

ASSEMBLY BILL

No. 1797

Introduced by Assembly Member Levine
(Coauthor: Assembly Member Wood)
(Coauthors: Senators Dodd and McGuire)

January 9, 2018

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.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

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

1 SECTION 1. Section 10103.4 is added to the Insurance Code,
2 to read:
3 10103.4. (a) An insurer shall provide for every policy of
4 residential property insurance that is newly issued or renewed in
5 this state on and after January 1, 2019, an estimate of replacement
6 value for the insured property, as the term “replacement value” is
7 defined and described in Sections 2695.180 to 2695.183, inclusive,
8 of Article 1.3 of Subchapter 7.5 of Chapter 5 of Title 10 of the
9 California Code of Regulations, as those sections provided on
10 January 1, 2018. An insurer that fails to provide an estimate of
11 replacement value in accordance with this subdivision shall be
12 liable to the insured for the actual cost to replace the insured
13 property, minus the amount of the policy coverage.
14 (b) An insurer that provided an estimate of replacement value
15 in accordance with subdivision (a) shall not be liable to the insured
16 if the policy limit is not sufficient to replace the insured property.
17 (c) This section shall not be deemed to limit or preclude an
18 insurer and insured from agreeing to provide coverage for a policy
19 limit that is greater or lesser than the estimate of replacement value
20 provided in accordance with subdivision (a).

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