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Somebody has to.

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Insurers offer concrete aid

The Hartford, Liberty Mutual providing \$10.5M in foundation assistance

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Two new insurance companies are volunteering millions of dollars to assist homeowners with fixing their crumbling concrete foundations, but in accepting their offers,

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the state is prevented from filing related claims against the companies.

Gov. Dannel P. Malloy and Attorney General George Jespen announced the two

separate memorandums of understanding Tuesday with The Hartford and Liberty Mutual Insurance. The companies join Travelers Cos. Inc., which entered into a similar agreement last month to assist people with paying for repairs.

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State gives up right to sue insurers

■ INSURANCE

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Under all three agreements, the state has released the insurance companies and all of their past, present, and future employees from any and all claims that the state has or may have pertaining to coverage of pyrrhotite-related deterioration of concrete foundations.

The agreements also require the state to release the companies from any and all future claims related to the companies' issuance of policy forms, adjustments, or denials of property insurance claims or coverage of pyrrhotite-related deterioration. Under the agreements, the state releases the companies from liabilities regardless of whether their customers participate in the programs.

Jepsen asserted the financial contributions from the insurance companies far outweigh any potential funds that would otherwise go to homeowners.

"We think the tangible assistance resources procured through these deals clearly justify releasing any legal claims the state may have against these insurance companies," Jepsen said. "We have been consistent and straightforward in our view that litigation by the state will not produce resources sufficient to address this problem. Holding out hope of litigation recoveries — and thereby foregoing programs that can offer real help, like the ones announced today — would be irresponsible."

He noted that a joint state investigation determined that state consumer

protection claims are not available because the use of pyrrhotite in construction materials is unregulated.

"While private lawsuits have been filed against insurers, none has yielded litigation victories," Jepsen said. "That said, our releases do not prevent any homeowners from asserting any claims against any party should they think doing so is in their interests."

Under its agreement, The Hartford will establish and administer The Hartford Benefit Program and commit \$3.5 million to it.

Connecticut homeowners who are current or past policyholders of the company, have a deteriorating foundation that contains pyrrhotite, and are participating in the assistance program through the state-funded captive Connecticut Foundations Solutions Indemnity Co. will be eligible for assistance.

Under its agreement, Liberty Mutual will establish and administer the Liberty Benefit Program and commit \$7 million to homeowners who meet the same qualifications.

The maximum per-home benefit that the programs will pay is \$25,000 for current clients and \$10,000 for past customers.

Homeowner participation in these programs is voluntary, but participation in the captive program is required in order to access the funds provided by the insurance companies.

Malloy praised the companies and Insurance Commissioner Katharine L. Wade for their commitment.

The agreements, he said, "represent significant progress for affected homeowners."

Likewise, Jepsen lauded the companies for providing funds that will help bridge the gap between the money provided by the state fund and the remaining cost.

The state fund will provide up to \$175,000 to affected homeowners, but the cost of repairing a home could exceed \$250,000, depending on the size of the structure and the extent of deterioration.

"This is an important commitment made by these two companies today, and I'm hopeful that additional insurers will join them to help address this potentially catastrophic situation," he said.

The Hartford spokeswoman Michelle Loxton said that providing the funding "is the right thing for The Hartford to do for our customers and communities."

"While most homeowners policies do not cover these damages, we recognize the highly unusual nature of this issue and the impact it is having on families of Connecticut," she said.

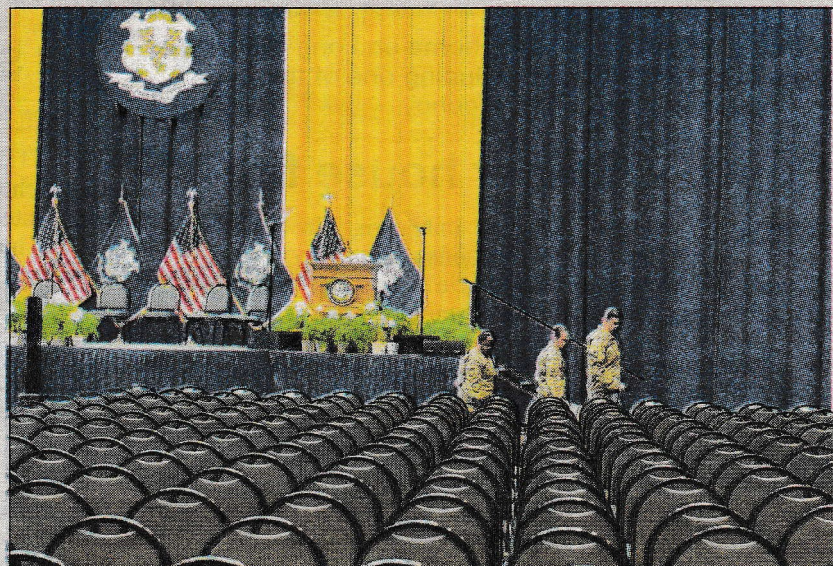
Insurance companies have routinely changed the language in their policies to specifically exclude foundation coverage. The issue is the subject of three state Supreme Court lawsuits that could place more of a responsibility on insurance companies to pay claims to homeowners with crumbling foundations.

Insurance companies argue that the language changes were an attempt to clarify their initial intent of what should be covered.

"We continue to empathize with our customers who have been impacted by crumbling foundations due to defective concrete," said Jim MacPhee, president and chief operating officer of Liberty Mutual Global Retail Markets. "This has been a particularly complex issue and we applaud the state for establishing a fund to assist Connecticut homeowners in this unfortunate situation when the policy does not provide coverage. We believe it's the right thing for us to provide additional assistance to our customers."

Department of Consumer Protection Commissioner Michelle H. Seagull noted that there is no single solution to the issue that may affect thousands of homes and businesses, and the state is pleased whenever more resources become available.

Michael Maglaras, who heads the state insurance fund, welcomed the additional funding, saying it would help to "greatly expand" assistance for



Jim Michaud / Journal Inquirer

Inaugural check

National Guard troops check over the seating area at the State Armory during final preparations Tuesday for the inauguration of Gov.-elect Ned Lamont today in Hartford.