

Insurance and Real Estate Committee JOINT FAVORABLE REPORT

Bill No.: HB-7038

AN ACT REQUIRING A STUDY OF THE FEASIBILITY OF ESTABLISHING A CAPTIVE INSURANCE COMPANY OR USING PARAMETRIC INSURANCE TO PROVIDE FINANCIAL ASSISTANCE TO FARMERS IMPACTED BY THE

Title: EFFECTS OF SEVERE WEATHER.

Vote Date: 3/13/2025

Vote Action: Joint Favorable

PH Date: 2/27/2025

File No.:

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SPONSORS OF BILL:

Insurance and Real Estate Committee

REASONS FOR BILL:

House Bill No. 7038 was introduced by the Insurance and Real Estate Committee to have the Insurance Commissioner, with consultation from the Commissioner of Agriculture, conduct a study to determine whether establishing a captive insurance company or using parametric insurance would be better for farmers who are impacted by severe weather events.

The legislature recognizes that the current crop insurance options may be limited or too expensive for small/medium farmers across the state. As a result, the Insurance and Real Estate Committee introduced this bill to initiate a study into alternative insurance models that may provide more cost effective, fast-acting options to reimburse farmers for crop-loss damages. This would help bolster Connecticut's agricultural and economic resiliency.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Bryan Hurlburt, Commissioner, Connecticut Department of Agriculture](#) testified in support of HB 7038. He cites numerous severe weather events throughout 2023 that qualified farmers throughout the state to federal disaster assistance, including severe freezing in February and May, and excessive rains that caused flooding in July 2023. He believes that it is important to better understand the details of a captive insurance program to better assist farmers in the state who are victims to costly severe weather events, and this study would accomplish that.

NATURE AND SOURCES OF SUPPORT:

[Paul Larson, President, The Connecticut Farm Bureau Association](#) submitted testimony in support of HB 7038. Larson claims that the relief provided by the federal government does not work for most Connecticut farmers, but rather it primarily serves larger commodity farms that grow wheat, soybean, cotton, and corn. He continues, stating that although there has been some legislation passed, it still may take years before Connecticut farmers are able to receive relief for severe weather damages. As a result, he is in favor of HB 7038 to study ways to provide a stable insurance safety net for farmers who are impacted by severe weather events.

[Tracey McDougall, Executive Director, The Connecticut Farm Bureau Association](#) supports passage of this legislation. She states in her testimony that historically, crop insurance was designed for larger, single commodity farms, and that reasonably priced insurance for crop-diverse farms in Connecticut is limited. She believes this study would help evaluate insurance safety nets for all farmers in Connecticut, and subsequently help farmers protect income and stabilize revenue by covering losses from severe weather.

[Eliza Paterson, Senior Policy Associate, American Farmland Trust & Working Lands Alliance](#) is in support of this legislation. She provided numerous statistics regarding the increase in frequency of severe weather events and how they negatively impact farmers across the state of Connecticut. She additionally states that the currently available crop insurance programs are not ideal for smaller farms, and other options can be limiting, too expensive, and do not have a good return on investment. She, on behalf of the Working Lands Alliance, also submitted seven questions for consideration by the committee to "improve the bill's language or incorporate into the study," which can be found in her written testimony.

[Ella Kennen, Coordinator, New Connecticut Farmer Alliance](#) submitted testimony in support of HB 7038. She emphasizes the importance of this study to assist small, diverse farms across the state, and provide a better insurance model for Connecticut's unique landscape. She provides examples that the study would cover. This includes:

1. Analyzing if a captive insurance model is fitting for Connecticut's large agricultural sector.
2. Evaluating if parametric insurance is a fast-acting, accessible disaster relief tool as opposed to damage assessments.
3. Study the gaps in existing insurance and relief structures.
4. Identify funding sources and costs that would make these potential models affordable for state farmers.

Additionally, she believes there are 4 opportunities for the study to take into consideration:

1. Prioritize farmer engagement, specifically small farmers to ensure the models meet needs.
2. Consider hybrid approaches.
3. Ensure that the recommendations are actionable for implementation.
4. Consider long term, affordable models to incorporate worsening climate conditions.

[Susan Pronovost, Executive Director, Connecticut Greenhouse Growers Association](#) submitted testimony in support of this study to lay a foundation to aid farmers impacted by

severe weather. She states that the last few years of severe weather occurrences have spurred unprecedented crop loss in the state of Connecticut. She continues, saying that greenhouse-grown crops are technically ineligible to receive crop insurance, and only certain field grown crops are eligible. However, she believes the costs outweigh the potential reimbursement.

NATURE AND SOURCES OF OPPOSITION:

None Expressed.

Reported by: Michael Flynn

Date: 03/20/2025