



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

BULLETIN IC-37
JANUARY 9, 2017

**TO: ALL INSURANCE COMPANIES LICENSED TO WRITE HOMEOWNERS
INSURANCE IN CONNECTICUT**

**RE: CONSUMER DISCLOSURE OF CONTRACTUAL LIMITATIONS PERIOD IN
THE EVENT OF A CLAIM DENIAL**

This Bulletin is intended to address—for the benefit of Connecticut homeowners—a disclosure of the contractual limitations period for pursuing a lawsuit in the event a property loss claim is denied. In connection with recent reports of “crumbling foundations” in parts of the state, it has come to the Department’s attention that there may be policyholder confusion concerning the contractual limitations period for pursuing a suit as a result of a claim denial. The Department typically reviews policy language that states:

Suit Against Us—No action can be brought against us unless there is compliance with all of the terms under Section I of this policy *and the action is started within two years after the date of loss.* (emphasis added)

The question of when the “date of loss” occurs can be subjective in situations where the loss or damage occurs over time and/or is not visually apparent to the policyholder. It may take an insurer a number of months to investigate the claimed loss in order to determine causation and to fully adjust the loss or deny the insured’s claim. In those types of situations, the insurer’s written claim denial may be given close to the time in which the contractual limitations period will expire. As a result, the Department believes that the insured may fail to appreciate and fully understand the final date upon which they may bring suit in court to dispute the claim denial.

In order to better protect consumers, the Department requests that in the event an insurer denies a homeowners’ property claim (in whole or in part), that the insurer affirmatively disclose in the claim denial letter in a reasonably prominent fashion, the date upon which the contractual limitations period for bringing suit will expire. The disclosure may be stated as an actual expiration date or it may refer to the pertinent policy provision in which the limitations period is set forth. The Department believes this approach will help to avoid consumer confusion.

In order to provide the industry with time to implement this Bulletin, it will be effective and apply to homeowners’ claim denial letters processed after February 15, 2017.

Katharine L. Wade
Insurance Commissioner