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An act to amend Sections 790.035, 2051, 2051.5, 2060, 2071, 10102, 10103, 10103.4, 10103.7, 12928.7, and 14047 of, to add Section 10103.8 to, and to repeal and add Section 10103.2 of, the Insurance Code, relating to insurance.

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 790.035 of the Insurance Code is amended to read:

790.035. (a) Any A person who engages in any an unfair method of competition or any an unfair or deceptive act or practice defined in Section 790.03 is liable to the state for a civil penalty to be fixed by the commissioner, not to exceed five thousand dollars (\$5,000) for each act, or, if the act or practice was willful, a civil penalty not to exceed ten thousand dollars (\$10,000) for each act. The

(b) A person who engages in an unfair method of competition or an unfair or deceptive act or practice defined in Section 790.03 relating to a state of emergency, as defined in Section 8558 of the Government Code, is liable to the state for a civil penalty, to be fixed by the commissioner, of no less than five thousand dollars (\$5,000) for each act, not to exceed ten thousand dollars (\$10,000) for each act, or, if the act or practice was willful, a civil penalty of no less than ten thousand dollars (\$10,000) for each act, not to exceed twenty thousand dollars (\$20,000) for each act.

(c) The commissioner shall have the discretion to establish what constitutes an act. However, when the issuance, amendment, or servicing of a policy or endorsement is inadvertent, all of those acts shall be a single act for the purpose of this section.

(b)

(d) The penalty imposed by pursuant to this section shall be imposed by and determined by the commissioner as provided by Section 790.05. The penalty imposed by this section is appealable by means of any a remedy provided by Section 12940 or by Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(e) In addition to a penalty imposed pursuant to this section, the commissioner may order a person who engages in an unfair method of competition or an unfair or deceptive act or practice defined in Section 790.03 to provide restitution for a loss arising from the person's conduct, pursuant to Section 12928.7.

SEC. 2. Section 2051 of the Insurance Code is amended to read:

2051. (a) Under an open policy, the measure of indemnity in fire insurance is the expense to the insured of replacing the thing lost or injured in its condition at the time of the injury, the expense being computed as of the time of the commencement of the fire.

(b) (1) Under an open policy that requires payment of actual cash value, the measure of the actual cash value recovery, in whole or partial settlement of the claim, for either a total or partial loss to the structure or its contents, shall be the amount it would cost the insured to repair, rebuild, or replace the thing lost or injured less a fair and reasonable deduction for physical depreciation based upon its condition at the time of the injury or the policy limit, whichever is less. A deduction for physical depreciation shall apply only to components of a structure that are normally subject to repair and replacement during the useful life of that structure.

(2) If there is a total loss to the insured structure, the insurer shall pay the actual cash value associated with the primary structure and other insured structures, as determined by this section, within 30 calendar days from the date of loss. A payment that is not made pursuant to this section within 30 calendar days shall accrue interest payable to the insured pursuant to Section 2057.

SEC. 3. Section 2051.5 of the Insurance Code is amended to read:



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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.

(3) After an actual cash value payment is made pursuant to Section 2051, an insurer shall pay the undisputed amount of replacement cost associated with the primary structure and other insured structures, up to the limits in the policy, within 30 calendar days from the occurrence of one the following:

(A) The date upon which the insured obtains a valid and executed contract with a licensed contractor to rebuild the insured structure at its original location or at another location.

(B) The date upon which the insured enters into contract or escrow to purchase a replacement home at another location.

(4) A payment that is not made pursuant to this section within 30 calendar days shall accrue interest payable to the insured pursuant to Section 2057.

(b) (1) (A) A time limit of less than 12 months from the date that the first payment toward the actual cash value is made shall not be placed upon an insured in order to collect the full replacement cost of the loss, subject to the policy limit.

(B) In the event of If a loss is relating to a “state of emergency,” state of emergency, as defined in Section 8558 of the Government Code, a time limit of less than 36 months from the date that the first payment toward the actual cash value is made shall not be placed upon the insured in order to collect the full replacement cost of the loss, subject to the policy limit.

(C) This section does not prohibit an insurer from allowing the insured additional time to collect the full replacement cost.

(2) An insurer shall provide to a policyholder one or more additional extensions of six months for good cause pursuant to subparagraph (A) or (B) of paragraph (1) if the insured, acting in good faith and with reasonable diligence, encounters a delay or delays in approval for, or reconstruction of, the home or residence that are beyond the control of the insured. Circumstances beyond the control of the insured include, but are not limited to, unavoidable construction permit delays, the lack of necessary construction materials, or the unavailability of contractors to perform the necessary work.

(3) (A) In the event of If a loss is relating to a state of emergency, as defined in Section 8558 of the Government Code, an insurer shall not require the insured to provide proof of loss less than 100 days after the loss.

(B) The insurer shall provide to the insured one or more additional extensions of three months for submission of proof of loss for good cause if the insured, acting in good faith and with reasonable diligence, encounters a delay in providing proof of loss that is beyond the control of the insured. Circumstances beyond the control of the



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insured may include, but are not limited to, any of the following, where applicable to the specific claim:

(i) Delays by the insurer in acknowledging the claim or providing the claimant necessary forms, instructions, and reasonable assistance, including, but not limited to, specifying the information the claimant must provide for proof of loss.

(ii) For personal property coverage, the fact that a personal property inventory is premature if the primary structure has not yet commenced construction.

(iii) The unavailability of contractors to either perform the necessary work or create an estimate to rebuild, repair, or replace.

(iv) The disability, injury, or incapacity of the insured.

(v) The inability of the insured to access the insured property as a result of governmental action or because the insured property is located in an area that is exposed to hazardous materials posing a health risk.

(c) (1) ~~In the event of~~ If there is a total loss of the insured structure, a policy issued or delivered in this state shall not contain a provision that limits or denies, on the basis that the insured has decided to rebuild at a new location or to purchase an already built home at a new location, payment of the building code upgrade cost or the full replacement cost, including any extended replacement cost coverage, to the extent those costs are otherwise covered by the terms of the policy or any policy endorsement. However, the measure of indemnity shall not exceed the replacement cost, including the building code upgrade cost and any extended replacement cost coverage, if applicable, to repair, rebuild, or replace the insured structure at its original location. location, up to the limits stated in the policy. Notwithstanding a provision in a policy issued, amended, or renewed on or after January 1, 2027, for purposes of this paragraph, if the insured has decided to rebuild at a new location or to purchase an already built home at a new location, the building code upgrade cost payable shall include all costs that would have been incurred if the insured structure been completely rebuilt at its original location.

(2) Notwithstanding any other law, for a residential property insurance policy, the measure of damages available to a policyholder to use to rebuild or replace the insured home at another location shall be the amount that would have been recoverable had the insured dwelling been rebuilt at its original location, and a deduction for the value of land at the new location shall not be permitted from that measure of damages. However, the measure of indemnity shall not exceed the cost, including the building code upgrade cost and any extended replacement cost coverage, if applicable, to rebuild the insured structure at its original location.

(d) This section does not prohibit an insurer from restricting payment in cases of suspected fraud.

(e) On and after July 1, 2026, all policy forms issued or renewed by an insurer shall comply with this section in its entirety, including the changes made to this section by the act that added this paragraph.

SEC. 4. Section 2060 of the Insurance Code is amended to read:

2060. (a) ~~In the event of~~ (1) If there is a loss under a homeowners' insurance policy for which the insured has made a claim for additional living expenses, the insurer shall provide the insured with a written list of items that the insurer believes may be covered under the policy as additional living expenses. The list may include a statement that the list is not intended to include all items covered under the policy, but only those



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that are commonly claimed, if this is the case. If the department develops a list for use by insurers, the insurer may use that list. The list provided by the insurer may be transmitted as an electronic document pursuant to Section 38.6.

(2) Additional living expense coverage under a homeowners' insurance policy shall include reimbursement for all reasonable additional expenses incurred by the insured, over and above the expenses incurred before the loss, for the insured to maintain a comparable standard of living for the time the insured dwelling is not habitable due to a covered loss, up to the limits in the policy, if any. These additional costs shall include temporary housing, furniture rental, food, transportation, storage, and boarding of pets.

(3) Under a homeowners' insurance policy for which the insured has made a claim for additional living expenses, the insured may choose to exercise the option, in lieu of seeking reimbursement for itemized expenses, to collect the monthly fair rental value of the dwelling for the time the insured dwelling is not habitable due to the covered loss, up to the limits of the policy, if any. For purposes of this paragraph, the fair rental value is the amount the insured dwelling could have demanded for rental in furnished condition at the time of the loss.

(b) (1) In the event of If there is 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 no less than 24 months from the inception of the loss, but shall be subject to other policy provisions. An insurer shall grant an extension of up to 12 additional months, for a total of 36 months, if an insured acting in good faith and with reasonable diligence encounters a delay or delays in the reconstruction process that are the result of circumstances beyond the control of the insured. Circumstances beyond the control of the insured include, but are not limited to, unavoidable construction permit delays, lack of necessary construction materials, and lack of available contractors to perform the necessary work. Additional extensions of six months shall be provided to policyholders for good cause.

(2) A policy that provides coverage for additional living expenses subject to this subdivision shall not limit the policyholder's right to recovery if the insured home is rendered uninhabitable by a covered peril. However, an insurer may, in lieu of making living expense payments required by this subdivision, provide a reasonable alternative remedy that addresses the property condition that precludes reasonable habitation of the insured premises. The additional living expense coverage subject to this section does not include a utility public safety power shut off event, which is the deenergization of a portion of the electrical distribution or transmission system to reduce the risk of wildfire ignition.

(3) If there is a covered total loss relating to a state of emergency, as defined in Section 8558 of the Government Code, the policy limits, if any, for additional living expenses shall be increased by an amount equal to 100 percent of the policy limits for this coverage.

(4) Additional living expenses provided pursuant to this subdivision shall be for the period of time that the insured premises is deemed uninhabitable and shall extend 15 calendar days beyond the date upon which the premises is deemed habitable for the insured to make the necessary arrangements to move back into the premises.

(c) For a loss that is otherwise not subject to paragraph (1) or (2) of subdivision (b), in the event of if there is a state of emergency, as defined in Section 8558 of the



Government Code, that is accompanied by an order of civil authority restricting access to the home, related to a covered peril, additional living expense coverage shall be provided for at least two weeks. Additional extensions of two weeks shall be provided to a policyholder for good cause, but shall be subject to other policy provisions.

(d) The amendments made by the act that added this subdivision shall be operative on July 1, 2021.

(d) This section applies to homeowners' insurance policies that provide coverage for additional living expenses, loss of use, fair rental value, or similar terms used by insurers to identify the benefits described in this section.

SEC. 5. Section 2071 of the Insurance Code is amended to read:

2071. (a) The following is adopted as the standard form of fire insurance policy for this state:

California Standard Form Fire Insurance Policy

No.

[Space for insertion of name of company or companies issuing the policy and other matter permitted to be stated at the head of the policy.]

[Space for listing amounts of insurance, rates and premiums for the basic coverages insured under the standard form of policy and for additional coverages or perils insured under endorsements attached.]

In consideration of the provisions and stipulations herein or added hereto and of _____ dollars premium this company, for the term of _____

from the _____ day of _____, 20 _____] At 12:01 a.m.,
to the _____ day of _____, 20 _____] standard time,

at location of property involved, to an amount not exceeding _____ dollars, does insure _____ and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after the loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the insured, against all LOSS BY FIRE, LIGHTNING AND BY REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described hereinafter while located or contained as described in this policy, or pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of this company.



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This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with any other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

IN WITNESS WHEREOF, this company has executed and attested these presents; but this policy shall not be valid unless countersigned by the duly authorized agent of this company at

Concealment, fraud

This entire policy shall be void if, whether before or after a loss, the insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.

Uninsurable and excepted property

This policy shall not cover accounts, bills, currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in writing, bullion or manuscripts.

Perils not included

This company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly, by: (a) enemy attack by armed forces, including action taken by military, naval or air forces in resisting an actual or an immediately impending enemy attack; (b) invasion; (c) insurrection; (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h) order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire, provided that the fire did not originate from any of the perils excluded by this policy; (i) neglect of the insured to use all reasonable means to save and preserve the property at and after a loss, or when the property is endangered by fire in neighboring premises; (j) nor shall this company be liable for loss by theft.

Other insurance

Other insurance may be prohibited or the amount of insurance may be limited by endorsement attached hereto.



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Conditions suspending or restricting insurance

Unless otherwise provided in writing added hereto this company shall not be liable for loss occurring (a) while the hazard is increased by any means within the control or knowledge of the insured; or (b) while a described building, whether intended for occupancy by owner or tenant, is vacant or unoccupied beyond a period of 60 consecutive days; or (c) as a result of explosion or riot, unless fire ensues, and in that event for loss by fire only.

Other perils or subjects

Any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement in writing hereon or added hereto.

Added provisions

The extent of the application of insurance under this policy and of the contribution to be made by this company in case of loss, and any other provision or agreement not inconsistent with the provisions of this policy, may be provided for in writing added hereto, but no provision may be waived except such as by the terms of this policy or by statute is subject to change.

Waiver provisions

No permission affecting this insurance shall exist, or waiver of any provision be valid, unless granted herein or expressed in writing added hereto. No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of this company relating to appraisal or to any examination provided for herein.

Cancellation of policy

This policy shall be canceled at any time at the request of the insured, in which case this company shall, upon demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time. This policy may be canceled at any time by this company by giving to the insured a 20 days' written notice of cancellation with or without tender of the excess of paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that said excess premium (if not tendered) will be refunded on demand. If the reason for cancellation is nonpayment of premium, this policy may be canceled by this company by giving to the insured a 10 days' written notice of cancellation.



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Mortgagee interests and obligations

If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured, the interest in this policy may be canceled by giving to the mortgagee a 10 days' written notice of cancellation.

If the insured fails to render proof of loss the mortgagee, upon notice, shall render proof of loss in the form herein specified within 60 days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If this company shall claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of the mortgagee may be added hereto by agreement in writing.

Pro rata liability

This company shall not be liable for a greater proportion of any loss than the amount hereby insured shall bear to the whole insurance covering the property against the peril involved, whether collectible or not.

Requirements in case loss occurs

The insured shall give written notice to this company of any loss without unnecessary delay, protect the property from further damage, forthwith separate the damaged and undamaged personal property, put it in the best possible order, furnish a complete inventory of the destroyed, damaged and undamaged property, showing in detail quantities, costs, actual cash value and amount of loss claimed; and within 60 days after the loss, unless the time is extended in writing by this company, the insured shall render to this company a proof of loss, signed and sworn to by the insured, stating the knowledge and belief of the insured as to the following: the time and origin of the loss, the interest of the insured and of all others in the property, the actual cash value of each item thereof and the amount of loss thereto, all encumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupation, location, possession or exposures of said property since the issuing of this policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish a copy of all the descriptions and schedules in all policies and, if required and obtainable, verified plans and specifications of any building, fixtures or machinery destroyed or damaged.

The insured, as often as may be reasonably required and subject to the provisions of Section 2071.1, shall exhibit to any person designated by this company all that remains of any property herein described, and submit to examinations under oath by any person named by this company, and subscribe the same; and, as often as may be reasonably required, shall produce for examinations all books of account, bills, invoices, and other vouchers, or certified copies thereof if the originals be lost, at any reasonable



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time and place as may be designated by this company or its representative, and shall permit extracts and copies thereof to be made. The insurer shall inform the insured that tax returns are privileged against disclosure under applicable law but may be necessary to process or determine the claim.

The insurer shall notify every claimant that they may obtain, upon request, copies of claim-related documents. For purposes of this section, "claim-related documents" means all documents that relate to the evaluation of damages, including, but not limited to, repair and replacement estimates and bids, appraisals, scopes of loss, drawings, plans, reports, third-party findings on the amount of loss, covered damages, and cost of repairs, and all other valuation, measurement, and loss adjustment calculations, whether preliminary or final, that in any way relate to the amount of loss, covered damage, and cost of repairs. However, attorney work product and attorney-client privileged documents, and documents that indicate fraud by the insured or that contain medically privileged information, are excluded from the documents an insurer is required to provide pursuant to this section to a claimant. Within 15 calendar days after receiving a request from an insured for claim-related documents, the insurer shall provide the insured with copies of all claim-related documents, except those excluded by this section. Nothing in this section shall be construed to affect existing litigation discovery rights.

After a covered loss, the insurer shall provide, free of charge, a complete, current copy of this policy within 30 calendar days of receipt of a request from the insured. The time period for providing this policy may be extended by the Insurance Commissioner.

An insured who does not experience a covered loss shall, upon request, be entitled to one free copy of this policy annually. The policy provided to the insured shall include, where applicable, the policy declarations page.

Appraisal

In case the insured and this company shall fail to agree as to the actual cash value or the amount of loss, then, on the written request of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within 20 days of the request. Where the request is accepted, the appraisers shall first select a competent and disinterested umpire; and failing for 15 days to agree upon the umpire, then, on request of the insured or this company, the umpire shall be selected by a judge of a court of record in the state in which the property covered is located. Appraisal proceedings are informal unless the insured and this company mutually agree otherwise. For purposes of this section, "informal" means that no formal discovery shall be conducted, including depositions, interrogatories, requests for admission, or other forms of formal civil discovery, no formal rules of evidence shall be applied, and no court reporter shall be used for the proceedings. The appraisers shall then appraise the loss, stating separately actual cash value and loss to each item; and, failing to agree, shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with this company shall determine the amount of actual cash value and loss. Each appraiser shall be paid by the party selecting him or her and the expenses of appraisal and umpire shall be paid by the parties equally. In the event of



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a government-declared disaster, as defined in the Government Code, appraisal may be requested by either the insured or this company but shall not be compelled.

Adjusters

~~If, within a six-month period,~~

~~If the company assigns a third or subsequent adjuster to be primarily responsible for a claim, the insurer, in a timely manner, shall provide the insured with a written status report within five working days of the assignment.~~ For purposes of this section, a written status report shall include a summary of any decisions or actions that are substantially related to the disposition of a claim, including, but not limited to, the amount of losses to structures or contents, the retention or consultation of design or construction professionals, the amount of coverage for losses to structures or contents, the dollar amount of claims paid to date for each portion of coverage, and all items of dispute, dispute or pending.



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Company's options

It shall be optional with this company to take all, or any part, of the property at the agreed or appraised value, and also to repair, rebuild or replace the property destroyed or damaged with other of like kind and quality within a reasonable time, on giving notice of its intention so to do within 30 days after the receipt of the proof of loss herein required.

Abandonment

There can be no abandonment to this company of any property.

When loss payable

The amount of loss for which this company may be liable shall be payable 60 days after proof of loss, as herein provided, is received by this company and ascertainment of the loss is made either by agreement between the insured and this company expressed in writing or by the filing with this company of an award as herein provided.

Suit

No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless all the requirements of this policy shall have been complied with, and unless commenced within 12 months next after inception of the loss. If the loss is related to a state of emergency, as defined in subdivision (b) of Section 8558 of the Government Code, the time limit to bring suit is extended to 24 months after inception of the loss.

Subrogation

This company may require from the insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by this company.

(b) Any amendments to this section by the enactment of Senate Bill 658 of the 2001–02 Regular Session shall govern a policy utilizing the form provided in subdivision (a) when that policy is originated or renewed on or after January 1, 2002.

(c) The amendments to this section made by the act adding this subdivision shall govern a policy utilizing the form provided in subdivision (a) when that policy is originated or renewed on or after January 1, 2004.

(d) (1) The amendments to this section made by the act adding this subdivision govern a policy originated or renewed on or after the effective date of this act.

(2) Notwithstanding paragraph (1), an insurer shall incorporate the revisions to the standard form of fire insurance policy made by the act adding this subdivision on or before July 1, 2019.

SEC. 6. Section 10102 of the Insurance Code is amended to read:

10102. (a) The disclosure required by Section 10101 shall be in no less than 10-point type and shall be provided prior to or concurrent with, the application for a policy of residential property insurance. In the event that an application is made by telephone, an insurer that mails a copy of the disclosure within three business days shall be in compliance with this section. For policies issued on or after July 1, 1993, the agent or insurer shall obtain the applicant's signature acknowledging receipt of the disclosure form within 60 days of the date of the application. When the insurer or agent establishes delivery of the disclosure form by obtaining the signature of the applicant or insured, or when an insurer or agent provides the applicant with the disclosure form and the applicant does not return a signed acknowledgment of receipt within 60 days of the date it was provided, there shall be a conclusive presumption that the insurer or agent has complied with the disclosure requirement of this chapter. The insurer or agent shall have the burden of demonstrating in accordance with California Rules of Evidence that the disclosure was provided to the applicant or insured. A signature shall not be required at the time of renewal.

If the disclosure is mailed to the named insured or applicant, it shall be mailed to the mailing address shown on the policy of residential property insurance or to the address requested by the applicant. First-class mail shall be deemed adequate for proof of mailing. The insurer shall have the burden of demonstrating in accordance with California Rules of Evidence that the disclosure was mailed to the applicant or insured.

The disclosure shall contain the following language:

**“NOTICE TO CONSUMERS — CALIFORNIA RESIDENTIAL
INSURANCE DISCLOSURE**

This disclosure is required by Section 10102 of the California Insurance Code. This form provides general information related to residential property insurance and is not part of your residential property insurance policy. Only the specific provisions of your policy will determine whether a particular loss is covered



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and the amount payable. The information provided does not preempt existing California law.

PRIMARY FORMS OF RESIDENTIAL DWELLING COVERAGE

You have purchased the coverage(s) checked below. NOTE: Actual Cash Value Coverage is the most limited level of coverage listed. Guaranteed Replacement Cost is the broadest level of coverage.

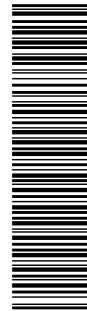
ACTUAL CASH VALUE COVERAGE for either a total or partial loss to the structure or its contents pays the amount it would cost you to repair, rebuild, or replace the thing lost or injured, less a fair and reasonable deduction for physical depreciation based upon its condition at the time of the injury or the policy limit, whichever is less. A deduction for physical depreciation applies only to components of a structure that are normally subject to repair and replacement during the useful life of that structure.

REPLACEMENT COST COVERAGE is intended to provide for the cost to repair or replace the damaged or destroyed dwelling, without a deduction for physical depreciation. Many policies pay only the dwelling's actual cash value until the insured has actually begun or completed repairs or reconstruction on the dwelling. Coverage only pays for replacement costs up to the limits specified in your policy.

EXTENDED REPLACEMENT COST COVERAGE is intended to provide for the cost to repair or replace the damaged or destroyed dwelling without a deduction for physical depreciation. Many policies pay only the dwelling's actual cash value until the insured has actually begun or completed repairs or reconstruction on the dwelling. Extended Replacement Cost provides additional coverage above the dwelling limits up to a stated percentage or specific dollar amount. See your policy for the additional coverage that applies.

GUARANTEED REPLACEMENT COST COVERAGE covers the full cost to repair or replace the damaged or destroyed dwelling for a covered peril regardless of the dwelling limits shown on the policy declarations page.

BUILDING CODE UPGRADE COVERAGE, also called Ordinance and Law coverage, covers additional costs to repair or replace a dwelling to comply with the building codes and zoning laws in effect at the time of loss or rebuilding and required for rebuilding. These costs may otherwise be excluded by your policy. Meeting current building code requirements can add significant costs to rebuilding your home. Refer to your policy or endorsement for the specific coverage provided and coverage limits that apply.



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READ YOUR POLICY AND POLICY DECLARATIONS PAGE

CAREFULLY: The policy declarations page shows the specific coverage limits you have purchased for your dwelling, personal property, separate structures such as detached garages, and additional living expenses. The actual policy and endorsements provide details on extensions of coverage, limitations of coverage, and coverage conditions and exclusions. The amount of any claim payment made to you will be reduced by any applicable deductibles shown on your policy declarations page. It is important to take the time to consider whether the limits and limitations of your policy meet your needs. Contact your agent, broker, or insurance company if you have questions about what is covered or if you want to discuss your coverage options.

INFORMATION YOU SHOULD KNOW ABOUT RESIDENTIAL DWELLING INSURANCE

AVOID BEING UNDERINSURED: Insuring your home for less than its replacement cost may result in your having to pay thousands of dollars out of your own pocket to rebuild your home if it is completely destroyed. Contact your agent, broker, or insurance company immediately if you believe your policy limits may be inadequate.

THE RESIDENTIAL DWELLING COVERAGE LIMIT: The coverage limit on the dwelling structure should be high enough so you can rebuild your home if it is completely destroyed. Please note:

- The cost to rebuild your home is almost always different from the market value.
- Dwelling coverage limits do not cover the value of your land.
- The estimate to rebuild your home should be based on construction costs in your area and should be adjusted to account for the features of your home. These features include, but are not limited to, the square footage, type of foundation, number of stories, and the quality of the materials used for items such as flooring, countertops, windows, cabinetry, lighting, and plumbing.
- The cost to rebuild your home should be adjusted each year to account for inflation.
- Coverage limits for contents, separate structures, additional living expenses, and debris removal are usually based on a percentage of the limit for the dwelling. If your dwelling limit is too low, these coverage limits may also be too low.

You are encouraged to obtain a current estimate of the cost to rebuild your home from your insurance agent, broker, or insurance company or an independent appraisal from a local contractor, architect, or real estate appraiser. If you do obtain an estimate of replacement value and wish to change your



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policy limits, contact your insurance company. While not a guarantee, a current estimate can help protect you against being underinsured.

DEMAND SURGE: After a widespread disaster, the cost of construction can increase dramatically as a result of the unusually high demand for contractors, building supplies, and construction labor. This effect is known as demand surge. Demand surge can increase the cost of rebuilding your home. Consider increasing your coverage limits or purchasing Extended or Guaranteed Replacement Cost coverage to prepare for this possibility.

CHANGES TO PROPERTY: Changes to your property may increase its replacement cost. These changes may include the building of additions, customizing your kitchen or bathrooms, or otherwise remodeling your home. Failure to advise your insurance company of any significant changes to your property may result in your home being underinsured.

EXCLUSIONS: Not all causes of damage are covered by common homeowners or residential fire policies. You need to read your policy to see what causes of loss or perils are not covered. Coverage for landslide is typically excluded. Some excluded perils such as earthquake or flood can be purchased as an endorsement to your policy or as a separate policy. Contact your agent, broker, or insurance company if you have a concern about any of the exclusions in your policy.

CONTENTS (PERSONAL PROPERTY) COVERAGE DISCLOSURE: This disclosure form does not explain the types of contents coverage provided by your policy for items such as your furniture or clothing. Contents may be covered on either an actual cash value or replacement cost basis depending on the contract. Almost all policies include specific dollar limitations on certain property that is particularly valuable, such as jewelry, art, or silverware. Contact your agent, broker, or insurance company if you have any questions about your contents coverage. You should create a list of all personal property in and around your home. Pictures and video recordings also help you document your property. The list, photos, and video should be stored away from your home.

CONSUMER ASSISTANCE: If you have any concerns or questions, contact your agent, broker, or insurance company. You are also encouraged to contact the California Department of Insurance consumer information line at (800) 927-HELP (4357) or at www.insurance.ca.gov for free insurance assistance.”

- (b) The agent or insurer shall indicate on the disclosure form which coverages the applicant or insured has selected or purchased.
- (c) The disclosure statement may contain additional provisions not conflicting with, annulling, or detracting from the foregoing.



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(d) Following the issuance of the policy of residential property insurance, the insurer shall provide the disclosure statement to the insured on an every-other-year basis at the time of renewal. The disclosure required by this section may be transmitted with the material required by Section 10086.1.

(e) A policy of residential property insurance shall not be initially issued as guaranteed replacement cost coverage if it contains any maximum limitation of coverage based on any set dollar limits, percentage amounts, construction cost limits, indexing, or any other preset maximum limitation for covered damage to the insured dwelling. The limitations referred to in this section are solely applicable to dwelling structure coverages. Endorsements covering additional risks to the insurer's dwelling structure coverage may have internal limits as long as those endorsements are not called guaranteed replacement cost coverage.

(f) A policy of residential property insurance shall not be renewed as guaranteed replacement cost coverage if it contains any maximum limitation of coverage based on any set dollar limits, percentage amounts, construction cost limits, indexing, or any other preset maximum limitation for covered damage to the insured dwelling. The limitations referred to in this section are solely applicable to dwelling structure coverages. Endorsements covering additional risks to the insurer's dwelling structure coverage may have internal limits as long as those endorsements are not called guaranteed replacement cost coverage.

(g) Coverage provided for building code upgrades by a policy of residential property insurance shall be applicable to building codes, ordinances, standards, or laws only to the extent that those codes, ordinances, standards, or laws do not impose stricter standards on the property on the basis of the level of insurance coverage applicable to the property.

(h) The disclosure required by Section 10101 shall also be provided to the mortgagor in the event that a policy is forced placed by an insurer at the request of a mortgagee. In those cases, neither the insurer nor the mortgagee shall be required to obtain a signature from the mortgagor. A disclosure shall not be required to be provided with respect to blanket policies issued to a mortgagee, and designed to provide interim coverage for losses occurring before the mortgagee has knowledge of the lapse of the policy and before placement of a policy on behalf of the mortgagor.

(i) A disclosure required by Section 10101 that is provided on and after January 1, 2020, shall include any fire safety-related discounts offered by the insurer.

SEC. 7. Section 10103 of the Insurance Code is amended to read:

10103. (a) A policy of residential property insurance shall not be issued or renewed in this state unless it provides the following information on the declarations page of the policy:

(1) The limits of liability for the structure.

(2) The following statement regarding the valuation of the structure:

“The limit of liability for this structure (Coverage A) is based on an estimate of the cost to rebuild your home, including an approximate cost for labor and materials in your area, and specific information that you have provided about your home.”

(3) Limits of liability for personal property.

(4) Deductibles.

(5) For a residential property insurance policy that provides replacement cost coverage, a statement that the policy provides building code upgrade coverage for the



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increased costs of repairing or replacing damage to the insured dwelling caused by a covered loss because of building ordinances or laws regulating the repair or replacement. Building code upgrade coverage is provided based on the increased costs associated with building ordinances or laws in effect at the time of loss or rebuilding and required for rebuilding, up to policy limits for this coverage. ~~The policy may denote restrictions, if any, on coverage for compliance with applicable building codes that take effect after the date of loss, but before the issuance of required building permits.~~

(b) If the policy includes building code upgrade coverage, it shall do both of the following:

(1) State it includes building code upgrade coverage on the declaration page in no less than 10-point type, state any applicable limits on the amount of coverage, and, if the policy contains other terms, conditions, or restrictions for coverage, disclose on the declarations page that those terms, conditions, or restrictions are identified on a separate disclosure form attached to the declarations page.

(2) If the building code upgrade coverage is subject to any terms, limits, conditions, or restrictions, state the terms, limits, conditions, or restrictions on a separate disclosure form attached to the declarations page. The separate disclosure form shall be printed in no less than 10-point type.

(c) (1) An open policy of residential property insurance that provides replacement cost coverage shall not be issued or renewed unless it provides additional building code upgrade coverage of no less than 10 percent of the dwelling coverage policy limits. The building code upgrade coverage required by this subdivision shall be additional coverage, and use of this coverage shall not reduce or deplete the dwelling coverage policy limits for the insured property. This subdivision does not prohibit an insurer from offering building code upgrade coverage of greater than 10 percent of the dwelling coverage policy limits, in addition to providing the minimum coverage of 10 percent of the dwelling coverage policy limits.

(2) If there is a covered loss relating to a state of emergency, as defined in Section 8558 of the Government Code, building code upgrade coverage shall be provided at no less than 20 percent of the dwelling coverage policy limits.

(d) The provisions of paragraphs (1), (2), and (5) of subdivision (a), subdivision (b), and subdivision (c) are not required for policies purchased by tenants or unit owners that do not cover the structure of the premises.

(e) (1) The requirements of paragraph (5) of subdivision (a), subdivision (b), and subdivision (c) do not apply to a policy of residential property insurance that provides actual cash value coverage and does not provide replacement cost coverage or building code upgrade coverage.

(2) The requirements of subdivision (c) do not apply to a policy of residential property insurance that is an apartment policy, a tenant's policy, a renter's policy, a mobilehome policy, or a policy insuring individually owned condominium units, if the policy of residential property insurance does not provide dwelling structure coverage. The requirements of subdivision (c) also do not apply to a policy covering all or part of a commercial or farm operation, including a policy covering a structure or dwelling unit on commercial or farm property, regardless of whether the structure or dwelling unit is owner occupied or rented for individual residential purposes.

(3) A policy of residential property insurance that does not provide building code upgrade coverage shall include on the declarations page of the policy in no less than



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10-point type the following statement: "THIS POLICY DOES NOT INCLUDE BUILDING CODE UPGRADE COVERAGE."

(f) The amendments to this section made by the act adding this subdivision shall be operative for any policy issued or renewed on or after July 1, 2021, except that an insurer that files a complete rate application, including, without limitation, a form change application or rule filing, by no later than April 1, 2021, in order to comply with the provisions of this act, shall begin issuing and renewing policies in compliance with this section within 75 days following the commissioner's prior approval of that complete rate application, including, without limitation, a form change application or rule filing.

SEC. 8. Section 10103.2 of the Insurance Code is repealed.

~~10103.2. (a) On and after July 1, 2020, upon an offer of a policy of residential property insurance, a disclosure shall be provided to the applicant that states policies offering extended replacement cost coverage of at least 50 percent may be available for that property and that includes the internet website address of the department's Homeowners Coverage Comparison Tool, pursuant to the following conditions:~~

~~(1) If an insurer does not offer at least 50 percent above the residential dwelling coverage limit to the applicant, the insurer shall provide the disclosure.~~

~~(2) If an insurer, utilizing an agent or broker, does not offer an applicant at least 50 percent above the residential dwelling coverage limit to the applicant, the insurer, agent, or broker shall provide the disclosure.~~

~~(3) If an agent or broker provides quotes to a consumer from multiple insurers, but none of the offers include coverage at least 50 percent above the residential dwelling coverage limit, the agent or broker shall provide the disclosure.~~

~~(b) (1) If an insurer offers at least 50 percent above the residential dwelling coverage limit to the applicant, the insurer is not required to make a disclosure pursuant to subdivision (a).~~

~~(2) If an agent or broker provides quotes to a consumer from multiple insurers, and at least one of the insurers offers 50 percent above the residential dwelling coverage limit, the insurer, agent, or broker is not required to make a disclosure pursuant to subdivision (a).~~

~~(e) An insurer that offers policies of residential property insurance shall notify the department on or before February 1 of each year of the amount of extended replacement cost coverage offered by the insurer for each policy or product it sells in California if the amount is different than what was reported in the previous year. The department shall use this information to annually update the Homeowners Coverage Comparison Tool on the department's internet website.~~

SEC. 9. Section 10103.2 is added to the Insurance Code, to read:

10103.2. (a) A residential property insurance policy shall not be issued or renewed in this state unless the applicant or insured is offered extended replacement cost coverage, as defined in Section 10102, in an amount of no less than 50 percent of coverage above the policy limits for the primary dwelling and other structures. The offer shall be accompanied by the premium charge for this additional coverage.

(b) If an applicant or policyholder declines the offer made pursuant to subdivision (a), the applicant or policyholder shall sign an agreement acknowledging that extended replacement cost coverage of at least 50 percent was offered and is being declined.



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(c) An insurer that offers residential property insurance policies shall notify the department on or before February 1 of each year of the amount of extended replacement cost coverage offered by the insurer for each policy or product it sells in California if the amount is different than what was reported in the previous year. The department shall use this information to annually update the Homeowners Coverage Comparison Tool on the department's internet website.

(d) A residential property insurance policy shall not be issued or renewed in this state unless the applicant or policyholder is offered guaranteed replacement cost coverage, as defined in Section 10102, for the primary dwelling and other structures. The offer shall be accompanied by the premium charge for this additional coverage.

(e) If there is a covered loss relating to a state of emergency, as defined in Section 8558 of the Government Code, a residential property insurance policy shall have the policy limits for the primary dwelling and other structures coverages increased by an amount equal to 50-percent of the policy limits for each of these coverages. The 50 percent additional amount of policy limits described in this subdivision shall be in addition to any extended replacement cost coverage, as defined in Section 10102, that may be included in the policy.

SEC. 10. Section 10103.4 of the Insurance Code is amended to read:

10103.4. (a) An insurer that provides replacement cost coverage in accordance with Section 10102, except an insurer that satisfies the requirements of subdivision (b), 10102 shall, on an every other year basis, at the time an offer to renew a policy of residential property insurance is made to the policyholder, provide an estimate of the cost necessary to rebuild or replace the insured structure that complies with 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.

(b) An insurer that satisfies either of the following is not subject to subdivision (a):

(1) The policyholder has requested, within the two years prior to the offer to renew the policy, and the insurer has provided, coverage limits greater than the previous limits that the policyholder had selected.

(2) The insurer has, in connection with its annual offer to renew the policy, done both of the following:

(A) Offers, on an every other year basis, the policyholder the right to have a new estimate of the replacement cost for the insured dwelling, that is compliant with 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, provided the policyholder provides the necessary, requested information.

(B) Offered the renewal of the policy and the dwelling coverage limit in the renewal offer is based on an inflation factor that reflects the cost of construction in the policyholder's geographic area. This paragraph applies whether or not the policyholder has elected to accept that coverage limit.

(e) This section shall not be deemed to

(b) This section does not 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).



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(d) This section is not intended to change existing law with respect to the duty of the policyholder or applicant to select the coverage limits for a policy of residential property insurance.

(e) This section shall become operative on July 1, 2019.

(c) This section applies to a residential property insurance policy offered by the California FAIR Plan Association if replacement cost coverage is available under the policy.

(d) An insurer that fails to comply with this section shall be liable for up to the full replacement cost of the insured property after a loss.

SEC. 11. Section 10103.7 of the Insurance Code is amended to read:

10103.7. (a) In the event of If there is 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 payments for claims for losses up to the policy limits for the primary dwelling and dwelling, other structures, and contents (personal property) for any of the covered expenses reasonably necessary to rebuild or replace the damaged or destroyed dwelling, if the policy limits for coverage to rebuild or replace the primary dwelling are insufficient. Any claims payments for losses pursuant to this subdivision for which replacement cost coverage is applicable shall be for the full replacement value of the loss without requiring actual replacement of the other structures, structures or contents. Claims payments for other structures or contents in excess of the amount applied towards the necessary cost to rebuild or replace the damaged or destroyed dwelling shall be paid according to the terms of the policy.

(b) (1) In the event of If there is a covered total loss of a primary dwelling under a residential property insurance policy resulting from a state of emergency, as defined in Section 8558 of the Government Code, if the residence was furnished at the time of the loss, the insurer shall offer a provide payment under the contents (personal property) coverage in an amount no less than 60 at 100 percent of the policy limit applicable to the personal property covered under the policy, up to a maximum of three hundred fifty thousand dollars (\$350,000), policy without requiring the insured to file an itemized claim.

(2) After receiving the payment described in paragraph (1), the insured may recover additional amounts up to the policy limit for contents coverage by filing a claim pursuant to the terms of the policy for the loss of contents that exceeds the value of the payment provided pursuant to paragraph (1).

(3) When an insured files a claim relating to a state of emergency, as defined in Section 8558 of the Government Code, the insurer shall notify the insured of the option to receive payment for loss of contents pursuant to paragraph (1) and of the insured's option to subsequently file a full itemized claim pursuant to paragraph (2).

(2) The insurer shall make payment pursuant to this section within 30 calendar days from the date the insured property is determined to be a total loss. A payment that is not made pursuant to this section within 30 calendar days shall accrue interest payable to the insured pursuant Section 2057.

(4)

(3) This subdivision does not affect payment under the policy for scheduled personal property.

(5)



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(4) As a condition of receiving the ~~advanee~~ payment made pursuant this subdivision, an insurer may require the insured sign an attestation form. The attesting form may request that the insured acknowledge the residence was furnished and that the insured reasonably believes the personal property damaged or destroyed had a value that equates or exceeded the amount of the ~~advanee~~ payment. The attestation form shall not contain any misleading or inaccurate information. The commissioner may issue a bulletin or promulgate a regulation that describes the parameters of an attestation form.

(6)

(5) This section does not prohibit an insurer from restricting payment in cases of suspected fraud.

(c) On and after July 1, ~~2026~~, 2027, all policy forms issued or renewed by an insurer shall comply with this section in its entirety, including the changes made to this section by the act that ~~added this paragraph~~, amended this subdivision.

SEC. 12. Section 10103.8 is added to the Insurance Code, to read:

10103.8. (a) A residential property insurer doing business in this state shall submit to the department a detailed disaster response plan outlining how the insurer will handle claims arising from a disaster, including communication with policyholders, customer service continuity, adjuster training and deployment, ability to track disaster claims data, and overall operations staffing during widespread disasters relating to policies underwritten by the insurer in this state.

(b) The initial disaster response plan required pursuant to subdivision (a) shall be submitted to the department before April 1, 2027. The disaster response plan shall be updated every two years or upon request by the commissioner.

(c) The commissioner may require postdisaster progress reports or a comprehensive performance review of an insurer's disaster response plan.

(d) If there is a covered loss relating to a state of emergency, as defined in Section 8558 of the Government Code, a residential property insurer shall do the following:

(1) No later than 15 calendar days from the date on which the insurer received notice of the claim, provide the claimant with a copy of the most recent notice described in paragraph (1) of subdivision (a) of Section 14046 and a toll-free telephone number that an affected claimant may call for answers to questions, including questions about the claim and coverage under the policy.

(2) No later than 15 calendar days from the date on which the state of emergency was declared, report to the commissioner the losses, claims, and estimate of total incurred losses for review. The commissioner shall make a determination based on the initial information as to how often claims data should be updated and whether or not to publish aggregate data on the department's internet website.

(e) If there is a state of emergency, as defined in Section 8558 of the Government Code, upon receiving any written or oral inquiry from the department concerning a claim, a licensee shall immediately, but no more than 15 calendar days of receipt of that inquiry, furnish the department with a complete written response based on the facts as then known by the licensee. A complete written response addresses all issues raised by the department in its inquiry and includes copies of any documentation and claim or underwriting files requested.



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(f) The commissioner shall maintain a list of contact information for local officials and community-based organizations that may provide pertinent information upon the occurrence of a wildfire emergency event.

(g) The commissioner may issue guidance to insurers regarding the content of the disaster response plan, require regular updates on disaster claims and loss data, and require compliance with other provisions in this section. The guidance issued by the commissioner shall not be subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 13. Section 12928.7 of the Insurance Code is amended to read:

12928.7. (a) The commissioner may order a respondent to provide restitution for a loss arising from the respondent's conduct. If the facts and equity permit, with a restitution order, the commissioner may issue an order of rescission enforceable on any person subject to the commissioner's jurisdiction.

(b) A restitution order under this section shall meet all of the following requirements:

(1) The respondent shall be subject to the commissioner's jurisdiction.

(2) The restitution order shall be ancillary to another proceeding authorized by this code in which the commissioner does both of the following:

(A) Determines the respondent violated this code or the standards of conduct applicable to persons acting in the capacity the respondent was acting in or purporting to act in when the loss occurred.

(B) Issues an order imposing a cease and desist order, an order for a monetary penalty, or another sanction with respect to the respondent's conduct.

(3) The restitution order shall cite the factual basis for the restitution order.

(4) The restitution order shall state the persons, or classes of persons, who suffered a loss.

(5) The restitution order shall state the amount to be paid or property to be returned as restitution.

(c) A rescission or restitution order shall be subject to judicial review in the same manner and at the same time as the order to which it is ancillary.

(d) A rescission or restitution order may be judicially enforced in an action brought by the commissioner, the Attorney General, a district attorney, a city attorney, or any person owed restitution pursuant to the order. In that action, the court may award attorney's fees and court costs to a prevailing plaintiff.

(e) ~~This section does not apply to an insurer authorized to transact business in this state or to a placement of insurance with an insurer that was in compliance with Section 1765.1 or 1765.2 at the time of the placement. This section does not apply to a person with respect to acts within the scope of a license issued under Chapter 5 (commencing with Section 1621), Chapter 5A (commencing with Section 1759), or Chapter 6 (commencing with Section 1760) of Part 2 if the person holds that license at the time of those acts or at the time an initial pleading seeking restitution is issued.~~

(f)

(e) The commissioner may order a respondent who is ordered to provide restitution pursuant to this section to reimburse the commissioner for the commissioner's costs of implementing and enforcing this section, including attorney's fees. The commissioner shall not credit any funds received from a respondent towards payment



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of a monetary penalty until restitution has been tendered to all persons to whom restitution is owed, or to the commissioner on their behalf, as required by a restitution order.

(g)

(f) This section does not limit or restrict actions, remedies, or procedures otherwise available to the commissioner, the department, or any person pursuant to an administrative or civil action to enforce any law. It is not a defense in an administrative or civil action that the commissioner did not order a person to pay restitution.

(h)

(g) This section does not expand, limit, or otherwise affect the commissioner's authority to seek or to have sought restitution, refunds, or penalties against insurers, except as expressly provided.

(i)

(h) As used in this section, "restitution" means the full amount that will compensate each person for their direct and indirect financial and nonfinancial losses proximately caused by the respondent's violations.

(j)

(i) Money received by the commissioner for distribution to persons as restitution pursuant to this section or Section 12928.6 or 12976 shall be deposited into the Insurance Fund.

SEC. 14. Section 14047 of the Insurance Code is amended to read:

14047. (a) For a claim If there is a loss giving rise to a claim that involves one or more coverages under a policy of residential property insurance arising as a result of relating to a state of emergency, as defined in subdivision (b) of Section 8558 of the Government Code, if, within a six-month period, an the insurer shall assign a primary claims adjuster to be primarily responsible for the claim. If the insurer assigns a third or subsequent first-party real or personal property subsequent claims adjuster to be primarily responsible for a the claim, the insurer, in a timely manner, within five business days of the assignment, shall provide the insured with a written status report, establish a primary point of contact for the insured, report and provide the insured with one or more direct means of communication with the primary point of contact. An insurer shall assign a primary point of contact for a claim, even if multiple adjusters may be responsible for different coverages under the claim.

(b) The primary point of contact shall be available to respond to inquiries by the insured related to the residential property insurance claim. Other claims personnel, vendors, or professionals, including clerical staff members and call center staff members, may work on portions of the insured's claim. Once assigned, the primary point of contact shall remain assigned to the insured's claim until the insurer determines that the residential property claim is closed or litigation has been filed.

(c) The insurer shall ensure that the primary point of contact refers and transfers an insured to the appropriate supervisor with a span of control over the primary point of contact upon the request of the insured. This process shall be satisfied by a referral to a first-tier or second-tier manager with authority over claim handling.

(d) For purposes of this section:

(1) "Policy of residential property insurance" has the same meaning as defined in Section 10087.



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(2) "Primary point of contact" means a first-party real or personal property claims adjuster or team employed as a member or members of the insurer's staff who are who is knowledgeable about the claim and its current status.

(3) "Written status report" includes a summary of decisions or actions that are substantially related to the disposition of a claim, including the amount of losses to structures or contents, the retention or consultation of design or construction professionals, the amount of coverage for losses to structures or contents, the dollar amount of claims paid to date for each portion of coverage, and all items of dispute or pending.

SEC. 15. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.



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LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, Padilla.

General Subject: Fire and residential property insurance.

(1) Existing law generally regulates classes of insurance, including fire and residential property insurance.

Existing law specifies the measure of indemnity under an open fire insurance policy that requires payment of actual cash value or replacement cost. Under existing law, the measure of the actual cash value recovery is the amount it would cost the insured to repair, rebuild, or replace the thing lost or injured less a fair and reasonable deduction for physical depreciation based upon its condition at the time of the injury or the policy limit, whichever is less. If an open policy requires the insured to repair, rebuild, or replace the damaged property to collect the full replacement cost, under existing law the insurer is required to pay the actual cash value of the damaged property until the damaged property is repaired, rebuilt, or replaced, at which time the insurer is required to pay the difference between the actual cash value payment made and the full replacement cost reasonably paid to replace the damaged property.

If there is a total loss to the insured structure, this bill would require an insurer to pay the actual cash value associated with the primary structure and other insured structures within 30 calendar days from the date of loss. After this payment is made, the bill would require an insurer to pay the undisputed amount of replacement cost associated with the primary structure and other insured structures, up to the limits in the policy, within 30 calendar days from the occurrence of a specified event. The bill would require interest to accrue if these payments are not made within 30 calendar days.

(2) Existing law prohibits a policy from limiting or denying a payment of building code upgrade cost on the basis that the insured has decided to rebuild at a new location or to purchase an already built home at a new location.

If there is a total loss of the insured structure, this bill would require the building code upgrade cost payable to include all costs that would have been incurred if the insured structure been completely rebuilt at its original location. The bill would also require building code upgrade coverage to be provided at no less than 20% of the policy limits if there is a covered loss relating to a state of emergency.

(3) Existing law requires a disclosure to be provided upon an offer of a residential property insurance policy that states policies offering extended replacement cost coverage of at least 50% may be available for that property and that includes the internet website address of the Homeowners Coverage Comparison Tool. Existing law exempts specified insurers, agents, and brokers from this requirement.

This bill would instead prohibit a residential property insurance policy from being issued or renewed unless the applicant or insured is offered extended replacement cost coverage in an amount of no less than 50% of coverage above the policy limits for the primary dwelling and other structures. If an applicant or policyholder declines



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this offer, the bill would require them to sign an acknowledgment of the offer. The bill would also prohibit issuing or renewing a residential property insurance policy unless the applicant or policyholder is offered guaranteed replacement cost coverage for the primary dwelling and other structures. If there is a covered loss relating to a state of emergency, the bill would increase the residential property insurance policy limits for the primary dwelling and other structures coverages increased by an amount equal to 50% of the policy limits for each of these coverages, which would be in addition to extended replacement cost coverage.

(4) Existing law requires an insurer that provides replacement cost coverage to provide a cost estimate for rebuilding or replacing the structure at specified intervals, but exempts an insurer that meets specified criteria from this requirement.

This bill would delete those exemptions and would extend the cost estimate requirements to a policy offered by the California FAIR Plan Association if replacement cost coverage is available under the policy. The bill would make an insurer that fails to comply with the cost estimate requirements liable for up to the full replacement cost of the insured property after a loss.

(5) Existing law requires an insurer to provide an insured with a list of items that the insurer believes may be covered under the policy as additional living expenses if there is a loss under a homeowners' insurance policy for which the insured has made a claim for additional living expenses. If there is a covered loss relating to a state of emergency, existing law requires additional living expense coverage to be for a period of no less than 24 months from the inception of the loss.

This bill would require the above-described list to be written, and would authorize the list to be transmitted as an electronic document. The bill would require additional living expense coverage to include all reasonable additional expenses incurred by the insured for the insured to maintain a comparable standard of living for the time the insured dwelling is not habitable due to a covered loss, as specified. The bill would authorize an insured to choose to collect the monthly fair rental value of the dwelling in lieu of reimbursement for itemized expenses under additional living expense coverage, as specified. If there is a covered total loss relating to a state of emergency, the bill would require policy limits for additional living expenses to be increased by an amount equal to 100 percent of the policy limits for this coverage and would extend additional living expenses 15 calendar days beyond the date upon which the premises is deemed habitable.

(6) Existing law authorizes an insured under a residential property insurance policy to combine payments for claims for losses up to the policy limits for the primary dwelling and other structures if there is a covered loss relating to a state of emergency. If there is a covered total loss of a primary dwelling resulting from a state of emergency and the residence was furnished, existing law requires the insurer to offer a payment under the contents coverage of no less than 60% of the policy limit applicable to covered personal property, up to a maximum of \$350,000, but authorizes the insured to recover additional amounts up to the policy limit by filing a claim, as specified.

This bill would authorize an insured under a residential property insurance policy to also combine payments for contents losses with the primary dwelling and other structures if there is a covered loss relating to a state of emergency. The bill would require an insurer to provide a payment of 100% of the policy limit applicable to covered personal property if there is a covered total loss of a primary dwelling resulting



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from a state of emergency and the residence was furnished. The bill would require that payment to be made within 30 calendar days from the date the insured property is determined to be a total loss and would require interest to accrue if the payment is not made within 30 calendar days.

(7) Existing law requires a residential property insurer to provide a written status report to the insured if the insurer assigns a 3rd or subsequent first-party claims adjuster within a 6-month period for a claim arising as a result of a state of emergency. Existing law prescribes the standard form for fire insurance policies covering property and requires the form to include specified statements regarding this status report. Under existing law, it is a misdemeanor to issue or countersign a fire policy that varies from the standard form fire insurance policy.

This bill would require an insurer to assign a primary claims adjuster to be primarily responsible for a claim that involves one or more coverages under a policy of residential property insurance and is for a loss relating to a state of emergency, and would require an insurer to provide a written report within 5 business days of the assignment of a subsequent adjuster. The bill would make conforming changes to the standard form for fire insurance, thus expanding the scope of an existing crime and imposing a state-mandated local program.

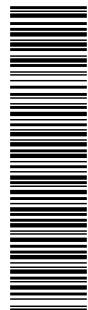
(8) Existing law prescribes the standard form of the California Residential Insurance Disclosure, which sets forth a description of certain types of insurance coverage. Existing law requires a residential property insurance policy to include specified information about coverage on its declarations page. Existing law requires the disclosure and declarations page to explain that building code upgrade coverage covers additional costs to comply with building codes and zoning laws in effect at the time of loss or rebuilding.

This bill would instead require the above-described disclosure and declarations page to explain that building code upgrade coverage covers additional costs to comply with building codes and zoning laws in effect at the time of rebuilding and required for rebuilding.

(9) Existing law creates the Department of Insurance, headed by the Insurance Commissioner, and prescribes the commissioner's powers and duties. Existing law requires an admitted insurer to submit various reports and documents to the commissioner or department upon request or at specified intervals and authorizes the commissioner to conduct an examination of an insurer at the commissioner's discretion.

This bill would require a residential property insurer to submit a detailed disaster response plan to the department before April 1, 2027, and would require the plan to be updated every 2 years or upon the commissioner's request. The bill would also require a residential property insurer to report to the commissioner the losses, claims, and estimate of total incurred losses no later than 15 calendar days from the date a state of emergency was declared if there is a related covered loss.

(10) Existing law defines certain actions as unfair methods of competition and unfair and deceptive acts or practices in the business of insurance. Under existing law, a person who engages in an unfair method of competition or an unfair or deceptive act or practice is liable to the state for a civil penalty to be fixed by the commissioner, not to exceed \$5,000 for each act, or, if the act or practice was willful, a civil penalty not to exceed \$10,000 for each act. Existing law authorizes the commissioner to order a respondent to provide restitution for a loss arising from the respondent's conduct, but



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exempts specified surplus line brokers, production agencies, and administrators from those restitution orders.

This bill would additionally make a person who engages in an unfair method of competition or an unfair or deceptive act or practice relating to a state of emergency liable to the state for a civil penalty to be fixed by the commissioner, not to exceed \$10,000 for each act, or, if the act or practice was willful, a civil penalty not to exceed \$20,000 for each act. The bill would authorize the commissioner to order a person who engages in an unfair method of competition or an unfair or deceptive act or practice to provide restitution, as specified. The bill would eliminate the restitution order exemption for surplus line brokers, production agencies, and administrators.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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



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