



**Date:** May 5<sup>th</sup>, 2020

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

**Re:** AB 2756 (Limon) Property Insurance

**Position: Concerns**

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The insurance trade associations listed on this letter represent a large and diverse group of California domestic and national insurance companies that serve the vast majority of California's homeowners.

We write to express concerns with AB 2756 (Limon). AB 2756, as proposed to be amended, would require insurers to non-renew consumers if an insurer eliminated any previously covered peril. Additionally, the measure would require an insurer to get signed acknowledgment from a consumer if their home owner's policy does not cover fire damage.

First, we want to thank Assemblymember Limon and the California Department of Insurance, the sponsor of this bill, for engaging with PIFC, APCIA, NAMIC, and PADIC to address our questions and concerns. Although, we have concerns with the bill as proposed to be amended, because of constructive conversations we believe that the author has committed to making the necessary changes to address our concerns. Namely, reducing the scope of Section 1 so that it does not require a non-renewal and a new policy to be issued each time a peril is eliminated from coverage. If our concerns are not addressed, the legislation would require an insurer to non-renew a policy every time a peril is eliminated. This includes non-structural coverage including cyber or marine coverage. This change would result in one large scale insurance carrier non-renewing 1.5 million people in California. Most devastating, the requirement to assign a new policy number to a customer if they are non-renewed is anti-consumer because it can lead to loss of continuity discounts.

Finally, we respectfully requests an amendment to Section 2 of the bill. We are not opposed to requiring a consumer to acknowledge they are not receiving coverage for the peril of fire, if there is adequate time to receive the signature back from the insured. Some of our member companies already require this acknowledgment. Those who do not already can adjust. We simply ask for a 60 day time period to receive the signature upon issuance of a policy. The 60 days allows insurers to sell a policy and provide immediate coverage to a customer while the company does the underwriting, discovery and collects the necessary documents for the policy.

As we have not seen amendments which will address these outstanding issues, we want to make it clear that we reserve the right to oppose this measure. However, we look forward to continuing to work with author and her staff on this legislation.

If you have questions about our position, please contact Deanna Jarquin at (925) 395-8802.

cc: Mark Rakich, Chief Consultant, Assembly Insurance Committee  
Bill Lewis, Consultant, Assembly Republican Caucus  
Ronda Paschal, Deputy Legislative Secretary, Office of the Governor  
Melerie Michael, Legislative Analyst, California Department of Insurance