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SB-508 Residential property insurance. (2019-2020)

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Senate Bill No. 508

CHAPTER 151

An act to amend Sections 10101 and 10104 of, and to amend, repeal, and add Section 10103.5 of, the Insurance Code, relating to insurance.

[Approved by Governor July 30, 2019. Filed with Secretary of State July 30, 2019.]

LEGISLATIVE COUNSEL'S DIGEST

SB 508, Leyva. Residential property insurance.

Existing law prohibits issuing a residential property insurance policy unless the named insured is provided with a copy of the California Residential Property Insurance Disclosure, which sets forth a description of types of coverage, including actual cash value coverage, guaranteed replacement cost coverage, and other types of coverage, as specified. Existing law also provides for a California Residential Property Insurance Bill of Rights that describes certain information that a customer is entitled to receive from the insurer, including a copy of the insurance policy, an explanation of how the policy limits were established, and specified information in the event that a claim is filed. Existing law requires every California Residential Property Insurance Disclosure to be accompanied by a copy of the California Residential Property Insurance Bill of Rights. Existing law excepts from these requirements, a tenant's policy, a policy covering individually owned mobilehomes and their contents, a renter's policy, or a policy insuring individually owned condominium units, when those policies do not provide dwelling structure coverage.

This bill would require an insurer, on and after July 1, 2020, prior to issuing or renewing those policies described above for a tenant, renter, or condominium unit, to provide a copy of the California Residential Property Insurance Bill of Rights to the named insured. The bill would expressly require an insurer of a policy insuring an individually owned mobilehome that provides dwelling structure coverage to provide the named insured with a copy of the California Residential Property Insurance Disclosure and the California Residential Property Insurance Bill of Rights. The bill would make technical changes to the Bill of Rights.

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

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

SECTION 1. Section 10101 of the Insurance Code is amended to read:

10101. (a) A policy of residential property insurance shall not be issued or renewed in this state by an insurer unless the named insured is provided a copy of the California Residential Property Insurance Disclosure pursuant to Section 10102 and a copy of the California Residential Property Insurance Bill of Rights described in Section 10103.5.

(b) On or after July 1, 2020, a tenant's policy, a renter's policy, or a policy insuring individually owned condominium units, when those policies do not provide dwelling structure coverage, shall not be issued or renewed in this state by an insurer unless the

named insured is provided a copy of the California Residential Property Insurance Bill of Rights described in Section 10103.5.

SEC. 2. Section 10103.5 of the Insurance Code is amended to read:

10103.5. (a) Every California Residential Property Insurance Disclosure shall be accompanied by a California Residential Property Insurance Bill of Rights. If the insurer provides the insured with an electronic copy of a policy, the bill of rights may also be transmitted electronically.

(b) The California Residential Property Insurance Bill of Rights shall be plainly prepared in no less than 10-point type. The Bill of Rights shall contain the following:

“California Residential Property Insurance Bill of Rights

A consumer is entitled to receive information regarding homeowner's insurance. The following is a limited overview of information that your insurance company can provide:

- The insurance company's customer service telephone number for underwriting, rating, and claims inquiries.
- A written explanation for any cancellation or nonrenewal of your policy.
- A copy of the insurance policy.
- An explanation of how your policy limits were established.
- In the event of a claim, an itemized, written scope of loss report prepared by the insurer or its adjuster within a reasonable time period.
- In the event of a claim, a copy of the Unfair Practices Act and, if requested, a copy of the Fair Claims Settlement Practices Regulations.
- In the event of a claim, notification of a consumer's rights with respect to the appraisal process for resolving claims disputes.
- An offer of coverage and premium quote for earthquake coverage, if eligible.

A consumer is also entitled to select a licensed contractor or vendor to repair, replace, or rebuild damaged property covered by the insurance policy.

The information provided herein is not all inclusive and does not negate or preempt existing California law. If you have any concerns or questions, contact your agent, broker, insurance company, or the California Department of Insurance consumer information line at (800) 927-HELP (4357) or at www.insurance.ca.gov for free insurance assistance.”

(c) (1) The bill of rights shall be distributed by all insurers licensed to sell residential property insurance in this state.

(2) If the insurer under a personal lines residential property insurance policy reports claims history or loss experience of insureds under those policies to an insurance-support organization, the insurer shall include the following disclosure in the California Residential Property Insurance Bill of Rights:

“This insurer reports claim information to one or more claims information databases. The claim information is used to furnish loss history reports to insurers. If you are interested in obtaining a report from a claims information database, you may do so by contacting:

(Insert the name, toll-free telephone number, and, if applicable, internet website address of each claims information database to which the insurer reports the information covered by this section)”

(d) This section shall become inoperative on July 1, 2020, and, as of January 1, 2021, is repealed.

SEC. 3. Section 10103.5 is added to the Insurance Code, to read:

10103.5. (a) Every California Residential Property Insurance Disclosure shall be accompanied by a California Residential Property Insurance Bill of Rights. If the insurer provides the insured with an electronic copy of a policy, the bill of rights may also be transmitted electronically.

(b) The California Residential Property Insurance Bill of Rights shall be plainly prepared in no less than 10-point type. The Bill of Rights shall contain the following:

“California Residential Property Insurance Bill of Rights

A consumer is entitled to receive information regarding residential property insurance. The following is a limited overview of information that your insurance company can provide:

- The insurance company's customer service telephone number for underwriting, rating, and claims inquiries.
- A written explanation for any cancellation or nonrenewal of your policy.
- A copy of the insurance policy.
- An explanation of how your policy limits were established.
- In the event of a claim, an itemized, written scope of loss report prepared by the insurer or its adjuster within a reasonable time period.
- In the event of a claim, a copy of the Unfair Practices Act and, if requested, a copy of the Fair Claims Settlement Practices Regulations.
- In the event of a claim, notification of a consumer's rights with respect to the appraisal process for resolving claims disputes.
- An offer of coverage and premium quote for earthquake coverage, if eligible.

A consumer is also entitled to select a licensed contractor or vendor to repair, replace, or rebuild damaged property covered by the insurance policy.

The information provided herein is not all inclusive and does not negate or preempt existing California law. If you have any concerns or questions, contact your agent, broker, insurance company, or the California Department of Insurance consumer information line at (800) 927-HELP (4357) or at www.insurance.ca.gov for free insurance assistance.”

(c) (1) The bill of rights shall be distributed by all insurers licensed to sell residential property insurance in this state.

(2) If the insurer under a personal lines residential property insurance policy reports claims history or loss experience of insureds under those policies to an insurance-support organization, the insurer shall include the following disclosure in the California Residential Property Insurance Bill of Rights:

“This insurer reports claim information to one or more claims information databases. The claim information is used to furnish loss history reports to insurers. If you are interested in obtaining a report from a claims information database, you may do so by contacting:

(Insert the name, toll-free telephone number, and, if applicable, internet website address of each claims information database to which the insurer reports the information covered by this section)”

(d) This section shall become operative on July 1, 2020.

SEC. 4. Section 10104 of the Insurance Code is amended to read:

10104. (a) As used in this chapter, “policy of residential property insurance” shall have the same meaning as defined in Section 10087, except that it shall not include a tenant's policy, a policy covering individually owned mobilehomes and their contents, a renter's policy, or a policy insuring individually owned condominium units, when those policies do not provide dwelling structure coverage. If a policy insuring an individually owned condominium or an individually owned mobilehome does provide dwelling structure coverage, an insurer is required to provide the named insured with a copy of the documents described in subdivision (a) of Section 10101.

(b) As used in this chapter, “insurer” has the same meaning as defined in Section 10091.