



Members:

STATE FARM

LIBERTY MUTUAL

PROGRESSIVE

MERCURY

NATIONWIDE

FARMERS

Associate Members:

NAMIC

CHUBB

CONNECT

by American Family

Date: May 1st, 2020

To: Honorable Tom Daly, Chair
Honorable Chad Mayes, Vice Chair
Members, Assembly Insurance Committee

From: Rex D. Frazier, President
Seren Taylor, Senior Legislative Advocate
Deanna Jarquin, Legislative Advocate

Re: AB 2402 (Assembly Committee on Insurance) Residential Property Insurance

PIFC Position: Support

The Personal Insurance Federation of California (PIFC) is a statewide trade association that represents six of the nation's largest property and casualty insurance companies (State Farm, Liberty Mutual Insurance, Progressive, Mercury, Nationwide and Farmers as well as associate members NAMIC, Chubb and American Family Connect Property and Casualty Insurance) who collectively write a majority of personal lines auto and home insurance in California.

PIFC is pleased to support Section 1 of AB 2402, which amends Cal. Ins. Code § 10102 so that the language contained in the required Residential Property Disclosure Form reflects state law – specifically, the definition of Actual Cash Value (ACV) for fire insurance policy valuation purposes.

AB 188 (Daly), signed by Governor Newsom in July 09, 2019, deleted provisions that allowed insurance companies to calculate ACV valuation for both partial and total losses. Additionally, this bill required that actual cash value of recovery be paid to the insured for the “repair, rebuild, and replacement” of their items. AB 188 helps protect residents of low-income neighborhoods because they would be eligible for replacement damages to their property, instead of the depreciated value if the fair market value of their home falls below the cost to rebuild the home.

AB 188 (Daly) changed the definition of ACV in Cal. Ins. Code § 2051, creating a discrepancy between the definition of ACV in that section of the Insurance Code and Cal. Ins. Code § 10102. AB 2402 will fix the discrepancy in the law.

For this reason, PIFC supports AB 2402. If you have any questions regarding our position, please contact Deanna Jarquin at (925) 395-8802.

cc: Bill Lewis, Consultant, Assembly Republican Caucus
Ronda Paschal, Deputy Legislative Secretary, Office of the Governor
Melissa Gear, Chief Deputy Legislative Director, California Department of Insurance