

## The Department of Consumer Protection Program Report Card: The Home Improvement Contractor

**Quality of Life Result:** Connecticut will provide our citizens a fair and equitable market for home improvement services free of fraud and deception.

**Contribution to Result:** Mandatory registration of home improvement contractors ensures a basic adherence to the *Home Improvement Contractors Act* allowing for a marketplace free from fraud and deception. Fees from the registration contribute to the *Home Improvement Guaranty Fund* (HIGF) to provide financial restitution to consumers harmed by registered contractors and fund the *Consumer Protection Enforcement Account* allowing for the continuation of enforcement activities.

**Total Program Funding:** 2,506.078      **State Funding:** 0      **Federal Funding:** 0      **Other Funding:** 2,506.078      **Projected fy11** 2,500,00

contractor registration fees fund the program 3 special investigators, 1 attorney and 1 paralegal

**Partners:** Connecticut Attorney Generals Office, Ct Home Builders Association, Association of Pool & Spa Professionals, Department of Public Health, Department of Environmental Protection, state and local police departments, Capitol Region Council of Governments, Connecticut occupational boards and commissions, State Building Inspector, local building officials, local zoning boards, zoning boards of appeal, city planners, town and city engineers.

### Performance Measure 1:

Number of contacts with consumers and respondents.

Year	# phone calls	# HIC press releases	# Webhits	# Speaking engagements
2008	29,207	12	54,050	129
2009	29,402	15	59,777	121
2010	29,301	10	61,890	120

### Story behind the baseline:

Consumer and respondent contacts protect consumers from fraud and deceit in the home improvement market and provide contractors with the proper trade practices defined by law. Consumers entering into agreements for services become aware that a registration does not test for competency; all contracts must be in writing with a three day right of cancellation, start and end date and disclosure of the registration number and the availability of a home improvement guaranty fund. Contractors are required to register and advised of requirements of the Home Improvement Contractors Act. Statutory 1-800-842-2649 line answered by consumer information representatives and separate dedicated phone line staffed by special investigators, 1-860-713-6110 provides direct assistance to consumers and contractors.

### Proposed actions to turn the curve:

DCP Elicense data base has an on line feature. Consumers search for registered contractors and complaint history. In addition, our website contains an informational booklet and relevant information developed to ensure contractors are informed. Enhanced licensing system and web site, and other contacts give consumers and contractors timely relevant information to make informed decisions. We will conduct an on-line survey as a low cost way to measure our effectiveness, and the results will allow DCP to pivot quickly to fill any deficiencies. Consumers and respondents appear to be receiving adequate information to make decisions.

### Performance Measure 2:

Restitution to consumers from the Home Improvement Guaranty Fund.

year	# complaints	# HIGF claims	total HIGF restitution paid
2008	1917	199	\$1,060,240
2009	1723	291	\$1,652,072
2010	1535	318	\$1,661,613

### Story behind the baseline:

We protect consumers from financial harm through the administration of the Home Improvement Guaranty Fund. An annual one hundred dollar fee paid by the contractor accumulates into seven hundred and fifty thousand dollars

for restitution from the HIGF. Four hundred thousand spills over the seven fifty to pay for the regulation and enforcement of the Home Improvement Contractors Act. Consumers who contract with registered contractors, and are harmed by the contractor's actions may access the fund by obtaining a civil or administrative judgment and applying to the Department of Consumer Protection for restitution of up to fifteen thousand dollars per contract. Restitutions have continued to increase while complaints decrease indicating that consumers are better informed, effectively accessing the guaranty fund. Furthermore consumers are stressed by the downturn in the economy whereby a home improvement job gone wrong may have been forgotten, but now is acted upon. We conclude that consumers have a greater need for the guaranty fund during a time of economic austerity.

**Proposed actions to turn the curve:** A LEAN process review of the guaranty fund was completed in October of 2010, and is being implemented to increase efficiency and reduce waiting time for consumers. DCP will send out a questionnaire with each HIGF application for six months to evaluate the reasons behind the increase.

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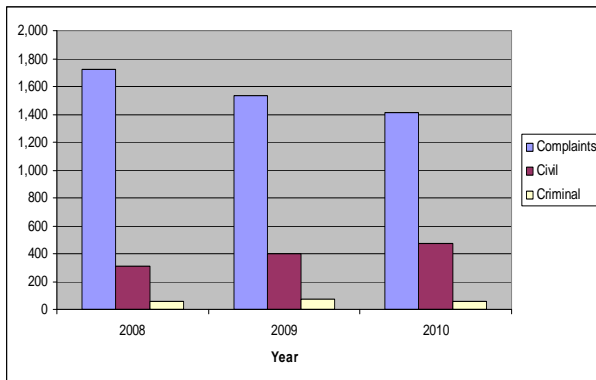
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**Performance Measure 3:** Reduce complaints against contractors.

Enforcement actions:



**Story behind the baseline:** The Department enforces the Home Improvement Act in two ways, investigations of unregistered contractors and referral to the Attorney General's Office; and investigation of registered contractors for administrative action. Contractors who offer or engage in services without a registration face Class A and Class B misdemeanor charges, and violations of the Connecticut Unfair Trade Practices Act. Administrative action is the denial or suspension of a registration and *offers of voluntary compliance*. The registered contractor is in stark contrast to the occupational tradesperson who hold a license requiring

apprenticeship and tests for competency. The home improvement contractor may register without testing for competency or proof of insurance.

**Proposed actions to turn the curve:** DCP will look at the nature and category of the complaints to determine if competency of home improvement contractors appears as a significant trend. If so licensure of home improvement contractors should be considered by the General Assembly. Special investigators will be reviewing the complaint records of contractors to determine if the faulty workmanship of contractors is a trend. It may well be that competency will reduce complaints.

Program Report Card: xxx Program (xxx Agency)

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