



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

### **2019 UPDATE**

**2019 Updates: April 11, 2019 (Update #2); June 10, 2019 (Update #3)**

**First Updated: January 23, 2017 (Update #1)**

**First Issued: October 6, 2015**

#### **\*\*\*NOTICE TO ALL INSURERS WRITING**

#### **HOMEOWNERS AND CONDOMINIUM INSURANCE IN CONNECTICUT\*\*\***

This 2019 Update #3, is intended to address a question the Department has received concerning the application of this Notice to Condominiums. Only condominium association master insurance policies covering the buildings of residential unit owners are intended to be covered by this Notice.

It has come to the Insurance Department's (the "Department") attention as a result of various news reports<sup>1</sup> and meetings with senior State officials that a number of Connecticut homeowners are concerned that they may have home foundations that are crumbling or otherwise deteriorating, the cause of which is unclear. News reports state that this degradation to foundations has happened over a period of years and indicate that affected homes built in the late 1980's may be experiencing crumbling foundations today. To the Department's knowledge, however, no homes have abruptly collapsed or caved in as a result of a deteriorating foundation.

The Department has received at least one complaint from a homeowner whose insurer sought to non-renew the individual's homeowner's policy due to a crumbling foundation issue. The Department hereby directs that no insurer take any action to cancel or non-renew an affected homeowner's insurance coverage or a condominium association master insurance policy covering the buildings of residential unit owners as a result of a foundation found to be crumbling or otherwise deteriorating. The Department expects that any non-renewal action taken by insurers be strictly in accordance with its underwriting guidelines and rules that are required to be filed with and recorded effective by the Department.

***2017 Update. The Department is updating this Notice to further direct insurers that no action be taken to cancel or non-renew a Condominium Association's Master Insurance Policy covering the buildings of residential unit owners as a result of a foundation found to be crumbling or otherwise deteriorating.***

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<sup>1</sup> George Colli, Investigative Reporter (August, 2015 and follow-up articles). NBC Connecticut Troubleshooters. Retrieved from <https://www.nbcconnecticut.com/investigations/Troubleshooters-Investigation-Crumbling-Foundations-Home-Base-ment-Concrete-318061181.html>

**2019 Update.** The Department is updating this Notice to specifically remind insurers of the provisions of Conn. Gen. Stat. section 38a-316d, entitled ***Prohibitions on declinations, cancellation and nonrenewal of homeowners insurance policies*** related to crumbling foundation claims and coverage inquiries. Subsection(c) of that statute states:

The cancellation or nonrenewal of a homeowners insurance policy **or an increase in the premium of such policy** is prohibited if the cancellation, nonrenewal or increase is based **solely on inquiries made on such policy or a claim filed under such policy that resulted in a loss coverage payment by the insurer of less than five hundred dollars or in no loss coverage payment.** ...

Companies are further instructed that pursuant to Conn. Gen. Stat. section 38a-316d and the Commissioner's general authority, use of Comprehensive Loss Underwriting Exchange ("CLUE") claim information or any other sources of claim-related information similar to that used in CLUE concerning a crumbling foundation inquiry or claim is prohibited in connection with the underwriting, pricing and/or surcharging new or renewal business (both homeowners and condominium association master policies covering the buildings of residential unit owners) relative to that risk.

In addition, the Department will not approve company underwriting rules or guidelines which provide for the cancellation or nonrenewal of a homeowners insurance policy<sup>2</sup> or an increase in the premium of such policy if the cancellation, nonrenewal or premium increase is based solely on unrepaired crumbling foundation damage. Cancellation, nonrenewal or an increase in premium is also prohibited if such cancellation or nonrenewal is based on or related to the property's crumbling foundation being in a current state of unrepair or under repair.

If you have any questions concerning this Notice, please contact George Bradner, Director Property and Casualty Division at (860) 297-3866 or via email at [George.Bradner@ct.gov](mailto:George.Bradner@ct.gov).



Andrew N. Mais  
Insurance Commissioner

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<sup>2</sup> While company underwriting guidelines are not required to be filed with respect to Condominium Association Master Insurance policies (whether or not labeled or treated as a commercial policy), the Department expects that insurers will not seek to cancel or nonrenew such policies or increase the premium of such policies if the cancellation, nonrenewal or increase in premium is based solely on crumbling foundation damage.