Daly’s Legislative Proposal Will Provide Additional Insurance Protections for California Homeowners Living in High Fire Risk Areas

New legislation by Assemblymember Tom Daly (D – Anaheim) intends to provide homeowners in high fire risk areas with additional layers of protections.

Daly’s Assembly Bill (AB) 1852, introduced January 6th, will help homeowners whose insurance is not renewed shop for new coverage. It will also ensure that a homeowner who has a claim receives the full benefit of their policy.

“In the aftermath of destructive and costly wildfires, consumers and insurers alike are facing significant decisions about the future,” Daly said. “My objective is to continue to pursue solutions to the problems that consumers and insurers are facing without disrupting an insurance market that works well for many homeowners.”

Daly’s bill has these major components:

First, the bill requires an insurer to send an additional notice along with a notice of non-renewal. This additional notice provides the homeowner with specific information and guidance for shopping for a new policy, and how to access the FAIR Plan (Fair Access to Insurance Requirements) if they cannot find regular insurance (The Fair Plan is an insurance pool established to assure the availability of basic property insurance to people who have been unable to obtain insurance in the voluntary insurance market);

Second, it requires an insurer to provide additional living expense benefits (ALE) when a home that does not burn is rendered uninhabitable for a number of reasons, including loss of water service, power, or smoke damage;

Third, it clarifies that homeowners have the right to the full amount that would be payable if the home was rebuilt at its same location even if they decide to either purchase or build a home in a different location, and;

Finally, it provides a homeowner who suffers a total loss the option to receive a payment for loss of contents without completing an inventory or actually replacing the lost contents. This payment shall be 30% of the dwelling coverage limit (Coverage A), subject to a cap of $250,000. A homeowner who accepts this payment retains the right to seek full compensation.
for all contents losses covered by the policy that exceeds this payment formula by following the normal terms of the policy (typically completing a detailed inventory and actually replacing the personal property items).

Daly is Chair of the Assembly Committee on Insurance.

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Assemblymember Tom Daly represents the 69th Assembly District, encompassing the cities of Anaheim, Garden Grove, Orange and Santa Ana.