An act to add Section 530.5 to the Insurance Code, relating to insurance.

legislative counsel's digest

SB 917, as introduced, Jackson. Insurance policies.

Existing law regulates insurance and the business of insurance in the state. Under existing law, an insurer is liable for a loss of which a peril insured against was the proximate cause, although a peril not contemplated by the contract may have been a remote cause of the loss. Under existing law, an insurer is not liable for a loss of which the peril insured was only the remote cause.

This bill would provide that a policy that does not cover the peril of landslide shall not exclude coverage for any loss or damage attributable to a landslide if the landslide resulting in loss or damage was proximately caused by another covered peril, as provided. The bill would state that it does not constitute a change in, but is declaratory of, existing law.


The people of the State of California do enact as follows:

SECTION 1. Section 530.5 is added to the Insurance Code, to read:

530.5. (a) Notwithstanding Section 532, and in the absence of an endorsement or additional policy provision specifically covering the peril of landslide, a policy that does not cover the
peril of landslide shall not exclude coverage for any loss or damage
attributable to a landslide if the landslide resulting in the loss or
damage was proximately caused by another covered peril. This
subdivision applies regardless of whether the loss or damage
attributable to the landslide directly or indirectly resulted from, or
was contributed to by, concurrently or in any sequence, any other
proximate or remote cause, whether or not that cause was covered
by the policy.
(b) For purposes of this section, the term “policy” means any
insurance policy of any nature, including, but not limited to,
business and commercial policies providing coverage against loss
due to property damage.
(c) For purposes of this section, the term “landslide” includes
a landslide, mudslide, or mudflow, or any other similar earth
movement.
(d) This section shall be liberally construed to effectuate its
purpose.
SEC. 2. The addition of Section 530.5 to the Insurance Code
by this act does not constitute a change in, but is declaratory of,
existing law.
An act to amend Sections 675.1 and 2051.5 of, and to add Section 10103.7 to, the Insurance Code, relating to insurance.

legislative counsel's digest

SB 894, as introduced, Dodd. Property insurance.
Existing law requires an insurer, in the case of a total loss to the primary insured structure under a policy of residential property insurance, to offer to renew the policy at least once if the loss to the primary insured structure was caused by a disaster, as defined, and was not also due to the negligence of the insured, except as specified.
This bill would instead require the insurer to offer to renew the policy for at least the next 2 annual renewal periods or 24 months, whichever is greater. The bill would require an insurer who decides not to offer to renew a policy after the expiration of that period to report the decision to not offer to renew the policy to the Insurance Commissioner. The bill would require an insurer who, within 5 years after the declaration of a disaster, decides that it will not offer, or offer to renew, any residential policies described above for coverage of loss to structures located in the declared disaster area, to report that decision to the commissioner.
Existing law defines the measure of indemnity for a loss under a property insurance policy and specifies time limits under which an insured must collect the full replacement cost of the loss. Existing law prohibits a property insurance policy issued or delivered in the state from limiting or denying payment of the replacement cost of property
in the event the insured decides to rebuild or replace the property at a
location other than the insured premises.

This bill would increase from 24 months to 36 months the minimum
time limit an insurer may place on an insured to collect the full
replacement cost of a loss relating to a state of emergency.

This bill would require an insurer to allow an insured that has suffered
a loss relating to a declared state of emergency to combine the policy
limits for primary dwelling, other structures, contents, and additional
living expenses, and to use the combined amount for any of the covered
purposes.

The bill would make other technical, nonsubstantive changes.

State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 675.1 of the Insurance Code is amended
to read:
675.1. In the case of a total loss to the primary insured structure
under a residential policy subject to Section 675, the following
provisions apply:
(a) If reconstruction of the primary insured structure has not
been completed by the time of policy renewal, the insurer, prior
to or at the time of renewal, and after consultation by the insurer
or its representative with the insured as to what limits and
coverages might or might not be needed, shall adjust the limits
and coverages, write an additional policy, or attach an endorsement
to the policy that reflects the change, if any, in the insured’s
exposure to loss. The insurer shall adjust the premium charged to
reflect any change in coverage.
(b) The insurer shall not cancel coverage while the primary
insured structure is being rebuilt, except for the reasons specified
in subdivisions (a) to (e), inclusive, of Section 676. The insurer
shall not use the fact that the primary insured structure is in
damaged condition as a result of the total loss as the sole basis for
a decision to cancel the policy pursuant to subdivision (e) of that
section.
(c) (1) Except for the reasons specified in subdivisions (a) to
(e), inclusive, of Section 676, the insurer shall offer to, at least
each, offer, for at least the next two annual renewal periods or 24
months, whichever is greater, to renew the policy in accordance with the provisions of subdivision (a) if the total loss to the primary insured structure was caused by a disaster, as defined in subdivision (b) of Section 1689.14 of the Civil Code, and the loss was not also due to the negligence of the insured.

(2) If an insurer does not offer to renew a policy after the expiration of the period described in paragraph (1), the insurer shall report the decision to not offer to renew the policy to the commissioner.

(3) If an insurer, within five years after the declaration of a disaster, as defined in subdivision (b) of Section 1689.14 of the Civil Code, decides that it will not offer, or offer to renew, any residential policies described in this section for coverage of loss to structures located in the declared disaster area, the insurer shall report that decision to the commissioner.

(d) With respect to policies of residential earthquake insurance, the California Earthquake Authority, or any insurer, including a participating insurer, as defined in subdivision (i) of Section 10089.5, may defer its initial implementation of this section until no later than October 1, 2005.

(e) With respect to a residential earthquake insurance policy issued by the California Earthquake Authority, the following provisions apply:

(1) The participating insurer that issued the underlying policy of residential property insurance on the primary insured structure shall consult with the insured as to what limits and coverages might or might not be needed as required by subdivision (a).

(2) The California Earthquake Authority, in lieu of meeting the requirements of subdivision (a), shall establish procedures and practices that allow it to reasonably accommodate the needs and interests of consumers in maintaining appropriate earthquake insurance coverage, within the statutory and regulatory limitations on the types of insurance coverages and the coverage limits of the policies that the authority may issue.

SEC. 2. Section 2051.5 of the Insurance Code is amended to read:

2051.5. (a) Under an open policy that requires payment of the replacement cost for a loss, the measure of indemnity is the amount that it would cost the insured to repair, rebuild, or replace the thing
lost or injured, without a deduction for physical depreciation, or
the policy limit, whichever is less.
If the policy requires the insured to repair, rebuild, or replace
the damaged property in order to collect the full replacement cost,
the insurer shall pay the actual cash value of the damaged property,
as defined in Section 2051, until the damaged property is repaired,
rebuilt, or replaced. Once the property is repaired, rebuilt, or
replaced, the insurer shall pay the difference between the actual
cash value payment made and the full replacement cost reasonably
paid to replace the damaged property, up to the limits stated in the
policy.
(b) (1) Except as provided in paragraph (2), no time limit of
less than 12 months from the date that the first payment toward
the actual cash value is made shall be placed upon an insured in
order to collect the full replacement cost of the loss, subject to the
policy limit. Additional extensions of six months shall be provided
to policyholders for good cause. In the event of a loss relating to
a “state of emergency,” as defined in Section 8558 of the
Government Code, no time limit of less than 24.36 months from
the date that the first payment toward the actual cash value is made
shall be placed upon the insured in order to collect the full
replacement cost of the loss, subject to the policy limit. Nothing
in this section shall prohibit the insurer from allowing the insured
additional time to collect the full replacement cost.
(2) In the event of a covered loss relating to a state of
emergency, as defined in Section 8558 of the Government Code,
coverage for additional living expenses shall be for a period of 24
months, but shall be subject to other policy provisions, provided
that any extension of time required by this paragraph beyond the
period provided in the policy shall not act to increase the additional
living expense policy limit in force at the time of the loss. This
paragraph shall become operative on January 1, 2007.
(c) In the event of a total loss of the insured structure, no policy
issued or delivered in this state may contain a provision that limits
or denies payment of the replacement cost in the event the insured
decides to rebuild or replace the property at a location other than
the insured premises. However, the measure of indemnity shall be
based upon the replacement cost of the insured property and shall
not be based upon the cost to repair, rebuild, or replace at a location
other than the insured premises.
(d) Nothing in this section shall prohibit an insurer from restricting payment in cases of suspected fraud.

(e) The changes made to this section by the act that added this subdivision shall be implemented by an insurer on and after the effective date of that act, except that an insurer shall not be required to modify policy forms to be consistent with those changes until July 1, 2005. On and after July 1, 2005, all policy forms used by an insurer shall reflect those changes.

SEC. 3. Section 10103.7 is added to the Insurance Code, to read:

10103.7. In the event of a covered loss relating to a state of emergency, as defined in Section 8558 of the Government Code, an insured under a residential property insurance policy shall be permitted to combine the policy limits for the primary dwelling, other structures, contents, and additional living expenses. If the insured chooses this option, the insured may use these combined limits for any of the covered expenses reasonably necessary to rebuild or replace the damaged or destroyed dwelling, other structures, or contents, or for additional living expenses.
An act to add Section 10103.4 to the Insurance Code, relating to insurance.

**legislative counsel's digest**

AB 1797, as introduced, Levine. Residential property insurance.

Existing law requires a named insured on a residential property insurance policy be provided with a copy of the California Residential Property Insurance Disclosure which sets forth a description of certain types of insurance coverage, such as actual cash value coverage and guaranteed replacement cost coverage, as specified. Existing law also requires every California Residential Property Insurance Disclosure be accompanied by a California Residential Property Insurance Bill of Rights.

This bill would require an insurer to provide an estimate of replacement value, as specified, for the insured property for every policy of residential property insurance that is newly issued or renewed in this state on and after January 1, 2019, and would impose liability on an insured that fails to do so in the amount of the actual cost to replace the insured property, minus the amount of the policy coverage. The bill would prohibit an insurer that provided an estimate of replacement value from being liable to the insured if the policy limit is not sufficient to replace the insured property.
The people of the State of California do enact as follows:

SECTION 1. Section 10103.4 is added to the Insurance Code, to read:

10103.4. (a) An insurer shall provide for every policy of residential property insurance that is newly issued or renewed in this state on and after January 1, 2019, an estimate of replacement value for the insured property, as the term “replacement value” is defined and described in Sections 2695.180 to 2695.183, inclusive, of Article 1.3 of Subchapter 7.5 of Chapter 5 of Title 10 of the California Code of Regulations, as those sections provided on January 1, 2018. An insurer that fails to provide an estimate of replacement value in accordance with this subdivision shall be liable to the insured for the actual cost to replace the insured property, minus the amount of the policy coverage.

(b) An insurer that provided an estimate of replacement value in accordance with subdivision (a) shall not be liable to the insured if the policy limit is not sufficient to replace the insured property.

(c) This section shall not be deemed to limit or preclude an insurer and insured from agreeing to provide coverage for a policy limit that is greater or lesser than the estimate of replacement value provided in accordance with subdivision (a).
An act to amend Section 2084 of the Insurance Code, relating to fire insurance.

legislative counsel's digest

AB 1799, as introduced, Levine. Insurance: policy documents.
Existing law requires an insurer, after a covered loss under a fire insurance policy, to provide the insured with a free copy of his or her policy within 30 calendar days of receiving a request from the insured, but allows the Insurance Commissioner to extend this period. Existing law also provides that an insured who does not experience a covered loss shall, upon request, be entitled to one free copy of his or her policy annually.

This bill would specify that the copy of the policy provided shall include the full policy, any endorsements to the policy, and the policy declarations page, and would authorize the insurer to provide these documents in electronic form if agreed to by the insured. The bill would also require that the copy of the policy provided after a covered loss to be a certified copy.

The people of the State of California do enact as follows:

SECTION 1. Section 2084 of the Insurance Code is amended to read:

2084. (a) After a covered loss under a policy covered by Section 2071, an insurer shall provide to the insured, free of charge, a complete, current certified copy of his or her policy within 30 calendar days of receipt of a request from the insured. The time period for providing the policy may be extended by the Insurance Commissioner. The policy provided to the insured shall include, where applicable and without limitation, the full insurance policy, any endorsements to the policy, and the policy declarations page. The insurer shall, in addition to a certified hardcopy, also provide an electronic copy of the documents if requested by the insured.

(b) An insured under a policy covered by Section 2071 who does not experience a covered loss shall, upon request, be entitled to one free copy of his or her policy annually. The policy provided to the insured shall include, where applicable, applicable and without limitation, the full insurance policy, any endorsements to the policy, and the policy declarations page. The insurer may provide these documents in electronic form, if agreed to by the insured.
ASSEMBLY BILL No. 1800

Introduced by Assembly Member Levine (Coauthors:
Assembly Members Aguiar-Curry and Wood) (Coauthors:
Senators Dodd and McGuire)

January 9, 2018

An act to amend Section 2051.5 of the Insurance Code, relating to fire insurance.

legislative counsel's digest

AB 1800, as introduced, Levine. Fire insurance: indemnity.
Existing law defines the measure of indemnity for a loss under an open fire insurance policy and specifies time limits under which an insured must collect the full replacement cost of the loss. Existing law prohibits a fire insurance policy issued or delivered in the state from limiting or denying payment of the replacement cost of property in the event the insured decides to rebuild or replace the property at a location other than the insured premises.

This bill would qualify that prohibition by making it applicable in addition to any extended replacement cost coverage purchased by the insured and in addition to any increase in policy limits. The bill would require the policy to permit the insured to recover full replacement cost benefits regardless of whether the insured rebuilds at the current location, rebuilds at a new location, or purchases an already built home at a new location. The bill would also make technical changes to those provisions.

AB 1800

The people of the State of California do enact as follows:

SECTION 1. Section 2051.5 of the Insurance Code is amended to read:

2051.5. (a) (1) Under an open policy that requires payment of the replacement cost for a loss, the measure of indemnity is the amount that it would cost the insured to repair, rebuild, or replace the thing lost or injured, without a deduction for physical depreciation, or the policy limit, whichever is less.

(2) If the policy requires the insured to repair, rebuild, or replace the damaged property in order to collect the full replacement cost, the insurer shall pay the actual cash value of the damaged property, as defined in Section 2051, until the damaged property is repaired, rebuilt, or replaced. Once the property is repaired, rebuilt, or replaced, the insurer shall pay the difference between the actual cash value payment made and the full replacement cost reasonably paid to replace the damaged property, up to the limits stated in the policy.

(b) (1) Except as provided in paragraph (2), no time limit of less than 12 months from the date that the first payment toward the actual cash value is made shall be placed upon an insured in order to collect the full replacement cost of the loss, subject to the policy limit. Additional extensions of six months shall be provided to policyholders for good cause. In the event of a loss relating to a “state of emergency,” as defined in Section 8558 of the Government Code, no time limit of less than 24 months from the date that the first payment toward the actual cash value is made shall be placed upon the insured in order to collect the full replacement cost of the loss, subject to the policy limit. Nothing in this section shall prohibit This section does not prohibit the insurer from allowing the insured additional time to collect the full replacement cost.

(2) In the event of a covered loss relating to a state of emergency, as defined in Section 8558 of the Government Code, coverage for additional living expenses shall be for a period of 24 months, but shall be subject to other policy provisions, provided that any extension of time required by this paragraph beyond the period provided in the policy shall not act to increase the additional living expense policy limit in force at the time of the loss.
In the event of a total loss of the insured structure, no policy issued or delivered in this state may contain a provision that limits or denies payment of the replacement cost, in addition to any extended replacement cost coverage purchased by the insured and in addition to any increase in policy limits, in the event the insured decides to rebuild or replace the property at a location other than the insured premises. The policy shall permit the insured to recover full replacement cost benefits regardless of whether the insured rebuilds at the current location, rebuilds at a new location, or purchases an already built home at a new location. However, the measure of indemnity shall be based upon the replacement cost of the insured property and shall not be based upon the cost to repair, rebuild, or replace at a location other than the insured premises.

Nothing in this section shall prohibit an insurer from restricting payment in cases of suspected fraud.

The changes made to this section by the act that added this subdivision shall be implemented by an insurer on and after the effective date of that act, except that an insurer shall not be required to modify policy forms to be consistent with those changes until July 1, 2005. On and after July 1, 2005, all policy forms used by an insurer shall reflect those changes.