



LEGISLATIVE POSITION

PROFESSIONAL INSURANCE AGENTS OF CONNECTICUT INC.

25 Chamberlain St.
PO Box 997
Glenmont, NY
12077-0997
(800) 424-4244

**LEGISLATIVE
REPRESENTATIVE**
Connecticut Group LLC

**DIRECTOR OF
GOVERNMENT &
INDUSTRY AFFAIRS**
Bradford J. Lachut, Esq.

**EXECUTIVE
DIRECTOR**
Kelly K. Norris, CAE

DATE: Feb. 14, 2019

TO: Insurance and Real Estate Committee

FROM: Professional Insurance Agents of Connecticut Inc.

STATEMENT RE: **H.B. 5425—AN ACT REQUIRING THAT REGISTERED HOME-IMPROVEMENT CONTRACTORS MAINTAIN LIABILITY INSURANCE**

The Professional Insurance Agents of Connecticut Inc., or PIACT, is pleased to support Proposed Bill No. 5425, “An act requiring that registered home-improvement contractors maintain liability insurance,” sponsored by Rep. Kim Rose.

PIACT is a voluntary, membership-based trade association representing professional, independent property/casualty insurance agents. Our members and their employees doing business in Connecticut provide primarily property and casualty insurance to businesses and individual clients throughout the state.

In Connecticut, home-improvement contractors do not have an obligation to purchase general liability insurance to obtain or renew certification with the state. As a result, a homeowner can hire a certified home-improvement contractor and remain unaware the contractor lacks liability insurance. Only after damage has been done and a homeowner tries to file a claim against the contractor do they learn if their contractor had liability insurance. This legislation guarantees a home-improvement contractor registered with Connecticut has general liability insurance.

Proposed Bill No. 5425 protects consumers without placing an excessive burden on the contractor. Many home-improvement contractors voluntarily purchase this affordable coverage widely available in both the standard and surplus markets. The coverage protects them from large claims that would otherwise pose a huge threat to their business, potentially forcing them into bankruptcy.

PIACT recommends amending the proposed bill to increase the minimum liability requirement to not less than \$500,000, as this would provide more coverage while being easier for contractors to obtain. Policies of \$250,000 rarely, if ever, exist in the marketplace. General liability policies with a \$500,000 limit provide sufficient coverage and a competitive, affordable market exists so contractors have options regarding their specific policy.

- continued -

Page 2

This legislation protects consumers who hire home-improvement contractors without placing a heavy burden on the contractor or their company. Mandating proof of liability insurance when applying or renewing a certificate of registration as a home-improvement contractor protects the homeowners who hire a certified contractor to work in their home.

We urge members of the Connecticut House Insurance and Real Estate Committee to vote YES on Proposed Bill No. 5425 and respectfully recommend increasing the minimum liability insurance required to \$500,000. Thank you for your consideration of our view.