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INTERNATIONAL TRADE LAW

**Statement of S. George Alfonso of the Braumiller Law Group, PLLC,**
**on Behalf of HomeServe USA Corp.**
**Public Hearing before the United States Trade Representative Section 301 Committee**
**Tuesday, July 24, 2018**

My name is S. George Alfonso, Of Counsel with Braumiller Law Group and I represent HomeServe USA Corp., which is a major U.S. company headquartered in Norwalk, CT, providing affordable home protection products and services to the U.S market since 2003. HomeServe has a simple mission, which is to free its customers from the worry and inconvenience of home emergency repairs. HomeServe is a leading provider of home repair solutions with operations in 48 states. HomeServe serves more than 3.5 million customers across North America, including Canada, holding over 5.5 million service contracts. HomeServe's customers are also residents or customers of more than 500 municipalities or utility providers around the United States that are most often its partners in making these services available.

HomeServe is preparing to launch a new patented product into the U.S marketplace called LeakBot that has been proven to dramatically lower the risk of water damage leaks in domestic households as well as minimize water loss and mold formation due to the accidental (and sometimes unknown / unrecognized) leakage of water into the household. This includes accidental leaks when the owners are away, as well as other releases that are unobserved and ongoing, for example a leaking washing machine hose or a hidden leak in a home's piping system. Each LeakBot device that HomeServe intends to import is likely to result in a significant savings to each U.S. household that installs the product, due to the cumulative result of its home protection / water damage loss prevention capabilities.

Leakbot is clipped onto a household's water main and works using two internal thermometers and thus is classifiable under the Harmonized Tariff Code 9025.19.80 which covers various types of thermometers. This same tariff provision also covers everyday digital thermometers found in the home medicine cabinet as well as in doctor's offices and hospitals and is an HTS number included on the list of proposed items to be subject to the next round of Section 301 tariffs.

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HomeServe is a subsidiary of HomeServe plc in the UK, and in our experience in the UK, and by extension the U.S. and other Western countries, these countries do not currently have the manufacturing infrastructure in place for a new, innovative product like LeakBot, which is still in a development phase in the US. At present, China is the home to the manufacturing capability of many of the components used in HomeServe's 9025.19.80 product and can satisfy HomeServe's production requirements with lead times measured in days rather than what we believe would be weeks or months from U.S. sources, if such U.S. sources for the components could be found at all. HomeServe attempted a trial manufacturing build of 5,000 Leakbot devices in the UK and the costs were approximately 4 times greater than those manufactured in China. In addition to the greater costs associated with UK production, the manufacturing infrastructure in the UK compared to China is not in place. For example, the suppliers of key components to the Leakbot device, and the manufacturer of the Leakbot are in the Shenzhen region of China within a short car ride and are able to supply parts as needed upon short notice. The suppliers of the printed circuit boards are also situated nearby and are able to provide the LeakBot development team the flexibility of assessing and implementing changes to the electronics design in a short time frame allowing rapid development. HomeServe plc was effectively unsuccessful in identifying a supplier of packaging which produced good quality products, while keeping to its strict pricing limitation in the U.K. However, this has been achieved in Shenzhen, China, while keeping the short-term development loops in place.

The Insurance Information Institute, which has been improving public understanding of insurance since 1960, states that average homeowners' losses for households that experience water loss related damages from leaks in homes' water systems and water mains between 2012 and 2016 were $9,633, and that almost 2% of households experienced such damages each year, which amounts to an average$192 loss for each household. If this figure is multiplied by the millions of households in the U.S., the claim potential is in the billions of dollars. The potential for these claims will be factored into the insurance premiums of the US homeowning public. LeakBot is designed to protect the home from damage resulting from water incidents from the home's water system – and not from water mains - so while it may not save the entire $192 of damages per household, we believe that it will prevent a significant proportion of these damages from occurring. Further, the HomeServe product has been proven to improve water conservation due to its ability

to detect water delivery system leaks and has also been proven highly effective in preventing the formation and growth of dangerous mold that can result from unobserved and undetected water leaks in a household.

The imposition of the Section 301 tariffs would significantly reduce the chances of HomeServe's product being successfully introduced into the US, and thus would threaten these potential substantial savings to the US consumers and their insurers due to water damage related property damage claims and would also hinder the significant environmental contribution the device would make towards water conservation and prevention of dangerous mold conditions.

In summary, in HomeServe's case, the product that it intends to import is expected to result in significant savings to many U.S. households that install the Leakbot product as a result of its proven home protection / water damage loss prevention capabilities, as well as its contributions to water conservation and mold prevention. Imposition of the Section 301 tariffs would significantly reduce the chances of HomeServe's Leakbot product from being successfully introduced into the US market, and therefore would prevent these potential substantial savings to the US consumers and their insurers, and also have negative environmental impacts in the form of water loss and mold growth.