

Claims for foundation repairs far exceed available resources

By Susan Haigh
Associated Press

HARTFORD — Connecticut lawmakers were urged Friday to pass additional legislation to address the state's crumbling foundations problem and also find additional funds to help homeowners.

Michael Marglaras, superintendent of the Connecticut Foundation Solutions Indemnity Company — an entity created by the General Assembly — said it has begun paying claims, but there are already \$57 million in claim liabilities and only \$18.6 million in cash on hand. He said 507 homeowners have so far filed applications for financial assistance. Many more are expected.

"That sounds a little bit like state government," he said, likening the captive insurance company's balance sheet to the state's deficit struggles. He predicted the company would be "shut

down" by this time next year unless additional funds are identified.

Marglaras warned lawmakers previously that the \$100 million in state bonding and proceeds from an annual \$12 fee on homeowner insurance policies is not enough to help the estimated thousands of homeowners in eastern and central Connecticut whose foundations are deteriorating from the presence of pyrrhotite, an iron sulfide that has reacted over time with water and oxygen. The mineral came from a quarry in Willington

From the applications he has reviewed so far, Marglaras said the average cost to replace a concrete foundation is \$168,000. The insurance company is capped at providing up to \$175,000. He said the overall average cost of remediating a home, a price that includes replacing the concrete as well as decking, interior work and other things, has averaged

\$202,000 per home.

Most homeowners have been unable to have those costs covered by their homeowners' policies. Three insurance companies have so far provided \$15.5 million to a fund to help policyholders bridge the gap between what they receive from the captive insurance company and the overall cost of fixing their homes, but lawmakers made it clear Friday they expect insurers to do more.

There have also been ongoing efforts to obtain federal assistance.

Two state legislative committees held a joint public hearing Friday on nine bills aimed at addressing the problem, which affects more than 40 communities. More than 40 bills related to the concrete problem were filed this session.

"I think we've made progress from where we started in 2015," said Rep. Kurt Vail,

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R-Stafford Springs. But he said there's still a long way to go to fully address a problem that has been estimated to have at least a \$1 billion price tag.

"I think we're going to be here every year trying to fix things," he said.

Friday's bills addressed various aspects of the issue. Among other things, they would improve quarry standards, require sellers to disclose problems with pyrrhotite, and require homeowners insurance policies cover the peril of collapse, something the industry strongly opposes.

The Insurance Association of Connecticut said such legislation would have "a major negative impact on

homeowners insurance premiums" in Connecticut and "may well prove to be highly disruptive of the market" and affect the "availability and affordability of insurance for every homeowner in Connecticut" since all homeowners would have to purchase coverage for a new peril.

'Expensive new risk'

"Insurers would need to adjust premiums to account for an expensive new risk. This would affect the price of insurance for every homeowner in Connecticut," according to a statement from the association. "It is important to recognize that homeowners insurance is not a home warranty contract — it is neither designed nor intended to cover slow deterioration or wear and tear. Homeowners insurance is for sudden, accidental losses."

Lawmakers look to more bills to address crumbling basements

Hartford (AP) — Connecticut lawmakers are continuing to consider additional ways to help homeowners with crumbling foundations.

Two legislative committees held a joint public hearing Friday on nine bills aimed at addressing the problem, which impacts more than 40 northern and central Connecticut communities.

More than 40 bills related to foundations damaged by the iron sulfide pyrrhotite were filed this session.

Republican Rep. Kurt Vail

of Stafford Springs says much progress has been made, such as creating a new captive insurance company to help homeowners financially. But he says lawmakers will be "here every year trying to fix things."

Friday's bills would improve quarry standards, require sellers to disclose issues with pyrrhotite, and require homeowners insurance policies cover the peril of collapse, something the industry opposes, saying it will increase insurance costs.
