

Insurance and Real Estate Committee JOINT FAVORABLE REPORT

Bill No.: SB-1322

AN ACT CONCERNING NONPROFIT HUMAN SERVICES PROVIDERS,
REQUIRING STUDIES OF INSURANCE POOLING FOR NONPROFIT
ORGANIZATIONS AND CERTAIN PRACTICES BY HOMEOWNERS
INSURANCE COMPANIES AND EXEMPTING NONPROFIT ORGANIZATIONS

Title: FROM CERTAIN AUTOMOBILE INSURANCE AND BOND REQUIREMENTS.

Vote Date: 3/11/2025

Vote Action: Joint Favorable Change of Reference to Judiciary

PH Date: 2/27/2025

File No.:

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

SPONSORS OF BILL:

Insurance and Real Estate Committee

COSPONSORS OF BILL:

Rep. Tom Delnicki, 14th District

Rep. Cara Christine Pavalock-D'Amato, 77th District

REASONS FOR BILL:

This bill seeks to provide nonprofit human services providers who contract with the state exemption from civil liability for damage caused while they are performing their jobs. The bill would also require the Insurance Commissioner to conduct a study reviewing the feasibility of allowing nonprofits to pool insurance policies as well as the practice of insurance companies requiring that policyholders made repairs or modify their homes to receive or maintain their homeowner's insurance. The study would need to be delivered to the Insurance and Real Estate Committee by February 1, 2026. Finally, the bill would exempt nonprofits from the minimum insurance coverage required to register certain vehicles.

Insurance and transportation costs are two of the most significant expenses for nonprofits, and the costs of insurance for nonprofits has been increasing rapidly. By minimizing the liability that nonprofits face, exempting them from coverage minimums for vehicles, and studying the potential of allowing them to use captive insurance, the bill would lower the cost burden on nonprofits and increase their ability to provide services within the state.

RESPONSE FROM ADMINISTRATION/AGENCY:

None Expressed.

NATURE AND SOURCES OF SUPPORT:

Ben Shaiken, Director of Government Relations, CT Community Nonprofit Alliance

Ben Shaiken submitted written testimony in support of the bill. The testimony discussed the significant increase in insurance costs that nonprofits have faced and the fact that state funding for nonprofit programs has not increased in proportion to the cost of insurance. It suggested that insurance companies should be allowed to create a captive insurance provider for nonprofits to help manage costs. The testimony also expressed support for limiting the liability of nonprofits, and specifically exempting them from liability for things that are outside of their control.

Carol Scully, Director of Advocacy, The Arc of Connecticut, Inc.

Carol Scully submitted written testimony in support of the bill. She discussed the important work that The Arc does to create jobs and serve the community, and the crisis that many nonprofits are facing due to an increase in insurance costs. She suggests that allowing nonprofits to pool their risk and limiting their liability would be an important step in managing insurance costs for nonprofits.

Heather LaTorra, President and CEO, Marrakech

Heather LaTorra submitted written testimony in support of the bill, expressing the importance of increasing the affordability and accessibility of insurance for nonprofits so that they can continue to provide services within the state. She noted that the cost of insurance has increased significantly for nonprofits, and that limiting the liability of nonprofits and allowing them to pool their risk would help increase the affordability of insurance for nonprofits.

NATURE AND SOURCES OF OPPOSITION:

Alinor Sterling, President, CT Trial Lawyers Association

Alinor Sterling submitted written testimony in opposition to the bill, and specifically section one which would offer human services providers broad liability exemptions. The testimony discussed how this would create a situation where people who are served by non-profits (who are often already more vulnerable than the general population) have fewer legal protections than those who are served by private providers. The testimony also noted that when a person or company is legally liable for their actions, it incentivizes them to operate in a way that is safer and more focused on managing risks. Removing liability would create a situation where there would not be a financial incentive to avoid risky and potentially harmful practices. The testimony also suggests that there are already ways that nonprofits can manage their liability and risk within the existing legal framework, such as including certain provisions within their contracts or by purchasing insurance.

Reported by: Lauren Kaiser Krause

Date: 4/3/2025