
OLR Bill Analysis

sHB 6967

AN ACT CONCERNING THE ASSIGNMENT OF POST-LOSS HOMEOWNERS AND COMMERCIAL PROPERTY INSURANCE BENEFITS AND REVISING DISCLOSURE REQUIREMENTS FOR HOME IMPROVEMENT CONTRACTORS AND SALESPERSONS.

SUMMARY

This bill addresses (1) matters related to post-loss benefit assignment agreements (i.e. one that assigns, transfers, or acquires any post-loss benefit under a residential or commercial property insurance policy) and (2) changes in laws related to home improvement contracts.

Regarding the post-loss benefit assignment provisions, the bill establishes a process for assigning post-loss benefits under policies delivered, issued for delivery, renewed, amended, or continued in the state on or after January 1, 2026. Among other things, the bill:

1. requires post-loss assignment agreements to be executed in writing and shared with the insurance company;
2. establishes rights and prohibitions for the assignor (i.e. person who assigns, transfers, or acquires the benefit) and assignee (i.e. person who is assigned the benefit) and addresses matters related to post-loss claims; and
3. makes agreements that do not meet the bill's requirements void and unenforceable.

It also requires insurers, starting in 2026, to annually submit post-loss-related data to the insurance commissioner, which he must evaluate and report to the Insurance Committee (§ 1).

Regarding the provisions of the bill that affect home improvement contract-related laws, a section-by-section analysis appears below.

Among other things, the bill does the following:

1. specifies that for the purpose of the Home Improvement Act, “business day” means any calendar day except Sunday or any of the following nine business holidays: New Year’s Day, Washington’s Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day (§ 2);
2. prohibits a contractor from using any portion of an owner’s insurance policy deductible to induce them to enter into a home improvement contract (§ 3);
3. requires home improvement contractors and salespersons to (a) notify the Department of Consumer Protection (DCP) of any changes in their business name, trade name, or addresses and (b) present evidence of any insurance coverage required by law (§ 4);
4. expands the required content of the DCP application for a home improvement contractor certificate of registration and requires applicants to provide proof that they maintain any insurance coverage required by law (§ 5);
5. restricts home improvement contractors from conducting public adjuster activities, except for certain acts authorized under the bill (§ 6);
6. requires home improvement contracts to include certain provisions, including a right for an owner to cancel a contract (§ 7); and
7. precludes home improvement contractors, salesmen, or their employees from engaging in certain conduct (e.g., prohibited advertising and soliciting regarding roof repair); requires the contractor to disclose in any roof repair or replacement contract what conduct is prohibited; and subjects violators to possible license revocation or suspension (§ 8).

Lastly, it also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2025, except the post-loss assignment-related provisions go into effect January 1, 2026.

§ 1 — ASSIGNMENT OF POST-LOSS HOMEOWNERS AND COMMERCIAL INSURANCE BENEFITS

The bill (1) establishes specific requirements for any assignment agreement that assigns, transfers, or acquires any post-loss benefit under a homeowners insurance policy or commercial property insurance policy delivered, issued for delivery, renewed, amended, or continued in the state on or after January 1, 2026; (2) provides for when an assignor acts under an urgent or emergency circumstance to protect the property; and (3) makes any assignment agreement that fails to comply with these provisions void and unenforceable.

Post-Loss Benefit Assignment Agreement Requirements

A post-loss benefit assignment agreement covered under the bill, must (1) be in writing and executed by the assignor and assignee and (2) only relate to the post-loss repair, inspection, remediation, or mitigation services that the assignee agreed to perform on the property. It must also include:

1. a provision affording the assignor the right to rescind the assignment agreement, without penalty, by submitting notice to the assignee (see *Rescission Notice* below);
2. a provision requiring the assignee to deliver a copy of the executed assignment agreement to the insurance company providing homeowners or commercial property insurance coverage for the property within a certain timeframe and in a specified manner (see *Delivery of Executed Agreement to Insurer* below);
3. an itemized, per unit cost estimate of the post-loss services to be performed by the assignee on the property;
4. a specific notice regarding the assignee's obligations and right to cancel the agreement (see *Required Notice in Agreement* below); and

5. a provision requiring the assignee to indemnify and hold the assignor harmless from any liability, damages, losses, or costs, including attorney's fees, arising from the agreed-upon post-loss services the assignee performed on the property.

Rescission Notice

Under the bill, the assignor must submit a signed rescission notice to the assignee:

1. within 14 days after the agreement has been executed;
2. at least 30 days after the date on which the post-loss services are scheduled to begin, provided the assignee has not substantially performed the agreed-upon post-loss services; or
3. at least 30 days after the agreement's execution, provided it does not contain a date by which the agreed-upon post-loss services are scheduled to begin and the assignee has not substantially performed them.

Delivery of Executed Agreement to Insurer

The assignee must deliver a copy of the executed agreement to the insurance company:

1. not later than (a) three business days after the agreement's execution, or (b) the date on which post-loss services are scheduled to begin, whichever is earlier; and
2. by (a) personal service, overnight mail, return receipt requested, to the address designated in the applicable homeowners or commercial property insurance policy or (b) email, evidenced by a delivery receipt, to the email address designated in the insurance policy, as applicable.

Required Notice in Agreement

Under the bill, each assignment agreement must include the following notice in at least 18-point boldface type:

"YOU ARE AGREEING TO GIVE UP CERTAIN RIGHTS YOU

HAVE UNDER YOUR INSURANCE POLICY TO A THIRD PARTY, WHICH MAY RESULT IN LITIGATION AGAINST YOUR INSURER. PLEASE READ AND UNDERSTAND THIS DOCUMENT BEFORE SIGNING IT. YOU HAVE THE RIGHT TO CANCEL THIS AGREEMENT WITHOUT PENALTY WITHIN 14 DAYS AFTER THE DATE THIS AGREEMENT IS EXECUTED, AT LEAST 30 DAYS AFTER THE DATE WORK ON THE PROPERTY IS SCHEDULED TO COMMENCE IF THE ASSIGNEE HAS NOT SUBSTANTIALLY PERFORMED, OR AT LEAST 30 DAYS AFTER THE EXECUTION OF THE AGREEMENT IF THE AGREEMENT DOES NOT CONTAIN A COMMENCEMENT DATE AND THE ASSIGNEE HAS NOT BEGUN SUBSTANTIAL WORK ON THE PROPERTY. HOWEVER, YOU ARE OBLIGATED FOR PAYMENT OF ANY CONTRACTED WORK PERFORMED BEFORE THE AGREEMENT IS RESCINDED. THIS AGREEMENT DOES NOT CHANGE YOUR OBLIGATION TO PERFORM THE DUTIES REQUIRED UNDER YOUR HOMEOWNERS OR COMMERCIAL PROPERTY INSURANCE POLICY.”

Excluded Fees

Under the bill, assignment agreements may not include (1) a bank check or mortgage processing fee, (2) a cancellation penalty or fee for the assignor, or (3) any administrative fee.

Urgent or Emergency Circumstance

If, before an assignment agreement’s execution, an assignor acts under an urgent or emergency circumstance to protect the property from damage, the assignee must not receive an assignment of post-loss benefits under a homeowners or commercial property insurance policy providing insurance coverage for the property for more than \$3,000 or 1% of the coverage limit under the policy that the policy will cover for losses resulting from damage to the policyholder’s residential or building structure, or any structure of the policyholder that is attached to the residential or building structure, whichever is greater.

Under the bill, an “urgent or emergency circumstance” is any situation in which a loss to residential or commercial property, if not addressed immediately, will result in additional damage to the

residential or commercial property.

Insurance Claim and Assignee's Failures

If any insurance claim arises under an assignment agreement for post-loss services, the assignee has the burden of proving that the insurance company is not prejudiced by the assignee's failure to:

1. keep records of all post-loss services provided under the assignment agreement,
2. cooperate with any internal claims investigation the insurance company conducted,
3. give the insurance company any documents related to post-loss services the assignee provided, or
4. deliver a copy of the executed assignment agreement to the insurance company within the timeframe specified above.

Assignee's Requirements

The bill requires the assignee of the assignment agreement to:

1. provide the assignor with current cost estimates for the scope of the post-loss services to be performed, including for any additional services the assignee determines are required;
2. perform the post-loss services in keeping with the State Building Code;
3. not seek payment from the assignor for more than the policy's deductible, unless the assignor and assignee executed a separate agreement for the home improvement or other services to be performed at the assignor's own expense; and
4. before submitting an insurance claim under the applicable insurance policy, (a) submit to an examination by the insurance company or its authorized agent, under oath or recorded statement; and (b) participate in any alternative dispute resolution (ADR) proceedings under the applicable insurance

policy's terms.

The examination must be (1) reasonably necessary, (2) based on the scope and complexity of the post-loss repair services performed on the property, and (3) limited to the scope and costs of those services under the agreement's terms.

Limitations of Assignment Agreement

Regardless of the state's insurance statutes, an assignment agreement executed under the bill does not transfer or create any authority to negotiate, adjust, or effect the settlement of any portion of any insurance claim to anyone or any entity not authorized to do so or take any action on behalf of any assignor or public adjuster.

Assignee's Prohibited Actions

Regardless of state law, under the bill, an assignee or the assignee's subcontractor, who executes an assignment agreement in keeping with the bill, is prohibited from:

1. filing a civil or administrative claim against the assignor or any named insured under the homeowners or commercial property insurance policy for payment of any post-loss services performed at the property,
2. collecting payment from the assignor or any named insured under the policy,
3. claiming a lien on the property, or
4. reporting the assignor or any named insured under the policy to a credit reporting agency for any payment due under the assignment agreement.

These do not apply if an assignor violates his or her responsibilities under the bill (see below).

Assignor's Responsibilities

The assignor or named insured under the applicable homeowners or commercial property insurance policy is responsible for paying the

following, as applicable:

1. deductible under the terms of the policy,
2. home improvement or other services performed by the assignee on the property and approved by the assignor, and
3. post-loss services performed on the property before the assignor rescinded the assignment agreement.

Assignee’s Cause of Action Against the Insurance Company

Under the bill, an assignee does not have a cause of action against the homeowners or commercial property insurance company providing coverage for the property for payment of an insurance claim arising from post-loss services performed on the assignor’s, or named insured’s, property, unless the assignee provides written notice as described below.

Assignee’s Written Notice

The assignee must give written notice to the named insured under the homeowners or commercial property insurance policy, assignor, and insurance company of the intention to bring a cause of action.

Timing and Content. This notice must (1) be provided at least 10 days before filing the action, but after the insurance company has determined coverage under policy, and (2) specify the claimed damages in dispute, the amount the assignee claims, and a presuit settlement demand (i.e. any monetary request submitted by an assignee in a written notice of intent to initiate litigation).

Filing Precondition. Before filing a cause of action, the assignee must provide the named insured, assignor, and insurance company with a written invoice or cost estimate of the post-loss repair, inspection, remediation, or mitigation services performed or scheduled to be performed by the assignee, including itemized information identifying (1) equipment; (2) materials; (3) the number of hours worked; and (4) in circumstances where the post-loss services were performed, proof that they were performed in keeping with accepted industry standards.

Service of Written Notice. The bill’s notice requirements must be served by (1) certified mail, return receipt requested, to the name and mailing address designated by the insurance company in the insurance policy, and to the name and mailing address designated by the named insured or assignor in the agreement; or (2) email, evidenced by a delivery receipt, to the email address designated by the insurance company and the named insured or assignor in the above documents.

Insurance Company’s Presuit Settlement Offer

Within 10 business days of receiving the notice described above, the insurance company must make a presuit settlement offer to the assignee or require the assignee to participate in an appraisal process in keeping with state law, or any other ADR under the applicable insurance policy’s terms. Under the bill, a “presuit settlement offer” is any monetary proposal submitted by the insurance company to settle a dispute with an assignee before the assignee files a cause of action against the insurance company.

The bill requires the insurance company to investigate the assignee’s claimed damages, in keeping with the state’s insurance laws.

Post-Loss Benefit Assignment Provisions Do Not Apply

The bill’s post-loss benefit assignment provisions do not apply to:

1. any assignment, transfer, or conveyance of residential or commercial property granted to a subsequent purchaser who holds an insurable interest in the property after a loss;
2. a power of attorney (as provided under the Connecticut Uniform Power of Attorney Act and the Connecticut Uniform Recognition of Substitute Decision-Making Documents Act) that grants to a management company, family member, guardian, or similarly situated person of a named insured under the applicable homeowners or commercial property insurance policy the authority to act on behalf of the named insured with respect to any insurance claim; or
3. general liability coverage under a homeowners or commercial

property insurance policy.

Reports and Regulations

The bill establishes annual reporting requirements related to assignment agreements-related data.

Starting by February 1, 2026, each homeowners or commercial property insurance company licensed in the state must annually submit a report to the insurance commissioner, in a way he determines, that includes data for claims paid under an assignment agreement executed in keeping with the bill.

Starting by March 1, 2026, the commissioner must annually report to the Insurance Committee on his evaluation of the submitted data for the immediately preceding calendar year. The report must include an evaluation of (1) claims adjustments; (2) settlement timeframes; and (3) claims and litigation trends, categorized by claims litigated, claims settled prior to litigation, and loss adjustment expenses.

The commissioner must adopt regulations implementing the section's provisions.

§ 3 — INSURANCE DEDUCTIBLES AND HOME IMPROVEMENT CONTRACTS

Regardless of the state's home improvement contractor laws, the bill prohibits contractors from directly or indirectly advertising, offering, or promising any allowance, compensation, discount, payment, waiver, or rebate for a homeowner's insurance deductible in order to induce the owner to sign a home improvement contract.

§ 4 — CONTRACTOR'S AND SALESPERSON'S NAME AND ADDRESS CHANGES

By law, a DCP-issued certificate of registration is required for a person to be a home improvement contractor or salesperson. Under the bill, before the person can hold himself or herself out to be a contractor or salesperson, he or she must also present evidence of any insurance coverage required by law.

The bill also specifically requires contractors and salespersons to notify DCP, through the online licensing system, of any changes in their business name, trade name, residential address, or business address, within 30 days after the change. Existing law already requires them to report any changes to their contact information within this timeframe.

§ 5 — CERTIFICATE OF REGISTRATION REQUIRED INFORMATION

The bill expands the required information on DCP's certificate of registration application form for home improvement contractors and salespersons; and makes certain distinctions depending on whether or not the applicant is a natural person.

Applicant's Information

Under current law, the application form must include the applicant's name. The bill specifies that the trade name is required if the applicant is a natural person and, if not, the business name is required.

Current law also requires the form to include the applicant's residential address and business address. Instead, the bill requires (1) a natural person to provide his or her contact information and (2) all other applicants to provide a business address.

Under existing law, unchanged by the bill, the form must include the applicant's business telephone number and email address. The bill additionally requires the form to include the applicant's web address.

Information on Additional Persons

Under the bill, the form must also include the name, trade name, and contact information of each business entity in which any individual owner or member of the applicant holds a financial or equitable interest. This applies only if the business entity offers home improvement services in the state.

Additionally, if the applicant is not a natural person, the form must include the name and contact information of the applicant's directors, officers, and principal shareholders.

Attestations

Under the bill, the application must also include a statement by the applicant attesting to whether the applicant previously had a certificate of registration and, if so, the name on it and whether it was suspended or revoked. The applicant must also attest to whether any judgment or arbitration award has been entered against the applicant.

Proof of Insurance

Existing law requires applicants to prove they have at least \$20,000 of general insurance coverage by providing the policy number and insurance provider. The bill requires the applicant to also prove they have obtained any other insurance coverage required by law.

§ 6 — PUBLIC ADJUSTER ACTIVITIES PROHIBITED

The bill expands the list of unlawful acts for home improvement contractors by prohibiting them from engaging in the activities of a public adjuster, except as described below. By law, a “public adjuster” (1) prepares, documents, and submits a first-party property claim to an insurance company for loss or damage by a covered peril under a personal or commercial risk insurance policy, issued by an insurance company; (2) negotiates, adjusts, or effects the settlement of the claim; and (3) advertises or solicits business as a public adjuster (CGS § 38a-723).

The bill allows a home improvement contractor to:

1. explain or discuss a bid for construction or repair of property loss or damage covered under a homeowners insurance policy with the property owner or the insurer if the contractor generally does the work included in the contract for the usual and customary fees, and
2. recommend that the property owner contact the insurer to determine whether a bid for construction or repair of property loss or damage is covered under the homeowners insurance policy, except as provided under the prohibited advertising and soliciting practices under existing law and the bill (see § 8 below).

§ 7 — NOTICE OF CANCELLATION IN HOME IMPROVEMENT CONTRACTS

The bill requires each home improvement contract to give the owner the right to cancel the contract and include a specified statement immediately above the place provided in the contract for the owner's signature. The statement must be in at least 10-point boldface type in substantially the following form:

"You may cancel this contract not later than midnight on the third business day after both you and the contractor signed this contract or you received notice from your insurer denying any part of your claim for the cost of the home improvements to be performed pursuant to this contract, whichever last occurs. Please see the attached notice of cancellation forms for additional information."

Cancellation Form

Under the bill, each contract must have at least two cancellation forms, attached to, and easily detachable from, the contract and in not less than 10-point boldface type. The form must be substantially as follows:

"NOTICE OF CANCELLATION

You may cancel this contract not later than midnight on the third business day after both you and the contractor sign this contract or you receive notice from your insurer denying any part of your claim for the cost of the home improvements to be performed pursuant to this contract, whichever last occurs. In order to cancel this contract, you must sign, date and deliver, mail or electronically mail this notice to (insert name of contractor) at (insert principal business address and business electronic mail address of contractor) by the end of the three-day period described in this notice. If you cancel this contract, the contractor shall return all payments that you have made to the contractor pursuant to this contract, less the reasonable cost of any and all home improvements that the contractor performed pursuant to this contract prior to cancellation, and cancel the contractor's security interest, if any, in any home improvements performed prior to

cancellation not later than ten business days after the contractor receives this notice. You should retain a copy of this notice for your records.

I HEREBY CANCEL THIS TRANSACTION:

Signature

(Insert date)''

§ 8 — PROHIBITED ADVERTISING AND SOLICITING

The bill precludes home improvement contractors, salesmen, or their agents and employees from engaging in certain conduct to induce owners to enter into home improvement contracts.

Definitions

Under the bill, “prohibited advertisement” means any written or electronic communication, including door hangers, business cards, magnets, flyers, pamphlets, or email, delivered by any contractor or salesman to encourage, instruct, or induce an owner to contact the contractor, salesman, or public adjuster to file an insurance claim for roof damage to the owner’s property.

“Soliciting” means to make direct contact with anyone through mail, telephone, email, in-person communication, or any other means to induce the person to make a transaction.

Prohibited Actions

The bill prohibits contractors or salespersons, or their agents or employees from, directly or indirectly:

1. soliciting any owner through a prohibited advertisement, unless it provides, in not less than 12-point font, that (a) the owner is responsible for paying any insurance deductible for roof repair costs performed on the owner’s property, and (b) intentionally filing an insurance claim containing any false, incomplete or misleading information constitutes insurance fraud, a class D felony punishable by a fine up to \$5,000, up to five years in prison, or both;

2. offering any rebate, gift, gift card, cash, coupon, waiver of any insurance deductible, or any other item of value to any owner in exchange for (a) allowing the contractor to inspect the roof; or (b) the owner, contractor, salesman, or their agents or employees, submitting an insurance claim for damage to the owner's roof; and
3. offering, delivering, receiving, or accepting any compensation, inducement, or reward for referring any home improvement work for which property insurance proceeds are payable. Under the bill, payment by an owner or insurance company to the contractor for roofing services does not constitute compensation for the referral.

Required Notice

Under the bill, any contract between a contractor and an owner for home improvement services to repair or replace the owner's roof must include a notice that the contractor is prohibited from engaging in the practices described above.

Penalty for Violations

The bill subjects any contractor who violates the prohibited actions or notice requirements described above to possible revocation or suspension of the contractor's certificate of registration.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 11 Nay 2 (02/25/2025)