



**HOME BUILDERS & REMODELERS ASSOCIATION  
OF CONNECTICUT, INC.**

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*Your Home  
Is Our  
Business*

February 16, 2016

To: Senator Edwin Gomes, Co-Chairman  
Representative Peter A. Tercyak, Co-Chairman  
Members of the Labor and Public Employees Committee

From: Bill Ethier, CAE, Chief Executive Officer

Re: **HB 5075, AAC Workers' Compensation**

The HBRA of Connecticut is a professional trade association with about eight hundred (800) member firms statewide employing tens of thousands of CT's citizens. Our members, all small businesses, are residential and commercial builders, land developers, remodelers, general contractors, subcontractors, suppliers and those businesses and professionals that provide services to our diverse industry and to consumers. We build between 70% to 80% of all new homes and apartments in the state each year and engage in countless home remodeling projects.

**The HBRA of CT supports this study bill, and urges the committee to amend the charge to the agency to analyze certain issues.**

We have presented to this committee several times the major issues our industry has with classifying workers properly as employees or independent contractors. We have demonstrated how complying with the ABC Test is very difficult for our industry. However, another major problem with our industry is the workers compensation system and the outrageously high insurance rates it produces for employers in the construction industry.

A recent national survey of home builders shows that of the top 10 significant problems they faced during 2015 and expect to face in 2016, the cost and availability of labor is number 1 (see chart on the reverse). Many things lead to this number 1 ranking and it combines costs of labor with availability of labor, two different, albeit related, issues. **Nonetheless, our members in Connecticut report that WC insurance is a huge component of their labor costs and a serious concern for continuing operations in our state.**

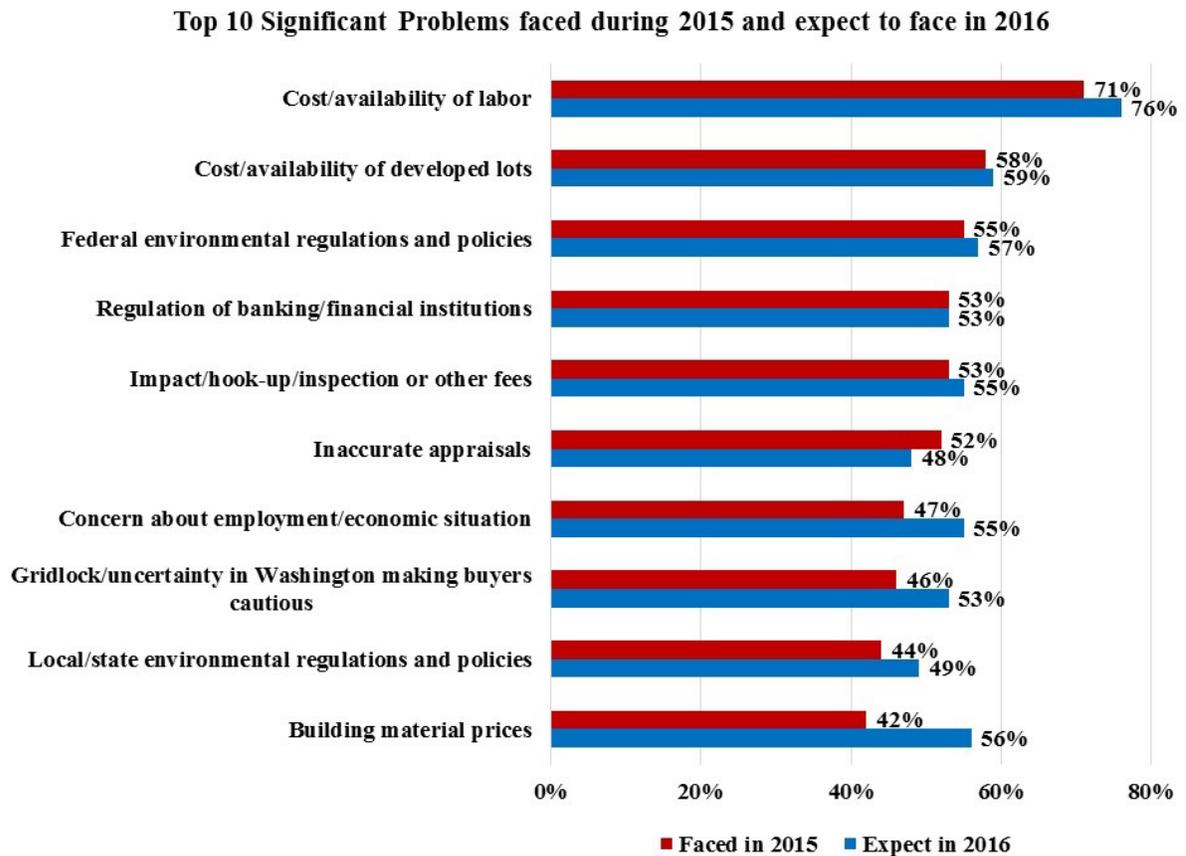
**Connecticut's WC insurance rates are easily twice that of identical firms in Massachusetts.** Rhode Island's rates are also much lower than in Connecticut, probably half-way between MA and CT. Many factors drive WC insurance costs, including how claims are processed, payouts for injuries, how evidence that an injury occurred outside a company's employment is treated, a company's loss experience, how company's operate relative to their subcontractors, etc. Yet, for the same firm to get quotes in MA half of what they'd be charged in CT means there are significant differences in how workers compensation is handled between neighboring states. **This significant insurance cost, in turn, leads to a competitive disadvantage for businesses in Connecticut, and is one more factor that slows or prohibits business growth and construction jobs here.**

continued

**Therefore, we strongly urge you to specifically charge the agency to analyze why Connecticut’s WC insurance rates are so much higher than MA or RI.** In turn, this may lead to policy changes that will improve the WC system such that more construction jobs can be created in Connecticut.

Thank you for the opportunity to comment on this legislation.

National Survey commissioned by the Nat’l Association of Home Builders:



Source: HMI Survey, NAHB Echp.