



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 3/19/2018

Agenda Placement: 7D

Napa County Legislative Subcommittee Board Agenda Letter

TO: Napa County Legislative Subcommittee
FROM: Helene Franchi for Minh Tran - County Executive Officer
County Executive Office
REPORT BY: Molly Rattigan, Deputy County Executive Officer - 253-4112
SUBJECT: AB 1800-Rebuilding a Home After a Total Loss

RECOMMENDATION

County Executive Officer requests discussion and possible action on AB 1800 (Levine), a bill that would clarify that after a total loss, an insurer would be responsible for any additional extended replacement cost covered by a plan regardless of whether a policy holder decides to rebuild in the same location, rebuild in a new location, or purchase a new home.

EXECUTIVE SUMMARY

AB 1800 (Levine) will ensure that policy holders who have lost their home to fire, and pay additional costs for additional coverage, can rebuild or purchase a new home in an area that is safe, up to the value of their plan. AB 1800 would clarify that after a total loss, an insurer would be responsible for any additional extended replacement cost covered by a plan regardless of if a policy holder decides to rebuild in the same location, rebuild in a new location, or purchase a new home.

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

After each major wildfire, insurance related issues arise in the recovery process that negatively impact property owners attempting to rebuild. One issue revealed during the 2017 wildfires is that some insurers are seeking to deny extended replacement cost coverage if the policy holder decides to purchase a new property or rebuild at a different location.

The purposes of an extended replacement cost insurance plan is to ensure a policy holder has enough coverage in the event there is a sudden spike in the cost of construction materials or housing after a large event like the 2017 wildfires. Fire risk is increasing across the State and it may not be prudent for some property owners to rebuild in the area where their property burned down.

AB 1800 will ensure that policy holders who have lost their home to fire, and pay additional costs for additional coverage, can rebuild or purchase a new home in an area that is safe, up to the value of their plan. AB 1800 would clarify that after a total loss, an insurer would be responsible for any additional extended replacement cost covered by a plan regardless of if a policy holder decides to rebuild in the same location, rebuild in a new location, or purchase a new home. AB 1800 will base the extended replacement coverage on the value of the insured property, not the cost of rebuilding, or purchasing a new home at a different location.

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

SUPPORTING DOCUMENTS

- A . AB 1800 Fact Sheet
- B . AB 1800 Text

Recommendation: Approve
Reviewed By: Molly Rattigan