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AB-407 Fraternal fire insurers: coverage. (2017-2018)

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Assembly Bill No. 407

CHAPTER 190

An act to amend Section 9095 of, and to repeal Section 9084.5 of, the Insurance Code, relating to insurance.

[Approved by Governor September 01, 2017. Filed with Secretary of State September 01, 2017.]

LEGISLATIVE COUNSEL'S DIGEST

AB 407, Bigelow. Fraternal fire insurers: coverage.

Existing law authorizes certain nontraditional insurers, including religious organizations meeting specified criteria, to insure against specified risks. Existing law authorizes these associations to insure against a specified list of losses, including, but not limited to, vandalism or malicious mischief, vehicles owned or operated by the insured or by any tenant of the described premises, falling trees, burglary and theft, and mysterious disappearance.

This bill would remove insuring vehicles owned or operated by the insured or by any tenant of the described premises from the list of insurable losses and would add insuring against liability to the list of insurable losses.

Existing law prohibits an association from writing insurance in excess of \$10,000 on any one risk or in excess of \$60,000 in any one city block within an incorporated city without immediately reinsuring all the excess amount. Existing law authorizes an association to write insurance for an amount not exceeding \$60,000 on any one risk if the excess over \$10,000 is reinsured, as provided. An association is not authorized to accept reinsurance but may reinsure risks if that reinsurance is by contracts and with reinsurers that meet the prescribed standards.

This bill would delete the above-described provisions.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

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

SECTION 1. Section 9084.5 of the Insurance Code is repealed.

SEC. 2. Section 9095 of the Insurance Code is amended to read:

9095. (a) (1) An association may, if it has issued an insurance policy against fire, endorse that policy to extend the coverage thereof to include loss or damage caused by windstorm, cyclone, tornado and hail, explosion, riot, riot attending a strike, aircraft, vehicles and smoke, and to include waiver of the fallen building clause.

(2) An association may also insure against any or all of the following:

(A) Water damage from plumbing and heating systems.

(B) Rupture or bursting of steam or hot water heating system.

(C) Vandalism or malicious mischief.

(D) Glass breakage.

(E) Ice, snow, and freezing.

(F) Fall of trees.

(G) Collapse.

(H) Burglary and theft.

(I) Mysterious disappearance.

(J) Liability.

(b) As used in this section "explosion" does not include explosions (1) of any boiler, heater, or other fired pressure vessel, caused by pressure of contents, (2) of any unfired pressure vessel or of any piping caused by pressure of contents or vacuum, (3) of any engine, turbine, compressor, pump, or wheel, (4) of any electrical apparatus, or (5) of any other machine having moving or rotating parts. This restricted definition of "explosion" does not exclude loss or damage by fire only where fire ensues.

(c) As used in this section, the terms "boiler," "heater," and "pressure vessel," do not include hot water heaters used solely to provide hot water for delivery to faucets for domestic purposes and having a storage capacity of not more than 50 gallons.