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Regulations Governing the Availability of Insurance on Real Property Regardless of Location

Sec. 38a-824-1. Purpose

The purpose of this regulation is to ensure the availability of insurance on real property in the State of Connecticut by prohibiting unfair discrimination in the availability or sale of such insurance on the basis of location, age or disparity between replacement cost and market value of such property.
(Effective September 25, 1992)

Sec. 38a-824-2. Applicability

This regulation shall apply to every insurer licensed to write insurance on residential property in the State of Connecticut, as well as any officers, representatives, agents or employees of such insurers. As used herein "insurance" means fire insurance or homeowners insurance on owner-occupied buildings with four or fewer dwelling units, or on individual residences, including apartment unit, rooms, and houses, occupied by the applicant or the named insured.
(Effective September 25, 1992)

Sec. 38a-824-3. Acts constituting unfair discrimination

(a) Except as provided in subsection (b) of this section, the following acts, practices or methods if committed with such frequency as to indicate a general practice shall be deemed to constitute unfair discrimination.

(1) Refusing to issue homeowners policies solely because of the fact that the risk is located in a particular urban area or neighborhood, city or town.

(2) Requiring homeowners insurance policies to be purchased in amounts above 80% of replacement cost value.

(3) Limiting the sale of homeowners insurance policies to 80% of replacement cost value without offering homeowners insurance policies which provide coverage in amounts not less than the greater of the market value of the property or 50% of the replacement cost value, in accordance with rating plans filed with the Commissioner.

(4) Refusing to insure dwellings solely because of a substantial disparity between replacement cost and market value.

(5) Refusing to issue, refusing to renew, cancelling or limiting the amount or provisions of coverage solely because of the age of structure.

(6) Refusing to issue, refusing to renew, cancelling or limiting the amount or provisions of coverage due to the condition of adjacent or nearby properties unless there are objectively identifiable hazards associated with such properties which significantly increase the risk.

(7) Varying the application of any or all of the following standards or practices by geographic locations of the risk by:

(A) Use of previous denial of coverage or termination by another insurer;

(B) Use of insurance application information concerning whether the applicant was previously denied coverage or was terminated by another insurer;

(C) Use of previous coverage under an involuntary insurance plan;

(D) Use of insurance information concerning whether the applicant was previously covered in an involuntary insurance plan;

(E) Providing a statement to applicants and insureds regarding the reasons for insurer's declination, termination, or nonrenewal of an insurance contract;

(F) Providing a statement to applicants and insureds before issuing notices of declination, termination, or non-renewal regarding corrective action, if any, the applicant or insured must take to obtain or continue coverage;

(G) Use of deductibles.

This subdivision (7) shall not prohibit the use of any standard or practice merely because it affects various areas differently, provided such standard or practice is applied uniformly in all geographic locations.

(b) Subdivisions (2), (3), (4) and (5) of Subsection (a) shall not be applicable to an insurer when one or more insurers in the insurer group actively offers policies which meet the requirements of such subdivision.

(Effective September 25, 1992)