

Congress of the United States
Washington, DC 20515

August 5, 2016

Eric George, President
Insurance Association of Connecticut
21 Oak Street, #607
Hartford, Connecticut 06106

Dear Mr. George:

We write today to underscore the seriousness and urgency of crumbling foundations in central and eastern Connecticut and to urge your support for the Crumbling Concrete Assistance Program, the Connecticut Attorney General's proposal for insurers to collaboratively provide assistance to homeowners whose home foundations are crumbling. We are personally committed to exploring all options available to find relief for our constituents, and urge your members to join in collaborative efforts to address the problem.

Each of us has personally visited homes with these crumbling foundations and has seen first-hand the emotional and financial toll that this condition has taken on the homeowners. Their financial futures have been threatened by a condition they did not know existed at the time they invested a significant amount of their life savings into their homes. Repair costs for this problem are often in excess of \$150,000 – a significant financial burden for people who are either retired or are still paying off their mortgages. Equally concerning, the loss in value of the impacted homes also threatens to weaken the fabric of many communities in our state. Towns and cities are facing extreme drops in property taxes and municipal revenue, tightening town and school budgets. Distressed communities and devalued homes are not good for anyone – not for the homeowner, their town, the state and federal government, or insurers.

State officials have already made significant progress in laying the groundwork for solutions. Thorough investigations are underway by the Attorney General, the Department of Consumer Protection, and the Department of Insurance. All options for relief are being evaluated on the state and federal level, and we remain committed to doing all we can to continue this effort. We also note that the Connecticut Insurance Department possesses broad authority generally, and specifically under the Connecticut Unfair Insurance Practices Act (CUIPA), to investigate and address any unfair or deceptive acts or practices, such as those alleged in private litigation that has been filed against and, in some cases, settled by insurers. We remain steadfastly committed to ensuring that every tool available is used to its full extent to provide relief for our constituents.

Given the complex factors contributing to the foundation problem, it is imperative that all stakeholders, including the insurance industry, come to the table to seek solutions to this difficult problem. We feel that the current proposal, which creates a relief fund for homeowners is the most promising and workable solution currently proposed. This approach provides a framework for relief to homeowners and reasonable accommodations to insurers. Most of all, it would

provide a tangible path forward to providing relief to homeowners that are desperate to repair and keep their homes.

To their credit, Travelers and The Hartford – two major Connecticut insurers with a history of contributing to the fabric of the communities of our state – have stepped forward to agree to this model. Two other unidentified insurers have also agreed to join this effort. We are deeply disappointed that most of the insurers operating in the region have not committed to being a part of this plan. We understand that your members may have specific concerns about the program, and certainly agree that all parties should continue to work together to address them to the maximum extent possible. However, given that this plan is so far the only realistic option put forward that provides relief outside of litigation, we urge to you take seriously the devastating consequences of allowing this effort to falter.

The urgency of this problem is clear. Failure to enact a workable plan to provide relief will have a lasting impact not just on homeowners and communities, but on all those connected to the housing market – including insurers. We hope that IAC and its members will support this plan as a workable step towards addressing this vexing problem. We hope that your association will be a constructive and collaborative part of making this plan work in order to provide needed relief to your members' customers, their neighbors, and our communities.

We would be pleased to attend any meeting that the IAC may initiate to further discuss this matter.

Sincerely,



RICHARD BLUMENTHAL
United States Senate



CHRISTOPHER S. MURPHY
United States Senate



JOE COURTNEY
Member of Congress



JOHN LARSON
Member of Congress