

CONNECTICUT MUNICIPAL VIOLATION ENDORSEMENT FAQs

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APPLICABILITY OF THE ENDORSEMENT / WHEN TO USE

CAN I ISSUE THIS ENDORSEMENT WITHOUT A MUNICIPAL SEARCH?

Yes, you may; you do not need a municipal search in order to issue this endorsement.

CAN I USE THIS ENDORSEMENT TO INSURE OVER KNOWN ISSUES?

No, this endorsement cannot be used to insure over known municipal issues; all title policies exclude matters known to the Insured at the Policy Date [time of closing].

CAN THE ENDORSEMENT BE USED FOR A CONDOMINIUM UNIT?

Yes, it may be issued on expanded owner policies insuring detached single-family units only. The definition of single family in the endorsement is broad enough to allow the endorsement to be used for a planned community or condo where the unit is a freestanding single-family dwelling, as opposed to cases where the unit is a duplex, rowhouse or apartment.

CAN THE ENDORSEMENT BE USED FOR A COOPERATIVE (LEASEHOLD) UNIT?

No, it may not be used for Coops.

UNPERMITTED WORK

DOES THE UNPERMITTED WORK COVERAGE INCLUDE UNPERMITTED POOLS AND ACCESSORY STRUCTURES?

Yes, the permit coverage in Covered Risk 1 covers all Structures as defined in the endorsement including a completed building with a foundation, boundary walls, fences, decks, patios, inground pools, sheds, retaining walls, sidewalks, and driveways. However, rip rap, seawalls, docks, and wharves are specifically excluded.

OPEN PERMITS / NO C.O.

DOES THIS COVER OPEN PERMITS, EVEN IF NO CERTIFICATE OF OCCUPANCY IS REQUIRED BY THE TOWN?

Covered Risk 2 of this endorsement covers open permits but only if a Certificate of Occupancy is required by the town, such that the open permit is considered a municipal violation.

DOES THE C.O. COVERAGE COVER OPEN PERMITS FOR POOLS AND ACCESSORY STRUCTURES?

No, the C.O. coverage in Covered Risk 2 is limited to open permits for the Single-Family dwelling (or any portion of the dwelling). It does not cover pools and other accessory structures.

ENVIRONMENTAL/ UNDERGROUND STORAGE TANKS / SEPTIC

IS THERE COVERAGE FOR ENVIRONMENTAL ISSUES, SEPTIC ISSUES OR UNDERGROUND TANK ISSUES?

No, the endorsement excludes environmental issues and does not contain coverage for septic tanks or underground oil tanks.



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PROCEDURAL QUESTIONS ABOUT ISSUING THE ENDORSEMENT

HOW CAN I ISSUE THIS ENDORSEMENT?

You may issue this in PrepExpress: when you prepare your expanded owner policy, simply check the box on Schedule B; you will get a warning to add the premium in the premium calculator.

You may also issue this in third-party software (when available). The form is currently available in E-Closing and will be available in other third-party programs in the near future.

You may also [download](#) and print the form, fill in the policy number and attach it to your policy.

In all cases you must also send in the \$350 fee to CATIC in order for the endorsement to be effective.

CAN I ISSUE THIS ENDORSEMENT RETROACTIVELY (FOR CLOSED FILES)?

No, this may only be issued on and after November 2, 2023 and only for files that have not yet closed.

SHOULD I GET SOMETHING IN WRITING FROM MY CLIENT OPTING INTO OR DECLINING COVERAGE?

CATIC recommends adding language to your engagement letter and/or adding language to the Notice of Availability. Sample language for the engagement letter can be downloaded [here](#).

MUST THIS BE ADDED TO THE STATUTORY DISCLOSURE FORM (the "Notice of Availability") REQUIRED UNDER CGS 38a-423(b)?

It may be added but does not have to be. The statute does not require disclosure of various endorsements available for an owner policy. However, there is nothing that prohibits the addition of language to the form.

According to a report issued in 2010 by the General Assembly's Office of Legislative Research, the purpose of the statutory Notice of Availability is to advise the buyer that a mortgagee policy does not protect their interest and that an owner policy is available to protect them for an additional fee.

CATIC recommends adding language to the engagement letter that advises the client of the municipal protections now offered by the endorsement.

Title Insurance Disclosures Required in Connecticut

If a title insurer or agent issues a lender's policy simultaneously with the purchase of residential property securing the mortgage loan and an owner's policy has not been requested, the insurer or agent must inform the borrower that the lender's policy does not protect the borrower and that he or she may obtain an owner's policy. This notice must be provided in writing before loan proceeds are disbursed and before the lender's policy is issued (CGS § 38a-423(a)).

If the borrower elects not to purchase an owner's policy, the insurer or agent must obtain a written statement from the borrower that he or she received notice and waives the right to purchase an owner's policy. If the borrower refuses to provide the statement, the insurer or agent must note that in the file. The statement and waiver must be on a form that the insurance commissioner prescribes and the insurer or agent must retain it for at least five years (CGS § 38a-423(b)).

The law does not provide a specific penalty for failing to provide the notice or to obtain a waiver. Thus, the insurance law's general penalty applies. Any person or corporation violating any provision of Title 38a of the Connecticut General Statutes for which no other penalty is provided will be fined up to \$15,000 (CGS § 38a-2).



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COST

WHAT IS THE FEE?

The fee is \$350 payable to CATIC. This fee may be combined with the net premium due for the policy itself and any title search fees due. You may combine all fees and send in one check to CATIC or a separate check may be issued. There is no agent split on this endorsement.

DISCLOSURE BY LENDERS ON THE LOAN ESTIMATE (“LE”)

DOES THE COST OF THE ENDORSEMENT HAVE TO BE DISCLOSED ON THE LOAN ESTIMATE?

No, this is an optional and discretionary fee in connection with the Owner policy only. It is not a fee that is required to be disclosed by lenders on the LE. Further, its issuance will not affect any tolerances at closing.

CLAIMS UNDER THE ENDORSEMENT

HOW DO I FILE A CLAIM?

To file a claim go to www.catic.com and click on “CLAIMS” in the upper right corner. A new window will open with a claim form that you should fill out to the best of your ability. Simply click “Submit” at the end to send the form to CATIC. CATIC will open a file and someone from the Claims Department will contact you (or your designated contact) at the number provided.

DOES THE ENDORSEMENT COVER THE COST OF AN ATTORNEY TO DEFEND MY VIOLATING STRUCTURE?

No. The Endorsement provides indemnity payments to Insureds for covered losses only. There is no duty to defend provided for under the Endorsement coverages.

WILL CATIC HIRE WORKERS TO FIX MY VIOLATING STRUCTURE?

No. The Endorsement provides indemnity payments to Insureds for covered losses only. There is no duty to cure provided for under the Endorsement coverages. Insureds can use the indemnity payments however they see fit, including to hire the necessary contractors.

WHAT TYPE OF DOCUMENTATION CAN I BE EXPECTED TO PROVIDE CATIC TO SHOW I HAVE A LOSS?

If you have been ordered to correct a violation, you can provide estimates from licensed contractors for the work needed to correct the violation. If you are being ordered to remove a structure, you can provide estimates for the cost of removal of the structure. If you have been ordered to pay a fine, you can provide a copy of the relevant order.

HOW MUCH COVERAGE DOES THIS GIVE ME?

Coverage amount is limited by Our Maximum Dollar Limit of Liability for each of the Covered Risks in the Endorsement as follows:

- Covered Risk 1: \$ 5,000.00
- Covered Risk 2: \$ 5,000.00
- Covered Risk 3: \$ 5,000.00
- Covered Risk 4: \$ 5,000.00

Depending on the facts of the claim, it is possible that a claim may be covered by more than one Covered Risk. In other words, coverage can be aggregated, so that a claim covered by all four Covered Risks in the endorsement could result in a total payment of \$20,000.00. A coverage determination will be made by CATIC's claims department, after a full evaluation of the particular facts and circumstances of each claim.



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