



# Wildfire Survivor Recovery Blueprint Legislative Package

## Underinsurance

- **SB 894 (Dodd)**

**Option to Combine All Major Coverages and Renewal After Declared Disaster** - After a declared disaster, this bill will allow an insured the option to combine unused primary structures, other structures, contents, and additional living expense (ALE) coverage amounts to rebuild their home -- protecting insureds who may be underinsured for the Primary Structure yet have unused coverage in the Other Structures coverage or Contents coverage. This proposal also extends policy renewal protections for a consumer suffering a total loss from one renewal to two renewals or 24 months. The bill will also extend the time to collect ALE from 24 to 36 months after a declared disaster.

- **SB 1263 (Portantino)**

**Extending Replacement Cost After Declared Disaster** - Provides automatic additional replacement cost coverage after a declared disaster. The additional coverage would be equal to 50% of the actual coverage available under the insured's primary structure and other structures on the property. When insureds are not offered or do not have Extended Replacement Cost Coverage, and in some cases even when they do, they find themselves underinsured after a major event. This automatic additional replacement cost coverage, triggered only after a declared disaster by the Governor, will protect survivors from being underinsured.

- **AB 1797 (Levine)**

**Require Replacement Cost Estimate at Each Renewal** - Requires an insurer to conduct a Replacement Cost Estimate for new residential insurance policies and at each annual renewal. Currently insurers are not required to conduct replacement costs estimates or to update the estimates on a regular basis to keep up with the rising costs of construction over the life of the insurance policy, which leads to underinsurance problems for consumers/policyholders.

- **AB 1875 (Wood)**

**Mandatory Offer of Extended Replacement Coverage** - Requires residential property insurers to provide a mandatory offer of extended replacement cost coverage of no less than 50% upon issue or renewal of a residential property insurance policy to ensure policyholders have are adequately insured and protected from the dangers of being underinsured.

## Additional Time to Rebuild

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suffering a total loss from one renewal to two renewals or 24 months. The bill will also extend the time to collect ALE from 24 to 36 months after a declared disaster.

- **AB 1772 (Aguiar-Curry)**

**Extend Time to Rebuild and Collect Full Replacement Cost** - Extends the time to rebuild and collect full replacement cost from 24 to 36 months after a declared disaster. After a major event, there is often a shortage of qualified workers in the construction industry coupled with a demand surge for construction workers needed to rebuild structures. This law will give wildfire survivors additional time to rebuild and collect replacement costs from insurers.

- **AB 2594 (Friedman)**

**24 Month Right to Sue in a Declared Disaster** - Extends a consumer's right to sue their insurer following a declared disaster from 12 months to 24 months, given that it now takes longer to rebuild after California's fires in 2015 and 2017. Some insurers have refused consumer claims, citing the lack of a lawsuit within the 12-month timeframe.

### Ease the Burden

- **SB 897 (McGuire)**

**Clarify ALE Scope and Codify Expedited Claims Process** - This proposal clarifies the scope of ALE Coverage. After major events, unique situations arise that should be covered under ALE. For example, after a wildfire there may be a lack of hotels or other traditional forms of housing. This proposal would require insurers to cover expenses for Airbnb, short-term rentals, or renting an RV while the policyholder's home is being rebuilt. This proposal also codifies voluntary Expedited Claims/Billing Procedures triggered by a total loss to an insured. It would automatically trigger and make mandatory expedited claims and billing procedures after a major wildfire to help policyholders facing total losses begin recovery sooner. Issues addressed include: payment of up to 4 months of advanced ALE, standard contents advance payment of at least 25% of policy limits without a completed inventory list, grouping categories of personal property instead of a detailed itemized list, contents coverage settlement where a policyholder could settle for 80% of the contents limit without itemizing a home inventory, and an insurance billing grace period.

- **SB 1291 (Dodd)**

**Independent Insurance Adjuster Reform Act** - There are three kinds of adjusters that help settle pending insurance claims: those that are employees of an insurance company, those that are "independent" but have a contract with an insurance company to help handle claims, and "public" adjusters that have a contract with a consumer to get a better settlement of a claim with an insurer. "Independent" adjusters are licensed in 35 states, including California; however we are the only state to overwhelmingly license independent adjusters on an organizational, as opposed to individual, basis. California currently issues independent adjuster licenses to both entities and individuals but for both licenses only one individual needs to be fingerprinted, pass a qualifying license exam and meet continuing education (CE) requirements. Other than this one individual, known as the qualified manager, no employees of the independent adjuster who adjust claims need to meet these requirements. This leads to professional gaps and consumers receiving incorrect or improper information, as happened most recently in California's devastating 2017 fires. There are at least 30,000 individuals currently adjusting claims that have not met fingerprinting, exam and CE requirements. This proposal would allow California to join 34 other states by implementing the same high standards enjoyed by consumers through an exam, fingerprint-based background check and CE requirements.

- **AB 1799 (Levine)**

**Copy of Complete Policy Documents** - Requires insurers to provide a copy of complete policy documents to insureds upon request, while also clarifying what documents are to be provided.

- **AB 1800 (Levine)**

**Clarify Right to Full Replacement Cost** - Clarifies an insured's right to collect the full replacement cost of their home in the event of a total loss, whether they decide to rebuild, replace at another location or purchase an already built home at a new location. It also ensures policyholders receive full replacement costs, including additional Extended Replacement Cost coverage purchased by the insured, which is often withheld by insurers if a consumer purchases property in a new location.

- **AB 1923 (Limón)**

**Debris Removal** - In order to expedite the debris removal process for the health and safety of the public, this proposal would put in law the Consolidated Debris Removal program, requiring insurers to participate after a declared disaster. The proposal also clarifies the two main types of property coverage and how the Consolidated Debris Removal program will work with each.