thank the Chairperson for his compassion, his willingness to listen to the issues, be able to sit down and make sure we do no harm, but also at the same time to protect those who have sent us here to protect them, especially under these dire situations. And for that the consumer protections piece of it is just outstanding, so for Chairman Megna, I only have the best thoughts and thank you very, very much. And to reward you, maybe I'll get on the Insurance Commission and that will really, really set you up. Thank you.

DEPUTY SPEAKER SAYER:

Representative Smith of the 108th.

REP. SMITH (108th):

Thank you, Madam Speaker. Good evening.

Just a few questions for the proponent, but first, you know, I think this is also a good bill, and one certainly we should consider passing. I think it does a lot of good things and helps out the folks out there who are trying to get insurance, especially

after these catastrophes.

But for legislative intent purposes, I was listening to the comments by the ranking member, Representative Sampson about the like-kind replacement of materials, and so forth, and I was thinking about the last hurricane that we had where we, at least in my area, many roofs were partially destroyed where shingles were, you know, part of the roof the shingles were missing and the remaining portion of the roof the shingles were just fine. In that type of scenario, would the insurer be required to replace the entire roof because, you know, if you have a roof that's maybe 15 years old and you put new shingles on it, it's obviously going to look a little different so, how would that situation be handled under this bill?

Through you, Madam Speaker.

DEPUTY SPEAKER SAYER:

Representative Megna.

REP. MEGNA (97th):

Through you, Madam Speaker.

The general practice is if, you know, you have an old roof, it's brittle, it's going to fall apart when you go to replace it, may be just in -- that -- that uniformity is only needed on that one slope of the

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roof, I mean, that's the kind of way it would be negotiated. There's nothing that says that entire roof should be replaced. I mean, you could have a company that provides wonderful service and there are some out there that believe the fairest thing is to replace that entire roof for the representative. And -- you have other companies that want to go half way or maybe just one slope of the roof, but what this law would do is say you need to go beyond that damaged area if it doesn't match.

Through you, Madam Speaker.

DEPUTY SPEAKER SAYER:

Representative Smith.

REP. SMITH (108th):

Thank you, Madam Speaker.

So just to take one step further and we'll jump off the roof and we'll talk about the siding, so if you have a portion of the house, the front of the house looks fine but the rear of the house, the siding is -- and the side of the house, the siding is damaged from a catastrophic event, would the carrier be required to then in that situation replace the entire siding to match the house in one uniform look or would it just be required to repair the damaged area?

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Through you, Madam Speaker.

DEPUTY SPEAKER SAYER:

Representative Megna.

REP. MEGNA (97th):

Through you, Madam Speaker.

The carrier would not be required to re-side the entire house.

Through you, Madam Speaker.

DEPUTY SPEAKER SAYER:

Representative Smith.

REP. SMITH (108th):

Thank you, Madam Speaker.

And thank you for the answers. So I guess the question then ultimately becomes, I mean, how do we draw the line -- how can we tell, as a homeowner or as a consumer, what type of insurance policy I'm purchasing? If I know based on the language here that there has to be some type replacement of like-kind materials and now I have a house with -- that looks quite different from it looked before the catastrophic event in such that the siding on part of the house is old and weathered, et cetera, and the siding on the damaged area is new, bright and shiny, but the house as a whole now looks somewhat funny, we'll say. How -

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- how does the consumer know what's going to be repaired or what's not going to be repaired based on this language?

Through you, Madam Speaker.

DEPUTY SPEAKER SAYER:

Representative Megna.

REP. MEGNA (97th):

Well, by -- through you, Madam Speaker, by statute, which is in the policy, same language as in the statute, 38a-307, you replace the damaged property with like kind and quality. What this will do, we'll say in the event of it doesn't match, that you need to go beyond that damaged area of siding, probably a better example for the -- for the good representative would be if there's a siding out there that's not available any more, I know a lot of us see, you know, we see that old asbestos siding that's not -- I don't even think it's manufactured any more, you know, so in those cases it's -- it's subjective and it could be argumentative that you need to re-side that entire house because you can't even get that like kind and quality that you would need in that house, so that actually would be a better example.

But all this bill does is set a minimum, you

know, when the representative mentions about drawing a line, it just says don't go below this, you know, don't go below this, do your negotiation, do what you do as insurance companies and adjusters what you've been doing along but don't take the literal meaning of the law and just replace the actual -- the actual physical -- physically damaged property. So there's really no assurance to the homeowner what the outcome will be, you know, it depends on the culture of the company, the service of the company, the generosity of the company and the individuals handling the claim. But this sets a minimum in a sense for that -- for that homeowner or that business owner, that real property owner, because this section only applies to real property.

Through you, Madam Speaker.

DEPUTY SPEAKER SAYER:

Representative Smith.

REP. SMITH (108th):

Thank you, Madam Speaker.

And I thank the Chairman for his answers. I'm just going to ask one other question about section 2, subsection c, where it prohibits the cancellation of a policy, especially if the claim was below \$500, how --

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and then there is an exception to that, if there was more than one claim made within the past three years, it looks like the policy, nonetheless, still could be canceled if there was some type of loss. And my question to the Chairman, through you, is if the -- if the loss during the three-year period was also minimal, let's assume it was a \$400 loss, but, you know, there was a loss, as I read this language here, it still looks like they would be able to cancel even though that the claim made was one of a minimal nature. Am I reading that correct?

Through you, Madam Speaker.

REP. MEGNA (97th):

Through you, Madam Speaker, you're correct.

REP. SMITH (108th):

Thank you very much.

DEPUTY SPEAKER SAYER:

Representative O'Neill of the 69th.

REP. O'NEILL (69th):

Yes, thank you, Madam Speaker.

If I may a couple of questions to the Chair of the Insurance Committee.

DEPUTY SPEAKER SAYER:

Prepare yourself, Representative Megna.

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REP. O'NEILL (69th):

Thank you, Madam Speaker.

I guess the first question I have is, is there any chance that -- I shouldn't phrase it that way -- supposing a loss occurred today and this bill, I believe or assume goes into effect October 1, would the loss that occurred today, the injury to the home, would that perhaps be covered? Would that be covered by the new law, assuming that the repair wasn't completed prior to the day that the law goes into effect?

Through you, Madam Speaker.

DEPUTY SPEAKER SAYER:

Representative Megna.

REP. MEGNA (97th):

Just, through you, Madam Speaker, I just need clarification. Is the representative talking about section 1, the matching?

DEPUTY SPEAKER SAYER:

Representative O'Neill.

REP. O'NEILL (69th):

Yes, Madam Speaker.

I apologize, yes, section 1, the matching section.

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REP. MEGNA (97th):

Through you, Madam Speaker.

This is really common practice, however, if a -- a claim is today, you could have an insurance company representative come out and say, you know, I'm just going to replace one piece of siding, I don't care that the other siding is 20 years old and faded by the sun. They could actually make that argument now. It's not common practice so they can do that. If they do and the homeowner or the business owner wants to contest it, they have a process in most policies called the appraisal process. They can -- they can start that process going if they contest it.

But, currently, they could actually do just that one piece of like kind and quality damaged property, if there was a loss today.

Through you, Madam Speaker.

DEPUTY SPEAKER SAYER:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker.

I guess what I'm trying to get at is what is the -- because it -- some statutes will say on or after a certain date something happens. This -- this bill

before us doesn't contain quite that kind of language. It has an effective date, but the circumstances that are going to occur are going to be -- there are going to be some losses that are going to occur a few weeks or a few months before the effective date of the statute, and they may be reported to the insurance company. The insurance company may or may not send out someone to take a look at it right away, then they'll be some discussions with people to do the repair work and that sort of thing. So it's quite possible that several months will elapse between the actual injury to the property and the time that the repair crew shows up to replace the roofing material or replace some siding material and that sort of thing, and so the question is would a -- does a loss have to occur on or after the effective date of the statute for it to be covered, since between the loss and the repair date -- the effective date may come in between those two events, so I'll start with that. Is it the repair date that's critical or the loss date that's critical for the application of the bill before us?

Through you, Madam Speaker.

DEPUTY SPEAKER SAYER:

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Representative Megna.

REP. MEGNA (97th):

Through you, Madam Speaker.

That's actually an excellent question. The intent is losses on or after October 1st with regard to that section.

Through you, Madam Speaker.

REP. O'NEILL (69th):

You know, thank you, Madam Speaker.

And then -- and I understand that it's probably going to be subjective but -- but I've actually had constituents who had some experiences which sound like they gave rise or the kind that gave rise to the bill, section 1, where the color of the roofing material because it -- in part, because it was an older roof, simply didn't match. It matched about as well as the color of our desktops match the dais, I mean, they're a brown but they're enough shades from different -- different from one to the other there's an obvious repair. Is -- under those circumstances -- and I understand that the Chairman answered some questions like this, but how close do they have to try to get it to match? How many -- is there any kind of -- other than a very subjective opinion, I think it matches

close enough, you think it doesn't, that kind of -- of thing, or is there any standard of saying this just isn't close enough and you really need to replace that entire section of roof or maybe the entire roof if -- if we're talking about a sharp difference?

Through you, Madam Speaker.

DEPUTY SPEAKER SAYER:

Representative Megna.

REP. MEGNA (97th):

Through you, Madam Speaker.

There -- there is no standard. It's subjective. It's argumentative. It's a matter of compromise between the two parties.

Through you, Madam Speaker.

DEPUTY SPEAKER SAYER:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker.

Well, I -- I hope that this bill is helpful. I know that it is a matter of spending time arguing with the insurance company on the telephone to get them to do things or in person looking at things, saying how close something comes in terms of a color match and whether the whole section of roof should be repaired

or only a few square feet or 10 or 20 square feet of it and it -- and it does, I think, adversely affect someone's property. When the damage occurs, it's not just fixing the hole in the roof with some roof tiles but the whole appearance of the house is adversely affected when you have one of these patch jobs that goes on.

And so I -- I think this is a good bill and, hopefully, it takes us a little bit closer to where I think our -- more of our constituents would like us to go.

Thank you, Madam Speaker.

DEPUTY SPEAKER SAYER:

Representative Vicino of the 35th.

REP. VICINO (35th):

Thank you, Madam Speaker.

I have a question for the Chair, through you.

DEPUTY SPEAKER SAYER:

Please prepare yourself, Representative Megna.

REP. VICINO (35th):

Thank you, Madam Speaker.

Just had a couple of questions about the question about the quality. A lot of times when a contractor come to repair your house, there -- he'll run into

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some supplemental repairs such as hidden damage, age comes into fact, fading, blending, tinting, and it's usually the quality of the contractor to make those calls at that time. The homeowner that purchased the policy ahead of time is concerned to bring the house back to pre-claim conditions where it's up to the quality contractor that you hire to do a quality job.

Thank you.

DEPUTY SPEAKER SAYER:

Representative Megna.

REP. MEGNA (97th):

I apologize, Madam Speaker, but I am having difficulty hearing the good representative. If he could speak maybe a little louder into the microphone.

REP. VICINO (35th):

I'm sorry. Can you hear me now?

DEPUTY SPEAKER SAYER:

Representative Vicino.

REP. VICINO (35th):

I just wanted to point out that the -- when you hire a quality contractor, he's the one that negotiates the claim with the insurance company to take into consideration the blending and the tinting and matching colors and putting everything back to

pre-claim condition. And when the policy owner purchased the policy, their concern is to bring the home back to the way it was before the claim. Thank you.

DEPUTY SPEAKER SAYER:

Representative Megna.

REP. MEGNA (97th):

Through you, Madam Speaker.

I don't know if it's the contractor's job to do that. I'd argue public adjusters do that very well or a homeowner or a business owner could do it, but -- you know, it's -- actually, I want to point out that it's a contract between the building owner and the -- the insurance company. And actually, I just want to make a statement that it's very possible that there are contracts out there, and I've heard there may be, where they specifically say that we don't match, that we don't match. So those policies, I believe, I haven't seen the language, will probably have to come into conformance with this statute.

You know, we make an assumption that all homeowner policies, all commercial policies, really say the same thing but they don't, they don't, which is, you know, some companies can already say in there

we don't match because, by statute, we don't require them to match, it's just a common practice that you blend it in or do whatever can do to come to a settlement agreement and make a policyholder content.

Through you, Madam Speaker.

DEPUTY SPEAKER SAYER:

Representative Vicino.

REP. VICINO (35th):

Thank you very much. You answered my question.

DEPUTY SPEAKER SAYER:

Will you remark further? Will you remark further on the bill as amended?

If not, will staff and guests please come to the well of the House. Will members please take your seats and the machine will be open.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the chamber immediately.

DEPUTY SPEAKER SAYER:

Have all the members voted? Have all the members voted? Will the members please check the board to determine if your vote has been properly cast? If all the members have voted, the machine will be locked and

the Clerk will take a tally.

The Clerk will please announce the tally.

THE CLERK:

Bill Number 6380 as amended by House "A."

Total Number Voting 138

Necessary for Passage 70

Those voting Yea 138

Those voting Nay 0

Those absent and not voting 12

DEPUTY SPEAKER SAYER:

The bill, as amended, passes.

Will the Clerk please call Calendar Number 118.

THE CLERK:

Yes, Madam Speaker.

Calendar 118, on page 4 of the journal, favorable report of the joint standing committee on Veterans' Affairs, House Bill 6457, AN ACT CONCERNING THE DISPLAY OF THE STATE OR NATIONAL FLAG AT HALF-STAFF.

DEPUTY SPEAKER SAYER:

Representative Nicastro.

REP. NICASTRO (79th):

Good evening, Madam Speaker.

Madam Speaker, I move for acceptance of the joint committee's favorable report and passage of the bill.

**STANDING  
COMMITTEE  
HEARINGS**

**INSURANCE AND  
REAL ESTATE  
PART 4  
925 - 1225**

**2013**



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aac/gbr INSURANCE AND REAL ESTATE  
COMMITTEE

March 5, 2013  
6:00 P.M.

NATHAN HALE SCHOOL, NEW HAVEN, CONNECTICUT

We also feel that because of the mediation process that we're proposing for large catastrophic events, that that would get at bigger issues where you have more individuals that would be needing to avail themselves of that process.

As for Section Seven of this proposed bill, we're not -- we don't support the removal of this section. We believe that this is a good protection because it does not enable a company - a company cannot require that an insured have permanently installed shutters in order to write them. This came out of 2006/2007 legislation. So we would not be in favor of the removal of that section of the law.

Lastly, moving on to Bill 6380, AN ACT CONCERNING CHANGES TO PROPERTY CASUALTY INSURANCE POLICIES AND HOME IMPROVEMENT CONTRACTORS.

The Insurance Department is concerned with Section One, that it's a very overly broad section that would basically sweep in large swaths of insurance products that are sold today. We believe that if this were going to be included, that it should be kept to only apply to a homeowner line of business.

As for Sections 2a, b and c, the Department supports these changes and believes these will serve as good consumer protections. The last two years, the state has experienced several catastrophes, beginning with the record winter of 2010 and 2011, Storm Irene, the October Nor'easter, Superstorm Sandy and the most recent February blizzard.

We do not believe insured's should be penalized by insurers with a non-renewal or an increase in premium surcharges solely based on the submission



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provide the services, and they work with those organizations to set what the fees will be that they can provide. Keep in mind it's for real catastrophic losses. Like, for example, in New York, they're estimating about 20,000 claims will probably be subject to their mediation processes, and it's only about one or two percent of the total claims that are experienced. So, New York - - between New York and New Jersey they have well over 200,000 claims, so they are anticipating about 15,000 maybe 20,000 people may need to avail themselves of the mediation process. It keeps these situations from clogging up the courts and it really sort of gets the parties together, have a mediator there, bringing them together, talking about what -- you say this, you say that -- and try to get them to come to a successful conclusion. The numbers I've seen for Florida and for Louisiana showed that 85 to 90 percent of the mediation was successful.

REP. MEGNA: On 6380, Section One, should we limit that just to homeowners real property maybe?

GEORGE BRADNER: Yeah. My recommendation, if you did it, you would limit it to that only.

REP. MEGNA: You didn't give us testimony on another bill in front of us, 6379, but I just wanted to pick your brain for one minute --

GEORGE BRADNER: Is that the surplus lines bill?

REP. MEGNA: Yes. One of the Committee -- the Committee wanted to try to track homes, primarily homes that are going into the surplus lines market and which is a reason for some of the language in the bill. But you had mentioned to me earlier that you already provided that information of the affidavits?



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particular, you were talking about the fact that you did not believe that insured's should be penalized by insurers with a non-renewable or increased premium surcharge solely based on submission of claims through no fault of their own. And you referenced the catastrophic events that we've had over the past several years.

Do you believe that something of that nature would have a chilling effect on the insurance industry, knowing that once they insure a property, that if damage occurs to it, there is no way to ever get out of that, or, in alternative, even if they had to continue to provide insurance, would the increase in the rate be deemed a constructive denial, because somebody couldn't afford the premium? And thereby my concern would be leaving people on the shore without any ability to insure their property.

GEORGE BRADNER: Well, you had several questions in there. I'm trying to figure if the first question was -- the fact, keep in mind this has to do with non-renewing solely based on catastrophe -- the submission of catastrophe losses, not any claim. If it was a catastrophe claim, that the company could not non-renew you because you submitted two or three catastrophe claims. So, and it's solely based on that. It doesn't preclude a company from -- if they go out and they inspect that property and they find that there's significant maintenance issues that the insured, there are things the insured should be doing and they weren't doing, then they could non-renew because the property was poorly maintain and the losses - - you could argue that the losses were attributed to the lack of maintenance by that owner.

But the other thing is, as far as whether the companies would leave the state, I can tell you



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own, from being non-renewed, and then they're out their trying to find coverage.

SENATOR KELLY: One of the concerns that I would have is on the shore, on the coast. You have storm surge and, lets say it's Sandy. But as we do more development on the coast, we have less space for water to go and now just about any Nor'easter, any storm you have high tides and you have water damage. So while your cottage got hit with Storm Sandy and was damaged with water, you can't non-renew for that, but if it's just a regular storm that happens to do the same water damage, now we can get it for that. Would that be an accurate --

GEORGE BRADNER: Well, first of all, if it's storm surge, that would not be covered by the basic homeowner policy. So, that insured would be out of luck in both those circumstances, unless they had flood insurance with the NFIP.

If you had Storm Sandy come through and they had a claim, a wind claim, from Storm Sandy, that would be coded as a catastrophe. So then, say this weekend we have this storm coming up. If it doesn't get a catastrophe designation, which I find hard to believe it wont, because having such a massive area of impact, but if it didn't, then -- and that insured had a loss, the company could look at that risk and they've had one catastrophe, the cannot base the non-renewal based on that one catastrophe alone, and they most likely would not consider just the one other non-catastrophe loss and say I'm going to get off of you. They might, there is a possibility they might. They have to submit their guidelines to my department and we're going to look at that and see what is fair, is it reasonable what they're doing, before we approve it. So, the guidelines









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In addition, this bill would apply to automobile insurance as written. I don't think that was anyone's intent.

We also oppose Subsections a and c of Section Two. It is our belief, proven by decades of experience, that a loss is a loss and if we are not able to take a loss into consideration when underwriting and writing insurance, in effect what's going to happen is cost shifting. If we can't judge the risk that's presented, and the fact of a loss, whether how large or small, can be predictive of future events, if we cannot do that, inevitably cost shifting results from that.

Now, I would point out that this may seem remarkable to some of you, but we actually don't have a problem with Subsection B. It's seldom that I come here and say, but with one caveat. In Subsection B, the word solely was dropped from the Subsection. I don't think that was done with intent. I think it may have just been an error in drafting, but if the word solely is put in there, we would have no problem with Subsection B. Solely is used consistently throughout that section, as you saw.

I'd welcome your questions.

REP. MEGNA: Okay, thank you. Bob, what about on c, setting a catastrophe loss aside, what about c, when it's non-compensable, or \$500.00 or less?

ROBERT KEHMNA: There can be a number of reasons why a claim is found to be non-compensable. That does not diminish the efficacy or importance of its predicted value. You could have a claim that simply is less than the deductible.

REP. MEGNA: That's what I mean.



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others. The history of claims or events associated with that property go to determine risk. If we cannot accurately determine risk, if you homogenized what we are looking at as an industry, what you're really saying is we've got to spread the cost associated with the entire pie of money that we have to generate in premium to people who really aren't generating those risks. You're causing cost shifting by the lack of knowledge that you're allowing us to use to differentiate risk.

REP. MEGNA: But that's why you gave them that deductible.

ROBERT KEHMNA: No --

REP. MEGNA: But anyway, any questions? Senator Kelly.

SENATOR KELLY: Thank you Mr. Chairman.

Now, you just stated that you believe 6380 would result in cost shifting, and we heard the department indicate that there's a Rhode Island statute that's been enacted to allow this exact activity to occur. Does the industry have any evidence of cost shifting in Rhode Island that you would be able to provide the Committee?

ROBERT KEHMNA: No, but frankly I don't know that either party actually does. It's my understanding, and I'll verify this to make sure it's correct, and if it's not I'll let the Committee know, that the Rhode Island statute became effective January 1 of this year.

SENATOR KELLY: Okay, thank you.

REP. MEGNA: Thank you, Senator. I think this language came from a Florida statute.

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ROBERT KEHMNA: No, actually I believe this is more or less, there are some slight differences, I believe this Section Two comes from language that was recently adopted in Rhode Island.

REP. MEGNA: I apologize, I'm thinking of Section One.

Any other questions? Thank you Mr. Kehmna.

ROBERT KEHMNA: Thank you all.

REP. MEGNA: Phil Flaker.

PHIL FLAKER: My name is Phil Flaker. I am a public insurance adjuster. I would like to illuminate for the Insurance Department that Florida's had this statute on the books for matching for almost four years and it has not resulted in an increased cost. That's regarding Section One. That wording is almost directly lifted from the Florida statute.

HB 6380

A VOICE: What bill are we looking at?

PHIL FLAKER: And what the problem is, is that insured's are not being really indemnified, nor is their expectation of insurance being met when an insurer and -- USAA and Nationwide say right in their policies, "We will not match, whether it works or not."

I had an adjuster from one of those companies tell me "I wish your client would sue" just this past week because they had double three and a half inch aluminum siding in an awful chartreuse color which, that's another choice, but the fact is, you can't get that. So, what they proposed was to one part of one side of the house in double four vinyl and let them just live with it. Would you find that indemnification in your own home? I doubt it.

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People, what they tell us is, you're not Florida, you're not a matching state, therefore we don't have to match. So, that statute does hold up. It has been holding up in Florida and we'd be glad to get you copies of the law because it has been very effective there. It may be not popular in the insurance department, but it has been effective and, you know, we think other --without this, people just are not being properly identified -- indemnified because they're not -- they have roof damage, we're going to do part of one half of the roof. We'll we don't care if the color doesn't match anymore.

And our policies in those two companies cases said, "We don't have to." So, it's not a very consumer friendly issue. This is a very consumer friendly portion of the bill, that's why we came tonight in support of it and to clarify that.

If your intention, as stated on the back, is to regulate the insurance contractors, you might want to consider a, the fact that if they don't charge a specific fee, just work it in, they can still try to represent, and b, perhaps they should be prohibited from soliciting between eight and eight. I happen to agree with that part of our regulation. I don't think people need to be bothered at two o'clock in the morning. If-- I don't know a fire department in the state or a building inspector that can't -- that doesn't know a contractor that'll come up to board up a house. Nobody needs to have five contractors on the lawn trying to hawk their wares and bother somebody who's just lost their home. We don't belong there, and they really don't belong there at that hour. There is such a thing as providing a little distance and a little respect.



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PHIL FLAKER: --there is a provision, there is a need to match, if you have a set of very expensive china and two plates are smashed and you can't get that pattern anymore, does that mean, with the law of pair or sets, you should be able to do it. So, I suppose it relates, but right now we're very much concerned with the building aspect.

REP. MEGNA: Thank you very much. Are there any questions? Representative Wright?

REP. WRIGHT: Thank you, Mr. Chair. You said that Florida was the first state to pass this. Was that four years ago?

PHIL FLAKER: Yes.

REP. WRIGHT: Have any other states passed this law since, or how many?

PHIL FLAKER: To my knowledge, there are three or four that are looking into it because of this problem nationwide of, you're not a matching state. That's become a new refrain in very recent history. And a reaction to that.

REP. WRIGHT: So the reaction --

PHIL FLAKER: My excuse to not match for you is, you don't have that law.

REP. WRIGHT: -- the reaction of states to conform to that, has doesn't seem to have been a great call for it --

PHIL FLAKER: I think it's as the adjusters come in to their states and start giving that refrain, you're seeing more and more there are movements, and as I understand it, in a number a state to promote this legislation. But, as you well are aware, nothing moves really speedily through any legislative body.

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REP. WRIGHT: Is this something that --

PHIL FLAKER: And that's not meant to be offensive, but I don't know how many of Bob's hearings I've testified at but they seem to keep going and some of the points are similar.

REP. WRIGHT: Is it something that, in your experience, you see happening often or just --

PHIL FLAKER: More and more often and it's very disturbing, like in the case of the siding I mentioned, that's not just one case. You have any number of obsolete sidings and there are a lot of homes in Connecticut that are sided in aluminum. They no longer make anything but single eight smooth in white. Anything else on your house? Tough. You can't get it. Roofing materials, you know, they no longer make wind tab shutters --shingles because they last too long in the roofing industry, but if you have forty year old wind tabs on your house, they only want to do one half and they want to do it with raised Standard Asphalt Singles. It kind of looks really weird and is that really what you bought insurance anticipating, that you would not be brought back to the condition you were in prior to loss, and that is the expectation when we buy insurance, that's what we buy it for. And if you don't have a house, which truly matches, you're not really being brought to what you expected.

REP. WRIGHT: Thank you Mr. Chairman.

REP. MEGNA: Thank you. Any other questions? No.  
Thanks a lot, Mr. Flaker.

Maria Sandillo? Rich Ouelette?

RICHARD OUELLETTE: Good evening, everyone, and thank you for allowing me to speak. My name is Richard

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Ouellette, I am a public adjuster also with Nutmeg Adjusters in the Bridgeport area. I am here to comment on the Bill 6380 where the matching issue on all three issues I'll talk about. The first one being the matching issues.

Not only is Florida has that law and statute, but the Minnesota State as well has it, and there's a -- I don't have the exact number but it's between thirteen and eighteen states that have adopted the NAIC guidelines, which is the National Association of Insurance Commissioners guidelines, that has matching in the language of that Act of that format. So, there's many states that have adopted this matching, and some of them had to have specific statutes for it, because they've adopted this NAIC Guideline as the rules.

So, not to be redundant over the matching issue, but you end up with a checkerboard square on your home, you have a diminishment in value once you've sustained a loss. You might have had a twenty-year-old roof or twenty year old siding, but it was all uniform and it all matched and it looked aesthetic to the eye, street view was desirable. Now you have a windstorm that comes through where you have ten shingles that come up, the guy comes off with a ladder from Texas, jumps up on the roof, counts up and he says, "I've got thirteen shingles up there, that's what you're going to get. And you're not a matching state so you're not going to get a new roof." Well, you have a total diminishment in value on the insured's property because this stuff doesn't match and it looks -- its all patchwork. And this happens with roofing, with siding, with cabinetry, windows, there's various aspects of things that matching will be very beneficial to the consumer and it's all for the consumer so that they're properly compensated for the policy

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that they bought or that they thought that they would get the proper indemnity for.

I'd like to just talk a minute on the second section of this where it talks about the cancellation and non-renewal. We experience, as public adjusters, handling volume of claims, and it is not uncommon for us to have a claim, have it be a fire, people are burnt out of their house and home and you're in the middle of negotiating for the loss, maybe the loss is two and a half, three months old, and you're in the middle of negotiating, you're just on the edge of reaching an agreed figure, and the client gets a non-renewal notice in the mail because their policy is coming up for renewal. And yes, maybe they had a windstorm claim, and maybe they had a tornado claim, and maybe they had frozen pipes, so on and so forth, but they get a cancellation notice while they're down, no renewal. Now they can't get insurance there because the homeowners market will not rent them -- will not give them a homeowners policy because they're not living there anymore, because they can't live there because they're devastated, they're burnt out of a house and home, so now it forces them to either go into the surplus line market or the builders risk market, which increases that premium dollar, it could quadruple the premium dollar and the coverages are far, far less.

I'll sum it up and go into three real quick. You talk about the contractors acting as public adjusters. Well, we have this situation where these --and you're barring us, as Phil said, from eight to eight, that's our statute where we can't solicit, and we're all for that, and we're fore barring the contractors as well. I got into a new fire this week, where the homeowner tells me that she's confronted by a gentlemen who













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I just -- are there any other questions of Mr. Ouellette? Thanks, Rich.

I want to get -- I just want to break out for a moment and go to Senator Looney arrived and, did you want to testify, Senator Looney?

SENATOR LOONEY: (Inaudible)

REP. MEGNA: Okay, thank you Senator. I'm going to move to Kara DeMorro.

KARA DEMORRO: Hi, good evening. My name is Kara DeMorro I'm also a public adjuster and I have a few concerns with Bill 6380, particularly the third section, number nine, the contractors acting as public adjusters. The way that it reads now is typically that they wouldn't be considered as acting as public adjusters if they weren't taking a fee for doing such. But, my take on it, and understanding is, these contractors are coming in trying to take over claims with the insured, saying that they're going to represent them, they'll negotiate the claim with the insurance company, they'll handle the whole thing, no need to worry, no need to hire a public adjuster. And, no, they don't take a fee, per se, but they build it into whatever they're contracting for, whatever they work out with the insurance company, so it's all built into it. It's a growing problem, not only for Connecticut, but across the United States, as far as these contractors trying to come in and manipulate the claim, so to speak.

So, I don't know if you want to adjust some of the language where it wouldn't read that they would be taking a fee, but just that they shouldn't be acting as public adjusters in general, more specifically, negotiating a claim. And maybe holding the insurance companies

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accountable, because right now, the insurance companies are speaking with the contractors and negotiating the claims, so it's, you know, if they're held accountable for conducting business with them, how can we stop the contractors from doing it?

That's all.

REP. MEGNA: Thank you. Are there any questions? No. Thank you very much. Todd Moler.

TODD MOLER: Thank you for letting me speak. I'm speaking on behalf of 6380. My name is Todd Moler, I'm also a public adjuster. I often refer to my profession as the marketplace regulating itself. We advocate for the consumer in mainly in problem claims against the insurance industry and there's no way that the government would be able to effectively do what we do, so our concerns are mainly on behalf of the general public. The matching issue is getting out of hand. It used to be that if a couple of shingles were missing on a roof, prior to the claim, and they had been patched, this matching issue wasn't an issue. Then it became uniformity and they would go and basically reroof a house or reside the area, then it became, well, we'll redo the slope, and now it's, we'll redo a shingle. I have had insurance companies, if you have damage to a wall, I'll paint this one wall. They're not only -- like if your floor, you know there's a Patina on hardwood floors, they'll replace a few boards, the hell with uniformity. The houses are starting to look like shacks and people buy insurance to protect their investment and the value of their home and they are being taken advantage of by overzealous adjusters and companies that are being trained to minimize the indemnity.

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Where is it going to stop? It's not going to stop at just this one wall, you know, now it's we're doing sections, or one piece of siding, and the hell with matching altogether. It's becoming more and more of an issue. And they're pushing these envelopes and we need some sort of regulation, well thought out, to protect people's investments. This is why they have insurance and this is why the public adjusting profession exists, it to keep the insurance companies in check. We're a natural balance and our concerns have to be heard because it's really getting out of control and I don't see any end in sight. Soon, they'll be painting just the little area of the water stain, if they keep on this path. It has to be put in check. And I've been in the industry long enough to see the progression of what's been happening and these beautiful homes are now, like someone said, if you don't have a siding that exists anymore, you're really in tough shape. Your house may not get repaired. Not just matching issues, and this isn't something that can be addressed in appraisal because they'll you it's a coverage issue. So, it really needs to be addressed at this level. We can't take it any other channel. There's no other options, except you folks.

REP. MEGNA: How does that play into, Mr. Moler, when someone has a replacement cost?

TODD MOLER: Well, they pay an extra premium for something called Replacement Cost, so -- which by -- would indicate that they would replace something, when in fact, they're just repairing it. And they're paying an extra premium for this on top of it and it is just pertaining, in my experience, it only pertains to the real property of the dwelling, not of its contents, because there are, as someone else mentioned, a matching

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issue in contents, just for this reason. Because if you had a dining room set and one chair broke, that whole dining room set is worth less. They'll just replace it with a metal chair. You can't do that. And they put that in for the contents. We need something like that for the building that says you can't do this to these people.

REP. MEGNA: What you're saying is, in the contents language, it kind of talks about a pair or set in matching but when it comes to building damage, it could actually do the opposite or say the opposite.

TODD MOLER: It does do the opposite. There are people who are talking about these endorsements that are being written that say, you know what, we're not matching anymore. And it doesn't even say anymore. It just says, "We don't owe to match." If they that, at least it would indicate that, you know what, you're getting ripped off on this policy, but they don't even do that. So, its just, you know, it's really, you know, even in contents they recognize that matching is an issue and it definitely pertains to its value. But on a building, which you insure for its value, they're going to pretend that this isn't an issue, and that it's just cosmetic and they minimize the effects of what happens when you don't properly repair a house. People are losing the values.

REP. MEGNA: Okay, thank you very much. Are there any questions of Mr. Moler? No. Thank you, Todd.

Now we're going to move on to House Bill 6477.  
Kristie Leff.

KRISTIE LEFF: Good evening, thanks for this opportunity. My name is Kristie Leff, I'm an attorney at Bender, Anderson and Barba. We

***Statement******Insurance Association of Connecticut***

Insurance and Real Estate Committee

March 5, 2013

**HB 6380, An Act Concerning Property And Casualty Insurance Policies And Home Improvement Contractors**

The Insurance Association of Connecticut (IAC) opposes, in part, HB 6380, An Act Concerning Property And Casualty Insurance Policies And Home Improvement Contractors.

Section 1 would require all personal and commercial risk policies covering the repair or replacement of any damaged item, part, component or material to pay for the uniform matching of such repair or replacement to adjacent items, parts, components or materials. We know of no other state that has such a broad and encompassing statutory provision. Section 1 will markedly increase repair costs under personal and commercial risk insurance policies by requiring the repair/replacement of undamaged items, with a corresponding rise in premiums.

Section 1 requires "uniformity" according to highly subjective terms, such as composition, color, texture and quality. Such a vague mandate will only serve to unnecessarily increase disputes, with resulting increased administrative costs. In effect, this language turns a homeowners policy into a

maintenance policy, as it creates a disincentive for policyholders to do proper ongoing maintenance work or to take reasonable measures to limit losses.

Why bother if the insurer is required to pay for it all anyway?

Lines 9-11 of section 1 also create a disincentive for those doing repair or replacement work to do it carefully, as the contractor will now have the potential to get rewarded for shoddy work, while again creating another area of subjective dispute.

As written, section 1 would apply to automobile insurance, and could limit the use of aftermarket parts in the repair of automobiles based on the spurious claims, consistently rejected over the years by the Insurance Committee, that aftermarket parts are not of equivalent quality. Consumers would be unnecessarily harmed by the resulting increase in auto insurance premiums.

IAC opposes subsection (a) and (c) of section 2, as loss history, of whatever size or source, is a strong indicator of the likelihood of future losses under a homeowners' policy. Under subsection (a), the location of the home could make it susceptible to future losses "as a result of a catastrophic event". It is also not clear what is meant by "catastrophic event" in this context. Is it a statewide catastrophe, as declared by the governor, or a personal catastrophe? In subsection (c), the lack of payment on the claim does not necessarily mean a loss did not occur. For example, the amount of damage could be under the policy deductible amount. Similarly, a small loss payout does not mean that the claim should not be considered for rating or underwriting purposes as it

could be indicative of future losses. The prohibitions of subsections (a) and (c) will likely cause unfair subsidization of worse risks by better risks by restricting the insurer's ability to judge appropriately the risk presented.

Relative to section 2(c), we would also point out that insurers do not report, to claims data collection entities, the fact that an insured made an inquiry regarding coverage or deductible questions. Since that data is not collected, such inquiries are not used for underwriting or rating purposes.

IAC would have no objection to section 2(b) if the word "solely" was inserted in line 28 after "based". It appears to have been inadvertently dropped from the subsection.

IAC urges rejection of section 1 and subsections (a) and (c) of section 2 of HB 6380.



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

### Testimony

#### Insurance and Real Estate Committee

March 5, 2013

**Raised Bill No. 6380 AN ACT CONCERNING CHANGES TO PROPERTY AND CASUALTY INSURANCE POLICIES AND HOME IMPROVEMENT CONTRACTORS.**

Senator Crisco, Representative Megna, and members of the Insurance and Real Estate Committee, the Insurance Department appreciates the opportunity to provide written testimony regarding H.B. 6380: An Act Concerning Changes to Property and Casualty Insurance Policies and Home Improvement Contractors. Generally, raised Bill 6380 adds a requirement regarding matching of replacement parts or materials and restricts the ability of home improvement contractors to serve as a public adjuster. The bill also protects homeowners from being nonrenewed solely due to submission of a catastrophe loss (s) and does not permit the surcharge of de minimus claims.

The Insurance Department is concerned that the proposed language in Section 1 of the bill is so broad as to encompass both property and automobile insurance coverages. We believe this issue is more specific to homeowner losses and would suggest the language be modified to only apply to the homeowner line of business.

As for Section 2(a), (b) and (c), the Department supports these changes and believes these will serve as good consumer protections. The last two years the state has experienced several catastrophes, beginning with the record winter of 2010-2011, Storm Irene, the October nor'easter, Superstorm Sandy and most recently the early February blizzard. We do not believe insureds should be penalized by insurers with a nonrenewal or increased premium surcharge solely based on the submission of claims through no fault of their own. After all, companies are permitted to file rates which reflect their experience in the state and current and future rate filings will reflect the experience of the past few years. We believe the provisions of this bill will ensure that insureds will not have to worry about a company taking adverse action based on the submission of catastrophe claims.

The Department would like to respectfully request two technical changes to the bill under Section 2(b). The concept of a surcharge on a claim is inaccurate and should be removed. Policies may be surcharged as a result of a claim but that possibility is mentioned in other language. The

Department also asks that the Committee consider adding the word "solely" to line 28 after "based" so the amended language would read "based solely..."

Thank you for the opportunity to provide testimony on this bill. The Department remains available to answer any questions.

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Thank you, Madam President.

I rise in support of this bill. It is a technical fix to legislation that we passed last session, and I would urge its adoption.

THE CHAIR:

Will you remark further? Will you remark further? If not -- Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

I thank Senator Kelly for his support. If there's no objection, I ask that it be placed on the Consent Calendar.

THE CHAIR:

Seeing no objection, so ordered, sir.

Mr. Clerk.

THE CLERK:

On page 14 Calendar 524, substitute for House Bill Number 6380, AN ACT CONCERNING PROPERTY AND CASUALTY INSURANCE POLICIES AND PUBLIC ADJUSTER CONTRACTS. Favorable report of the Committee on Insurance and Real Estate.

QUESTION:

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

Madam President, could I just ask that the Senate stand at ease for a second while I get the file?

THE CHAIR:

The Senate will stand at ease.

(Chamber at ease)

THE CHAIR:

The Senate will come back to order.

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

Madam President, I move for acceptance of the joint committee's favorable and passage of the bill.

THE CHAIR:

The motion is on acceptance and passes. Will you remark?

SENATOR CRISCO:

Yes, Madam President.

I move that we accept Amendment -- House Amendment A that was adopted in the House along with the bill.

THE CHAIR:

As -- in conjunction with the Senate -- the House, right?

SENATOR CRISCO:

Yes. Yes, Madam President.

Madam President, this bill has a requirement in regards to a matching of parts or materials and restricts the ability of home improvement contractors to serve as a public adjuster.

Basically what we're -- what we are -- will eliminate is that if there is a claim and you have certain paneling in your house and it's being replaced by the insurance company, that it's obviously necessary that the paneling match in color and texture, et cetera.

Also if you have roof damage and the roof tiles are missing and they have to be replaced, they should also obviously match, you know, the other parts of the roof so it's not such a patch work. It just protects the home owners from being, you know, I know it's worth taking advantage of to make sure that the property that they have is put in place. It's what we call matching parts.

It also restricts the ability of home improvement contractors to serve as a public adjuster. It also protects home owners from being non-renewal solely due to submission of a catastrophe loss, and does not permit the surcharge of dominus (phonetic) claims.

THE CHAIR:

Will you remark? Will you remark?

Senator Kelly?

SENATOR KELLY:

Thank you, Madam President.

Through you I have a question for the proponent of the bill.

THE CHAIR:

Please proceed, sir.

SENATOR KELLY:

Thank you very much. Would you be able to explain the different between this bill without -- or basically what does House Amendment do to the underlying bill that we heard at the committee level? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

I believe the substitute language from the House Amendment through you to Senator Kelly is a matching provision limited to real property Section 2, line 26 on a claim deleted, an an increased change to any increase. And line 20 solely inserted -- inserted and Section 3 deleted.

THE CHAIR:

Senator Kelly?

SENATOR KELLY:

So is that the section that would deal with disclosure of the right to cancel the -- public adjuster contract within four days? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Yes, Madam President.

I believe we extended the time a specific number of days.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

And thank you, Senator Crisco, for your answer. This bill was actually part of our public hearing at the Insurance Committee that we did offsite in New Haven. And we received compelling testimony from many of the local citizens, who were personally involved or -- or harmed during Hurricane Sandy.

And one of the provisions in this -- well, actually two provisions, but one, Section 2, that requires homeowner policies cannot be cancelled solely on a

loss incurred as a result of a catastrophic event was heard loud and clear that day.

The second part was regarding covered losses. And we heard some very compelling testimony about how people would actually have some of their roof blown off, but only get a small portion of the roof covered, and those portions of tiles that you put on your roof weren't the same color. Sometimes they weren't even of the same material.

And often homes would be a paint job, for instance. They'd just cover the repair work and not the rest of the room and it -- it would stick out like a sore thumb.

So this would rectify that, along with House Amendment A, that is now going to make sure that people understand that a home adjuster contract can be cancelled within a short period of time were all good things.

And that's why I stand in support of this bill. I think it's something that our insured and consumers will benefit by, and I wholeheartedly support it. Thank you, Madam President.

THE CHAIR:

Thank you. Will you remark further? Will you remark further?

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

Again, let me thank Senator Kelly for his work on this -- on this particular very important piece of legislation. Again realizing that storms that we've had like Sandy are unfortunately being continually in the future, and this will give needed protection to the homeowner.

And if there's no objection I ask that it be placed on the Consent Calendar.

THE CHAIR:

Seeing no objection -- seeing an objection. Seeing a Senator that would like to speak.

Senator Fasano.

SENATOR FASANO:

Thank you, Madam President.

I apologize for that. Madam President, I support this bill wholeheartedly. One of the things along the shoreline that we noticed was the inability to get, if you would, some sort of fair treatment for those who were devastated on the residential properties across the shoreline.

The disputes, the disagreements that went on endlessly still go on today. There are many people on the shoreline who even today still can't get their money from their insurance company over the most miniscule disputes that there are, and the conversations and negotiations that go on.

These people are forced to hire lawyers where they don't need them. They're forced to stay out of their homes for now what has been a year and a half since Hurricane Irene, and continue to be out of their homes.

Madam President, I think what this bill does, I hope, two things. One what it does in terms of language. As Senator Crisco and Senator Kelly has said.

But number two, send a little bit of a notice to the insurance companies here in Connecticut that you need to act more responsibly, more fairly, to those people who are devastated, whether it's a hurricane or -- or some other windstorm event or weather phenomena -- excuse me -- and react to it fairly and appropriately.

Because people pay these premiums, and then when it's time to get the coverage, it seems like you have to be constantly at it on the phone or with letter writing. That simply isn't fair.

This is a huge step forward. I want to thank the Ranking Member and the Chair for bringing this out, and I look forward to its passage. Thank you, members.

THE CHAIR:

Thank you, at this time, seeing no objection, I will place it on the Consent Calendar.

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Some additional items to mark go at -- at this time. Also continuing with bills from the Insurance and Real Estate Committee, Calendar page 19, Calendar 588, and the House Bill Number 6549 should be marked go at this time. And Calendar page 27, Calendar 640, House Bill Number 6550 should also be marked go at this time.

In addition, Madam President, I would like to mark as go on Calendar page 17, Calendar 569, House Bill 6485 from the Public Health Committee, and also, Madam President, several bills from the Higher Education and Advancement Committee, beginning Calendar page 5, Calendar 341, House Bill Number 6364, Calendar page 6, Calendar 343, House Bill Number 5426, Calendar page 13, Calendar 506, House Bill Number 6491, Calendar page 17, Calendar 563, House Bill Number 5617, and Calendar page 26, Calendar 637, House Bill Number 6292.

In addition, Madam President, I would like to mark as go an item from the Finance, Revenue and Bonding Committee, Calendar page 26, Calendar 633, House Bill Number 6576.

Also, Madam President, would like to mark as go three items from the Committee on Banks, the first of which, Madam President, is on Calendar page 31, Calendar 665, substitute for House Bill Number 6355.

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**CONNECTICUT  
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Calendar page 29, Calendar 653, substitute for House Bill Number 6699. And, finally, Madam President, on Calendar page 31, Calendar 664, substitute for House Bill Number 6689.

I would like to add those items to our Consent Calendar and, and now call for a, I would ask the Clerk to list all of the items on the Consent Calendar and then proceed to a vote on that first Consent Calendar.

Thank you, Madam President.

THE CHAIR:

Thank you.

Mr. Clerk.

THE CLERK:

Today's first Consent Calendar, on page 5, Calendar 341, House Bill 6364; Calendar 343, House Bill 5425; Calendar 346, House Bill 6322; Calendar 347, House Bill 6547; and on page 6, Calendar 349, House Bill 5513; page 9, Calendar 450, Senate Bill 921; on page 13, Calendar 506, House Bill 6491; Calendar 515, House Bill 6235.

On page 14, Calendar 524, House Bill 6380; on page 16, Calendar 559, House Bill 6508; page 17, Calendar 563, House Bill 5617; Calendar 569, House Bill 6485; and on page 19, Calendar 588, House Bill 6549; on page 23, Calendar 614, House Bill 6587; Calendar 616, House Bill 6678; page 25, Calendar 629, House Bill 6662; on page 26, Calendar 633, House Bill 6576; and on page 27, Calendar 640, House Bill 6550; on page 28, Calendar 650, House Bill 6659.

And on Page 29, Calendar 653, House Bill 6699; Calendar 655, House Bill 6339; page 31, Calendar 664, House Bill 6689; Calendar 665, House Bill 6355; page 34, Calendar 201, Senate Bill 911; and on page 40, Calendar 514, House Bill 5725.

THE CHAIR:

Mr. Clerk, will you call for a roll call vote on the first Consent Calendar. And the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate.  
Senators please return to the Chamber. Immediate roll call in the Senate on the first Consent Calendar of the day.

THE CHAIR:

Yeah, thank you. Good. There we go.

If all members have voted, all members have voted, the machine will be closed.

Mr. Clerk, will you please call the tally.

THE CLERK:

On the first Consent Calendar,

Total Number Voting 34

Necessary for Adoption 18

Those voting Yea 34

Those voting Nay 0

Those absent and not voting 2

THE CHAIR:

Consent Calendar passes.

Senator Looney.

SENATOR LOONEY:

Madam President.

THE CHAIR:

Senator Looney.