



HOME IMPROVEMENT GUARANTY FUND

By: Duke Chen, Associate Analyst

HOME IMPROVEMENT GUARANTY FUND STATISTICS

According to the Department of Consumer Protection (DCP):

- in the last five fiscal years, the guaranty fund was used to pay restitutions totaling \$10,196,669.21 (1,297 consumer claims averaging approximately \$7,900 each).
- approximately 20% of the applications had judgments of over \$15,000.
- in 2014, there were 870 complaints against home improvement contractors. The top three complaints related to contractors' (1) registration (196 complaints), (2) workmanship (168 complaints), and (3) failure to complete work (107 complaints).
- the Home Improvement Investigations Unit has one supervising special investigator and six special investigators.

By law, registered home improvement contractors and salespeople must pay \$100 and \$40 respectively to the guaranty fund annually ([CGS § 20-432\(b\)](#)).

ISSUE

This report provides an overview of the Home Improvement Guaranty Fund, including fund-related statistics.

SUMMARY

The Home Improvement Guaranty Fund was established in 1988 to reimburse consumers (up to \$15,000 per claim) unable to recover losses suffered because the registered contractor failed to fulfill a contract valued over \$200 ([CGS § 20-432](#)).

A consumer who obtains a court judgment against a registered contractor, or who is listed as a creditor in the contractor's bankruptcy discharge, may apply for restitution for the amount of the judgment other than punitive damages, minus any amount already recovered from the contractor.

Once restitution has been paid, the law requires the consumer to subrogate his or her claim against the contractor to the commissioner and requires the commissioner to seek to recover it.

The amount in the fund is annually capped at \$750,000. When annual fees cause the fund to exceed its cap, the first \$400,000 of the excess is transferred into DCP's Consumer Protection Enforcement Account. The remainder of the excess is transferred into the General Fund.

For more information on the guaranty fund, see [DCP's fact sheet](#).

CONSUMER COMPLAINTS AND OUTCOMES

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

Table 1: Home Improvement Guaranty Fund Payouts

<i>Fiscal Year</i>	<i>Number of Restitutions Paid</i>	<i>Total Amount Paid</i>	<i>Average Amount Paid</i>
2014	170	\$1,404,322.28	\$8,260.72
2013	190	1,596,963.07	8,405.07
2012	240	1,793,670.03	7,473.63
2011	346	2,614,259.96	7,555.66
2010	351	2,787,453.87	7,941.46
Total	1,297	10,196,669.21	7,861.73

Source: DCP

DC:cmg