

Statement of Ken Ursaki  
Energy and Technology Committee  
LCO 3920  
September 8, 2020

Sen. Needleman, Rep. Arconti, Sen. Formica, Rep. Ferraro and members of the committee:

My name is Ken Ursaki. I am a licensed public adjuster and past president of the Connecticut Association of Public Insurance Adjusters (CAPIA). On behalf of our organization, I would like to offer comments regarding LCO 3920, *An Act Concerning Emergency Response by Electric Distribution Companies and Revising the Regulation of other Public Utilities*.

Public Adjusters are licensed in the state of Connecticut under chapter 701b of the general statutes. We represent insured individuals who have claims with an insurer, typically for repair of damages that have been sustained to their residence by fire, storm or other cause.

We appreciate the committee's desire to look at what happened during the aftermath of Tropical Storm Isaias, and enact measures to improve future responses. CAPIA would like to request you add to the bill a separate but related issue.

That issue is strengthening Connecticut's protections for consumers who contract with individuals and companies who repair damage to their home or business due to a storm. Isaias has cause damage to thousands of such structures.

Most home improvement contractors are honest and hard working. As Public Adjusters, we interface with these professionals on a daily basis. There are unscrupulous ones, however, who travel to areas that suffer storm damage attempting to sign as many contracts for home repair as they can. They hoodwink the homeowner into thinking they will provide immediate repairs, all in exchange for a large deposit. They might not be properly registered or insured, provide shoddy work or simply disappear after cashing the deposit check.

Last session, the Insurance and Real Estate committee raised a bill to address this problem. It was House Bill 5373, *An Act Concerning Home Improvement Contractors and Salespersons*. A public hearing was held March 10, with the committee voting a Joint Favorable later that day. No further action was taken on the bill as the session was paused due to the pandemic.

The genesis of House Bill 5373 is a model "Storm Chaser" law that was drafted and adopted by the National Conference of Insurance Legislators (NCOIL). The bill has several key elements:

- Limit customer deposits to a maximum of 50 percent of the estimated repairs.
- Prohibit contractors from inducing a contract by promising to pay the insured's insurance deductible.

- Contractors must prove to DCP that they carry insurance that meets required minimum coverage. Failure to carry the insurance can lead to revocation of the contractor's registration.
- Applicants must disclose business information, such as affiliates, to the DCP commissioner.
- The standard contract must contain a number of required elements, such as an itemized list of proposed repairs along with a reasonable cost estimate.
- There will be a three-day right to cancel at initial signing or three days after being notified of a claims denial by the insurer.

We would request that you take the text of House Bill 5373 and insert it into LCO 3920.

Further, an addition to the bill in the area of an "Assignment of Benefit" will strengthen it and provide even more protections to consumers. This is where the contractor has the insured sign a form giving them (the contractor) sole control over any payments made by the insurer.

Rhode Island has passed a bill dealing with that exact issue. Their law does not allow the insurance company to negotiate claims with unlicensed public adjusters. This language follows and we request you consider adding it to the legislation.

*It shall be an unfair claims settlement practice in negotiating, or effecting the settlement of, a claim for loss or damage covered by an insurance contract with an unlicensed public adjuster acting on behalf of an insured. Nothing contained in this section shall be construed to preclude an insurer from dealing with any individual or entity that is not required to be licensed as a public adjuster.*

In conclusion, fraud against consumers by unscrupulous contractors is a serious problem. The Department of Insurance has issued two Consumer Alerts to warn residents about the potential fallout from contracting with the wrong people to repair storm damage. We appreciate the department's action, but making the changes I have outlined here will put real teeth in our laws. Thank you.