



House of Representatives

General Assembly

File No. 394

January Session, 2021

Substitute House Bill No. 6623

House of Representatives, April 12, 2021

The Committee on Insurance and Real Estate reported through REP. WOOD, K. of the 29th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING PROPERTY AND CASUALTY INSURANCE.

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

1 Section 1. Section 38a-1 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective January 1, 2022*):

3 Terms used in this title and section 2 of this act, unless it appears from
4 the context to the contrary, shall have a scope and meaning as set forth
5 in this section.

6 (1) "Affiliate" or "affiliated" means a person that directly, or indirectly
7 through one or more intermediaries, controls, is controlled by or is
8 under common control with another person.

9 (2) "Alien insurer" means any insurer that has been chartered by or
10 organized or constituted within or under the laws of any jurisdiction or
11 country without the United States.

12 (3) "Annuities" means all agreements to make periodical payments
13 where the making or continuance of all or some of the series of the

14 payments, or the amount of the payment, is dependent upon the
15 continuance of human life or is for a specified term of years. This
16 definition does not apply to payments made under a policy of life
17 insurance.

18 (4) "Commissioner" means the Insurance Commissioner.

19 (5) "Control", "controlled by" or "under common control with" means
20 the possession, direct or indirect, of the power to direct or cause the
21 direction of the management and policies of a person, whether through
22 the ownership of voting securities, by contract other than a commercial
23 contract for goods or nonmanagement services, or otherwise, unless the
24 power is the result of an official position with the person.

25 (6) "Domestic insurer" means any insurer that has been chartered by,
26 incorporated, organized or constituted within or under the laws of this
27 state.

28 (7) "Domestic surplus lines insurer" means any domestic insurer that
29 has been authorized by the commissioner to write surplus lines
30 insurance.

31 (8) "Foreign country" means any jurisdiction not in any state, district
32 or territory of the United States.

33 (9) "Foreign insurer" means any insurer that has been chartered by or
34 organized or constituted within or under the laws of another state or a
35 territory of the United States.

36 (10) "Insolvency" or "insolvent" means, for any insurer, that it is
37 unable to pay its obligations when they are due, or when its admitted
38 assets do not exceed its liabilities plus the greater of: (A) Capital and
39 surplus required by law for its organization and continued operation;
40 or (B) the total par or stated value of its authorized and issued capital
41 stock. For purposes of this subdivision "liabilities" shall include but not
42 be limited to reserves required by statute or by regulations adopted by
43 the commissioner in accordance with the provisions of chapter 54 or
44 specific requirements imposed by the commissioner upon a subject

45 company at the time of admission or subsequent thereto.

46 (11) "Insurance" means any agreement to pay a sum of money,
47 provide services or any other thing of value on the happening of a
48 particular event or contingency or to provide indemnity for loss in
49 respect to a specified subject by specified perils in return for a
50 consideration. In any contract of insurance, an insured shall have an
51 interest which is subject to a risk of loss through destruction or
52 impairment of that interest, which risk is assumed by the insurer and
53 such assumption shall be part of a general scheme to distribute losses
54 among a large group of persons bearing similar risks in return for a
55 ratable contribution or other consideration.

56 (12) "Insurer" or "insurance company" includes any person or
57 combination of persons doing any kind or form of insurance business
58 other than a fraternal benefit society, and shall include a receiver of any
59 insurer when the context reasonably permits.

60 (13) "Insured" means a person to whom or for whose benefit an
61 insurer makes a promise in an insurance policy. The term includes
62 policyholders, subscribers, members and beneficiaries. This definition
63 applies only to the provisions of this title and does not define the
64 meaning of this word as used in insurance policies or certificates.

65 (14) "Life insurance" means insurance on human lives and insurances
66 pertaining to or connected with human life. The business of life
67 insurance includes granting endowment benefits, granting additional
68 benefits in the event of death by accident or accidental means, granting
69 additional benefits in the event of the total and permanent disability of
70 the insured, and providing optional methods of settlement of proceeds.
71 Life insurance includes burial contracts to the extent provided by
72 section 38a-464.

73 (15) "Mutual insurer" means any insurer without capital stock, the
74 managing directors or officers of which are elected by its members.

75 (16) "Person" means an individual, a corporation, a partnership, a

76 limited liability company, an association, a joint stock company, a
77 business trust, an unincorporated organization or other legal entity.

78 (17) "Policy" means any document, including attached endorsements
79 and riders, purporting to be an enforceable contract, which
80 memorializes in writing some or all of the terms of an insurance
81 contract.

82 (18) "State" means any state, district, or territory of the United States.

83 (19) "Subsidiary" of a specified person means an affiliate controlled
84 by the person directly, or indirectly through one or more intermediaries.

85 (20) "Unauthorized insurer" or "nonadmitted insurer" means an
86 insurer that has not been granted a certificate of authority by the
87 commissioner to transact the business of insurance in this state or an
88 insurer transacting business not authorized by a valid certificate.

89 (21) "United States" means the United States of America, its territories
90 and possessions, the Commonwealth of Puerto Rico and the District of
91 Columbia.

92 Sec. 2. (NEW) (*Effective January 1, 2022*) (a) Each insurer that delivers,
93 issues for delivery, renews, amends or endorses a property and casualty
94 insurance policy on or after January 1, 2022, for real property in this
95 state, and any insurance producer who represents such insurer with
96 respect to such policy, shall disclose to an insured or prospective
97 insured, in a form and manner prescribed by the commissioner and not
98 later than the time such insurer or insurance producer provides an
99 estimate to the insured or prospective insured for the premium cost for
100 coverage under such policy, whether such insurer requires that such
101 real property be assessed, evaluated or inspected before such insurer
102 establishes such premium cost and delivers, issues for delivery or
103 renews such policy.

104 (b) The commissioner may adopt regulations, in accordance with the
105 provisions of chapter 54 of the general statutes, to implement the
106 provisions of this section.

107 Sec. 3. Section 38a-307 of the general statutes is repealed and the
108 following is substituted in lieu thereof (*Effective October 1, 2021, and*
109 *applicable to policies issued or renewed on or after said date*):

110 Except as provided in section 38a-307a, the standard form of fire
111 insurance policy of the state of Connecticut, with permission to
112 substitute for the word "Company" a more accurate descriptive term of
113 the type of insurer, shall be as follows:

114 [Space for insertion of name of company or companies issuing the
115 policy and other matter permitted to be stated at the head of the policy.]

116 [Space for listing amounts of insurance, rates and premiums for the
117 basic coverages insured under the standard form of policy and for
118 additional coverages or perils insured under endorsements attached.]

T1 In Consideration of the Provisions and Stipulations
T2 Herein or Added Hereto

T3 AND OF DOLLARS PREMIUM

T4	this company, for the term	}	from the day of 20..	{	at noon, Standard Time,
T5					at
T6					location of
T7	of		to the day of 20..		property involved
T8	to an amount not exceeding				Dollars,
T9	does insure				

119 and legal representatives, to the extent of the actual cash value of the
120 property at the time of loss, but not exceeding the amount which it
121 would cost to repair or replace the property with material of like kind
122 and quality within a reasonable time after such loss, without allowance
123 for any increased cost of repair or reconstruction by reason of any
124 ordinance or law regulating construction or repair, and without
125 compensation for loss resulting from interruption of business or
126 manufacture, nor in any event for more than the interest of the insured,
127 against all DIRECT LOSS BY FIRE, LIGHTNING AND BY REMOVAL

128 FROM PREMISES ENDANGERED BY THE PERILS INSURED
129 AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED,
130 to the property described hereinafter while located or contained as
131 described in this policy, or pro rata for five days at each proper place to
132 which any of the property shall necessarily be removed for preservation
133 from the perils insured against in this policy, but not elsewhere. The
134 actual cash value at the time of loss for a building described herein shall
135 be the amount which it would cost to repair or replace such building
136 with material of like kind and quality, minus reasonable depreciation.
137 As used herein, "depreciation" means a decrease in value of real
138 property over a period of time due to wear and tear.

139 Assignment of this policy shall not be valid except with the written
140 consent of this Company.

141 This policy is made and accepted subject to the foregoing provisions
142 and stipulations and those hereinafter stated, which are hereby made a
143 part of this policy, together with such other provisions, stipulations and
144 agreements as may be added hereto, as provided in this policy.

145 In Witness Whereof, this Company has executed and attested these
146 presents.

147 (Secretary).

148 (President).

149 Concealment, fraud. This entire policy shall be void if, whether before
150 or after a loss, the insured has wilfully concealed or misrepresented any
151 material fact or circumstance concerning this insurance or the subject
152 thereof, or the interest of the insured therein, or in case of any fraud or
153 false swearing by the insured relating thereto.

154 Uninsurable and excepted property. This policy shall not cover
155 accounts, bills, currency, deeds, evidences of debt, money or securities;
156 nor, unless specifically named hereon in writing, bullion or
157 manuscripts.

158 Perils not included. This Company shall not be liable for loss by fire
159 or other perils insured against in this policy caused, directly or
160 indirectly, by: (a) Enemy attack by armed forces, including action taken
161 by military, naval or air forces in resisting an actual or an immediately
162 impending enemy attack; (b) invasion; (c) insurrection; (d) rebellion; (e)
163 revolution; (f) civil war; (g) usurped power; (h) order of any civil
164 authority except acts of destruction at the time of and for the purpose of
165 preventing the spread of fire, provided that such fire did not originate
166 from any of the perils excluded by this policy; (i) neglect of the insured
167 to use all reasonable means to save and preserve the property at and
168 after a loss, or when the property is endangered by fire in neighboring
169 premises; (j) nor shall this Company be liable for loss by theft.

170 Other Insurance. Other insurance may be prohibited or the amount
171 of insurance may be limited by endorsement attached hereto.

172 Conditions suspending or restricting insurance. Unless otherwise
173 provided in writing added hereto this Company shall not be liable for
174 loss occurring (a) while the hazard is increased by any means within the
175 control or knowledge of the insured; or (b) while a described building,
176 whether intended for occupancy by owner or tenant, is vacant or
177 unoccupied beyond a period of sixty consecutive days; or (c) as a result
178 of explosion or riot, unless fire ensue, and in that event for loss by fire
179 only.

180 Other perils or subjects. Any other peril to be insured against or
181 subject of insurance to be covered in this policy shall be by endorsement
182 in writing hereon or added hereto.

183 Added provisions. The extent of the application of insurance under
184 this policy and of the contribution to be made by this Company in case
185 of loss, and any other provision or agreement not inconsistent with the
186 provisions of this policy, may be provided for in writing added hereto,
187 but no provision may be waived except such as by the terms of this
188 policy is subject to change.

189 Waiver provisions. No permission affecting this insurance shall exist,

190 or waiver of any provision be valid, unless granted herein or expressed
191 in writing added hereto. No provision, stipulation or forfeiture shall be
192 held to be waived by any requirement or proceeding on the part of this
193 Company relating to appraisal or to any examination provided for
194 herein.

195 Cancellation of policy. This policy shall be cancelled at any time at
196 the request of the insured, in which case this Company shall, upon
197 demand and surrender of this policy, refund the excess of paid premium
198 above the customary short rates for the expired time. This policy may
199 be cancelled at any time by this Company by giving to the insured and
200 any third party designated pursuant to section 38a-323a, a thirty days'
201 written notice of cancellation accompanied by the reason therefor with
202 or without tender of the excess of paid premium above the pro rata
203 premium for the expired time, which excess, if not tendered, shall be
204 refunded on demand. Notice of cancellation shall state that said excess
205 premium (if not tendered) will be refunded on demand. Where
206 cancellation is for nonpayment of premium at least ten days' written
207 notice of cancellation accompanied by the reason therefor shall be given.

208 Mortgagee interests and obligations. If loss hereunder is made
209 payable, in whole or in part, to a designated mortgagee not named
210 herein as the insured, such interest in this policy may be cancelled by
211 giving to such mortgagee a ten days' written notice of cancellation.

212 If the insured fails to render proof of loss such mortgagee, upon
213 notice, shall render proof of loss in the form herein specified within sixty
214 (60) days thereafter and shall be subject to the provisions hereof relating
215 to appraisal and time of payment and of bringing suit. If this Company
216 shall claim that no liability existed as the mortgagor or owner, it shall,
217 to the extent of payment of loss to the mortgagee, be subrogated to all
218 the mortgagee's rights of recovery, but without impairing mortgagee's
219 right to sue; or it may pay off the mortgage debt and require an
220 assignment thereof and of the mortgage. Other provisions relating to the
221 interests and obligations of such mortgagee may be added hereto by
222 agreement in writing.

223 Pro rata liability. This Company shall not be liable for a greater
224 proportion of any loss than the amount hereby insured shall bear to the
225 whole insurance covering the property against the peril involved,
226 whether collectible or not.

227 Requirements in case loss occurs. The insured shall give immediate
228 written notice to this Company of any loss, protect the property from
229 further damage, forthwith separate the damaged and undamaged
230 personal property, put it in the best possible order, furnish a complete
231 inventory of the destroyed, damaged and undamaged property,
232 showing in detail quantities, costs, actual cash value and amount of loss
233 claims; AND WITHIN SIXTY DAYS AFTER THE LOSS, UNLESS SUCH
234 TIME IS EXTENDED IN WRITING BY THIS COMPANY, THE
235 INSURED SHALL RENDER TO THIS COMPANY A PROOF OF LOSS,
236 signed and sworn to by the insured, stating the knowledge and belief of
237 the insured as to the following: The time and origin of the loss, the
238 interest of the insured and of all others in the property, the actual cash
239 value of each item thereof and the amount of loss thereto, all
240 encumbrances thereon, all other contracts of insurance, whether valid
241 or not, covering any of said property, any changes in the title, use,
242 occupation, location, possession or exposures of said property since the
243 issuing of this policy, by whom and for what purpose any building
244 herein described and the several parts thereof were occupied at the time
245 of loss and whether or not it then stood on leased ground, and shall
246 furnish a copy of all the descriptions and schedules in all policies and, if
247 required, verified plans and specification of any building, fixtures or
248 machinery destroyed or damaged. Not later than fifteen days after the
249 insured renders to the Company a completed, signed and sworn proof
250 of loss, the Company shall give written notice to the insured confirming
251 that the Company received such proof of loss. The insured, as often as
252 may be reasonably required, shall exhibit to any person designated by
253 this Company all that remains of any property herein described, and
254 submit to examinations under oath by any person named by this
255 Company, and subscribe the same; and, as often as may be reasonably
256 required, shall produce for examination all books of account, bills,
257 invoices and other vouchers, or certified copies thereof if originals be

258 lost, at such reasonable time and place as may be designated by this
259 Company or its representative, and shall permit extracts and copies
260 thereof to be made. Not later than twenty-one days after the insured
261 renders to the Company a completed, signed and sworn proof of loss,
262 the Company shall give written notice to the insured disclosing whether
263 the Company has approved or denied each loss claim and whether the
264 Company disputes the actual cash value of any loss claim.

265 Appraisal. In case the insured and this Company shall fail to agree as
266 to the actual cash value or the amount of loss, then, on the written
267 demand of either, each shall select a competent and disinterested
268 appraiser and notify the other of the appraiser selected within twenty
269 days of such demand. The appraisers shall first select a competent and
270 disinterested umpire; and failing for fifteen days to agree upon such
271 umpire, then, on request of the insured or this Company, such umpire
272 shall be selected by a judge of a court of record in this state in which the
273 property covered is located. The appraisers shall then appraise the loss
274 within fifteen days, stating separately actual cash value and loss to each
275 item; and, failing to agree, shall submit their differences, only, to the
276 umpire not later than fifteen days after such appraisal. An award in
277 writing, so itemized, of any two when filed with this Company shall
278 determine the amount of actual cash value and loss. Each appraiser shall
279 be paid by the party selecting him and the expenses of appraisal and
280 umpire shall be paid by the parties equally.

281 Company's options. It shall be optional with this Company to take
282 all, or any part, of the property at the agreed or appraised value, and
283 also to repair, rebuild or replace the property destroyed or damaged
284 with other of like kind and quality within a reasonable time, on giving
285 notice of its intention so to do within thirty days after the receipt of the
286 proof of loss herein required.

287 Abandonment. There can be no abandonment to this Company of
288 any property.

289 When loss payable. The amount of loss for which this Company may
290 be liable shall be payable thirty days after proof of loss, as herein

291 provided, is received by this Company and ascertainment of the loss is
 292 made either by agreement between the insured and this Company
 293 expressed in writing or by the filing with this Company of an award as
 294 herein provided. This Company and the insured may agree in writing
 295 to a partial payment of the amount of loss as an advance payment. Any
 296 advance payment shall be credited against the total amount of loss due
 297 to the insured. An advance payment shall not affect the requirement of
 298 this Company to pay the total amount of loss not later than thirty days
 299 after proof of loss.

300 Suit. No suit or action on this policy for the recovery of any claim
 301 shall be sustainable in any court of law or equity unless all the
 302 requirements of this policy shall have been complied with, and unless
 303 commenced within twenty-four months next after inception of the loss.

304 Subrogation. This Company may require from the insured an
 305 assignment of all right of recovery against any party for loss to the extent
 306 that payment therefor is made by this Company.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2022</i>	38a-1
Sec. 2	<i>January 1, 2022</i>	New section
Sec. 3	<i>October 1, 2021, and applicable to policies issued or renewed on or after said date</i>	38a-307

INS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

There is no fiscal impact to the state or municipalities from the bill, which (1) establishes timeframes for property and casualty insurers and loss appraisers to act after receiving a proof of loss from an insured and (2) requires property and casualty insurers and producers to disclose to a customer whether the insurer requires the property to be assessed, evaluated, or inspected before the insurer establishes premiums and delivers, issues, or renews the policy. There is no cost to the Insurance Department to prescribe the form for disclosure or to adopt implementing regulations.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 6623*****AN ACT CONCERNING PROPERTY AND CASUALTY INSURANCE.*****SUMMARY**

This bill revises the standard fire insurance policy form used in Connecticut to establish timeframes for property and casualty insurers and loss appraisers to act after receiving a completed, signed, and sworn proof of loss from an insured. (With certain exceptions, existing law requires insurers to comply with the standard policy.)

Under the bill, an insurer must acknowledge receipt of the proof of loss to the insured in writing within 15 days after receiving it. The insurer must also give the insured written notice within 21 days after receiving the proof of loss disclosing whether it (1) approves or denies each loss claim and (2) disputes the actual cash value of any loss claim.

By law, either the insured or the insurer may request an appraisal if they disagree on the actual cash value or amount of loss. Each party selects a disinterested appraiser. The bill requires the appraisers, once selected, to appraise the loss within 15 days. If the appraisers disagree about the loss, they must, by law, submit their differences to a disinterested umpire. The bill requires they do this within 15 days after the appraisal. By law, the insurer must pay a claim within 30 days after the proof of loss is agreed upon.

The bill also requires a property and casualty insurer issuing policies on real property in Connecticut, and insurance producers representing the insurer, to disclose to an insured or prospective insured whether the insurer requires the real property to be assessed, evaluated, or inspected before the insurer establishes premiums and delivers, issues, or renews the policy. The disclosure must be (1) made not later than when the insurer or producer provides a premium estimate and (2) in a form and

manner the insurance commissioner prescribes. The bill authorizes the commissioner to adopt implementing regulations.

EFFECTIVE DATE: January 1, 2022, except the provisions establishing timeframes for insurers and appraisers to act after receiving a proof of loss are effective October 1, 2021, and applicable to policies issued or renewed on or after that date.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 17 Nay 1 (03/22/2021)