

State of Connecticut
GENERAL ASSEMBLY



PUBLIC HEALTH COMMITTEE
LEGISLATIVE OFFICE BUILDING
HARTFORD, CT 06106-1591

Mold Working Group

Meeting Summary

Wednesday, December 6, 2023

10:00 AM Zoom Remote Meeting

Attendance: Rep. Steve Weir, Harry Amadasun, Tyron Harris, Paul Januszewski, Daniel Keune, Juliette Parker & Mike Tortora

I. Convene Meeting.

- Rep. Steve Weir convened the meeting at 10:02 AM and announced that Chris Eident will be absent due to out of state travel.

II. Discussion with Eric George, Insurance Association of Connecticut

- Eric George introduced himself and gave a brief overview of the role of the Insurance Association of Connecticut (IAC).
- Harry Amadasun explained how mold is directly associated with polybutylene piping and listed the following issues condominium owners are experiencing:
 - Significant liability being transferred to homeowners at the behest of insurance carriers.
 - Insurance coverage being dropped by Travelers Insurance Company.
 - Owners expecting a 150% premium increase shortly after experiencing a recent 100% increase.

- Liability placed on homeowners for piping that is inside the wall.
- The presence of polybutylene piping was not disclosed at the time of sale.
- Eric George clarified the role of IAC, and added the following:
 - the industry is regulated by the Department of Insurance
 - IAC policies are approved by the Department of Insurance before they are offered to homeowners
 - homeowners should work with their independent insurance agent to get a sense of what carriers are out there to provide coverage
 - polybutylene pipes have been known to have a limited shelf-life

He asked if the manufacturers and home builders have been taken to task on the creation and use of polybutylene pipes. He further explained that insurance is in place to cover losses and not as a home warranty contract.

- Rep. Steve Weir asked Eric George if insurers could exclude polybutylene pipes, and what are the things that could be included to make people aware?
- Eric George stated that the home inspection is a good first step to understanding:
 - what you are purchasing
 - the problems you are taking on

He suggested replacing polybutylene pipes with copper piping or other long lasting durable piping. There are grants out there to finance such projects.

- Harry Amadasun stated that coverage for the polybutylene pipes is under the Condominium Association Master Policy and not the homeowners. A bigger part of awareness is how do we connect the building inspector, the condominium associations, and the real estate folk to get a better understanding of what's within the walls that cannot be seen and how to let the buyer decide.
- Mike Tortora stated there are questions related to asbestos and lead on the disclosure form, and none about mold, therefore it's not checked for. He asked if mold should be mentioned on the form, or would it be more specific to ask if polybutylene piping is present in the house.
- Daniel Keune reported that he had spoken with home inspectors who made it clear they cannot see common areas and that the liability for them to expand to common areas outside of the inspected unit would increase astronomically. They stated that if they are asked to do common areas, they would not do condominium inspections. He added that some

plumbers pointed out that they have addressed the polybutylene piping but that there are a couple of condominium complexes in East Hartford that's been kicking the issue down the road. He added:

- the average homeowner doesn't know what polybutylene piping is, so they will answer no to the question
 - it is surprising that some condominium associations are not disclosing the problem with the piping in their resale packet to potential buyers
 - Insurers typically give property owners a chance to rectify these situations
- Eric George endorsed Daniel Keune's comments and added:
 - insurers want the property to be in the best condition to avoid future losses and claims
 - it would be very surprising if insurers are not having these conversations with condominium associations
 - condominium owners should make sure they understand what's covered under their policy as well as what's covered under the condominium association's policy
 - paying for the replacement of polybutylene pipes by financing it over a period of time and making it as doable as possible would be in the condominium associations and the owners best interest
 - education is a very important piece, and it's not just about what's within the four walls, it's external, and that's what a condominium owner really needs to know.
- Tyron Harris reminded members that although education is important, inspectors cannot see what's inside the wall. He added that he purchased his condominium unit in 2007 and was not made aware of the polybutylene pipes until 2020. He asked if insurance carriers are allowed to increase premiums for anticipated loss and who is responsible for holding insurers accountable? He suggested that a broader conversation is needed to figure out how to put a cap on premiums.
- Eric George explained that insurers cannot just charge what they want, and the insurance industry is one of the most regulated in the world. He added:
 - The Connecticut Department of Insurance (DOI) approves all rate increases and policies to make sure that they are proper and just
 - DOI come down severely on insurers who do not abide by the standards and those insurers would suffer through a "market

conduct exam". The increases in premium are relative to the risks that the insurer is covering

- Tyron Harris asked, where would the risk on the cap stop
- Eric George informed the meeting that there are some issues that become uninsurable and that's why there are Federal programs such as FEMA. When there is a risk that cannot be insured against, there is always the choice of remediation, which comes with its own costs.
- Rep. Steve Weir asked Tyron Harris if the 10-year period he had mentioned earlier, is the repayment period or the time it will take to get the work done.
- Tyron Harris stated it was different options to make the loan affordable. He explained the process and added that all the residents on each building will have to relocate during the time it takes to complete repairs
- Daniel Keune referenced a 2021 Fannie and Freddie questionnaire that states " if they believe that you have more than \$10,000.00 per unit in deferred maintenance or liability, they will not approve your loan". This will make it difficult for buyers to get a loan to purchase a unit.
- Rep. Weir asked Tyron Harris who is the management company for the East Hartford complex
- Tyron Harris responded Westford Management.
- Rep. Weir stated CFACT stated that most buildings with polybutylene pipes have addressed it, but there is still some grappling with the issue. He asked if it was still necessary to invite the Department of Housing to the next meeting.
- Tyron Harris agreed with inviting DOI and added he would like to see if they can help with identifying grants or loans to help with the communication portion of our legislative charge.
- Daniel Keune suggested that Rep. Steve Weir ask DOI the question and eliminate having the representative attending the meeting.

III. Review of Previous Action Items
No discussion

IV. Announcement of Time and Date of Next Meeting
Next meeting is scheduled for Wednesday, December 13, 2023, at 10:00 AM

V. Adjournment
The meeting adjourned at 11:00 AM.