



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 3/19/2018

Agenda Placement: 7B

Napa County Legislative Subcommittee Board Agenda Letter

TO: Napa County Legislative Subcommittee

FROM: Helene Franchi - Deputy County Executive Officer
County Executive Office

REPORT BY: Molly Rattigan, Deputy County Executive Officer - 253-4112

SUBJECT: AB 1875-Residential Property Damage

RECOMMENDATION

County Executive Officer requests discussion and possible action on AB 1875 (Wood), a bill that would require insurance companies to offer a policy option that covers at least 50% extended replacement cost coverage above the replacement cost limits for the primary dwelling.

EXECUTIVE SUMMARY

AB 1875 will require all insurance companies, on or after January 1, 2019, to offer a policy that covers at least 50% extended replacement cost coverage above the replacement cost limits. The offer shall be accompanied by a disclosure of the premium cost for each additional coverage amount.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Historically, insurance companies offered "guaranteed replacement cost" insurance policies that had no limit on the cost to replace a home so long as the homeowner could verify the expenses incurred. However, as California's fire seasons have become progressively worse these guaranteed policies are no longer issued by insurers. Today, nearly all insurance policies place a limit on how much the insured will be reimbursed to replace their damaged property.

Almost all insurance companies offer extended replacement cost insurance, which allows property owners to purchase limits above replacement cost limits. Unfortunately many consumers are never given options nor are they told how much, or little, the various increased coverage options, if available, will impact their monthly premiums.

AB 1875 will require all insurance companies, on or after January 1, 2019, to offer a policy that covers at least 50% extended replacement cost coverage above the replacement cost limits. The offer shall be accompanied by a disclosure of the premium cost for each additional coverage amount.

California State Association of Counties: Pending
Rural County Representative of California: Support

SUPPORTING DOCUMENTS

- A . AB 1875 Fact Sheet
- B . AB 1875 Text

Recommendation: Approve

Reviewed By: Molly Rattigan