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INSURANCE CODE - INS

DIVISION 2. CLASSES OF INSURANCE [1880 - 12880.8] (*Division 2 enacted by Stats. 1935, Ch. 145.*)

PART 1. FIRE AND MARINE INSURANCE [1880 - 10108.1] (*Part 1 enacted by Stats. 1935, Ch. 145.*)

CHAPTER 8.5. Earthquake Insurance [10081 - 10089.4] (*Chapter 8.5 added by Stats. 1984, Ch. 916, Sec. 1.*)

10081. No policy of residential property insurance may be issued or delivered or, with respect to policies in effect on the effective date of this chapter, initially renewed in this state by any insurer unless the named insured is offered coverage for loss or damage caused by the peril of earthquake as provided in this chapter. That coverage may be provided in the policy of residential property insurance itself, either by specific policy provision or endorsement, or in a separate policy or certificate of insurance which specifically provides coverage for loss or damage caused by the peril of earthquake alone or in combination with other perils.

(*Added by Stats. 1984, Ch. 916, Sec. 1.*)

10082. (a) The offer required by Section 10081 shall include coverage against risk of loss or damage from the peril of earthquake, in accordance with the minimum coverages required by subdivisions (a) and (b) of Section 10089.

(b) The earthquake coverage shall be in accordance with the insurer's rules and rating plan, provided, however, that nothing contained in this chapter shall require an insurer to issue a policy of residential property insurance except in accordance with the insurer's usual underwriting standards. However, those standards shall not permit an insurer to provide a policy of residential property insurance unless the offer of coverage required by this chapter is made.

(*Amended by Stats. 1996, Ch. 124, Sec. 77. Effective January 1, 1997.*)

10082.3. Notwithstanding any other provision of law, the following provisions regarding loss requirements, appraisals, and adjusters shall apply to the following types of policies originated or renewed on and after January 1, 2002: all policies of residential property insurance, as defined in Section 10087, all policies, endorsements, or certificates of insurance providing coverage for loss or damage caused by the peril of earthquake issued pursuant to this chapter; and all policies of basic residential earthquake insurance issued pursuant to Chapter 8.6 (commencing with Section 10089.5).

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 examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable 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 state 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 of 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.

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 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, 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. 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 and all items of dispute.

(Added by Stats. 2001, Ch. 583, Sec. 6. Effective January 1, 2002.)

10082.5. (a) If an insurer subject to this chapter charges an additional earthquake insurance premium or deductible because a dwelling fails to comply with paragraph (1), (2), or (3) and the dwelling is subsequently brought into compliance with any one of these paragraphs, then the additional premium or deductible attributed to noncompliance shall not be charged.

(1) Compliance with Section 19215 of the Health and Safety Code for the bracing, anchoring, or strapping of all water heaters to resist falling or horizontal displacement due to earthquake motion.

(2) Compliance with the foundation anchor bolt requirements of the 2007 edition of the California Building Standards Code as specified in Title 24 of the California Code of Regulations, or a successor edition of that code, or with any local government modifications to those requirements.

(3) Compliance with the bracing requirements for cripple walls of the 2007 edition of the California Building Standards Code as specified in Title 24 of the California Code of Regulations, or a successor edition of that code, or with any local government modifications to those requirements.

(b) A copy of the approved inspection record for the building permit for work performed pursuant to this section shall be submitted by the insured to the insurer in order to verify that retrofits performed pursuant to this section have been performed. The additional premium or deductible paid shall be refunded to the insured and prorated as of the date the approved inspection record is received by the insurer.

(Amended by Stats. 2016, Ch. 86, Sec. 202. (SB 1171) Effective January 1, 2017.)

10083. (a) The offer of coverage required by Section 10081 may be made prior to, concurrent with, or within 60 days following the issuance or renewal of a residential property insurance policy. If the offer of coverage 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 on the application.

(1) If the offer is made by a nonparticipating insurer as defined in Section 10089.5, the offer of earthquake coverage shall contain all of the following language in at least 10-point boldface type:

“Your residential property insurance policy does not cover earthquake damage to your home or its contents.

To cover earthquake damage to your home and its contents you need to purchase a separate earthquake insurance policy. The coverage provided by an earthquake insurance policy is different from, and typically more limited than, the coverage provided by your residential property insurance policy.

California law requires insurance companies to offer earthquake insurance in conjunction with a residential property insurance policy. If you do not accept the offer of earthquake insurance below within 30 days of the mailing of this notice, your insurance company shall presume that you have not accepted this offer of earthquake insurance.

You may purchase earthquake insurance coverage on the following terms:

(A) Amount of Dwelling/Building Coverage Limit: _____

(B) Deductible: _____

(C) Contents Coverage Limit: _____

(D) Additional Living Expenses Coverage Limit: _____

(E) Estimated Annual Premium: _____

The deductible represents the amount of damage your covered property must incur before the earthquake insurance coverage begins. If your covered loss is less than the applicable deductible, you may not receive any payment.

Contact your insurance agent or your insurance company to obtain details regarding this offer of earthquake insurance and other coverage options.”

(2) If the offer is made by a participating insurer as defined by Section 10089.5, the offer of earthquake coverage shall contain all of the following language in at least 10-point boldface type:

“Your residential property insurance policy does not cover earthquake damage to your home or its contents.

To cover earthquake damage to your home and its contents you need to purchase a separate earthquake insurance policy. The coverage provided by an earthquake insurance policy is different from, and typically more limited than, the coverage provided by your residential property insurance policy.

California law requires insurance companies to offer earthquake insurance in conjunction with a residential property insurance policy. If you do not accept the offer of earthquake insurance below within 30 days of the mailing of this notice, your insurance company shall presume that you have not accepted this offer of earthquake insurance.

You may purchase earthquake insurance coverage on the following terms:

(A) Amount of Dwelling/Building Coverage Limit: _____

(B) Deductible: _____

(C) Contents Coverage Limit: _____

(D) Additional Living Expenses Coverage Limit: _____

(E) Estimated Annual Premium: _____

The deductible represents the amount of damage your covered property must incur before the earthquake insurance coverage begins. If your covered loss is less than the applicable deductible, you may not receive any payment.

If you choose not to accept this offer within the 30-day period, you may apply for earthquake coverage at a later date.

Your insurance company contracts with the California Earthquake Authority (CEA) to offer earthquake insurance to its customers. For an additional premium, you can choose CEA coverage options such as higher limits for Contents or Additional Living Expenses, increased building code upgrade limits, or a lower deductible. You can also choose to buy certain CEA coverages separately.

Contact your insurance agent or your insurance company to obtain details regarding this offer of earthquake insurance and other coverage options.”

(b) If the offer of earthquake coverage made pursuant to Section 10081 is not accepted, the insurer or any affiliated insurer shall be required on an every other year basis to offer earthquake coverage in connection with any continuation, renewal, or reinstatement of the policy following any lapse thereof, or with respect to any other policy that extends, changes, supersedes, or replaces the policy of residential property insurance.

(c) The offer may contain additional provisions not in conflict with or in derogation of this section.

(d) The commissioner may approve modifications to the language prescribed in subdivision (a) only if all of the following conditions are met:

(1) The modifications are not in conflict with or in derogation of any provision of this section or Section 10089.

(2) The modifications accurately describe the coverage provided by the policy being offered.

(3) The modifications are strictly limited to necessary changes so that the modified offer is otherwise identical to the offer prescribed in subdivision (a).

(e) Use of the language prescribed by this section, or modified language approved pursuant to subdivision (d), shall constitute compliance with the requirements of Section 10081 by an insurer subject thereto.

(f) (1) If an insurer issues or causes to be issued a policy with earthquake coverages other than the coverages specified in subdivisions (a) and (b) of Section 10089, pursuant to a rate application approved by the commissioner in accordance with subdivision (c) of Section 10089, no further or other offer of earthquake coverage as specified in subdivisions (a) and (b) of Section 10089 and no further or other notice of noncoverage is required by the insurer if both of the following apply:

(A) A renewal of that policy is offered.

(B) A written notice is provided with that renewal regarding additional earthquake coverage that is available.

(2) The form of the written notice in paragraph (1) shall be filed with the commissioner at least 30 days before its first use. The form shall not be used if the commissioner disapproves the form of the written notice within that period for being misleading or incomplete.

(g) This section shall become operative on January 1, 2019.

(Amended (as amended by Stats. 2014, Ch. 427, Sec. 2.5) by Stats. 2016, Ch. 549, Sec. 2. (AB 499) Effective January 1, 2017. Section operative January 1, 2019, by its own provisions.)

10084. An insurer which issues or delivers a policy of residential property insurance in this state may comply with the provisions of Section 10081 in any of the following ways:

(a) By offering to underwrite directly the risk of loss or damage caused by peril of earthquake.

(b) By arranging for earthquake coverage to be offered by an affiliated insurer.

(c) By arranging for the coverage to be offered through an insurance agent or broker under a policy or certificate of insurance issued by a nonaffiliated insurer.

(Added by Stats. 1984, Ch. 916, Sec. 1.)

10085. If the insurer establishes proof of mailing or delivery of the required offer and the offer of earthquake coverage is not accepted by the named insured within 30 days from the date of mailing or delivery of the offer, there shall be a conclusive presumption that the named insured elected not to accept the coverage. An election, actual or presumed, by any named insured shall be binding upon any other person insured or any other party having an insurable interest in the insured property.

(Added by Stats. 1984, Ch. 916, Sec. 1.)

10086. (a) If an offer of earthquake coverage, made pursuant to Section 10081, is accepted, the coverage shall be continued at the applicable rates and conditions for the policy term, provided the policy of residential property insurance is not terminated by the named insured or insurer.

(1) At any renewal, an insurer may modify the terms and conditions of an existing policy, rider, or endorsement providing coverage against loss or damage caused by the peril of earthquake if the modified terms and conditions provide the minimum coverages required by Section 10089.

(2) If the modification referenced in paragraph (1) reduces or substantially differs from the coverage previously provided, an insurer shall provide the insured with the renewal offer required by Section 10083 and a stand-alone document stating the changes in the terms and conditions of the insured's existing policy, rider, or endorsement.

(A) Before July 1, 2020, the stand-alone document shall include the following statement in 14-point boldface type:

"THE COVERAGE IN THE POLICY WE ARE OFFERING YOU WITH THIS RENEWAL HAS BEEN REDUCED, AND SUBSTANTIALLY DIFFERS FROM THE COVERAGES PROVIDED BY YOUR HOMEOWNERS' POLICY. INSURANCE COMPANIES ARE ALLOWED TO RENEW EARTHQUAKE INSURANCE POLICIES WITH COVERAGE THAT IS REDUCED FROM THE COVERAGE YOU PREVIOUSLY PURCHASED. YOU MAY REQUEST A SAMPLE COPY OF THIS NEW POLICY TO REVIEW PRIOR TO MAKING A DECISION TO ACCEPT THIS RENEWAL, AND WE WILL MAIL OR DELIVER IT TO YOU WITHIN 14 DAYS OF YOUR REQUEST. A REQUEST FOR THE SAMPLE COPY SHALL NOT CHANGE OR EXTEND THE POLICY EXPIRATION DATE SPECIFIED IN THE RENEWAL NOTICE. A SUMMARY OF THE CHANGES IS INCLUDED WITH THIS NOTICE."

(B) On and after July 1, 2020, the stand-alone document shall include the following statement in 14-point boldface type:

"IMPORTANT NOTICE:

- The extent of the coverage for earthquake damage has been reduced or substantially changed in this renewal.
- You may request a sample copy of this renewal policy for your review prior to making your decision to renew.
- We will mail or deliver that sample copy to you within 14 days. However, your renewal date will not be extended or changed.
- A summary of the changes to your coverage is included with this notice.
- Be aware that your earthquake coverage may have different limits, deductibles, and other limitations than your homeowners' policy."

(3) The commissioner shall approve the form of the offer of renewal at the time the commissioner approves the policy. The offer of renewal shall include the information contained in subdivision (a) of Section 10083, and may be included with the renewal notice in standard type.

(4) The commissioner may approve a substantially similar form of the offer of renewal if necessary to accurately disclose relevant information to the policyholder.

(b) This section does not preclude the named insured from terminating the earthquake coverage at any time.

(Amended by Stats. 2019, Ch. 201, Sec. 10. (AB 1813) Effective January 1, 2020.)

10086.1. (a) Where the offer of earthquake coverage has not been accepted, the insurer shall notify the named insured that the policy does not provide that coverage. After the offer on an every other year basis, the notice of noncoverage shall be provided prior to or concurrent with the renewal of the policy of residential property insurance. This section shall not affect any other provisions of this chapter nor shall it affect coverage under the policy of residential property insurance.

(b) No further or other notice of noncoverage is required pursuant to subdivision (a) for policies subject to subdivision (f) of Section 10083, and the insurer has complied with the conditions of subdivision (f) of Section 10083.

(Amended by Stats. 2014, Ch. 427, Sec. 3. (AB 2735) Effective January 1, 2015.)

10086.5. (a) The Legislature hereby finds and declares that the continued regulation of the business practices of insurers and their products is in the interest of the citizens of the state and that the control and limitation of unlawful nonrenewal, rejection, or cancellation of residential property insurance after an offer of earthquake coverage is accepted is an essential component of that regulation which is necessary to effectuate an adequate and complete system and regulation of insurer and producer business practices. The Legislature finds that this chapter continues to provide critical protection to insureds in this state from the numerous consequences that would occur in the absence of that regulation.

(b) An insurer shall not refuse to renew, reject, or cancel a policy of residential property insurance after an offer of earthquake coverage is accepted solely because the insured has accepted that offer of earthquake coverage, except in cases in which the policy is terminated by the named insured.

(c) Underwriting standards applicable to residential property insurance shall not be applied in a discriminatory fashion against any person who accepts or elects to continue earthquake coverage.

(Amended by Stats. 1990, Ch. 1526, Sec. 1.)

10087. (a) (1) As used in this chapter, "policy of residential property insurance" means a policy insuring individually owned residential structures of not more than four dwelling units, individually owned condominium units, or individually owned mobilehomes, and their contents, located in this state and used exclusively for residential purposes or a tenant's policy insuring personal contents of a residential unit located in this state.

(2) "Policy of residential property insurance," does not include any of the following:

(A) Insurance for real property or its contents used for any commercial, industrial, or business purpose, except a structure of not more than four dwelling units rented for individual residential purposes.

(B) A policy that does not include any of the perils insured against in a standard fire policy.

(C) A policy that provides, or is construed to provide, any coverage or indemnity for the payment of any fine, penalty, or restitution in any criminal, civil, or administrative action or proceeding, or any coverage or indemnity for the payment of any loss or liability, arising from the operation of either a recovery residence, as defined in Section 11833.05 of the Health and Safety Code, or an alcoholism or drug abuse recovery or treatment facility, as defined in Section 11834.02 of the Health and Safety Code. This subparagraph shall apply to policies issued, renewed, or amended on or after January 1, 2022.

(3) (A) Subparagraph (C) of paragraph (2) does not prohibit a recovery residence that is managed by its residents and operates on a not-for-profit basis from obtaining coverage under a policy of residential property insurance.

(B) For purposes of subparagraph (A), a recovery residence operates on a not-for-profit basis if it satisfies all of the following:

(i) It does not accept or require valuable consideration from or on behalf of residents other than a pro rata share of living expenses.

(ii) It is not owned by, or under contract with, an alcoholism or drug abuse recovery or treatment facility, as defined in Section 11834.02 of the Health and Safety Code.

(iii) It is not owned by, or under contract with, an affiliate, contractor, or intermediary of an alcoholism or drug abuse recovery or treatment facility, as defined in Section 11834.02 of the Health and Safety Code.

(b) Proof of mailing of any offer, disclosure, or document required to be delivered by this chapter by first-class mail addressed to a named insured or applicant at the mailing address shown on the policy or application shall create a conclusive presumption that the offer was made or that the disclosure or document was delivered as required. If an offer, disclosure, or document required to be delivered by this chapter is not mailed, but is hand delivered to the insured, the insured's signed receipt creates a conclusive presumption that the offer was provided or that the disclosure or document was delivered as required.

(Amended by Stats. 2021, Ch. 443, Sec. 3. (AB 1158) Effective January 1, 2022.)

10087.5. (a) Every policy of residential property insurance which provides coverage for loss or damage to a structure from the peril of earthquake, but that provides for an uninsured deductible amount computed as a percentage, shall clearly disclose on the page setting forth the policy declarations the basis upon which the percentage is computed. This disclosure shall be printed in at least 10-point bold typeface.

(b) Every advertisement for a policy subject to subdivision (a) shall clearly disclose the deductible by stating the applicable percentage and the basis upon which the percentage is computed.

(c) Every policy of residential property insurance or policy endorsement covering an individual condominium unit for loss or damage from the peril of earthquake shall disclose on the policy declarations page, in at least 10-point bold typeface, if the policy or endorsement provides no coverage for loss assessment. If the policy or endorsement provides that loss assessment coverage is limited or changed as a result of any provision of the insurance policy or policy endorsement purchased by the corporation or association of property owners, or as a result of an assessment to pay a deductible amount under the corporation or association policy, the nature of the limitation or change shall also be disclosed on the policy declarations page. If because of lack of space or other practical limitations the policy declarations page cannot contain the disclosure required by this subdivision, the disclosure may be placed on the page immediately following the policy declarations page and shall be printed in at least 12-point bold typeface.

Nothing in this subdivision shall be construed to require an insurer to provide a disclosure for loss assessment if the only limitations on loss assessment coverage are the policy limits.

(d) The commissioner shall issue a bulletin that specifies the language of the disclosure required by subdivision (c). The commissioner may specify different disclosures to explain more accurately different coverages offered by insurers.

(Amended by Stats. 1994, Ch. 658, Sec. 1. Effective January 1, 1995.)

10088. Notwithstanding the provisions of Section 530, 532, or any other provision of law, and in the absence of an endorsement or an additional policy provision specifically covering the peril of earthquake, no policy which by its terms does not cover the peril of earthquake shall provide or shall be held to provide coverage for any loss or damage when earthquake is a proximate cause regardless of whether the loss or damage also directly or indirectly results from, or is contributed to, concurrently or in any sequence by any other proximate or remote cause, whether or not covered by the policy. The term "policy" as used in this section includes all policies of any nature, including, but not limited to, business and commercial forms providing coverage against loss due to damage to the property of the insured. Nothing in this section shall operate to affect the provisions of Section 2071 or preclude an insurer from specifically providing coverage for direct loss caused by explosion, theft, or glass breakage resulting from an earthquake.

(Added by Stats. 1984, Ch. 916, Sec. 1.)

10088.5. Notwithstanding Section 2081, nothing in Section 10088 exempts an insurer from its obligation under a fire insurance policy to cover the losses of a fire which is caused by or follows an earthquake.

(Amended by Stats. 1990, Ch. 1166, Sec. 4.)

10089. (a) At a minimum, an offer of coverage of loss or damage caused by the peril of earthquake pursuant to Section 10081 shall include the following coverages: (1) dwelling, not including outbuildings, appurtenant structures, swimming pools, masonry fences and walls not necessary for the structural integrity of the dwelling, walkways and patios not necessary for regular ingress or egress from the dwelling, awnings or other patio coverings, decorative or artistic features including plaster if other covering would be more cost-effective, landscaping, or masonry chimneys, provided that the policy covers replacement of a damaged masonry chimney with a nonmasonry, earthquake resistant chimney. An insurer that provides earthquake coverage for the dwelling that is narrower than coverage provided under the policy of residential property insurance shall, upon approval of the commissioner, establish the premium for the earthquake coverage in a manner that reflects the exclusion of those items not covered by the earthquake policy, rider, or endorsement; (2) contents coverage either in an amount not less than 10 percent of the amount of the covered dwelling loss, or in an amount not less than five thousand dollars (\$5,000), provided that if the underlying policy of residential property insurance does not cover structural loss, the amount of contents coverage after deductible shall be not less than five thousand dollars (\$5,000). The insurer shall elect at the time the insurer files its rate application with the commissioner which of the two contents coverages it will use to satisfy the requirements of this chapter. Upon election, the option shall be required to be offered to every policyholder who receives an offer of earthquake coverage pursuant to this chapter. In the case of either coverage, the insurer may exclude from coverage glassware, china, porcelain, or ceramic items, artwork, or other decorative items; and (3) additional living expenses of an amount no less than one thousand five hundred dollars (\$1,500) to cover expenses while the residential dwelling remains uninhabitable due to physical loss or damage from the peril of earthquake.

(b) Coverages provided in paragraphs (1) and (2) of subdivision (a) shall not contain a deductible of more than 15 percent of coverage provided for the dwelling.

(c) The commissioner may approve rate applications that allow the insurer to offer policies providing coverage other than the coverage specified in this section provided that at least one coverage offered meets the criteria provided in this section.

(d) In the case of a residential dwelling which is not owner occupied, the minimum coverage for additional living expenses may be waived by the applicant or policyholder, provided the insurer gives notice to the applicant or policyholder that coverage for additional living expenses is offered but may be waived, and the waiver is in writing.

(Amended by Stats. 1995, Ch. 939, Sec. 4. Effective January 1, 1996.)

10089.1. To the extent that the coverage is not already provided in the minimum offer of coverage, every insurer shall offer the following optional coverage as part of the offer of coverage as required by Section 10081 only after the insured has completed and the insurer has verified retrofitting of the residential dwelling as described in subdivision (a) of Section 10089.2:

Coverage in the amount of ten thousand dollars (\$10,000) for the purpose of reconstruction costs required to bring the residential dwelling on the residential property up to required current local residential dwelling building code standards as required by the local entity as part of the approval of the reconstruction permit process after an earthquake.

(Added by renumbering Section 10089.15 (as added by Stats. 1990, Ch. 1166) by Stats. 1996, Ch. 967, Sec. 10. Effective September 27, 1996.)

10089.2. (a) (1) Subject to the approval of the commissioner, every insurer subject to this chapter shall, at the time of offering to issue or offer to renew coverage as part of the offer of coverage required by Section 10081, disclose to the applicant, in writing as a

freestanding document or in the same document containing the offer of coverage required by Section 10081, which brings attention to the applicant, all discounts or surcharges, if any that are available from the insurer for that insurance and for any related insurance provided under that coverage as part of the offer of coverage required by Section 10081.

(2) The insurer shall provide and disclose in writing any discounts or surcharges, if any, for earthquake hazard reductions, which shall include, but not be limited to, retrofitting of the residential dwelling by tying the structure to the foundation or bracing the structure to the foundation, reinforcement of the fireplace chimney, or securing of the hot water heater, and any other discounts that are available from the insurer.

(b) Each insurer that offers earthquake insurance through licensed agents or brokers shall provide in writing the document required in subdivision (a) and any documents required by subdivision (a) of Section 10083 to the agents and brokers listing all of the discounts or surcharges, if any, that are required to be disclosed to the applicant under this section, and shall require its agents and brokers to make the disclosures required by this section.

(c) An insurer is not subject to this section where an insured has completed earthquake hazard reductions and the insurer has provided discounts or surcharges for the specific policy in the form of premium rate changes.

(Amended by Stats. 2011, Ch. 240, Sec. 2. (SB 596) Effective January 1, 2012.)

10089.3. (a) The department shall adopt regulations setting forth standards governing the training of insurance adjusters in evaluating damage caused by earthquakes. For purposes of this section, the California Earthquake Authority shall make available to the Department of Insurance the standards used by the authority in order for the department to develop regulations that are consistent with the authority's standards. On or before December 31, 2004, insurers shall train and accredit adjusters in accordance with these standards. Thereafter, an insurer using one or more adjusters who are not trained and accredited in accordance with those standards shall submit the names of those adjusters to the department, along with the claim number of the claim adjusted by that adjuster. An adjuster trained and accredited by one insurer pursuant to this section shall not be required to receive training and accreditation again in order to adjust claims for a different insurer. An insurer using an adjuster who has been trained and accredited by another insurer pursuant to this section shall not be required to submit the name of that adjuster to the department.

(b) For purposes of this section, "insurance adjuster" shall include the following persons:

(1) Persons licensed pursuant to Chapter 1 (commencing with Section 14000) of Division 5.

(2) Employees of persons licensed pursuant to Chapter 1 (commencing with Section 14000) of Division 5 who perform insurance adjusting activities as defined in Section 14021.

(3) Employees of an insurer who perform insurance adjusting activities as defined in Section 14021.

(Added by Stats. 2001, Ch. 727, Sec. 1. Effective January 1, 2002.)

10089.4. (a) No person may use a geographically based earthquake assessment system or program for the purpose of requiring earthquake insurance, or imposing a fee or any other condition in lieu of requiring earthquake insurance, in connection with a loan secured by a condominium project or an individual unit of a condominium project unless the system's or program's analytical assumptions and methodology used in the assessment have been submitted to and approved by the commissioner. In determining whether to approve a submission, the commissioner shall consult with and consider the input of the State Geologist.

(b) The department may charge a fee to defray the actual cost of reviewing earthquake risk assessment methods. Any costs incurred by the State Geologist or Department of Conservation as required by subdivision (a) shall be reimbursed by the department.

(Added by Stats. 1996, Ch. 54, Sec. 1. Effective June 6, 1996.)